

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant
to Section 13 or 15(d) of the
Securities Exchange Act of 1934

September 25, 2002
Date of Report
(Date of earliest event reported)

AUTOZONE, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

1-10714
(Commission File Number)

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

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

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

(not applicable)
Former name, former address and former fiscal year, if changed since last report.

Item 7. Financial Statements and Exhibits

(c) Exhibits

- 99.1 Press Release dated September 25, 2002.
- 99.2 Corporate Governance Principles of AutoZone, Inc.

Item 9. Regulation FD Disclosure

On September 25, 2002, the company made the announcements contained in the press release furnished as Exhibit 99.1 to this Current Report.

SIGNATURES

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

AUTOZONE, INC.

By: /s/ Michael G. Archbold

Michael G. Archbold
Senior Vice President and
Chief Financial Officer-Customer Satisfaction

Dated: September 25, 2002

EXHIBIT INDEX

- 99.1 Press Release dated September 25, 2002
- 99.2 Corporate Governance Principles of AutoZone, Inc.



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News:

Media Contact: Ray Pohlman, (901) 495-7962
 Financial Contact: Jay Cook, (901) 495-7005

**AUTOZONE FOURTH QUARTER EPS UP 62% OVER PRIOR YEAR ADJUSTED EPS;
 SAME STORE SALES UP 7%;
 TOTAL FISCAL 2002 EPS OF \$4.00;
 ROIC IMPROVES TO 19.8%**

Memphis, Tenn. (September 25, 2002) -- AutoZone, Inc. (NYSE: AZO), today reported fourth quarter earnings per share of \$1.73, a 62% increase from earnings per share of \$1.07 before restructuring and impairment charges in the fourth quarter of fiscal 2001. Including the charges in the fourth quarter of fiscal 2001, EPS increased 621% from \$0.24. Sales for the fourth fiscal quarter (17 weeks) ended August 31, 2002, increased 12% to \$1.84 billion from \$1.64 billion reported for the year ago quarter (16 weeks). Excluding the fiscal 2001 sales of TruckPro, which was sold in December, total sales increased 16%. Same store sales, or sales for domestic auto parts stores open at least one year, increased 6.6% during the quarter. Gross margin for the quarter, as a percent of sales, increased 1.94 percentage points to 45.7%. Net operating expenses were 28.8% of sales, resulting in a record quarterly operating margin of 16.9%.

For the year (53 weeks), AutoZone reported diluted earnings per share of \$4.00, an increase of 68% from \$2.38 in fiscal 2001 (52 weeks), excluding the nonrecurring charges in the prior year. Including the charges, reported earnings per share were up 160%. The \$4.00 EPS is double the \$2.00 per share earned in fiscal 2000. Annual sales rose 10.5% to \$5.32 billion from \$4.82 billion in the prior year; excluding the sales of TruckPro, total sales increased 13%. Same store sales for the year increased 8.8%. Gross margin as a percent of sales increased by 2.19 percentage points to 44.6%. Net operating expenses declined to 30.1% of sales, resulting in a record annual operating margin of 14.5%. Driven by strong earnings and declining working capital, return on invested capital reached 19.8%, while cash flow before share repurchases was \$730 million.

"We are very pleased with our exceptional performance this year," said Steve Odland, Chairman, President and Chief Executive Officer. "It took a concerted effort from all AutoZoners to make this happen. Clearly our focus on reminding consumers to maintain their cars and beginning to capture the \$60 billion annual undone maintenance has been successful."

In the fourth quarter, AutoZone opened 30 new auto parts stores in the U.S., replaced 3 and closed 14. For the year, AutoZone opened 102 new auto parts stores in the U.S., replaced 15 and closed 53 for an end-of-year store count of 3,068. In addition, 12 new auto parts stores were opened in Mexico in the fourth quarter, for a total of 18 new stores in Mexico for the year. At year end, AutoZone had a total of 39 stores in Mexico.

During the quarter, AutoZone's Board of Directors authorized an increase in the share repurchase program of \$300 million to an aggregate authorization of \$2.3 billion. As of the end of the fourth quarter, aggregate share repurchases were \$2.086 billion or 61.9 million shares, including \$150 million or 2.2 million shares under forward purchase contracts. For the quarter, AutoZone repurchased 4.3 million shares at a cost of \$287 million or \$66.13 per share. For the year, AutoZone repurchased 12.6 million shares at a cost of \$699 million or \$55.51 per share. Subsequent to year end, the company purchased 1.1 million shares in partial settlement of the forward purchase contract outstanding at August 31, 2002, at an average cost of \$69.91 per share.

