SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K/A

[X] Annual Report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended August 28, 1999, or

[ ] Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 For the transition period from _____to _____.

Commission file number 1-10714

AUTOZONE, INC.

(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	**62-1482048** (I.R.S. Employer Identification No.)

123 South Front Street, Memphis, Tennessee 38103
(Address of principal executive offices) (Zip Code)

(901) 495-6500
Registrant's telephone number, including area code

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

Title of each class	Name of each exchange on which registered
Common Stock ($.01 par value)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the 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 [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 0(§ 229.405 of this chapter) 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. [X]

The aggregate market value of the 126,263,042 shares of voting stock of the registrant held by non-affiliates of the registrant (excluding, for this purpose, shares held by officers, directors, or 10% stockholders) was $3,432,776,454 based on the last sales price of the Common Stock on October 12, 1999 as reported on the New York Stock Exchange. The number of shares of Common Stock outstanding as of October 12, 1999, was 138,935,636.

Documents Incorporated By Reference

Portions of the Annual Report to Stockholders for the year ended August 28, 1999, filed as Exhibit 13.1 hereto, are incorporated by reference into Part II.

Portions of the definitive Proxy Statement dated October 25, 1999, for the Annual Meeting of Stockholders to be held December 9, 1999, are incorporated by reference into Part III.

NOTE:

This amended Form 10-K is being filed to physically attach excerpts from the Annual Report to Stockholders as Exhibit 13.1. The Annual Report had previously been provided as EDGAR form type ARS and incorporated by reference. The information contained in Exhibit 13.1 is unchanged from the information contained in the Annual Report as previously provided.

PART II

Item 5. Market for Registrant's Common Stock and Related Stockholder Matters

Common Stock Market Prices for our common stock as traded on the New York Stock Exchange as shown in the section labeled "Quarterly Summary" of Exhibit 13.1 attached hereto are incorporated herein by reference.

At October 12, 1999, we had 3,337 stockholders of record, excluding the number of beneficial owners whose shares were represented by security position listings.

Item 6. Selected Financial Data

Selected financial data contained in the section entitled "Ten-Year Review" of Exhibit 13.1 attached hereto are incorporated herein by reference.

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

The section entitled "Financial Review" of Exhibit 13.1 attached hereto is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The subsection entitled "Financial Market Risk" of the section entitled "Financial Review" of Exhibit 13.1 attached hereto is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

The financial statements and related notes and the section entitled "Quarterly Summary" of Exhibit 13.1 attached hereto are incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports On Form 8-K

(a) 1. Financial Statements

The following financial statements included in the Annual Report to Stockholders for the fiscal year ended August 28, 1999, are incorporated by reference in Item 8:

Report of Independent Auditors

Consolidated Statements of Income for the fiscal years ended August 28, 1999, August 29, 1998, and August 30, 1997

Consolidated Balance Sheets as of August 28, 1999, and August 29, 1998

Consolidated Statements of Stockholders' Equity for the fiscal years ended August 28, 1999, August 29, 1998, and August 30, 1997

Consolidated Statements of Cash Flows for the fiscal years ended August 28, 1999, August 29, 1998, and August 30, 1997

Notes to Consolidated Financial Statements

2. Financial Statement Schedule II - Valuation and Qualifying Accounts

All other schedules are omitted because the information is not required or because the information required is included in the financial statements or notes thereto.

3. The following exhibits are filed as a part of this report:

Exhibit no.	Description of Exhibit
3.1	Restated Articles of Incorporation of AutoZone, Inc. Incorporated by reference to Exhibit 3.1 to the Form 10-Q for the quarter ended February 13, 1999.
3.2	Amended and Restated By-laws of AutoZone, Inc. Incorporated by reference to Exhibit 3.3 to the Form 10-K for the fiscal year ended August 29, 1998.
4.2	Registration Rights Agreement between AutoZone, Inc. and J. Dale Dawson and Judith S. Dawson dated May 1, 1998. Incorporated by reference to the Form 10-Q for the quarter ended May 9, 1998.
4.3	Senior Indenture, dated as of July 22, 1998, between AutoZone, Inc. and the First National Bank of Chicago. Incorporated by reference to Exhibit 4.1 to the Form 8-K dated July 17, 1998.
*10.1	Amended and Restated Director Stock Option Plan. Incorporated by reference to Exhibit 4.1 to the Form S-8 (No. 333-88243) dated October 1, 1999.
*10.2	Amended and Restated 1998 Director Compensation Plan. Incorporated by reference to Exhibit 4.1 to the Form S-8 (No. 333-88241) dated October 1, 1999.
*10.3	Amended and Restated Stock Option Plan, as amended on February 26, 1991. Incorporated by reference to Exhibit 10.4 to the Form S-1 (No. 33-39197) filed April 1, 1991.
*10.4	Amendment No. 1 dated December 18, 1992, to the Amended and Restated Stock Option Plan. Incorporated by reference to Exhibit 10.5 to the Form 10-K for the fiscal year ended August 28, 1993.
*10.5	Second Amended and Restated 1996 Stock Option Plan. Incorporated by reference to Appendix B to the definitive Proxy Statement as filed with the Securities and Exchange Commission on November 2, 1998.
*10.6	Employment and Non-Compete Agreement between John C. Adams, Jr., and AutoZone, Inc., dated June 11, 1997. Incorporated by reference to the Form 10-K for the fiscal year ended August 29, 1997.
*10.7	Employment and Non-Compete Agreement between Timothy D. Vargo, and AutoZone, Inc., dated June 11, 1997. Incorporated by reference to the Form 10-K for the fiscal year ended August 29, 1997.

*10.8 Employment and Non-Compete Agreement between Robert J. Hunt, and AutoZone, Inc., dated June 11, 1997. Incorporated by reference to the Form 10-K for the fiscal year ended August 29, 1997.

*10.9 Employment and Non-Compete Agreement between Stephen W. Valentine, and AutoZone, Inc., dated July 7,1997. Incorporated by reference to the Form 10-K for the fiscal year ended August 29, 1997.

*10.10 Employment and Non-Compete Agreement between Harry L. Goldsmith, and AutoZone, Inc., dated June 11, 1997. Incorporated by reference to the Form 10-K for the fiscal year ended August 29, 1997.

*10.11 Executive Incentive Compensation Plan. Incorporated by reference to Exhibit A to the definitive Proxy Statement dated November 14, 1994.

10.12 Amended and Restated Agreement between J.R. Hyde, III, and AutoZone, Inc., dated October 23, 1997. Incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended November 22, 1997.

10.13 Credit Agreement among AutoZone, Inc., as Borrower, the several lenders from time to time party thereto, NationsBank, N.A., as Agent, and SunTrust Bank, Nashville, N.A. as Co-Agent, dated December 20, 1996. Incorporated by reference to Exhibit 10.1 to the Form 10-Q/A for the quarter ended February 15, 1997.

10.14 Amendment No. 1, dated February 10, 1998, to Credit Agreement among AutoZone, Inc., as Borrower, the several lenders from time to time party thereto, NationsBank, N.A., as Agent, and SunTrust Bank, Nashville, N.A. as Co-Agent, dated December 20, 1996. Incorporated by reference to Exhibit 10.2 to the Form 10-Q for the quarter ended February 14, 1998.

10.15 Amendment No. 2 to Credit Agreement among AutoZone, Inc., as Borrower, the several lenders from time to time party thereto, NationsBank, N.A., as Agent, and SunTrust Bank, Nashville, N.A. as Co-Agent, dated December 20, 1996. Incorporated by reference to Exhibit 10.3 to the Form 10-Q for the quarter ended November 21, 1998.

10.16 Credit Agreement, dated November 13, 1998, between AutoZone, Inc., as Borrower, the several lenders from time to time party thereto, and NationsBank, N.A., as Agent. Incorporated by reference to Exhibit 10.5 to the Form 10-Q for the quarter ended November 21, 1998.

