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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] Annual Report under section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended August 28, 2004, 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	**62-1482048**
(State or other jurisdiction of incorporation or organization)	(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 § 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. [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [X] No [ ]

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was $5,705,229,019.

The number of shares of Common Stock outstanding as of October 21, 2004, was 79,786,346.

Documents Incorporated By Reference

Portions of the definitive Proxy Statement to be filed within 120 days of August 28, 2004, pursuant to Regulation 14A under the Securities Exchange Act of 1934 for the Annual Meeting of Stockholders to be held December 16, 2004, are incorporated by reference into Part III.

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Forward-Looking Statements

Certain statements contained in this Annual Report on Form 10-K 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; raw material costs of our suppliers; gasoline prices; war and the prospect of war, including terrorist activity; availability of commercial 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 contained in Item 1 under Part I. of this Form 10-K, for more details.

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PART I

Item 1. Business

Introduction

We are the nation’s leading specialty retailer of automotive parts and accessories, with most of our sales to do-it-yourself (“DIY”) customers. We began operations in 1979 and at August 28, 2004, operated 3,420 auto parts stores in the United States and 63 in Mexico. Each of our stores 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. In many of our domestic stores we 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. We also sell the ALLDATA brand automotive diagnostic and repair software. On the web at www.autozone.com, we sell diagnostic and repair information, auto and light truck parts, and accessories. We do not derive revenue from automotive repair or installation.

At August 28, 2004, our stores were in the following locations:

Alabama	84
Arizona	87
Arkansas	53
California	407
Colorado	49
Connecticut	27
Delaware	8
Florida	159
Georgia	119
Idaho	13
Illinois	166
Indiana	112
Iowa	22
Kansas	37
Kentucky	67
Louisiana	90
Maine	6
Maryland	33
Massachusetts	65
Michigan	128
Minnesota	21
Mississippi	71
Missouri	80
Montana	1
Nebraska	9
Nevada	36
New Hampshire	15
New Jersey	36
New Mexico	34
New York	105
North Carolina	117
North Dakota	2
Ohio	195
Oklahoma	66
Oregon	19
Pennsylvania	89
Rhode Island	15
South Carolina	58
South Dakota	1
Tennessee	124

Texas	402
Utah	27
Vermont	1
Virginia	70
Washington	18
West Virginia	22
Wisconsin	43
Wyoming	5
Washington, DC	6
Domestic Total	3,420
Mexico	63
TOTAL	3,483

Marketing and Merchandising Strategy

We are dedicated to providing customers with superior service, value and quality automotive parts and products at conveniently located, well-designed stores. Key elements of this strategy are:

Customer Service

We believe that our customers value service; therefore, customer service is the most important element in our marketing and merchandising strategy. We emphasize that our AutoZoners (employees) should always put customers first by providing prompt, courteous service and trustworthy advice. Our electronic parts catalog assists in the selection of parts; and lifetime warranties are offered by us or our vendors on many of the parts we sell. Our satellite system in our auto parts stores helps us expedite credit or debit card and check approval processes and locate parts at neighboring AutoZone stores.

Our stores generally open at 8 a.m. and close between 8 and 10 p.m. Monday through Saturday and typically open at 9 a.m. and close between 6 and 8 p.m. on Sunday. Some stores are open 24 hours, and some have extended hours of 6 a.m or 7 a.m. until midnight seven days a week.

We also provide specialty tools through our Loan-A-Tool program. Customers can borrow a specialty tool, such as a steering wheel puller, for which a DIY customer or a repair shop would have little or no use other than for a single job. AutoZoners also provide other free services, including check engine light readings; battery charging and installation assistance; oil recycling; and testing of starters, alternators, batteries, sensors and actuators.

Merchandising

The following table shows some of the types of products that we sell:

Hard Parts	Maintenance Items	Accessories and Non-Automotive
A/C Compressors	Antifreeze	Air Fresheners
Alternators	Belts and Hoses	Cell Phone Accessories
Batteries	Brake Fluid	Decorative Lighting
Brake Drums, Rotors, Shoes and Pads	Chemicals	Dent Filler
	Fuses	Floor Mats
Carburetors	Lighting	Neon
Clutches	Oil	Mirrors
CV Axles	Oil and Fuel Additives	Paint
Engines	Oil, Air and Fuel Filters	Scooters and Go-carts
Fuel Pumps	Power Steering Fluid	Seat Covers
Mufflers	Refrigerant	Steering Wheel Covers
Shock Absorbers	Spark Plugs	Stereos
Starters	Transmission Fluid	Sunglasses
Struts	Wash and Wax	Tools
Water Pumps	Windshield Wipers	Toys

We believe that the satisfaction of DIY customers and professional technicians is often impacted by our ability to provide specific automotive products as requested. Our stores generally offer between 21,000 and 23,000 stock keeping units ("SKUs"), covering a broad range of vehicle types. Each store carries the same basic product line, but we tailor our parts inventory to the makes and models of the automobiles in each store's trade area. Our hub stores carry a larger assortment of products that can be delivered to commercial customers or local satellite stores. Slower-selling products are generally available through our vendor direct program (VDP) which offers overnight delivery.

We are constantly updating the products that we offer to assure that our inventory matches the products that our customers want, when they want them.

Pricing

We want to be perceived by our customers as the value leader in our industry by consistently providing quality merchandise at a good price, backed by a good warranty and outstanding customer service. On many of our products we offer multiple value choices in a good/better/best assortment, with appropriate price and quality differences from the "good" products to the "better" and "best" products. We believe that our overall prices compare favorably to those of our competitors.

Marketing

We believe that targeted advertising and marketing play important roles in succeeding in today's environment. We are constantly working to understand our customers' wants and needs so that we can build long-lasting, loyal relationships. We utilize marketing and advertising primarily to educate customers about the overall importance of vehicle maintenance. We also seek to convey the message that AutoZone is THE brand known for "relentlessly creating the most exciting Zone for vehicle solutions!" Broadcast and print media are designed primarily to increase store traffic. In-store signage and creative product placement help to educate customers about products they need as a means to increase average sales dollars per transaction.

Store Design and Visual Merchandising

We design and build stores for a high visual impact. The typical AutoZone store has an industrial "high tech" appearance by utilizing colorful exterior and interior signage, exposed beams and ductwork and brightly lighted interiors. Maintenance products, accessories and miscellaneous items are attractively displayed for easy browsing by customers. In-store signage and special displays promote products in floor displays, end caps and on the shelf. Store managers are able to customize certain areas of the store to prominently display products that are in demand in the local community.

Commercial

We believe our commercial sales program is the third largest aftermarket seller of automotive parts and other products to local, regional and national repair garages, dealers and service stations in the United States. As a part of the program we offer credit and delivery to some of our commercial customers. The program operated out of 2,209 stores as of August 28, 2004. Through our hub stores, we offer a greater range of parts and products desired by professional technicians and can also be used as additional available inventory for local stores. In addition, some of our commercial customers receive shipments directly from our distribution centers. Commercial has a national sales team focused on national and regional commercial accounts, as well as an outside sales force for customers located around our commercial stores.

Store Operations

Store Formats

Substantially all AutoZone stores are based on standard store formats resulting in generally consistent appearance, merchandising and product mix. Approximately 85% to 90% of each store's square footage is selling space, of which approximately 40% to 45% is dedicated to hard parts inventory. The hard parts inventory area is

generally fronted by a counter or pods that run the depth or length of the store, dividing the hard parts area from the remainder of the store. The remaining selling space contains displays of maintenance, accessories, and non-automotive items.

We have knowledgeable AutoZoners available to assist customers with their parts needs utilizing our proprietary electronic parts catalog with a display screen that is visible to both the AutoZoner and the customer. In addition to helping ensure fast, accurate parts lookup in English or Spanish, the parts catalog will suggest additional items that a customer should purchase in order to properly install the merchandise being purchased.

We believe that our stores are “destination stores,” generating their own traffic rather than relying on traffic created by adjacent stores. Therefore, we situate most stores on major thoroughfares with easy access and good parking.

Store Personnel and Training

Each auto parts store typically employs from 10 to 16 AutoZoners, including a manager and, in some cases, an assistant manager. AutoZoners typically have prior automotive experience. All AutoZoners are encouraged to complete courses resulting in certification by the National Institute for Automotive Service Excellence (ASE), which is broadly recognized for training certification in the automotive industry. Although we do on-the-job training, we also provide formal training programs, including an annual national sales meeting, regular store meetings on specific sales and product issues, standardized training manuals and a specialist program that trains AutoZoners in several areas of technical expertise from both the Company and from independent certification agencies. Training is supplemented with frequent store visits by management.

Store managers receive financial incentives through performance-based bonuses. In addition, our growth has provided opportunities for the promotion of qualified AutoZoners. We believe these opportunities are important to attract, motivate and retain quality AutoZoners.

All domestic store support functions are centralized in our store support center in Memphis, Tennessee. We believe that this centralization enhances consistent execution of our merchandising and marketing strategies at the store level, while reducing expenses and cost of sales.

Store Automation

All of our stores have a proprietary electronic parts catalog that provides parts information based on the make, model and year of an automobile. The electronic catalog also tracks inventory availability at the store, at other nearby stores and through special order. The catalog display screens are placed on the hard parts counter or pods where both AutoZoners and customers can view the screen. In addition, our satellite system enables the stores to expedite credit or debit card and check approval processes, immediately access national warranty data, implement real-time inventory controls and locate and hold parts at neighboring AutoZone stores.

Our domestic auto parts stores utilize our computerized Store Management System, which includes bar code scanning and point-of-sale data collection terminals. The Store Management System provides administrative assistance and improved personnel scheduling at the store level, as well as enhanced merchandising information and improved inventory control. We believe the Store Management System also enhances customer service through faster processing of transactions and simplified warranty and product return procedures.

Store Development

The following table reflects store development during the past five fiscal years:

	Fiscal Year				
	2004	2003	2002	2001	2000
Beginning Domestic Stores	3,219	3,068	3,019	2,915	2,711
New Stores	202	160	102	107	208
Replaced Stores	4	6	15	16	30
Closed Stores	1	9	53	3	4
Net New Stores	201	151	49	104	204
Ending Domestic Stores	3,420	3,219	3,068	3,019	2,915
Ending Mexico Stores	63	49	39	21	13
Ending Total Stores	3,483	3,268	3,107	3,040	2,928

We believe that expansion opportunities exist both in markets that we do not currently serve, and in markets where we can achieve a larger presence. We attempt to obtain high visibility sites in high traffic locations and undertake substantial research prior to entering new markets. The most important criteria for opening a new store are its projected future profitability and its ability to achieve our required investment hurdle rate. Key factors in selecting new site and market locations include population, demographics, vehicle profile, number and strength of competitors' stores and the cost of real estate. In reviewing the vehicle profile, we also consider the number of vehicles that are seven years old and older, "our kind of vehicles" (OKVs), as these are generally no longer under the original manufacturers' warranty and will require more maintenance and repair than younger vehicles. We generally seek to open new stores within or contiguous to existing market areas and attempt to cluster development in markets in a relatively short period of time. In addition to continuing to lease or develop our own stores, we evaluate and may make strategic acquisitions.

Purchasing and Supply Chain

Merchandise is selected and purchased for all stores through our Store Support Center in Memphis, Tennessee. No one class of product accounts for as much as 10 percent of our total sales. In fiscal 2004, no single supplier accounted for more than 10 percent of our total purchases. We generally have few long-term contracts for the purchase of merchandise. We believe that we have good relationships with suppliers. We also believe that alternative sources of supply exist, at similar cost, for most types of product sold. Most of our merchandise flows through our distribution centers to our stores.

Our hub stores have increased our ability to distribute products on a timely basis to each store. A hub store is able to provide replenishment of sold products and deliver special order products to a store in its coverage area generally within 24 hours. Hub stores are generally replenished from distribution centers multiple times per week.

Competition

The sale of automotive parts, accessories and maintenance items is highly competitive in many areas, including name recognition, product availability, customer service, store location and price. AutoZone competes in both the retail DIY and commercial do it for me ("DIFM") auto parts and accessories markets.

Competitors include national and regional auto parts chains, independently owned parts stores, wholesalers and jobbers, repair shops, car washes and auto dealers, in addition to discount and mass merchandise stores, department stores, hardware stores, supermarkets, drugstores and home stores that sell aftermarket vehicle parts and supplies, chemicals, accessories, tools and maintenance parts. AutoZone competes on the basis of customer service, including the trustworthy advice of our AutoZoners, merchandise selection and availability, price, product warranty, store layouts and location.

Trademarks and Patents

We have registered several service marks and trademarks in the United States Patent and Trademark office as well as in other countries, including our service marks, “AutoZone” and “Get in the Zone,” and trademarks, “AutoZone,” “Duralast,” “Duralast Gold,” “Valucraft,” and “ALLDATA.” We believe that the “AutoZone” service marks and trademarks are important components of our merchandising and marketing strategy.

Employees

As of August 28, 2004, we employed approximately 49,000 persons, approximately 59 percent of whom were employed full-time. About 91 percent of our AutoZoners were employed in stores or in direct field supervision, approximately 7 percent in distribution centers and approximately 2 percent in store support functions. Included in the above numbers are approximately 800 persons employed in our Mexico operations.

We have never experienced any material labor disruption and believe that relations with our AutoZoners are generally good.

AutoZone Website

AutoZone’s primary website is at http://www.autozone.com. We make available, free of charge, at our investor relations website, http://www.autozoneinc.com, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended, as soon as reasonably feasible after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

Executive Officers of the Registrant

The following list describes our executive officers. The title of each executive officer includes the words “Customer Satisfaction” which reflects our commitment to customer service. Officers are elected by and serve at the discretion of the Board of Directors.

Steve Odland, 46—Chairman, President, Chief Executive Officer and Director

Steve Odland has been Chairman, Chief Executive Officer, and a Director since January 2001, and President since May 2001. Previously, he was an executive with Ahold USA from 1998 to 2000. Mr. Odland was President of the Foodservice Division of Sara Lee Bakery from 1997 to 1998. He was employed by The Quaker Oats Company from 1981 to 1996 in various executive positions.

Michael G. Archbold, 44—Executive Vice President, Chief Financial Officer

Michael G. Archbold was elected Executive Vice President, Chief Financial Officer during fiscal 2005. Prior to fiscal 2005, he was Senior Vice President, Chief Financial Officer since fiscal 2002. Previously he was Vice President & Chief Financial Officer for the Booksellers division of Barnes & Noble, Inc., since 1996. He was employed by Woolworth Corporation (now Foot Locker, Inc.) from 1988 to 1996 in various financial positions, including Assistant Controller.

Michael E. Longo, 43—Executive Vice President, Supply Chain, Information Technology, Mexico and Store Development

Michael E. Longo was elected Executive Vice President, Supply Chain, Information Technology, Mexico and Store Development during fiscal 2005. Prior to that, he was Senior Vice President–Growth Initiatives since fiscal 2004. Previously he was Senior Vice President–Operations, Commercial and ALLDATA since 2002. Prior to that time he was Senior Vice President–Operations since February 2001, Senior Vice President–Supply Chain since 1998 and Vice President–Distribution since 1996. Mr. Longo has been employed by AutoZone since 1992.

William C. Rhodes, III, 39—Executive Vice President–Store Operations and Commercial

William C. Rhodes, III, was elected Executive Vice President–Store Operations and Commercial during fiscal 2005. Prior to fiscal 2005, he was Senior Vice President–Supply Chain and Information Technology since fiscal 2002. Previously he was Senior Vice President–Supply Chain since 2001. Prior to that time, he served in various capacities within AutoZone, including Vice-President–Stores in 2000, Senior Vice President–Finance and Vice President–Finance in 1999 and Vice President–Operations Analysis and Support from 1997 to 1999. Prior to that, Mr. Rhodes was a manager with Ernst & Young, LLP.

James A. Shea, *59— Executive Vice President–Merchandising and Marketing*

James A. Shea was elected Executive Vice President–Merchandising and Marketing during fiscal 2005. He was President and Co-founder of Drop Shop Store during 2004. Prior to 2004, he was Chief Executive Officer of Party City from 1999 to 2003. From 1995 to 1999, he was President of Lechter's Housewares.

Bradley W. Bacon, 51— Senior Vice President–Retail Operations

Bradley W. Bacon was elected Senior Vice President–Retail Operations in fiscal 2004. Previously he was Vice President–General Manager, Retail Operations since joining AutoZone in fiscal 2003. Prior to that time, he was Executive Vice President — Operations for Tops Markets LLC since 2000 and was Senior Vice President- Operations for First National Supermarkets from 1996 to 1999.

Harry L. Goldsmith, 53—Senior Vice President, Secretary and General Counsel

Harry L. Goldsmith was elected Senior Vice President, Secretary and General Counsel in 1996. Previously he was Vice President, General Counsel and Secretary from 1993 to 1996.

Stephen C. Handschuh, 52—Senior Vice President– Commercial

Stephen C. Handschuh was elected Senior Vice President–Commercial in fiscal 2004. Previously he was President of NAPA Auto Parts since 1997 and Vice President, NAPA Wholesale since 1994. He was employed by NAPA since 1987.

Lisa R. Kranc, 51—Senior Vice President–Marketing

Lisa R. Kranc was elected Senior Vice President–Marketing during fiscal 2001. Previously, she was Vice President–Marketing for Hannaford Bros. Co., a Maine-based grocery chain, since 1997, and was Senior Vice President–Marketing for Bruno's, Inc., from 1996 to 1997. Prior to 1997, she was Vice President Marketing for Giant Eagle, Inc. since 1992.

