

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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DISCOUNT AUTO PARTS INC

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FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended May 28, 1996

TRANSITION REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-11276

DISCOUNT AUTO PARTS, INC.

(Exact name of registrant as specified in its charter)

FLORIDA

59-1447420

(State or other jurisdic-
tion of incorporation)

(IRS Employer Identi-
fication No.)

4900 Frontage Road South, Lakeland, Florida

33815

(Address of principal executive offices)

(Zip code)

(941) 687-9226

(Registrant's telephone number)

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, Par Value \$.01 Per Share	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 past 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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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.

State the aggregate market value of the voting stock held by non-affiliates of the registrant. Approximately \$196,911,000 as of August 12, 1996 (based upon the closing sales price reported by the New York Stock Exchange and published in the Wall Street Journal on August 12, 1996)

State the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date:

Common Stock, par value \$.01 per share -- 16,575,343 shares as of August 12, 1996

Documents incorporated by reference:

Part II Annual Report to Stockholders for the Fiscal Year Ended May 28, 1996.

Part III Definitive Proxy Statement for the Company's Annual Meeting of Stockholders presently scheduled for October 8, 1996.

DISCOUNT AUTO PARTS, INC.

ANNUAL REPORT ON FORM 10-K
for the
YEAR ENDED MAY 28, 1996

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PART I

ITEM 1. BUSINESS.

GENERAL

Discount Auto Parts, Inc. ("Discount Auto Parts" or the "Company") is one of the Southeast's leading specialty retailers of automotive replacement parts, maintenance items and accessories for the "Do-It-Yourself" ("DIY") consumer. As of May 28, 1996, the Company operated a chain of 314 Discount Auto Parts stores, with 276 stores located throughout Florida, 32 stores in Georgia, 5 stores in Alabama and 1 store in South Carolina. Each Discount Auto Parts store carries an extensive line of replacement "hard" parts, such as starters, alternators, brake pads, brake shoes and water pumps, for domestic and imported cars, vans and light trucks, as well as maintenance items and accessories. The Company's stores do not sell tires or perform automotive repairs or installations.

Discount Auto Parts has achieved significant growth in each of its five latest fiscal years. Net sales have increased to \$307.5 million in fiscal 1996 from \$141.2 million in fiscal 1992 and income from operations has increased to \$40.5 million in fiscal 1996 from \$16.4 million in fiscal 1992. The number of stores has increased to 314 as of the end of fiscal 1996 from 139 at the beginning of fiscal 1992. Comparable store sales have increased an average of 8.7% during the past five fiscal years and specifically increased 4.9% in fiscal 1996.

Discount Auto Parts was founded in 1971 with a single 800 square foot store in Eloise, Florida by Herman Fontaine, his son, Denis L. Fontaine, and other members of the Fontaine family. Since the Company's inception, members of the Fontaine family, including Herman Fontaine, Denis L. Fontaine and Peter J. Fontaine, managed the Company and played key roles in formulating and carrying out its business strategies. Herman Fontaine served as President from 1972 until 1978 and as the Chairman of the Board from 1972 until 1986, at which time he became Chairman Emeritus. Although he no longer serves as an executive officer or director, the Company continues to have the benefit of Herman Fontaine's advice and counsel. Denis L. Fontaine assumed the roles of Chief Executive Officer and President in 1978 and held such positions until his death in June 1994. Peter J. Fontaine was elected as President and Chief Executive Officer in 1994.

In August 1992, the Company became a publicly traded company,

completing an initial public offering in which it raised approximately \$64 million in net proceeds.

INDUSTRY OVERVIEW

According to industry estimates, the size of the domestic automotive aftermarket for replacement parts, maintenance items and accessories is believed to be in excess of \$60 billion. The Company believes that the DIY segment of this market is growing because of, among other things, (i) increases in the size and age of the country's automotive fleet, (ii) increases in the number of miles driven annually per vehicle, (iii) the higher cost of new cars as compared to historic costs and (iv) the higher cost of replacement parts as a result of technological changes in more recent models of vehicles.

The automotive aftermarket distribution channels are highly fragmented. The Company believes, however, that the industry is consolidating as national and regional specialty retail chains gain market share at the expense of smaller independent operators and less specialized mass merchandisers. Automotive specialty retailing chains with multiple locations in given market areas, such as the Company, are believed to enjoy competitive advantages in purchasing, distribution, advertising and marketing compared to most small independent retailers. In addition, the increase in the number of automotive replacement parts caused by the significant increase in recent years in

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the variety of domestic and imported vehicle makes and models has made it difficult for smaller independent retailers and less specialized mass merchandise chains to maintain inventory selection broad enough to meet customer demands. The Company believes this has created a competitive advantage for those automotive specialty retailing chains, such as Discount Auto Parts, that have the financial resources and distribution capability to stock and deliver an inventory selection broad enough to meet customer needs.

OPERATING STRATEGIES

BUILDING THE TEAM

One of the Company's guiding principles is "First build the team, then the team will build the business." Discount Auto Parts believes that by helping team members to develop to their full potential, the Company achieves higher rates of team member retention and improved overall Company performance. Discount Auto Parts considers itself to be a highly selective employer, screening prospective team members to identify individuals of high integrity who are motivated to succeed.

Discount Auto Parts uses extensive formal training programs focusing on providing superior customer service, automotive parts knowledge, selling skills, store operational procedures and personal development. The Company has a two-year training program for new team members which provides for systematic training in which team members are evaluated on skills attained and awarded merit increases when they successfully complete each program. Before assignment to a Discount Auto Parts store, new team members participate in an intensive one week training and orientation program administered by a district training specialist at specially designated training stores. Following such orientation, new team members are assigned to their home store where a member of store management will train them on more advanced aspects of daily store operations, parts knowledge and use of the Company's computerized parts catalog. Thereafter, team members are required to complete the "Parts Pro" certification which focuses on advanced training on technical customer service skills, such as turning drums and rotors, testing and charging batteries and testing starters and alternators and other customer-focused services such as free installation of windshield wiper blades.

In order to qualify for promotion, team members are required to complete the "Tech 2000" training program which is comprised of courses and hands on instruction focusing on product knowledge, trouble-shooting, problem solving and related selling techniques. Further formal training includes a vendor training program which entails regularly scheduled Company-wide seminars that emphasize specific automotive systems and related parts. Team members who complete both the Parts Pro certification program and the Tech 2000 program are eligible to take, at the Company's expense, the examination for designation as an ASE Certified Parts Specialist. Team members identified as potential store managers also participate in the "DAP University" program, a five-day training program at the Company's headquarters and distribution center covering all major aspects of the Company's operations. All store managers are required to participate in Dale Carnegie training courses in order to develop team building and customer relations skills. The Company supplements its formal training

programs with informal training provided by senior team members during frequent store visits.

The Company provides financial incentives to all team members, particularly to store managers, assistant store managers and team leaders, based on meeting monthly, quarterly and annual sales and other performance related goals. All incentive programs are tied to individual store performance and are based on factors designed in large part to be under the control of store team members. The Company has implemented a number of team member benefit plans, including the Team Members Stock Purchase Plan which affords virtually all full time team members who have

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been employed for more than one year the opportunity to periodically purchase shares of the Company's Common Stock at a purchase price equal to 85% of the then current market prices. In addition, the Company has adopted the Team Members Profit Sharing Plan pursuant to which virtually all full time team members who have been employed for more than one year are permitted to make voluntary contributions and with respect to which the Company provides certain matching contributions. Team members at the store manager level and above are also eligible to receive awards of stock options to purchase shares of Common Stock under the Company's stock option plans.

In developing and implementing policies and strategies, Discount Auto Parts actively solicits input of its team members and encourages them to seek out innovative ways to better serve customers and carry out their jobs more efficiently. Team members who present new ideas that are successfully implemented are rewarded with incentive compensation. The Company believes that this involvement of team members significantly increases motivation and overall performance.

Increases in the number of stores and the Company's "promote from within" policy provide opportunities for the promotion of qualified team members to higher levels of management responsibility. Discount Auto Parts believes these opportunities are an important factor in the Company's ability to attract, motivate and retain quality team members. The 42 team members comprising the senior management team (including 18 Division Managers and 2 Vice Presidents of Operations) average approximately 37 years of age with more than 12 years of experience with the Company. All 18 District Managers and both Vice Presidents of Operations started with the Company in Discount Auto Parts stores as part time or full time team members and average more than 11 years with Discount Auto Parts. The Company's 314 store managers average more than four years experience with the Company.

DEVELOPING CUSTOMERS FOR A LIFETIME

The Company is committed to developing and maintaining "customers for a lifetime" through a combination of superior customer service, convenient and accessible neighborhood locations, broad product selection and competitive everyday low prices.

WELL TRAINED AND EXPERIENCED TEAM MEMBERS PROVIDING SUPERIOR CUSTOMER SERVICE. Discount Auto Parts believes that DIY consumers place significant value on customer service. Discount Auto Parts promotes a corporate culture designed to emphasize knowledgeable and courteous service. The Company uses a wide range of training methods to assist team members in developing the technical expertise necessary to provide customers with superior service. Through its efforts to provide superior service, Discount Auto Parts seeks to establish and maintain customers for a lifetime.

Customer service is enhanced by a variety of programs, including in-store computerized catalogs which assist in the selection of the proper replacement hard parts; free testing of starters, alternators, electronic components, coils, voltage regulators and batteries; free battery charging; installation assistance for batteries, windshield wipers and selected other products; free use of specialty tools for do-it-yourself installation, such as strut compressors, engine hoists and wheel pullers; same day special ordering and delivery of parts not generally carried at individual stores; free oil and battery recovery programs under which Discount Auto Parts accepts used oil and used batteries for proper disposal; liberal return policies; and lifetime warranties on certain parts for as long as the customer owns his or her vehicle.

The Company also has a special order program (the "S.O. Program") to assure the broadest availability of its merchandise at each of its stores. If an item is not available at a particular store, the S.O. Program allows team members to order the item from any nearby Company store or third party warehouse distributor and have it available for the customer, usually within 24

Company has continued to improve its S.O. Program in an attempt to achieve greater efficiencies and broader product selection by the implementation of an on-line relationship with numerous warehouse distributors.

In order to better serve the DIY customer, Discount Auto Parts stores are open seven days per week, 364 days per year, typically from 8 a.m. to 9 p.m. Some higher volume stores have extended hours.

CONVENIENT AND ACCESSIBLE NEIGHBORHOOD LOCATIONS. Discount Auto Parts believes that locating its stores at sites that are convenient and accessible to its customers is an essential part of its customer service philosophy. The Company emphasizes clustering stores in neighborhood locations as a means of offering increased convenience to its customers. In selecting new store locations, the Company seeks to identify sites that are easily accessible from a number of major roadways and arteries.

BROAD PRODUCT SELECTION. Each Discount Auto Parts store carries a wide selection of automotive replacement parts, maintenance items and accessories designed to cover a broad range of specific vehicle applications. Depending on store format, a typical Discount Auto Parts store carries between approximately 13,500 and 20,000 SKUs. At the core of the Company's operating strategy is its emphasis on DIY automotive replacement hard parts. To support this strategy, over the past several years, and particularly during fiscal 1995, the Company has substantially increased the number of SKUs carried at its stores, mostly by adding more replacement hard parts. To accommodate the additional SKUs and to more effectively utilize store merchandising space, the Company redesigned the plan-o-grams for its stores in fiscal 1995. During fiscal 1996, the Company added approximately 3,000 SKUs in its distribution center, and expanded the parts width in the stores accordingly.

The Company believes that it is more important to carry a wide selection of different automotive replacement parts than to have multiple brand names, price points and SKUs for any one part. As a result, the Company believes its product selection satisfies a broader range of DIY demands with fewer SKUs than does the product selection at some of its competitors.

Products sold at Discount Auto Parts stores include replacement hard parts such as brake shoes, brake pads, belts, hoses, starters, alternators, batteries, shock absorbers, struts, CV half shafts, carburetors, transmission parts, clutches, electronic components, and suspension, chassis and engine parts; maintenance items, such as oil, antifreeze, brake and power steering fluids, engine additives, car paints, protectants and waxes; and accessories, such as floor mats, seat covers and car stereos and speakers. As part of its strategy to emphasize automotive replacement hard parts, Discount Auto Parts stores offer higher ticket items such as complete engines which are stocked at the Company's distribution center.

Discount Auto Parts stores emphasize brand name and other high quality products. Representative manufacturers include General Electric, TRW, AC Delco, Motorcraft, A-1 Cardone, Champion, GNB, Purolator, Prestone, Quaker State, Pennzoil, Valvoline, Havoline, Castrol, STP, Armor All and Turtle Wax.

