SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(MARK ONE)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For Fiscal Year Ended March 26, 2011

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 0-19357

MONRO MUFFLER BRAKE, INC.

(Exact name of registrant as specified in its charter)

New York	**16-0838627**
(State of incorporation)	*(I.R.S. Employer Identification No.)*
200 Holleder Parkway, **Rochester, New York**	**14615**
(Address of principal executive offices)	*(Zip code)*

Registrant's telephone number, including area code:
(585) 647-6400

Securities registered pursuant to Section 12(b) of the Act:
Common Stock, par value $.01 per share
Name of each exchange on which registered: the NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:
NONE
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller Reporting Company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant, computed by reference to the closing price as of the last business day of the registrant's most recently completed second fiscal quarter, September 25, 2010, was approximately $887,199,000.

As of May 13, 2011, 30,486,607 shares of the registrant's Common Stock, par value $.01 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement (to be filed pursuant to Regulation 14A) for the 2011 Annual Meeting of Shareholders (the "Proxy Statement") are incorporated by reference into Part III hereof.

PART I

Item 1. *Business*

GENERAL

Monro Muffler Brake, Inc. ("Monro" or the "Company") is a chain of 781 Company-operated stores (as of March 26, 2011), three franchised locations and 14 dealer-operated stores providing automotive undercar repair and tire services in the United States. At March 26, 2011, Monro operated Company stores in New York, Pennsylvania, Ohio, Connecticut, Massachusetts, West Virginia, Virginia, Maryland, Vermont, New Hampshire, New Jersey, North Carolina, South Carolina, Indiana, Rhode Island, Delaware, Maine, Illinois and Missouri primarily under the names "Monro Muffler Brake & Service", "Tread Quarters Discount Tire", "Mr. Tire", "Autotire Car Care Center" and "Tire Warehouse" (together, the "Company Stores"). Company Stores typically are situated in high-visibility locations in suburban areas and small towns, as well as in major metropolitan areas. Company Stores serviced approximately 4.3 million vehicles in fiscal 2011. (References herein to fiscal years are to the Company's year ended fiscal March [e.g., references to "fiscal 2011" are to the Company's fiscal year ended March 26, 2011].)

The predecessor to the Company was founded by Charles J. August in 1957 as a Midas Muffler franchise in Rochester, New York, specializing in mufflers and exhaust systems. In 1966, the Company discontinued its affiliation with Midas Muffler, and began to diversify into a full line of undercar repair services. An investor group led by Peter J. Solomon and Donald Glickman purchased a controlling interest in the Company in July 1984. At that time, Monro operated 59 stores, located primarily in upstate New York, with approximately $21 million in sales in fiscal 1984. Since 1984, Monro has continued its growth and has expanded its marketing area to include 19 additional states (including dealer locations).

In December 1998, the Company appointed Robert G. Gross as President and Chief Executive Officer, who began full-time responsibilities on January 1, 1999.

The Company was incorporated in the State of New York in 1959. The Company's principal executive offices are located at 200 Holleder Parkway, Rochester, New York 14615, and its telephone number is (585) 647-6400.

The Company provides a broad range of services on passenger cars, light trucks and vans for brakes; mufflers and exhaust systems; and steering, drive train, suspension and wheel alignment. The Company also provides other products and services including tires and routine maintenance services including state inspections. Monro specializes in the repair and replacement of parts which must be periodically replaced as they wear out. Normal wear on these parts generally is not covered by new car warranties. The Company typically does not perform under-the-hood repair services except for oil change services, various "flush and fill" services and some minor tune-up services. The Company does not sell parts or accessories to the do-it-yourself market.

All of the Company's stores, except Tire Warehouse stores, provide the services described above. (Tire Warehouse stores only provide tire related services and alignments.) However, a growing number of the Company's stores are more specialized in tire replacement and service and, accordingly, have a higher mix of sales in the tire category. These stores are described below as tire stores, whereas the majority of the Company's stores are described as service stores. (See additional discussion under "Operating Strategy".) At March 26, 2011, there were 547 stores designated as service stores and 234 as tire stores.

The Company's sales mix for fiscal 2011, 2010 and 2009 is as follows:

	Service Stores			Tire Stores			Total Company		
	FY11	FY10	FY09	FY11	FY10	FY09	FY11	FY10	FY09
Brakes	26%	27%	27%	9%	10%	12%	18%	19%	21%
Exhaust	10	10	10	1	1	1	5	6	6
Steering	12	12	13	8	10	10	11	11	12
Tires	16	15	14	62	58	54	38	34	29
Maintenance	36	36	36	20	21	23	28	30	32
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

The Company has one wholly-owned subsidiary, Monro Service Corporation, which is a Delaware corporation qualified to do business in the states of New York, Maryland, Illinois and New Hampshire.

Monro Service Corporation holds all assets, rights, responsibilities and liabilities associated with the Company's warehousing, purchasing, advertising, accounting, office services, payroll, cash management and certain other operations that are performed in the states of New York, Maryland, Illinois and New Hampshire. The Company believes that this structure has enhanced operational efficiency and provides cost savings.

INDUSTRY OVERVIEW

According to industry reports, demand for automotive repair services, including undercar repair and tire services, has increased due to the general increase in the number of vehicles registered, the increase in the average age of vehicles and the increased complexity of vehicles, which makes it more difficult for a vehicle owner to perform do-it-yourself repairs.

At the same time as demand for automotive repair services has grown, the number of general repair outlets has decreased, principally because fewer gas stations now perform repairs, and because there are fewer new car dealers as a result of dealership closures by car manufacturers such as Chrysler and General Motors. Monro believes that these factors present opportunities for increased sales by the Company, even though the number of specialized repair outlets (such as those operated by the Company and its direct competitors) has increased to meet the growth in demand.

EXPANSION STRATEGY

Monro has experienced significant growth in recent years due to acquisitions and, to a lesser extent, the opening of new stores. Management believes that the continued growth in sales and profits of the Company is dependent, in large part, upon its continued ability to open/acquire and operate new stores on a profitable basis. Overall profitability of the Company could be reduced if acquired or new stores do not attain profitability.

Monro believes that there are significant expansion opportunities in new as well as existing market areas which will result from a combination of constructing stores on vacant land and acquiring existing store locations. The Company believes that, as the industry consolidates due to the increasingly complex nature of automotive repair and the expanded capital requirements for state-of-the-art equipment, there will be increasing opportunities for acquisitions of existing businesses or store structures.

In that regard, the Company has completed several acquisitions in recent years, as follows:

Effective March 1, 2004, the Company completed the acquisition of Mr. Tire stores (the “Mr. Tire Acquisition”) from Atlantic Automotive Corp., which added 26 retail tire and automotive repair stores in Maryland and Virginia, as well as a wholesale operation based in Baltimore, Maryland. The Company has closed one of these stores and the wholesale operation.

In fiscal 2005, the Company further expanded its presence in Maryland through the acquisition of certain assets of Rice Tire, Inc. (the “Rice Acquisition”) and Henderson Holdings, Inc. (the “Henderson Acquisition”), which added five and ten retail tire and automotive repair stores in the Frederick and southern Maryland markets, respectively. Thirteen of these stores operate under the Mr. Tire brand name and one under the Tread Quarters brand name. The Company has closed one Rice store.

On April 29, 2006, the Company acquired substantially all of the assets of ProCare Automotive Service Solutions LLC (the “ProCare Acquisition”). The Company acquired 75 ProCare locations that offer automotive maintenance and repair services. The stores are located in eight metropolitan areas throughout Ohio and Pennsylvania. The Company converted 31 of the acquired ProCare stores to tire stores which operate under the Mr. Tire brand. The remaining stores operate as service stores under the Monro brand. In April 2007, the Company closed three of the acquired locations in accordance with its plan for this acquisition, leaving it with 43 service stores and 29 tire stores. The Company closed one additional tire store after 2007.

On July 21, 2007, the Company acquired 11 retail tire and automotive repair stores located primarily in the Philadelphia, PA market from Valley Forge Tire & Auto Centers (“the Valley Forge Acquisition”); on July 28, 2007, the Company acquired eight retail tire and automotive repair stores located in the northern Virginia market from Craven Tire & Auto (“the Craven Acquisition”); and on January 26, 2008, the Company acquired seven retail tire and automotive repair stores located in Buffalo, NY from the Broad Elm Group (“the Broad Elm Acquisition”). These stores all operate under the Mr. Tire brand name.