Robert D. Olsen, 51—Senior Vice President–Mexico and Store Development

Robert D. Olsen was elected Senior Vice President in fiscal 2000. Mr. Olsen has primary responsibility for store development and Mexico operations. From 1993 to 2000, Mr. Olsen was Executive Vice President and Chief Financial Officer of Leslie's Poolmart. From 1985 to 1989, Mr. Olsen held several positions with AutoZone, including Controller, Vice President–Finance, and Senior Vice President and Chief Financial Officer.

Daisy L. Vanderlinde, 53—Senior Vice President–Human Resources and Loss Prevention

Daisy L. Vanderlinde was elected Senior Vice President–Human Resources and Loss Prevention in fiscal 2002. She joined AutoZone as Senior Vice President–Human Resources in 2001. Previously, she was Vice President–Human Resources for Tractor Supply Company since 1996 and Vice President–Human Resources for Marshalls, Inc., from 1990.

Charlie Pleas, III, 39 —Vice President and Controller

Charlie Pleas, III, was elected Vice President and Controller during fiscal 2003. Previously, he was Vice President–Accounting since 2000, and Director of General Accounting since 1996. Prior to that, Mr. Pleas was a Division Controller with Fleming Companies, Inc. where he served in various capacities from 1988.

Risk Factors

We may not be able to increase sales by the same historic growth rates.

We have increased our store count in the past five fiscal years, growing from 2,717 stores at August 28, 1999, to 3,483 stores at August 28, 2004, an average store count increase per year of 5%. Additionally, we have increased annual revenues in the past five fiscal years from $4.1 billion in fiscal 1999 to $5.6 billion in fiscal 2004, an average increase per year of 7%. Annual revenue growth is driven by the opening of new stores and improving same-store sales, which were flat in fiscal 2004. We cannot provide any assurance that we can continue to open stores or increase same-store sales.

Our business depends upon qualified employees.

At the end of fiscal 2004, our consolidated employee count was approximately 49,000. We can not assure that we can continue to hire and retain qualified employees at current wage rates. If we do not maintain competitive wages, our customer service could suffer by reason of a declining quality of our workforce or, alternatively, our earnings could decrease if we increase our wage rates.

If demand for our products slows, then our business may be materially affected.

Demand for products sold by our stores depends on many factors. In the short term, it may depend upon:

- the number of miles vehicles are driven annually, as higher vehicle mileage increases the need for maintenance and repair. Mileage levels may be affected by gas prices and other factors.

- the number of vehicles in current service that are seven years old and older, as these vehicles are no longer under the original vehicle manufacturers' warranty and will need more maintenance and repair than younger vehicles.

- the weather, as vehicle maintenance may be disrupted due to catastrophic weather conditions impacting a wide geographic area.

- the economy. In periods of rapidly declining economic conditions, both retail DIY and commercial DIFM customers may defer vehicle maintenance or repair. During periods of expansionary economic conditions, more of our DIY customers may pay others to repair and maintain their cars instead of working on their own vehicles or they may purchase new vehicles.

For the long term, demand for our products may depend upon:

- the quality of the vehicles manufactured by the original vehicle manufacturers and the length of the warranty or maintenance offered on new vehicles.

- restrictions on access to diagnostic tools and repair information imposed by the original vehicle manufacturers or by governmental regulation.

If we are unable to compete successfully against other businesses that sell the products that we sell, we could lose customers and our sales and profits may decline.

The sale of automotive parts, accessories and maintenance items is highly competitive in many areas, including name recognition, product availability, customer service, store location and price. Competitors are rapidly opening locations near our existing stores. AutoZone competes in both the DIY and DIFM auto parts and accessories markets.

Competitors include national and regional auto parts chains, independently owned parts stores, wholesalers and jobbers, repair shops, car washes and auto dealers, in addition to discount and mass merchandise stores, department stores, hardware stores, supermarkets, drugstores and home stores that sell aftermarket vehicle parts and supplies,

chemicals, accessories, tools and maintenance parts. Although we believe we compete effectively on the basis of customer service, including the knowledge and expertise of our AutoZoners, merchandise quality, selection and availability, product warranty, store layout, location and convenience, price, and the strength of our AutoZone brand name, trademarks and service marks; some competitors may have competitive advantages, such as greater financial and marketing resources, larger stores with more merchandise, longer operating histories, more frequent customer visits and more effective advertising. If we are unable to continue to develop successful competitive strategies, or if our competitors develop more effective strategies, we could lose customers and our sales and profits may decline.

If we cannot profitably increase market share in the commercial auto parts business, our sales growth may be limited.

Although we are one of the largest sellers of auto parts in the commercial DIFM market, to increase commercial sales we must compete against automotive aftermarket jobbers and warehouse distributors, in addition to other auto parts retailers that have entered the commercial business. Although we believe we compete effectively on the basis of customer service, merchandise quality, selection and availability, and distribution locations, some automotive aftermarket jobbers and warehouse distributors have been in business for substantially longer periods of time than we have, have developed long-term customer relationships and have larger available inventories. We can make no assurances that we can profitably develop new commercial customers or make available inventories required by commercial customers.

If our vendors continue to consolidate, we may pay higher prices for our merchandise.

In recent years, several of our vendors have merged and others have announced plans to merge. Further vendor consolidation could limit the number of vendors from which we may purchase products and could materially affect the prices we pay for these products.

Consolidation among our competitors may negatively impact our business.

In recent years, several large auto parts chains have merged. We do not know the impact these mergers will have upon competition in the retail automotive aftermarket. If our competitors are able to achieve efficiencies in their mergers, then there may be greater competitive pressures in the markets in which they are stronger.

War or acts of terrorism or the threat of either may negatively impact availability of merchandise and adversely impact our sales.

War, or acts of terrorism or the threat of either, may have a negative impact on our ability to obtain merchandise available for sale in our stores. Some of our merchandise is imported from other countries. If imported goods become difficult or impossible to bring into the United States, and if we cannot obtain such merchandise from other sources at similar costs, our sales and profit margins may be negatively affected.

In the event that commercial transportation is curtailed or substantially delayed, our business may be adversely impacted, as we may have difficulty shipping merchandise to our distribution centers and stores.

Rising fuel prices may negatively impact our profitability.

As mentioned above, rising fuel prices may negatively impact miles driven, which may reduce demand for the products that we sell, overall transaction count and our profitability. Fuel prices impact our merchandise distribution, commercial delivery and store utility costs.

Item 2. Properties

The following table reflects the square footage and number of leased and owned properties for our stores as of August 28, 2004:

	No. of Stores	Square Footage
Leased	1,512	8,938,575
Owned	1,971	13,198,121
Total	3,483	22,136,696

We have 3,341,459 square feet in distribution centers servicing our stores, most of which is owned, except for 998,237 square feet that is leased. Our distribution centers are located in Arizona, California, Georgia, Illinois, Louisiana, Ohio, Tennessee, Texas and Mexico. During fiscal 2004, we announced the opening of a new distribution center near Dallas, Texas. Upon opening this facility in fiscal 2005, we will close our smaller facility in San Antonio, Texas.

Our store support center, which we own, is located in Memphis, Tennessee, and consists of 260,000 square feet. We also own and lease other properties that are not material in the aggregate.

Item 3. Legal Proceedings

AutoZone is involved in various legal proceedings incidental to the conduct of our business. Although the amount of liability that may result from these proceedings cannot be ascertained, we do not currently believe that, in the aggregate, they will result in liabilities material to our financial condition, results of operations, or cash flows.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

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

AutoZone's common stock is listed on the New York Stock Exchange under the symbol "AZO." On October 21, 2004, there were 3,391 stockholders of record, which does not include the number of beneficial owners whose shares were represented by security position listings.

We currently do not pay a cash dividend on our common stock. Any payment of dividends in the future would be dependent upon our financial condition, capital requirements, earnings, cash flow and other factors.

The following table sets forth the high and low sales prices per share of common stock, as reported by the New York Stock Exchange, for the periods indicated:

	Price Range of Common Stock	
	High	Low
Fiscal Year Ended August 28, 2004:		
Fourth quarter	$ 89.80	$72.25
Third quarter	$ 90.55	$81.49
Second quarter	$ 97.76	$80.25
First quarter	$103.53	$86.03
Fiscal Year Ended August 30, 2003:		
Fourth quarter	$ 92.29	$73.80
Third quarter	$ 87.00	$61.11
Second quarter	$ 86.45	$58.21
First quarter	$ 89.34	$68.55

During 1998 the Company announced a program permitting the Company to repurchase a portion of its outstanding shares not to exceed a dollar maximum established by the Company's Board of Directors. The program was most recently amended in March 2004, to increase the repurchase authorization to $3.9 billion from $3.3 billion. The program does not have an expiration date.

Shares of common stock repurchased by the Company during the quarter ended August 28, 2004, were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value that May Yet Be Purchased Under the Plans or Programs
May 9, 2004, to June 5, 2004	330,500	$87.24	78,599,259	$514,052,206
June 6, 2004, to July 3, 2004	1,237,300	86.51	79,836,559	407,011,766
July 4, 2004, to July 31, 2004	1,698,500	77.16	81,535,059	275,962,216
August 1, 2004, to August 28, 2004	678,700	74.96	82,213,759	225,086,764
Total	3,945,000	$80.56	82,213,759	$225,086,764

The Company also repurchased, at fair value, 102,084 shares in fiscal 2004, 134,972 shares in fiscal 2003, and 260,805 shares in fiscal 2002 from employees electing to sell their stock under the Company's Second Amended and Restated Employee Stock Purchase Plan, qualified under Section 423 of the Internal Revenue Code, under which all eligible employees may purchase AutoZone's common stock at 85% of the lower of the market price of the common stock on the first day or last day of each calendar quarter through payroll deductions. Maximum permitted annual purchases are $15,000 per employee or 10 percent of compensation, whichever is less. Under the plan, 66,572 shares were sold to employees in fiscal 2004, 84,310 shares were sold in fiscal 2003, and 112,922 shares were sold in fiscal 2002. At August 28, 2004, 535,682 shares of common stock were reserved for future issuance under this plan.

The Company also has an Amended and Restated Executive Stock Purchase Plan that permits senior Company executives to purchase common stock up to 25 percent of their annual salary and bonus after the limits under the Second Amended and Restated Employee Stock Purchase Plan have been exceeded. Purchases by executives under this plan were 11,005 shares in fiscal 2004 and 18,524 shares in fiscal 2003. At August 28, 2004, 270,471 shares of common stock were reserved for future issuance under this plan

Item 6. Selected Financial Data

The information contained in AutoZone, Inc.'s 2004 Annual Report in the section entitled "Selected Financial Data," is incorporated herein by reference in response to this item.

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

The information contained in AutoZone, Inc.'s 2004 Annual Report in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," is incorporated herein by reference in response to this item.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The information contained in AutoZone, Inc.'s 2004 Annual Report in the section entitled "Quantitative and Qualitative Disclosures About Market Risk," is incorporated herein by reference in response to this item.

Item 8. Financial Statements and Supplementary Data

The information contained in AutoZone, Inc.'s 2004 Annual Report in the sections entitled "Consolidated Financial Statements," is incorporated herein by reference in response to this item.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

As of August 28, 2004, an evaluation was performed under the supervision and with the participation of AutoZone's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of August 28, 2004. No significant changes in our internal controls or in other factors have occurred that could significantly affect controls subsequent to August 28, 2004.

PART III

Item 10. Directors and Officers of the Registrant

The information set forth in Part I of this document in the section entitled "Executive Officers of the Registrant," is incorporated herein by reference in response to this item. Additionally, the information contained in AutoZone, Inc.'s Proxy Statement dated October 27, 2004, in the sections entitled "Proposal 1 – Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance", is incorporated herein by reference in response to this item.

The Company has adopted a Code of Ethical Conduct for Financial Executives that applies to its chief executive officer, chief financial officer, chief accounting officer and persons performing similar functions. The Company has filed a copy of this Code of Ethical Conduct ("Code of Ethics") as Exhibit 14.1 to this Form 10-K. The Company has also made the Code of Ethics available on its investor relations website at http://www.autozoneinc.com.

Item 11. Executive Compensation

The information contained in AutoZone, Inc.'s Proxy Statement dated October 27, 2004, in the section entitled "Executive Compensation," is incorporated herein by reference in response to this item.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information contained in AutoZone, Inc.'s Proxy Statement dated October 27, 2004, in the sections entitled "Security Ownership of Management" and "Security Ownership of Certain Beneficial Owners," is incorporated herein by reference in response to this item.

Item 13. Certain Relationships and Related Transactions

Not applicable.

Item 14. Principal Accountant Fees and Services

The information contained in AutoZone, Inc.’s Proxy Statement dated October 27, 2004, in the section entitled “Proposal 2 – Ratification of Independent Registered Public Accounting Firm,” is incorporated herein by reference in response to this item.

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports On Form 8-K

(a) 1. Financial Statements

The following financial statements, related notes and report of independent registered public accounting firm from AutoZone, Inc.’s 2004 Annual Report are incorporated herein by reference in response to this item:

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Income for the fiscal years ended August 28, 2004, August 30, 2003, and August 31, 2002

Consolidated Balance Sheets as of August 28, 2004, and August 30, 2003

Consolidated Statements of Cash Flows for the fiscal years ended August 28, 2004, August 30, 2003, and August 31, 2002

Consolidated Statements of Stockholders’ Equity for the fiscal years ended August 28, 2004, August 30, 2003, and August 31, 2002

Notes to Consolidated Financial Statements

2. Financial Statement Schedules

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

3. Exhibits

The Exhibit Index following this document’s signature pages is incorporated herein by reference in response to this item.

(b) Reports on Form 8-K.

During the quarter ended August 28, 2004, the Company filed the following reports on Form 8-K:

i. Dated May 26, 2004, furnishing a press release regarding the financial results for the quarter ended May 8, 2004.

ii. Dated June 30, 2004, furnishing a press release regarding a sales update.

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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/ Steve Odland
Steve Odland
Chairman, President, and Chief Executive Officer (Principal Executive Officer)

Dated: October 27, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
/s/ Steve Odland Steve Odland	Chairman, President, Chief Executive Officer, & Director (Principal Executive Officer)	October 27, 2004
/s/ Michael Archbold Michael Archbold	Executive Vice President, Chief Financial Officer (Principal Financial Officer)	October 27, 2004
/s/ Charlie Pleas, III Charlie Pleas, III	Vice President & Controller (Principal Accounting Officer)	October 27, 2004
/s/ Charles M. Elson Charles M. Elson	Director	October 27, 2004
/s/ Earl G. Graves, Jr. Earl G. Graves, Jr.	Director	October 27, 2004
/s/ N. Gerry House N. Gerry House	Director	October 27, 2004
/s/ J.R. Hyde, III J.R. Hyde, III	Director	October 27, 2004
/s/ Edward S. Lampert Edward S. Lampert	Director	October 27, 2004
/s/ W. Andrew McKenna W. Andrew McKenna	Director	October 27, 2004
/s/ James J. Postl James J. Postl	Director	October 27, 2004

EXHIBIT INDEX

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	Third Amended and Restated By-laws of AutoZone, Inc. Incorporated by reference to Exhibit 3.1 to the Form 8-K dated October 1, 2002.
4.1	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.
4.2	Third Amended and Restated AutoZone, Inc. Employee Stock Purchase Plan. Incorporated by reference to Exhibit 4.1 to the Form 10-Q for the quarter ended February 15, 2003.
4.3	Indenture dated as of August 8, 2003, between AutoZone, Inc. and Bank One Trust Company, N.A. Incorporated by reference to Exhibit 4.1 to the Form S-3 (No. 333-107828) filed August 11, 2003.
*10.1	Fourth Amended and Restated Director Stock Option Plan. Incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended May 4, 2002.
*10.2	Second Amended and Restated 1998 Director Compensation Plan. Incorporated by reference to Exhibit 10.2 to the Form 10-K for the fiscal year ended August 26, 2000.
*10.3	Third Amended and Restated 1996 Stock Option Plan. Incorporated by reference to Exhibit 10.3 of the Form 10-K for the fiscal year ended August 30, 2003.
*10.4	Form of Incentive Stock Option Agreement. Incorporated by reference to Exhibit 10.2 to the Form 10-Q for the quarter ended November 23, 2002.
*10.5	Form of Non-Qualified Stock Option Agreement. Incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended November 23, 2002.
*10.6	AutoZone, Inc. Amended and Restated 2000 Executive Incentive Compensation Plan. Incorporated by reference to Exhibit 10.6 of the Form 10-K for the fiscal year ended August 30, 2003.
*10.7	AutoZone, Inc. Executive Deferred Compensation Plan. Incorporated by reference to Exhibit 10.3 to the Form 10-Q for the quarter ended February 12, 2000.
*10.8	Form of Amended and Restated Employment and Non-Compete Agreement between AutoZone, Inc. and various executive officers. Incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended November 22, 1999.
*10.9	Form of Employment and Non-Compete Agreement between AutoZone, Inc. and various executive officers. Incorporated by reference to Exhibit 10.2 to the Form 10-Q for the quarter ended November 22, 1999.
10.10	Amended and Restated Credit Agreement dated as of May 21, 2002, among AutoZone, Inc., as borrower, the several lenders from time to time party thereto, and Fleet National Bank, as Administrative Agent and JPMorgan Chase Bank, as Syndication Agent. Incorporated by reference to Exhibit 10.4 of the Form 8-K dated October 1, 2002.

