



AutoZone Fourth Quarter Sales Up 2.5%; Adjusted EPS Up 7.3%

September 21, 2005

MEMPHIS, Tenn., Sept. 21, 2005 (PRIMEZONE) -- AutoZone, Inc. (NYSE:AZO) today reported sales of \$1.882 billion for its fiscal fourth quarter (16 weeks) ended August 27, 2005, up 2.5% from fiscal fourth quarter 2004. Same store sales, or sales for domestic stores open at least one year, were down 1% for the quarter. Operating margin decreased 116 basis points from last year to 18.7%, while operating profit decreased 3.5% over the prior year.

Net income for the quarter decreased 1.3% over the same period last year to \$206.6 million, while diluted earnings per share, reflecting net income and the benefit of the Company's share repurchase program, increased 5.4% to \$2.66 per share from \$2.53 per share reported in the year-ago quarter.

For the quarter, gross profit, as a percentage of sales, was 48.7% (versus 49.2% last year). Last year's gross margin reflected \$15.5 million of pre-tax gain from warranty credits. On a comparable basis, gross profit, for the quarter, as a percentage of sales, was 48.7% versus 48.3% last year. The improvement in comparable gross margin was largely due to the Company's ongoing category management initiatives as well as reduced sales of non-core, lower-margin, merchandise. Operating expenses, as a percentage of sales, were 30.0% (versus 29.4% last year). The increase in operating expenses reflected efforts to improve the customer shopping experience, from expanding hours of operation to ensuring stores were properly merchandised and well presented. Excluding last year's warranty credit, operating profit was up 0.8%.

Additionally, for this year's quarter there was a discrete income tax benefit of \$6 million. Therefore, on a comparable basis, diluted earnings per share increased 7.3% to \$2.59 versus the year-ago quarter of \$2.41.

Under its ongoing share repurchase program, AutoZone repurchased 1.3 million shares of its common stock for \$118.3 million during the fourth quarter, at an average price of \$93 per share. Since 1998 cumulative share repurchases have totaled \$4.1 billion, or 87.0 million shares at an average price of \$47 per share.

The Company's gross per store inventory level (the reported balance sheet inventory, which is total inventory less supplier owned pay-on-scan) as of August 27, 2005, was \$453 thousand versus \$448 thousand last year. Net inventory, defined as gross inventory less accounts payable, decreased on a per store level to \$34 thousand from \$38 thousand last year reflecting an increase in accounts payable to 92.5% of inventory from 91.5% of inventory in the prior year. The increase in gross inventory levels reflects the Company's efforts to invest in the right part at the right place to further enhance its industry-leading brand in the eyes of its customers.

"Our operating margin this quarter reflects actions we took to improve the in-store customer experience. We increased training, placed additional focus on improving the appearance of our stores, and we intensified efforts to drive our unique and powerful culture. We are encouraged by our customers' and AutoZoners' initial response to these new initiatives. We will maintain our disciplined approach to growing operating earnings and utilizing our capital effectively, while looking to leverage our industry-leading position," said Bill Rhodes, President and Chief Executive Officer.

During the quarter ended August 27, 2005, AutoZone opened 87 new stores and replaced 3 stores in the U.S. while additionally opening 8 new stores in Mexico. As of August 27, 2005, the Company had 3,592 domestic stores and 81 stores in Mexico.

AutoZone is the nation's leading retailer of automotive parts and accessories. Each store carries an extensive product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories, and non-automotive products. Many domestic stores also have a commercial sales program that provides commercial credit and prompt delivery of parts and other products to local, regional and national repair garages, dealers, and service stations. AutoZone also sells the ALLDATA brand diagnostic and repair software. On the web, AutoZone sells diagnostic and repair information, and auto and light truck parts through www.autozone.com. AutoZone does not derive revenue from automotive repair or installation.