10.17 Amendment No. 1, dated July 16, 1999, to Credit Agreement dated November 13, 1998, between AutoZone, Inc., as Borrower, the several lenders from time to time party thereto, and NationsBank, N.A., as Agent.**

13.1 Excerpts from the Annual Report to Stockholders for the fiscal year ended August 28, 1999.

21.1 Subsidiaries of the Registrant.**

23.1 Consent of Ernst & Young LLP.

27.1 Financial Data Schedule (SEC Use Only).**

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*Management contract or compensatory plan or arrangement.
**Previously filed.

(b) Reports on Form 8-K.

The Company filed a Current Report on Form 8-K dated May 26, 1999, which contained a press release announcing the Company's financial results for the quarter ended May 8, 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AUTOZONE, INC.

By: /s/ Harry L. Goldsmith
Harry L. Goldsmith
Senior Vice President
& Secretary

Dated: March 4, 2002

SCHEDULE II

AUTOZONE, INC.
VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

COL A	COL B	COL C		COL D	COL E
CLASSIFICATION	Balance Beginning of Period	ADDITIONS		Deductions-Describe	Balance at End of Period
		(1) Charged to Costs and Expenses	(2) Charged to Other		

			Accounts- Describe		
Year Ended August 30, 1997:					
Reserve for warranty claims	$14,152	$40,303		$35,333 (1)	$19,122
Other reserves	9,015				11,227
Year Ended August 29, 1998:					
Reserve for warranty claims	$19,122	$58,511		$56,847 (1)	$20,786
Other reserves	11,227				14,296
Year Ended August 28, 1999:					
Reserve for warranty claims	$20,786	$90,310	$3,473 (2)	$81,619 (1)	$32,950
Other reserves	14,296				94,640 (3)

(1) Cost of product for warranty replacements, net of salvage and amounts collected from customers.
(2) Purchase accounting adjustments related to the acquisition of Chief Auto Parts Inc.
(3) Amount includes items classified in other accrued expenses and other long-term liabilities.

EXHIBIT INDEX

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*Management contract or compensatory plan or arrangement.
**Previously filed.

The following pages are excerpted from AutoZone, Inc.'s Annual Report to Stockholders for the year ended August 28, 1999.

Ten-Year Review
(in thousands, except per share data and selected operating data)

		5-Year Compound Growth	10-Year Compound Growth	Fiscal Year Ended August 1999	1998
Income Statement Data	Net sales	22%	23%	$4,116,392	$3,242,922
	Cost of sales, including warehouse and delivery expenses			2,384,970	1,889,847
	Operating, selling, general and administrative expenses			1,298,327	970,768
	Operating profit	18%	33%	433,095	382,307
	Interest income (expense) - net			(45,312)	(18,204)
	Income before income taxes	15%	38%	387,783	364,103
	Income taxes			143,000	136,200
	Net income	16%	39%	$ 244,783	$ 227,903
	Diluted earnings per share	16%	37%	$1.63	$1.48
	Adjusted weighted average shares for diluted earnings per share			150,257	154,070
Balance Sheet Data	Current assets			$1,225,084	$1,117,090
	Working capital			224,530	257,261
	Total assets			3,284,767	2,748,113
	Current liabilities			1,000,554	859,829
	Debt			888,340	545,067
	Stockholders' equity			1,323,801	1,302,057
Selected Operating Data	Number of domestic auto parts stores at beginning of year			2,657	1,728
	New stores			245	952
	Replacement stores			59	12
	Closed stores			191	23
	Net new stores			54	929
	Number of domestic auto parts stores at end of year			2,711	2,657
	Total domestic auto parts store square footage (000's)			17,405	16,499
	Percentage increase in domestic auto parts store square footage			5%	42%
	Percentage increase in domestic auto parts comparable store net sales			4%	2%
	Average net sales per domestic auto parts store (000's)			$1,465	$1,568
	Average net sales per domestic auto parts store square foot			$232	$238
	Total employment			40,483	38,526
	Gross profit - percentage of sales			42.1%	41.7%
	Operating profit - percentage of sales			10.5%	11.8%
	Net income - percentage of sales			5.9%	7.0%
	Debt-to-capital - percentage			40.2%	29.5%
	Inventory turnover			2.3x	2.3x
	Return on average equity			19%	19%

*53 weeks. Comparable store sales, average net sales per store and average net sales per store square foot for fiscal year 1996 and 1991 have been adjusted to exclude net sales for the 53rd week.

		Fiscal Year Ended August 1997	1996*	1995
Income Statement Data	Net sales	$2,691,440	$2,242,633	$1,808,131
	Cost of sales, including warehouse and delivery expenses	1,559,296	1,307,638	1,057,033
	Operating, selling, general and administrative expenses	810,793	666,061	523,440
	Operating profit	321,351	268,934	227,658
	Interest income (expense) - net	(8,843)	(1,969)	623
	Income before income taxes	312,508	266,965	228,281
	Income taxes	117,500	99,800	89,500
	Net income	$ 195,008	$ 167,165	$ 138,781
	Diluted earnings per share	$1.28	$1.11	$0.93
	Adjusted weighted average shares for diluted earnings per share	152,535	151,238	149,302
Balance Sheet Data	Current assets	$ 778,802	$ 613,097	$ 447,822
	Working capital	186,350	219	30,273
	Total assets	1,884,017	1,498,397	1,111,778
	Current liabilities	592,452	612,878	417,549
	Debt	198,400	94,400	13,503
	Stockholders' equity	1,075,208	865,582	684,710
Selected Operating Data	Number of domestic auto parts stores at beginning of year	1,423	1,143	933
	New stores	308	280	210
	Replacement stores	17	31	29
	Closed stores	3	0	0
	Net new stores	305	280	210
	Number of domestic auto parts stores at end of year	1,728	1,423	1,143
	Total domestic auto parts store square footage (000's)	11,611	9,437	7,480
	Percentage increase in domestic auto parts store square footage	23%	26%	26%
	Percentage increase in domestic auto parts comparable store net sales	8%	6%	6%
	Average net sales per domestic auto parts store (000's)	$1,691	$1,702	$1,742
	Average net sales per domestic auto parts store square foot	$253	$258	$269
	Total employment	28,700	26,800	20,200
	Gross profit - percentage of sales	42.0%	41.7%	41.5%
	Operating profit - percentage of sales	11.9%	12.0%	12.6%
	Net income - percentage of sales	7.2%	7.5%	7.7%
	Debt-to-capital - percentage	15.6%	9.8%	1.9%
	Inventory turnover	2.5x	2.7x	2.9x
	Return on average equity	20%	22%	23%

		Fiscal Year Ended August 1994	1993	1992
Income Statement Data	Net sales	$1,508,029	$1,216,793	$1,002,327
	Cost of sales, including warehouse and delivery expenses	886,068	731,971	602,956
	Operating, selling, general and administrative expenses	431,219	344,060	295,701
	Operating profit	190,742	140,762	103,670
	Interest income (expense) - net	2,244	2,473	818
	Income before income taxes	192,986	143,235	104,488
	Income taxes	76,600	56,300	41,200
	Net income	$ 116,386	$ 86,935	$ 63,288
	Diluted earnings per share	$0.78	$0.59	$0.43
	Adjusted weighted average shares for diluted earnings per share	148,726	147,608	145,940
Balance Sheet Data	Current assets	$ 424,402	$ 378,467	$ 279,350
	Working capital	85,373	92,331	72,270
	Total assets	882,102	696,547	501,048
	Current liabilities	339,029	286,136	207,080
	Debt	4,252	4,458	7,057
	Stockholders' equity	528,377	396,613	278,120
Selected Operating Data	Number of domestic auto parts stores at beginning of year	783	678	598
	New stores	151	107	82
	Replacement stores	20	20	14
	Closed stores	1	2	2
	Net new stores	150	105	80

