FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[X] Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended February 13, 1999, or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _______ to ________.

Commission file number 1-10714

AUTOZONE, INC.
(Exact name of registrant as specified in its charter)

Nevada	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

(not applicable)
Former name, former address and former fiscal year, if changed since last report.

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 periods 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 [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock, $.01 Par Value - 149,630,668 shares as of March 22, 1999.

AUTOZONE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	FEB. 13, 1999 (UNAUDITED)	AUG. 29, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,320	$ 6,631
Accounts receivable	39,997	42,252
Merchandise inventories	995,825	966,560
Prepaid expenses	29,161	37,532
Deferred income taxes	73,785	61,964
Income tax receivable		2,151
Total current assets	1,145,088	1,117,090
Property and equipment:		
Property and equipment	1,995,700	1,778,485
Less accumulated depreciation and amortization	395,499	350,979

	1,600,201	1,427,506
Other assets:		
Cost in excess of net assets acquired	280,844	181,315
Deferred income taxes	52,776	3,510
Other assets	15,423	18,692
	349,043	203,517
	$ 3,094,332	$ 2,748,113

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$ 634,917	$ 683,372
Accrued expenses	201,561	176,457
Income taxes payable	8,892	
Total current liabilities	845,370	859,829
Long-term debt	839,427	545,067
Other liabilities	90,281	41,160
Stockholders' equity	1,319,254	1,302,057
	$ 3,094,332	$ 2,748,113

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AUTOZONE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(in thousands, except per share amounts)

	TWELVE WEEKS ENDED		TWENTY-FOUR WEEKS ENDED	
	Feb. 13, 1999	Feb. 14, 1998	Feb. 13, 1999	Feb. 14, 1998
Net sales	$ 852,538	$ 607,097	$ 1,753,487	$ 1,282,371
Cost of sales, including warehouse and delivery expenses	499,045	353,416	1,023,512	748,249
Operating, selling, general and administrative expenses	286,220	195,599	572,887	397,392
Operating profit	67,273	58,082	157,088	136,730
Interest expense	10,234	3,028	18,749	5,530
Income before income taxes	57,039	55,054	138,339	131,200
Income taxes	21,000	20,700	51,000	49,300
Net income	$ 36,039	$ 34,354	$ 87,339	$ 81,900
Weighted average shares for basic earnings per share	149,929	152,061	150,345	151,879
Effect of dilutive stock options	1,740	1,640	1,274	1,883
Adjusted weighted average shares for diluted earnings per share	151,669	153,701	151,619	153,762
Basic earnings per share	$ 0.24	$ 0.23	$ 0.58	$ 0.54
Diluted earnings per share	$ 0.24	$ 0.22	$ 0.58	$ 0.53

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AUTOZONE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	TWENTY-FOUR WEEKS ENDED	
	FEB. 13, 1999	FEB. 14, 1998
Cash flows from operating activities:		
Net income	$ 87,339	$ 81,900
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	56,675	40,092
Net increase in merchandise inventories	(66,374)	(10,360)
Net decrease in current liabilities	(45,872)	(59,134)
Other - net	8,817	(3,639)
Net cash provided by operating activities	40,585	48,859
Cash flows from investing activities:		
Cash outflows for property and equipment, net	(265,114)	(125,595)
Cash flows from financing activities:		
Net proceeds from debt	294,360	65,400
Proceeds from sale of Common Stock, including related tax benefit	7,340	11,471
Purchase of treasury stock	(77,482)	
Net cash provided by financing activities	224,218	76,871
Net increase/(decrease) in cash and cash equivalents	(311)	135
Cash and cash equivalents at beginning of period	6,631	4,668
Cash and cash equivalents at end of period.	$ 6,320	$ 4,803

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE A-BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the twelve weeks ended February 13, 1999, are not necessarily indicative of the results that may be expected for the fiscal year ending August 28, 1999. For further information, refer to the financial statements and footnotes included in the Company's annual report on Form 10-K for the year ended August 29, 1998.

NOTE B-INVENTORIES

Inventories are stated at the lower of cost or market using the last-in, first-out (LIFO) method. An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must necessarily be based on management's estimates of expected year-end inventory levels and costs.