In addition to brand name products, Discount Auto Parts stores carry a number of its own private label products under the "Discount Auto Parts" and "Power Pak" names. In addition, during fiscal 1996, the Company introduced additional private label products under the "Power Force", "Hydro Force", "Stopping Force", and "Driving Force" names. Currently, private label products and parts include motor oil, batteries, starters, alternators, brakes and brake related products, water pumps, clutches, belts, hoses, windshield washer fluid, antifreeze/coolant and certain maintenance items. The Company's private label products are intended to be of equal or better quality than comparable brand name products, are packaged attractively to promote customer interest and are

priced below comparable brand name products in the store. Management is continually evaluating, consistent with its commitment to quality and value, additional private label merchandise.

PRICE LEADERSHIP. Discount Auto Parts follows an everyday low price strategy with prices that are generally at or below those of its competitors in the market area served by each store. Pricing in depot stores is generally even lower than the pricing in other Discount Auto Parts stores. The Company complements its competitive everyday low price policy regularly with special promotional pricing on selected products.

The Company continually seeks to reduce all costs associated with the purchase and distribution of merchandise to its stores. The Company achieves such cost reductions by working with its vendors to secure product cost savings and other benefits, making volume purchases and achieving efficiencies in its distribution system and higher productivity at the store level. Since the beginning of fiscal 1995, the Company has worked to achieve such efficiencies through the roll-out of its point-of-sale system and the implementation of its Wizard software system in the distribution center. These efficiencies and related cost reductions permit the Company to offer lower prices to its customers.

The Company's name, "Discount Auto Parts," reinforces the Company's pricing strategy. The pricing strategy is further supported through newspaper, direct mail, radio and television advertising as well as through in-store promotional signage and displays. In addition, at most of the Company's stores a free-standing, highly visible pole or marquee sign promoting special prices and customer service programs is utilized and is an important part of the Company's marketing program.

LEADING THE DIY MARKET

Discount Auto Parts believes that it is the largest DIY specialty retailer of automotive parts and accessories in Florida and seeks to be the leading DIY specialty retailer of automotive parts and accessories in every one of its existing markets and in every new market it enters. The Company believes that the opportunity to achieve market leadership depends upon successfully implementing its operating strategies and upon carefully selecting the markets it enters and the sites for its stores. The Company believes that market leadership provides higher consumer name recognition and economies of scale in purchasing, distribution, advertising, marketing and management.

The Company believes it has benefitted significantly from its focus in the Florida market and that its established market position in Florida provides Discount Auto Parts with certain competitive advantages. In addition, the Company believes that the demographics of the Florida market offer continued opportunities for future growth. In particular, Florida ranks third in the nation in the total number of registered cars and light trucks, is the fourth most populous state and continues to be one of the fastest growing states in the nation and has a favorable climate that allows year-round maintenance and repair of vehicles by DIY consumers.

The Company's strong market position in Florida has provided a solid foundation for its continuing expansion into nearby southeastern states. The Company believes that the southeastern states offer many of the same favorable conditions and opportunities for the Company's expanded operations. The Company's experiences and the performance of its stores outside of Florida have been consistent with those of its Florida store base.

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UTILIZING ADVANCED INFORMATION SYSTEMS

The Company emphasizes and continually invests in advanced distribution and information systems. Management believes that as a result of recent improvements in these systems, the Company has some of the most advanced integrated distribution and point-of-sale capabilities in its industry. The Company's systems lower distribution and store operating costs, improve in-stock positions at its stores and enhance customer service. In addition, the Company believes that its current systems and infrastructure are capable of supporting the Company's accelerated store expansion plans.

DISTRIBUTION. The Company believes that its distribution system, which utilizes computer-aided, laser-scanning and wireless technology and interfaces with the Company's management information systems and point-of-sale system, is one of the most advanced in its industry. The system features computer-aided ordering and inventory management, which allows for inventory levels to be monitored and specific product needs to be met on a store-by-store basis. To more efficiently manage inventory and provide a basis for incentive programs, a physical inventory is taken each quarter at every Discount Auto Parts store. In fiscal 1995, the Company began to utilize the suggested reorder feature of its point-of-sale system for assisting in

reordering. The suggested reorder amounts are based on the store's product sales as reflected in reports generated from information gathered electronically through the point-of-sale registers. As a result, the Company experienced greatly improved in-stock positions in both fiscal 1995 and 1996.

The distribution center is equipped with a warehouse management system referred to as the Wizard system. The system utilizes wireless hand held bar code scanning terminals which operate in a real time environment and which are integrated with a racking and flow system featuring conveyers and computerized sorting devices. These integrated systems enable the Company's team members to efficiently pick, assemble and palletize merchandise for shipment to individual stores. All product movement, including receiving, put-away, restock, cycle counting, picking and shipping, is monitored and tracked by these systems. Orders are typically placed by stores weekly and delivered from the distribution center to most of the Company's stores in the Company's fleet of tractor trailers generally within 48 hours after the order is received electronically from the store. The Company's distribution center and headquarters utilizes an IBM AS/400 computer platform and certain customized financial software, some of which has been developed by or with substantial input from the Company's in-house programming staff. The Company plans to continue to upgrade its computer systems through the integration of additional related specialized software over the next several years. All of these changes are designed to better serve all functional areas of the Company and are expected to greatly enhance the accuracy of the product picked and to continue the improvement in fill rate percentages.

The Company's existing 305,000 square foot distribution center is equipped to serve over 400 stores offering a full complement of SKUs. During the Spring of 1997, a significant expansion of the distribution center is expected to begin. When completed in fiscal 1998, the approximately 600,000 square foot distribution center is expected to support case pack for approximately 600 stores and repack for approximately 1,000 to 1,200 stores. As the Company continues its expansion outside the state of Florida, management will also evaluate the need for potential satellite distribution centers. The Company's distribution center currently occupies 12.2 acres of a 31.5 acre tract owned by the Company and was designed with a 30-foot clear span allowing for a total of eight million cubic feet of storage space.

STORE OPERATIONS. The Company completed the installation of point-of-sale computer terminals at all of its stores at the end of fiscal 1994. These point-of-sale terminals communicate interactively with the IBM AS/400 computer located at the Company's corporate headquarters and utilize bar code scanning technology to price merchandise in sales transactions. The use of this

technology speeds transaction times, reduces register lines and eliminates labor time previously spent in price labeling merchandise. Substantially all of the sales are currently being scanned.

The point-of-sale terminals capture sales information at the time of the transaction to enable the generation of sales reports which assist in store and Company-wide planning. The point-of-sale system and automated suggested re-ordering has been instrumental in increasing the store level in-stock positions. In addition, the Company believes that the automation of the re-order process has decreased the time and labor required for store inventory management. The Company believes that the combination of increased in-stock positions and decreased man-hours has further enhanced store level operations and customer service.

GROWTH STRATEGIES

ACCELERATING NEW STORE OPENINGS

The Company has opened an average of 35 stores in each of its last five fiscal years and 66 stores in fiscal 1996. The Company plans to open approximately 85 to 90 new stores in fiscal 1997. The Company currently plans to continue to grow its store base at a rate of approximately 25% annually for at least fiscal 1997 and 1998. The Company's growth strategy includes concentrating stores in neighborhood locations in Florida and contiguous states. During fiscal 1997 and 1998, management expects to continue to strengthen its market leadership in Florida because of Florida's high population densities, strong economic and population growth and favorable climate.

As of August 12, 1996, the Company had opened 8 new stores in fiscal 1997. In addition, as of August 12, 1996, 31 new stores were under construction and 89 sites for new stores had been purchased, leased or were under contract for

acquisition. The Company also is engaged in negotiations for the acquisition of additional sites. The Company believes that the Florida market can support over 400 Discount Auto Parts stores.

In certain Florida markets, the Company has and continues to open stores that are in the same geographic proximity as other Discount Auto Parts stores. This decision is made both from a competitive perspective, as well as to support its strategy of providing the customer with shopping convenience. Although the new stores tend to attract sales that would otherwise have been made in the other Discount Auto Parts stores, the Company believes the negative impact on comparable store sales will be substantially offset by the Company's ability to leverage costs such as advertising and store management expenses. Further, the Company expects the negative impact to be offset, at least in part, on a long-term basis by growth in the Florida population.

The following table sets forth information concerning increases in the number of Discount Auto Parts stores during the past five fiscal years and the anticipated increase for fiscal 1997:

<TABLE>
<CAPTION>

	1992	1993	1994	1995	1996	PLANNED 1997
	----	----	----	----	----	----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Beginning Stores	139	158	175	208	248	314
New Stores(1)	19	17	33	40	66	85-90
Stores Closed	-	-	-	-	-	-
Ending Stores	158	175	208	248	314	399-404
	===	===	===	===	===	=====

</TABLE>

(1) Does not include stores that opened as relocations of previously existing stores within the same general market area (approximately one mile) or substantial renovations of stores.

The Company attempts to obtain high visibility sites in high traffic locations (often on corners) and undertakes substantial research prior to entering new markets. Key factors in market and site selection include population, demographics, vehicle profile and number and strength of competitive stores. The Company generally seeks to open new stores within or contiguous to existing market areas and attempts to cluster development in new urban and suburban markets in a relatively short period of time in order to achieve economies of scale in management, advertising and distribution costs. In each case, the Company seeks to match the appropriate store size and format with the market served.

STANDARDIZING NEW STORE FORMATS

Beginning in fiscal 1992 and 1993, the Company developed its depot and mini-depot store formats. As a result of the success of these formats, all new stores use one of the two formats and all existing stores have been converted to either the depot or mini-depot inventory format. During the past two years, the Company has developed standardized formats for its depot and mini-depot stores. The standardized formats are used for all new stores and appropriate elements of the new formats are being used to remodel the existing base of stores. The standardized formats have lowered new store operating costs through increased efficiency and consistency in the selection, acquisition, design and opening of new stores.

Although all previously constructed stores have been converted to the mini-depot or depot formats in terms of product availability, as of May 28, 1996 approximately 40 stores are below the new format standards in terms of selling square footage. During fiscal 1997 and 1998, the Company plans to expand or replace the majority of these stores in addition to its new store openings.

The Company's depot stores generally range in size from 8,800 to 22,000 selling square feet, offer greater product selection and carry an average of approximately 18,500 SKUs. The Company's mini-depot stores generally range in

size from 3,500 to 8,000 selling square feet and carry an average of approximately 14,100 SKUs.

Under the Company's new standardized store formats, all new mini-depot stores will have approximately 4,800 selling square feet and all new depot stores will have approximately 10,000 selling square feet. In the new standardized store formats, the amount of land will be approximately 0.7 and 1.2 acres for a mini-depot and a depot format store, respectively.

Depot stores are targeted for major metropolitan markets where such stores can serve densely populated market areas. Depot stores are also utilized as support locations for nearby mini-depot stores in a hub-and-spoke fashion and the Company has recently implemented van delivery for inventory transfers from the depot stores to other Discount Auto Parts stores. The Company's merchandising staff also utilizes depot stores to test new products in an effort to help maximize the success of new SKU additions at mini-depot stores.

The Company plans to open one to three additional depot format stores and 84 to 87 additional mini-depot format stores in fiscal 1997. It is anticipated that depot format stores will continue to be opened in existing and new major urban markets, with only one or two in each such market.

CONTINUING TO IMPROVE MERCHANDISING

The Company has continued to take steps to selectively increase the number of SKUs carried by its depot and mini-depot stores. In fiscal 1995, the Company updated its store plan-o-grams for both of its store formats to improve merchandise presentation and in-stock positions and to

accommodate a substantial number of additional SKUs. The Company also began to make better use of the enhanced level of inventory and sales information that is available through its in-store point-of-sale system. The additional SKUs that have been added over the past several years and those that are currently in the process of being added consist primarily of automotive replacement hard parts, which generally carry higher gross margins.

The Company has had recent success in improving its in-stock positions and replenishment of many of its SKUs. One of the principal factors in achieving these improvements in in-stock positions are the new plan-o-grams which are designed to interface with the Company's point-of-sale system in a way so as to provide a more sophisticated means of inventory control and management. The computer system is able to record inventory sales by plan-o-gram location which in turn permits the production of suggested reorder reports and the development of information that permits the Company to fine tune merchandise selection and the overall layout of products. These systems are designed to enhance overall sales and gross margins in each individual shelving location.

