

**AutoZoners always put customers first!
We know our parts and products.
Our stores look great!
We've got the best merchandise at the right price.**



Dear Customers, AutoZoners, and Stockholders:

It is always an honor for me, on behalf of over 60,000 AutoZoners across North America, to update you on our progress in 2009 and to review our continuing opportunities for 2010 and beyond.

Recently, we had the opportunity to host our leadership team from all over the U.S. and Mexico in Memphis at our National Sales Meeting. We congratulated them for their tremendous success in 2009 and laid the foundation for what we believe will be another great year for AutoZone in 2010. At this meeting, we challenged our organization to continue to “Live the Pledge”—to not only meet customer expectations but to exceed them. We challenged them to **“Go the Extra Mile!”** in 2010. While our customers have been financially challenged in 2009, we feel we have tailored our offerings to succeed during these difficult times. Much of AutoZone’s success in 2009 can be attributed to investments made over the last several years. We have been steadfastly committed to improving our customer service over the last four fiscal years, with each year’s goal building on the last. From 2006’s theme of “Live the Pledge”, to 2007’s “Living the Pledge”, to 2008’s “Customers First”, to 2009’s “Great People Providing Great Service!”, we have intensified our focus on what we believe differentiates us from our competitors. We are excited about our prospects for 2010; as, we feel the organization is as motivated and committed to excellence in the new year as ever before.

Summary of 2009 results

We were pleased to announce double digit earnings-per-share growth for every quarter of the year. In fact, we have now recorded twelve consecutive quarters of double digit earnings-per-share growth. However, 2009 was different from the previous two years. Although the economy was challenged by the well publicized financial crisis, our business showed marked improvement. As consumers looked for ways to reduce spending during times of high unemployment, our business was in a unique position to help our customers save money. Our sales increased 6.6% over the comparable previous year period (versus last year’s 3.7% sales increase). The fifty third week of results in 2008 is excluded from these calculations. Also, our operating profit increased on a comparable basis 7.2% versus 2008’s 4.0%

increase. And, our earnings per share increased on a comparable basis 19.8% versus 2008’s 14.9%. We also enjoyed record operating cash flow of over \$924 million and return on invested capital (ROIC) of 24.4%, the second highest level in AutoZone’s history.

Although the macroeconomic indicators turned in our favor during the year, we believe our actions were also key contributors to our success. As evidence, we were pleased to report that we grew profits and gained market share in each of our four businesses: Retail, Commercial, Mexico and ALLDATA. These results were directly attributable to our dedicated AutoZoners who throughout the year stayed committed to helping their customers. Additionally, we had specific initiatives in 2009 that contributed to this success. Some of those initiatives were:

1. Hiring, retaining and training of our AutoZoners to make sure that we’re delivering trustworthy advice each and every day,
2. Continual refining of our product assortment, especially for late model products,
3. Deploying inventory more effectively across the store network, with specific emphasis on utilizing our Hub network more effectively; and,
4. Growing our Commercial business, including increased investments designed to improve service to our existing customers and to attract new customers.

We were pleased to report that we grew profits and gained market share in each of our four businesses: Retail, Commercial, Mexico and ALLDATA. These results were directly attributable to our dedicated AutoZoners who throughout the year stayed committed to helping their customers.

Why we're looking forward to 2010

U.S. Retail

As the country's largest retailer of automotive aftermarket products, we look forward to the year ahead. With over 4,200 stores across the United States and Puerto Rico, our Retail initiatives continue to be more about evolution than revolution. July 4, 2009 marked our 30th anniversary! From our first store, opened in Forrest City, Arkansas to our twenty-first store opened in Puerto Rico on the last day of our fiscal 2009, our focus remains on constantly improving customer service. During the year, as the economy was challenged with higher unemployment, our product sales shifted noticeably to maintenance-related categories and away from more discretionary purchases. As purchasing behaviors changed, we focused our marketing efforts on helping customers properly maintain their vehicles. We believe the combination of the changes in the macro environment and our actions led to our strong sales results.