On June 14, 2009, the Company acquired 26 Autotire Car Care Center retail tire and automotive repair stores located primarily in the St. Louis, MO market from Am-Pac Tire Distributors, Inc., a wholly-owned subsidiary of American Tire Distributors (“the Autotire Acquisition”); on September 20, 2009, the Company acquired four retail tire and automotive repair stores located in northwest Indiana from Midwest Tire & Auto Repair (“the Midwest Acquisition”); on October 4, 2009, the Company acquired 41 retail tire stores, including one that was under construction, and six franchised locations located in Maine, Massachusetts, New Hampshire, Rhode Island and Vermont, from Tire Warehouse Central, Inc. (“the Tire Warehouse Acquisition”); and on November 29, 2009, the Company acquired a retail tire and automotive repair store located in New Hampshire from Cheshire Tire Center, Inc. (“the Cheshire Acquisition”). These stores operate primarily under the Autotire, Mr. Tire and Tire Warehouse brand names, respectively. Additionally, during January 2010, the Company acquired two of the former Tire Warehouse franchise locations. These stores operate under the Tire Warehouse brand name. The Company has closed one Tire Warehouse store.

On March 28, 2010, the Company acquired five Import Export Tire retail tire and automotive repair stores located in the Pittsburgh, PA market from Import Export Tire, Co.; on June 13, 2010, the Company acquired one of the former Tire Warehouse franchise locations and an additional service store, both of which are located in Maine, from the same owner; and on November 1, 2010, the Company acquired three retail tire and automotive repair stores located in the Fredericksburg, VA market from Courthouse Tire (collectively, the “FY 2011 Acquisitions”). The tire stores, except for the franchise location that operates under the Tire Warehouse brand name, operate under the Mr. Tire brand name. The service store operates under the Monro brand name.

The total number of stores that the Company operates in BJ’s Wholesale Clubs is 35 at March 26, 2011.

As of March 26, 2011, Monro had 781 Company-operated stores, three franchised locations and 14 dealer locations located in 20 states. The following table shows the growth in the number of Company-operated stores over the last five fiscal years:

STORE ADDITIONS AND CLOSINGS

	Year Ended Fiscal March				
	2011	2010	2009	2008	2007
Stores open at beginning of year	777	710	720	698	625
Stores added during year	12(e)	79(d)	3	31(c)	84(b)
Stores closed during year(a)	(8)	(12)	(13)	(9)	(11)
Stores open at end of year	781	777	710	720	698
Service (including BJ’s) stores	547	551	566	579	584
Tire stores	234	226	144	141	114

(a) Generally, stores were closed because they failed to achieve or maintain an acceptable level of profitability or because a new Company store was opened in the same market at a more favorable location.

(b) Includes 75 stores acquired in the ProCare Acquisition and three stores opened in BJ’s Wholesale Club locations.

(c) Includes 11 stores acquired in the Valley Forge Acquisition, eight stores acquired in the Craven Acquisition and seven stores acquired in the Broad Elm Acquisition.

(d) Includes 26 stores acquired in the Autotire Acquisition, four stores acquired in the Midwest Acquisition, 41 stores acquired in the Tire Warehouse Acquisition, one store acquired in the Cheshire Tire Acquisition and two franchised locations acquired.

(e) Includes 10 stores acquired in the FY 2011 Acquisitions.

The Company plans to add approximately four new greenfield stores in fiscal 2012 and to pursue appropriate acquisition candidates.

The Company has developed a systematic method for selecting new greenfield store locations and a targeted approach to marketing new stores. Key factors in market and site selection include population, demographic characteristics, vehicle population and the intensity of competition. The characteristics of each potential site are compared to the profiles of existing stores in projecting sales for that site. Monro attempts to cluster stores in market areas in order to achieve economies of scale in advertising, supervision and distribution costs. All new sites presently under consideration are within Monro’s established market areas.

As a result of extensive analysis of its historical and projected store opening strategy, the Company has established major market profiles, as defined by market awareness: mature, existing and new markets. Over the next several years, the Company expects to build a greater percentage of stores in mature and existing markets in order to capitalize on the Company’s market presence and consumer awareness. During fiscal 2011, all of the stores added (including acquired stores) were in existing markets.

The Company believes that management and operating improvements implemented over the last several fiscal years have enhanced its ability to sustain its growth. The Company has a chain-wide computerized inventory control and electronic point-of-sale (“POS”) management information system, which has increased management’s ability to monitor operations as the number of stores has grown.

The Company has customized the POS system to specific service and tire store requirements and deploys the appropriate version in each type of store. Being Windows-based, the system has simplified training of new employees. Additionally, the system includes electronic mail and electronic cataloging, which allows store managers to electronically research the specific parts needed for the make and model of the car being serviced. This enhanced system includes software which contains data that mirrors the scheduled maintenance requirements in vehicle owners’ manuals, specifically by make, model, year and mileage for every major automobile brand.

Management believes that this software facilitates the presentation and sale of scheduled maintenance services to customers. Other enhancements include the streamlining of estimating and other processes; graphic catalogs; a feature which facilitates tire searches by size; direct mail support; appointment scheduling; customer service history; a thermometer graphic which guides store managers on the profitability of each job; the ability to view inventory of up to the closest 14 stores or warehouse; and expanded monitoring of price changes. This latter change requires more specificity on the reason for a discount, which management believes helps to control discounting. Enhancements will continue to be made to the POS system annually in an effort to increase efficiency, improve the quality and timeliness of store reporting and enable the Company to better serve its customers.

The financing to open a new greenfield service store location may be accomplished in one of three ways: a store lease for the land and building (in which case, land and building costs will be financed primarily by the lessor), a land lease with the building constructed by the Company (with building costs paid by the Company), or a land purchase with the building constructed by the Company. In all three cases, for service stores, each new store also will require approximately $190,000 for equipment (including a POS system and a truck) and approximately $55,000 in inventory. Because Monro generally does not extend credit to its customers, stores generate almost no receivables and a new store's actual net working capital investment is nominal. Total capital required to open a new greenfield service store ranges, on average (based upon the last five fiscal years' openings, excluding the BJ's locations and the acquired stores), from $350,000 to $950,000 depending on the location and which of the three financing methods is used. In general, tire stores are larger and have more service bays than Monro's traditional service stores and, as a result, construction costs are at the high end of the range of new store construction costs. Total capital required to open a new greenfield tire (leased) location costs, on average, approximately $600,000, including $220,000 for equipment and $140,000 for inventory. In instances where Monro acquires an existing business, it may pay additional amounts for intangible assets such as customer lists, covenants not-to-compete, trade names and goodwill, but generally will pay less per bay for equipment and real property.

At March 26, 2011, the Company leased the land and/or the building at approximately 71% of its store locations and owned the land and building at the remaining locations. Monro's policy is to situate new stores in the best locations, without regard to the form of ownership required to develop the locations.

New service and tire stores, (excluding acquired stores and BJ's locations), have average sales of approximately $384,000 and $1,015,000, respectively, in their first 12 months of operation, or $64,000 and $145,000, respectively, per bay.

STORE OPERATIONS

Store Format

The typical format for a Monro repair store is a free-standing building consisting of a sales area, fully-equipped service bays and a parts/tires storage area. In BJ's locations, the Company and BJ's both operate counters in the sales area, while the Company operates the service bay area. Most service bays are equipped with above-ground electric vehicle lifts. Generally, each store is located within 25 miles of a "key" store which carries approximately double the inventory of a typical store and serves as a mini-distribution point for slower moving inventory for other stores in its area. Individual store sizes, number of bays and stocking levels vary greatly, even within the service and tire store groups, and are dependent primarily on the availability of suitable store locations, population, demographics and intensity of competition among other factors (See additional discussion under "Store Additions and Closings"). A summary of average store data for service and tire stores is presented below:

	Average Number of Bays	Average Square Feet	Average Inventory	Average Number of Stock Keeping Units (SKUs)
Service stores (excluding BJ's and ProCare)	6	4,400	$104,000	2,700
Tire stores (excluding Tire Warehouse stores)	7	6,000	$157,000	1,500

Data for the acquired ProCare service stores has been excluded because the stores' stock rooms are smaller than those in typical service stores and therefore, they generally carry less than half the amount of inventory of a typical service store.