Although each Discount Auto Parts store carries the same basic product lines, each District Manager with input from individual store managers, has the ability to adapt product mix based on the specific needs of the market area served by the stores.

The following table indicates certain information about the 314 Discount Auto Parts stores in operation as of May 28, 1996:

<TABLE>
<CAPTION>

STORE FORMAT	AVERAGE STOCK KEEPING UNITS	NUMBER OF STORES	TOTAL SELLING SQUARE FOOTAGE (1)
<S> Mini-depot	<C> 14,100	<C> 293	<C> 1,374,016
Depot	18,500	21	236,070
Total selling square footage			1,610,086

</TABLE>

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- (1) Total selling square footage includes normal selling space, but excludes office, stockroom, receiving and any excess space not utilized in a store's operations space.

STORE OPERATIONS

STORE DESIGN AND VISUAL MERCHANDISING

Discount Auto Parts stores are generally free-standing buildings situated in highly visible locations and are designed to provide easy access, ample parking and a high visual impact. The majority of stores are on corner locations on heavily traveled streets. Store exteriors generally feature a bright yellow facade with large, distinctive red "Discount Auto Parts" lettering and a large free-standing sign prominently displaying the "Discount Auto Parts" name and also advertising current product specials. In-store signage and special displays are used to aid customers in locating merchandise and promoting products.

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Store interiors provide easy-to-locate merchandise presentation, set up by department, in an attractive and brightly lit store environment. The Company employs a plan-o-grammed store layout system designed to maximize sales in a generally consistent merchandise presentation in all of its stores. See "-- Growth Strategies - Continuing to Improve Merchandising."

Stores are designed to maximize selling space, keeping most of the merchandise within view of the customer. The majority of the selling space contains gondolas for automotive replacement parts, maintenance items and accessories, with selected merchandise featured at the ends of the aisles, at the cash register areas and in other high traffic and visibility areas. Many store interior walls feature large colorful logos for the brand names of products carried in the store. All stores have a counter at the back of the store where certain automotive replacement hard parts that do not lend themselves to display are available. To make space for the increased number of SKUs carried by the Company's stores, newer stores have moved more of the automotive replacement hard parts behind the parts counter. The Company has found that customers still need substantial assistance from the Company's team members in selecting the proper make and model of many of these parts and, therefore, moving these parts off the selling floor is not expected to negatively impact sales and will permit the Company to accommodate more replacement hard parts.

The hard parts counter is staffed by knowledgeable team members and, in order to facilitate a high level of customer service, all stores have computerized parts catalogs that provide parts information based on the make, model and year of an automobile. The computer monitors are placed on the hard parts counter so that both team members and customers are able to view the screens.

The Company believes that continually improving and upgrading the appearance of its stores increases sales per store. As market conditions warrant, Discount Auto Parts relocates and substantially renovates existing stores. Stores are relocated primarily to secure improved site locations and to expand store size. In addition, some stores are increased in size in connection with renovations.

Since fiscal 1992, the Company has relocated or substantially renovated 38 stores. During fiscal 1997, the Company plans to relocate or substantially renovate 10 - 20 additional stores. The Company considers a store to have been substantially renovated when it has spent more than \$70,000 on store improvements other than for ordinary business maintenance and upkeep expenses.

STORE TEAM MEMBERS

Mini-depot format stores typically employ 10 to 15 team members and depot format stores typically employ 15 to 25 team members. The team members for each store include a manager who is assisted by one or more assistant managers, a team leader and additional full and part-time team members.

The Company supervises store operations primarily through two Vice Presidents of Operations and 18 District Managers, each of whom supervises between 8 and 27 stores. The Vice Presidents' in turn report to William C. Perkins, the Company's Executive Vice President in charge of Operations.

Purchasing, merchandising, advertising, accounting, cash management and

other store support functions are handled by the Company's corporate headquarters, while integrating input from Vice Presidents of Operations, District Managers and store managers. The Company believes that relieving store managers of primary responsibility for these functions allows them more time to focus on customer sales and service and the execution of the Company's in-store merchandising and marketing strategies.

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DIMENSIONS OF EXCELLENCE REVIEWS

In order to help assure continuous store improvement and an overall high level of customer service, the Company conducts "dimensions of excellence" reviews of each of its stores twice a year and has instituted a program whereby each week members of senior management visit several of the Company's stores. In addition, every store is visited weekly by a member of the district management team or the home office management support team.

Each dimensions of excellence review encompasses a comprehensive itinerary of store characteristics and performance criteria. The dimensions of excellence teams are made up of store managers from other districts selected based on their success as managers and their depth of experience, as well as senior team members from the Company's corporate headquarters. A written evaluation is prepared for each store that is reviewed and the evaluation team meets with the store manager to discuss the review and to provide direction in seeking improvements in store performance. The Company believes that these semi-annual reviews help to insure that Discount Auto Parts stores are maintained in accordance with the Company's standards of excellence.

PURCHASING

Virtually all merchandise is selected and purchased for all stores by the Company's team of buyers located at the Company's distribution center. Approximately 90% of the Company's merchandise is shipped by vendors to the Company's distribution center in Lakeland, Florida. Weekly deliveries to individual stores are made primarily using the Company's fleet of trucks and trailers.

In fiscal 1996, the Company purchased products from over 400 suppliers. During fiscal 1996, the Company's ten largest suppliers accounted for approximately 38% of the Company's purchases but no single supplier accounted for more than 7% of total purchases. The Company has a few long-term contracts for the purchase of merchandise and believes that its relationships with its suppliers are excellent. The Company believes that alternative sources of supply exist (and in some cases such relationships are maintained on a smaller scale), at similar cost and on similar terms, for substantially all types of products sold.

Automotive replacement parts manufacturers generally accept obsolete inventory for return credit on an annual or more frequent basis.

ADVERTISING AND PROMOTION

The Company makes extensive use of advertising and promotional activities, including newspaper, direct mail, radio and television advertising as well as in-store banners, displays and promotions. In fiscal 1995, the Company enhanced its use of television and introduced the theme "Go With The Pros You Know." This statement is now a key design element in the Company's store signage and point-of-sale merchandising. The Company also uses sales incentives and price based promotions on a weekly basis and in connection with new store openings. The Company believes that DIY customers are also strongly influenced by "word of mouth" recommendations from satisfied customers. In addition, at most of the Company's stores a free-standing, highly visible pole or marquee sign promoting special prices and customer service programs is utilized and is an important part of the Company's marketing program.

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Advertising expenses in recent years have been substantially recouped through cooperative advertising and related programs with the Company's vendors. Discount Auto Parts views its suppliers as a part of the Discount Auto Parts team, believing that close and cooperative relationships with its suppliers are an important element of the Company's operating strategy. These relationships involve substantial benefits to the Company, including volume discounts, rebates, credits, return allowances, new store allowances, cooperative advertising, packaging improvements, distribution advantages and signage assistance programs, as well as product knowledge, training and education which is provided to team members by the vendors at store grand openings and Company training sessions.

COMPETITION

The retail automotive parts aftermarket is highly competitive. Automotive products similar or identical to those sold at the Company's stores are generally available from a variety of different competitors in the communities served by Discount Auto Parts stores. The number of competitors and the level of competition faced by Discount Auto Parts stores varies by market area.

Discount Auto Parts believes that it operates Florida's largest specialty retail chain offering automotive replacement parts, maintenance items and accessories to the DIY consumer. In Florida and in the other southeastern states where it has stores, the Company competes with a number of local, regional and national automotive retail chains including Rose Auto Stores, Auto Zone, Pep Boys, Western Auto, One Stop, Advance Auto, Bennett Auto Parts, and Automotive One. To a lesser extent, the Company's stores also compete with automotive wholesalers or jobbers such as NAPA, Big A and Steego and, in certain product categories, such as batteries, oil, filters and accessories, mass merchandisers such as Wal-Mart, Target and Kmart.

Although the Company believes that it competes effectively in its various markets, certain of its competitors, or their parent organizations, are larger in terms of sales volume, have access to greater capital and management resources or have been operating longer in particular market areas.

TEAM MEMBERS

As of May 28, 1996, the Company employed approximately 3,150 team members, 2,340 of whom were full-time team members. Approximately 85% of the Company's team members work in Discount Auto Parts stores or in direct field supervision. The remaining 15% work in the distribution center and/or in corporate and support functions.

The Company has no collective bargaining agreements covering any of its team members, has never experienced any material labor disruption and is unaware of any present efforts or plans to organize its team members. The Company considers relations with its team members to be excellent.

TRADEMARKS

Discount Auto Parts believes that its name, distinctive lettering and eye-catching store exteriors are important to its operating strategy but that the Company's business is not otherwise dependent on any patent, trademark, service mark or copyright. Except as described herein under the caption "Legal Proceedings," the Company is not aware of any infringing uses or assertion of infringing uses in its current market area that, in the opinion of the Company, could materially affect the Company's use of its name and trade dress described above.

ITEM 2. PROPERTIES.

DISTRIBUTION CENTER AND HEADQUARTERS

The Company's distribution center, which also houses its headquarters and administrative offices, is located in Lakeland, Florida on property owned by the Company. The facilities (including parking areas), which currently occupy 12.2 acres of a 31.5 acre tract, are situated in an industrial park area, fronting Interstate 4, the east-west expressway that cuts across central Florida. Almost all of the Company's stores are within a six hour drive of the distribution center in Lakeland. The property provides ample room for future expansion and has the potential to be modified to provide direct rail access.

The State of Florida is in the process of adding an additional exit off of Interstate 4 near the Company's distribution center. In connection with this project, a portion of the Company's frontage on Interstate 4 (including

certain parking spaces) will be taken by the state. During fiscal 1996, the Company successfully completed the exchange of certain frontage property with the state of Florida. In exchange for such property, the Company received additional adjoining acreage and cash compensation. The additional land received in the exchange will allow for the Company's planned distribution center expansion.

The Company's existing 305,000 square foot distribution center is equipped to serve over 400 stores offering a full complement of SKUs. During the Spring of 1997, a significant expansion of the distribution center is expected to begin. When completed in fiscal 1998, the approximately 600,000 square foot distribution center is expected to support case pack for approximately 600 stores and repack for approximately 1,000 to 1,200 stores. As the Company continues its expansion outside the state of Florida, management will also evaluate the need for potential satellite distribution centers. The Company's distribution center currently occupies 12.2 acres of a 31.5 acre tract owned by the Company and was designed with a 30-foot clear span allowing for a total of eight million cubic feet of storage space.

DISCOUNT AUTO PARTS STORES

Discount Auto Parts stores are located throughout Florida and also in Georgia, Alabama and South Carolina. The Company adheres to a strategy of owning the vast majority of its store locations and currently owns approximately 89% of its locations. Management believes that this strategy maximizes the Company's real estate flexibility, as well as controlling operating costs. The Company will continue to evaluate additional lease alternatives as market conditions dictate.

The following table sets forth certain information regarding the Company's ownership and leasehold interests in its stores as of May 28, 1996:

<TABLE>
<CAPTION>

NATURE OF COMPANY'S INTEREST	NUMBER OF STORES
-----	-----
<S>	<C>
Own Land and Buildings	278
Lease Land and/or Buildings	36

TOTAL	314
	===

</TABLE>

Certain of the stores in which the Company has an ownership interest are affected by credit facilities or mortgages on which the total unpaid principal balance as of May 28, 1996, was approximately \$15.6 million. These borrowings, which are to be repaid primarily in aggregate annual installments of \$2.4 million, accrue interest at rates ranging between 9.8% and 10.11% per annum.

Most of the Company's leases provide for the payment of a fixed rent, plus increases in ad valorem taxes and insurance and maintenance costs. The leases are generally for a term of five years, with the Company having the right to renew for one or more additional five-year terms. The leases in existence at the close of fiscal 1996 will expire between 1997 and 2001 (not including renewals).

ITEM 3. LEGAL PROCEEDINGS.

A.E.W., Inc. d/b/a DAPS Discount Auto Parts Stores vs. Discount Auto Parts, Inc., United States District Court for the Northern District of Florida, Civil Division, Civil Action 94-30073-CIV-LAC.