AutoZone will host a one-hour conference call this morning, Wednesday, September 21, 2005, beginning at 10:00 a.m. (EDT) to discuss the fourth quarter results. Investors may listen to the conference call live and review supporting slides on the AutoZone corporate website, www.autozoneinc.com by clicking "Investor Relations," "Conference Calls." The call will also be available by dialing (210) 839-8923. A replay of the call and slides will be available on AutoZone's website. In addition, a replay of the call will be available by dialing (402) 220-4124 through Wednesday, September 28, 2005, at 11:59 p.m. (EDT).

This release includes certain financial information not derived in accordance with generally accepted accounting principles ("GAAP"). This information should not be considered a substitute for any measures derived in accordance with GAAP. The Company believes that this information is useful to investors as it indicates more clearly the Company's comparative year-to-year operating results. Management manages the Company's debt levels to a ratio of adjusted debt to EBITDAR, as shown on the attached tables. This is important information for the Company's management of its debt levels. We have included a reconciliation of this information to the most comparable GAAP measures in the accompanying reconciliation tables.

The AutoZone logo is available at: <http://www.primezone.com/newsroom/prs/?pkgid=1759>

Certain statements contained in this press release are forward-looking statements. Forward-looking statements typically use words such as "believe," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy," and similar expressions. These are based on assumptions and assessments made by our management in light of experience and perception of historical trends, current conditions, expected future developments and other factors that we believe to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties, including without limitation: competition; product demand; the economy; the ability to hire and retain qualified employees; consumer debt levels; inflation; weather; raw material costs of our suppliers; gasoline prices; war and the prospect of war, including terrorist activity; availability of consumer transportation; construction delays; access to available and feasible financing; and our ability to continue to negotiate pay-on-scan and other arrangements with our vendors. Forward-looking statements are not guarantees of future performance and actual results; developments and

business decisions may differ from those contemplated by such forward-looking statements, and such events could materially and adversely affect our business. Forward-looking statements speak only as of the date made. Except as required by applicable law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Actual results may materially differ from anticipated results. Please refer to the Risk Factors section of AutoZone's Form 10-K for the fiscal year ended August 28, 2004, for more information related to those risks.

AutoZone's 4th Quarter Highlights - Fiscal 2005

Condensed Consolidated Statements of Operations
4th Quarter
(in thousands, except per share data)

	GAAP Results		Adjustments	
	16 Weeks Ended		16 Weeks Ended	
	8/27/05	8/28/04	8/27/05(a)	8/28/04(b)
Net sales	\$1,882,236	\$1,835,728	\$ --	\$ --
Cost of sales	965,963	932,737	--	15,469
Gross profit	916,273	902,991	--	(15,469)
Operating, SG&A expenses	565,103	539,236	--	--
Operating profit (EBIT)	351,170	363,755	--	(15,469)
Interest expense, net	32,785	28,713	--	--
Income before taxes	318,385	335,042	--	(15,469)
Income taxes	111,770	125,650	6,029	(5,801)
Net income	\$ 206,615	\$ 209,392	\$ (6,029)	\$ (9,668)
Net income per share:				
Basic	\$ 2.69	\$ 2.56	\$ (0.08)	\$ (0.12)
Diluted	\$ 2.66	\$ 2.53	\$ (0.08)	\$ (0.12)
Weighted average shares outstanding:				
Basic	76,778	81,755		
Diluted	77,574	82,887		

	Adjusted	
	16 Weeks Ended	
	8/27/05(a)	8/28/04(b)
Net sales	\$1,882,236	\$1,835,728
Cost of sales	965,963	948,206
Gross profit	916,273	887,522
Operating, SG&A expenses	565,103	539,236
Operating profit (EBIT)	351,170	348,286
Interest expense, net	32,785	28,713
Income before taxes	318,385	319,573
Income taxes	117,799	119,849
Net income	\$ 200,586	\$ 199,724
Net income per share:		
Basic	\$ 2.61	\$ 2.44
Diluted	\$ 2.59	\$ 2.41

Weighted average shares outstanding:

Basic	76,778	81,755
Diluted	77,574	82,887

(a) Fiscal 2005 income taxes include a discrete tax benefit of \$6.0 million.