Data for the acquired Tire Warehouse stores has been excluded because most stores have no indoor service bays. The store building houses a waiting room, storage area and an area to mount and balance tires on the car's wheels once the wheels and tires have been removed from the car. Removal of old tires and wheels from, and installation of new tires and wheels on, customers' cars are performed outdoors under a carport. A small number of Tire Warehouse stores have an indoor bay to perform alignments.

Stores generally are situated in high-visibility locations in suburban areas, major metropolitan areas or small towns and offer easy customer access. The typical store is open from 7:30 a.m. to 7:00 p.m. on Monday through Friday and from 7:30 a.m. to 6:00 p.m. on Saturday. A majority of store locations are also open Sundays from 9:00 a.m. to 5:00 p.m.

Inventory Control and Management Information System

All Company stores communicate daily with the central office and warehouse by computerized inventory control and electronic POS management information systems, which enable the Company to collect sales and operational data on a daily basis, to adjust store pricing to reflect local conditions and to control inventory on a near "real-time" basis. Additionally, each store has access, through the POS system, to the inventory carried by up to the 14 stores or warehouse nearest to it. Management believes that this feature improves customer satisfaction and store productivity by reducing the time required to locate out-of-stock parts and tires. It also improves profitability because it reduces the amount of inventory which must be purchased outside the Company from local vendors.

Quality Control and Warranties

To maintain quality control, the Company conducts audits to rate its employees' telephone sales manner and the accuracy of pricing information given.

The Company has a customer survey program to monitor customer attitudes toward service quality, friendliness, speed of service, and several other factors for each store. Customer concerns are addressed by customer service and field management personnel.

The Company uses a "Double Check for Accuracy Program" as part of its routine store procedures. This quality assurance program requires that a technician and supervisory-level employee (or in certain cases, another technician in tire stores) independently inspect a customer's vehicle, diagnose and document the necessary repairs, and agree on an estimate before presenting it to a customer. This process is formally documented on the written estimate by store personnel.

The Company is an active member of the Automotive Maintenance & Repair Association (AMRA). AMRA is an organization of automotive retailers, wholesalers and manufacturers which was established as part of an industry-wide effort to address the ethics and business practices of companies in the automotive repair industry through the Motorist Assurance Program (MAP). Participating companies commit to improving consumer confidence and trust in the automotive repair industry by adopting "Uniform Inspection Communication Standards" ("UICS") established by MAP. These "UICS" are available in the Company's stores and serve to provide consistent recommendations to customers in the diagnosis and repair of a vehicle.

Monro offers limited warranties on substantially all of the products and services that it provides. The Company believes that these warranties are competitive with industry practices and serve as a marketing tool to increase repeat business at the stores.

Store Personnel and Training

The Company supervises store operations primarily through its Divisional Vice Presidents who oversee Zone Managers who, in turn, oversee Market Managers. The typical service store is staffed by a Store Manager and four to six technicians, one of whom serves as the Assistant Manager. The typical tire store, except Tire Warehouse stores, is staffed by a Store Manager, an Assistant Manager and/or Service Manager, and four to eight technicians. Larger volume service and tire stores may also have one or two sales people. The higher staffing level at many tire stores is necessary to support their higher sales volume. Tire Warehouse stores are generally staffed by a Store Manager and two to four technicians, one of whom serves as the Assistant Manager. All Store Managers receive a base salary, and Assistant Managers receive hourly compensation. In addition, Store Managers and Assistant Managers may receive other compensation based on their store's customer relations, gross profit, labor cost controls, safety, sales volume and other factors via a monthly or quarterly bonus based on performance in these areas.

Monro believes that the ability to recruit and retain qualified technicians is an important competitive factor in the automotive repair industry, which has historically experienced a high turnover rate. Monro makes a concerted effort to recruit individuals who will have a long-term commitment to the Company and offers an hourly rate structure and additional compensation based on productivity; a competitive benefits package including health, dental, life and disability insurance; a 401(K)/profit-sharing plan; as well as the opportunity to advance within the Company. Many of the Company's Managers and Market Managers started with the Company as technicians.

Many of the Company's new technicians join the Company in their early twenties as trainees or apprentices. As they progress, they are promoted to technician and eventually master technician, the latter requiring ASE certification in both brakes and suspension. The Company offers a tool purchase program through which trainee technicians can acquire their own set of tools. The Company also will reimburse technicians for the cost of ASE certification registration fees and test fees and encourages all technicians to become certified by providing a higher hourly wage rate following their certification.

The Company's training program provides multiple training sessions to both store managers and technicians in each store, each year.

Management training courses are developed and delivered by the Company's dedicated training department and Operations management, and are supplemented with live and on-line vendor training courses. Management training covers customer service, sales, human resources (counseling, recruiting, interviewing, etc.), leadership, scheduling, financial and operational areas, and is delivered on a regular basis. The Company believes that involving Operations management in the development and delivery of these sessions results in more relevant and actionable training for store managers, and will improve overall performance and staff retention.

The Company's training department develops and coordinates technical training courses on critical areas of automotive repair to Company technicians (e.g. Antilock braking systems ("ABS") brake repair, drivability, tire pressure monitoring system ("TPMS"), etc.) and also conducts required technical training to maintain compliance with state inspection licenses, where applicable, and AMRA/MAP accreditation. Additionally, the Company's training department holds periodic in-house technical clinics for store personnel and coordinates technician attendance at technical clinics offered by the Company's vendors. The Company has on-line repair manuals installed in all of its stores for daily reference. It also issues technical bulletins to all stores on innovative or complex repair processes, and maintains a centralized database for technical repair problems. In addition, the Company has established a telephone technical hotline to provide assistance to store personnel in resolving problems encountered while diagnosing and repairing vehicles. The help line is available during all hours of store operation. The Company also maintains a training web page that contains many resources that are available for the technicians to reference.

OPERATING STRATEGY

Monro's operating strategy is to provide its customers with a wide range of dependable, high-quality automotive service at a competitive price by emphasizing the following key elements.

Products and Services

The typical service or tire store provides a full range of undercar repair services for brakes, steering, mufflers and exhaust systems, drive train, suspension and wheel alignment, as well as tire replacement and service. These services apply to all makes and models of domestic and foreign cars, light trucks and vans. As a percentage of sales, the service stores provide significantly more brake and exhaust service than tire stores, and tire stores provide substantially more tire replacement and related services than service stores.

Stores generally provide many of the routine maintenance services (except engine diagnostic), which automobile manufacturers suggest or require in the vehicle owners' manuals, and which fulfill manufacturers' requirements for new car warranty compliance. The Company offers "Scheduled Maintenance" services in its stores whereby the aforementioned services are packaged and offered to consumers based upon the year, make, model and mileage of each specific vehicle. Management believes that the Company is able to offer this service in a more convenient and cost competitive fashion than auto dealers can provide.

Included in maintenance services are oil change services, heating and cooling system "flush and fill" service, belt installation, fuel system service and a transmission "flush and fill" service. Additionally, most stores replace and service batteries, starters and alternators. Stores in New York, West Virginia, New Hampshire, Maryland, Rhode Island, New Jersey, Pennsylvania, North Carolina, Virginia, Missouri, Maine and Vermont also perform annual state inspections. Approximately 52% of the Company's stores also offer air conditioning services.

The Company began a program in the third quarter of fiscal year 2007 to increase tire and tire related sales, such as alignments, in its service stores. The goal is to increase the overall sales of these stores by capturing tire and related sales from existing store traffic and eventually drive additional traffic and sales. The program involves increasing the specific sales training of store managers, expanding the tire merchandise selection in these stores, and raising the focus of store advertising in this category. This initiative, which is called "Black Gold", has now been rolled out to 248 of the Company's service stores.

The format of the Tire Warehouse stores, acquired in fiscal year 2010, is different from Monro's typical service or tire stores (as described above) in that over 99% of the stores' sales involve tire services, including the mounting and balancing of tires, and the sale of road hazard warranties, but generally excluding alignments. All stores provide the installation of wiper blades. Several stores recently began performing alignments. In fiscal 2012, the Company plans to expand the number of stores offering alignment services.

Customer Satisfaction

The Company's vision of being the dominant Auto Service provider in the markets it serves is supported by a set of values displayed in each Company store emphasizing TRUST:

- **T**otal Customer Satisfaction
- **R**espect, Recognize and Reward (employees who are committed to these values)

- **U**nparalleled Quality and Integrity
- **S**uperior Value and
- **T**eamwork

Also displayed in each Company store are guiding principles in support of its commitment to customer service: only present needed work; fix vehicles right the first time; complete vehicle service on time; and exceed the customer's expectations.