10.11	Amendment No. 1, Consent and Waiver dated as of May 19, 2003, to Amended and Restated Credit Agreement dated as of May 21, 2002, among AutoZone, Inc., as borrower, the several lenders from time to time party thereto, and Fleet National Bank, as Administrative Agent and as Syndication Agent. Incorporated by reference to Exhibit 10.12 of the Form 10-K for the fiscal year ended August 30, 2003.
10.12	Five-Year Credit Agreement dated as of May 23, 2000, among AutoZone, Inc., as borrower, the several lenders from time to time party thereto, and Bank of America, as Administrative Agent and The Chase Manhattan Bank, as Syndication Agent. Incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended May 6, 2000.
10.13	Amendment No. 1 dated May 23, 2001, to Five-Year Credit Agreement dated as of May 23, 2000, among AutoZone, Inc., as borrower, the several lenders from time to time party thereto, and Bank of America, as Administrative Agent and The Chase Manhattan Bank, as Syndication Agent. Incorporated by reference to Exhibit 10.20 to the Form 10-K for the fiscal year ended August 25, 2001.
10.14	Amendment No. 2 dated August 9, 2002, to Five-Year Credit Agreement dated as of May 23, 2000, (as amended by the certain Amendment No. 1 to Five-Year Credit Agreement dated May 23, 2001) among AutoZone, Inc., as borrower, the several lenders from time to time party thereto, and Bank of America, as Administrative Agent and The Chase Manhattan Bank, as Syndication Agent. Incorporated by reference to Exhibit 10.3 to the Form 8-K dated October 1, 2001.
*10.15	Form of Employment and Non-Compete Agreement between AutoZone, Inc., and various officers. Incorporated by reference to Exhibit 10.2 to the Form 10-Q for the quarter ended November 18, 2000.
*10.16	AutoZone, Inc., Amended and Restated Executive Stock Purchase Plan. Incorporated by reference to Exhibit 10.20 to the Form 10-K for the fiscal year ended August 31, 2002.
*10.17	AutoZone, Inc. 2003 Director Stock Option Plan. Incorporated by reference to Appendix C to the definitive proxy statement dated November 1, 2002, for the annual meeting of stockholders held December 12, 2002.
*10.18	AutoZone, Inc. 2003 Director Compensation Plan. Incorporated by reference to Appendix D to the definitive proxy statement dated November 1, 2002, for the annual meeting of stockholders held December 12, 2002.
*10.19	Amended and Restated AutoZone, Inc. Executive Deferred Compensation Plan. Incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended February 15, 2003.
*10.20	Amended and Restated Employment and Non-Compete Agreement between Steve Odland and AutoZone, Inc., dated October 23, 2003. Incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended November 22, 2003.
*10.21	Non-Compete Agreement between Steve Handschuh and AutoZone, Inc., dated January 13, 2004. Incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended February 14, 2004.
*10.22	Second Amended and Restated Executive Stock Purchase Plan. Incorporated by reference to Exhibit 10.2 to the Form 10-Q for the quarter ended February 14, 2004.
10.23	Amended and Restated Five-Year Credit Agreement dated as of May 17, 2004, among AutoZone, Inc., as borrower, the several lenders from time to time party thereto, and Fleet National Bank, as Administrative Agent and Citicorp USA, Inc., as Syndication Agent. Incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended May 8, 2004.
10.24	Amended and Restated 364-Day Credit Agreement dated as of May 17, 2004, among AutoZone, Inc., as borrower, the several lenders from time to time party thereto, and Fleet National Bank, as Administrative Agent and Citicorp USA, Inc., as Syndication Agent. Incorporated by reference to Exhibit 10.2 to the Form 10-Q for the quarter ended May 8, 2004.
12.1	Computation of Ratio of Earnings to Fixed Charges

13.1	Fiscal 2004 Annual Report.
14.1	Code of Ethics. Incorporated by reference to Exhibit 14.1 of the Form 10-K for the fiscal year ended August 30, 2003.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Ernst & Young LLP.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Management contract or compensatory plan or arrangement.

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EXHIBIT 12.1

Computation of Ratio of Earnings to Fixed Charges
(in thousands, except ratios)

	Fiscal Year Ended August				
	2004 (52 weeks)	2003 (52 weeks)	2002 (53 weeks)	2001* (52 weeks)	2000 (52 weeks)
Earnings:					
Income before income taxes	$ 905,902	$ 833,007	$ 691,148	$ 287,026	$ 435,190
Fixed charges	130,278	121,129	98,688	121,141	97,520
Less: Capitalized interest	(813)	(791)	(437)	(1,380)	(2,773)
Adjusted earnings	$ 1,035,367	$ 953,345	$ 789,399	$ 406,787	$ 529,937
Fixed charges:					
Gross interest expense	$ 89,600	$ 79,301	$ 78,183	$ 100,291	$ 77,699
Amortization of debt expense	4,230	7,334	2,283	2,377	2,209
Interest portion of rent expense	36,448	34,494	18,222	18,473	17,612
Total fixed charges	$ 130,278	$ 121,129	$ 98,688	$ 121,141	$ 97,520
Ratio of earnings to fixed charges	7.9	7.9	8.0	3.4	5.4

* Includes the impact of the pre-tax restructuring and impairment charges of
$156.8 million in fiscal 2001.

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EXHIBIT 13.1

FINANCIAL SECTION
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SELECTED FINANCIAL DATA:

(IN THOUSANDS, EXCEPT PER SHARE DATA AND SELECTED OPERATING DATA)	FISCAL YEAR ENDED AUGUST				
	2004(1)	2003(2)	2002(3)	2001(4)	2000
INCOME STATEMENT DATA					
Net sales	$ 5,637,025	$ 5,457,123	$ 5,325,510	$4,818,185	$4,482,696
Cost of sales, including warehouse and delivery expenses	2,880,446	2,942,114	2,950,123	2,804,896	2,602,386
Operating, selling, general and administrative expenses	1,757,873	1,597,212	1,604,379	1,625,598	1,368,290
Operating profit	998,706	917,797	771,008	387,691	512,020
Interest expense - net	92,804	84,790	79,860	100,665	76,830
Income before income taxes	905,902	833,007	691,148	287,026	435,190
Income taxes	339,700	315,403	263,000	111,500	167,600
Net income	$ 566,202	$ 517,604	$ 428,148	$ 175,526	$ 267,590
Diluted earnings per share	$ 6.56	$ 5.34	$ 4.00	$ 1.54	$ 2.00
Adjusted weighted average shares for diluted earnings per share	86,350	96,963	107,111	113,801	133,869
BALANCE SHEET DATA(5)					
Current assets	$ 1,755,757	$ 1,671,354	$ 1,513,936	$1,395,240	$1,245,146
Working capital (deficit)	(62,358)	(90,572)	(83,443)	61,857	152,236
Total assets	3,912,565	3,766,826	3,541,599	3,499,241	3,391,584
Current liabilities	1,818,115	1,761,926	1,597,379	1,333,383	1,092,910
Debt	1,869,250	1,546,845	1,194,517	1,225,402	1,249,937
Stockholders' equity	$ 171,393	$ 373,758	$ 689,127	$ 866,213	$ 992,179
SELECTED OPERATING DATA(5)					
Number of domestic auto parts stores at beginning of year	3,219	3,068	3,019	2,915	2,711
New stores	202	160	102	107	208
Replacement stores	4	6	15	16	30
Closed stores	1	9	53	3	4
Net new stores	201	151	49	104	204
Number of domestic auto parts stores at end of year	3,420	3,219	3,068	3,019	2,915
Number of Mexico auto parts stores at end of year	63	49	39	21	13
Number of total auto parts stores at end of year	3,483	3,268	3,107	3,040	2,928
Total domestic auto parts store square footage (000s)	21,689	20,500	19,683	19,377	18,719
Average square footage per domestic auto parts store	6,342	6,368	6,416	6,418	6,422
Increase in domestic auto parts store square footage	6%	4%	2%	4%	8%
Increase in domestic auto parts comparable store net sales	0%	3%	9%	4%	5%
Average net sales per domestic auto parts store (000s)	$ 1,647	$ 1,689	$ 1,658	$ 1,543	$ 1,517
Average net sales per domestic auto parts store square foot	$ 259	$ 264	$ 258	$ 240	$ 236
Total domestic employees at end of year	48,294	47,727	44,179	44,557	43,164
Inventory turnover(6)	1.87x	2.04x	2.25x	2.39x	2.32x
Net inventory turnover(7)	20.34x	16.40x	12.51x	10.11x	8.38x
After-tax return on invested capital (8)	25.1%	23.4%	19.8%	13.4%	12.9%
Net cash provided by operating activities	$ 638,379	$ 720,807	$ 736,170	$ 467,300	$ 505,610
Cash flow before share repurchases and changes in debt(9)	$ 509,447	$ 561,563	$ 726,159	$ 399,312	$ 272,029
Return on average equity	208%	97%	55%	19%	23%

(1) Fiscal 2004 operating results include $42.1 million in pre-tax gains from warranty negotiations with certain vendors and the change in classification of certain vendor funding to increase operating expenses and decrease cost of sales by $138.2 million in accordance with Emerging Issues Task Force Issue No. 02-16 ("EITF 02-16") regarding vendor funding, which was adopted during fiscal 2003.

(2) Fiscal 2003 operating results include $8.7 million in pre-tax gains from warranty negotiations, a $4.7 million pre-tax gain associated with the settlement of certain liabilities and the repayment of a note associated with the sale of the TruckPro business in December 2001, and a $4.6 million pre-tax gain as a result of the disposition of properties associated with the 2001 restructuring and impairment charges. Fiscal 2003 was also impacted by the adoption of EITF 02-16, which decreased pre-tax earning by $10.0 million, increased operating expenses by $52.6 million and decreased cost of sales by $42.6 million.

(3) 53 weeks. Comparable store sales, average net sales per domestic auto parts store and average net sales per store square foot for fiscal 2002 have been adjusted to exclude net sales for the 53rd week.

(4) Fiscal 2001 operating results include pre-tax restructuring and impairment charges of $156.8 million, or $0.84 per diluted share after tax.

(5) To conform to current year presentation, certain prior year amounts have been adjusted to reflect the impact of reclassifications on the consolidated statements of cash flows and the consolidated balance sheet. Prior presentations had netted certain amounts within accounts payable; these amounts have now been reclassified for all periods presented impacting reported cash and cash equivalents, accounts payable and accrued expenses.

(6) Inventory turnover is calculated as cost of sales divided by the average of the beginning and ending merchandise inventories, which excludes merchandise under pay-on-scan arrangements.

(7) Net inventory turnover is calculated as cost of sales divided by the average of the beginning and ending merchandise inventories, which excludes merchandise under pay-on-scan arrangements, less the average of the beginning and ending accounts payable.

(8) After-tax return on invested capital is calculated as after-tax operating profit (excluding rent and restructuring and impairment charges) divided by average invested capital (which includes a factor to capitalize operating leases). See Reconciliation of Non-GAAP Financial Measures in Management's Discussion and Analysis of Financial Condition and Results of Operations.

(9) Cash flow before share repurchases is calculated as the change in cash and cash equivalents less the change in debt plus treasury stock purchases. See Reconciliation of Non-GAAP Financial Measures in Management's Discussion and Analysis of Financial Condition and Results of Operations.

QUARTERLY SUMMARY (1)
(UNAUDITED)

	TWELVE WEEKS ENDED			SIXTEEN WEEKS ENDED
(IN THOUSANDS, EXCEPT PER SHARE DATA)	NOVEMBER 22, 2003 (2)	FEBRUARY 14, 2004	MAY 8, 2004 (2)	AUGUST 28, 2004 (2)
Net sales	$1,282,040	$1,159,236	$1,360,022	$ 1,835,728
Increase (decrease) in domestic comparable store sales	2%	0%	2%	(3)%
Gross profit	613,090	564,311	676,187	902,991
Operating profit	215,105	168,526	251,321	363,755
Income before income taxes	194,845	146,604	229,411	335,042
Net income	$ 121,745	$ 91,654	$ 143,411	$ 209,392
Basic earnings per share	$ 1.37	$ 1.06	$ 1.71	$ 2.56
Diluted earnings per share	$ 1.35	$ 1.04	$ 1.68	$ 2.53

(IN THOUSANDS, EXCEPT PER SHARE DATA)	NOVEMBER 23, 2002	FEBRUARY 15, 2003	MAY 10, 2003 (3)	AUGUST 30, 2003 (4)
Net sales	$1,218,635	$1,120,696	$1,288,445	$1,829,347
Increase in domestic comparable store sales	4%	2%	3%	3%
Gross profit	549,390	495,999	598,823	870,797
Operating profit	188,326	147,498	221,883	360,090
Income before income taxes	169,221	127,865	202,530	333,391
Net income	$ 104,911	$ 79,275	$ 125,977	$ 207,441
Basic earnings per share	$ 1.06	$ 0.81	$ 1.33	$ 2.32
Diluted earnings per share	$ 1.04	$ 0.79	$ 1.30	$ 2.27

(1) The sum of quarterly amounts may not equal the annual amounts reported due to rounding and due to per share amounts being computed independently for each quarter while the full year is based on the annual weighted average shares outstanding.

(2) The first, third and fourth quarters of fiscal 2004 include$16.0 million, $10.6 million, and $15.5 million, respectively, in pre-tax gains from warranty negotiations with certain vendors.

(3) The third quarter of fiscal 2003 includes a $4.7 million pre-tax gain associated with the settlement of certain liabilities and the repayment of a note associated with the sale of the TruckPro business in December 2001. The third quarter of fiscal 2003 also includes a $2.6 million pre-tax negative impact of the adoption of EITF 02-16 regarding vendor funding that resulted in an increase to operating expenses by $15.6 million and an increase to gross profit by $13.0 million.

(4) The fourth quarter of fiscal 2003 includes $8.7 million in pre-tax gains from warranty negotiations with certain vendors and a $4.6 million pre-tax gain as a result of the disposition of properties associated with the fiscal 2001 restructuring and impairment charges. The fourth quarter of fiscal 2003 also includes a $7.4 million pre-tax negative impact of the adoption of EITF 02-16 regarding vendor funding that resulted in an increase to operating expenses by $37.0 million and an increase to gross profit by $29.6 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We are the nation's leading specialty retailer of automotive parts and accessories, with most of our sales to our DIY customers. We began operations in 1979 and as of August 28, 2004, operated 3,420 auto parts stores in the United States and 63 in Mexico. Each of our stores 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. In many of our domestic stores we 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. We also sell the ALLDATA brand automotive diagnostic and repair software. On the web at www.autozone.com, we sell diagnostic and repair information, auto and light truck parts, and accessories. We do not derive revenue from automotive repair or installation.

RESULTS OF OPERATIONS

FISCAL 2004 COMPARED WITH FISCAL 2003

For the year ended August 28, 2004, AutoZone reported sales of $5.637 billion compared with $5.457 billion for the year ended August 30, 2003, a 3.3% increase from fiscal 2003. This growth was driven by an increase in open stores and continued growth in our commercial sales program. At August 28, 2004, we operated 3,420 domestic auto parts stores and 63 in Mexico, compared with 3,219 domestic auto parts stores and 49 in Mexico at August 30, 2003. Retail DIY sales increased 1.9% and commercial sales increased 10.5% over prior year. Same store sales, or sales for domestic stores open at least one year, were flat during the year. ALLDATA and Mexico sales increased over prior year, contributing 0.4 percentage points of the total increase. Same store sales for domestic stores increased by 2% for the first three fiscal quarters, but were flat for the year due to a 3% decline during the fourth quarter. While our average ticket increased over prior year, the number of transactions with both our DIY and commercial customers deteriorated during the latter part of the year. This deterioration correlated with the sudden rise in gas prices. While gas prices have ebbed and flowed over time, this is the first time that we have seen statistical significance to reduced transactions at the store level. In addition to higher gas prices, it has been reported by the Federal Highway Administration that fewer miles were driven per vehicle, a key macro driver of our industry, for the latter part of our fiscal year.

Gross profit for fiscal 2004 was $2.757 billion, or 48.9% of net sales, compared with $2.515 billion, or 46.1% of net sales, for fiscal 2003. Fiscal 2004 benefited from $42.1 million in gains from warranty negotiations as compared to $8.7 million in warranty gains during fiscal 2003. Further benefiting gross profit was the adoption of Emerging Issues Task Force Issue No. 02-16 ("EITF 02-16") during fiscal 2003, which requires vendor funding to be classified as a reduction to cost of sales. Prior to the adoption of EITF 02-16, vendor funding was reflected as a

reduction to operating, selling, general and administrative expenses. The adoption of EITF 02-16 increased gross profit by $138.2 million in fiscal 2004 and $42.6 million in fiscal 2003; and increased operating, selling, general and administrative expenses by $138.2 million in fiscal 2004 and $52.6 million in fiscal 2003. The remaining improvement in gross profit was driven by strategic pricing and change in product mix.

Operating, selling, general and administrative expenses for fiscal 2004 increased to $1.758 billion, or 31.2% of net sales, from $1.597 billion, or 29.3% of net sales for fiscal 2003. Fiscal 2003 benefited from a $4.7 million pre-tax gain associated with the settlement of certain liabilities and the repayment of a note associated with the sale of the TruckPro business in December 2001, and a $4.6 million pre-tax gain as a result of the disposition of properties associated with the 2001 restructuring and impairment charges. Drivers of current year expenses included the impact of EITF 02-16, the increase in the number of store refreshes and an increase in new store openings.