Steve Odland, Chairman and CEO and Michael Archbold, CFO, confirm they will be certifying AutoZone's fiscal 2002 results when AutoZone files its Form 10-K, which is due November 29, 2002.

AutoZone will host a one-hour conference call Wednesday, September 25, 2002, beginning at 9 a.m. (CDT) to discuss this press release and the outlook for fiscal 2003. Investors may listen to the conference call live and review supporting slides on the AutoZone website, www.AutoZone.com, by clicking "About Us," "Investor Relations," "Conference Calls," or by going directly to <http://www.AutoZone.com/Investors>. The call will also be available by dialing (712) 271-3887. A replay of the call and slides will be available on AutoZone's website. In addition, a replay of the call will be available by dialing (402) 998-1323 through Tuesday, October 1, 2002.

As of August 31, 2002, AutoZone sells auto and light truck parts, chemicals and accessories through 3,068 AutoZone stores in 44 states plus the District of Columbia, 39 AutoZone stores in Mexico and online at AutoZone.com. AutoZone also sells automotive diagnostic and repair software through ALLDATA, and alldatadiy.com.

Certain statements contained in this press release are forward-looking statements. These statements discuss, among other things, business strategies and future performance. These forward-looking statements are subject to risks, uncertainties and assumptions, including, without limitation, competition, product demand, the economy, inflation, gasoline prices, consumer debt levels, war and the prospect of war, including terrorist activity, and availability of commercial transportation. Please refer to the Form 10-Q for the fiscal quarter ended May 4, 2002, for more information related to these risks. Actual results may materially differ from anticipated results. AutoZone undertakes no obligation to publicly release any revisions to any forward-looking statements contained in this press release to reflect events or circumstances occurring after the date of this release or to reflect the occurrence of unanticipated events.

AutoZone's 4th Quarter Highlights- Fiscal 2002

Condensed Consolidated Statements of Operations (in thousands, except per share data)

17 Weeks Ended August 31, 2002	16 Weeks Ended August 25, 2001	53 Weeks Ended August 31, 2002	52 Weeks Ended August 25, 2001
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Net sales	\$1,843,337	\$1,640,663	\$5,325,510	\$4,818,185
Cost of goods sold	1,000,970	952,850	2,950,123	2,804,896
Gross profit	842,367	687,813	2,375,387	2,013,289
Operating expenses	530,445	494,547	1,604,379	1,498,909
Restructuring and impairment charges	---	121,489	---	126,689
Operating profit	311,922	71,777	771,008	387,691
Interest expense, net	24,736	28,300	79,860	100,665
Income before taxes	287,186	43,477	691,148	287,026
Taxes	109,200	17,000	263,000	111,500
Net income	\$177,986	\$26,477	\$428,148	\$175,526
Net income per share:				
Basic	\$1.77	\$0.24	\$4.10	\$1.56
Diluted	\$1.73	\$0.24	\$4.00	\$1.54
Shares outstanding:				
Basic	103,356	109,468	104,446	112,834
Diluted	102,827	111,415	107,111	113,801

Selected Balance Sheet Information
(in thousands)

	August 31, 2002	August 25, 2001
Merchandise inventories	\$1,375,584	\$1,242,896
Current assets	1,450,128	1,328,511
Property and equipment, net	1,661,728	1,710,443
Total assets	3,447,791	3,432,512
Accounts payable	1,145,533	945,666
Current liabilities	1,533,571	1,266,654
Stockholders' equity	689,127	866,213
Debt	1,194,517	1,225,402
Working capital	(83,443)	61,857

Selected Cash Flow Information
(in thousands)

	17 Weeks Ended August 31, 2002	16 Weeks Ended August 25, 2001	53 Weeks Ended August 31, 2002	52 Weeks Ended August 25, 2001
Depreciation and amortization	\$35,758	\$39,639	\$118,255	\$131,333
Capital spending	\$35,394	\$31,991	\$117,239	\$169,296
Cash flow before share repurchases	\$343,158	\$271,834	\$729,868	\$390,632
Share repurchases	\$286,541	\$104,507	\$698,983	\$366,097