On or about January 31, 1994, a complaint was originally filed against the Company by A.E.W., Inc. d/b/a DAPS Discount Auto Parts Stores in the Circuit Court in and for Escambia County, Florida (Case 94-0166-CA-01). A.E.W., which operates several retail auto parts stores in Escambia County, Florida, Fort Walton Beach, Florida, Mobile, Alabama and Pascagoula and Gulfport, Mississippi, sought to enjoin, under several different counts, the Company's use of the trade names "Discount Auto Parts" and "DAP" without an accompanying identifier to the extent such use was likely to create confusion with A.E.W.'s business, and to recover, under several different counts, compensatory and punitive damages and attorneys' fees. No specific dollar amount of damages was alleged in the complaint. A motion for preliminary

injunction was also filed by A.E.W. The Company sought to remove the case to federal court and also moved to dismiss several counts or portions thereof and to strike certain references in the complaint. In February 1994, the Company was able to remove the case to federal court. A.E.W.'s motion for preliminary injunction was denied as was its motion for reconsideration of the ruling. The Company's motions to dismiss and to strike were granted as to certain counts and denied as to all other counts. Discovery requests have been exchanged by the parties and such discovery is proceeding. Management of the Company believes the claims in the complaint that have survived the motions to dismiss and to strike are without any substantial merit and intends to continue to defend the action vigorously.

Discount Auto Parts is not a party to any other legal proceedings, other than various claims and lawsuits arising in the normal course of the Company's business. The Company does not believe that such claims and lawsuits, singly or in the aggregate, will have a material adverse effect on its financial condition, results of operations or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY-HOLDERS.

None.

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PART II

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

The Company's Common Stock is listed on the New York Stock Exchange. Information included under the caption "Common Stock Price Range" and "Number of Stockholders" on page 24 of the Company's 1996 Annual Report to Stockholders is incorporated herein by reference.

Since the initial public offering, the Company has not paid any cash dividends. The Company does not intend to pay any cash dividends for the foreseeable future and intends to retain earnings, if any, for the future operation and expansion of the Company's business. Any determination to pay dividends in the future will be at the discretion of the Company's Board of Directors and will be dependent upon the Company's results of operations, financial condition, contractual restrictions and other factors deemed relevant by the Board of Directors. The Company's existing credit facilities contain restrictions on the payment of cash dividends on the Common Stock. Under the most restrictive of the credit facilities, dividends will be prohibited to the extent such aggregate dividends would exceed the sum of \$500,000 plus 50% of cumulative net income subsequent to August 26, 1992. As of May 28, 1996, approximately \$33.9 million of the Company's retained earnings were available for dividend distribution.

ITEM 6. SELECTED FINANCIAL DATA.

Information under the caption "Five Year History" on page 6 of the Company's 1996 Annual Report to Stockholders is incorporated herein by reference.

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

Information under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 7 through 10 of the Company's 1996 Annual Report to Stockholders is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Financial Statements of Discount Auto Parts, Inc., together with the report thereon of Ernst & Young LLP, appearing on pages 11 through 23 of the Company's 1996 Annual Report to Stockholders is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING

Not applicable.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information contained under the caption "Management" on pages 6 through 7 of the Company's Proxy Statement for its 1996 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

Information contained under the caption "Executive Compensation" on pages 12 through 13 of the Company's Proxy Statement for its 1996 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information contained under the caption "Security Ownership" on pages 2 through 4 of the Company's Proxy Statement for its 1996 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information contained under the captions "Compensation Committee Interlocks and Insider Participation" and "Certain Relationships and Related Transactions" on pages 13 and 14 of the Company's Proxy Statement for its 1996 Annual Meeting of Stockholders is incorporated herein by reference.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

- (a) (1) The following financial statements of Discount Auto parts, Inc. and the report thereon of Ernst & Young LLP dated July 8, 1996, which are included in the Company's Annual Report to Stockholders for the year ended May 28, 1996, Pages 11 through 23, are incorporated herein by reference.

Statements of Income for the years ended May 28, 1996, May 30, 1995 and May 31, 1994

Balance Sheets as of May 28, 1996 and May 30, 1995.

Statements of Stockholders' Equity for the years ended May 28, 1996, May 30, 1995 and May 31, 1994.

Notes to Financial Statements.

Report of Independent Certified Public Accountants

- (2) The following Financial Statements Schedules are included herein:

None.

No schedules are submitted because none are applicable or required or because the required information is included in the financial statements or the notes thereto.

(3) The following exhibits are filed as part of this report (exhibits marked with an asterisk have been previously filed with the Commission as indicated and are incorporated herein by this reference):

- 2.1* Agreement and Plan of Recapitalization dated August 20, 1992 (Filed as Exhibit 10.21 to the Company's Form 10-Q for the quarter ended September 1, 1992, as filed with the SEC on October 15, 1992).
- 3.1* Amended and Restated Articles of Incorporation (Filed as Exhibit 3.2 to the Company's Form 10-Q for the quarter ended September 1, 1992, as filed with the SEC on October 15, 1992).
- 3.2* Amended and Restated Bylaws (Filed as Exhibit 3.4 to the Company's Form 10-Q for the quarter ended September 1, 1992, as filed with the SEC on October 15, 1992).
- 4.1* Amended and Restated Articles of Incorporation (Filed as Exhibit 3.2 to the Company's Form 10-Q for the quarter ended September 1, 1992, as filed with the SEC on October 15, 1992).
- 4.2* Amended and Restated Bylaws (Filed as Exhibit 3.4 to the Company's Form 10-Q for the quarter ended September 1, 1992, as filed with the SEC on October 15, 1992).

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- 4.3* Note Agreement dated as of December 15, 1987 between Discount Auto Parts, Inc. and Massachusetts Mutual Life Insurance Company together with amendment dated as of October 30, 1989 (Filed as Exhibit 10.1 to the Company's Registration Statement on Form S-1 (No. 33-49400) as filed with the SEC on July 8, 1992).
- 4.4* Second Amendment Agreement to Note Agreement effective as of August 26, 1992 between Discount Auto Parts, Inc. and Massachusetts Mutual Life Insurance Company.
- 4.5* Note Agreement dated as of October 30, 1989 between Discount Auto Parts, Inc. and Massachusetts Mutual Life Insurance Company (Filed as Exhibit 10.2 to the Company's Registration Statement on Form S-1 (No. 33-49400) as filed with the SEC on July 8, 1992).
- 4.6* Amendment Agreement to Note Agreement effective as of August 26, 1992 between Discount Auto Parts, Inc. and Massachusetts Mutual Life Insurance Company.
- 10.1* Revolving Loan Agreement dated as of February 28, 1995 between Discount Auto Parts, Inc. and Sun Bank, National Association (Filed as Exhibit 10.21 to the Company's Form 10-Q for the quarter ended February 28, 1995, as filed with the SEC on April 13, 1995).
- 10.2* Unsecured Revolving Loan Agreement dated February 2, 1995 between Discount Auto Parts, Inc. and Barnett Bank of Polk County (Filed as Exhibit 10.19 to the Company's Form 10-Q for the quarter ended February 28, 1995, as filed with the SEC on April 13, 1995).
- 10.3* Loan Agreement dated as of December 14, 1994 between Discount Auto Parts, Inc. and NationsBank of Florida, N.A. (Filed as Exhibit 10.20 to the Company's Form 10-Q for the quarter ended February 28, 1995, as filed with the SEC on April 13, 1995).
- 10.4* Amendment and Restatement of the Discount Auto Parts Team Members' Profit Sharing Plan and Trust dated May 31, 1994 (Filed as Exhibit 10.12 to the Company's Form 10-K for the fiscal year ended May 31, 1994, as filed with the SEC on August 29, 1994).
- 10.5* Discount Auto Parts, Inc. Supplemental Executive Profit Sharing Plan (Filed as Exhibit 10.5 to the Company's Form 10-K for the fiscal year ended May 30, 1995, as filed with the SEC on August 16, 1995).
- 10.6* Incentive compensation plan for Peter J. Fontaine.

- 10.7* Incentive compensation plan for Warren Shatzer.
- 10.8* Incentive compensation plan for William C. Perkins.
- 10.9* Discount Auto Parts, Inc. 1992 Stock Option Plan (Filed as Exhibit 10.16 to the Company's Form 10-Q for the quarter ended September 1, 1992, as filed with the SEC on October 15, 1992).

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- 10.10* Discount Auto Parts, Inc. 1992 Team Member Stock Purchase Plan Filed as Exhibit 10.17 to the Company's Form 10-Q for the quarter ended September 1, 1992, as filed with the SEC on October 15, 1992).
- 10.11* Discount Auto Parts, Inc. Non-Employee Directors' Stock Option Plan (Filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8 (No. 33-84058) as filed with the SEC on September 16, 1994).
- 10.12* Discount Auto Parts, Inc. 1995 Stock Option Plan (Filed as Exhibit 10.12 to the Company's Form 10-K for the fiscal year ended May 30, 1995, as filed with the SEC on August 16, 1995).
- 10.13* Indemnification Agreements for Peter J. Fontaine, Warren Shatzer, William C. Perkins, E.E. Wardlow and A Gordon Tunstall (Filed as Exhibit 10.18 to the Company's Form 10-Q for the quarter ended September 1, 1992, as filed with the SEC on October 15, 1992).
- 10.14* S Corporation Tax Allocation and Indemnification Agreement dated August 20, 1992 (Filed as Exhibit 10.19 to the Company's Form 10-Q for the quarter ended September 1, 1992, as filed with the SEC on October 15, 1992).
- 13 Annual Report to Stockholders for the year ended May 28, 1996
- 23 Consent of Ernst & Young LLP
- 27 Financial Data Schedule (for SEC use only).

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the fourth quarter of fiscal 1996.

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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.

DISCOUNT AUTO PARTS, INC.

By: /s/ Peter J. Fontaine	August 23, 1996
-----	-----
PETER J. FONTAINE, Chief Executive Officer	Date

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

<TABLE>

<CAPTION>

<S>

/s/ Peter J. Fontaine

PETER J. FONTAINE, President, Chief Executive Officer and Director
(principal executive officer)

/s/ C. Michael Moore

C. MICHAEL MOORE, Chief Financial Officer
(principal financial and accounting officer)

/s/ William C. Perkins

WILLIAM C. PERKINS, Executive Vice President
- Operations, Secretary, Director

/s/ Warren Shatzer

WARREN SHATZER, Executive Vice President-
Merchandising, Director

/s/ E. E. Wardlow

E. E. WARDLOW, Director

/s/ A Gordon Tunstall

A GORDON TUNSTALL, Director

<C>

August 23, 1996

Date

August 23, 1996

Date

August 23, 1996

Date

August 23, 1996

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August 23, 1996

Date

August 23, 1996

Date

</TABLE>

Discount
Auto Parts

25th Anniversary

1996 ANNUAL REPORT

TABLE OF CONTENTS

Discount Auto Parts is one of the Southeast's leading speciality retailers of automotive replacement parts, maintenance items and accessories primarily for the "Do-It-Yourself" (DIY) consumer. As of May 28, 1996, Discount Auto Parts operated 314 stores, of which 276 were located in Florida, 32 in Georgia, five in Alabama and one in South Carolina. Each Discount Auto Parts store carries an extensive line of replacement hard parts for domestic and import cars, as well as accessories, chemicals, motor oils and other maintenance items.

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DISCOUNT AUTO PARTS BUSINESS PHILOSOPHY -- TCI
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TEAM

First you build the Team then the Team builds the business

[GRAPHIC]

CUSTOMER

Customers For A Lifetime

IDEAS

There is always a better way

FINANCIAL HIGHLIGHTS

<TABLE>			
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	1996	1995	% CHANGE
	-----	-----	-----
<S>	<C>	<C>	<C>
Sales	\$ 307,476,000	\$ 253,700,000	21%
Income from Operations	\$ 40,469,000	\$ 30,909,000	31%
Net Income	\$ 22,463,000	\$ 15,727,000*	43%
Earnings per Share	\$ 1.44	\$ 1.13*	27%
Stockholders' Equity	\$ 216,046,000	\$ 117,895,000	83%
Number of Stores	314	248	27%
</TABLE>			

* Excludes a gain of \$4,836,000 or \$.35 per share on life insurance proceeds received in 1995.

(BAR CHART OF NET SALES
FOR 1992-1996)

(BAR CHART OF INCOME FROM OPERATIONS
FOR 1992-1993)

(BAR CHART OF
STOCKHOLDERS' EQUITY
FOR 1992-1996)

(BAR CHART OF NUMBER OF STORES
FOR 1992-1996)

Discount -----
Auto Parts

TO OUR SHAREHOLDERS AND TEAM:

This annual report marks the successful conclusion of a quarter century of growth and excitement here at Discount Auto Parts. Rising from a single store in Eloise, Florida, we have expanded to more than 300 stores spread across four states. Every year has presented challenges and opportunities and although each year we have set seemingly impossible goals, we often surpassed even our own high expectations. Now having concluded our Silver Anniversary year, we are proud to note that it is the 25th year we have set company records in sales, profits, growth and gains in market share.