Additionally, each Company-operated store operates under the following set of customer satisfaction principles: free inspection of brakes, tires, shocks, front end and exhaust systems (as applicable); item-by-item review with customers of problem areas; free written estimates; written guarantees; drive-in service without an appointment; fair and reasonable prices; a 30-day best price guarantee; and repairs by professionally trained undercar and tire specialists. (See additional discussion under "Store Operations: Quality Control and Warranties".)

Competitive Pricing, Advertising and Co-branding Initiatives

The Company seeks to set competitive prices for quality services and products. The Company supports its pricing strategy by advertising through direct mail coupon inserts and in-store promotional signage and displays. In addition, the Company advertises through radio, yellow pages, newspapers, service reminders and digital marketing to increase consumer awareness of the services offered. The Company also maintains websites for the Monro, Mr. Tire/Tread Quarters/Autotire and Tire Warehouse brands which allow customers to search for a location, print coupons, make service appointments, search tires for their vehicle and access information and tips on vehicle services offered at the Company's stores.

The Company is promoting the Monro Muffler Brake & Service brand in its Tire Warehouse stores, to encourage Tire Warehouse customers to use Monro stores for their automotive service needs outside of tire replacement.

Centralized Control

Unlike many of its competitors, the Company operates, rather than franchises, most of its stores (except for the three Tire Warehouse franchises and 14 dealer locations). Monro believes that direct operation of stores enhances its ability to compete by providing centralized control of such areas of operations as service quality, store appearance, promotional activity and pricing. A high level of technical competence is maintained throughout the Company, as Monro requires, as a condition of employment, that employees participate in training programs to keep pace with changes in technology. Additionally, purchasing, distribution, merchandising, advertising, accounting and other store support functions are centralized primarily in the Company's corporate headquarters in Rochester, New York, and are provided through the Company's subsidiary, Monro Service Corporation. The centralization of these functions results in efficiencies and gives management the ability to closely monitor and control costs.

Comprehensive Training

The Company provides ongoing, comprehensive training to its store employees. Monro believes that such training provides a competitive advantage by enabling its technicians to provide quality service to its customers in all areas of undercar repair and tire service. (See additional discussion under "Store Operations: Store Personnel and Training".)

PURCHASING AND DISTRIBUTION

The Company, through its wholly-owned subsidiary Monro Service Corporation, selects and purchases tires, parts and supplies for all Company-operated stores on a centralized basis through an automatic replenishment system. Although purchases outside the centralized system ("outside purchases") are made when needed at the store level, these purchases are low by industry standards, and accounted for approximately 14% of all parts and tires used in fiscal 2011.

The Company's ten largest vendors accounted for approximately 78% of its parts and tire purchases, with the largest vendor accounting for approximately 15% of total stocking purchases in fiscal 2011. The Company purchases parts and tires from approximately 100 vendors. Management believes that the Company's relationships with vendors are excellent and that alternative sources of supply exist, at comparable cost, for substantially all parts used in the Company's business. The Company routinely obtains bids from vendors to ensure it is receiving competitive pricing and terms.

Most parts are shipped by vendors to the Company's primary warehouse facility in Rochester, New York, and are distributed to stores by the Company-operated tractor/trailer fleet. Stores are replenished either on a weekly or bi-weekly basis from this warehouse, and such replenishment fills, on average, 97% of all items ordered by the stores' automatic POS-driven replenishment system. The Rochester warehouse stocks approximately 7,200 SKUs. The Company also operates warehouses in Maryland, Virginia, Illinois and New Hampshire. These warehouses carry, on average, 4,600, 1,800, 900 and 1,300 SKUs, respectively.

The Company enters into contracts with parts and tire suppliers, certain of which require the Company to buy (at market prices) up to 100% of its annual purchases of specific products. These agreements expire at various dates through November 2013. The Company believes these agreements provide it with high quality, branded merchandise at preferred pricing, along with strong marketing and training support.

COMPETITION

The Company competes in the retail automotive service industry. This industry is generally highly competitive and fragmented, and the number, size and strength of competitors vary widely from region to region. The Company believes that competition in this industry is based on customer service and reputation, store location, name awareness and price. Monro's primary competitors include national and regional undercar, tire specialty and general automotive service chains, both franchised and company-operated; car dealerships, mass merchandisers operating service centers; and, to a lesser extent, gas stations, independent garages and Internet tire sellers. Monro considers Midas, Inc. and Meineke Discount Mufflers Inc. to be direct competitors. In most of the new markets that the Company has entered, at least one competitor was already present. In identifying new markets, the Company analyzes, among other factors, the intensity of competition. (See "Expansion Strategy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".)

EMPLOYEES

As of March 26, 2011, Monro had 5,005 employees, of whom 4,734 were employed in the field organization, 81 were employed at the warehouses, 164 were employed at the Company's corporate headquarters and 26 were employed in other offices. Monro's employees are not members of any union. The Company believes that its relations with its employees are good.

REGULATION

The Company stores new oil and recycled antifreeze and generates and/or handles used tires and automotive oils, antifreeze and certain solvents, which are disposed of by licensed third-party contractors. In certain states, as required, the Company also recycles oil filters. Thus, the Company is subject to a number of federal, state and local environmental laws including the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"). In addition, the United States Environmental Protection Agency (the "EPA"), under the Resource Conservation and Recovery Act ("RCRA"), and various state and local environmental protection agencies regulate the Company's handling and disposal of waste. The EPA, under the Clean Air Act, also regulates the installation of catalytic converters by the Company and all other repair stores by periodically spot checking repair jobs, and has the power to fine businesses that use improper procedures or materials. The EPA has the authority to impose sanctions, including civil penalties up to $25,000 per violation (or up to $25,000 per day for certain willful violations or failures to cooperate with authorities), for violations of RCRA and the Clean Air Act.

The Company is subject to various laws and regulations concerning workplace safety, zoning and other matters relating to its business. The Company maintains programs to facilitate compliance with these laws and regulations. The Company believes that it is in substantial compliance with all applicable environmental and other laws and regulations and that the cost of such compliance is not material to the Company.

The Company is environmentally conscious, and takes advantage of recycling opportunities at its offices, warehouses and stores. Cardboard, plastic shrink wrap and parts' cores are returned to the warehouse by the stores on the Company stock trucks. There, they are accumulated for sale to recycling companies or returned to parts manufacturers for credit.

SEASONALITY

Although the Company's business is not highly seasonal, customers do purchase more undercar service during the period of March through October than the period of November through February, when miles driven tend to be lower. In the tire stores, the better sales months are typically May through August, and October through December. The slowest months are typically January through April and September. As a result, profitability is typically lower during slower sales months, or months where mix is more heavily weighted toward tires, which is a lower margin category. Additionally, since the Company's stores are primarily located in the northeastern United States, profitability trends to be lower in the winter months when certain costs, such as utilities and snow plowing, are typically higher.

COMPANY INFORMATION AND SEC FILINGS

The Company maintains a website at www.monro.com and makes its annual, quarterly and periodic Securities and Exchange Commission ("SEC") filings available through the Investor Information section of that website. The Company's SEC filings are available through this website free of charge, via a direct link to the SEC website at www.sec.gov. The Company's filings with the SEC are also available to the public at the SEC Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 or by calling the SEC at 1-800-SEC-0330.

Item 1A. *Risk Factors*

RISKS RELATED TO OUR BUSINESS

In addition to the risk factors discussed elsewhere in this annual report, the following are the important factors that could cause the Company's actual results to differ materially from those projected in any forward looking statements:

We operate in the highly competitive automotive repair industry.

The automotive repair industry in which we operate is generally highly competitive and fragmented, and the number, size and strength of our competitors varies widely from region to region. We believe that competition in the industry is based primarily on customer service, reputation, store location, name awareness and price. Our primary competitors include national and regional undercar, tire specialty and general automotive service chains, both franchised and company-operated, car dealerships, mass merchandisers operating service centers and, to a lesser extent, gas stations, independent garages and Internet tire sellers. Some of our competitors have greater financial resources, are more geographically diverse and have better name recognition than we do, which might place us at a competitive disadvantage to those competitors. Because we seek to offer competitive prices, if our competitors reduce prices, we may be forced to reduce our prices, which could have a material adverse effect on our business, financial condition and results of operations. Further, our success within this industry also depends upon our ability to respond in a timely manner to changes in customer demands for both products and services. We cannot assure that we or any of our stores will be able to compete effectively. If we are unable to compete successfully in new and existing markets, we may not achieve our projected revenue and profitability targets.