(b) Fiscal 2004 cost of sales includes a \$15.5 million pre-tax gain (\$9.7 million after-tax) from warranty.

Full Year

(in thousands, except per share data)

	GAAP Results		Adjustments	
	52 Weeks Ended		52 Weeks Ended	
	8/27/05	8/28/04	8/27/05(a)	8/28/04(b)
Net sales	\$5,710,882	\$5,637,025	\$ --	\$ --
Cost of Sales	2,918,334	2,880,446	--	42,094
Gross profit	2,792,548	2,756,579	--	(42,094)
Operating SG&A expenses	1,816,884	1,757,873	(40,321)	0
Operating profit (EBIT)	975,664	998,706	40,321	(42,094)
Interest expense, net	102,443	92,804	--	--
Income before taxes	873,221	905,902	40,321	(42,094)
Taxes	302,202	339,700	36,248	(15,784)
Net income	\$ 571,019	\$ 566,202	\$ 4,073	\$ (26,310)
Net income per share:				
Basic	\$ 7.27	\$ 6.66	\$ 0.05	\$ (0.31)
Diluted	\$ 7.18	\$ 6.56	\$ 0.05	\$ (0.30)
Weighted average shares outstanding:				
Basic	78,530	84,993		
Diluted	79,508	86,350		

	Adjusted	
	52 Weeks Ended	
	8/27/05(a)	8/28/04(b)
Net sales	\$5,710,882	\$5,637,025
Cost of Sales	2,918,334	2,922,540
Gross profit	2,792,548	2,714,485
Operating SG&A expenses	1,776,563	1,757,873
Operating profit (EBIT)	1,015,985	956,612
Interest expense, net	102,443	92,804
Income before taxes	913,542	863,808
Taxes	338,450	323,916
Net income	\$ 575,092	\$ 539,892
Net income per share:		
Basic	\$ 7.32	\$ 6.35

Diluted	\$	7.23	\$	6.25
Weighted average shares outstanding:				
Basic		78,530		84,993
Diluted		79,508		86,350

- (a) Fiscal year 2005 includes a (\$40.3 million pre-tax or \$25.4 million net of tax) non-cash adjustment, substantially all of which relates to prior years, associated with accounting for leases and leasehold improvements. Additionally, fiscal year 2005 income taxes include a \$21.3 million benefit primarily from the planned one-time repatriation from foreign subsidiaries, and discrete tax benefits.
- (b) Fiscal 2004 cost of sales includes a \$42.1 million pre-tax gain (\$26.3 million after tax) from warranty.

Selected Balance Sheet Information
(in thousands)

	August 27, 2005	August 28, 2004
Merchandise inventories	\$ 1,663,860	\$ 1,561,479
Current assets	1,929,459	1,755,757
Property and equipment, net	1,937,615	1,790,089
Total assets	4,245,257	3,912,565
Accounts payable	1,539,776	1,429,128
Current liabilities	1,811,159	1,751,051
Debt	1,861,850	1,869,250
Stockholders' equity	391,007	171,393
Working capital	118,300	4,706

Adjusted Debt/EBITDAR (Trailing 4 Qtrs)	August 27, 2005	August 28, 2004
Net income	\$ 571,019	\$ 566,202
Add: Interest	102,443	92,804
Taxes	302,202	339,700
EBIT	975,664	998,706
Add: Depreciation	135,597	106,891
Rent expense	150,645	116,937
EBITDAR	\$ 1,261,906	\$ 1,222,534
Debt	\$ 1,861,850	\$ 1,869,250
Add: Rent x 6(a)	774,708	701,622
Adjusted debt	\$ 2,636,558	\$ 2,570,872
Adjusted debt to EBITDAR	2.1	2.1

- (a) Excludes the impact from the cumulative lease accounting adjustment recorded in the second quarter of fiscal year 2005.