Number of domestic auto parts stores at end of year	933	783	678
Total domestic auto parts store square footage (000's)	5,949	4,839	4,043
Percentage increase in domestic auto parts store square footage	23%	20%	17%
Percentage increase in domestic auto parts comparable store net sales	9%	9%	15%
Average net sales per domestic auto parts store (000's)	$1,758	$1,666	$1,570
Average net sales per domestic auto parts store square foot	$280	$274	$267
Total employment	17,400	15,700	13,200
Gross profit - percentage of sales	41.2%	39.8%	39.8%
Operating profit - percentage of sales	12.6%	11.5%	10.3%
Net income - percentage of sales	7.7%	7.1%	6.3%
Debt-to-capital - percentage	0.8%	1.1%	2.5%
Inventory turnover	3.0x	3.2x	3.0x
Return on average equity	25%	26%	26%

		Fiscal Year Ended August		
		1991*	1990	1989
Income Statement Data	Net sales	$817,962	$ 671,725	$ 535,843
	Cost of sales, including warehouse and delivery expenses	491,261	416,846	341,130
	Operating, selling, general and administrative expenses	247,355	205,609	169,786
	Operating profit	79,346	49,270	24,927
	Interest income (expense) - net	(7,295)	(10,936)	(9,799)
	Income before income taxes	72,051	38,334	15,128
	Income taxes	27,900	14,840	6,200
	Net income	$ 44,151	$ 23,494	$ 8,928
	Diluted earnings per share	$0.33	$0.19	$0.07
	Adjusted weighted average shares for diluted earnings per share	134,656	121,212	119,320
Balance Sheet Data	Current assets	$ 233,439	$ 191,736	$ 177,824
	Working capital	55,807	26,803	35,831
	Total assets	397,776	327,368	296,546
	Current liabilities	177,632	164,933	141,993
	Debt	7,246	74,851	93,293
	Stockholders' equity	204,628	80,356	54,592
Selected Operating Data	Number of domestic auto parts stores at beginning of year	538	504	440
	New stores	60	38	70
	Replacement stores	4	7	7
	Closed stores	0	4	6
	Net new stores	60	34	64
	Number of domestic auto parts stores at end of year	598	538	504
	Total domestic auto parts store square footage (000's)	3,458	3,031	2,758
	Percentage increase in domestic auto parts store square footage	14%	10%	19%
	Percentage increase in domestic auto parts comparable store net sales	12%	13%	10%
	Average net sales per domestic auto parts store (000's)	$1,408	$1,289	$1,135
	Average net sales per domestic auto parts store square foot	$246	$232	$211
	Total employment	11,700	9,300	7,900
	Gross profit - percentage of sales	39.9%	37.9%	36.3%
	Operating profit - percentage of sales	9.7%	7.3%	4.6%
	Net income - percentage of sales	5.4%	3.5%	1.7%
	Debt-to-capital - percentage	3.4%	48.2%	63.1%
	Inventory turnover	2.6x	2.4x	2.4x
	Return on average equity	31%	35%	18%

Quarterly Summary
(Unaudited)

	Twelve Weeks Ended			Sixteen Weeks Ended
	(in thousands, except per share data)			
	November 21, 1998	February 13, 1999	May 8, 1999	August 28, 1999
Net sales	$ 900,949	$ 852,538	$ 970,236	$ 1,392,669
Increase in comparable store sales	3%	8%	3%	2%
Gross profit	$ 376,482	$ 353,493	$ 408,933	$ 592,514
Operating profit	89,815	67,273	104,312	171,695
Income before income taxes	81,300	57,039	93,135	156,309
Net income	51,300	36,039	58,735	98,709
Basic earnings per share	0.34	0.24	0.39	0.67
Diluted earnings per share	0.34	0.24	0.39	0.67
Stock price range:				
High	$29.50	$35.00	$37.06	$33.31
Low	$21.50	$29.69	$28.38	$23.13

	November 22, 1997	February 14, 1998	May 9, 1998	August 29, 1998
Net sales	$ 675,274	$ 607,097	$ 743,661	$ 1,216,890
Increase in comparable store sales	7%	2%	2%	0%
Gross profit	$ 280,441	$ 253,681	$ 311,080	$ 507,873
Operating profit	78,648	58,082	90,457	155,120
Income before income taxes	76,146	55,054	86,240	146,663
Net income	47,546	34,354	53,940	92,063
Basic earnings per share	0.31	0.23	0.35	0.60
Diluted earnings per share	0.31	0.22	0.35	0.60
Stock price range:				
High	$32.75	$32.06	$36.25	$38.00
Low	$27.00	$23.75	$29.00	$26.63

Financial Review

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

	Fiscal Year Ended		
	August 28, 1999	August 29, 1998	August 30, 1997
Net sales	100.0%	100.0%	100.0%
Cost of sales, including warehouse and delivery expenses	57.9	58.3	58.0
Gross profit	42.1	41.7	42.0
Operating, selling, general and administrative expenses	31.6	29.9	30.1
Operating profit	10.5	11.8	11.9
Interest expense - net	1.1	0.6	0.3
Income taxes	3.5	4.2	4.4
Net income	5.9%	7.0%	7.2%

Results of Operations

For an understanding of the significant factors that influenced the Company's performance during the past three fiscal years, the following Financial Review should be read in conjunction with the consolidated financial statements presented in this annual report.

Fiscal 1999 Compared to Fiscal 1998

Net sales for fiscal 1999 increased by $873.5 million or 26.9% over net sales for fiscal 1998. The increase was due to a comparable store net sales increase of 4% (which was primarily due to sales growth in the Company's newer auto parts stores) and an increase in net sales of $756.4 million for stores opened or acquired since the beginning of fiscal 1998. As of August 28, 1999, the Company had 2,711 domestic auto parts stores in operation compared with 2,657 at August 29, 1998.

Gross profit for fiscal 1999 was $1,731.4 million, or 42.1% of net sales, compared with $1,353.1 million, or 41.7% of net sales for fiscal 1998. The increase in gross profit percentage was due primarily to lower battery and commodity gross margins in the prior year offset by acquisition integration distribution costs.

Operating, selling, general and administrative expenses for fiscal 1999 increased by $327.6 million over such expenses for fiscal 1998 and increased as a percentage of net sales from 29.9% to 31.6%. The increase in the expense ratio was primarily due to higher payroll and occupancy costs principally in recently acquired stores, and approximately $25 million in remodeling and remerchandising activities in acquired stores.

Net interest expense for fiscal 1999 was $45.3 million compared with $18.2 million for fiscal 1998. The increase in interest expense was primarily due to higher levels of borrowings as a result of acquisitions and stock repurchases.

AutoZone's effective income tax rate was 36.9% of pre-tax income for fiscal 1999 and 37.4% for fiscal 1998. The decline in the effective tax rate is due to the utilization of acquired company net operating loss carryforwards.

Fiscal 1998 Compared to Fiscal 1997

Net sales for fiscal 1998 increased by $551.5 million or 20.5% over net sales for fiscal 1997. This increase was due to a comparable store net sales increase of 2% (which was primarily due to sales growth in the Company's newer auto parts stores and the added sales of the Company's commercial program) and an increase in net sales of $485.7 million for stores opened or acquired since the beginning of fiscal 1997. At August 29, 1998, the Company had 2,657 auto parts stores in operation, a net increase of 929 stores, including the acquisition of 112 and 560 auto parts stores acquired in February and June 1998, respectively.

Gross profit for fiscal 1998 was $1,353.1 million, or 41.7% of net sales, compared with $1,132.1 million, or 42.0% of net sales, for fiscal 1997. The decrease in gross profit percentage was due primarily to lower commodities gross margins coupled with lower gross margins in certain recently acquired stores.

Operating, selling, general and administrative expenses for fiscal 1998 increased by $160.0 million over such expenses for fiscal 1997 and decreased as a percentage of net sales from 30.1% to 29.9%. The decrease in the expense ratio was primarily due to commercial expense leverage and additional cooperative advertising funds received from vendors partially offset by higher occupancy costs primarily in recently acquired stores.

