



AutoZone EPS up 71% in Third Quarter

May 21, 2002

Net Income Up 61% Same Store Sales Up 9.5% Operating Margin Improves to 14.9% of Sales ROIC Improves to 17.2%

MEMPHIS, Tenn., May 21, 2002 /PRNewswire-FirstCall via COMTEX/ -- AutoZone, Inc. (NYSE: AZO), today reported sales of \$1.225 billion for its third fiscal quarter (12 weeks) ended May 4, 2002, an increase of 11% from fiscal 2001, excluding the sales of the TruckPro subsidiary which was sold in December. Same store sales, or sales for domestic auto parts stores open at least one year, increased 9.5% during the quarter, including 9% for retail sales and 18% for commercial sales. AutoZone stores in Mexico continue to report high same store sales increases. Net income for the quarter increased 61% to \$102 million, while diluted earnings per share increased 71% to \$0.96 from \$0.56 reported in the year-ago quarter. For the third quarter, cash flow before share repurchases was \$244 million, up 33% from the prior year.

For the fiscal year-to-date period (36 weeks), sales were \$3.48 billion, an increase of 10% from the prior year, with a same store sales increase of 10%, including a 9% increase for retail sales and 17% for commercial sales. Year-to-date net income increased 68% to \$250 million, while diluted earnings per share for the period increased 76% to \$2.29 from \$1.30. Return on invested capital for the trailing twelve months increased to 17.2%.

"We are very pleased with our continuing strong performance through the third quarter, even as we begin to anniversary our initiatives which have already generated such strong improvements in prior quarters," said Steve Odland, Chairman, President, and Chief Executive Officer. "In addition to these marketing, merchandising, and operating initiatives which continued to drive strong same store sales by reminding customers to maintain their vehicles, positive external factors like more older cars on the road, more miles being driven, the aging SUV and light truck population, and \$60 billion of annual unperformed maintenance bode well for growth in the DIY market. We also are focused on providing the tools and training that our AutoZoners need to provide the highest level of customer service. AutoZone continues to experience very encouraging results from our increased efforts toward commercial customers and we remain optimistic about the opportunities in Mexico.

"We continue to focus on decreasing costs, through relentless expense discipline. Our cash flow and financial returns continue to improve. The strong, growing cash flow provided by our business, when combined with increased hurdle rates for new investments, should continue to drive improved return on invested capital and shareholder value."

During the quarter, AutoZone opened 19 new, replaced 2 and closed 4 stores in the U.S. and opened 4 new stores in Mexico. Year-to-date, AutoZone has opened 72 new, replaced 12 and closed 39 auto parts stores in the U.S., while opening 6 new stores in Mexico.

During the quarter, AutoZone's Board of Directors authorized an increase in the share repurchase program of \$300 million to an aggregate authorization of \$2.0 billion. Total share repurchases under the share repurchase program are \$1.76 billion or 57.4 million shares at an average price of \$30.62, including \$108.8 million or 2.0 million shares under forward purchase contracts at the end of the third quarter. The amounts outstanding under the forward contracts have subsequently been settled.

AutoZone will host a one-hour conference call beginning at 9 a.m. (CDT) tomorrow to discuss the results of the quarter. Investors may listen to the conference call live and review supporting slides on the AutoZone website, www.autozone.com, by clicking "Investor Relations," "Conference Calls." The call will also be available by dialing (712) 271-3887. A replay of the call and supporting slides will be available on the AutoZone website. In addition, a telephone replay will be available by dialing (402) 998-0456 through Wednesday, May 29, 2002, at 11 p.m. (CDT).

AutoZone sells auto and light truck parts, chemicals and accessories through 3,052 AutoZone stores in 44 states plus the District of Columbia in the U.S. and 27 AutoZone stores in Mexico and also sells the ALLDATA brand automotive diagnostic and repair software. On the web, AutoZone sells diagnostic and repair information through alldata.com, and auto and light truck parts through AutoZone.com.