Other Selected Financial Information
(in thousands)

	August 31, 2002	August 25, 2001
Cumulative share repurchases (\$):		
On balance sheet	\$1,935,716	\$1,236,733
Forward contracts	150,058	131,092
Total	\$2,085,774	\$1,367,825
Cumulative share repurchases (shares):		
On balance sheet	59,753	47,162
Forward contracts	2,181	3,894
Total	61,934	51,056
Shares outstanding, end of quarter	99,268	109,408
After-tax return on invested capital	19.8%	14.3%

Condensed Consolidated Statements of Operations - Before Restructuring Charges
(in thousands, except per share data)

17 Weeks Ended	16 Weeks Ended	53 Weeks Ended	52 Weeks Ended
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	August 31, 2002	August 25, 2001	August 31, 2002	August 25, 2001
Net sales	\$1,843,337	\$1,640,663	\$5,325,510	\$4,818,185
Cost of goods sold	1,000,970	922,717	2,950,123	2,774,763
Gross profit	842,367	717,946	2,375,387	2,043,422
Operating expenses	530,445	494,547	1,604,379	1,498,909
Operating profit	311,922	223,399	771,008	544,513
Interest expense, net	24,736	28,300	79,860	100,665
Income before taxes	287,186	195,099	691,148	443,848
Taxes	109,200	76,000	263,000	172,500
Net income	\$177,986	\$119,099	\$428,148	\$271,348
Net income per share:				
Basic	\$1.77	\$1.09	\$4.10	\$2.40
Diluted	\$1.73	\$1.07	\$4.00	\$2.38
Shares outstanding:				
Basic	100,356	109,468	104,446	112,834
Diluted	102,827	111,415	107,111	113,801

Selected Balance Sheet Information - Before Restructuring Charges (in thousands)

	August 31, 2002	August 25, 2001
Merchandise inventories	\$1,375,584	\$1,273,142
Current assets	1,450,128	1,362,255
Property and equipment, net	1,661,728	1,764,691
Total assets	3,447,791	3,471,971
Accounts payable	1,145,533	945,666
Current liabilities	1,533,571	1,233,143
Stockholders' equity	689,127	962,032
Debt	1,194,517	1,225,402
Working capital	(83,443)	129,112

AutoZone's 4th Quarter Fiscal 2002 Selected Operating Highlights

Store Count & Square Footage

	17 Weeks Ended August 31, 2002	16 Weeks Ended August 25, 2001	53 Weeks Ended August 31, 2002	52 Weeks Ended August 25, 2001
Domestic auto parts stores:				
Store count:				
Stores opened	30	25	102	107
Stores closed	14	----	53	3
Replacement stores	<u>3</u>	<u>3</u>	<u>15</u>	<u>16</u>
Total domestic auto part stores	3,068	3,019	3,068	3,019
Stores with commercial sales	2,009	1,630	2,009	1,630
Square footage (in thousands)	19,683	19,377	19,683	19,377
Auto parts stores in Mexico:				
Stores opened	<u>12</u>	<u>5</u>	<u>18</u>	<u>8</u>
Total auto parts stores in Mexico	39	21	39	21
TruckPro stores (total)				
Note: TruckPro was sold on Dec. 19, 2001	----	49	----	49

Sales & Inventory Statistics (Domestic auto parts):

	17 Weeks Ended August 31, 2002*	16 Weeks Ended August 25, 2001	53 Weeks Ended August 31, 2002*	52 Weeks Ended August 25, 2001
Sales per average store (\$ in thousands)	\$553	\$519	\$1,658	\$1,543

Sales per average sq foot	\$86	\$81	\$258	\$240
Same store sales - rolling 13 periods				
Total	6.6%	7.7%	8.8%	4.4%
Retail vs commercial:				
Retail	5.4%	7.3%	7.9%	3.8%
Commerical	17.7%	11.6%	17.0%	11.0%
Inventory turns:				
Based on average inventories	2.2 X	2.4 X		
Based on ending inventories	2.1 X	2.2 X		
Inventory turns, net of payables:				
Based on average inventories	8.7 X	7.5 X		
Based on ending inventories	13.8 X	10.2 X		
Accounts payable/inventory (total)	83%	76%		

* Excludes extra week of sales

CORPORATE GOVERNANCE PRINCIPLES

ADOPTION

The Board of Directors of AutoZone, Inc., has adopted these Corporate Governance Principles on June 5, 2001.