Net interest expense for fiscal 1998 was $18.2 million compared with $8.8 million for fiscal 1997. The increase in interest expense was primarily due to higher levels of borrowings as a result of the acquisitions.

AutoZone's effective income tax rate was 37.4% of pre-tax income for fiscal 1998 and 37.6% for fiscal 1997.

Financial Market Risk

Financial market risks relating to the Company's operations result primarily from changes in interest rates. The Company enters into interest rate swaps to minimize the risk associated with its financing activities. The swap agreements are contracts to exchange fixed or variable rates for floating interest rate payments periodically over the life of the instruments.

Liquidity and Capital Resources

The Company's primary capital requirements have been the funding of its continued new store expansion program, inventory requirements and more recently, acquisitions and stock repurchases. The Company has opened or acquired 1,928 net new auto parts stores and constructed four new distribution centers from the beginning of fiscal 1994 to August 28, 1999. Cash flow generated from store operations provides the Company with a significant source of liquidity. Net cash provided by operating activities was $307.4 million in fiscal 1999, $366.8 million in fiscal 1998, and $177.6 million in fiscal 1997.

In fiscal 1999, the Company invested $428.3 million in capital assets including approximately $108 million for the Express real estate and real estate leases from Pep Boys. In fiscal 1998, the Company invested $337.2 million in capital assets and had a net cash outlay of $365.5 million for acquisitions including the retirement of the acquired companies' debt. Acquisitions included Chief Auto Parts, with stores primarily in California, Auto Palace, with stores primarily in the Northeast, and a truck parts chain, TruckPro. Capital expenditures were $295.4 million in fiscal 1997. In fiscal 1999, the Company opened 245 new auto parts stores in the U.S. and 6 in Mexico, replaced 59 stores and closed 191 U.S. stores. In addition, the Company opened 3 new TruckPro stores and relocated 6 stores. Construction commitments totaled approximately $57 million at August 28, 1999.

The Company's new store development program requires significant working capital, principally for inventories. Historically, the Company has negotiated extended payment terms from suppliers, minimizing the working capital required by its expansion. The Company believes that it will be able to continue financing much of its inventory growth by favorable payment terms from suppliers, but there can be no assurance that the Company will be successful in obtaining such terms.

In November 1998, the Company sold $150 million of 6% Notes due November 2003, at a discount. Interest on the Notes is payable semi-annually on May 1 and November 1 each year, beginning May 1999. In July 1998, the Company sold $200 million of 6.5% Debentures due July 2008, at a discount. Interest on the Debentures is payable semi-annually on January 15 and July 15 of each year, beginning January 1999. The Debentures may be redeemed at any time at the option of the Company. Proceeds were used to repay portions of the Company's long-term variable rate bank debt and for general corporate purposes.

The Company has a commercial paper program that allows borrowing up to $700 million. As of August 28, 1999, there were borrowings of $533 million outstanding under the program. In connection with the program, the Company has a 5-year credit facility with a group of banks for up to $350 million and a 364-day $350 million credit facility with another group of banks. Borrowings under the commercial paper program reduce availability under the credit facilities. No amounts were outstanding under either of the the $350 million credit facilities at August 28,1999. Outstanding commercial paper at August 28, 1999, is classified as long-term debt as it is the Company's ability and intention to refinance it on a long-term basis. Both of the revolving credit facilities contain a covenant limiting the amount of debt the Company may incur relative to its total capitalization.

Subsequent to year end, in September 1999, the Company announced Board approval to repurchase up to $200 million of common stock in the open market. This is in addition to the $150 million repurchase approved in June 1999, the $150 million repurchase approved in October 1998, and the $100 million repurchase approved in January 1998. From January 1998 to August 28, 1999, the Company had repurchased approximately $263 million of common stock. The impact of the stock repurchase program in fiscal year 1999 was an increase in earnings per share of $.02.

The Company anticipates that it will rely primarily on internally generated funds to support a majority of its capital expenditures, working capital requirements and stock repurchases. The balance will be funded through borrowings. The Company anticipates no difficulty in obtaining such long-term financing in view of its credit rating and favorable experiences in the debt market in the past. In addition to the available credit lines mentioned above, the Company may sell up to $50 million of public debt under shelf registration statements filed with the Securities and Exchange Commission.

Year 2000 Readiness

The Year 2000 problem is, in its simplest terms, the inability of computer hardware and software to properly process dates beyond December 31, 1999. In order to save valuable system memory, hard storage space and processing cycles, early programmers recorded dates using only the last two digits of the year. Year 2000 problems arise when performing date calculations between centuries based upon two digit year fields.

The Company began addressing the Year 2000 issue in June 1996 and implemented a formal Year 2000 project office in May 1997. As of August 28, 1999, the Company had completed over 95% of its critical readiness efforts. Thus far, no significant issues have been detected during the testing of Year 2000 ready systems. The Company has not achieved 100% completion primarily due to delays in receiving third party software upgrades. The Company anticipates completing all Year 2000 efforts by December 1, 1999.

The total estimated cost of the Year 2000 project is $10 to $11 million, which is being expensed as incurred. As of August 28, 1999, approximately $8 million of this budget had been incurred. All of the related costs are being funded through operating cash flows. These costs are an immaterial part of the overall information technology budget. No major information technology projects or programs have been deferred.

In addition to internal systems, the Company is addressing Year 2000 issues which do not normally fall under information technology such as embedded chip equipment and the compliance status of business partners. The Company has addressed over 95% of the critical issues in this category. The Company is also assessing the Year 2000 readiness of its merchandise vendors, most of which communicate with the Company through electronic data interchange (EDI). The Company plans to complete Year 2000 testing of the EDI system with all critical vendors during October 1999.

Although the Company believes that the ongoing assessment and testing will minimize its overall Year 2000 risks, there is no guarantee that there will not be an adverse effect on the Company if third parties such as merchandise vendors, service providers or utility companies are not Year 2000 ready. The Company has developed detailed contingency plans for critical systems, processes and business partners. Elements of the Company's contingency plans include: switching vendors, increasing the inventory levels of certain products, back-up systems and manual processes.

While the Company does not anticipate any major business disruptions as a result of Year 2000 issues, it is possible that certain disruptions may occur including loss of communications with stores, distribution centers or business partners; inability to process transactions in a timely manner or loss of power. The Company plans to have dedicated resources available to address any Year 2000 issue that may arise. These resources will be managed through a dedicated command center and consist of technical personnel, business leaders and members of senior management.

Inflation

The Company does not believe its operations have been materially affected by inflation. The Company has been successful, in many cases, in mitigating the effects of merchandise cost increases principally due to economies of scale resulting from increased volumes of purchases, selective forward buying and the use of alternative suppliers.

Seasonality and Quarterly Periods

The Company's business is somewhat seasonal in nature, with the highest sales occurring in the summer months of June through August, in which average weekly per store sales historically have been about 20% to 30% higher than in the slowest months of December through February. The Company's business is also affected by weather conditions. Extremely hot or extremely cold weather tends to enhance sales by causing parts to fail and spurring sales of seasonal products. Mild or rainy weather tends to soften sales as parts' failure rates are lower in mild weather and elective maintenance is deferred during periods of rainy weather.

Each of the first three quarters of AutoZone's fiscal year consists of twelve weeks and the fourth quarter consists of sixteen weeks. Because the fourth quarter contains the seasonally high sales volume and consists of sixteen weeks, compared to twelve weeks for each of the first three quarters, the Company's fourth quarter represents a disproportionate share of the annual net sales and net income. The fourth quarter of fiscal 1999 represented 33.8% of annual net sales and 40.3% of net income; the fourth quarter of fiscal 1998 represented 37.5% of annual net sales and 40.4% of net income.