There is no mystery as to how we have managed to pull off the Discount Auto Parts success story. Our founders Denis, Herman and Marie Fontaine laid it out for us early on and we have been repeating it over and over again for the past quarter century. "First you build the Team then the Team builds the business. There is no other way!"

It is no coincidence that most of our senior management Team has been with us for more than 10 years. It's no coincidence that we have one of the highest Team Member retention rates in this or any other retail business. We believe in our Team and our Team keeps growing this company. Let no one doubt our commitment to this principle. Let no one doubt that this will be the foundation for our continued success. The results speak for themselves. This year alone we:

- Increased sales to a record \$307.5 million, increased our average sale per customer and increased the total number of customers.
- Reduced our long term debt with the success of our secondary stock offering.
- Implemented our D.C. Wizard software system in our Distribution Center allowing us to increase inventory turnover and accuracy in stocking our stores.
- Increased the parts width in our stores and Depots.
- Added 66 stores and replaced or expanded 10 additional stores.
- Created over 300 new jobs.
- Promoted in-store excellence through our goal of remaining 99% in stock at all times and through our 20/20 program of greeting customers by the time they are either 20 feet or 20 seconds into our stores.
- Boosted our training programs to encourage and enable our Team to move farther along the career paths we have established.
- Improved our overall Team Member retention rates.
- Maintained price leadership through our efficiencies in buying and increased direct importing strategies.

Reviewing this list of accomplishments, it is fascinating to see how well they are both the result of and a furtherance of our overall business goals. Early on we discovered that three things bring Customers into our stores:

- Every Day Low Prices
- Shopping Convenience
- Service that Exceeds Customer Expectation

(PHOTO OF
PETER J. FONTAINE)

EVERY DAY LOW PRICES

Low prices on quality merchandise drive sales. More than any

single factor, they bring new customers into our stores. Several factors give us a competitive advantage in the price arena.

First, we are able to negotiate favorable prices from our vendors through volume purchasing which translates into better retail pricing. We search the planet to find the highest quality suppliers of parts and car care products from both domestic and foreign suppliers.

25th Anniversary

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----- Discount
Auto Parts

Second, our overall operating expenses run from four to six percent lower than our primary competitors. In a business where pre-tax profits run in the neighborhood of 10%, that four to six percent is a formidable advantage. We have always taken pride in the fact that we are more efficient than any of our competitors. We realize more and more every day just how much of a competitive advantage this is for DAP. The fact that we are able to confidently place stores in any market; the fact that we are capable of gaining market share and the fact that we can produce 13% operating margins means that we can give added value and convenience to our customers.

Third, we have one of the lowest distribution costs in the industry. This year's improvements in our Distribution Center software systems have resulted in a 21% increase in inventory turnover in the Distribution Center with 99% accuracy. We decreased our store reorder times from 3.5 days to no more than 48 hours. At the same time, we increased the accuracy of our reorder shipments from 92.8% to 94.5%. Our fill rate goal for 1997 is a record 96.5%.

Fourth, we have one of the lowest debt burdens for a company our size in our industry. Long ago we adopted a policy of owning our own real estate and today we own approximately 89% of our land and buildings. Ownership means long term equity and fixed operational costs. With our secondary stock offering this year we issued an additional 2,650,000 shares of common stock and raised \$75.4 million. Those funds were primarily used to reduce our long term debt and thus help to ensure overall lower operating costs.

Fifth, we are tenacious about being lean and mean. One of the fundamental laws of nature seems to be that, left to its own devices, bureaucracy grows unchecked. At Discount Auto Parts we are building a Team, not a bureaucracy. We believe in career paths that involve serving our customers or serving our Team. Our senior management Team continues to spend time in the stores listening to the Team. Team Member input is vital to shaping the future course of our company. All of our Managers and Division Managers have the ultimate responsibility for hiring, training and supervising our Team Members. They are in charge of maintaining their store facilities and being in tune with the needs of their customers. We believe that true leaders are true servants. We believe that individual success comes from building up everyone in the organization.

SHOPPING CONVENIENCE

Even with low prices, people working on their cars are in a hurry. They are looking for the closest place that offers the best value. Our strategy in urban markets is to cluster medium sized stores with a broad selection of the most commonly sold parts. We are confident about saturating a market with stores. In addition, our urban market stores are backed up by Depot stores with a broader selection of parts. We are also aggressive in seeking out small towns and bringing everyday low prices to our rural customers.

During fiscal 1996, our Real Estate Team successfully purchased land, supervised the planning and construction of 66 new stores, and replaced or expanded 10 existing stores. At the same time they accomplished an overall 5% reduction in the cost of our real estate projects. This reduction comes on the heels of a 27% decrease in 1995. The quality of our buildings and locations has in no way been compromised by these reductions. In fact, our buildings today are sturdier, more efficient in their energy consumption, easier to manage and

offer a more pleasant shopping environment. Next year our Real Estate Team has set its sights on a 25-30% increase in new store openings and further reductions in the overall costs of our real estate projects.

Shopping convenience involves more than just location. It means having the right mix of parts in our stores. This year we added 3,000 SKUs in our Distribution Center and expanded the parts width in our stores accordingly. The increase in parts width coupled with the improvements in reordering, inventory turnover and store order fill rates have had a big impact on store sales and profits.

SERVICE THAT EXCEEDS CUSTOMER EXPECTATIONS

We recognized from the start that we are not in the auto parts business. We are in the people business. Building our Team has always meant preparing our people to serve our Customers. Prices and convenience bring Customers into the store, but service brings them back. This is an unbeatable combination. When customers know they can trust the Pros They Know, they return again and again. They become Customers for a Lifetime.

25th Anniversary

Discount -----
Auto Parts

Any time we talk about what we have accomplished at Discount Auto Parts or what we hope to accomplish, it always comes back to our Team. So far we have talked about the systems and plans developed by our Management, Office, Distribution Center, Real Estate and M.I.S. Teams. But the Store Teams are where the rubber meets the road, or in this case, where the Team meets the Customer. The store is where it all comes together and the individual store is where we make it or break it every single day. Building up our Store Teams is a major undertaking and the responsibility of the entire Management Team.

Our growth and success are directly attributed to the strength and stability of the Team. The results of investing in training programs and promoting from within are reflected in our retention rates which are some of the best in the industry as reflected below.

<TABLE>

<S>	<C>
District Managers	100%
Managers	92%
Assistant Managers	80%
Team Leaders	72%

</TABLE>

These are outstanding figures by any standard, but we believe we can do much better. To that end we have streamlined and computerized our personnel system, implemented drug screening for new hires and added a recruiting function to the duties of our in-store Trainers. We also recognize that even the best Team Members face temporary personal challenges that can hurt their job performance. To help these Team Members we have instituted an Employee Assistance Program that offers professional advice and counseling. We hope this program will help troubled Team Members get back on the right track both personally and professionally.

We are happy to invest in Team Members who are willing to learn and eager to serve our Customers. Make no mistake, investing in a Team Member is an investment with the best returns. When we invest in training our Team, they work more effectively and serve more Customers with fewer mistakes. Trained and seasoned Team Members help us keep our operating costs down in a variety of ways, from setting the thermostats to training fellow Team Members, from sprucing up the store to making customer sales.

New to our training efforts this year is week long training we call DAP University. Held at our Distribution Center, DAP-U is geared to help new managers and prospective new managers learn our systems directly from the

people who designed and manage them. We had 82 graduates in 1996. We plan to have 200 graduates in 1997.

(PHOTO OF SINGLE STORE IN 1971
LOCATED IN ELOISE, FLORIDA)
From a single store in 1971 located in Eloise, Florida...

25th Anniversary

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----- Discount
Auto Parts

The key to our future success is to have a fully trained Team in every store. We have stepped up the pace for training new Team Members so that by the time they are on the job 90 days, our new Team Members should know the basics of how to help our Customers overcome their automotive challenges. To compliment our own training efforts, manufacturing representatives have increased their presence in our stores, bringing Team Members the latest advances in automotive technology and new products. We had 86 Team Members demonstrate their talent this year by achieving national certification as Parts Specialist designated by the National Institute for Automotive Service Excellence (ASE). An additional 151 Team Members went through the Dale Carnegie training program which we have supported and encouraged for many years.

We promoted five individuals to the Division Manager level this year and we plan to develop six more in the upcoming year. In five years we expect to have 10,000 Team Members. As a result, we will need 50 District Managers, 150-200 Key Managers and leaders in finance, real estate, distribution, merchandising and marketing. New growth in the coming years will demand a great deal from everyone at Discount Auto Parts and we are confident that we can all grow, learn and develop ourselves as the Team building process continues.

Our policy of promotion from within ensures that as Team Members rise through the ranks at Discount Auto Parts they get in touch with every aspect of running our business. They understand firsthand what it takes to do everything from stocking the shelves and serving customers to developing promotional ideas for store grand openings.

The result is that we have an experienced Team that knows the auto parts business. We have the highest rate of sales per Team Member among our major competitors. This is because we empower our Team to make decisions that affect their store performance. Our Management Team knows every phase of our business and this ensures that everyone making decisions understands the full scope of the challenges we face. They are equipped to handle those challenges because they have been there. We have Team Spirit here at DAP. We have a history of performing and working well together and that tradition will carry us confidently into the next quarter century and beyond.

/s/ Peter J. Fontaine
Peter J. Fontaine
President and Chief Executive Officer

(PHOTO OF MINI-DEPOT STORE)
...Discount Auto Parts has grown to over 300 stores located in four states.

25th Anniversary

5

5 YEAR HISTORY

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED				
	MAY 28 1996	MAY 30 1995	MAY 31 1994	JUNE 1 1993	JUNE 2 1992 (1)
	(in thousands, except per share data and selected operating data)				
<S>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA					
Net sales	\$307,476	\$253,700	\$ 207,569	\$176,786	\$141,206
Cost of sales, including distribution costs	186,917	158,710	131,469	111,782	89,130
Gross profit	120,559	94,990	76,100	65,004	52,076
Selling, general and administrative expenses	80,090	64,081	49,985	43,227	35,676
Income from operations	40,469	30,909	26,115	21,777	16,400
Interest and other income	1,164	1,133	799	519	483
Gain on life insurance proceeds	--	4,836	--	--	--
Interest expense	(5,078)	(6,295)	(3,635)	(3,401)	(4,657)
Income before income taxes	36,555	30,583	23,279	18,895	12,226
Income taxes	14,092	10,020	8,962	5,272	--
Net income	\$ 22,463	\$ 20,563	\$ 14,317	\$ 13,623	\$ 12,226
Net income per share	\$ 1.44	\$ 1.48	\$ 1.03		
PRO FORMA DATA					
Pro forma net income (2)				\$ 11,919	\$ 7,774
Pro forma net income per share (2)				\$ 0.91	\$ 0.78
Weighted average number of shares	15,647	13,907	13,954	13,127	10,000
SELECTED OPERATING DATA					
Number of stores at year end	314	248	208	175	158
Total net square footage at year end (in thousands) (3)	1,610	1,405	1,197	934	781
Average net sales per store (in thousands) (4)	\$ 1,094	\$ 1,113	\$ 1,084	\$ 1,062	\$ 951
Average net sales per net square foot (4)	\$ 204	\$ 195	\$ 195	\$ 206	\$ 199
Percentage increase in comparable store net sales (5)	4.9%	5.8%	4.0%	14.6%	14.2%
Team members	3,148	2,826	2,172	1,806	1,526
BALANCE SHEET DATA					
Inventories	\$111,408	\$ 91,187	\$ 59,581	\$ 49,497	\$ 39,630
Working capital	59,801	46,420	34,055	33,824	22,156
Property, plant and equipment, net	208,094	166,169	131,893	89,318	71,537
Total assets	334,264	270,832	213,174	159,079	124,754
Long-term debt, excluding current maturities	50,400	94,550	70,118	42,021	61,102
Stockholders' equity	216,046	117,895	97,214	82,815	35,394

</TABLE>

- (1) Fiscal year 1992 consisted of 53 weeks, all other years reported consisted of 52 weeks.
- (2) For all periods prior to September 1992, the Company was an S Corporation for federal and state income tax purposes and, accordingly, was not subject to corporate income taxes. The pro forma information has been computed as if the Company were subject to corporate income taxes for all periods presented, based on the tax laws in effect during the respective periods.
- (3) Net square footage includes all selling and merchandising space.
- (4) Average net sales per store and average net sales per square foot are based on the average of beginning and ending number of stores and store square footage. For fiscal 1992, average net sales per store and average net sales per net square foot have been adjusted to exclude the effect of the fifty-third week.
- (5) Comparable store net sales data are calculated based on the change in net

sales of all stores open at the beginning of the preceding fiscal year. Increases for fiscal 1992 and fiscal 1993 have been adjusted to exclude the effect of the fifty-third week in fiscal 1992.