Interest expense, net for fiscal 2004 was $92.8 million compared with $84.8 million during fiscal 2003. This increase was primarily due to higher average borrowing levels over fiscal 2003. Average borrowings for fiscal 2004 were $1.8 billion, compared with $1.5 billion for fiscal 2003. Weighted average borrowing rates were 4.6% at August 28, 2004, compared to 4.4% at August 30, 2003.

Our effective income tax rate declined to 37.5% of pre-tax income for fiscal 2004 as compared to 37.9% for fiscal 2003.

Net income for fiscal 2004 increased by 9.4% to $566.2 million, and diluted earnings per share increased by 22.8% to $6.56 from $5.34 in fiscal 2003. The impact of the fiscal 2004 stock repurchases on diluted earnings per share in fiscal 2004 was an increase of approximately $0.20.

FISCAL 2003 COMPARED WITH FISCAL 2002

For the year ended August 30, 2003, AutoZone reported sales of $5.457 billion (52 weeks) compared with $5.326 billion (53 weeks) for the year ended August 31, 2002, a 2.5% increase from fiscal 2002. At August 30, 2003, we operated 3,219 domestic auto parts stores and 49 in Mexico, compared with 3,068 domestic auto parts stores and 39 in Mexico at August 31, 2002. Excluding sales from the extra week included in the prior year, sales were up 4.6% (see Reconciliation of Non-GAAP Financial Measures). Same store sales, or sales for domestic stores open at least one year, increased approximately 3% during the year, driven by an increase in commercial sales. The improvement in same store sales was due more to an increase in average dollars spent per transaction over the amounts in the same period of the prior year than an increase in transaction count. The balance of the 4.6% increase was due to new store sales for fiscal 2003 which contributed 1.9 percentage points of the increase; ALLDATA and Mexico sales which contributed 0.5 percentage points of the increase, while TruckPro sales in the prior year of $47.6 million reduced the increase by 0.9 percentage points.

Gross profit for fiscal 2003 was $2.515 billion, or 46.1% of net sales, compared with $2.375 billion, or 44.6% of net sales for fiscal 2002. This improvement was driven by $8.7 million in gains from warranty negotiations and the adoption of EITF 02-16 that reclassified $42.6 million in vendor funding to cost of sales. Prior to the adoption of EITF 02-16, vendor funding was reflected as a reduction to operating, selling, general and administrative expenses. Fiscal 2002 also benefited from $50.4 million in gross profit generated during the 53rd week of that year as compared to the 52 week fiscal 2003. The remaining improvements in gross profit and gross margin reflect the additive impact of new merchandise, a reduction in our product warranty expense, and the benefit of more strategic and disciplined pricing derived from our category management system.

Operating, selling, general and administrative expenses for fiscal 2003 decreased to $1.597 billion, or 29.3% of net sales, from $1.604 billion, or 30.1% of sales for fiscal 2002. The adoption of EITF 02-16 increased operating expenses during fiscal 2003 by $52.6 million due to the reclassification of vendor funding. Fiscal 2003 expenses were further impacted by a $4.6 million gain as a result of the disposition of properties associated with the fiscal 2001 restructuring and impairment charges and a $4.7 million gain associated with the settlement of certain liabilities and the repayment of a note associated with the sale of the TruckPro business in December 2001. The remaining decreases in operating, selling, general and administrative expenses reflect our relentless expense discipline, in particular, the leveraging of salaries and information technology spending during fiscal 2003.

Interest expense, net for fiscal 2003 was $84.8 million compared with $79.9 million during fiscal 2002. The increase in interest expense for fiscal 2003 was primarily due to higher levels of debt compared with the 2002 fiscal year. Weighted average borrowings for fiscal 2003 were $1.5 billion, compared with $1.3 billion for fiscal 2002; and, weighted average borrowing rates, excluding the impact of debt amortization and facility fees, remained relatively flat at 4.4% for both fiscal years.

AutoZone's effective income tax rate declined slightly to 37.9% of pre-tax income for fiscal 2003 as compared to 38.1% for fiscal 2002.

Net income for fiscal 2003 increased by 20.9% to $517.6 million, and diluted earnings per share increased by 33.5% to $5.34 from $4.00 reported for the year-ago period. The impact of the fiscal 2003 stock repurchases on diluted earnings per share in fiscal 2003 was an increase of $0.19.

SEASONALITY AND QUARTERLY PERIODS

AutoZone'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 15% to 25% higher than in the slower months of December through February. During short periods of time, a store's sales can be affected by weather conditions. Extremely hot or extremely cold weather may 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. Over the longer term, the effects of weather balance out, as we have stores throughout the United States.

Each of the first three quarters of AutoZone's fiscal year consists of 12 weeks, and the fourth quarter consists of 16 weeks (17 weeks in fiscal 2002). Because the fourth quarter contains the seasonally high sales volume and consists of 16 weeks (17 weeks in fiscal 2002), compared with 12 weeks for each of the first three quarters, our fourth quarter represents a disproportionate share of the annual net sales and net income. The fourth quarter of fiscal 2004 represented 32.6% of annual sales and 37.0% of net income; the fourth quarter of fiscal 2003 represented 33.5% of annual net sales and 40.1% of net income; and the fourth quarter of fiscal 2002 represented 34.6% of annual net sales and 41.6% of net income. Fiscal 2002 consisted of 53 weeks, with the fiscal fourth quarter including 17 weeks. Accordingly, the fourth quarter of fiscal 2002 included the benefit of an additional week of net sales of $109.1 million and net income of $18.3 million.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $638.4 million in fiscal 2004, $720.8 million in fiscal 2003 and $736.2 million in fiscal 2002. The primary source of our liquidity is our cash flows realized through the sale of automotive parts and accessories. Our new-store development program requires working capital, predominantly for inventories. The year-over-year change in accounts payable and accrued expenses was impacted by a $67.0 million decline in accrued warranty obligations related to the $42.1 million in gains from warranty negotiations with certain vendors and the settlement of warranty claims. These warranty negotiations have resulted in the shifting of the warranty liability to the vendors. During the past three fiscal years, we have improved our accounts payable to inventory ratio to 92% at August 28, 2004, from 90% at August 30, 2003, and 85% at August 31, 2002. Contributing to this improvement has been the year-over-year increase in vendor payables as a result of our ability to extend payment terms with our vendors. Prior to May 8, 2004, we had entered into arrangements with certain vendors and banks that, through our issuance of negotiable instruments to our vendors, the vendors could negotiate the instruments at attractive discount rates due to our credit rating. At May 8, 2004, we ceased the issuance of negotiable instruments under these arrangements. At August 28, 2004, and August 30, 2003, approximately $110.7 million and $212.5 million, respectively, were payable by us under these arrangements and are included in accounts payable in the accompanying consolidated balance sheets. The increase in merchandise inventories, required to support new-store development and sales growth, has largely been financed by our vendors, as evidenced by the higher accounts payable to inventory ratio. Contributing to this improvement is the use of pay-on-scan ("POS") arrangements with certain vendors. Under a POS arrangement, AutoZone will not purchase merchandise supplied by a vendor until that merchandise is ultimately sold to AutoZone's customers. Upon the sale of the merchandise to

AutoZone's customers, AutoZone recognizes the liability for the goods and pays the vendor in accordance with the agreed-upon terms. Revenues under POS arrangements are included in net sales in the income statement. Since we do not own merchandise under POS arrangements until just before it is sold to a customer, such merchandise is not included in our balance sheet. AutoZone has financed the repurchase of existing merchandise inventory by certain vendors in order to convert such vendors to POS arrangements. These receivables have durations up to 24 months and approximated $58.3 million at August 28, 2004. The $27.8 million current portion of these receivables is reflected in accounts receivable and the $30.5 million long-term portion is reflected as a component of other long-term assets. Merchandise under POS arrangements was $146.6 million at August 28, 2004, and we continue to actively negotiate with our vendors to increase the use of POS arrangements.

AutoZone's primary capital requirement has been the funding of its continued new store development program. From the beginning of fiscal 2002 to August 28, 2004, we have opened 443 net new auto parts stores. Net cash flows used in investing activities were $193.7 million in fiscal 2004, compared to $167.8 million in fiscal 2003, and $64.5 million in fiscal 2002. We invested $184.9 million in capital assets in fiscal 2004 compared to $182.2 million in fiscal 2003, and $117.2 million in fiscal 2002. New store openings in the U.S. were 202 for fiscal 2004, 160 for fiscal 2003, and 102 for fiscal 2002. During fiscal 2004, $11.4 million was invested in the acquisition of certain assets from a regional auto parts retailer. Seven stores related to this transaction were converted during fiscal 2004 to AutoZone stores, with the remaining five stores to be converted during fiscal 2005. The converted stores are included in our domestic store count upon opening as an AutoZone store. During fiscal 2002, we sold TruckPro, our heavy-duty truck parts subsidiary, which operated 49 stores, for cash proceeds of $25.7 million. Proceeds from capital asset disposals totaled $2.6 million for fiscal 2004, $14.4 million for fiscal 2003, and $25.1 million for fiscal 2002.

Net cash used in financing activities was $460.9 million in fiscal 2004, $530.2 million in fiscal 2003, and $675.4 million in fiscal 2002. The net cash used in financing activities is primarily attributable to purchases of treasury stock which totaled $848.1 million for fiscal 2004, $891.1 million for fiscal 2003, and $699.0 million for fiscal 2002. Net proceeds from the issuance of debt securities, including repayments on other debt and the net change in commercial paper borrowings, offset the increased level of treasury stock purchases by approximately $322.4 million in fiscal 2004 and by $329.8 million in fiscal 2003.

We expect to invest in our business consistent with historical rates during fiscal 2005, primarily related to our new store development program and enhancements to existing stores and systems. We expect to open approximately 200 new stores during fiscal 2005. In addition to the building and land costs, our new-store development program requires working capital, predominantly for non-POS inventories. Historically, we have negotiated extended payment terms from suppliers, reducing the working capital required by expansion. We believe that we will be able to continue to finance much of our inventory requirements through favorable payment terms from suppliers.

Depending on the timing and magnitude of our future investments (either in the form of leased or purchased properties or acquisitions), we anticipate that we will rely primarily on internally generated funds and available borrowing capacity to support a majority of our capital expenditures, working capital requirements and stock repurchases. The balance may be funded through new borrowings. We anticipate that we will be able to obtain such financing in view of our credit rating and favorable experiences in the debt markets in the past.

Credit Ratings

At August 28, 2004, AutoZone had a senior unsecured debt credit rating from Standard & Poor's of BBB+ and a commercial paper rating of A-2. Moody's Investors Service had assigned us a senior unsecured debt credit rating of Baa2 and a commercial paper rating of P-2. As of August 28, 2004, Moody's and Standard & Poor's had AutoZone listed as having a "negative" and "stable" outlook, respectively. If our credit ratings drop, our interest expense may increase; similarly, we anticipate that our interest expense may decrease if our investment ratings are raised. If our commercial paper ratings drop below current levels, we may have difficulty continuing to utilize the commercial paper market and our interest expense will increase, as we will then be required to access more expensive bank lines of credit. If our senior unsecured debt ratings drop below investment grade, our access to financing may become more limited.

Debt Facilities

We maintain $1.0 billion of revolving credit facilities with a group of banks. During fiscal 2004, these credit facilities replaced the previous $950 million of revolving credit facilities. Of the $1.0 billion, $300 million expires in May 2005. The remaining $700 million expires in May 2009. The portion expiring in May 2005 is expected to be renewed, replaced or the option to extend the maturity date of the then outstanding debt by one year will be exercised. The credit facilities exist primarily to support commercial paper borrowings, letters of credit and other short-term unsecured bank loans. As the available balance is reduced by commercial paper borrowings and certain outstanding letters of credit, we had $380.7 million in available capacity under these facilities at August 28, 2004. The rate of interest payable under the credit facilities is a function of the London Interbank Offered Rate (LIBOR), the lending bank's base rate (as defined in the facility agreements) or a competitive bid rate at the option of the Company.

On October 16, 2002, we issued $300 million of 5.875% Senior Notes that mature in October 2012, with interest payable semi-annually on April 15 and October 15. A portion of the proceeds from these Senior Notes was used to prepay a $115 million unsecured bank term loan due December 2003, to repay a portion of the Company's outstanding commercial paper borrowings, and to settle interest rate hedges associated with the issuance and repayment of the related debt securities. On June 3, 2003, we issued $200 million of 4.375% Senior Notes. These Senior Notes mature in June 2013, and interest is payable semi-annually on June 1 and December 1. The proceeds were used to repay a portion of our outstanding commercial paper borrowings, to prepay $100 million of the $350 million unsecured bank loan due November 2004, and to settle interest rate hedges associated with the issuance of the debt securities.

As of August 30, 2003, long-term debt included approximately $30 million related to synthetic leases, with expiration dates in fiscal 2006, for a small number of our domestic stores. At August 30, 2003, we recognized the obligations under the lease facility and increased its property and long-term debt balances on our balance sheet by approximately $30 million. All obligations related to the synthetic leases were settled during fiscal 2004.

During November 2003, we issued $300 million of 5.5% Senior Notes due November 2015 and $200 million of 4.75% Senior Notes due November 2010. Interest under both notes is payable in May and November of each year. Proceeds were used to repay a $250 million bank term loan, $150 million in 6% Senior Notes and to reduce commercial paper borrowings. During November 2003, we settled all then outstanding interest rate hedge instruments, including interest rate swap contracts, treasury lock agreements and forward-starting interest rate swaps.

On August 17, 2004, we filed a shelf registration with the Securities and Exchange Commission that allows us to sell up to $300 million in debt securities to fund general corporate purposes, including repaying, redeeming or repurchasing outstanding debt, and for working capital, capital expenditures, new store openings, stock repurchases and acquisitions. All debt under this registration statement is planned to be issued in the first quarter of fiscal 2005. Based on this planned debt issuance, on March 31, 2004, we entered into a five-year forward-starting interest rate swap with a notional amount of $300 million with a settlement and an effective date in October 2004. The fair value of this swap was $4.6 million at August 28, 2004, and is reflected as a component of other assets.

We agreed to observe certain covenants under the terms of our borrowing agreements, including limitations on total indebtedness, restrictions on liens and minimum fixed charge coverage. All of the repayment obligations under our borrowing agreements may be accelerated and come due prior to the scheduled payment date if covenants are breached or an event of default occurs. Additionally, the repayment obligations may be accelerated if AutoZone experiences a change in control (as defined in the agreements) of AutoZone or its Board of Directors. As of August 28, 2004, the Company was in compliance with all covenants and we expect to remain in compliance with all covenants.

Stock Repurchases

As of August 28, 2004, the Board of Directors had authorized the Company to repurchase up to $3.9 billion of common stock in the open market. Such authorization includes the additional $600 million that was approved by the Board of Directors on March 17, 2004. From January 1998 to August 28, 2004, the Company has repurchased a total of 82.2 million shares at an aggregate cost of $3.675 billion. The Company repurchased 10.2 million shares of its common stock at an aggregate cost of $848.1 million during fiscal 2004, 12.3 million shares of its common stock at an aggregate cost of $891.1 million during fiscal 2003, and 12.6 million shares of its common stock at an aggregate cost of $698.9 million during fiscal 2002.

Financial Commitments

The following table shows AutoZone's obligations and commitments to make future payments under contractual obligations:

(IN THOUSANDS)	TOTAL CONTRACTUAL OBLIGATIONS	PAYMENT DUE BY PERIOD			
		LESS THAN 1 YEAR	BETWEEN 1-3 YEARS	BETWEEN 4-5 YEARS	OVER 5 YEARS
Long-term debt (1)	$ 1,869,250	$ 525,100	$ 154,150	$ 190,000	$1,000,000
Operating leases (2)	847,883	130,115	221,161	143,241	353,366
Construction obligations	26,385	26,385	--	--	--
	$ 2,743,518	$ 681,600	$ 375,311	$ 333,241	$1,353,366

(1) Long-term debt balances represent principal maturities, excluding interest. At August 28, 2004, debt balances due in less than one year of $525.1 million are classified as long-term in our consolidated financial statements, as we have the ability and intention to refinance them on a long-term basis.

(2) Operating lease obligations include related interest.

We have certain contingent liabilities that are not accrued in our balance sheet in accordance with accounting principles generally accepted in the United States. These contingent liabilities are not included in the table above.

We have other liabilities reflected in our balance sheet, including deferred income taxes, pension and self-insurance accruals. The payment obligations associated with these liabilities are not reflected in the financial commitments table due to the absence of scheduled maturities. Therefore, the timing of these payments cannot be determined, except for amounts estimated to be payable in 2005 that are included in current liabilities.

The following table shows AutoZone's other commitments which all have expiration periods of less than one year:

(IN THOUSANDS)	TOTAL OTHER COMMITMENTS
Standby letters of credit	$ 97,158
Surety bonds	10,799
	$ 107,957

Off-Balance Sheet Arrangements

The above table reflects the outstanding letters of credit and surety bonds as of August 28, 2004. A substantial portion of the outstanding standby letters of credit (which are primarily renewed on an annual basis) and surety bonds are used to cover reimbursement obligations to our workers' compensation carriers. There are no additional contingent liabilities associated with them as the underlying liabilities are already reflected in our balance sheet. The letters of credit and surety bonds arrangements have automatic renewal clauses.