Forward-Looking Statements

Certain statements contained in the Financial Review and elsewhere in this annual report are forward-looking statements. These statements discuss, among other things, expected growth, domestic and international development and expansion strategy, business strategies and future performance. These forward-looking statements are subject to risks, uncertainties and assumptions, including without limitation, competition, product demand, domestic and international economies, government approvals, the ability to hire and retain qualified employees, consumer debt levels, inflation and the weather. Actual results may materially differ from anticipated results. For more information, please see the Risk Factors section of the Company's most recent Form 10-K as filed with the Securities and Exchange Commission.

Consolidated Statements of Income

	Year Ended (52 Weeks)		
	August 28, 1999	August 29, 1998	August 30, 1997
	(in thousands, except per share data)		
Net sales	$4,116,392	$3,242,922	$2,691,440
Cost of sales, including warehouse and delivery expenses	2,384,970	1,889,847	1,559,296
Operating, selling, general and administrative expenses	1,298,327	970,768	810,793
Operating profit	433,095	382,307	321,351
Interest expense - net	45,312	18,204	8,843
Income before income taxes	387,783	364,103	312,508
Income taxes	143,000	136,200	117,500
Net income	$ 244,783	$ 227,903	$ 195,008
Weighted average shares for basic earnings per share	149,014	152,160	150,726
Effect of dilutive stock options	1,243	1,910	1,809
Adjusted weighted average shares for diluted earnings per share	150,257	154,070	152,535
Basic earnings per share	$ 1.64	$ 1.50	$ 1.29
Diluted earnings per share	$ 1.63	$ 1.48	$ 1.28

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

		August 28, 1999	August 29, 1998
		(in thousands, except per share data)	
Assets	Current assets:		
	Cash and cash equivalents	$ 5,918	$ 6,631
	Accounts receivable	25,917	42,252
	Merchandise inventories	1,129,693	966,560
	Prepaid expenses	33,468	37,532
	Deferred income taxes	30,088	61,964
	Income taxes receivable		2,151
	Total current assets	1,225,084	1,117,090
	Property and equipment:		
	Land	390,920	320,203
	Buildings and improvements	1,003,308	851,083
	Equipment	438,855	374,465
	Leasehold improvements and interests	102,646	82,273
	Construction in progress	153,323	150,461
		2,089,052	1,778,485
	Less accumulated depreciation and amortization	450,566	350,979
		1,638,486	1,427,506
	Other assets:		
	Cost in excess of net assets acquired, net of accumulated amortization of $15,375 in 1999 and $9,096 in 1998	337,261	181,315
	Deferred income taxes	76,412	3,510
	Other assets	7,524	18,692
		421,197	203,517
		$3,284,767	$2,748,113
Liabilities and Stockholders' Equity	Current liabilities:		
	Accounts payable	$ 757,447	$ 683,372
	Accrued expenses	230,036	176,457
	Income taxes payable	13,071	
	Total current liabilities	1,000,554	859,829
	Long-term debt	888,340	545,067
	Other liabilities	72,072	41,160
	Commitments and contingencies (See notes H and I)		
	Stockholders' equity:		
	Preferred Stock, authorized 1,000 shares; no shares issued		
	Common Stock, par value $.01 per share, authorized 200,000 shares; 153,963 shares issued and 144,353 shares outstanding in 1999 and 153,039 shares issued and 152,086 shares outstanding in 1998	1,540	1,530
	Additional paid-in-capital	289,084	277,528
	Retained earnings	1,296,528	1,051,745
	Accumulated other comprehensive income	(3)	
	Treasury stock, at cost	(263,348)	(28,746)
	Total stockholders' equity	1,323,801	1,302,057
		$3,284,767	$2,748,113

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

	Year Ended (52 Weeks)		
	August 28, 1999	August 29, 1998	August 30, 1997
	(in thousands)		
Cash flows from operating activities:			
Net income	$244,783	$ 227,903	$195,008
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	122,221	95,464	77,163
Amortization of intangible and other assets	6,310	1,135	658
Deferred income tax expense (benefit)	42,929	20,241	(7,781)
Net change in accounts receivable and prepaid expenses	20,399	(15,260)	(5,009)
Net increase in merchandise inventories	(201,553)	(47,285)	(153,552)
Net increase in accounts payable and accrued expenses	70,304	127,683	66,155
Net change in income taxes payable and receivable	13,367	(22,230)	7,819
Net change in other assets and liabilities	(11,392)	(20,813)	(2,898)
Net cash provided by operating activities	307,368	366,838	177,563
Cash flows from investing activities:			
Acquisitions		(100,031)	
Capital expenditures and Pep Express purchase	(428,315)	(337,202)	(295,417)
Net cash used in investing activities	(428,315)	(437,233)	(295,417)
Cash flows from financing activities:			
Repayment of acquired companies' debt		(265,429)	
Increase in commercial paper	228,000	305,000	
Proceeds from debentures/notes	148,913	197,751	
Net (decrease) increase in credit facilities	(34,050)	(164,350)	104,000
Net proceeds from sale of Common Stock, including related tax benefit	11,566	27,692	14,618
Purchase of Treasury Stock	(234,602)	(28,746)	
Other	407	173	
Net cash provided by financing activities	120,234	72,091	118,618
Net (decrease) increase in cash and cash equivalents	(713)	1,696	764
Cash and cash equivalents at beginning of year	6,631	4,668	3,904
Cash provided by acquisitions		267	
Cash and cash equivalents at end of year	$ 5,918	$ 6,631	$ 4,668
Supplemental cash flow information:			
Interest paid, net of interest cost capitalized	$ 41,533	$ 17,042	$ 8,779
Income taxes paid	$ 93,073	$ 122,529	$ 109,681

See Notes to Consolidated Financial Statements.

Consolidated Statements of Stockholders' Equity

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
			(in thousands)			
Balance at August 31, 1996	$1,501	$235,247	$ 628,834	$	$	$ 865,582
Net income			195,008			195,008
Comprehensive income						195,008
Sale of 1,176 shares of Common Stock under stock option and stock purchase plans	12	7,676				7,688
Tax benefit of exercise of stock options		6,930				6,930
Balance at August 30, 1997	1,513	249,853	823,842			1,075,208
Net income			227,903			227,903
Comprehensive income						227,903
Purchase of 953 shares of Treasury Stock					(28,746)	(28,746)
Sale of 1,726 shares of Common Stock under stock option and stock purchase plans	17	11,475				11,492
Tax benefit of exercise of stock options		16,200				16,200
Balance at August 29, 1998	1,530	277,528	1,051,745		(28,746)	1,302,057
Net income			244,783			244,783
Foreign currency translation adjustment				(3)		(3)
Comprehensive income						244,780
Purchase of 8,657 shares of Treasury Stock					(234,602)	(234,602)
Sale of 924 shares of Common Stock under stock option and stock purchase plans	10	7,256				7,266
Tax benefit of exercise of stock options		4,300				4,300
Balance at August 28, 1999	$1,540	$289,084	$1,296,528	$ (3)	$ (263,348)	$ 1,323,801

See Notes to Consolidated Financial Statements.

Notes To Consolidated Financial Statements

Note A - Significant Accounting Policies

Business: The Company is principally a specialty retailer of automotive parts and accessories. At the end of fiscal 1999, the Company operated 2,711 domestic auto parts stores in 39 states and 6 auto parts stores in Mexico. In addition, the Company sells heavy duty truck parts and accessories through its 46 TruckPro stores in 14 states, automotive diagnostic and repair software through ALLDATA and diagnostic and repair information through alldatadiy.com.

Fiscal Year: The Company's fiscal year consists of 52 or 53 weeks ending on the last Saturday in August.

Basis of Presentation: The consolidated financial statements include the accounts of AutoZone, Inc. and its wholly owned subsidiaries (the Company). All significant intercompany transactions and balances have been eliminated in consolidation.