NOTE C-FINANCING ARRANGEMENTS

The Company's long-term debt as of February 13, 1999 and August 29, 1998 consisted of the following:

	FEB. 13, 1999	Aug. 29, 1998
6.5% Debentures due July 15, 2008	$ 200,000	$ 200,000
6% Notes due November 1, 2003	150,000	
Commercial paper, weighted average rate of 5% at February 13, 1999, and 5.7% at August 29, 1998	344,850	305,000
Unsecured bank loan, floating interest rate averaging 5.3% at February 13, 1999, and 5.8% at August 29, 1998	139,000	34,050
Other	5,577	6,017
	$ 839,427	$ 545,067

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

The Company has a commercial paper program that allows borrowing up to $500 million. In connection with the program, the Company has a credit facility with a group of banks for up to $350 million which extends until 2001 and a 364-day $150 million credit facility with another group of banks. The 364-day facility includes a renewal feature as well as an option to extinguish the outstanding debt one year from the maturity date. Borrowings under the commercial paper program reduce availability under the credit facilities. Outstanding commercial paper and revolver borrowings at February 13, 1999, are classified as long-term debt as it is the Company's intention to refinance them on a long-term basis.

Additionally, the Company has a credit facility with a bank for up to $150 million which extends until May 1999. The Company also has a negotiated rate unsecured revolving credit agreement totaling $25 million which extends until March 1999. At February 13, 1999 there were no amounts outstanding under these agreements.

The rate of interest payable under the revolving credit agreements is a function of the London Interbank Offered Rate (LIBOR) or the lending bank's base rate (as defined in the agreement) at the option of the Company. In addition, the $350 million credit facility contains a competitive bid rate option. All of the revolving credit facilities contain a covenant limiting the amount of debt the Company may incur relative to its total capitalization.

NOTE D-STOCKHOLDERS' EQUITY

The Company presents basic and diluted earnings per share (EPS) in accordance with the Statement of Financial Accounting Standards No. 128, "Earnings Per Share." Basic EPS is computed as net earnings divided by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock-based compensation including stock options.

In October 1998, the Company announced Board approval to repurchase up to $150 million of common stock in the open market. This is in addition to the $100 million repurchase approved in January 1998. Since January 1998, approximately $106 million of common stock has been repurchased under the plan.

NOTE E-COMPREHENSIVE INCOME

As of August 30, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income". This statement establishes standards for reporting and display of comprehensive income and its components. Comprehensive income is net income, plus certain other items that are recorded directly to stockholders' equity, bypassing net income. There are no such items currently applicable to the Company and therefore comprehensive income for the periods presented equals net income.

The adoption of this Statement had no effect on the Company's results of operations or financial position.

NOTE F-BUSINESS COMBINATIONS

The Company continues to assess the fair value of the assets and liabilities acquired during fiscal 1998. The adjustment, as a result of this analysis, is as follows (in thousands):

	INCREASE/ (DECREASE)
Inventory	$ (37,109)
Property and equipment	(37,916)
Goodwill	101,677
Other assets	(11,201)
Deferred income tax asset	65,387
Current liabilities	(33,564)
Other liabilities	(47,274)

The purchase price for Chief Auto Parts Inc. has been preliminarily allocated in the consolidated financial statements and the final adjustment may differ from the preliminary allocation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

TWELVE WEEKS ENDED FEBRUARY 13, 1999, COMPARED TO
TWELVE WEEKS ENDED FEBRUARY 14, 1998

Net sales for the twelve weeks ended February 13, 1999 increased by $245.4 million, or 40.4%, over net sales for the comparable period of fiscal 1998. This increase was due to a comparable store sales increase of 8%, and increases in net sales for stores opened or acquired since the beginning of fiscal 1998. At February 13, 1999, the Company had 2,700 stores in operation compared with 1,824 stores at February 14, 1998.

Gross profit for the twelve weeks ended February 13, 1999, was $353.5 million, or 41.5% of net sales, compared with $253.7 million, or

41.8% of net sales, during the comparable period for fiscal 1998. The decrease in the gross profit percentage was due primarily to higher distribution costs and shrink at acquired stores as they are being converted to the AutoZone systems and format as well as the acquisition of TruckPro which operates at a lower gross margin. TruckPro was acquired in the third quarter of fiscal 1998.