Certain statements contained in this press release are forward-looking statements. These statements discuss, among other things, business strategies and future performance. These forward-looking statements are subject to risks, uncertainties and assumptions, including, without limitation, competition, product demand, the economy, inflation, gasoline prices, the ability to hire and retain qualified employees, consumer debt levels, war and the prospect of war, including terrorist activity, and availability of commercial transportation. Actual results may materially differ from anticipated results. Please refer to the Risk Factors section of AutoZone's amended Form S-3 dated April 25, 2002, for more information related to those risks. AutoZone undertakes no obligation to publicly release any revisions to any forward-looking statements contained in this press release to reflect events or circumstances occurring after the date of this release or to reflect the occurrence of unanticipated events.

AutoZone's 3rd Quarter Highlights- Fiscal 2002

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

	12 Weeks Ended May 4, 2002	12 Weeks Ended May 5, 2001	36 Weeks Ended May 4, 2002
Net sales	\$1,224,810	\$1,139,957	\$3,482,173
Cost of goods sold	682,826	657,379	1,949,153
Gross profit	541,984	482,578	1,533,020
Operating expenses	359,551	349,512	1,073,934

Restructuring and impairment charges	--	5,200	--
Operating profit	182,433	127,866	459,086
Interest expense, net	17,419	23,841	55,124
Income before taxes	165,014	104,025	403,962
Taxes	62,700	40,500	153,800
Net income	\$102,314	\$63,525	\$250,162
Net income per share:			
Basic	\$0.98	\$0.57	\$2.35
Diluted	\$0.96	\$0.56	\$2.29
Shares outstanding:			
Basic	103,961	112,364	106,264
Diluted	106,644	113,037	109,015

AutoZone's 3rd Quarter Highlights- Fiscal 20021

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

	36 Weeks Ended May 5, 2001	Trailing 12 months May 4, 2002	Trailing 12 months May 5, 2001
Net sales	\$3,177,522	\$5,122,836	\$4,670,167
Cost of goods sold	1,852,046	2,902,003	2,724,242
Gross profit	1,325,476	2,220,833	1,945,925
Operating expenses	1,004,362	1,568,481	1,425,236
Restructuring and impairment charges	5,200	121,489	5,200
Operating profit	315,914	530,863	515,489
Interest expense, net	72,365	83,424	100,720
Income before taxes	243,549	447,439	414,769
Taxes	94,500	170,800	160,500
Net income	\$149,049	\$276,639	\$254,269
Net income per share:			
Basic	\$1.30	\$2.58	\$2.17
Diluted	\$1.30	\$2.52	\$2.16
Shares outstanding:			
Basic	114,330	107,250	117,334
Diluted	114,861	109,754	117,950

Selected Balance Sheet Information
(in thousands)

	May 4, 2002	May 5, 2001	August 25, 2001
Merchandise inventories	\$1,291,189	\$1,214,942	\$1,242,896
Current assets	1,371,977	1,293,616	1,328,511
Property and equipment, net	1,691,593	1,770,310	1,710,443
Total assets	3,444,247	3,447,166	3,432,512
Accounts payable	932,106	782,007	945,666
Current liabilities	1,348,016	1,111,821	1,266,654
Stockholders' equity	774,915	889,646	866,213
Debt	1,251,134	1,392,729	1,225,402
Working capital	23,961	181,795	61,857

Selected Cash Flow Information
(in thousands)

	12 Weeks Ended May 4, 2002	12 Weeks Ended May 5, 2001	36 Weeks Ended May 4, 2002	36 Weeks Ended May 5, 2001
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Depreciation &

amortization	\$26,404	\$30,451	\$82,497	\$91,694
Capital spending	\$41,223	\$44,234	\$81,845	\$137,305
Cash flow before share repurchases	\$244,039	\$184,194	\$386,710	\$118,798
Share repurchases	\$243,231	\$56,878	\$412,442	\$261,590

	Trailing 12 Months May 4, 2002	Trailing 12 Months May 5, 2001
Depreciation & amortization	\$122,136	\$130,413
Capital spending	\$113,836	\$206,818
Cash flow before share repurchases	\$658,544	\$347,689
Share repurchases	\$516,949	\$525,007