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----- Discount
Auto Parts

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

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, the income statement data and the percentage of the Company's net sales represented by each line item presented:

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED					
	MAY 28 1996		MAY 30 1995		MAY 31 1994	
		%		%		%
	(Dollars in thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales	\$ 307,476	100.0%	\$ 253,700	100.0%	\$ 207,569	100.0%
Cost of sales, including distribution costs	186,917	60.8	158,710	62.6	131,469	63.3
Gross profit	120,559	39.2	94,990	37.4	76,100	36.7
Selling, general and administrative expenses	80,090	26.0	64,081	25.2	49,985	24.1
Income from operations	40,469	13.2	30,909	12.2	26,115	12.6
Interest and other income	1,164	.4	1,133	.4	799	.4
Gain on life insurance proceeds	--	--	4,836	2.0	--	--
Interest expense	(5,078)	(1.7)	(6,295)	(2.5)	(3,635)	(1.8)
Income before income taxes	36,555	11.9	30,583	12.1	23,279	11.2
Income taxes	14,092	4.6	10,020	4.0	8,962	4.3
Net income	\$ 22,463	7.3%	\$ 20,563	8.1%	\$ 14,317	6.9%

</TABLE>

FISCAL 1996 COMPARED TO FISCAL 1995

Net sales for fiscal 1996 increased by \$53.8 million, or 21.2%, over net sales for fiscal 1995. This increase was the result of (1) an increase in net sales of \$42.0 million attributable to stores opened since the beginning of fiscal 1995, and (2) a comparable store sales increase of 4.9%. At May 28, 1996, the Company had 314 stores in operation compared to 248 at the end of fiscal 1995.

Gross profit for fiscal 1996 was \$120.6 million, or 39.2% of net sales, compared with \$95.0 million, or 37.4% of net sales, for fiscal 1995. The increase in gross profit percentage was partially due to more favorable vendor pricing as a result of increased purchasing volume. In addition, the Company continues to experience an increase, as a percentage of net sales, in sales of replacement hard parts of a type which generally carry higher gross profit margins. This increase was offset in part by the Company's continued commitment to maintaining its everyday low price policy, and lower gross profit margins on certain product categories.

Selling, general and administrative expenses for fiscal 1996 increased by \$16.0 million over such expenses for fiscal 1995, and increased as a percentage of net sales to 26.0% from 25.2%. The increase was primarily due to expenses associated with team member benefits, including the continued emphasis in training, and increased depreciation

Discount -----
Auto Parts

expense associated with new store additions. For both fiscal 1996 and 1995 gross advertising expense was substantially offset by vendor cooperative advertising allowances. Net advertising expense is included as a component of selling, general and administrative expenses.

Interest expense for fiscal 1996 was \$5.1 million compared to \$6.3 million in fiscal 1995. The decrease in interest expense was the result of lower average interest rates and the overall reduction in average borrowings as a result of the net proceeds received from the Company's secondary common stock offering in October 1995. The reduction in borrowings as a result of the secondary offering, was partially offset by subsequent borrowings for new store additions.

The Company's effective tax rate for fiscal 1996 was 38.6% as compared with 38.9% in fiscal 1995, after excluding the nontaxable \$4.8 million gain from life insurance proceeds.

As a result of the above factors, net income increased to \$22.5 million in fiscal 1996 from \$15.7 million in fiscal 1995 (after excluding the non-taxable life insurance proceeds of \$4.8 million received in fiscal 1995).

FISCAL 1995 COMPARED TO FISCAL 1994

Net sales for fiscal 1995 increased by \$46.1 million, or 22.2%, over net sales for fiscal 1994. This increase was the result of (1) an increase in net sales of \$34.7 million, attributable to stores opened since the beginning of fiscal 1994, and (2) a comparable store sales increase of 5.8%, which was principally attributable to an increase in the number of customers, increased in-stock positions due to the Company's point-of-sale systems and an increased number of SKUs in the stores. At May 30, 1995 the Company had 248 stores in operation compared to 208 at the end of fiscal 1994.

Gross profit for fiscal 1995 was \$95.0 million, or 37.4% of net sales, compared with \$76.1 million, or 36.7% of net sales, during fiscal 1994. The increase in gross profit percentage resulted primarily from lower merchandise cost and increased vendor incentives. In addition, the Company experienced an increase, as a percentage of net sales, in sales of replacement hard parts of a type which generally carry higher gross profit margins. This increase was offset in part by the Company's continued commitment to maintaining its everyday low price policy and lower gross margins on certain product categories.

Selling, general and administrative expenses for fiscal 1995 increased as a percentage of net sales to 25.2% from 24.1% in fiscal 1994. This increase was primarily a result of the Company's increased emphasis on training of the Company's team members, costs associated with the implementation of enhanced systems technology and equipment and increased depreciation expense resulting from increased new store additions during fiscal 1995, offset in part by the Company's ability to leverage its overhead and fixed expenses with higher sales volumes. The Company also was able to achieve continued operating efficiencies and was able to implement certain cost control measures.

Interest expense for fiscal 1995 was \$6.3 million compared to \$3.6 million in fiscal 1994. The increase in interest expense was the result of additional borrowings in connection with new store growth and higher average interest rates.

----- Discount
Auto Parts

As a result of the above factors, net income increased to \$20.6 million in fiscal 1995 (which includes \$4.8 million of life insurance proceeds received

during fiscal 1995) from \$14.3 million in fiscal 1994.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary capital requirements have been the funding of new store openings, store renovation and expansion and the resultant increase in inventory requirements. In addition, in fiscal 1994, the Company's capital requirements included the expansion of its distribution center. Capital expenditures, principally relating to new stores and store renovation and the expansion of the distribution center, were \$52.2 million in fiscal 1996, \$42.3 million in fiscal 1995 and \$47.9 million in fiscal 1994. From the beginning of fiscal 1994 to the end of fiscal 1996, the Company opened 139 stores and replaced or substantially renovated 24 stores. The Company opened 66, 40 and 33 new stores during fiscal years 1996, 1995 and 1994, respectively. Total merchandise inventories increased by approximately \$61.9 million from the beginning of fiscal 1994 to the end of fiscal 1996. The Company has financed this growth through a combination of internally generated funds, borrowings, sales of common stock and trade credit. Net cash provided by operating activities was \$18.8 million in fiscal 1996, \$0.6 million in fiscal 1995 and \$21.2 million in fiscal 1994. The increase in net cash provided by operating activities for fiscal 1996 was primarily the result of the cash provided by the Company's net income, an increase in trade accounts payable, and non-cash expenses such as depreciation. These items were offset in part by a \$20.2 million increase in inventory associated with new store growth and the addition of new SKU's.

The Company plans to open 85 to 90 new stores during fiscal 1997, as well as replace or expand certain other stores. In addition, the Company is currently reviewing plans to expand its existing Distribution Center in Lakeland, Florida. Construction of the DC expansion is expected to begin in the spring of 1997 with completion occurring approximately 10 months to one year later. The Company anticipates that total capital expenditures for fiscal 1997 will be in the range of \$65 million to \$70 million.

The Company has historically been able to finance most of its new store growth through unsecured lines of credit and medium and longer term mortgage financing provided by banks and other institutional lenders, and through cash flow from operations. As of May 28, 1996, the Company had approximately \$57.8 million of borrowings outstanding and had \$117.8 million of additional availability under the financing sources referred to above. Consistent with its historical practice, the Company expects to finance both its short and long term liquidity needs for new store growth, as to land and buildings, primarily through these lines of credit and mortgage financing (and renewals and replacements thereof), and as to equipment and fixtures, primarily through cash flow from operations. The Company expects to finance its DC expansion through existing lines of credit.

The Company's new store development program also requires significant working capital, principally for inventories. The Company has historically used trade credit to finance a portion of its inventory expansion and has been successful in negotiating extended payment terms and incentives from many suppliers through volume purchases. The Company believes that it will be able to continue financing much of its inventory growth through the extension of favorable payment terms and incentives from its vendors, but there can be no assurance that the Company will be successful in doing so. The additional funding for inventory expansion has been and is expected to be provided from cash flow from operations.

Historically the Company has provided liquidity for maintaining proper inventory levels through cash flow from operations and trade credit. During fiscal 1995, substantially all of the Company's cash flow from operations was

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Discount -----
Auto Parts

used to fund inventory growth as a result of the Company's decision to significantly broaden its SKU selection so as to help maintain its competitive position. During fiscal 1996, the Company, through the use of the Company's enhanced technology, experienced a slight increase in per store inventory requirements without a significant impact on cash flow from operations.

As of May 28, 1996, 36 or 11.5% of the Company's stores were leased. The

Company anticipates similar own/lease percentage relationships for new stores in fiscal 1997.

The Company believes that the expected cash flows from operations, available bank borrowings and trade credit, will be sufficient to fund both short term and long term capital and liquidity needs of the Company.

INFLATION AND SEASONALITY

The Company does not believe its operations have been materially affected by inflation. The Company has been successful, in many cases, in reducing the effects of merchandise cost increases principally by taking advantage of vendor incentive programs, economies of scale resulting from increased volumes of purchases, and selective forward buying.

Although sales have historically been somewhat higher in the Company's fourth fiscal quarter (March through May), the Company does not consider its business to be seasonal.

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----- Discount
Auto Parts

STATEMENTS OF INCOME

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED		
	MAY 28 1996	MAY 30 1995	MAY 31 1994

	(In thousands, except per share amounts)		
	<C>	<C>	<C>
Net sales	\$ 307,476	\$ 253,700	\$ 207,569
Cost of sales, including distribution costs	186,917	158,710	131,469
	-----	-----	-----
Gross profit	120,559	94,990	76,100
Selling, general and administrative expenses	80,090	64,081	49,985
	-----	-----	-----
Income from operations	40,469	30,909	26,115
Interest and other income	1,164	1,133	799
Gain on life insurance proceeds	--	4,836	--
Interest expense	(5,078)	(6,295)	(3,635)
	-----	-----	-----
Income before income taxes	36,555	30,583	23,279
Income taxes	14,092	10,020	8,962
	-----	-----	-----
Net income	\$ 22,463	\$ 20,563	\$ 14,317
	=====	=====	=====
Net income per share	\$ 1.44	\$ 1.48	\$ 1.03
	=====	=====	=====
Weighted average number of shares	15,647	13,907	13,954
	=====	=====	=====

</TABLE>

See accompanying notes.

Discount -----
Auto Parts

BALANCE SHEETS

<TABLE>

<CAPTION>

	MAY 28 1996	MAY 30 1995

	(In thousands, except per share amounts)	
<S>	<C>	<C>
	ASSETS	
Current assets:		
Cash and cash equivalents	\$ 4,552	\$ 5,330
Inventories	111,408	91,187
Prepaid expenses and other current assets	9,197	7,098
	-----	-----
Total current assets	125,157	103,615
Property, plant and equipment	247,021	198,301
Less allowances for depreciation and amortization	(38,927)	(32,132)
	-----	-----
	208,094	166,169
Other assets	1,013	1,048
	-----	-----
Total assets	\$ 334,264	\$ 270,832
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Note payable to bank	\$ 5,000	\$ 5,000
Trade accounts payable	49,056	41,306
Accrued salaries, wages and benefits	4,262	3,719
Deferred income taxes	1,334	908
Other current liabilities	3,304	3,072
Current maturities of long-term debt	2,400	3,190
	-----	-----
Total current liabilities	65,356	57,195
Deferred income taxes	2,462	1,192
Long-term debt	50,400	94,550
Stockholders' equity:		
Preferred stock, \$.01 par value, 5,000 shares authorized, none issued or outstanding	--	--
Common stock, \$.01 par value, 50,000 shares authorized, 16,575 and 13,912 shares issued and outstanding at May 28, 1996 and May 30, 1995, respectively	166	139
Additional paid-in capital	140,245	64,584
Retained earnings	75,635	53,172
	-----	-----
Total stockholders' equity	216,046	117,895
	-----	-----
Total liabilities and stockholders' equity	\$ 334,264	\$ 270,832
	=====	=====

</TABLE>

See accompanying notes.