In conjunction with our commercial sales program, we offer credit to some of our commercial customers. The receivables related to the credit program are sold to a third party at a discount for cash with limited recourse. AutoZone has recorded a reserve for this recourse. At August 28, 2004, the receivables facility had an outstanding balance of $55.7 million and the balance of the recourse reserve was $0.8 million.

RESTRUCTURING AND IMPAIRMENT CHARGES

In fiscal 2001, AutoZone recorded restructuring and impairment charges of $156.8 million related to the planned closure of 51 domestic auto parts stores and the disposal of real estate projects in process and excess properties. The accrued obligations for restructuring charges, representing the remaining lease payments and other carrying charges of the closed stores under lease, totaled approximately $2.2 million at August 28, 2004, and $12.5 million at August 30, 2003. The original charges and activity in the restructuring accruals is described more fully in Note K in the notes to consolidated financial statements.

VALUE OF PENSION ASSETS

At August 28, 2004, the fair market value of AutoZone's pension assets was $102.4 million, and the related accumulated benefit obligation was $128.4 million. On January 1, 2003, our defined benefit pension plans were frozen. Accordingly, plan participants earn no new benefits under the plan formulas, and no new participants may join the plans. The material assumptions for fiscal 2004 are an expected long-term rate of return on plan assets of 8.0% and a discount rate of 6.5%. For additional information regarding AutoZone's qualified and non-qualified pension plans refer to Note I in the notes to consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). FIN 46, as revised in December 2003, clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 requires the consolidation of certain types of entities in which a company absorbs a majority of another entity's expected losses or residual returns, or both, as a result of ownership, contractual or other financial interests in the other entity. These entities are called variable interest entities. FIN 46 applies immediately to variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied to periods ending after March 15, 2004. Our adoption did not have a significant impact on our consolidated financial position, operating results or cash flows.

CRITICAL ACCOUNTING POLICIES

Product Warranties

Limited warranties on certain products that range from 30 days to lifetime warranties are provided to our customers by AutoZone or the vendors supplying our products. Warranty costs relating to merchandise sold under warranty not covered by vendors are estimated and recorded as warranty obligations at the time of sale based on each product's historical return rate. These obligations, which are often funded by vendor allowances, are recorded as a component of accrued expenses in our consolidated balance sheets. We periodically assess the adequacy of our recorded warranty liability and adjust the amount as necessary. During fiscal 2004 and 2003, we successfully negotiated with certain vendors to transfer warranty obligations to such vendors in order to minimize our warranty exposure resulting in credits to earnings.

Litigation and Other Contingent Liabilities

We have received claims related to and been notified that we are a defendant in a number of legal proceedings resulting from our business, such as employment matters, product liability claims and general liability claims related to our store premises. We calculate contingent loss accruals using our best estimate of our probable and reasonably estimable contingent liabilities, such as lawsuits and our retained liability for insured claims.

Vendor Allowances

AutoZone receives various payments and allowances from its vendors based on the volume of purchases or for services that AutoZone provides to the vendors. Monies received from vendors include rebates, allowances and promotional funds. Typically these funds are dependent on purchase volumes and advertising plans. The amounts to be received are subject to changes in market conditions, vendor marketing strategies and changes in the profitability or sell-through of the related merchandise.

Rebates and other miscellaneous incentives are earned based on purchases or product sales. These monies are treated as a reduction of inventories and are recognized as a reduction to cost of sales as the inventories are sold.

Certain vendor allowances are used exclusively for promotions and to partially or fully offset certain other direct expenses. Such vendor funding arrangements that were entered into on or before December 31, 2002, were recognized as a reduction to operating, selling, general and administrative expenses when earned. However, for such vendor funding arrangements entered into or modified after December 31, 2002, AutoZone applied the new guidance pursuant to the Emerging Issues Task Force Issue No. 02-16, "Accounting by a Customer (including a Reseller) for Cash Consideration Received from a Vendor" ("EITF 02-16"). Accordingly, all vendor funds from arrangements entered into or modified after December 31, 2002, were recognized as a reduction to cost of sales as the inventories were sold.

This accounting pronouncement for vendor funding has not impacted the way AutoZone runs its business or its relationships with vendors. It does, however, require the deferral of certain vendor funding which is calculated based upon vendor inventory turns. Based on the timing of the issuance of the pronouncement and guidelines during fiscal 2003, we were precluded from adopting EITF 02-16 as a cumulative effect of a change in accounting principle. Our timing and accounting treatment of EITF 02-16 was not discretionary.

Impairments

In accordance with the provisions of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), we evaluate the recoverability of the carrying amounts of long-lived assets, such as property and equipment, covered by this standard whenever events or changes in circumstances dictate that the carrying value may not be recoverable. As part of the evaluation, we review performance at the store level to identify any stores with current period operating losses that should be considered for impairment. We compare the sum of the undiscounted expected future cash flows with the carrying amounts of the assets.

Under the provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), we perform an annual test of goodwill to compare the estimated fair value of goodwill to the carrying amount to determine if any impairment exists. We perform the annual impairment assessment in the fourth quarter of each fiscal year, unless circumstances dictate more frequent assessments.

If impairments are indicated by either of the above evaluations, the amount by which the carrying amount of the assets exceeds the fair value of the assets is recognized as an impairment loss. Such evaluations require management to make certain assumptions based upon information available at the time the evaluation is performed, which could differ from actual results.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

AutoZone is exposed to market risk from, among other things, changes in interest rates, foreign exchange rates and fuel prices. From time to time, we use various financial instruments to reduce interest rate and fuel price risks. To date, based upon our current level of foreign operations, hedging costs and past changes in the associated foreign exchange rates, no instruments have been utilized to reduce foreign exchange rate risk. All of our hedging activities are governed by guidelines that are authorized by our Board of Directors. Further, we do not buy or sell financial instruments for trading purposes.

Interest Rate Risk

AutoZone's financial market risk results primarily from changes in interest rates. At times, we reduce our exposure to changes in interest rates by entering into various interest rate hedge instruments such as interest rate swap contracts, treasury lock agreements and forward-starting interest rate swaps.

AutoZone has utilized interest rate swaps to convert variable rate debt to fixed rate debt and to lock in fixed rates on future debt issuances. At August 28, 2004, we held a five-year forward-starting interest rate swap with a notional amount of $300 million. This swap has an October 2004 settlement and effective date to coincide with an anticipated debt transaction. It is expected that upon settlement of the agreement, the realized gain or loss will be deferred in other comprehensive income and reclassified to interest expense over the life of the underlying debt.

At August 30, 2003, we held an interest rate swap contract, which was settled in September 2003, to hedge $25 million of variable rate debt associated with commercial paper borrowings. At August 30, 2003, we also held treasury lock agreements with notional amounts of $300 million and a forward-starting interest rate swap with a notional amount of $200 million. These agreements hedged the exposure to variability in future cash flows resulting from changes in interest rates prior to the November 2003 issuance of $300 million 5.5% Senior Notes due November 2015 and $200 million 4.75% Senior Notes due November 2010. The related gains on these transactions are deferred in stockholders' equity as a component of other comprehensive income or loss. These deferred gains are recognized in income as a decrease to interest expense in the period in which the related interest rates being hedged are recognized in expense. However, to the extent that the change in value of an interest rate hedge instrument does not perfectly offset the change in the value of the interest rate being hedged, that ineffective portion is immediately recognized in income. During November 2003, we recognized $2.7 million in gains related to the ineffective portion of these agreements. The remaining gains realized upon the November 2003 settlement were deferred in other comprehensive income and are being reclassified to interest expense over the life of the underlying Senior Notes, resulting in effective interest rates of 4.86% on the $300 million issuance and 4.17% on the $200 million issuance.

During fiscal 2003, we also entered into and settled a forward-starting interest rate swap with a notional amount of $200 million, used to hedge the variability in future cash flows resulting from changes in interest rates prior to the issuance of $200 million 4.375% Senior Notes. The loss realized upon settlement was deferred in other comprehensive income and is being reclassified to interest expense over the life of the underlying Senior Notes, resulting in an effective interest rate of 5.65%. During fiscal 2003, all of our hedge instruments were determined to be highly effective, and no ineffective portion was recognized in income.

AutoZone reflects the current fair value of all interest rate hedge instruments on our consolidated balance sheets as a component of other assets. The fair values of the interest rate hedge instruments were $4.6 million at August 28, 2004 and were $41.6 million at August 30, 2003. Our outstanding hedge instrument was determined to be highly effective at August 28, 2004.

The fair value of our debt was estimated at $1.88 billion as of August 28, 2004, and $1.57 billion as of August 30, 2003, based on the quoted market prices for the same or similar debt issues or on the current rates available to AutoZone for debt of the same remaining maturities. Such fair value is greater than the carrying value of debt at August 28, 2004, by $11.1 million, and at August 30, 2003, by $27.3 million. We had $529.3 million of variable rate debt outstanding at August 28, 2004, and $556.8 million outstanding at August 30, 2003, both of which exclude the effect of any interest rate swaps designated and effective as cash flow hedges of such variable rate debt. At these borrowing levels for variable rate debt, a one percentage point increase in interest rates would have had an unfavorable impact on our pre-tax earnings and cash flows of $5.3 million in 2004 and $5.6 million in fiscal 2003, which excludes the effects of interest rate swaps. The primary interest rate exposure on variable rate debt is based on LIBOR. We had outstanding fixed rate debt of $1.34 billion at August 28, 2004, and $990.0 million at August 30, 2003. A one percentage point increase in interest rates would reduce the fair value of our fixed rate debt by $81.1 million at August 28, 2004 and by $47.0 million at August 30, 2003.

Fuel Price Risk

Fuel swap contracts utilized by us have not previously been designated as hedging instruments under the provisions of SFAS 133 and do not qualify for hedge accounting treatment, although the instruments were executed

to economically hedge the consumption of diesel fuel used to distribute our products. Accordingly, mark-to-market gains and losses related to such fuel swap contracts are recorded in cost of sales as a component of distribution costs. As of August 28, 2004, the current month's fuel swap contract was outstanding with a settlement date of August 31, 2004. During fiscal 2004 and 2003, we entered into fuel swaps to economically hedge a portion of our diesel fuel exposure. These swaps were settled within a few days of each fiscal year end and had no significant impact on cost of sales for the 2004 or 2003 fiscal years.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

"Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" include certain financial measures not derived in accordance with generally accepted accounting principles ("GAAP"). These non-GAAP financial measures provide additional information for determining our optimum capital structure and are used to assist management in evaluating performance and in making appropriate business decisions to maximize stockholders' value.

Non-GAAP financial measures should not be used as a substitute for GAAP financial measures, or considered in isolation, for the purpose of analyzing our operating performance, financial position or cash flows. However, we have presented the non-GAAP financial measures, as we believe they provide additional information to analyze or compare our operations. Furthermore, our management and Compensation Committee of the Board of Directors use the above mentioned non-GAAP financial measures to analyze and compare our underlying operating results and to determine payments of performance-based compensation. We have included a reconciliation of this information to the most comparable GAAP measures in the following reconciliation tables.

Reconciliation of Non-GAAP Financial Measure: After-Tax Return on Invested Capital

The following table reconciles the percentages of after-tax return on invested capital, or "ROIC," both including and excluding the fiscal 2001 restructuring and impairment charges, to net income. After-tax return on invested capital is calculated as after-tax operating profit (excluding rent) divided by average invested capital (which includes a factor to capitalize operating leases). The ROIC percentages are presented in the "Selected Financial Data."

(in thousands, except per share and percentage data)

	FISCAL YEAR ENDED AUGUST				
	2004	2003	2002	2001	2000
Net income	$ 566,202	$ 517,604	$ 428,148	$ 175,526	$ 267,590
Adjustments:					
After-tax interest	58,003	52,686	49,471	61,560	47,241
After-tax rent	73,086	68,764	61,348	61,396	58,853
After-tax return	697,291	639,054	538,967	298,482	373,684
After-tax restructuring and impairment charges	--	--	--	95,822	--
After-tax return, excluding restructuring and impairment charges	$ 697,291	$ 639,054	$ 538,967	$ 394,304	$ 373,684
Average debt (1)	$1,787,307	$1,484,987	$ 1,329,077	$ 1,445,899	$ 1,182,055
Average equity (2)	292,802	580,176	802,289	879,912	1,149,104
Rent x 6 (3)	701,621	663,990	594,192	602,382	574,290
Pre-tax invested capital	2,781,730	2,729,153	2,725,558	2,928,193	2,905,449
Average equity, excluding restructuring and impairment charges (4)	--	--	--	6,844	--
Pre-tax invested capital, excluding restructuring and impairment charges	$2,781,730	$2,729,153	$ 2,725,558	$ 2,935,037	$ 2,905,449
ROIC	25.1%	23.4%	19.8%	10.1%	12.9%
ROIC, before restructuring and impairment charges	25.1%	23.4%	19.8%	13.4%(5)	12.9%

(1) Average debt is equal to the average of our long-term debt measured at the end of the prior fiscal year and each of the 13 fiscal periods in the current fiscal year. Long-term debt (in thousands) was $888,340 at August 28, 1999.

(2) Average equity is equal to the average of our stockholders' equity measured at the end of the prior fiscal year and each of the 13 fiscal periods of the current fiscal year. Stockholders' equity (in thousands) was $1,323,801 at August 28, 1999.

(3) Rent is multiplied by a factor of six to capitalize operating leases in the determination of pre-tax invested capital.

(4) Average equity at August 25, 2001, increased by $6.8 million as a result of excluding restructuring and impairment charges.

(5) ROIC excluding nonrecurring charges was presented as 14.3% in our Form 10-K for the fiscal year ended August 31, 2002, but has been revised to reflect a rolling 13-period average of debt and equity to conform with our current methodology for calculating ROIC.

Reconciliation of Non-GAAP Financial Measure: Cash Flow Before Share Repurchases and Changes in Debt

The following table reconciles net increase (decrease) in cash and cash equivalents to cash flow before share repurchases and changes in debt, which is presented in the "Selected Financial Data".

(in thousands)

	FISCAL YEAR ENDED AUGUST				
	2004	2003	2002	2001	2000
Net increase (decrease) in cash and cash equivalents	$ (16,250)	$ 22,796	$ (3,709)	$ 8,680	$ (6,299)
Less: Increase (decrease) in debt	322,405	352,328	(30,885)	(24,535)	361,597
Less: Share repurchases	(848,102)	(891,095)	(698,983)	(366,097)	(639,925)
Cash flow before share repurchases and changes in debt	$ 509,447	$ 561,563	$ 726,159	$ 399,312	$ 272,029

Reconciliation of Non-GAAP Financial Measure: Fiscal 2002 Results Excluding Impact of 53rd Week

The following table summarizes the favorable impact of the additional week of the 53 week fiscal year ended August 31, 2002.

(in thousands, except per share and percentage data)

	FISCAL 2002 RESULTS OF OPERATIONS	PERCENT OF REVENUE	UNAUDITED RESULTS OF OPERATIONS FOR 53RD WEEK	FISCAL 2002 RESULTS OF OPERATIONS EXCLUDING 53RD WEEK	PERCENT OF REVENUE
Net sales	$ 5,325,510	100.0%	$ (109,079)	$ 5,216,431	100.0%
Cost of sales	2,950,123	55.4%	(58,688)	2,891,435	55.4%
Gross profit	2,375,387	44.6%	(50,391)	2,324,996	44.6%
Operating expenses	1,604,379	30.1%	(20,911)	1,583,468	30.4%
Operating profit	771,008	14.5%	(29,480)	741,528	14.2%
Interest expense, net	79,860	1.5%	--	79,860	1.5%
Income before taxes	691,148	13.0%	(29,480)	661,668	12.7%
Income taxes	263,000	5.0%	(11,210)	251,790	4.8%
Net income	$ 428,148	8.0%	$ (18,270)	$ 409,878	7.9%
Diluted earnings per share	$ 4.00		$ (0.17)	$ 3.83	

CONSOLIDATED STATEMENTS OF INCOME

(IN THOUSANDS, EXCEPT PER SHARE DATA)	YEAR ENDED AUGUST 28, 2004 (52 WEEKS)	AUGUST 30, 2003 (52 WEEKS)	AUGUST 31, 2002 (53 WEEKS)
Net sales	$ 5,637,025	$ 5,457,123	$ 5,325,510
Cost of sales, including warehouse and delivery expenses	2,880,446	2,942,114	2,950,123
Operating, selling, general and administrative expenses	1,757,873	1,597,212	1,604,379
Operating profit	998,706	917,797	771,008
Interest expense, net	92,804	84,790	79,860
Income before income taxes	905,902	833,007	691,148
Income taxes	339,700	315,403	263,000
Net income	$ 566,202	$ 517,604	$ 428,148
Weighted average shares for basic earnings per share	84,993	94,906	104,446
Effect of dilutive stock equivalents	1,357	2,057	2,665
Adjusted weighted average shares for diluted earnings per share	86,350	96,963	107,111
Basic earnings per share	$ 6.66	$ 5.45	$ 4.10
Diluted earnings per share	$ 6.56	$ 5.34	$ 4.00