Other Selected Financial Information

(in thousands)	May 4, 2002	May 5, 2001	August 25, 2001
Cumulative share repurchases (\$):			
On balance sheet	\$1,649,182	\$1,132,504	\$1,236,733
Forward contracts	108,789	130,765	131,092
Total	\$1,757,971	\$1,263,269	\$1,367,825
Cumulative share repurchases (shares):			
On balance sheet	55,421	42,953	47,162
Forward contracts	1,999	5,761	3,894
Total	57,420	48,714	51,056
Shares outstanding, end of quarter	102,979	111,861	109,408

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

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Net sales	\$1,224,810	\$1,139,957	\$3,482,173
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Gross profit	541,984	482,578	1,533,020
Operating expenses	359,551	349,512	1,073,934
Operating profit	182,433	133,066	459,086
Interest expense, net	17,419	23,841	55,124
Income before taxes	165,014	109,225	403,962
Taxes	62,700	42,500	153,800
Net income	\$102,314	\$66,725	\$250,162
Net income per share:			
Basic	\$0.98	\$0.59	\$2.35
Diluted	\$0.96	\$0.59	\$2.29
Shares outstanding:			
Basic	103,961	112,364	106,264
Diluted	106,644	113,037	109,015

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Net sales	\$3,177,522	\$5,122,836	\$4,670,167
Cost of goods sold	1,852,046	2,871,870	2,724,242
Gross profit	1,325,476	2,250,966	1,945,925
Operating expenses	1,004,362	1,568,481	1,425,236
Operating profit	321,114	682,485	520,689
Interest expense, net	72,365	83,424	100,720
Income before taxes	248,749	599,061	419,969
Taxes	96,500	229,800	162,500
Net income	\$152,249	\$369,261	\$257,469
Net income per share:			
Basic	\$1.33	\$3.44	\$2.19
Diluted	\$1.33	\$3.36	\$2.18
Shares outstanding:			
Basic	114,330	107,250	117,334
Diluted	114,861	109,754	117,950

Store Count & Square Footage

	12 Weeks Ended May 4, 2002	12 Weeks Ended May 5, 2001	36 Weeks Ended May 4, 2002	36 Weeks Ended May 5, 2001
Domestic auto parts stores:				
Store count:				
Stores opened	19	23	72	82
Stores closed	4	1	39	3
Replacement stores	2	5	12	13
Total domestic auto parts stores	3,052	2,994	3,052	2,994
Stores with commercial sales	1,652	1,492	1,652	1,492
Square footage (in thousands)	19,596	19,223	19,596	19,223
Auto parts stores in Mexico:				
Stores opened	4	3	6	3
Total auto parts stores in Mexico	27	16	27	16
TruckPro stores (total)	--	49	--	49
Note: TruckPro was sold on Dec. 19, 2001				

Sales & Inventory Statistics (Domestic auto parts):

	12 Weeks Ended May 4, 2002	12 Weeks Ended May 5, 2001	36 Weeks Ended May 4, 2002	36 Weeks Ended May 5, 2001
Sales per average store (\$ in thousands)	\$393	\$362	\$1,105	\$1,021
Sales per average sq foot	\$61	\$57	\$172	\$159

Same store sales - rolling 13

periods				
Total	9%	5%	10%	3%
Organic vs acquired:				
Organic	9%	3%	9%	1%
Acquired	14%	13%	15%	12%
Retail vs commercial				
Retail	9%	4%	9%	2%
Commercial	18%	11%	17%	11%

Inventory turns:

Based on average inventories	2.3 X	2.3 X
Based on ending inventories	2.2 X	2.2 X

Inventory turns, net of payables:

Based on average inventories	7.7 X	6.6 X
Based on ending inventories	8.2 X	6.5 X

Accounts payable/inventory (total company)

72%	64%
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SOURCE AutoZone, Inc.

CONTACT: media, Ray Pohlman, +1-901-495-7962, or ray.pohlman@autozone.com, or investors, Jay Cook, +1-901-495-7005, or jay.cook@autozone.com, both of AutoZone, Inc.