Operating, selling, general and administrative expenses for the twelve weeks ended February 13, 1999 increased by $90.6 million over such expenses for the comparable period for fiscal 1998, and increased as a percentage of net sales from 32.2% to 33.6%. The increase in the expense ratio was due primarily to higher payroll and occupancy costs, principally in recently acquired stores, and acquisition integration activities.

Interest expense for the twelve weeks ended February 13, 1999 was $10.2 million compared with $3.0 million during the comparable period of 1998. The increase in interest expense was primarily due to higher levels of borrowings as a result of the acquisitions and stock repurchases.

The Company's effective income tax rate was 36.8% of pre-tax income for the twelve weeks ended February 13, 1999 and 37.6% for the twelve weeks ended February 14, 1998.

TWENTY-FOUR WEEKS ENDED FEBRUARY 13, 1999, COMPARED TO
TWENTY-FOUR WEEKS ENDED FEBRUARY 14, 1998

Net sales for the twenty-four weeks ended February 13, 1999, increased by $471.1 million, or 36.7%, over net sales for the comparable period of fiscal 1998. This increase was due to a comparable store sales increase of 5%, and increases in net sales for stores opened or acquired since the beginning of fiscal 1998.

Gross profit for the twenty-four weeks ended February 13, 1999, was $730.0 million, or 41.6% of net sales, compared with $534.1 million, or 41.7% of net sales, during the comparable period for fiscal 1998. The decrease in the gross profit percentage was due primarily to acquisition integration costs and lower gross margins in the truck parts business.

Operating, selling, general and administrative expenses for the twenty-four weeks ended February 13, 1999 increased by $175.5 million over such expenses for the comparable period for fiscal 1998, and increased as a percentage of net sales from 31.0% to 32.7%. The increase in the expense ratio was due primarily to integration costs associated with acquisitions.

The Company's effective income tax rate was 36.9% of pre-tax income for the twenty-four weeks ended February 13, 1999 and 37.6% for the twenty-four weeks ended February 14, 1998.

LIQUIDITY AND CAPITAL RESOURCES

For the twenty-four weeks ended February 13, 1999, net cash of $40.6 million was provided by the Company's operations versus $48.9 million for the comparable period of fiscal year 1998. The comparative decrease in cash provided by operations is due primarily to working capital requirements in acquired businesses.

Capital expenditures for the twenty-four weeks ended February 13, 1999 were $265.1 million, including approximately $108 million for acquisition of real estate for 100 Express auto parts stores from Pep Boys. The Company anticipates that capital expenditures for fiscal 1999 will be approximately $425 million. Year to date, the Company opened 170 gross new AutoZone stores, including 54 former Pep Boys Express stores. Additionally, the Company replaced 25 stores and closed 102 auto parts stores in conjunction with its acquisition integration activities. The Company expects to operate between 2,700 and 2,800 auto parts stores at the end of the fiscal year.

The Company anticipates that it will continue to generate significant operating cash flow. The Company foresees no difficulty in obtaining long-term financing in view of its credit rating and favorable experiences in the debt market in the past.

In October 1998, the Company sold $150 million of 6% Notes due November 1, 2003, at a discount. Interest on the Notes is payable semi-annually on May 1 and November 1 each year, beginning May 1, 1999. In July 1998, the Company sold $200 million of 6.5% Debentures due July 15, 2008, at a discount. Interest on the Debentures is payable semi-annually on January 15 and July 15 of each year, beginning January 15, 1999. Proceeds from the Notes and Debentures were used to repay portions of the

Company's long-term variable rate bank debt and for general corporate purposes.

The Company has a commercial paper program that allows borrowing up to $500 million. In connection with the program, the Company has a credit facility with a group of banks for up to $350 million which extends until December 2001 and a 364-day $150 million credit facility with another group of banks. The 364-day facility includes a renewal feature as well as an option to extinguish the outstanding debt one year from the maturity date. Borrowings under the commercial paper program reduce availability under the credit facilities. Outstanding commercial paper and revolver borrowings at February 13, 1999, of $483.9 million are classified as long-term debt as it is the Company's intention to refinance them on a long-term basis.