Merchandise Inventories: Inventories are stated at the lower of cost or market using the last-in, first-out (LIFO) method.

Property and Equipment: Property and equipment is stated at cost. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets. Leasehold interests and improvements are amortized over the terms of the leases.

Amortization: The cost in excess of net assets acquired is amortized by the straight-line method over 40 years.

Preopening Expenses: Preopening expenses, which consist primarily of payroll and occupancy costs, are expensed as incurred.

Advertising Costs: The Company expenses advertising costs as incurred. Advertising expense, net of vendor rebates, was approximately $21,857,000 in fiscal 1999, $30,109,000 in fiscal 1998 and $27,271,000 in fiscal 1997.

Warranty Costs: The Company provides the consumer with a warranty on certain products. Estimated warranty obligations are provided at the time of sale of the product.

Financial Instruments: The Company has certain financial instruments which include cash, accounts receivable and accounts payable. The carrying amounts of these financial instruments approximate fair value because of their short maturities. The Company uses derivative financial instruments for purposes other than trading to minimize the risk associated with financing activities. Settlements of interest rate swaps are accounted for by recording the net interest received or paid as an adjustment to interest expense. Gains or losses resulting from market movements are not recognized. Gains or losses resulting from equity instrument contracts are recognized through stockholders' equity. Contracts that effectively meet risk reduction and correlation criteria are recorded using hedge accounting. Hedges of anticipated transactions are deferred and recognized when the hedged transaction occurs.

Income Taxes: The Company accounts for income taxes under the liability method. Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Cash Equivalents: Cash equivalents consist of investments with maturities of 90 days or less at the date of purchase.

Use of Estimates: Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

Earnings Per Share: Basic earnings per share is based on the weighted average outstanding common shares. Diluted earnings per share is based on the weighted average outstanding shares adjusted for the effect of stock options.

Impairment of Long-Lived Assets: The Company complies with Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." This statement requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Also, in general, long-lived assets and certain identifiable intangibles to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Comprehensive Income: In fiscal 1999, the Company adopted SFAS No. 130, "Reporting Comprehensive Income." This statement establishes standards for reporting and display of comprehensive income and its components. The Company has reflected comprehensive income and its components in the consolidated statements of stockholders' equity.

Disclosures about Segments of an Enterprise and Related Information: In fiscal 1999, the Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The adoption of this statement had no effect on the financial statements as the Company operates in a single reportable segment.

Pensions and Other Postretirement Benefits: In fiscal 1999, the Company adopted SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." SFAS No. 132 establishes new standards for the reporting of information about pension and other postretirement benefits. All periods reported have been presented in accordance with SFAS No. 132.

Internal Use Software Costs: In fiscal 1999, the Company adopted Statement of Position (SOP) 98-1, "Accounting for the Costs of Developing or Obtaining Internal Use Software." This SOP requires the capitalization of certain costs incurred in connection with developing or obtaining software for internal use. The adoption of SOP 98-1 did not have a material impact on the Company's results of operations or financial position.

Derivative Instruments and Hedging Activities: During 1998, the Financial Accounting Standards Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires companies to record derivative instruments on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in the values of a derivative would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. In September 1999, the FASB issued SFAS No. 137, which delayed the effective date of SFAS No. 133 to the Company's fiscal year 2001. Because of the Company's minimal historical use of derivatives, management anticipates that the adoption of SFAS No. 133 will not have a significant effect on earnings or the financial position of the Company.

Note B - Accrued Expenses

Accrued expenses consist of the following:

	August 28, 1999	August 29, 1998
	(in thousands)	
Medical and casualty insurance claims	$ 48,111	$40,640
Accrued compensation and related payroll taxes	41,345	37,684
Property and sales taxes	48,181	38,506
Accrued warranty	32,950	20,786
Other	59,449	38,841
	$230,036	$176,457

Note C - Income Taxes

At August 28, 1999, the Company has net operating loss carryforwards (NOLs) of approximately $48 million that expire in years 2000 through 2018. These carryforwards resulted from the Company's acquisition of ALLDATA Corporation during fiscal 1996 and Chief Auto Parts Inc. and ADAP, Inc. (which had been doing business as "Auto Palace") in fiscal 1998. The use of the NOLs is subject to annual limitations. A valuation allowance of $10,813,000 in fiscal 1999 and $15,902,000 in fiscal 1998 relates to certain of those carryforwards.

The provision for income tax expense (benefit) consists of the following:

	Year Ended		
	August 28, 1999	August 29, 1998	August 30, 1997
	(in thousands)		
Current:			
Federal	$ 90,018	$103,810	$114,113
State	10,053	12,149	11,168
	100,071	115,959	125,281
Deferred:			
Federal	38,999	19,665	(6,427)
State	3,930	576	(1,354)
	42,929	20,241	(7,781)
	$143,000	$136,200	$117,500

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

	August 28, 1999	August 29, 1998
	(in thousands)	
Deferred tax assets:		
Net operating loss and credit carryforwards	$ 22,296	$ 26,303
Insurance reserves	15,938	13,847
Warranty reserves	12,701	7,778
Deferred lease expense		6,694
Accrued vacation	4,779	4,387
Closed store reserves	25,970	
Inventory reserves	11,562	
Legal reserves	4,263	
Other	25,157	29,690

	122,666	88,699
Less valuation allowance	10,813	15,902
	111,853	72,797
Deferred tax liabilities:		
Property and equipment		4,104
Accrued property taxes	5,353	3,219
	5,353	7,323
Net deferred tax assets	$ 106,500	$ 65,474

A reconciliation of the provision for income taxes to the amount computed by applying the federal statutory tax rate of 35% to income before income taxes is as follows:

	Year Ended		
	August 28, 1999	August 29, 1998	August 30, 1997
	(in thousands)		
Expected tax at statutory rate	$ 135,724	$127,436	$109,378
State income taxes, net	6,722	8,271	6,379
Other	554	493	1,743
	$143,000	$136,200	$117,500

Note D - Financing Arrangements

The Company's long-term debt at the end of fiscal 1999 and 1998 consisted of the following:

	August 28, 1999	August 29, 1998
	(in thousands)	
6% Notes due November 2003; redeemable at any time at the option of the Company	$150,000	$
6.5% Debentures due July 2008; redeemable at any time at the option of the Company	200,000	200,000
Commercial paper, weighted average rate of 5.4% at August 28, 1999 and 5.7% at August 29, 1998	533,000	305,000
Unsecured bank loan, floating interest rate averaging 5.8% at August 29, 1998		34,050
Other	5,340	6,017
	$888,340	$545,067

In November 1998, the Company sold $150 million of 6% Notes due November 2003, at a discount. Interest on the Notes is payable semi-annually on May 1 and November 1 of each year, beginning May 1999. In July 1998, the Company sold $200 million of 6.5% Debentures due July 2008, at a discount. Interest on the Debentures is payable semi-annually on January 15 and July 15 of each year, beginning January 1999. Proceeds were used to repay portions of the Company's long-term variable rate bank debt and for general corporate purposes.

The Company has a commercial paper program that allows borrowing up to $700 million. As of August 28, 1999, there were borrowings of $533 million outstanding under the program. In connection with the program, the Company has a five-year credit facility with a group of banks for up to $350 million and a 364-day $350 million credit facility with another group of banks. The 364-day facility includes a renewal feature as well as an option to extinguish the outstanding debt one year from the maturity date. Borrowings under the commercial paper program reduce availability under the credit facilities. No amounts were outstanding under either of the $350 million credit facilities at August 28, 1999. Outstanding commercial paper at August 28, 1999, is classified as long-term debt as it is the Company's ability and intention to refinance them on a long-term basis.

The rate of interest payable under the revolving credit agreements is a function of the London Interbank Offered Rate (LIBOR) or the lending bank's base rate (as defined in the agreement) at the option of the Company. In addition, the multi-year $350 million credit facility contains a competitive bid rate option. Both of the revolving credit facilities contain a covenant limiting the amount of debt the Company may incur relative to its total capitalization. These facilities are available to support domestic commercial paper borrowings and to meet cash requirements.