BOARD MISSION & OBJECTIVES

Mission Statement

AutoZone's primary objective is to maximize long-term stockholder value, while adhering to the laws of the jurisdictions wherein it operates and at all times observing the highest ethical standards.

Corporate Authority & Responsibility

All corporate authority resides in the Board of Directors as the representative of the stockholders. Authority is delegated to management by the Board in order to implement AutoZone's mission. Such delegated authority includes the authorization of spending limits and the authority to hire employees and terminate their services. The Board retains responsibility to recommend candidates to the stockholders for election to the Board of Directors. The Board retains responsibility for selection and evaluation of the CEO, oversight of the succession plan, determination of senior management compensation, approval of the annual budget, assurance of adequate systems, procedures and controls, as well as assisting in the preparation and approval of the strategic plan. Additionally, the Board provides advice and counsel to senior management. The Board may exercise its authority through committees of the Board.

DIRECTORS

Personal Characteristics & Core Competencies of Directors:

Individual Directors should possess all of the following personal characteristics:

- Integrity and Accountability - Character is the primary consideration in evaluating any Director. Directors should demonstrate high ethical standards and integrity in their personal and professional dealings and be willing to act on and remain accountable for their Boardroom decisions.
- Informed Judgment - Directors should have the ability to provide wise, thoughtful counsel on a broad range of issues. Directors should possess high intelligence and wisdom and apply it in decision making.
- Financial Literacy - One of the important roles of the Board is to monitor AutoZone's financial performance. Directors should be financially literate. Directors should know how to read a balance sheet, income statement, cash flow statement, and understand the use of financial ratios and other indices for evaluating company performance.
- Mature Confidence - The Board functions best when Directors value Board and team performance over individual performance. Openness to other opinions and the willingness to listen should rank as highly as the ability to communicate persuasively. Directors should approach others assertively, responsibly and supportively and identify issues in a manner that encourages open discussion.
- High Performance Standards - In today's highly competitive world, only companies capable of performing at the highest levels are likely to prosper. Directors should have a history of achievements that reflect high standards for themselves and others.
- Passion - Directors should be passionate about the performance of AutoZone, both in absolute terms and relative to its peers. That passion should manifest itself in engaged debate about the future of AutoZone and an esprit de corps among the Board that both challenges and inspires AutoZoners.

Core Competencies of the Board as a Whole

To adequately fulfill the Board's complex roles, from monitoring managerial performance to responding to crises and approving AutoZone's strategic plan, a host of core competencies need to be represented on the Board. The Board as a whole should possess the following core competencies, with each member contributing knowledge, experience and skills in one or more domains:

- Accounting and Finance - Among the most important missions of the Board is ensuring that stockholder value is both enhanced through corporate performance and protected through adequate internal financial controls. The Board should have one or more Directors with specific expertise in financial accounting and corporate finance, especially with respect to trends in debt and equity markets.
- Business Judgment - Stockholders rely on Directors to make sensible choices on their behalf. The majority of Directors should have a record of making good business decisions in the corporate sector.
- Management - To monitor corporate management, the Board needs to understand management trends in general and industry trends in particular. The Board should have one or more Directors who understand and stay current on general management "best practices" and their application in complex, rapidly evolving business environments.

- **Crisis Response** - Organizations inevitably experience both short and long-term crises. The ability to deal with crises can minimize ramifications and limit negative impact on firm performance. Boards should have one or more Directors who have the ability and time to perform during periods of both short-term and prolonged crises.
- **Industry Knowledge** - Companies continually face new opportunities and threats that are unique to their industries. The Board should have one or more members with appropriate and relevant industry-specific knowledge.
- **International Markets** - To succeed in an increasingly global economy, the Board should have one or more Directors who appreciate the importance of global business trends and who have first-hand knowledge of international business experience in those markets.
- **Strategy & Vision** - A key Board role is to approve and monitor company strategy to ensure AutoZone's continued high performance. The Board should have one or more Directors with the skills and capacity to provide strategic insight and direction by encouraging innovation, conceptualizing key trends, evaluating strategic decisions, and continuously challenging the organization to sharpen its vision.