We are subject to seasonality and cycles in the general economy that impact demand for our products and services.

Although our business is not highly seasonal, our customers typically purchase more undercar services during the period of March through October than the period of November through February, when miles driven tend to be lower. Further, customers may defer or forego vehicle maintenance at any time during periods of inclement weather. In the tire stores, the better sales months are typically May through August, and October through December. The slowest months are typically January through April and September. As a result, profitability is typically lower during slower sales months, or months where mix is more heavily weighted toward tires, which is a lower margin category.

Additionally, since the Company's stores are primarily located in the northeastern United States, profitability trends to be lower in the winter months when certain costs, such as utilities and snow plowing, are typically higher.

The automotive repair industry is subject to fluctuations in the general economy. During a downturn in the economy, customers may defer or forego vehicle maintenance or repair. During periods of good economic conditions, consumers may decide to purchase new vehicles rather than having their older vehicles serviced. Should a significant reduction in the number of miles driven by automobile owners occur, it would likely have an adverse effect on the demand for our products and services. For example, when the retail cost of gasoline increases, the number of miles driven by automobile owners may decrease, which could result in less frequent service intervals and fewer repairs.

We depend on our relationships with our vendors, including foreign sources, for certain inventory. Our business may be negatively affected by the risks associated with such relationships and international trade.

We depend on close relationships with our vendors for parts, tires and supplies and for our ability to purchase products at competitive prices and terms. Our ability to purchase at competitive prices and terms results from the volume of our purchases from these vendors. We have entered into various contracts with parts suppliers that require us to buy from them (at market prices) up to 100% of our annual purchases of specific products. These agreements expire at various dates through November 2013.

We believe that alternative sources exist for most of the products we sell or use at our stores, and we would not expect the loss of any one supplier to have a material adverse effect on our business, financial condition or results of operations. Our dependence on a small number of suppliers, however, subjects us to the risks of shortages and interruptions. If any of our suppliers do not perform adequately or otherwise fail to distribute parts or other supplies to our stores, our inability to replace the suppliers in a timely manner and on acceptable terms could increase our costs and could cause shortages or interruptions that could have a material adverse effect on our business, financial condition and results of operations.

Further, we depend on a number of products (e.g. brake parts, tires, oil filters) produced in foreign markets. We face risks associated with the delivery of inventory originating outside the United States, including:

- potential economic and political instability in countries where our suppliers are located,
- increases in shipping costs,
- transportation delays and interruptions, and
- changes in U.S. and foreign laws affecting the importation and taxation of goods, including duties, tariffs and quotas, or changes in the enforcement of those laws.

Our industry is subject to environmental, consumer protection and other regulation.

We are subject to various federal, state and local environmental laws, building and zoning requirements, employment laws and other governmental regulations regarding the operation of our business. For example, we

are subject to rules governing the handling, storage and disposal of hazardous substances contained in some of the products such as motor oil that we sell and use at our stores, the recycling of batteries, tires and used lubricants, and the ownership and operation of real property. These laws and regulations can impose fines and criminal sanctions for violations and require the installation of pollution control equipment or operational changes to decrease the likelihood of accidental hazardous substance releases. Accordingly, we could become subject to material liabilities relating to the investigation and cleanup of contaminated properties, and to claims alleging personal injury or property damage as a result of exposure to, or release of, hazardous substances. In addition, stricter interpretation of existing laws and regulations, new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require us to incur costs or become the basis of new or increased liabilities that could have a material adverse effect on our business, financial condition and results of operations.

National automotive repair chains have also been the subject of investigations and reports by consumer protection agencies and the Attorneys General of various states. Publicity in connection with these kinds of investigations could have an adverse effect on our sales and, consequently, our business, financial condition and results of operations. State and local governments have also enacted numerous consumer protection laws with which we must comply.

The costs of operating our stores may increase if there are changes in laws governing minimum hourly wages, working conditions, overtime, workers' compensation insurance rates, unemployment tax rates or other laws and regulations. A material increase in these costs that we were unable to offset by increasing our prices or by other means could have a material adverse effect on our business, financial condition and results of operations.

We are involved in litigation from time to time arising from the operation of our business and, as such, we could incur substantial judgments, fines, legal fees or other costs.

We are sometimes the subject of complaints or litigation from customers, employees or other third parties for various actions. From time to time, we are involved in litigation involving claims related to, among other things, breach of contract, tortious conduct and employment law matters, including payment of wages. The damages sought against us in some of these litigation proceedings are substantial. Although we maintain liability insurance for some litigation claims, if one or more of the claims were to greatly exceed our insurance coverage limits or if our insurance policies do not cover a claim, this could have a material adverse affect on our business, financial condition, results of operations and cash flows.

We rely extensively on computer systems to process transactions, summarize results and manage our business. Disruptions in these systems could harm our ability to run our business.

Given the number of individual transactions we have each year, it is critical that we maintain uninterrupted operation of our computer and communications hardware and software systems. Our systems could be subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, including breaches of our transaction processing or other systems that result in the compromise of confidential customer data, catastrophic events such as fires, tornadoes and hurricanes, and usage errors by our employees. If our systems are breached, damaged or cease to function properly, we may have to make a significant investment to fix or replace them, we may suffer interruptions in our operations in the interim, we may face costly litigation, and our reputation with our customers may be harmed. Any material interruption in our computer operations may have a material adverse effect on our business or results of operations. The risk of disruption is increased in periods where complex and significant systems changes are undertaken.

Our business is affected by advances in automotive technology.

The demand for our products and services could be adversely affected by continuing developments in automotive technology. Automotive manufacturers are producing cars that last longer and require service and

maintenance at less frequent intervals in certain cases. Quality improvement of manufacturers' original equipment parts has in the past reduced, and may in the future reduce, demand for our products and services, adversely affecting our sales. For example, manufacturers' use of stainless steel exhaust components has significantly increased the life of those parts, thereby decreasing the demand for exhaust repairs and replacements. Longer and more comprehensive warranty or service programs offered by automobile manufacturers and other third parties also could adversely affect the demand for our products and services. We believe that a majority of new automobile owners have their cars serviced by a dealer during the period that the car is under warranty. In addition, advances in automotive technology continue to require us to incur additional costs to update our diagnostic capabilities and technical training programs.

We may not be successful in integrating new and acquired stores.

Management believes that our continued growth in sales and profit is dependent, in large part, upon our ability to open/acquire and operate new stores on a profitable basis. In order to do so, we must find reasonably priced new store locations and acquisition candidates that meet our criteria and we must integrate any new stores (opened or acquired) into our system. Our growth and profitability could be adversely affected if we are unable to open or acquire new stores or if new or existing stores do not operate at a sufficient level of profitability. If new stores do not achieve expected levels of profitability, this may adversely impact our ability to remain in compliance with our debt covenants or to make required payments under our credit facility.

Store closings result in costs.

From time to time, in the ordinary course of our business, we close certain stores, generally based on considerations of store profitability, competition, strategic factors and other considerations. Closing a store could subject us to costs including the write-down of leasehold improvements, equipment, furniture and fixtures. In addition, we could remain liable for future lease obligations.

We rely on an adequate supply of skilled field personnel.

In order to continue to provide high quality services, we require an adequate supply of skilled field managers and technicians. Trained and experienced automotive field personnel are in high demand, and may be in short supply in some areas. We cannot assure that we will be able to attract, motivate and maintain an adequate skilled workforce necessary to operate our existing and future stores efficiently, or that labor expenses will not increase as a result of a shortage in the supply of skilled field personnel, thereby adversely impacting our financial performance. While the automotive repair industry generally operates with high field employee turnover, any material increases in employee turnover rates in our stores or any widespread employee dissatisfaction could also have a material adverse effect on our business, financial condition and results of operations.

If we are unable to generate sufficient cash flows from our operations, our liquidity will suffer and we may be unable to satisfy our obligations.

We currently rely on cash flow from operations and our revolving credit facility to fund our business. Amounts outstanding on the revolving credit facility are reported as debt on our balance sheet. While we believe that we have the ability to sufficiently fund our planned operations and capital expenditures for the foreseeable future, various risks to our business could result in circumstances that would materially affect our liquidity. For example, cash flows from our operations could be affected by changes in consumer spending habits, the failure to maintain favorable vendor payment terms or our inability to successfully implement sales growth initiatives, among other factors. We may be unsuccessful in securing alternative financing when needed on terms that we consider acceptable.