We also played "offense" in 2009 as our sales accelerated. We aggressively invested in improving our merchandise assortment, enhancing our Hub store network, and training our AutoZoners. As we begin the new year, our plan remains generally consistent with that of the last several years. We will continue to leverage our terrific culture of Customer Satisfaction; we will refine our parts assortment; we will further train our AutoZoners on the parts and products that we sell; and, we will make sure that our stores look great!, just as our Pledge states.

U.S. Commercial

We continue to be excited by our growth opportunities in Commercial. During 2009, our Commercial sales increased over 2008 and continued the momentum from our successes in the previous year. We enjoyed sales growth across the country and from both existing and new customers. Currently, approximately 2,300 of our domestic stores include our Commercial program offering. Our focus remains on developing and delivering a differentiated value proposition to our customers. From adding late model parts coverage, to enhancing our Hub store model, to delivering to

our customers when promised, we continue to improve our overall proposition. We also materially increased the number of Commercial sales staff during 2009 while reducing our store-to-salesperson ratios which reinforces our belief that more intense personal focus on existing account management will drive continued results. We also added delivery vehicles to support existing and future growth.

Finally, we continue to see opportunities to leverage technology in order to enhance our interaction with our customers. During our fourth quarter, we implemented a new sales force management tool that allows us to direct our AutoZoners to specific accounts and provides us with meaningful data on the outcome of those sales calls.

With an estimated 1.5% market share in the Commercial sales category*, we believe our constant enhancements to our business model position us well for growth in 2010 and beyond.

Mexico

We continued to aggressively expand our store count in Mexico by adding 40 stores in 2009, ending the year with 188 stores across 28 Mexican states. We were challenged this year by the Peso which was much weaker against the U.S. Dollar than in previous years. As the U.S. economy weakened during the year, the exchange rate for the Mexican Peso weakened as well, with the Peso declining approximately 30% compared to the U.S. Dollar last year. This weakness challenged our U.S. Dollar comparison for both sales and earnings versus 2008. We believe we have an appropriate strategy to manage our Mexico business for the long run. We remain committed to growing this business prudently and profitably as we continue with our store expansion plans.

ALLDATA

With over 70,000 repair facilities subscribing to ALLDATA today, our automotive diagnostic and collision repair software products are setting the pace for the industry. We continue to be excited about ALLDATA's expansion opportunities for 2010, and we believe our penetration of business in the fast-growing collision subscription industry will add to our already strong results. We believe ALLDATA will continue to be a growth vehicle for AutoZone for years to come.

The Future

As I mentioned at the outset, we were proud of our financial results in 2009. Even as the U.S. economy was challenged by many constraining factors, we executed well. We believe our continuing efforts will lead to another solid year in 2010.

Additionally, I want to discuss our purchase of 9.3 million shares of our common stock during 2009 through our ongoing repurchase program. Since 1998, AutoZone has purchased \$7.6 billion of our common stock, equating to 115 million shares. We believe share repurchases remain

Last year was a great year, but it is behind us. Now, we have to continue to meet or exceed our customers' expectations and set new records.

an attractive investment for us after capital is allocated to maintenance of our existing stores, infrastructure enhancements and new store development. We continue to believe that repurchasing shares is an attractive method for leveraging our strong cash flow.

We will remain focused on providing great customer service. As we announced in our recent National Sales Meeting, we'll be focused on **"Going the Extra Mile!"** during 2010. We will continue to emphasize growing sales in the following areas—Retail, Commercial, Mexico and ALLDATA. We will also remain focused on improving inventory productivity through the refinement of our category management initiatives and improved utilization of our enhanced Hub store network.

We will also remain focused on prudently managing our cost structure and capital to optimize our returns.

In closing, I would personally like to thank all our AutoZoners for delivering a record year in 2009, but remind each of us, we can't rest on our laurels. Last year was a great year, but it is behind us. Now, we have to continue to meet or exceed our customers' expectations and set new records. I would also like to thank our vendors for their commitment to our customers. Finally, I would like to thank each of you, our stockholders, for the confidence you show in us by your decision to invest in our company. We do not and will not take that lightly.

We look forward to updating you on our continued success well into the future.

Sincerely,



Bill Rhodes
Chairman, President and CEO
Customer Satisfaction



GOING THE EXTRA MILE

 **AutoZone**[®]