Changes in Professional Responsibility

The Board should consider whether a change in an individual's professional responsibilities directly or indirectly impacts that person's ability to fulfill directorship obligations. All Directors should submit a resignation as a matter of course upon retirement, a change in employer, or other significant change in their professional roles and responsibilities. If the Board believes that a director will continue to make a contribution to the organization, the continued membership of that director may be supported.

Identification and Recruitment of Directors

One of the tasks of the Nominating and Corporate Governance Committee is to identify and recruit candidates to serve on the Board of Directors. A list of candidates shall be presented to the Board for nomination and to the stockholders for consideration. The committee may, at its discretion, seek third-party resources to assist in the process. The CEO will be included in the process on a non-voting basis. The Nominating and Corporate Governance Committee will make the final recommendation to the Board.

Independent Directors

A substantial majority of the Board of Directors should be independent. An independent director is defined as a director who:

- has not been employed by AutoZone within the last five years;
- has not been employed by AutoZone's independent auditor in the last five years;
- is not, and is not affiliated with a company that is, an adviser, or consultant to AutoZone or a member of AutoZone's senior management;
- is not affiliated with a significant customer or supplier of AutoZone;
- has no personal services contract with AutoZone or with any member of AutoZone's senior management;
- is not affiliated with a not-for-profit entity that receives significant contributions from AutoZone;
- within the last three years, has not had any business relationship with AutoZone for which AutoZone has been or will be required to make disclosure under Rule 404(a) or (b) of Regulation S-K of the Securities and Exchange Commission as currently in effect;
- receives no compensation from AutoZone other than compensation as a director;
- is not employed by a public company at which an executive officer of AutoZone serves as a director;
- has not had any of the relationships described above with any affiliate of AutoZone; and
- is not a member of the immediate family of any person with any relationships described above.

Outside Directorships

The members of the Board acknowledge that significant time is required to be a fully participating and effective member of AutoZone's Board of Directors. Therefore, each independent director should not hold more than two or three directorships of public companies other than AutoZone. The CEO should not be a member on more than one or two Boards of other public companies, and AutoZone's other executive officers should not be members of more than one other Board of a public company. A Director should notify the Secretary prior to accepting a new position on another Board in order that the Secretary may examine the relationship for a potential conflict of interest.

Compensation of Directors

Outside Directors are compensated in accordance with the Director Compensation Plan and the Director Stock Option Plan as may be in effect from time to time. The Board believes that a significant portion of a director's compensation should be in common stock to further the direct correlation of directors' and stockholders' interests.

The Compensation Committee shall review independent director compensation from time to time and recommend to the full Board any changes in compensation as the committee may deem necessary.

Directors that are officers or employees shall not receive any additional compensation for their service as Directors. Outside Directors shall not receive a pension solely as a result of service as a Director.

Direct Investment in AutoZone Stock by Directors

Since a significant ownership stake leads to a stronger alignment of interests between directors and stockholders, each director is required to personally invest at least \$100,000 in company stock within three years of joining the board. Exceptions to this requirement may only be made by the board under compelling mitigating circumstances.

Service Limitations of Directors

A Director may not stand for reelection after age 70, but need not resign until the end of his or her term. The Board may, however, upon evaluation of a Director that has reached 70 years of age, in its discretion ask such Director to remain on the Board in extraordinary circumstances if the Board believes that such Director will continue to make significant contributions to the work of the Board.

No director shall be eligible to be reelected to the Board of Directors after serving on the Board for 15 years. However, notwithstanding the foregoing, Directors serving on the Board as of the first date of the adoption of these Corporate Governance Principles shall be eligible to be reelected as a Director until the first annual meeting of stockholders held after the passage of 15 years from the date of first adoption of these Corporate Governance Principles.

In order to retain freshness in the process and to give new management the unfettered ability to provide new leadership, a retiring CEO shall not continue to serve on the Board except in extraordinary circumstances.