In addition, a significant increase in our leverage could have the following risks:

- our ability to obtain additional financing for working capital, capital expenditures, store renovations, acquisitions or general corporate purposes may be impaired in the future;

- our failure to comply with the financial and other restrictive covenants governing our debt, which, among other things, require us to comply with certain financial ratios and limit our ability to incur additional debt and sell assets, could result in an event of default that, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations; and

- our exposure to certain financial market risks, including fluctuations in interest rates associated with bank borrowings could become more significant.

If we do not perform in accordance with our debt covenants, the institutions providing the funds have the option to withdraw their funding support. We cannot assure that we will remain in compliance with our debt covenants in the future.

We depend on the services of key executives.

Our senior executives are important to our success because they have been instrumental in setting our strategic direction, operating our business, identifying, recruiting and training key personnel, identifying expansion opportunities and arranging necessary financing. Losing the services of any of these individuals could adversely affect our business until a suitable replacement could be found. It may be difficult to replace them quickly with executives of equal experience and capabilities. Although we have employment agreements with selected executives, we cannot prevent them from terminating their employment with us. Other executives are not bound by employment agreements with us.

New accounting guidance or changes in the interpretation or application of existing accounting guidance could affect our financial performance adversely.

New accounting guidance may require systems and other changes that could increase our operating costs and/or change our financial statements. For example, implementing future accounting guidance related to leases, contingencies, and other areas impacted by the current convergence project between the Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board ("IASB") could require us to make significant changes to our lease management system or other accounting systems, and could result in changes to our financial statements. Additionally, implementing future accounting guidance related to leases or other items could potentially impact certain performance metrics and financial ratios, and potentially require the renegotiation of debt covenants.

Unanticipated changes in the interpretation or application of existing accounting guidance could result in material charges or restatements of our financial statements, which may further result in litigation or regulatory actions which could have an adverse effect on our financial condition and results of operations.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

The Company, through Monro Service Corporation, owns its office/warehouse facility of approximately 95,000 square feet, which is located on 12.7 acres of land in Holleder Technology Park, in Rochester, New York. Monro Service Corporation also owns a second office/warehouse facility of approximately 28,000 square feet, which is located on 11.8 acres of land in Swanzey, New Hampshire. Additionally, the Company leases warehouse space in Maryland, Virginia and Illinois.

Of Monro's 781 Company-operated stores at March 26, 2011, 228 were owned, 433 were leased and for 120, the land only was leased. In general, the Company leases store sites for a ten-year period with several five-year renewal options. Giving effect to all renewal options, approximately 54% of the leases (300 stores) expire after 2021. Certain of the leases provide for contingent rental payments if a percentage of annual gross sales exceeds the base fixed rental amount. The highest contingent percentage rent of any lease is 6.75%, and no such lease has adversely affected profitability of the store subject thereto. An officer of the Company or members of his family are the lessors, or have interests in entities that are the lessors, with respect to six of the leases. No related party leases, other than the six assumed as part of the Mr. Tire Acquisition in March 2004, have been entered into, and no new related party leases are contemplated.

As of March 26, 2011, there was $.7 million outstanding under a mortgage held by the City of Rochester, New York, secured by the land on which the headquarters office and warehouse is located.

Item 3. *Legal Proceedings*

The Company currently and from time to time is involved in litigation incidental to the conduct of its business, including employment-related litigation arising from claims by current and former employees. Although the Company diligently defends against these claims, it may enter into discussions regarding settlement of these and other lawsuits, and may enter into settlement agreements, if management believes settlement is in the best interests of the Company and its shareholders. Although the amount of liability that may result from these matters cannot be ascertained, management does not currently believe that, in the aggregate, they will result in liabilities material to the Company's financial condition or results of operations.

Item 4. *Reserved*

Part II

Item 5. *Market for the Company's Common Equity and Related Stockholder Matters*

MARKET INFORMATION

The Common Stock is traded on the NASDAQ Stock Market LLC under the symbol "MNRO". The following table sets forth, for the Company's last two fiscal years, the range of high and low sales prices on the NASDAQ Stock Market LLC for the Common Stock (1):

	Fiscal 2011		Fiscal 2010	
Quarter Ended	High	Low	High	Low
June	$26.57	$23.29	$19.60	$15.13

September	$31.37	$24.33	$21.64	$15.85
December	$36.49	$29.88	$23.23	$18.58
March	$35.97	$30.55	$25.25	$20.77

(1) Adjusted for the three-for-two stock split that became effective on December 23, 2010.

HOLDERS

At May 13, 2011, the Company's Common Stock was held by approximately 5,200 shareholders of record or through nominee or street name accounts with brokers.

EQUITY COMPENSATION PLAN INFORMATION

As of March 26, 2011, the Company maintained stock option plans under which employees and non-employee directors could be granted Common Stock options to purchase shares of the Company's Common Stock. The following table contains information relating to such plans as of March 26, 2011.

Plan Category	Number of Securities To Be Issued Upon Exercise of Outstanding Options (a)	Weighted Average Exercise Price of Outstanding Options (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	2,525,678	$19.35	931,007
Equity compensation plans not approved by security holders			
Total	2,525,678	$19.35	931,007

DIVIDENDS

On November 15, 2010, the Company's Board of Directors declared a three-for-two stock split to be effected in the form of a 50% stock dividend ("the December 2010 stock split"). The stock split was distributed on December 23, 2010 to shareholders of record as of December 13, 2010. Information regarding the number of shares of Common Stock outstanding, as set forth in the Form 10-K, reflect the impact of this stock split.

In May 2009 and April 2010, the Company's Board of Directors declared its intention to pay a regular quarterly cash dividend of $.05 and $.06 per common share or common share equivalent, as retroactively adjusted for the December 2010 stock split, beginning with the first quarter of fiscal 2010 and 2011, respectively.

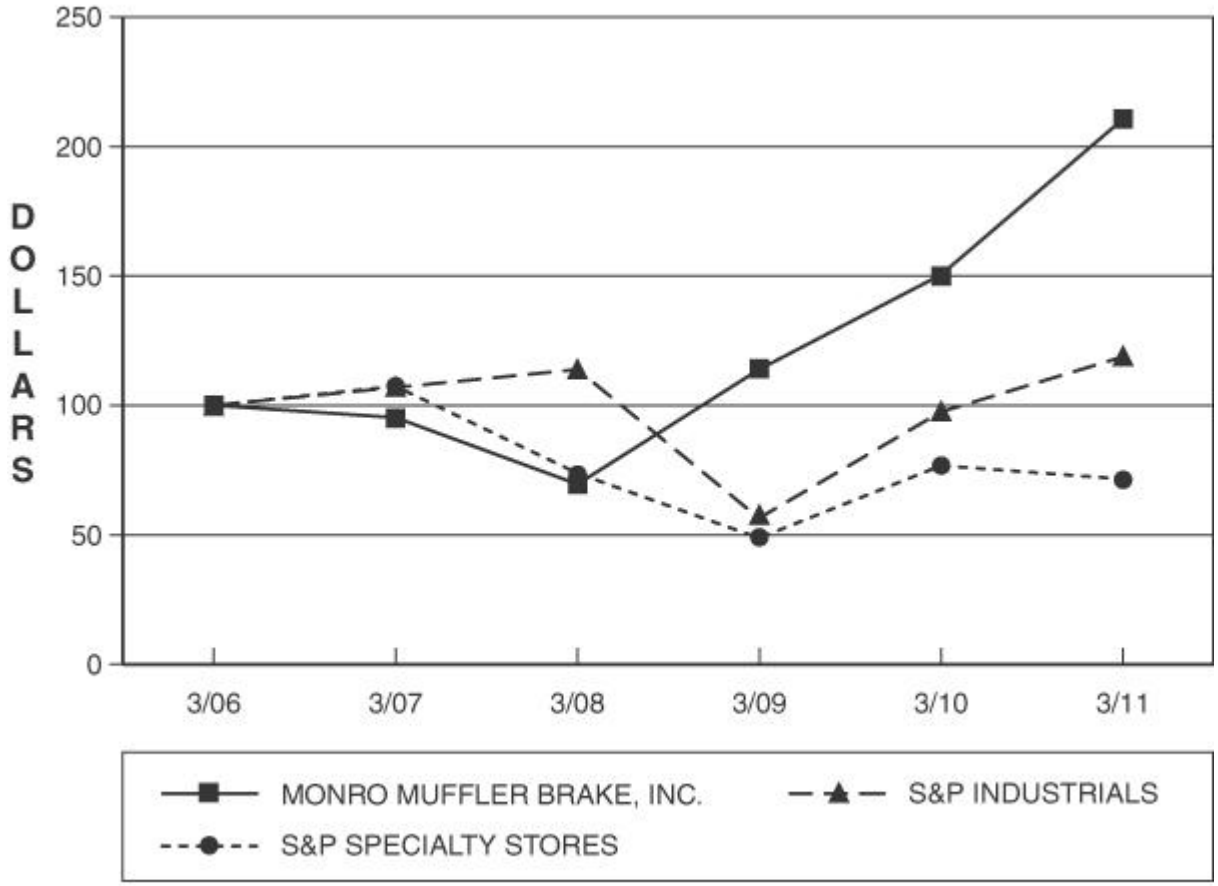
In November 2010, the Company's Board of Directors declared its intention to pay a regular quarterly cash dividend during the remainder of fiscal 2011 of $.08 per common share or common share equivalent, as retroactively adjusted for the December 2010 stock split, beginning with the third quarter of fiscal 2011.