Additionally, the Company has a credit facility with a bank for up to $150 million which extends until May 1999. The Company also has a negotiated rate unsecured revolving credit agreement totaling $25 million which extends until March 1999. At February 13, 1999 there were no amounts outstanding under these agreements.

Accounting Pronouncements

In March 1998, the Accounting Standards Executive Committee (AcSEC) issued Statement of Position (SOP) 98-1, "Accounting For the Costs of Computer Software Developed For or Obtained For Internal-Use." The Company adopted this SOP beginning August 30, 1998. The SOP will require the capitalization of certain costs incurred in connection with developing or obtaining software for internal-use. The adoption of SOP 98-1 is not anticipated to have a material impact on the Company's results of operations or financial position.

YEAR 2000 READINESS DISCLOSURE

The Company began addressing the Year 2000 issue in June 1996 and implemented a formal Year 2000 project office in May 1997. As of February 13, 1999, the Company anticipates completing the conversion and testing of all known programs by July 31, 1999.

The total estimated cost of the Year 2000 project is $12 million, which is being expensed as incurred. All of the related costs are being funded through operating cash flows. These costs are an immaterial part of the overall information technology budget. No major information technology projects or programs have been deferred.

In addition to internal activities, the Company is addressing Year 2000 issues which do not normally fall under information technology such as embedded chip equipment and the compliance status of business partners. Although the Company believes that the ongoing assessment and testing will minimize the Company's risks, there is no guarantee that there will not be an adverse effect on the Company if third parties, such as merchandise vendors, service providers, or utility companies, are not Year 2000 compliant.

Although the Company does not anticipate any major business disruptions as a result of Year 2000 issues, it is possible that certain disruptions may occur including loss of communications with stores, distribution centers, or business partners, inability to process transactions in a timely manner or loss of power. The Company is currently developing contingency plans which should be finalized by July 31, 1999. Elements of the Company's contingency plans may include: switching vendors, implementing back-up systems or manual processes, and the stockpiling of certain products prior to the Year 2000.

The cost of conversion and the completion date are based on management's best estimates and may be updated as additional information becomes available.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q are forward-looking statements. These statements discuss, among other things, expected growth, domestic and international development and expansion strategy, and future performance. The forward-looking statements are subject to risks, uncertainties and assumptions including, without limitation, competition, product demand, domestic and international economies, government approvals, inflation, the ability to hire and retain qualified employees, the ability to convert acquired stores in a profitable and timely manner, consumer debt levels and the weather. Actual results may materially differ from anticipated results. Please refer to the Risk Factors section in the Annual Report on Form 10-K for fiscal year ended August 29, 1998, for more details.

PART II. OTHER INFORMATION

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

(a) The Annual Meeting of Stockholders was held on December 17, 1998.

(b) Not applicable.

(c) 1. Election of Directors. All nominees for director were elected pursuant to the following vote:

NOMINEE	VOTES FOR	VOTES WITHHELD
Johnston C. Adams, Jr.	131,421,369	1,853,614
Andrew M. Clarkson	131,370,458	1,904,525
N. Gerry House	130,986,603	2,288,380
Robert J. Hunt	131,414,610	1,860,373
J.R. Hyde, III	131,370,992	1,903,991
James F. Keegan	131,337,719	1,937,264
Michael W. Michelson	131,348,241	1,926,742
Ronald A. Terry	131,360,113	1,914,870
Timothy D. Vargo	131,420,042	1,854,941

2. Approval of the amendment to the Amended and Restated 1996 Stock Option Plan: 107,103,729 votes in favor, 25,807,388 votes against, and 363,866 shares abstained from voting.

3. Approval of Ernst & Young LLP as independent auditors: 132,993,467 votes in favor, 38,429 votes against, and 243,087 shares abstained from voting.

(d) Not applicable.

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are filed as part of this report:

3.1 Restated Articles of Incorporation of AutoZone, Inc.

3.2 Amended and Restated By-laws of AutoZone, Inc. Incorporated by reference to Exhibit 3.3 to the Form 10-K for the fiscal year ended August 29, 1998.

27.1 Financial Data Schedule (SEC Use Only).

(b) AutoZone, Inc., did not file any reports on Form 8-K during the fiscal quarter ended February 13, 1999.