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT PER SHARE DATA)	AUGUST 28, 2004	AUGUST 30, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	$ 76,852	$ 93,102
Accounts receivable	68,372	43,746
Merchandise inventories	1,561,479	1,511,316
Prepaid expenses and other current assets	49,054	19,194
Deferred income taxes	--	3,996
Total current assets	1,755,757	1,671,354
Property and equipment:		
Land	538,920	525,473
Buildings and improvements	1,370,079	1,325,759
Equipment	574,882	551,465
Leasehold improvements	137,562	125,592
Construction in progress	87,694	44,871
	2,709,137	2,573,160
Less: Accumulated depreciation and amortization	919,048	857,407
	1,790,089	1,715,753
Goodwill, net of accumulated amortization	301,015	294,348
Deferred income taxes	--	25,543
Other long-term assets	65,704	59,828
	366,719	379,719
	$ 3,912,565	$ 3,766,826
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,429,128	$ 1,360,482
Accrued expenses	310,880	361,466
Income taxes payable	72,096	39,978
Deferred income taxes	6,011	--
Total current liabilities	1,818,115	1,761,926
Long-term debt	1,869,250	1,546,845
Other liabilities	48,079	84,297
Deferred income taxes	5,728	--
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, authorized 1,000 shares; no shares issued	--	--
Common stock, par value $.01 per share, authorized 200,000 shares; 89,393 shares issued and 79,628 shares outstanding in 2004 and 100,670 shares issued and 88,708 shares outstanding in 2003	894	1,007
Additional paid-in capital	414,231	410,962
Retained earnings	580,147	869,739
Accumulated other comprehensive loss	(15,653)	(37,297)
Treasury stock, at cost	(808,226)	(870,653)
Total stockholders' equity	171,393	373,758
	$ 3,912,565	$ 3,766,826

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)	YEAR ENDED AUGUST 28, 2004 (52 WEEKS)	YEAR ENDED AUGUST 30, 2003 (52 WEEKS)	YEAR ENDED AUGUST 31, 2002 (53 WEEKS)
Cash flows from operating activities:			
Net income	$ 566,202	$ 517,604	$ 428,148
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	106,891	109,748	118,255
Amortization of debt origination fees	4,230	7,334	2,283
Income tax benefit realized from exercise of options	24,339	37,402	42,159
Gains from warranty negotiations	(42,094)	(8,695)	--
Changes in operating assets and liabilities:			
Deferred income taxes	44,498	65,701	28,483
Accounts receivable and prepaid expenses	(26,101)	(27,468)	(12,879)
Merchandise inventories	(119,539)	(135,732)	(168,150)
Accounts payable and accrued expenses	60,154	176,702	282,408
Income taxes payable	32,118	(3,460)	13,743
Other, net	(12,319)	(18,329)	1,720
Net cash provided by operating activities	638,379	720,807	736,170
Cash flows from investing activities:			
Capital expenditures	(184,870)	(182,242)	(117,239)
Acquisition	(11,441)	--	--
Proceeds from sale of business	--	--	25,723
Proceeds from disposal of capital assets	2,590	14,443	25,094
Notes receivable from officers	--	--	1,911
Net cash used in investing activities	(193,721)	(167,799)	(64,511)
Cash flows from financing activities:			
Net change in commercial paper	254,400	44,800	(162,247)
Proceeds from issuance of debt	500,000	500,000	150,000
Repayment of debt	(431,995)	(215,000)	(15,000)
Net proceeds from sale of common stock	33,552	45,303	55,676
Purchase of treasury stock	(848,102)	(891,095)	(698,983)
Settlement of interest rate hedge instruments	32,166	(28,524)	--
Other	(929)	14,304	(4,814)
Net cash used in financing activities	(460,908)	(530,212)	(675,368)
Net increase (decrease) in cash and cash equivalents	(16,250)	22,796	(3,709)
Cash and cash equivalents at beginning of year	93,102	70,306	74,015
Cash and cash equivalents at end of year	$ 76,852	$ 93,102	$ 70,306
Supplemental cash flow information:			
Interest paid, net of interest cost capitalized	$ 77,871	$ 77,533	$ 77,935
Income taxes paid	$ 237,010	$ 215,760	$ 178,417

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(IN THOUSANDS)	COMMON SHARES ISSUED	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	NOTES RECEIVABLE	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TREASURY STOCK	TOTAL
Balance at August 25, 2001	119,518	$1,195	$295,629	$(1,911)	$825,196	$(5,308)	$(248,588)	$ 866,213
Net income					428,148			428,148
Foreign currency translation adjustment						(1,447)		(1,447)
Unrealized losses on derivatives						(4,848)		(4,848)
Comprehensive income								421,853
Repayments of notes receivable from officers				1,911				1,911
Purchase of 12,591 shares of treasury stock			298				(698,983)	(698,685)
Retirement of treasury stock	(12,000)	(120)	(23,280)		(279,203)		302,603	--
Sale of common stock under stock option and stock purchase plans	2,444	25	55,651					55,676
Tax benefit of exercise of stock options			42,159					42,159
Balance at August 31, 2002	109,962	1,100	370,457	--	974,141	(11,603)	(644,968)	689,127
Net income					517,604			517,604
Minimum pension liability net of taxes of $(18,072)						(29,739)		(29,739)
Foreign currency translation adjustment						(8,276)		(8,276)
Net gains on outstanding derivatives net of taxes of $15,710						25,856		25,856
Net losses on terminated/ matured derivatives						(20,014)		(20,014)
Reclassification of net losses on derivatives into earnings						6,479		6,479
Comprehensive income								491,910
Purchase of 12,266 shares of treasury stock			1,111				(891,095)	(889,984)
Retirement of treasury stock	(11,000)	(110)	(43,120)		(622,006)		665,236	--
Sale of common stock under stock option and stock purchase plans	1,708	17	45,112				174	45,303
Tax benefit of exercise of stock options			37,402					37,402
Balance at August 30, 2003	100,670	1,007	410,962	--	869,739	(37,297)	(870,653)	373,758
Net income					566,202			566,202
Minimum pension liability net of taxes of $10,750						17,537		17,537
Foreign currency translation adjustment						(3,841)		(3,841)
Net gains on outstanding derivatives net of taxes of $1,740						2,900		2,900
Net gains on terminated/ matured derivatives net of taxes of ($15,710)						6,226		6,226
Reclassification of derivative ineffectiveness into earnings						(2,701)		(2,701)
Reclassification of net losses on derivatives into earnings						1,523		1,523
Comprehensive income								587,846
Purchase of 10,194 shares of treasury stock							(848,102)	(848,102)
Retirement of treasury stock	(12,400)	(124)	(54,611)		(855,794)		910,529	--
Sale of common stock under stock option and stock purchase plans	1,123	11	33,541					33,552
Tax benefit of exercise of stock options			24,339					24,339
Balance at August 28, 2004	89,393	$ 894	$414,231	$ --	$580,147	$(15,653)	$(808,226)	$171,393

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

BUSINESS: AutoZone, Inc. and its wholly owned subsidiaries ("AutoZone" or the "Company") is principally a retailer of automotive parts and accessories. At the end of fiscal 2004, the Company operated 3,420 domestic auto parts stores in 48 states and the District of Columbia and 63 auto parts stores in Mexico. 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 of the domestic stores 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. The Company also sells the ALLDATA brand automotive diagnostic and repair software. On the web, the Company sells automotive diagnostic and repair information and auto and light truck parts through www.autozone.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. All significant intercompany transactions and balances have been eliminated in consolidation.

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. Actual results could differ from those estimates.

RECLASSIFICATIONS: To conform to current year presentation, certain prior year amounts have been reclassified within the consolidated statements of cash flows and the consolidated balance sheet. Prior year presentations had netted or included certain amounts within accounts payable; these amounts have now been reclassified for all periods presented impacting cash and cash equivalents, accounts payable and accrued expenses.

CASH EQUIVALENTS: Cash equivalents consist of investments with original maturities of 90 days or less at the date of purchase. Excluded from cash equivalents are $20.1 million in investments in money market accounts at August 28, 2004, held by the Company's wholly-owned insurance captive that was established during fiscal 2004. These investments are included within the prepaid expenses and other current assets caption and are recorded at cost, which approximates market value, due to the short maturity of the investments.

ACCOUNTS RECEIVABLE: Accounts receivable consists of receivables from customers and vendors, including the current portion of long-term receivables from certain vendors.

MERCHANDISE INVENTORIES: Inventories are stated at the lower of cost or market using the last-in, first-out (LIFO) method. Included in inventory are related purchasing, storage and handling costs. Due to price deflation on the Company's merchandise purchases, the Company's inventory balances are effectively maintained under the first-in, first-out method as the Company's policy is not to write up inventory for favorable LIFO adjustments, resulting in cost of sales being reflected at the higher amount. The cumulative balance of this unrecorded adjustment, which will be reduced upon experiencing price inflation on our merchandise purchases, was $158 million at August 28, 2004, and $102 million at August 30, 2003.

AutoZone has entered into pay-on-scan ("POS") arrangements with certain vendors, whereby AutoZone will not purchase merchandise supplied by a vendor until that merchandise is ultimately sold to AutoZone's customers. Title and certain risks of ownership remain with the vendor until the merchandise is sold to AutoZone's customers. Since the Company does not own merchandise under POS arrangements until just before it is sold to a customer, such merchandise is not recorded on the Company's balance sheet. Upon the sale of the merchandise to AutoZone's customers, AutoZone recognizes the liability for the goods and pays the vendor in accordance with the agreed-upon terms. Although AutoZone does not hold title to the goods, AutoZone controls pricing and has credit collection risk and therefore, revenues under POS arrangements are included in net sales in the income statement. AutoZone has financed the repurchase of existing merchandise inventory by certain vendors in order to convert such vendors to POS arrangements. These receivables have durations up to 24 months and approximated $58.3 million at August

28, 2004. The $27.8 million current portion of these receivables is reflected in accounts receivable and the $30.5 million long-term portion is reflected as a component of other long-term assets. Merchandise under POS arrangements was $146.6 million at August 28, 2004.

PROPERTY AND EQUIPMENT: Property and equipment is stated at cost. Depreciation is computed principally using the straight-line method over the following estimated useful lives: buildings, 40 to 50 years; building improvements, 5 to 15 years; equipment, 3 to 7 years; and leasehold improvements, 5 to 15 years, not to exceed the remaining lease term.

IMPAIRMENT OF LONG-LIVED ASSETS: In accordance with the provisions of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), the Company evaluates the recoverability of the carrying amounts of the assets covered by this standard annually and more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. As part of the evaluation, the Company reviews performance at the store level to identify any stores with current period operating losses that should be considered for impairment. The Company compares the sum of the undiscounted expected future cash flows with the carrying amounts of the assets. If impairments are indicated, the amount by which the carrying amount of the assets exceeds the fair value of the assets is recognized as an impairment loss. No significant impairment losses were recorded in the three years ended August 28, 2004.

GOODWILL: The cost in excess of fair value of identifiable net assets of businesses acquired is recorded as goodwill and is reflected net of $32.2 million in accumulated amortization as of August 28, 2004 and August 30, 2003. In accordance with the provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), goodwill has not been amortized since fiscal 2001, but an analysis is performed at least annually to compare the fair value of goodwill to the carrying amount to determine if any impairment exists. The Company performs its annual impairment assessment in the fourth quarter of each fiscal year, unless circumstances dictate more frequent assessments. No impairment losses were recorded in the three years ended August 28, 2004.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES: AutoZone is exposed to market risk from, among other things, changes in interest rates, foreign exchange rates and fuel prices. From time to time, the Company uses various financial instruments to reduce such risks. To date, based upon the Company's current level of foreign operations, hedging costs and past changes in the associated foreign exchange rates, no instruments have been utilized to reduce this market risk. All of the Company's hedging activities are governed by guidelines that are authorized by AutoZone's Board of Directors. Further, the Company does not buy or sell financial instruments for trading purposes.

AutoZone's financial market risk results primarily from changes in interest rates. At times, AutoZone reduces its exposure to changes in interest rates by entering into various interest rate hedge instruments such as interest rate swap contracts, treasury lock agreements and forward-starting interest rate swaps. The Company complies with Statement of Financial Accounting Standards Nos. 133, 137, 138 and 149 (collectively "SFAS 133") pertaining to the accounting for these derivatives and hedging activities which require all such interest rate hedge instruments to be recognized on the balance sheet at fair value. All of the Company's interest rate hedge instruments are designated as cash flow hedges. Refer to Note B for additional disclosures regarding the Company's derivatives instruments and hedging activities.

FINANCIAL INSTRUMENTS: The Company has financial instruments, including cash, accounts receivable, other current assets and accounts payable. The carrying amounts of these financial instruments approximate fair value because of their short maturities. A discussion of the carrying values and fair values of the Company's debt is included in Note E, while a discussion of the Company's fair values of its derivatives is included in Note B.

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.

REVENUE RECOGNITION: The Company recognizes sales at the time the sale is made and the product is delivered to the customer.

VENDOR ALLOWANCES AND ADVERTISING COSTS: The Company receives various payments and allowances from its vendors based on the volume of purchases or for services that AutoZone provides to the vendors. Monies received from vendors include rebates, allowances and promotional funds. Typically, these funds are dependent on purchase volumes and advertising plans. The amounts to be received are subject to changes in market conditions, vendor marketing strategies and changes in the profitability or sell-through of the related merchandise.

Rebates and other miscellaneous incentives are earned based on purchases or product sales. These monies are treated as a reduction of inventories and are recognized as a reduction to cost of sales as the inventories are sold.

Certain vendor allowances are used exclusively for promotions and to partially or fully offset certain other direct expenses. Such vendor funding arrangements, which were entered into on or before December 31, 2002, were recognized as a reduction to operating, selling, general and administrative expenses when earned. However, for such vendor funding arrangements entered into or modified after December 31, 2002, the Company applied the new guidance pursuant to the Emerging Issues Task Force Issue No. 02-16, "Accounting by a Customer (Including a Reseller) for Cash Consideration Received from a Vendor" ("EITF 02-16"). Accordingly, all vendor funds from arrangements entered into or modified after December 31, 2002, were recognized as a reduction to cost of sales as the inventories were sold. As a result of the adoption of EITF 02-16, operating, selling, general and administrative expenses were approximately $138 million higher in fiscal 2004 and $53 million higher in fiscal 2003, while gross profit was approximately $138 million higher in fiscal 2004 and $43 million higher in fiscal 2003 than such amounts would have been prior to the accounting change.

Advertising expense was approximately $98.1 million in fiscal 2004, $32.5 million in fiscal 2003, and $17.5 million in fiscal 2002. Prior to the adoption of EITF 02-16 during fiscal 2003, vendor allowances for advertising were netted against advertising expense. The Company expenses advertising costs as incurred.

WARRANTY COSTS: The Company or the vendors supplying its products provide its customers with limited warranties on certain products. Estimated warranty obligations for which the Company is responsible are provided at the time of sale of the product and are charged to cost of sales.

SHIPPING AND HANDLING COSTS: The Company does not generally charge customers separately for shipping and handling. The cost the Company incurs to ship products to the stores for delivery to the customer is included in cost of sales.

PRE-OPENING EXPENSES: Pre-opening expenses, which consist primarily of payroll and occupancy costs, are expensed as incurred.

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 common stock equivalents. At this time, stock options are the Company's only common stock equivalents. Stock options that were not included in the diluted computation because they would have been anti-dilutive were 1.1 million shares at August 28, 2004.

STOCK OPTIONS: At August 28, 2004, the Company has stock option plans that provide for the purchase of the Company's common stock by some of its employees and directors, which are described more fully in Note H. The Company accounts for those plans using the intrinsic-value-based recognition method prescribed by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Accordingly, no stock-based employee compensation cost is reflected in net income, as options are granted under those plans at an exercise price equal to the market value of the underlying common stock on the date of grant. Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," ("SFAS 123") and Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation - - Transition and Disclosure" ("SFAS 148"), established accounting and disclosure requirements using a fair-value-based method of accounting for stock-based employee compensation plans. As allowed under SFAS 123, the Company has elected to continue to apply the intrinsic-value-based method of accounting and has adopted only the disclosure requirements of SFAS 123. The following table illustrates the effect on net income and earnings per share had the Company applied the fair-value recognition provisions of SFAS 123 to stock-based employee compensation.

(IN THOUSANDS, EXCEPT PER SHARE DATA)	YEAR ENDED AUGUST 28, 2004	AUGUST 30, 2003	AUGUST 31, 2002
Reported net income	$ 566,202	$ 517,604	$ 428,148
Deduct total incremental stock-based compensation expense determined under fair-value-based method for all awards, net of related tax effects	16,518	14,506	8,969
Pro forma net income	$ 549,684	$ 503,098	$ 419,179
Basic earnings per share:			
As reported	$ 6.66	$ 5.45	$ 4.10
Pro forma	$ 6.46	$ 5.30	$ 4.01
Diluted earnings per share:			
As reported	$ 6.56	$ 5.34	$ 4.00
Pro forma	$ 6.36	$ 5.20	$ 3.91

The effects of applying SFAS 123 and the results obtained through the use of the Black-Scholes option-pricing model in this pro forma disclosure are not necessarily indicative of future amounts. The weighted average fair value of the stock options granted was $28.07 per share during fiscal 2004, $24.59 per share during fiscal 2003 and $16.10 per share during fiscal 2002. 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 2004, 2003 and 2002:

	YEAR ENDED AUGUST 28, 2004	AUGUST 30, 2003	AUGUST 31, 2002
Expected price volatility	37%	38%	39%
Risk-free interest rates	2.4%	3.0%	2.4%
Expected lives in years	3.8	4.2	4.3
Dividend yield	0%	0%	0%

RECENT ACCOUNTING PRONOUNCEMENTS: In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). FIN 46, as revised in December 2003, clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 requires the consolidation of certain types of entities in which a company absorbs a majority of another entity's expected losses or residual returns, or both, as a result of ownership, contractual or other financial interests in the other entity. These entities are called variable interest entities. FIN 46 applies immediately to variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied at the end of periods ending after March 15, 2004. The Company's adoption of FIN 46 did not have a significant impact on its consolidated financial position, operating results or cash flows.