However, the declaration of and determination as to the payment of future dividends will be at the discretion of the Board of Directors and will depend on the Company's financial condition, results of operations, capital requirements, compliance with charter and contractual restrictions, and such other factors as the Board of Directors deems relevant.

PERFORMANCE GRAPH

Set forth below is a line-graph presentation comparing the cumulative shareholder return on the Company's Common Stock, on an indexed basis, against the cumulative total returns of the S & P Industrials and the S & P Retail Stores-Specialty Index for the sixty month period from March 25, 2006 to March 26, 2011 (March 25, 2006 = 100):

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
AMONG MONRO MUFFLER BRAKE, INC., THE S & P INDUSTRIALS INDEX
AND THE S & P SPECIALTY STORES INDEX



* $100 invested on 3/31/06 in stock or index, including reinvestment of dividends. Fiscal year ending March 31.

	3/06	3/07	3/08	3/09	3/10	3/11
Monro Muffler Brake, Inc.	100.00	95.22	69.50	113.89	150.46	210.54

S & P Industrials	100.00	106.99	113.90	56.36	97.41	118.73
S & P Specialty Stores	100.00	107.40	73.66	48.66	76.61	71.42

Item 6. ***Selected Financial Data***

The following table sets forth selected financial and operating data of the Company for each year in the five-year period ended March 26, 2011. The financial data and certain operating data have been derived from the Company's audited financial statements. This data should be read in conjunction with the financial statements and related notes included under Item 8 of this report and in conjunction with other financial information included elsewhere in this Form 10-K.

		Year Ended Fiscal March				
		2011	**2010**	**2009**	**2008**	**2007**
		(Amounts in thousands, except per share data)				
Income Statement Data:						
Sales		$636,678	$564,639	$476,106	$439,389	$417,226
Cost of sales, including distribution and occupancy costs		379,166	333,465	284,640	264,783	250,804
Gross profit		257,512	231,174	191,466	174,606	166,422
Operating, selling, general and administrative expenses		176,969	169,896	148,374	137,338	126,660
Intangible amortization		1,379	894	490	564	1,051
Loss (gain) on disposal of assets		779	1,148	(1,061)	(1,670)	(2,846)
Total operating expenses		179,127	171,938	147,803	136,232	124,865
Operating income		78,385	59,236	43,663	38,374	41,557
Interest expense, net		5,095	6,090	5,979	5,753	4,564
Other (income) expense, net		(647)	(279)	(430)	(799)	2,529
Income before provision for income taxes		73,937	53,425	38,114	33,420	34,464
Provision for income taxes		28,096	20,234	14,026	11,499	12,193
Net income		$ 45,841	$ 33,191	$ 24,088	$ 21,921	$ 22,271
Earnings per share	Basic(a)(b)	$ 1.52	$ 1.12	$ 0.85	$ 0.73	$ 0.71
	Diluted(a)(b)	$ 1.44	$ 1.07	$ 0.80	$ 0.67	$ 0.65
Weighted average number of Common Stock and equivalents						
	Basic(b)	30,200	29,508	28,255	30,036	31,226
	Diluted(b)	31,807	30,978	30,149	32,806	34,317
Cash dividends per common share or common share equivalent(b)(c)		$ .28	$ .23	$ .16	$ .15	$ .11
Selected Operating Data:(d)						
Sales growth:						

Total	12.8%	18.6%	8.4%	5.3%	13.2%
Comparable store(e)	4.2%	7.2%	6.7%	1.2%	3.2%
Stores open at beginning of year	777	710	720	698	625
Stores open at end of year	781	777	710	720	698
Capital expenditures(f)	$ 17,507	$ 21,333	$ 23,637	$ 20,574	$ 22,319
Balance Sheet Data (at period end):					
Net working capital	$ 19,343	$ 24,715	$ 30,389	$ 34,562	$ 29,338
Total assets	451,840	444,143	376,866	370,469	339,758
Long-term obligations	41,990	96,427	97,098	122,585	52,525
Shareholders' equity	280,249	232,670	194,291	174,848	215,119

(a) See Note 10 for calculation of basic and diluted earnings per share.

(b) Adjusted in fiscal years 2007-2010 for the effect of the Company's December 2010 three-for-two stock split. In addition, fiscal year 2007 was adjusted for the effect of the Company's October 2007 stock split.

(c) All years include four dividend payments other than fiscal year 2010 which has five payments/accruals due to timing.

(d) Includes Company-operated stores only — no dealer or franchise locations.

(e) Comparable store sales data is calculated based on the change in sales of only those stores open as of the beginning of the preceding fiscal year.

(f) Amount does not include the funding of the purchase price related to acquisitions.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following table sets forth income statement data of the Company expressed as a percentage of sales for the fiscal years indicated:

	Year Ended Fiscal March		
	2011	**2010**	**2009**
Sales	100.0%	100.0%	100.0%
Cost of sales, including distribution and occupancy costs	59.6	59.1	59.8
Gross profit	40.4	40.9	40.2
Operating, selling, general and administrative expenses	27.8	30.1	31.2
Intangible amortization	.2	.2	.1
Loss (gain) on disposal of assets	.1	.2	(.2)

Total operating expenses	28.1	30.5	31.1
Operating income	12.3	10.5	9.2
Interest expense, net	.8	1.1	1.3
Other income, net	(.1)	—	(.1)
Income before provision for income taxes	11.6	9.5	8.0
Provision for income taxes	4.4	3.6	2.9
Net income	7.2%	5.9%	5.1%

FORWARD-LOOKING STATEMENTS

The statements contained in this Annual Report on Form 10-K that are not historical facts, including (without limitation) statements made in this Item and in "Item 1 — Business", may contain statements of future expectations and other forward-looking statements made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed. These factors include, but are not necessarily limited to, product demand, dependence on and competition within the primary markets in which the Company's stores are located, the need for and costs associated with store renovations and other capital expenditures, the effect of economic conditions, the impact of competitive services and pricing, product development, parts supply restraints or difficulties, industry regulation, risks relating to leverage and debt service (including sensitivity to fluctuations in interest rates), continued availability of capital resources and financing, risks relating to litigation, risks relating to integration of acquired businesses, the risks set forth in "Item 1A. Risk Factors" and other factors set forth or incorporated elsewhere herein and in the Company's other SEC filings. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.

CRITICAL ACCOUNTING POLICIES

The Company believes that the accounting policies listed below are those that are most critical to the portrayal of the Company's financial condition and results of operations, and that required management's most

difficult, subjective and complex judgments in estimating the effect of inherent uncertainties. This section should be read in conjunction with Note 1 to the consolidated financial statements which includes other significant accounting policies.

Inventory

The Company evaluates whether inventory is stated at the lower of cost or market based on historical experience with the carrying value and life of inventory. The assumptions used in this evaluation are based on current market conditions and the Company believes inventory is stated at the lower of cost or market in the consolidated financial statements. In addition, historically the Company has been able to return excess items to vendors for credit or sell such inventory to wholesalers. Future changes by vendors in their policies or willingness to accept returns of excess inventory could require a revision in the estimates.