Maturities of long-term debt are $183 million for fiscal 2001, $350 million for fiscal 2002 and $355 million thereafter.

Interest costs of $2,762,000 in fiscal 1999, $2,280,000 in fiscal 1998, and $2,119,000 in fiscal 1997 were capitalized.

The estimated fair value of the 6.5% Debentures and the 6% Notes, which are both publicly traded, was approximately $184 million and $143 million respectively based on the market price at August 28, 1999. The estimated fair values of all other long-term borrowings approximate their carrying values primarily because of their variable interest rates.

Subsequent to year-end, the Company entered into financing arrangements totaling $140 million with maturity dates ranging from March 2000 to August 2000 and interest rates ranging from 6.43% to 6.63%.

Note E - Stock Repurchase Program

As of August 28, 1999, the Board of Directors had authorized the Company to repurchase up to $400 million of common stock in the open market. The Company repurchased 8.7 million shares of its common stock in fiscal 1999 for an aggregate cost of $234.6 million, and repurchased 1 million shares of its common stock in fiscal 1998 for an aggregate cost of $28.7 million. At times, the Company utilizes equity instrument contracts to facilitate its repurchase of common stock. At August 28, 1999, the Company held equity instrument contracts that relate to the purchase of approximately 4.1 million shares of common stock at an average cost of $24.66 per share.

Subsequent to year-end, the Board authorized the repurchase of an additional $200 million of the Company's common stock in the open market. Additionally, in fiscal 2000, the Company purchased the 4.1 million shares as settlement of the equity instrument contract outstanding at August 28, 1999.

Note F - Employee Stock Plans

The Company has granted options to purchase common stock to certain employees and directors under various plans at prices equal to the market value of the stock on the dates the options were granted. Options are generally exercisable in a three to seven year period, and expire 10 years after grant. A summary of outstanding stock options is as follows:

	Wtd. Avg. Exercise Price	Number of Shares
Outstanding August 31, 1996	$17.96	9,759,756
Granted	22.69	2,707,370
Exercised	4.93	(1,032,989)
Canceled	25.54	(834,883)
Outstanding August 30, 1997	19.84	10,599,254
Granted	31.13	1,692,272
Exercised	7.39	(1,738,882)
Canceled	25.40	(795,780)
Outstanding August 29, 1998	23.56	9,756,864
Granted	29.23	2,081,125
Exercised	12.87	(596,274)
Canceled	28.43	(741,309)
Outstanding August 28, 1999	$24.95	10,500,406

The following table summarizes information about stock options outstanding at August 28, 1999:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	No. of Options	Wtd. Avg. Exercise Price	Wtd. Avg. Contractual Life (in years)	No. of Options	Wtd. Avg. Exercise Price
$ 1.09-20.13	2,109,613	$14.20	4.90	974,678	$ 7.33
22.69-25.13	2,573,857	24.65	6.71	395,904	25.10
25.25-27.38	2,243,597	26.14	5.40	827,437	25.57
27.63-31.50	2,345,583	29.30	8.16	179,514	28.71
32.56-35.13	1,227,756	33.59	8.66	23,763	35.13
$ 1.09-35.13	10,500,406	$24.95	6.62	2,401,296	$18.42

Options to purchase 2,401,296 shares at August 28, 1999, and 1,942,510 shares at August 29, 1998, were exercisable. Shares reserved for future grants were 6,176,283 at August 28, 1999, and 2,699,468 at August 29, 1998.

Pro forma information is required by SFAS No. 123, "Accounting for Stock-Based Compensation." In accordance with the provisions of SFAS No. 123, the Company applies APB Opinion 25 and related interpretations in accounting for its stock option plans and accordingly, no compensation expense for stock options has been recognized. If the Company had elected to recognize compensation cost based on the fair value of the options granted at the grant date as prescribed in SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below. The effects of applying SFAS No. 123 and the results obtained through the use of the Black-Scholes option pricing model in this pro forma disclosure are not indicative of future amounts. SFAS No. 123 does not apply to awards prior to fiscal 1996.

	Year Ended		
	August 28, 1999	August 29, 1998	August 30, 1997
Net Income ($000)			

As reported	$ 244,783	$227,903	$195,008
Pro forma	$ 234,898	$221,803	$191,118
Basic earnings per share			
As reported	$ 1.64	$ 1.50	$ 1.29
Pro forma	$ 1.58	$ 1.46	$ 1.27
Diluted earnings per share			
As reported	$ 1.63	$ 1.48	$ 1.28
Pro forma	$ 1.57	$ 1.44	$ 1.26

The weighted-average fair value of the stock options granted during fiscal 1999 was $12.74, during fiscal 1998 was $12.17 and during fiscal 1997 was $9.26. The fair value of each option granted is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted-average assumptions for grants in 1999, 1998 and 1997: expected price volatility of .34 to .37; risk-free interest rates ranging from 4.56 to 5.98 percent; and expected lives between 3.75 and 8.0 years.

The Company also has an employee stock purchase plan under which all eligible employees may purchase common stock at 85% of fair market value (determined quarterly) through regular payroll deductions. Annual purchases are limited to $4,000 per employee. Under the plan 268,554 shares were sold in fiscal 1999 and 232,389 shares were sold in fiscal 1998. The Company repurchased 210,525 shares in fiscal 1999 and 275,526 shares in fiscal 1998 for sale under the plan. A total of 1,299,057 shares of common stock is reserved for future issuance under this plan.

During fiscal 1998, the Company adopted the 1998 Directors Stock Option Plan. Under the stock option plan, each non-employee director was automatically granted an option to purchase 1,000 shares of common stock on the plan's adoption date. Each non-employee director will receive additional options to purchase 1,000 shares of common stock on January 1 of each year. In addition, so long as the non-employee director owns common stock valued at least equal to five times the value of the annual fee paid to such director, that director will receive an additional option to purchase 1,000 shares as of December 31 of each year.

In March 1998, the Company adopted the Directors Compensation Plan. Under this plan, a director may receive no more than one-half of the annual and meeting fees immediately in cash, and the remainder of the fees must be taken in either common stock or the fees may be deferred in units with value equivalent to the value of shares of common stock as of the grant date ("stock appreciation rights").

Note G - Pension and Savings Plan

Substantially all full-time employees are covered by a defined benefit pension plan. The benefits are based on years of service and the employee's highest consecutive five-year average compensation.

The Company makes annual contributions in amounts at least equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974. The following table sets forth the plan's funded status and amounts recognized in the Company's financial statements (in thousands):

	August 28, 1999	August 29, 1998
Change in benefit obligation		
Benefit obligation at beginning of year	$53,971	$42,687
Service cost	8,022	7,001
Interest cost	3,727	3,047
Actuarial losses	327	1,922
Benefits paid	(1,184)	(686)
Benefit obligation at end of year	64,863	53,971
Change in plan assets		
Fair value of plan assets at beginning of year	54,565	39,598
Actual return on plan assets	3,488	7,271
Company contributions (refunds)	(1,741)	8,687
Benefits paid	(1,184)	(686)
Administrative expenses	(365)	(305)
Fair value of plan assets at end of year	54,763	54,565
Reconciliation of funded status		
Funded status of the plan (underfunded)	(10,100)	594
Unrecognized net actuarial losses	11,037	9,282
Unamortized prior service cost	(5,329)	(5,934)
Prepaid (accrued) benefit cost	$(4,392)	$ 3,942

	August 28, 1999	August 29, 1998	August 30, 1997
Components of net periodic benefit cost			
Service cost	$ 8,022	$7,001	$6,034
Interest cost	3,727	3,047	2,496

Expected return on plan assets	(5,001)	(4,090)	(2,847)
Amortization of prior service cost	(606)	(292)	138
Amortization of transition obligation	-	(118)	(150)
Recognized net actuarial losses	451	-	63
	$ 6,593	$ 5,548	$5,734

The actuarial present value of the projected benefit obligation was determined using weighted-average discount rates of 7.00% and 6.93% at August 28, 1999 and August 29, 1998, respectively. The assumed increases in future compensation levels were generally 5-10% based on age in fiscal 1999 and 1998 and 6% in fiscal 1997. The expected long-term rate of return on plan assets was 9.5% at August 28, 1999, August 29, 1998 and August 30, 1997. Prior service cost is amortized over the estimated average remaining service lives of the plan participants, and the unrecognized actuarial gain or loss is amortized over five years.