NOTE B - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

AutoZone has utilized interest rate swaps to convert variable rate debt to fixed rate debt and to lock in fixed rates on future debt issuances. At August 28, 2004, the Company held a five-year forward-starting interest rate swap with a notional amount of $300 million. This swap has an October 2004 effective date to coincide with an anticipated debt transaction. During fiscal 2004, the related gains on this derivative are recorded in accumulated other comprehensive loss, net of income taxes and it is expected that upon settlement of the agreement, the realized gain or loss will be deferred in accumulated other comprehensive loss and reclassified to interest expense over the life of the underlying debt.

At August 30, 2003, the Company held an interest rate swap contract, which was settled in September 2003, to hedge $25 million of variable rate debt associated with commercial paper borrowings. At August 30, 2003, it also held treasury lock agreements with notional amounts of $300 million and a forward-starting interest rate swap with a notional amount of $200 million. These agreements hedged the exposure to variability in future cash flows resulting from changes in interest rates prior to the November 2003 issuance of $300 million 5.5% Senior Notes due

November 2015 and $200 million 4.75% Senior Notes due November 2010. The related gains on these transactions are deferred in stockholders' equity as a component of accumulated other comprehensive loss. These deferred gains are recognized in income as a decrease to interest expense in the period in which the related interest rates being hedged are recognized in expense. However, to the extent that the change in value of an interest rate hedge instrument does not perfectly offset the change in the value of the interest rate being hedged, SFAS 133 requires that the ineffective portion is to be immediately recognized in income. During November 2003, the Company recognized $2.7 million in gains related to the ineffective portion of these agreements. The remaining gains realized upon the November 2003 settlement were deferred in accumulated other comprehensive loss and are being reclassified to interest expense over the life of the underlying Senior Notes, resulting in effective interest rates of 4.86% on the $300 million issuance and 4.17% on the $200 million issuance.

During fiscal 2003, the Company also entered into and settled a forward-starting interest rate swap with a notional amount of $200 million, used to hedge the variability in future cash flows resulting from changes in interest rates prior to the issuance of $200 million 4.375% Senior Notes. The loss realized upon settlement was deferred in accumulated other comprehensive loss and is being reclassified to interest expense over the life of the underlying Senior Notes, resulting in an effective interest rate of 5.65%.

AutoZone reflects the current fair value of all outstanding interest rate hedge instruments in its consolidated balance sheets as a component of other assets. The fair values of the interest rate hedge instruments were $4.6 million at August 28, 2004 and $41.6 million at August 30, 2003. The Company's outstanding hedge instrument was determined to be highly effective at August 28, 2004.

The following table summarizes the fiscal 2004 and 2003 activity in accumulated other comprehensive loss as it relates to interest rate hedge instruments:

(IN THOUSANDS)	BEFORE-TAX AMOUNT	INCOME TAX	AFTER-TAX AMOUNT
Accumulated net losses as of August 31, 2002	$ (10,445)	$ --	$ (10,445)
Net gains on outstanding derivatives	41,566	(15,710)	25,856
Net losses on terminated/matured derivatives	(20,014)	--	(20,014)
Reclassification of net losses on derivatives into earnings	6,479	--	6,479
Accumulated net gains as of August 30, 2003	17,586	(15,710)	1,876
Net gains on outstanding derivatives	4,640	(1,740)	2,900
Net gains on terminated/matured derivatives	(9,484)	15,710	6,226
Reclassification of derivative ineffectiveness into earnings	(2,701)	--	(2,701)
Reclassification of net losses on derivatives into earnings	1,523	--	1,523
Accumulated net gains as of August 28, 2004	$ 11,564	$ (1,740)	$ 9,824

The Company primarily executes derivative transactions of relatively short duration with strong creditworthy counterparties. These counterparties expose the Company to credit risk in the event of non-performance. The amount of such exposure is limited to the unpaid portion of amounts due to the Company pursuant to the terms of the derivative financial instruments, if any. Although there are no collateral requirements, if a downgrade in the credit rating of these counterparties occurs, management believes that this exposure is mitigated by provisions in the derivative agreements which allow for the legal right of offset of any amounts due to the Company from the counterparties with amounts payable, if any, to the counterparties by the Company. Management considers the risk of counterparty default to be minimal.

NOTE C - ACCRUED EXPENSES

Accrued expenses at August 28, 2004, and August 30, 2003, consisted of the following:

(IN THOUSANDS)	AUGUST 28, 2004	AUGUST 30, 2003
Medical and casualty insurance claims	$ 110,227	$ 92,666
Accrued compensation and related payroll taxes	83,650	87,955
Property and sales taxes	46,780	44,371
Accrued interest	23,041	18,651
Accrued sales and warranty returns	11,493	78,482
Other	35,689	39,341
	$ 310,880	$ 361,466

The Company or the vendors supplying its products provide its customers limited warranties on certain products that range from 30 days to lifetime warranties. In most cases, the Company's vendors are primarily responsible for warranty claims. Warranty costs relating to merchandise sold under warranty not covered by vendors are estimated and recorded as warranty obligations at the time of sale based on each product's historical return rate. These obligations, which are often funded by vendor allowances, are recorded as a component of accrued expenses. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the amount as necessary resulting in income or expense recognition. The Company has successfully negotiated with certain vendors to transfer warranty obligations to such vendors in order to minimize the Company's warranty exposure resulting in credits to earnings of $42.1 million in fiscal 2004 and $8.7 million in fiscal 2003, and ongoing reductions in allowances received and claim settlements. Changes in the Company's accrued sales and warranty returns for the last three fiscal years consisted of the following:

(IN THOUSANDS)	YEAR ENDED		
	AUGUST 28, 2004	AUGUST 30, 2003	AUGUST 31, 2002
Balance, beginning of fiscal year	$ 78,482	$ 82,035	$ 63,467
Allowances received from vendors	37,388	116,808	109,498
Expense (income)	(42,094)	(25,522)	2,978
Claim settlements	(62,283)	(94,839)	(93,908)
Balance, end of fiscal year	$ 11,493	$ 78,482	$ 82,035

NOTE D - INCOME TAXES

The provision for income tax expense for each of the last three fiscal years consisted of the following:

(IN THOUSANDS)	YEAR ENDED		
	AUGUST 28, 2004	AUGUST 30, 2003	AUGUST 31, 2002
Current:			
Federal	$ 268,013	$ 219,699	$ 210,457
State	27,189	30,003	24,060
	295,202	249,702	234,517
Deferred:			
Federal	41,532	60,835	26,200
State	2,966	4,866	2,283
	44,498	65,701	28,483
	$ 339,700	$ 315,403	$ 263,000

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		
(IN THOUSANDS)	AUGUST 28, 2004	AUGUST 30, 2003	AUGUST 31, 2002
Expected tax at statutory rate	$ 317,066	$ 291,552	$ 241,902
State income taxes, net	19,601	22,665	17,123
Other	3,033	1,186	3,975
	$ 339,700	$ 315,403	$ 263,000

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

(IN THOUSANDS)	AUGUST 28, 2004	AUGUST 30, 2003
Net deferred tax assets:		
Domestic net operating loss and credit carryforwards	$ 30,775	$ 29,181
Foreign net operating loss and credit carryforwards	8,597	1,763
Insurance reserves	23,584	29,319
Warranty reserves	2,558	28,786
Closed store reserves	4,437	10,321
Minimum pension liability	7,322	18,072
Total deferred tax assets	77,273	117,442
Less: Valuation allowance	(16,384)	(14,329)
Net deferred tax assets	60,889	103,113
Deferred tax liabilities:		
Property and equipment	25,000	23,401
Inventory	31,565	27,997
Derivatives	1,740	15,710
Other	14,323	6,466
Deferred tax liabilities	72,628	73,574
Net deferred tax (liabilities) assets	$ (11,739)	$ 29,539

For the years ended August 28, 2004 and August 30, 2003, the Company had deferred tax assets of $9.4 million and $9.6 million from federal tax net operating loss carryforwards ("NOLs") of $26.9 million and $27.5 million, deferred tax assets of $11.4 million and $12.1 million from state tax NOLs of $465.5 million and $492.9 million, and deferred tax assets of $5.7 million and $1.8 million from foreign tax NOLs of $16.8 million and $5.2 million, respectively. These NOLs will expire between fiscal 2005 and fiscal 2022. The federal and state NOLs relate primarily to the acquisitions of ADAP (which had been doing business as "Auto Palace") and Chief Auto Parts, Inc. in fiscal 1998. The Company maintains an $8.6 million valuation allowance against certain federal and state NOLs subject to annual limitations resulting from its acquisition of ADAP, Inc. This valuation allowance was recorded as part of the ADAP, Inc. purchase accounting and, if reversed, will be allocated to goodwill. Additionally, the Company had deferred tax assets of $12.9 million at August 28, 2004, and $7.4 million at August 28, 2003, for federal, state, and Mexican income tax credit carryforwards. Certain tax credit carryforwards have no expiration date and others will expire in fiscal 2009 through fiscal 2014.

NOTE E - FINANCING

The Company's long-term debt as of August 28, 2004, and August 30, 2003, consisted of the following:

(IN THOUSANDS)	AUGUST 28, 2004	AUGUST 30, 2003
5.875% Senior Notes due October 2012, effective interest rate of 6.33%	$ 300,000	$ 300,000
5.5% Senior Notes due November 2015, effective interest rate of 4.86%	300,000	--
4.75% Senior Notes due November 2010, effective interest rate of 4.17%	200,000	--
4.375% Senior Notes due June 2013, effective interest rate of 5.65%	200,000	200,000
6.5% Senior Notes due July 2008	190,000	190,000
7.99% Senior Notes due April 2006	150,000	150,000
6.0% Senior Notes due November 2003	--	150,000
Bank term loan due November 2004, variable interest rate of 2.26% at August 30, 2003	--	250,000
Commercial paper, weighted average interest rate of 1.6% at August 28, 2004, and 1.2% at August 30, 2003	522,400	268,000
Other	6,850	38,845
	$1,869,250	$1,546,845

The Company maintains $1.0 billion of revolving credit facilities with a group of banks. During fiscal 2004, these credit facilities replaced the previous $950 million of revolving credit facilities. Of the $1.0 billion, $300 million expires in May 2005. The remaining $700 million expires in May 2009. The portion expiring in May 2005 is expected to be renewed, replaced or the option to extend the maturity date of the then outstanding debt by one year will be exercised. The credit facilities exist primarily to support commercial paper borrowings, letters of credit and other short-term unsecured bank loans. As the available balance is reduced by commercial paper borrowings and certain outstanding letters of credit, the Company had $380.7 million in available capacity under these facilities at August 28, 2004. The rate of interest payable under the credit facilities is a function of the London Interbank Offered Rate (LIBOR), the lending bank's base rate (as defined in the facility agreements) or a competitive bid rate at the option of the Company.

Commercial paper and other short-term borrowings are classified as long-term, as the Company has the ability and intent to refinance them on a long-term basis.

On October 16, 2002, the Company issued $300 million of 5.875% Senior Notes that mature in October 2012, with interest payable semi-annually on April 15 and October 15. A portion of the proceeds from these Senior Notes was used to prepay a $115 million unsecured bank term loan due December 2003, to repay a portion of the Company's outstanding commercial paper borrowings, and to settle interest rate hedges associated with the issuance and repayment of the related debt securities. On June 3, 2003, the Company issued $200 million of 4.375% Senior Notes. These Senior Notes mature in June 2013, and interest is payable semi-annually on June 1 and December 1. The proceeds were used to repay a portion of the Company's outstanding commercial paper borrowings, to prepay $100 million of the $350 million unsecured bank loan due November 2004, and to settle interest rate hedges associated with the issuance of the debt securities.

As of August 30, 2003, "Other" long-term debt included approximately $30 million related to the Company's synthetic leases, with expiration dates in fiscal 2006, for a small number of its domestic stores. At August 30, 2003, the Company recognized the obligations under the lease facility and increased its property and long-term debt balances on its balance sheet by approximately $30 million. All obligations related to the synthetic leases were settled during fiscal 2004.

During November 2003, the Company issued $300 million of 5.5% Senior Notes due November 2015 and $200 million of 4.75% Senior Notes due November 2010. Interest under both notes is payable in May and November of each year. Proceeds were used to repay a $250 million bank term loan, $150 million in 6% Senior Notes and to reduce commercial paper borrowings. During November 2003, the Company settled all then outstanding interest rate hedge instruments, including interest rate swap contracts, treasury lock agreements and forward-starting interest rate swaps.

On August 17, 2004, the Company filed a shelf registration with the Securities and Exchange Commission that allows the Company to sell up to $300 million in debt securities to fund general corporate purposes, including repaying, redeeming or repurchasing outstanding debt, and for working capital, capital expenditures, new store openings, stock repurchases and acquisitions. All debt under this registration statement is planned to be issued in the first quarter of fiscal 2005. Based on this planned debt issuance, on March 31, 2004, the Company entered into a five-year forward-starting interest rate swap with a notional amount of $300 million with a settlement and an effective date in October 2004. The fair value of this swap was $4.6 million at August 28, 2004, and is reflected as a component of other assets.

The Company agreed to observe certain covenants under the terms of its borrowing agreements, including limitations on total indebtedness, restrictions on liens and minimum fixed charge coverage. All of the repayment obligations under the Company's borrowing agreements may be accelerated and come due prior to the scheduled payment date if covenants are breached or an event of default occurs. Additionally, the repayment obligations may be accelerated if AutoZone experiences a change in control (as defined in the agreements) of AutoZone or its Board of Directors. As of August 28, 2004, the Company was in compliance with all covenants and expects to remain in compliance with all covenants.

All of the Company's debt is unsecured, except for $6.9 million, which is collateralized by property. Scheduled maturities of long-term debt are as follows:

FISCAL YEAR	AMOUNT (IN THOUSANDS)
2005	$ 525,100
2006	152,750
2007	1,400
2008	190,000
2009	--
Thereafter	1,000,000
	$ 1,869,250

The maturities for fiscal 2005 are classified as long-term as the Company has the ability and intention to refinance them on a long-term basis.

The fair value of the Company's debt was estimated at $1.88 billion as of August 28, 2004, and $1.57 billion as of August 30, 2003, based on the quoted market prices for the same or similar issues or on the current rates available to the Company for debt of the same remaining maturities. Such fair value is greater than the carrying value of debt by $11.1 million at August 28, 2004 and by $27.3 million at August 30, 2003.

NOTE F - INTEREST EXPENSE

Net interest expense for each of the last three fiscal years consisted of the following:

(IN THOUSANDS)	YEAR ENDED AUGUST 28, 2004	AUGUST 30, 2003	AUGUST 31, 2002
Interest expense	$ 93,831	$ 86,635	$ 80,466
Interest income	(214)	(1,054)	(169)
Capitalized interest	(813)	(791)	(437)
	$ 92,804	$ 84,790	$ 79,860

NOTE G - STOCK REPURCHASE PROGRAM

As of August 28, 2004, the Board of Directors had authorized the Company to repurchase up to $3.9 billion of common stock in the open market. Such authorization includes the additional $600 million that was approved by the Board of Directors on March 17, 2004. From January 1998 to August 28, 2004, the Company has repurchased a total of 82.2 million shares at an aggregate cost of $3.675 billion.

NOTE H - EMPLOYEE STOCK PLANS

The Company has granted options to purchase common stock to some of its employees and directors under various plans at prices equal to the market value of the stock on the dates the options were granted. Options become exercisable in a one- to seven-year period, and expire ten years after the grant date. See Note A for additional information regarding the Company's stock option plans.

A summary of outstanding stock options is as follows:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding August 25, 2001	8,456,177	$ 26.33
Granted	1,134,064	46.88
Exercised	(2,621,247)	25.26
Canceled	(684,435)	29.50
Outstanding August 31, 2002	6,284,559	30.09
Granted	1,475,922	71.55
Exercised	(1,763,940)	27.79
Canceled	(714,840)	32.00
Outstanding August 30, 2003	5,281,701	42.14
Granted	1,161,597	88.99
Exercised	(1,118,797)	32.16
Canceled	(312,795)	53.92
Outstanding August 28, 2004	5,011,706	$ 54.42

The following table summarizes information about stock options outstanding at August 28, 2004:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (IN YEARS)	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$ 4.86 - $26.14	1,239,740	$ 24.49	5.12	721,447	$ 24.49
$26.38 - $43.90	1,291,955	36.38	5.50	671,285	34.47
$45.53 - $69.71	127,082	62.86	7.36	66,750	61.10
$71.12 - $71.12	1,151,397	71.12	8.03	233,610	71.12
$71.18 - $91.34	1,201,532	87.82	8.97	24,600	77.99
$ 4.86 - $91.34	5,011,706	$ 54.42	6.87	1,717,692	$ 36.92

Options to purchase 1.7 million shares at August 28, 2004, 1.5 million shares at August 30, 2003, and 2.1 million shares at August 31, 2002, were exercisable. Shares reserved for future grants were 3.1 million at August 28, 2004.