Carrying Values of Goodwill and Long-Lived Assets

The Company has a history of growth through acquisitions. Assets and liabilities of acquired businesses are recorded at their estimated fair values as of the date of acquisition. Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Other intangible assets primarily represent allocations of purchase price to identifiable intangible assets of acquired businesses. The carrying values of goodwill, customer list and trade name assets are subject to annual impairment reviews in accordance with accounting guidance on goodwill and other intangible assets, which the Company typically performs in the third quarter of the fiscal year. Impairment reviews may also be triggered by any significant events or changes in circumstances affecting the Company's business.

The Company has one reporting unit that is not at risk. The goodwill impairment test consists of a two-step process, if necessary. The first step is to compare the fair value of the Company's invested capital to the book value of its invested capital. If the fair value is less than its carrying value, the second step of the impairment test must be performed in order to determine the amount of impairment loss, if any. The second step compares the implied fair value of goodwill with the carrying amount of that goodwill. If the carrying amount of goodwill exceeds its implied fair value, an impairment charge is recognized in an amount equal to that excess. The loss recognized cannot exceed the carrying amount of goodwill.

A deterioration of macroeconomic conditions may not only negatively impact the estimated operating cash flows used in the Company's cash flow models, but may also negatively impact other assumptions used in the Company's analyses, including, but not limited to, the estimated cost of capital and/or discount rates. Additionally, as discussed above, in accordance with accounting guidance, the Company is required to ensure that assumptions used to determine fair value in the Company's analyses are consistent with the assumptions a hypothetical marketplace participant would use. As a result, the cost of capital and/or discount rates used in the Company's analyses may increase or decrease based on market conditions and trends, regardless of whether the Company's actual cost of capital has changed. Therefore, the Company may recognize an impairment of an intangible asset or assets even though realized actual cash flows are approximately equal to or greater than its previously forecasted amounts.

Self-Insurance Reserves

The Company is largely self-insured with respect to workers' compensation, general liability and employee medical claims. In order to reduce its risk and better manage its overall loss exposure, the Company purchases stop-loss insurance that covers individual claims in excess of the deductible amounts. The Company maintains an accrual for the estimated cost to settle open claims as well as an estimate of the cost of claims that have been incurred but not reported. These estimates take into consideration the historical average claim volume, the average cost for settled claims, current trends in claim costs, changes in the Company's business and workforce, and general economic factors. These accruals are reviewed on a quarterly basis, or more frequently if factors

dictate a more frequent review is warranted. For more complex reserve calculations, such as workers compensation, the Company uses the services of an actuary on an annual basis to assist in determining the required reserve for open claims.

Stock-Based Compensation

The fair value of each option award is estimated on the date of grant using the Black-Scholes option valuation model that uses the following assumptions. Expected volatilities are based on historical changes in the market price of the Company's Common Stock. The expected term of options granted is derived from the terms and conditions of the award, as well as historical exercise behavior, and represents the period of time that options granted are expected to be outstanding. The risk-free rate is calculated using the implied yield on zero-coupon U.S. Treasury bonds with a remaining maturity equal to the expected term of the awards. The Company uses historical data to estimate forfeitures. The dividend yield is based on historical experience and expected future changes.

Income Taxes

The Company's provision for income taxes and effective tax rates are calculated by legal entity and jurisdiction and are based on a number of factors, including the Company's income, tax planning strategies, differences between tax laws and accounting rules, statutory tax rates and credits, uncertain tax positions and valuation allowances. The Company uses significant judgment and estimates in evaluating its tax positions.

Tax law and accounting rules often differ as to the timing and treatment of certain items of income and expense. As a result, the tax rate reflected in the Company's tax return (the current or cash tax rate) is different from the tax rate reflected in the Company's Consolidated Financial Statements. Some of the differences are permanent, while other differences are temporary as they reverse over time. The Company records deferred tax assets and liabilities for any temporary differences between the tax reflected in the Company Consolidated Financial Statements and tax bases. The Company establishes valuation allowances when it believes it is more-likely-than-not that some portion of its deferred tax assets will not be realized.

At any one time, the Company's tax returns for several tax years are subject to examination by U.S. federal and state taxing jurisdictions. The Company establishes tax liabilities in accordance with the accounting guidance on income taxes. The accounting guidance clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attributes of income tax positions taken or expected to be taken on a tax return. Under the accounting guidance, the impact of an uncertain tax position taken or expected to be taken on an income tax return must be recognized in the financial statements at the largest amount that is more-likely-than-not to be sustained. An uncertain income tax position will not be recognized in the financial statements unless it is more-likely-than-not to be sustained. The Company adjusts these tax liabilities, as well as the related interest and penalties, based on the latest facts and circumstances, including recently published rulings, court cases and outcomes of tax audits. To the extent the Company's actual tax liability differs from its established tax liabilities for unrecognized tax benefits, the Company's effective tax rate may be materially impacted. While it is often difficult to predict the final outcome of, the timing of, or the tax treatment of any particular tax position or deduction, the Company believes that its tax balances reflect the more-likely-than-not outcome of known tax contingencies.

RESULTS OF OPERATIONS

Overview

The Company experienced strong comparable store sales in both of its fiscal years 2011 and 2010.

Management believes that the improvement in comparable store sales resulted from several factors, including an increase in sales across most product categories. It is management's belief that strong in-store sales

execution, highly effective advertising campaigns and price increases in all product categories also contributed to the sales improvement. Comparable store traffic as well as average ticket increased over the prior year as well. Soft economic conditions and the related decrease in consumer spending and tightening of credit, resulting in declining automobile sales (as compared to historical levels), helped to contribute to the improved sales. Management believes that consumers are keeping their cars longer and repairing them instead of trading them in for new cars. Additionally, while consumers can and often defer repairs when the economy is weak, most repairs can only be deferred for a period of time. When customers do come in to have their vehicles repaired, it is management's belief that they spend more on average because the problem with their vehicle has worsened due to additional wear.

Management also believes that the closings of dealerships by Chrysler and General Motors are driving more business to the Company's stores as consumers look for alternative, proven, economical and more geographically convenient locations to service their automobiles.

Fiscal 2011 As Compared To Fiscal 2010

Sales for fiscal 2011 increased $72.1 million or 12.8% to $636.7 million as compared to $564.6 million in fiscal 2010. The increase was partially due to a comparable store sales increase of 4.2%. Additionally, there was an increase of $54.6 million related to new stores, of which $41.2 million and $10.3 million came from the fiscal 2010 and fiscal 2011 acquisitions, respectively. Partially offsetting this was a decrease in sales from closed stores amounting to $3.5 million. There were 361 selling days in both fiscal 2011 and 2010.

The Company has slightly modified its methodology for calculating the number of selling days in each month and quarter. Previously, in computing its comparable store sales percentage increases (adjusted for days), the Company did not include Sundays or open holidays in the number of selling days, but included all sales in each comparable period. This was because only a small number of stores were open Sundays, and some were not open holidays. Also, these days were generally much shorter selling days. Now that over 50% of the Company's stores are open Sundays, almost all stores are open holidays, and the selling days are longer, the Company concluded that counting Sundays and open holidays as selling days is now appropriate. Accordingly, selling days now include each day other than Easter, Thanksgiving and Christmas. This change was made beginning in fiscal year 2011 (April 2010) and retroactively applied to prior months and quarters. There is no impact on reported actual comparable store sales increases for any prior periods. Nor will the change impact calculated comparable store sales increases in future periods. However, this change may result in a change in the calculated comparable store sales percent increase in certain prior periods when adjusted for days.

For the fiscal year 2010 fiscal quarters and full year, the results were as follows:

	Reported Comparable Store Sales Increase	**Originally Reported Comparable Store Sales Increase, Adjusted For Days**	**Restated Comparable Store Sales Increase, Adjusted For Days**
Q1 FY10	6.2%	6.2%	7.4%(1)
Q2 FY10	7.4%	7.4%	7.4%
Q3 FY10	7.2%	7.2%	7.2%
Q4 FY10	8.0%	8.0%	6.8%(2)
Full year FY10	7.2%	7.2%	7.2%

(1) This adjustment for days relates to the fact that the Easter holiday fell in April 2009, reducing the number of selling days as compared to the prior year quarter.

(2) This adjustment for days relates to the fact that the Company was open for business for the first time on New Year's Day on January 1, 2010, increasing the number of selling days as compared to the prior year quarter.