----- Discount
Auto Parts

STATEMENTS OF STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>

	PREFERRED STOCK	COMMON STOCK -----		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
		SHARES	AMOUNT			
(In thousands)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at June 2, 1993	\$ --	13,902	\$ 139	\$ 64,384	\$ 18,292	\$ 82,815
Stock issued under stock purchase plan		3	--	81		81
Net income					14,317	14,317
-----	-----	-----	-----	-----	-----	-----
Balance at May 31, 1994	--	13,905	139	64,465	32,609	97,213
Stock issued under stock purchase plan		7	--	119		119
Net income					20,563	20,563
-----	-----	-----	-----	-----	-----	-----
Balance at May 30, 1995	--	13,912	139	64,584	53,172	117,895
Stock issued under stock purchase and stock option plans		13	--	273		273
Stock issued under secondary stock offering		2,650	27	75,388		75,415
Net income					22,463	22,463
-----	-----	-----	-----	-----	-----	-----
Balance at May 28, 1996	\$ --	16,575	\$ 166	\$ 140,245	\$ 75,635	\$ 216,046
=====	=====	=====	=====	=====	=====	=====

</TABLE>

See accompanying notes.

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Discount -----
Auto Parts

STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED		
	MAY 28 1996	MAY 30 1995	MAY 31 1994
(In thousands)			
<S>	<C>	<C>	<C>
Operating activities	\$ 22,463	\$ 20,563	\$ 14,317
Net income			
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	9,936	7,188	5,170
Gain on disposals of property, plant and equipment	(1,452)	(498)	(122)
Deferred income taxes	1,696	1,378	912
Changes in operating assets and liabilities:			
Increase in inventories	(20,221)	(31,606)	(10,084)
(Increase) decrease in prepaid expenses and other current assets	(2,099)	(3,111)	192
(Increase) decrease in other assets	(85)	204	(18)
Increase in trade accounts payable	7,750	5,141	10,645
Increase in accrued salaries, wages and benefits	543	1,252	508
Increase (decrease) in other current liabilities	232	92	(359)
-----	-----	-----	-----
Net cash provided by operating activities	18,763	603	21,161
Investing activities			
Proceeds from sales of property, plant and equipment	1,896	1,461	419
Purchases of property, plant and equipment	(52,185)	(42,296)	(47,902)
-----	-----	-----	-----
Net cash used in investing activities	(50,289)	(40,835)	(47,483)

Financing activities			
Proceeds from short-term borrowings and long-term debt	34,000	55,622	36,125
Payments of short-term borrowings and long-term debt	(78,940)	(26,510)	(7,944)
Net proceeds from secondary offering of common stock	75,415	--	--
Proceeds from other issuances of common stock	273	119	81
	-----	-----	-----
Net cash provided by financing activities	30,748	29,231	28,262
Net (decrease) increase in cash and cash equivalents	(778)	(11,001)	1,940
Cash and cash equivalents at beginning of year	5,330	16,331	14,391
	-----	-----	-----
Cash and cash equivalents at end of year	\$ 4,552	\$ 5,330	\$ 16,331
	=====	=====	=====

</TABLE>

See accompanying notes.

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----- Discount
Auto Parts

NOTES TO FINANCIAL STATEMENTS

May 28, 1996
(Tables in thousands, except per share data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS

Discount Auto Parts, Inc. (the "Company") is a specialty retailer of automotive replacement parts, maintenance items and accessories for the "Do-It-Yourself" consumer. As of May 28, 1996, May 30, 1995, and May 31, 1994, the Company operated a chain of 314, 248, and 208 stores, respectively. As of May 28, 1996, 276 of the stores were located in Florida, 32 were located in Georgia, five in Alabama and one in South Carolina.

FISCAL YEAR END

The Company's fiscal year consists of 52 or 53 weeks ending on the Tuesday closest to May 31. The years ended May 28, 1996, May 30, 1995 and May 31, 1994 all consist of 52 weeks.

INVENTORIES

Inventories are reported at the lower of cost or market using the first-in, first-out (FIFO) method.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost. Depreciation is provided using accelerated and straight-line methods over periods that approximate the assets' estimated useful lives. Maintenance and repairs are charged against operations as incurred.

PRE-OPENING COSTS

Costs associated with the opening of new stores are charged against operations as incurred.

CASH EQUIVALENTS

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Company's financial instruments that are exposed to concentrations of risk, as defined by Statement of Financial Accounting Standards (SFAS) No. 105, "Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk," are cash and cash equivalents. The Company places its cash and temporary cash

investments with high-credit quality institutions.

PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets principally include amounts due from vendors related to cooperative advertising and various incentive programs.

OTHER ASSETS

Other assets principally include deferred financing costs incurred in connection with the issuance of debt, which are amortized using the effective interest method over the term of the respective debt agreements.

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Discount -----
Auto Parts

ADVERTISING COSTS

The Company expenses its share of all advertising costs as such costs are incurred. The portion of advertising expenditures which are to be recovered through vendor cooperative advertising and other similar programs are recorded as receivables.

INCOME TAXES

The Company accounts for income taxes under the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities.

EARNINGS PER SHARE

Net income per common share is based on the weighted average number of shares outstanding, excluding the dilutive effect of stock options as their dilutive effect is less than three percent.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

NEW ACCOUNTING PRONOUNCEMENTS

In March 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (FAS 121), which requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows are not sufficient to recover the assets' carrying amount. The impairment loss is measured by comparing the fair value of the asset to its carrying amount. FAS 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The Company adopted the provisions of FAS 121 in the first quarter of fiscal 1996 with no impact to the financial statements.

In October 1995, the FASB issued Statement of Financial Standards No. 123, "Accounting and Disclosure of Stock-Based Compensation," which encourages but does not require companies to recognize stock awards based on their fair value at the date of grant. The Company currently follows, and expects to continue to follow, the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25), and related interpretations in accounting for its employee stock options. Under APB 25, no compensation expense is recognized when the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of the grant.

2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

<TABLE>

<CAPTION>

	MAY 28, 1996	MAY 30, 1995	LIFE (YEARS)
<S>	<C>	<C>	<C>
Land	\$ 82,098	\$ 62,918	
Buildings	106,862	86,197	5 - 31.5
Furniture, fixtures and equipment	48,472	37,484	5 - 7
Building and leasehold improvements	2,927	2,981	5 - 31.5
Automotive equipment	2,796	2,313	3 - 7
Construction in progress	3,866	6,408	
	-----	-----	
	\$ 247,021	\$ 198,301	
	=====	=====	

</TABLE>

Depreciation expense amounted to approximately \$9,815,000, \$7,057,000 and \$5,030,000 for fiscal years 1996, 1995 and 1994, respectively.

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----- Discount
Auto Parts

3. NOTE PAYABLE AND LONG-TERM DEBT

The note payable to bank consists of borrowings outstanding under a maximum \$10 million unsecured working capital line of credit which expires in December 1996. Interest is payable monthly and is a function of the prime rate or LIBOR (5.7% at May 28, 1996).

Long-term debt consists of the following:

<TABLE>

<CAPTION>

	MAY 28, 1996	MAY 30, 1995
<S>	<C>	<C>
Unsecured revolving loan	\$ 5,000	\$ 5,000
Real estate acquisition and construction lines of credit	32,200	66,133
Senior secured notes	15,600	18,000
Mortgages	--	8,607
	-----	-----
	52,800	97,740
Less current maturities	(2,400)	(3,190)
	-----	-----
	\$ 50,400	\$ 94,550
	=====	=====

</TABLE>

In February 1995, the Company entered into an unsecured revolving loan agreement with a bank. The agreement provides for maximum borrowings of \$20 million, including up to \$1 million for letters of credit. Interest is payable monthly and is a function of the prime rate or LIBOR. The agreement is renewable annually with principal becoming due six months after the agreement is not renewed. The scheduled maturity date of the agreement is October 1997.

The Company's real estate acquisition and construction lines of credit provide for maximum aggregate borrowings of \$130 million for the acquisition and construction of properties. Interest is payable monthly and is a function of the prime rate or LIBOR. The line of credit agreements, which are unsecured, expire at various dates through December 1997, but are expected to be renewed prior to their expirations.

At May 28, 1996, the Company's weighted average interest rate on its revolving loan agreement and real estate acquisition and construction lines of credit was 5.8%.

As of May 28, 1996, the Company had approximately \$117.8 million of available borrowings under its various working capital and real estate acquisition lines of credit.

The Company has issued two senior secured notes, each for an original principal of \$12 million, with an insurance company. The notes are collateralized by a first mortgage on certain retail store properties, equipment and fixtures. The agreements provide for interest at fixed rates of 10.11% and 9.8%, payable quarterly, with annual principal payments of \$1.2 million each due on December 15 and May 31.

The carrying value of all assets mortgaged or otherwise subject to lien totaled approximately \$16.0 million at May 28, 1996.

The Company's debt agreements contain various restrictions, including the maintenance of certain financial ratios and restrictions on dividends, with which the Company was in compliance as of May 28, 1996. Approximately \$33.9 million of retained earnings was available for dividend distribution as of May 28, 1996.

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Discount -----
Auto Parts

Annual maturities as of May 28, 1996 of all long-term debt for the next five years are as follows:

<TABLE>
<CAPTION>

FISCAL YEAR	AMOUNT
<S>	<C>
1997	\$2,400
1998	2,400
1999	2,400
2000	2,400
2001	2,400

</TABLE>

The amounts exclude \$37.2 million due in fiscal year 1998 under the Company's real estate and acquisition lines of credit and the unsecured revolving loan described above, because management believes based upon historical experience, that these loans will be renewed prior to their expiration.

Total interest paid during fiscal years 1996, 1995 and 1994 was approximately \$5,518,000, \$6,468,000, and \$3,671,000, respectively, net of capitalized interest. Capitalized interest for fiscal years 1996, 1995 and 1994 totaled approximately \$118,000, \$190,000 and \$264,000, respectively.

4. STOCKHOLDERS' EQUITY

In October 1995, the Company consummated a secondary public offering of approximately 2,650,000 shares of its common stock. From the offering, the Company realized net proceeds of approximately \$75.4 million. Proceeds from the offering were used to repay certain indebtedness of approximately \$71.1 million. The balance of the net proceeds were used for general corporate purposes.

The Board of Directors is authorized, without further stockholder action, to divide any or all shares of the authorized preferred stock into series and to fix and determine the designation, preferences and relative, participating, option or other special rights, and qualifications, limitations, or restrictions thereon, of any series so established, including voting powers, dividend rights, liquidation preferences, redemption rights and conversion privileges. As of May 28, 1996, the Board had not authorized any series of preferred stock and there are no plans, agreements or understandings for the authorization or issuance of any shares of preferred stock.

5. LIFE INSURANCE PROCEEDS

During the first quarter of fiscal 1995, the Company recorded a \$4.8 million gain related to life insurance proceeds resulting from the death of the Company's former President and C.E.O. in June 1994. The insurance proceeds are generally not subject to income taxes.

6. LEASES

Certain of the Company's retail stores are leased under noncancelable operating leases. The majority of these leases include options to purchase and provisions for rental increases based on the consumer price index.

Future minimum annual rental commitments under noncancelable operating leases with initial or remaining terms of one year or more are as follows:

<TABLE>
<CAPTION>

FISCAL YEAR	AMOUNT
<S>	<C>
1997	\$1,398
1998	1,288
1999	1,159
2000	1,007
2001 and thereafter	947

	\$5,799
	=====

</TABLE>

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----- Discount
Auto Parts

Rental expense for fiscal years 1996, 1995 and 1994 totaled approximately \$1,625,000, \$1,588,000 and \$1,442,000, respectively. Rental expense in each of the fiscal years includes approximately \$127,000 of rent paid to a partnership which included the Company's two majority stockholders.

The Company also leases certain portions of its owned facilities to outside parties. Rental income for fiscal years 1996, 1995 and 1994 totaled approximately \$366,000, \$342,000 and \$449,000, respectively.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Long-term debt: The carrying amount of the Company borrowings under its variable rate long-term debt agreements approximate their fair value. The fair value of the Company's fixed rate long-term debt is estimated using discounted cash flow analyses, based on the Company's current incremental borrowing rate for similar types of borrowing agreements.

The carrying amounts and fair value of the Company's financial instruments are as follows:

<TABLE>
<CAPTION>

	MAY 28, 1996		MAY 30, 1995	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
<S>	<C>	<C>	<C>	<C>
Cash and cash equivalents	\$ 4,552	\$ 4,552	\$ 5,330	\$105,330
Long-term debt, including note payable and current maturities	57,800	59,528	102,740	104,846

8. BENEFIT PLANS

The Company has a 401 (k) profit-sharing plan (the Plan) covering substantially

all of its team members. Team members' rights to Company-contributed benefits vest over three to seven years of service, as specified in the Plan. The Company makes quarterly discretionary contributions to the Plan. Costs under this plan for fiscal years 1996, 1995 and 1994 were approximately \$449,000, \$381,000 and \$421,000, respectively.