SIGNATURES

Pursuant to the requirements 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/ Robert J. Hunt

Robert J. Hunt
Executive Vice President and
Chief Financial Officer-Customer Satisfaction
(Principal Financial Officer)

By: /s/ William C. Rhodes, III

William C. Rhodes, III
Vice President, Finance-Customer Satisfaction
(Chief Accounting Officer)

Dated: March 30, 1999

EXHIBIT INDEX

3.1 Restated Articles of Incorporation of AutoZone, Inc.

3.2 Amended and Restated By-laws of AutoZone, Inc. Incorporated by reference to Exhibit 3.3 to the Form 10-K for the fiscal year ended August 29, 1998.

27.1 Financial Data Schedule (SEC Use Only).

EXHIBIT 3.1

RESTATED ARTICLES OF INCORPORATION
OF
AUTOZONE, INC.

Pursuant to the provisions of Section 78.403 of the Nevada Revised Statutes, the undersigned Corporation adopts the following Restated Articles of Incorporation:

ARTICLE I
NAME

The name of the corporation shall be AutoZone, Inc.

ARTICLE II
CAPITAL STOCK

Section 1. AUTHORIZED SHARES. The aggregate number of shares which the Corporation shall have authority to issue is Two Hundred One Million (201,000,000) shares consisting of Two Hundred Million (200,000,000) shares of common stock, par value $0.01 per share and One Million (1,000,000) shares of preferred stock, $0.01 par value.

Section 2. CONSIDERATION FOR SHARES. The common stock authorized by Section 1 of this Article shall be issued for such consideration as shall be fixed, from time to time, by the Board of Directors.

Section 3. ASSESSMENT OF STOCK. The capital stock of this Corporation, after the amount of the subscription price has been fully paid in, shall not be assessable for any purpose, and no stock issued as fully paid shall ever be assessable or assessed. No stockholder of the Corporation is individually liable for the debts or liabilities of the Corporation.

Section 4. ISSUANCE AND RIGHTS OF PREFERRED SHARES. The shares of preferred stock may be issued and reissued from time to time in one or more series. The Board of Directors is hereby authorized to fix or alter the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price or prices, the liquidation preference, and any other rights, preferences, privileges, attributes or other matters which may be reserved to the Board of Directors by law, of any wholly-unissued series of preferred stock, and the number of shares constituting any such series and the designation thereof; and to increase the number of shares of any series at any time. In case the outstanding shares of any series shall be reacquired or shall not be issued, such shares may be designated or redesignated and altered, and issued or reissued, hereunder, by action of the Board of Directors.

Section 5. CUMULATIVE VOTING FOR DIRECTORS. No stockholder of the Corporation shall be entitled to cumulative voting of his or her shares for election of director.

Section 6. PREEMPTIVE RIGHTS. No stockholder of the Corporation shall have any preemptive rights.

ARTICLE III
DIRECTORS AND OFFICERS

Section 1. NUMBER OF DIRECTORS. The members of the governing board of the Corporation are styled as directors. The number of directors may be changed from time to time in such manner as shall be provided in the bylaws of the Corporation.

Section 2. LIMITATION OF PERSONAL LIABILITY. No director or officer of the Corporation shall be personally liable to the Corporation or its stockholders for damages for breach of fiduciary duty as a director or officer; provided, however, that the foregoing provision does not eliminate or limit the liability of a director or officer of the Corporation for:

(a) acts or omissions which involve intentional misconduct, fraud or a knowing violation of law; or

(b) the payment of distributions in violation of Nevada Revised Statutes 78.300.

Section 3. REPEAL AND CONFLICTS. Any repeal or modification of Section 2 above approved by the stockholders of the Corporation shall be prospective only. In the event of any conflict between Section 2 of this Article and any other Article of the Corporation's Articles of Incorporation, the terms and provisions of this Article shall control.

ARTICLE IV
BY-LAWS

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to adopt, repeal, alter, amend or rescind the By-Laws of the Corporation.

ARTICLE V
ARTICLES

The Corporation reserves the right to repeal, alter, amend or rescind any provision contained in these Articles of Incorporation, in the manner now or hereinafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation.

5

This schedule contains summary consolidated financial information extracted from the financial statements for the quarter ended February 13, 1999, and is qualified in its entirety by reference to such consolidated financial statements.

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AUG-28-1999
FEB-13-1999
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