



## AutoZone 3rd Quarter Sales Up 5.9 Percent; Same Store Sales Up 2.1 Percent

May 24, 2006

MEMPHIS, Tenn., May 24, 2006 (PRIMEZONE) -- AutoZone, Inc. (NYSE:AZO) today reported sales of \$1.417 billion for its third quarter (12 weeks) ended May 6, 2006, up 5.9% from fiscal third quarter 2005. Same store sales, or sales for stores open at least one year, were up 2.1% for the quarter.

Net income for the quarter decreased 2.3% over the same period last year to \$144.4 million, while diluted earnings per share increased 1.4% to \$1.89 per share from \$1.86 per share reported in the year-ago quarter.

Under its share repurchase program, AutoZone repurchased 2.3 million shares of its common stock for \$228.3 million during the third quarter, at an average price of \$98 per share. Since 1998 cumulative share repurchases have totaled \$4.3 billion, or 89.5 million shares at an average price of \$49 per share.

For the quarter, gross profit, as a percentage of sales, was 49.7% (versus 50.3% last year). The reduction in comparable gross margin was primarily due to a higher penetration of commodity and maintenance items versus last year, which typically have lower margins. Additionally, operating expenses, as a percentage of sales, were 31.8% (versus 30.9% last year). A portion of the increase in operating expenses this year reflected \$4.2 million in share-based expenses resulting from the adoption of the Financial Accounting Standards Board ("FASB") Statement No. 123(R), "Share-Based Payments." Adjusting for this non-comparable expense item, operating expenses were 31.5% (versus 30.9% last year) or 61 basis points over last year. The increase in comparable operating expenses reflected both the Company's ongoing initiatives to improve the customer shopping experience, such as additional training and extended hours of operation, and higher occupancy costs versus last year.

Excluding this quarter's share-based charges, adjusted net income decreased 0.5%, while adjusted diluted earnings per share of \$1.92 were up 3.3% versus the year-ago quarter.

The Company's total per store inventory level, including supplier owned pay-on-scan inventory, as of May 6, 2006, was \$495 thousand versus \$497 thousand last year. Net inventory, defined as merchandise inventories less accounts payable, increased on a per store level to \$82 thousand from \$59 thousand last year.

"We are pleased with the progress we are making on the major initiatives launched at the beginning of the year. These initiatives, which focus on improving the customer shopping experience, have resulted in improved sales and measurable increases in customer service metrics. I would like to thank all of our AutoZoners for their commitment to deliver exceptional service to our customers," said Bill Rhodes, President and Chief Executive Officer. "We will continue our disciplined approach to growing operating earnings over the long-term while effectively deploying capital."

During the quarter ended May 6, 2006, AutoZone opened 42 new stores and replaced 4 stores in the U.S. while additionally opening 4 new stores in Mexico. Additionally, the Company re-opened 2 U.S. stores closed due to hurricane-related damage. As of May 6, 2006, the Company had 3,699 domestic stores and 92 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 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](http://www.autozone.com). AutoZone does not derive revenue from automotive repair or installation.

AutoZone will host a one-hour conference call this morning, Wednesday, May 24, 2006, beginning at 10:00 a.m. (EDT) to discuss the third quarter results. Investors may listen to the conference call live and review supporting slides on the AutoZone corporate website, [www.autozoneinc.com](http://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 (203) 369-3495 through Tuesday, May 30, 2006, at 11:59 p.m. (EDT).

This release includes certain financial information not derived in accordance with generally accepted accounting principles ("GAAP"). These non-GAAP measures include adjusted debt, adjusted debt/EBITDAR, adjusted rent expense, adjusted operating expense, adjusted operating profit, adjusted income before taxes, adjusted income taxes, adjusted net income, adjusted basic earnings per share, and adjusted diluted earnings per share. The Company believes that the presentation of these non-GAAP measures provides information that is useful to investors as it indicates more clearly the Company's comparative year-to-year operating results, but this information should not be considered a substitute for any measures derived in accordance with GAAP. Management manages the Company's debt levels to a ratio of adjusted debt to EBITDAR and manages cash flows available for share repurchase by monitoring cash flows before share repurchases, as shown on the attached tables. This is important information for the Company's management of its debt levels and share repurchases. We have included a reconciliation of this information to the most comparable GAAP measures in the accompanying reconciliation tables.