Selected Cash Flow Information
(in thousands)

	16 Weeks Ended		52 Weeks Ended	
	August 27, 2005	August 28, 2004	August 27, 2005	August 28, 2004

Depreciation	\$ 38,928	\$ 34,050	\$ 135,597	\$ 106,891
Capital spending	\$ 96,539	\$ 72,692	\$ 283,478	\$ 184,870

Cash flow before
share repurchase:

Net decrease in cash and cash equivalents	\$ (2,568)	\$ (10,951)	\$ (2,042)	\$ (16,250)
Subtract increase in debt	(52,675)	70,333	(7,400)	322,405
Subtract share repurchases	(118,294)	(317,799)	(426,852)	(848,102)
	-----	-----	-----	-----
Cash flow before share repurchases and changes in debt	\$ 168,401	\$ 236,515	\$ 432,210	\$ 509,447
	=====	=====	=====	=====

Other Selected Financial Information
(in thousands)

	August 27, 2005	August 28, 2004
	-----	-----
Cumulative share repurchases (\$)	\$4,101,766	\$3,674,913
Cumulative share repurchases (shares)	87,035	82,214
Shares outstanding, end of quarter	76,539	79,628
	-----	-----
	August 27, 2005	August 28, 2004
	-----	-----
Return on Equity (ROE)(a)	203.0%	207.7%
	-----	-----
	Trailing 4 Quarters	
	August 27, 2005	August 28, 2004
	-----	-----
Return on Invested Capital (ROIC)(a)	23.9%	25.1%
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(a) Excludes the impact from the cumulative lease accounting adjustment and the one-time income tax benefit from the repatriation from foreign subsidiaries recorded in the second quarter of fiscal year 2005.

AutoZone's 4th Quarter Fiscal 2005
Selected Operating Highlights

Store Count & Square Footage

	16 Weeks Ended		52 Weeks Ended	
	Aug. 27, 2005	Aug. 28, 2004	Aug. 27, 2005	Aug. 28, 2004
	-----	-----	-----	-----
Domestic stores:				
Store count:				
Stores opened	87	84	175	202
Stores closed	--	1	3	1
Replacement stores	3	2	7	4
Total domestic stores	3,592	3,420		
Stores with commercial sales	2,104	2,209		

Square footage (in thousands):	22,808	21,689		
Square footage per store	6,350	6,342		
Stores in Mexico:				
Stores opened	8	3	18	14
Total stores in Mexico	81	63		
Total stores chainwide	3,673	3,483		

Sales Statistics (Domestic Stores Only)

	16 Weeks Ended		Trailing 4 Quarters	
	August 27, 2005	August 28, 2004	August 27, 2005	August 28, 2004
Total retail sales (\$ in thousands)	\$1,586,339	\$1,540,854	\$4,795,648	\$4,727,402
% Increase vs. LY retail sales	3%	(1%)	1%	2%
Total commercial sales (\$ in thousands)	\$ 229,703	\$ 239,715	\$ 718,150	\$ 740,480
% Increase vs. LY commercial sales	(4%)	5%	(3%)	11%
Sales per average store (\$ in thousands)	\$ 512	\$ 527	\$ 1,573	\$ 1,647
Sales per average square foot	81	83	248	259

	16 Weeks Ended		52 Weeks Ended	
	August 27, 2005	August 28, 2004	August 27, 2005	August 28, 2004
Same store sales	(1%)	(3%)	(2%)	0%

Inventory Statistics (Total Stores)

	as of	
	August 27, 2005	August 28, 2004
Accounts payable/inventory	92.5%	91.5%
(\$ in thousands)		
Gross inventory(a)	\$1,663,860	\$1,561,479
Gross inventory(a) / store	\$ 453	\$ 448
Net inventory (net of payables)	\$ 124,084	\$ 132,351
Net inventory / store	\$ 34	\$ 38

(a) Gross inventory excludes Pay On Scan inventory. This is the reported balance sheet number.

	Trailing 4 Quarters	
	August 27, 2005	August 28, 2004
Inventory turns:		

Based on average inventories	1.8 x	1.9 x
Based on ending inventories	1.8 x	1.8 x
Inventory turns, net of payables:		
Based on average inventories	9.7 x	9.7 x
Based on ending inventories	23.5 x	21.8 x

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