Conflict of Interest

From time to time, an issue being considered by the Board may present, or may give the appearance of presenting, a conflict of interest for a Director. Each Director should take appropriate steps to assure that in each matter considered that the Director is disinterested with respect to that matter, other than the interests of AutoZone and its stockholders. Any Director faced with any potential conflict should disclose any such potential conflict to the Secretary and the Chairman and should not participate in discussions or votes on such issue unless a majority of the Board determines, after consultation with counsel, that no conflict of interest exists as to such matter.

Directors that are not independent Directors shall not participate in the Board's decision of selection, removal, or performance assessment of the CEO.

BOARD ORGANIZATION

Board Size

In general, smaller boards are more cohesive, work better together and tend to be more effective monitors than larger boards. Ideally, the Board should be comprised of six to ten outside Directors and one to two Directors who also are employees or officers.

Committees

All major decisions will be considered by the Board as a whole. As a consequence, the committee structure of the Board is limited to those committees considered to be basic to or required for the operation of AutoZone as a publicly-owned entity. Standing committees shall include audit, compensation, and nominating and corporate governance. The audit, compensation, and nominating and corporate governance committees shall be composed solely of independent Directors. The Board may form other committees as it determines appropriate. Each committee shall operate in accordance with its charter as adopted by the Board. Committee members and chairs shall be appointed annually by the Board in accordance with the charter of each committee.

BOARD OPERATIONS

Meetings

The agenda for each Board meeting shall be determined by the Chairman. Each Director is encouraged to suggest agenda items.

The Board shall meet at least four times per fiscal year in accordance with a meeting schedule that is approved by the Board. The Board may also meet at such other times in meetings which may be called in accordance with AutoZone's Bylaws.

Other members of management may attend non-executive meetings of the Board at the invitation of the Chairman.

Communications

Directors have full access to the Chairman and CEO and senior officers reporting directly to the CEO and to information about the corporation's operations. Directors should refrain from giving strategic or operating direction to members of management outside the scope of full Board or committee responsibility and accountability.

Board Ability to Retain Advisors

The Board shall retain advisors as it believes to be appropriate. If management is retaining advisors to the Board, such decision must be ratified by the Board.

Material in Advance of Meetings

The Board must be given sufficient information to fully exercise its governance functions. This information comes from a variety of sources, including management reports, a comparison of performance to plans, security analysts' reports, articles in various business publications, etc. Generally, Board members will receive information prior to Board meetings so they will have an opportunity to reflect properly on the items to be considered at the meeting.

The Board will ensure that adequate time is provided for full discussion of important items and that management presentations are scheduled in a manner that permits a substantial proportion of Board meeting time to be available for open discussion.

Executive Session

The non-management Directors should meet privately in executive session from time to time to review the performance of the CEO and other executive officers. The non-management Directors should meet in executive session at the end of each Board meeting to consider other issues that they may determine from time to time, without the presence of any member of management. A "non-management" Director is a Director that is not an officer of AutoZone.

Evaluation of the CEO

The selection and evaluation of the chief executive officer and concurrence with the CEO's selection and evaluation of the corporation's top management team are the most important function of the Board. In its broader sense, "selection and evaluation" includes considering compensation, planning for succession and, when appropriate, replacing the CEO or other members of the top management team. The performance of the CEO will be reviewed at least annually solely by the outside Directors without the presence of the CEO or other inside Directors. The evaluation of the CEO shall be led by the chair of the compensation committee. The Board should have an understanding with the CEO with respect to criteria on which he or she will be evaluated, and the results of the evaluation will be communicated to the CEO.

Succession and Management Development

The CEO will report annually to the Board on AutoZone's program for succession and management development.

CEO succession is a Board-driven, collaborative process. Although the current CEO has an important role to play, the Board must own the plan for succession while collaborating with the CEO in deciding the timing and the necessary qualifications for making a final decision.

Outside Communication

The Board believes that management speaks for the company. In accordance with this philosophy, Directors should defer to the Chairman or AutoZone's public relations department when requested to make any comments regarding AutoZone or its business.

Annual Election of Directors

In order to create greater alignment between the Board's and our stockholders' interests and to promote greater accountability to the stockholders, Directors shall be elected annually.

PERIODIC REVIEW OF GUIDELINES

These guidelines shall be reviewed periodically by the Nominating and Corporate Governance Committee and any amendments shall be presented to the Board for adoption.

Amended: December 13, 2001
August 27, 2002