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 changes in laws or regulations. 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 27, 2005, for more information related to those risks.

AutoZone's 3rd Quarter Highlights - Fiscal 2006

Condensed Consolidated Statements of Operations

3rd Quarter

(in thousands, except per share data)

	GAAP Results		Adjustments	
	12 Weeks Ended		12 Weeks Ended	
	May 6, 2006	May 7, 2005	May 6, 2006(a)	May 7, 2005
Net sales	\$1,417,433	\$1,338,387	\$ --	\$ --
Cost of sales	713,392	665,284	--	--
Gross profit	704,041	673,103	--	--
Operating, SG&A expenses	450,872	413,641	(4,163)	--
Operating profit (EBIT)	253,169	259,462	4,163	--
Interest expense, net	24,921	24,223	--	--
Income before taxes	228,248	235,239	4,163	--
Income taxes	83,820	87,450	1,529	--
Net income	\$ 144,428	\$ 147,789	\$ 2,634	\$ --
Net income per share:				
Basic	\$ 1.90	\$ 1.88		
Diluted	\$ 1.89	\$ 1.86		
Weighted average shares outstanding:				
Basic	75,909	78,521		
Diluted	76,583	79,494		

Adjusted

	12 Weeks Ended	
	May 6, 2006	May 7, 2005
Net sales	\$1,417,433	\$1,338,387
Cost of sales	713,392	665,284
Gross profit	704,041	673,103
Operating, SG&A expenses	446,709	413,641
Operating profit (EBIT)	257,332	259,462
Interest expense, net	24,921	24,223
Income before taxes	232,411	235,239
Income taxes	85,349	87,450
Net income	\$ 147,062	\$ 147,789

Net income per share:

Basic	\$	1.94	\$	1.88
Diluted	\$	1.92	\$	1.86

Weighted average shares  
outstanding:

Basic	75,909	78,521
Diluted	76,583	79,494

(a) Fiscal 2006 operating expense includes \$4.2MM in share-based compensation expense related to the adoption of SFAS No.123(R).

Year-to-date 3rd Quarter, F2006

	GAAP Results		Adjustments	
	36 Weeks Ended		36 Weeks Ended	
	May 6, 2006	May 7, 2005	May 6, 2006(b)	May 7, 2005(c)
Net sales	\$4,009,325	\$3,828,645	\$ --	\$ --
Cost of sales	2,033,566	1,952,370	--	--
Gross profit	1,975,759	1,876,275	--	--
Operating, SG&A expenses	1,338,952	1,251,781	(12,145)	(40,321)
Operating profit (EBIT)	636,807	624,494	12,145	40,321
Interest expense, net	72,994	69,659	--	--
Income before taxes	563,813	554,835	12,145	40,321
Income taxes	207,990	190,431	4,480	30,219
Net income	\$ 355,823	\$ 364,404	\$ 7,665	\$ 10,102
Net income per share:				
Basic	\$ 4.66	\$ 4.59		
Diluted	\$ 4.62	\$ 4.53		
Weighted Average Shares outstanding:				
Basic	76,427	79,308		
Diluted	77,070	80,369		

Adjusted

	36 Weeks Ended	
	May 6, 2006	May 7, 2005
Net sales	\$ 4,009,325	\$ 3,828,645
Cost of sales	2,033,566	1,952,370
Gross profit	1,975,759	1,876,275
Operating, SG&A expenses	1,326,807	1,211,460
Operating profit (EBIT)	648,952	664,815
Interest expense, net	72,994	69,659
Income before taxes	575,958	595,156
Income taxes	212,470	220,650

Net income	\$ 363,488	\$ 374,506
Net income per share:		
Basic	\$ 4.76	\$ 4.72
Diluted	\$ 4.72	\$ 4.66
Weighted Average Shares outstanding:		
Basic	76,427	79,308
Diluted	77,070	80,369

(b) Fiscal 2006 operating expense includes \$12.1MM in share-based compensation expense related to the adoption of SFAS No.123(R).