During fiscal 1998, the Company established a defined contribution plan ("401(k) plan") pursuant to Section 401(k) of the Internal Revenue Code. The 401(k) plan covers substantially all employees that meet the plan's service requirements. The Company makes matching contributions, on an annual basis, up to a specified percentage of employees' contributions as approved by the Board of Directors.

Note H - Leases

A portion of the Company's retail stores, distribution centers, and certain equipment are leased. Most of these leases include renewal options and some include options to purchase and provisions for percentage rent based on sales.

Rental expense was $96,150,000 for fiscal 1999, $56,410,000 for fiscal 1998, and $39,078,000 for fiscal 1997. Percentage rentals were insignificant.

Minimum annual rental commitments under non-cancelable operating leases are as follows (in thousands):

Year	Amount
2000	$106,202
2001	97,183
2002	82,231
2003	69,667
2004	55,885
Thereafter	214,028
	$625,196

Note I - Commitments and Contingencies

Construction commitments, primarily for new stores, totaled approximately $57 million at August 28, 1999.

AutoZone, Inc., is a defendant in a purported class action lawsuit entitled "Melvin Quinnie on behalf of all others similarly situated v. AutoZone, Inc., and DOES 1 through 100, inclusive" filed in the Superior Court of California, County of Los Angeles, in November 1998. The plaintiff claims that the defendants failed to pay overtime to store managers as required by California law and failed to pay terminated managers in a timely manner as required by California law. The plaintiff is seeking injunctive relief, restitution, statutory penalties, prejudgment interest, and reasonable attorneys' fees, expenses and costs. The case is in the early stages of pre-class certification discovery and therefore the Company is unable to predict the outcome of this lawsuit at this time. The Company is vigorously defending against this action.

AutoZone, Inc., and Chief are defendants in a purported class action lawsuit entitled "Paul D. Rusch, on behalf of all others similarly situated, v. Chief Auto Parts Inc. and AutoZone, Inc." filed in the Superior Court of California, County of Los Angeles, in May 1999. The plaintiffs claim that the defendants have failed to pay their store managers overtime pay from March 1997 to the present. The plaintiffs are seeking back overtime pay, interest, an injunction against the defendants committing such practices in the future, costs, and attorneys' fees. In September 1999, the Court denied the Company's motion to strike the complaint's request for class certification based on a prior case of Chief which relied on similar facts in which the class certification was denied. The Company has appealed the Court's decision. The Company is unable to predict the outcome of this lawsuit at this time, but believes that the potential damages recoverable by any single plaintiff are minimal. However, if the plaintiff class were to be certified and prevail on all of its claims, the aggregate amount of damages could be substantial. The Company is vigorously defending against this action.

The Company currently, and from time to time, is involved in various other legal proceedings incidental to the conduct of its business. Although the amount of liability that may result from these proceedings cannot be ascertained, the Company does not currently believe that, in the aggregate, these other matters will result in liabilities material to the Company's financial condition or results of operations.

The Company is self-insured for workers' compensation, automobile, general and product liability losses. The Company is also self-insured for health care claims for eligible active employees. The Company maintains certain levels of stop loss coverage for each self-insured plan. Self-insurance costs are accrued based upon the aggregate of the liability for reported claims and an estimated liability for claims incurred but not reported.

Note J - Business Combinations

In October 1998, the Company acquired real estate and real estate leases for 100 Express auto parts stores from Pep Boys for approximately $108 million.

In February 1998, the Company acquired ADAP, Inc. ("Auto Palace"). The acquisition added 112 automotive parts and accessories stores in the Northeast. In May 1998, the Company acquired the assets and liabilities of TruckPro, L.P., including the service mark "TruckPro." The 43 TruckPro stores in 14 states specialized in the sale of heavy duty truck parts.

Additionally, in June 1998, the Company acquired Chief for approximately $280 million, including the assumption of approximately $205 million of indebtedness. Chief operated 560 auto parts stores primarily in California.

Results of operations for acquisitions are included with the Company since each respective acquisition date. The purchase method of accounting for acquisitions was utilized for all transactions and, therefore, the acquired assets and liabilities were recorded at their estimated fair values at the date of acquisition. The goodwill associated with these transactions is being amortized over 40 years.

The fair value of assets and liabilities recorded as a result of the fiscal 1999 and 1998 transactions as well as fiscal 1999 purchase accounting adjustments are as follows (in thousands):

	Year Ended	
	August 28, 1999	August 29, 1998
Cash and cash equivalents	$	$ 267
Receivables		22,786
Inventories	(38,420)	209,829
Property and equipment	12,886	104,640
Goodwill	162,225	166,013
Deferred income taxes	83,955	56,388
Accounts payable	(992)	(106,947)
Accrued liabilities	(58,213)	(52,826)
Debt		(271,273)
Other	(53,441)	(28,846)
Total cash purchase price	$ 108,000	$ 100,031

The following unaudited pro forma results of operations assume that the fiscal 1998 acquisitions and the related financing transactions occurred at the beginning of the periods presented.

	Year Ended	
	August 29, 1998	August 30, 1997
	(in thousands, except per share data)	
Net sales	$3,758,700	$3,397,300
Net income	221,200	189,200
Diluted earnings per share	1.44	1.24

The pro forma financial information is presented for informational purposes only and is not necessarily indicative of the operating results that would have occurred had the business combinations and related transactions been consummated as of the beginning of the periods presented, nor is it necessarily indicative of future operating results.

During fiscal 1999, the Company recorded reserves for closed stores of approximately $75 million and charged lease and related costs of approximately $15 million against this reserve.

Report of Independent Auditors

Stockholders
AutoZone, Inc.,

We have audited the accompanying consolidated balance sheets of AutoZone, Inc. as of August 28, 1999 and August 29, 1998, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended August 28, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of AutoZone, Inc. at August 28, 1999 and August 29, 1998, and the consolidated results of its operations and its cash flows for each of the three years in the period ended August 28, 1999 in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

Memphis, Tennessee
September 29, 1999

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form10-K/A) of AutoZone, Inc. of our report dated September 29, 1999, included in the 1999 Annual Report to Stockholders of AutoZone, Inc.

Our audits also included the financial statement schedule of AutoZone, Inc. listed in Item 14(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-42797) pertaining to the Amended and Restated AutoZone, Inc. Employee Stock Purchase Plan, the Registration Statement (Form S-8 and S-3 No. 33-41618) pertaining to the AutoZone, Inc. Amended and Restated Stock Option Plan, the Registration Statement (Form S-8 No. 333-88245) pertaining to the AutoZone, Inc. Second Amended and Restated 1996 Stock Option Plan, the Registration Statement (Form S-8 No. 333-88241) pertaining to the AutoZone, Inc. Amended and Restated Director Compensation Plan, the Registration Statement (Form S-8 No. 333-88243) pertaining to the AutoZone, Inc. Amended and Restated 1998 Director Stock Option Plan and the Registration Statement (Form S-3 No. 333-58565), of our report dated September 29, 1999, with respect to the consolidated financial statements and schedule of AutoZone, Inc. incorporated by reference in this Annual Report (Form 10-K/A) for the year ended August 28, 1999.

/s/ Ernst & Young LLP

Memphis, Tennessee

March 1, 2002