The Company also has a stock option plan (the 1992 Option Plan) which provides for the granting to key team member options to purchase shares of its common stock. A total of 800,000 shares of common stock are reserved for future issuance under the Option Plan. The per share exercise price of each stock option is generally not less than the fair market value of the stock on the date of grant or, in the case of a team member owning more than 10% of the outstanding stock of the Company, the price for incentive stock options is not less than 110% of such fair market value.

Effective April 17, 1995, the Board of Directors adopted the 1995 Stock Option Plan (the 1995 Option Plan). The 1995 Option Plan is similar to the 1992 Option Plan described above. A total of 300,000 shares of common stock are reserved for future issuance under this plan.

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Discount -----
Auto Parts

Option Plan activity for fiscal years 1994, 1995 and 1996 is summarized as follows:

<TABLE>
<CAPTION>

	NUMBER OF SHARES	PER SHARE OPTION PRICE
<S>	<C>	<C>
Outstanding, June 2, 1993	175	\$18.00
Granted	306	23.50 - 25.63
Canceled	(14)	18.00 - 25.63

Outstanding, May 31, 1994	467	18.00 - 25.63
Granted	350	16.38 - 22.88
Canceled	(30)	16.38 - 25.63

Outstanding, May 30, 1995	787	16.38 - 25.63
Granted	198	26.50 - 30.50
Exercised	(6)	18.00
Canceled	(24)	16.38 - 30.50

Outstanding, May 28, 1996	955	16.38 - 30.50
	===	
Exercisable at May 28, 1996	34	18.00
	===	

</TABLE>

All options outstanding generally vest beginning after three years and then over a four year period and have a ten year duration.

In May 1993, the Board of Directors adopted the Discount Auto Parts, Inc. Non-Employee Directors' Stock Option Plan. A total of 40,000 shares are reserved for future issuance under this plan. As of May 28, 1996, 6,000 options had been granted under this plan at an average price of \$23.75. As of May 28, 1996, 1,500 of such options were exercisable.

The Board of Directors also adopted a stock purchase plan (the Purchase Plan), which reserves an aggregate of 550,000 shares of common stock. Under the Purchase Plan, all team members have the right to purchase shares of common stock of the Company at a price equal to 85% of the value of the stock immediately prior to the beginning of each exercise period. All team members are eligible to participate except for those who have been employed by the Company for less than one year, team members who customarily work twenty hours or less per week, team members who customarily work five months or less in any calendar year, and team members owning at least 5% of the Company's stock. During fiscal years 1996, 1995 and 1994, 7,165, 7,120 and 3,811 shares, respectively, were purchased under the terms of the Purchase Plan.

Effective May 30, 1995, the Company adopted a Supplemental Executive Profit Sharing Plan (the SEPS Plan). The SEPS Plan is an unfunded deferred compensation plan covering certain key executives. The amount of benefit each participant is entitled to is established annually by the Board of Directors or, in certain cases, by a committee of the Board of Directors. Each participant's account accrues interest on unpaid awards at a rate determined annually as defined in the plan agreement. As of May 28, 1996 and May 30, 1995, the Company has accrued approximately \$285,000 and \$133,000, respectively, for benefits due under the SEPS Plan.

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9. INCOME TAXES

The provision for income taxes is comprised of the following:

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED		
	MAY 28, 1996	MAY 30, 1995	MAY 31, 1994
<S>	<C>	<C>	<C>
Current:			
Federal	\$10,782	\$ 7,353	\$6,921
State	1,614	1,289	1,129
	-----	-----	-----
	12,396	8,642	8,050
Deferred:			
Federal	1,456	1,189	791
State	240	189	121
	-----	-----	-----
	1,696	1,378	912
	-----	-----	-----
	\$14,092	\$ 10,020	\$8,962
	=====	=====	=====

</TABLE>

A reconciliation of the difference between the effective income tax rate and the statutory federal tax rate follows:

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED		
	MAY 28, 1996	MAY 30, 1995	MAY 31, 1994
<S>	<C>	<C>	<C>
Income tax expense at federal statutory rate	\$12,794	\$10,704	\$8,148
State income taxes, net of federal benefit	1,205	961	832
Gain on life insurance proceeds	--	(1,693)	--
Other items, net	93	48	(18)
	-----	-----	-----
	\$14,092	\$10,020	\$8,962
	=====	=====	=====

</TABLE>

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

<TABLE>
<CAPTION>

	MAY 28, 1996		MAY 30, 1995	
	<C>	<C>	<C>	<C>
Deferred tax assets:				
Various accrued expenses	\$ 614	\$ 466		
Other, net	98	254		
	-----	-----		

Total deferred tax assets	712	720
Deferred tax liabilities:		
Depreciation	2,433	1,192
Accrued liabilities	618	487
Inventory related items	1,268	933
Other, net	189	208
	-----	-----
Total deferred tax liabilities	4,508	2,820
	-----	-----
Net deferred tax liabilities	\$ 3,796	\$ 2,100
	=====	=====

</TABLE>

For fiscal years 1996, 1995 and 1994, the Company paid income taxes of approximately \$12,962,000, \$8,951,000 and \$8,107,000, respectively.

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Discount -----
Auto Parts

10. COMMITMENTS AND CONTINGENCIES

The Company is not a party to any legal proceedings other than various claims and lawsuits arising in the normal course of business. Management of the Company does not believe that any such claims or lawsuits will have a material adverse effect on the Company's financial condition or results of operation.

As of May 28, 1996, the Company's cost to complete construction contracts in progress was approximately \$17.5 million.

11. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of the unaudited quarterly results of operations for the years ended May 28, 1996 and May 30, 1995:

<TABLE>
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	NET SALES	GROSS PROFIT	NET INCOME	NET INCOME PER COMMON SHARE
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Fiscal year ended May 28, 1996:				
First Quarter	\$71,354	\$27,727	\$4,696	\$.34
Second Quarter	73,765	29,107	5,560	.36 (1)
Third Quarter	75,426	29,981	5,646	.34 (1)
Fourth Quarter	86,931	33,744	6,561	.40 (1)
Fiscal year ended May 30, 1995:				
First Quarter	\$57,810	\$20,260	\$7,316 (2)	\$.52 (2)
Second Quarter	59,967	22,268	4,024	.29
Third Quarter	63,924	24,111	4,270	.31
Fourth Quarter	71,999	28,351	4,953	.36

</TABLE>

(1) Includes the impact of the Company's issuance of approximately 2,650,000 additional shares of common stock in connection with a secondary offering completed in October 1995.

(2) Includes a net gain of \$4,836,000 or \$.35 per share on life insurance proceeds received in the first quarter of fiscal 1995.

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MANAGEMENT'S REPORT ON FINANCIAL STATEMENTS
AND INTERNAL CONTROLS

To Our Shareholders:

The management of Discount Auto Parts, Inc. has the responsibility for preparing the accompanying financial statements and for their integrity and objectivity. The statements, which include amounts that are based on management's best estimates and judgments, based upon current available information and management's view of current conditions and circumstances, have been prepared in conformity with generally accepted accounting principles and are free of material misstatement. Management also prepared the additional information contained in the annual report and is responsible for its accuracy and consistency with the financial statements.

Management of Discount Auto Parts, Inc. has developed and maintains a system of internal control over the preparation of its published annual and interim financial statements which are designed to provide reasonable assurance that the Company's assets are safeguarded and protected from improper use. This system is constantly monitored, revised and improved to meet changing business conditions, company growth, and recommendations made by the independent auditors. Management has assessed the Company's system of internal control over the preparation of its published annual and interim financial statements. Based on its assessment, it is management's opinion that its system of internal control as of May 28, 1996, is effective in providing reasonable assurance that its published annual and interim financial statements are free of material misstatement.

The Audit Committee of the Board of Directors is composed of the outside directors and is responsible for approving the selection of the independent certified public accounting firm. The Audit Committee meets periodically with the independent auditors, as well as with management, to review accounting, auditing, internal controls and financial reporting matters. The independent auditors have private and confidential access to the Audit Committee.

/s/ Peter J. Fontaine
Peter J. Fontaine
President
and Chief Executive Officer

/s/ C. Michael Moore
C. Michael Moore
Chief Financial Officer

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Discount Auto Parts, Inc.

We have audited the accompanying balance sheets of Discount Auto Parts, Inc. as of May 28, 1996 and May 30, 1995, and the related statements of income, stockholders' equity and cash flows for each of the three years in the period ended May 28, 1996. 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 financial position of Discount Auto Parts, Inc. at May 28, 1996 and May 30, 1995 and the results of its operations and its cash flows for each of the three years in the period ended May 28, 1996, in conformity with generally accepted accounting principles.

Ernst & Young LLP

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Auto Parts

CORPORATE INFORMATION

CORPORATE HEADQUARTERS

Discount Auto Parts, Inc.
4900 Frontage Road, South
Lakeland, Florida 33815
Telephone: (941) 687-9226

TRANSFER AGENT AND REGISTRAR

ChaseMellon Shareholder Services
85 Challenger Road
Overpeck Centre
Ridgefield Park, New Jersey 07660

INDEPENDENT AUDITORS

Ernst & Young LLP
P.O. Box 740
Tampa, Florida 33601

STOCK EXCHANGE LISTING

New York Stock Exchange
Trading Symbol -- DAP

ANNUAL MEETING

The Annual Meeting of the Stockholders
will be held at 10:30 am Tuesday,
the 8th day of October at the
Lakeland Centre,
700 West Lemon Street,
Lakeland, Florida 33801

NUMBER OF STOCKHOLDERS

As of August 12, 1996, there were approximately
575 stockholders of record.

FORM 10-K

A copy of the Company's Annual Report on
Form 10-K for the fiscal year ended May 28, 1996,
as filed with the Securities and Exchange Commission,
will be sent to any stockholder upon request in
writing to: Investor Relations
Discount Auto Parts, Inc.
4900 Frontage Road, South
Lakeland, Florida 33815

MARKET INFORMATION

The Company has not paid or declared cash distributions or dividends since the
consummation of its initial public offering in August 1992, and does not intend
to pay cash dividends on its Common Stock in the foreseeable future.

COMMON STOCK PRICE RANGE

<TABLE>
<CAPTION>

	FISCAL 1996		FISCAL 1995	
	HIGH	LOW	HIGH	LOW
<S>	<C>	<C>	<C>	<C>
QTR 1	32	24 1/2	24 1/8	20 1/4
QTR 2	33 7/8	26 1/4	23 1/4	13 7/8
QTR 3	31 1/8	21 1/4	22 1/2	15 7/8
QTR 4	30 7/8	24 3/4	26 7/8	20 1/4

</TABLE>

OFFICERS AND DIRECTORS

PETER J. FONTAINE
President, Chief Executive Officer and Director

WARREN SHATZER
Executive Vice President -- Merchandising and Director

WILLIAM C. PERKINS
Executive Vice President -- Operations,
Secretary, and Director

C. MICHAEL MOORE
Chief Financial Officer

E.E. WARDLOW
Director
Retired President and Chief Operating Officer,
Kmart Corporation

A GORDON TUNSTALL
Director
President, Tunstall Consulting

25th Anniversary

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Discount
Auto Parts

4900 Frontage Road South
Lakeland, Florida 33815
(941) 687-9226

Consent of Independent Certified Public Accountants

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Discount Auto Parts, Inc. of our report dated July 8, 1996, included in the 1996 Annual Report to Stockholders of Discount Auto Parts, Inc.

We also consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-51244) pertaining to the Discount Auto Parts, Inc. 1992 Team Members Stock Purchase Plan, in the Registration Statement (Form S-8 No. 33-55512) pertaining to the Discount Auto Parts, Inc. 1992 Stock Option Plan, in the Registration Statement (Form S-8 No. 33-84058) pertaining to the Discount Auto Parts, Inc. Non Employee Director Plan, and in the Registration Statement (Form S-8 No. 33-96326) the Discount Auto Parts, Inc. 1995 Stock Option Plan of our report dated July 8, 1996, with respect to the financial statements included in this Annual Report (Form 10-K) of Discount Auto Parts, Inc.

/s/ ERNST & YOUNG LLP

Tampa, Florida
August 20, 1996

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