(c) Fiscal year 2005 includes a non-cash adjustment, substantially all of which relates to prior years, of \$40.3 million (\$25.4 million net of tax) associated with accounting for leases and leasehold improvements. Additionally, fiscal year 2005 income taxes include a \$15.3 million benefit primarily from the planned one-time repatriation from foreign subsidiaries.

Selected Balance Sheet Information  
(in thousands)

	May 6, 2006	May 7, 2005	August 27, 2005
Merchandise inventories	\$1,752,687	\$1,639,190	\$1,663,860
Current assets	2,040,376	1,911,738	1,929,459
Property and equipment, net	2,021,692	1,880,218	1,937,615
Total assets	4,442,919	4,168,502	4,245,257
Accounts payable	1,442,132	1,429,675	1,539,776
Current liabilities	1,865,729	1,816,585	1,811,159
Debt	1,825,125	1,914,525	1,861,850
Stockholders' equity	568,545	298,746	391,007
Working capital	174,647	95,153	118,300

Adjusted Debt / EBITDAR (Trailing 4 Qtrs)	May 6, 2006	May 7, 2005
Net income	\$ 562,438	\$ 573,797
Add: Interest	105,778	98,371
Taxes	319,761	316,081
EBIT	987,977	988,249
Add: Depreciation	133,528	130,719
Rent expense(d)	136,630	146,924
Option expense	12,145	--
EBITDAR	\$1,270,280	\$1,265,892
Debt	\$1,825,125	\$1,914,525
Add: Adjusted rent x 6(e)	819,780	752,382
Adjusted debt	\$2,644,905	\$2,666,907
Adjusted debt to EBITDAR	2.1	2.1

(d) Fiscal 2005 rent expense includes a \$21.5 million non-cash adjustment associated with accounting for leases and leasehold improvements.

(e) Adjusted rent is defined as GAAP rent expense less the impact from the cumulative lease accounting adjustment recorded in the second quarter of fiscal year 2005.

Selected Cash Flow Information  
(in thousands)

	12 Weeks Ended		36 Weeks Ended	
	May 6, 2006	May 7, 2005	May 6, 2006	May 7, 2005
Depreciation	\$ 32,291	\$ 25,345	\$ 94,600	\$ 96,669
Capital spending	\$ 66,306	\$ 68,161	\$182,168	\$186,939
Cash flow before share repurchase:				
Net increase (decrease) in cash and cash equivalents	\$ 2,596	\$ (2,761)	\$ 9,158	\$ 526
Subtract increase (decrease) in debt	45,825	13,025	(36,725)	45,275
Subtract share repurchases	(228,324)	(278,558)	(238,111)	(308,558)
Cash flow before share repurchases and changes in debt	\$185,095	\$262,772	\$283,994	\$263,809

Trailing 4 Quarters

	May 6, 2006	May 7, 2005
Depreciation	\$ 133,528	\$ 130,719
Capital spending	\$ 278,707	\$ 259,631
Cash flow before share repurchase:		
Net increase(decrease) in cash and cash equivalents	\$ 6,590	\$ (10,424)
Subtract increase (decrease) in debt	(89,400)	115,608
Subtract share repurchases	(356,405)	(626,357)
Cash flow before share repurchases and changes in debt	\$ 452,395	\$ 500,325

Other Selected Financial Information  
(in thousands)