The Company also has an employee stock purchase plan, qualified under Section 423 of the Internal Revenue Code, under which all eligible employees may purchase AutoZone's common stock at 85% of the lower of the market price of the common stock on the first day or last day of each calendar quarter through payroll deductions. Maximum permitted annual purchases are $15,000 per employee or 10 percent of compensation, whichever is less. Under the plan, 66,572 shares were sold to employees in fiscal 2004, 84,310 shares were sold in fiscal 2003, and 112,922 were sold in fiscal 2002. The Company repurchased, at fair value, 102,084 shares in fiscal 2004, 134,972

shares in fiscal 2003, and 260,805 shares in fiscal 2002 from employees electing to sell their stock. At August 28, 2004, 535,682 shares of common stock were reserved for future issuance under this plan.

The Amended and Restated Executive Stock Purchase Plan permits senior Company executives to purchase common stock up to 25 percent of their annual salary and bonus after the limits under the employee stock purchase plan have been exceeded. Purchases under this plan were 11,005 shares in fiscal 2004 and 18,524 shares in fiscal 2003. At August 28, 2004, 270,471 shares of common stock were reserved for future issuance under this plan.

Under the AutoZone, Inc. 2003 Director Compensation Plan, a non-employee 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 common stock or may be deferred in units with value equivalent to the value of shares of common stock as of the grant date. At August 28, 2004, 94,204 shares of common stock were reserved for future issuance under this plan.

Under the AutoZone, Inc. 2003 Director Stock Option Plan, on January 1 of each year, each non-employee director receives an option to purchase 1,500 shares of common stock, and each non-employee director that owns common stock worth at least five times the annual fee paid to each non-employee director on an annual basis will receive an additional option to purchase 1,500 shares of common stock. In addition, each new director receives an option to purchase 3,000 shares upon election to the Board of Directors, plus a portion of the annual directors' option grant prorated for the portion of the year actually served in office. These stock option grants are made at the fair market value as of the grant date. At August 28, 2004, there were 42,902 outstanding options with 355,598 shares of common stock reserved for future issuance under this plan.

NOTE I - PENSION AND SAVINGS PLANS

Prior to January 1, 2003, substantially all full-time employees were covered by a defined benefit pension plan. The benefits under the plan were based on years of service and the employee's highest consecutive five-year average compensation. On January 1, 2003, the plan was frozen. Accordingly, pension plan participants will earn no new benefits under the plan formula and no new participants will join the pension plan.

On January 1, 2003, the Company's supplemental defined benefit pension plan for certain highly compensated employees was also frozen. Accordingly, plan participants will earn no new benefits under the plan formula and no new participants will join the pension plan.

The investment strategy for pension plan assets is to utilize a diversified mix of domestic and international equity portfolios, together with other investments, to earn a long-term investment return that meets the Company's pension plan obligations. Active management and alternative investment strategies are utilized within the plan in an effort to minimize risk, while realizing investment returns in excess of market indices. The weighted average asset allocation for our pension plan assets was as follows:

	CURRENT	TARGET
Domestic equities	51.2%	50.0%
International equities	34.6	30.0
Alternative investments	10.9	13.0
Real estate	3.1	5.0
Cash and cash equivalents	0.2	2.0
	100.0%	100.0%

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 Company made no contributions to the plans in fiscal 2004 and contributed $6.3 million to the plans in fiscal 2003. No contributions are expected to be required or made during fiscal 2005. A change in interest rates or expected return on plan assets may result in a cash funding requirement in fiscal 2006 or beyond. The measurement date for the Company's defined benefit pension plan was May 31 of each fiscal year.

The following table sets forth the plans' funded status and amounts recognized in the Company's financial statements:

(IN THOUSANDS)	AUGUST 28, 2004	AUGUST 30, 2003
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 136,077	$ 117,005
Service cost	--	4,823
Interest cost	8,114	6,214
Actuarial (gains) losses	(13,070)	39,518
Plan amendments	--	(29,813)
Benefits paid	(2,738)	(1,670)
Benefit obligation at end of year	128,383	136,077
Change in plan assets:		
Fair value of plan assets at beginning of year	86,737	83,306
Actual return (loss) on plan assets	19,157	(603)
Company contributions	--	6,293
Benefits paid	(2,738)	(1,670)
Administrative expenses	(795)	(589)
Fair value of plan assets at end of year	102,361	86,737
Reconciliation of funded status:		
Underfunded status of the plans	(26,022)	(49,340)
Unrecognized net actuarial losses	20,690	49,622
Unamortized prior service cost	(1,166)	(1,811)
Accrued benefit cost	$ (6,498)	$ (1,529)
Recognized defined benefit pension liability:		
Accrued benefit liability	$ (26,022)	$ (49,340)
Accumulated other comprehensive income	19,524	47,811
Net liability recognized	$ (6,498)	$ (1,529)

(IN THOUSANDS)	YEAR ENDED AUGUST 28, 2004	AUGUST 30, 2003	AUGUST 31, 2002
Components of net periodic benefit cost:			
Service cost	$ --	$ 4,823	$ 13,500
Interest cost	8,114	6,214	6,861
Expected return on plan assets	(6,871)	(6,609)	(6,255)
Amortization of prior service cost	(645)	(575)	(568)
Recognized net actuarial losses	4,371	--	1,030
Curtailment gain	--	(107)	--
Net periodic benefit cost	$ 4,969	$ 3,746	$ 14,568

The actuarial assumptions were as follows:

	2004	2003	2002
Weighted average discount rate	6.50%	6.00%	7.25%
Expected long-term rate of return on assets	8.00%	8.00%	8.00%

As the plan benefits were frozen as of December 31, 2002, increases in future compensation levels no longer impact the calculation. In fiscal years 2003 and 2002, the assumed increases in future compensation levels were generally age weighted rates from 5-10% after the first two years of service using 15% for year one and 12% for year two. The expected long-term rate of return on plan assets is based on the historical relationships between the investment classes and the economical capital market environments, updated for current conditions. Prior service

cost is amortized over the estimated average remaining service lives of the plan participants and the unrecognized actuarial loss is amortized over the remaining service period of 7.96 years at August 28, 2004.

Actual benefit payments may vary significantly from the following estimates. Based on current assumptions about future events, benefit payments are expected to be paid as follows for each of the following plan years:

PLAN YEAR ENDING DECEMBER 31	AMOUNT (IN THOUSANDS)
2004	$ 2,143
2005	2,524
2006	2,945
2007	3,467
2008	4,046
2009 - 2013	28,294

On January 1, 2003, the Company introduced an enhanced defined contribution plan ("401(k) plan") pursuant to Section 401(k) of the Internal Revenue Code that replaced the previous 401(k) plan. The 401(k) plan covers substantially all employees that meet the plan's service requirements. The new plan features include increased Company matching contributions, immediate 100% vesting of Company contributions and an increased savings option to 25% of qualified earnings. The Company makes matching contributions, per pay period, up to a specified percentage of employees' contributions as approved by the Board of Directors. The Company made matching contributions to employee accounts in connection with the 401(k) plan of $8.8 million in fiscal 2004, $4.5 million in fiscal year 2003 and $1.4 million in fiscal year 2002.

NOTE J - LEASES

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

Rental expense was $116.9 million in fiscal 2004, $110.7 million in fiscal 2003 and $99.0 million in fiscal 2002. Percentage rentals were insignificant.

Minimum annual rental commitments under non-cancelable operating leases were as follows at the end of fiscal 2004 (in thousands):

FISCAL YEAR	AMOUNT
2005	$ 130,115
2006	119,846
2007	101,316
2008	81,675
2009	61,565
Thereafter	353,366
Total minimum payments required	$ 847,883

In connection with the Company's December 2001 sale of the TruckPro business, the Company subleased some properties to the purchaser for an initial term of not less than 20 years. The Company's remaining aggregate rental obligation at August 28, 2004 of $30.1 million is included in the above table, but the obligation is entirely offset by the sublease rental agreement.

NOTE K - RESTRUCTURING AND CLOSED STORE OBLIGATIONS

In fiscal 2001, the Company recorded restructuring and impairment charges of $156.8 million related to the planned closure of 51 domestic auto parts stores and the disposal of real estate projects in process and excess properties. In fiscal 2002, these stores were closed, and sales of certain excess properties resulted in gains of approximately $2.6 million. During fiscal 2002, all remaining excess properties were reevaluated. At that time, it was determined that several properties could be developed. This resulted in the reversal of accrued lease obligations totaling $6.4 million. It was also determined that additional write-downs totaling $9.0 million were needed to state remaining excess properties at fair value. AutoZone recognized gains of $4.8 million in fiscal 2004 and $4.6 million in fiscal 2003 as a result of the development, negotiated lease buy-out or disposition of properties associated with the restructuring and impairment charges in fiscal 2001.

In December 2001, TruckPro was sold to a group of investors for cash proceeds of $25.7 million and a promissory note. The Company had deferred a gain of $3.6 million related to the sale due to uncertainties associated with the realization of the gain. During fiscal 2003, the note (with a face value of $4.5 million) was repaid to the Company and certain liabilities were settled. As a result, a total gain of $4.7 million was recognized into income during fiscal 2003.

From time to time the Company will close under-performing leased stores. The remaining minimum lease obligations and other carrying costs of these properties are accrued upon the store closing. The following table presents a summary of the closed store obligations segmented by those obligations originating from the 2001 restructuring and all other store closings:

(IN THOUSANDS)	RESTRUCTURING	ALL OTHER	TOTAL
Balance at August 31, 2002	$ 18,140	$34,332	$52,472
Cash outlays/adjustments	5,664	19,970	25,634
Balance at August 30, 2003	12,476	14,362	26,838
Cash outlays/adjustments	10,276	5,376	15,652
Balance at August 28, 2004	$ 2,200	$ 8,986	$11,186

NOTE L - COMMITMENTS AND CONTINGENCIES

Construction commitments, primarily for new stores, totaled approximately $26.4 million at August 28, 2004.

The Company currently, and from time to time, is involved in various 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 matters will result in liabilities material to the Company's financial condition, results of operations or cash flows.

The Company is self-insured for workers' compensation, automobile, general and product liability and property losses. Beginning in fiscal 2004, a portion of these self-insured losses are managed through a wholly-owned insurance captive. The captive's assets and liabilities are included, net of intercompany eliminations, in the consolidated financial statements at August 28, 2004.The Company is also self-insured for health care claims for eligible active employees. The Company maintains certain levels for 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.

The Company had $97.2 million in outstanding letters of credit and $10.8 million in surety bonds as of August 28, 2004, which all have expiration periods of less than one year. A substantial portion of the outstanding standby letters of credit (which are primarily renewed on an annual basis) and surety bonds are used to cover reimbursement obligations to our workers' compensation carriers. There are no additional contingent liabilities associated with them as the underlying liabilities are already reflected in our balance sheet. The letters of credit and surety bonds arrangements have automatic renewal clauses.

NOTE M - SEGMENT REPORTING

The Company manages its business on the basis of one reportable segment. See Note A for a brief description of the Company's business. As of August 28, 2004, the majority of the Company's operations were located within the United States. Other operations include ALLDATA and the Mexico locations, each of which comprises less than 3 percent of consolidated net sales, net income and total assets. The following data is presented in accordance with Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information."

(IN THOUSANDS)	YEAR ENDED AUGUST 28, 2004	AUGUST 30, 2003	AUGUST 31, 2002
Primary business focus:			
U.S. Retail	$ 4,727,402	$ 4,638,361	$ 4,621,234
Commercial	740,480	670,010	531,776
Other	169,143	148,752	172,500
Net sales	$ 5,637,025	$ 5,457,123	$ 5,325,510

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

THE BOARD OF DIRECTORS AND STOCKHOLDERS
AUTOZONE, INC.

We have audited the accompanying consolidated balance sheets of AutoZone, Inc. as of August 28, 2004 and August 30, 2003, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the three years in the period ended August 28, 2004. 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 the standards of the Public Company Accounting Oversight Board (United States). 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of AutoZone, Inc. as of August 28, 2004 and August 30, 2003, and the consolidated results of its operations and its cash flows for each of the three years in the period ended August 28, 2004, in conformity with U.S. generally accepted accounting principles.

As discussed in Note A, "Vendor Allowances and Advertising Costs", to the consolidated financial statements, in fiscal 2003, the Company adopted Emerging Issues Task Force Issue No. 02-16, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor."

/s/ Ernst & Young LLP

Memphis, Tennessee
September 21, 2004

MANAGEMENT'S REPORT

Management is responsible for the preparation, integrity, and fair presentation of the accompanying consolidated financial statements of the Company and its subsidiaries. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States and include the best estimates and judgments of management. Management also prepared the other information included in the annual report and is responsible for its accuracy and consistency with the financial statements. The report of the independent registered public accounting firm, Ernst & Young LLP, based upon their audits of the consolidated financial statements, is contained in this Annual Report.

The Audit Committee of our Company's Board of Directors, composed solely of independent directors, regularly meets with Ernst & Young, management and internal auditors to discuss auditing and financial reporting matters and the system of internal control. The Committee also meets regularly with Ernst & Young and the internal auditors without management present to discuss any matters that may require attention.

Management maintains a system of internal control over financial reporting that provides reasonable assurance, at an appropriate cost-benefit relationship, about the reliability of financial reporting. The system contains self-monitoring mechanisms, and is regularly tested by Deloitte & Touche LLP, the Company's internal auditors. Actions are taken to correct deficiencies as they are identified. Even an effective internal control system, no matter how well designed, has inherent limitations - including the possibility of the circumvention or overriding of controls - and therefore can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, internal control system effectiveness may vary over time.

/s/ Steve Odland	/s/ Michael G. Archbold
Steve Odland	Michael G. Archbold
Chairman, President, and	Executive Vice President,
Chief Executive Officer	Chief Financial Officer
Customer Satisfaction	Customer Satisfaction

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EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

NAME	STATE OR COUNTRY OF ORGANIZATION OR INCORPORATION
ALLDATA LLC	Nevada
AutoZone de Mexico, S. de R.L. de C.V.	Mexico
AutoZone Development Corporation	Nevada
AutoZone Northeast, Inc. fka ADAP, Inc.	New Jersey
AutoZone Stores, Inc.	Nevada
AutoZone Texas, L.P.	Delaware
AutoZone West, Inc. fka Chief Auto Parts Inc.	Delaware
AutoZone.com, Inc.	Nevada
AutoZone Parts, Inc.	Nevada

In addition, twelve subsidiaries operating in the United States and three subsidiaries operating outside of the United States have been omitted as they would not, considered in the aggregate as a single subsidiary, constitute a significant subsidiary as defined by Rule 1-02(w) of Regulation S-X.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Annual Report on Form 10-K of AutoZone, Inc. and in the following Registration Statements and related Prospectuses of AutoZone, Inc. of our report dated September 21, 2004, with respect to the consolidated financial statements of AutoZone, Inc. included in the 2004 Annual Report to Shareholders of AutoZone, Inc.:

Registration Statement (Form S-8 No. 333-42797) pertaining to the AutoZone, Inc. Amended and Restated Employee Stock Purchase Plan

Registration Statement (Form S-8 and S-3 No. 33-41618) pertaining to the AutoZone, Inc. Amended and Restated Stock Option Plan

Registration Statement (Form S-8 No. 333-88245) pertaining to the AutoZone, Inc. Second Amended and Restated 1996 Stock Option Plan

Registration Statement (Form S-8 No. 333-88241) pertaining to the AutoZone, Inc. Amended and Restated Director Compensation Plan

Registration Statement (Form S-8 No. 333-75142) pertaining to the AutoZone, Inc. Third Amended and Restated 1998 Director Stock Option Plan

Registration Statement (Form S-8 No. 333-83436) pertaining to a shelf registration to sell 15,000,000 shares of common stock owned by certain selling stockholders

Registration Statement (Form S-8 No. 333-75140) pertaining to the AutoZone, Inc. Executive Stock Purchase Plan

Registration Statement (Form S-3 No. 333-103665) pertaining to the AutoZone, Inc. 2003 Director Compensation Plan

Registration Statement (Form S-3 No. 333-103666) pertaining to the AutoZone, Inc. 2003 Director Stock Option Plan

Registration Statement (Form S-3 No. 333-118308) pertaining to the shelf registration of $300 million in debt securities

/s/ Ernst & Young LLP

Memphis, Tennessee
October 22, 2004

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
RULES 13A-14(a) AND 15D-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steve Odland, Chairman, President and Chief Executive Officer of AutoZone, Inc. ("registrant"), certify that:

1. I have reviewed this annual report on Form 10-K of AutoZone, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

October 27, 2004

/s/ STEVE ODLAND

Steve Odland
Chairman, President and
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
RULES 13A-14(a) AND 15D-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael G. Archbold, Senior Vice President and Chief Financial Officer of AutoZone, Inc. ("registrant"), certify that:

1. I have reviewed this annual report on Form 10-K of AutoZone, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

October 27, 2004

/s/ MICHAEL G. ARCHBOLD

Michael G. Archbold
Executive Vice President, Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of AutoZone, Inc. (the "Company") on Form 10-K for the fiscal year ended August 28, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steve Odland, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 27, 2004

/s/ STEVE ODLAND

Steve Odland
Chairman, President and
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of AutoZone, Inc. (the "Company") on Form 10-K for the fiscal year ended August 28, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael G. Archbold, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 27, 2004

/s/ MICHAEL G. ARCHBOLD

Michael G. Archbold
Executive Vice President,
Chief Financial Officer