	May 6, 2006	May 7, 2005
Cumulative share repurchases (\$)	\$4,339,876	\$3,983,472
Cumulative share repurchases (shares)	89,481	85,767
Shares outstanding, end of quarter	74,750	77,317

Trailing 4 Quarters

	May 6, 2006	May 7, 2005
Net income	\$ 562,438	\$ 573,797
Add: After-tax interest	67,433	63,430
After-tax rent	87,102	94,737
After-tax return	716,973	731,964
Average debt	1,928,245	1,938,801

Average equity	474,459	275,324
Rent x 6	819,780	881,544
	-----	-----
Pre-tax invested capital	3,222,484	3,095,669
Return on Invested Capital (ROIC)	22.2%	23.6%
	-----	-----

AutoZone's 3rd Quarter Fiscal 2006  
Selected Operating Highlights

Store Count & Square Footage

	12 Weeks Ended		36 Weeks Ended	
	May 6, 2006	May 7, 2005	May 6, 2006	May 7, 2005
	-----	-----	-----	-----
Domestic stores:				
Store count:				
Stores opened	42	33	116	88
Store closures	-	2	1	3
Re-opened hurricane stores	2	-	5	-
Hurricane-related store closures	8	-	13	-
Replacement stores	4	2	11	4
Total domestic stores	3,699	3,505	-	-
Stores with commercial sales	2,123	2,052	-	-
Square footage (in thousands):	23,524	22,236	-	-
Square footage per store	6,360	6,344	-	-
Mexico stores:				
Stores opened	4	6	11	10
Total stores in Mexico	92	73	-	-
Total stores chainwide	3,791	3,578	-	-

Sales Statistics  
(Domestic Stores Only)

	12 Weeks Ended		Trailing 4 Quarters	
	May 6, 2006	May 7, 2005	May 6, 2006	May 7, 2005
	-----	-----	-----	-----
Total retail sales (\$ in thousands)	\$1,189,158	\$1,122,259	\$4,943,059	\$4,750,163
% Increase vs LY retail sales	6%	(2%)	4%	0%
Total commercial sales (\$ in thousands)	\$ 169,846	\$ 170,425	\$ 714,703	\$ 728,162
% Increase vs LY commercial sales	0%	(5%)	(2%)	0%
Sales per average store (\$ in thousands)	\$ 370	\$ 370	\$ 1,571	\$ 1,601
Sales per average				

square foot	58	58	247	252
-------------	----	----	-----	-----

	12 Weeks Ended		36 Weeks Ended	
	May 6, 2006	May 7, 2005	May 6, 2006	May 7, 2005
Same store sales	2.1%	(5.0%)	1.1%	(2.7%)

Inventory Statistics (Total Stores)

	as of May 6, 2006	as of May 7, 2005
Accounts payable/inventory	82.3%	87.2%
(\$ in thousands)		
Inventory(f)	\$1,752,687	\$1,639,190
Pay-on-scan inventory	123,354	140,715
Total inventory	\$1,876,041	\$1,779,905
Total inventory per store	\$ 495	\$ 497
Net inventory (net of payables)	\$ 310,555	\$ 209,515
Net inventory / store	\$ 82	\$ 59

(f) This is reported balance sheet inventory

	Trailing 4 Quarters	
	May 6, 2006	May 7, 2005
Inventory turns based on ending inventories(g)	1.7 x	1.8 x

(g) Inventory turns calculation includes the pay-on-scan inventory balances disclosed above and the cost of sales related to pay-on-scan sales, which were \$236.5MM for the trailing 4 quarters May 6, 2006 and \$200.7MM for the trailing 4 quarters May 7, 2005.

CONTACT:

AutoZone, Inc.

Financial:

Brian Campbell

(901) 495-7005

brian.campbell@autozone.com

Media:

Ray Pohlman

(901) 495-7962

ray.pohlman@autozone.com