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 31, 1996
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)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (901) 495-6500

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 (Section 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. [ ]

The aggregate market value of the 115,337,257 shares of voting stock of the registrant held by non-affiliates of the registrant (excluding, for this purpose, shares held by officers, directors, or 10% stockholders) was $2,955,517,210 based on the last sales price of the Common Stock on October 30, 1996 as reported on the New York Stock Exchange.

The number of shares of Common Stock outstanding as of October 30, 1996 was 150,298,667.

PART I

ITEM 1 BUSINESS

INTRODUCTION

AutoZone is a leading specialty retailer of automotive parts and accessories, primarily focusing on "Do-It-Yourself" ("D-I-Y") consumers. The Company began operations in 1979 and at August 31, 1996, operated 1,423 stores in 27 states, principally located in the Sunbelt and Midwest regions of the United States. Each AutoZone store carries an extensive product line, including new and re-manufactured automotive hard parts, such as alternators, starters, water pumps, brake shoes and pads, carburetors, clutches and engines; maintenance items, such as oil, antifreeze, transmission, brake and power steering fluids, engine additives, protectants and waxes; and accessories, such as car stereos and floor mats. The Company carries parts for domestic and foreign cars, vans and light trucks. During fiscal year 1996, the Company implemented a commercial sales program which provides commercial credit and prompt delivery of parts and other products to local repair garages, dealers and service stations. This program was offered in 1,183 of the Company's stores at August 31, 1996. AutoZone does not perform automotive repairs or installations.

AutoZone is dedicated to a marketing and merchandising strategy to provide customers with superior service, value and parts selection at conveniently located, well-designed stores. The Company has implemented this strategy primarily with knowledgeable and motivated store personnel trained to emphasize prompt and courteous customer service, through an everyday low price policy and by maintaining an extensive product line with an emphasis on automotive hard parts. AutoZone's stores are generally situated in high-visibility locations and provide a distinctive merchandise presentation in an attractive store environment.

At August 31, 1996, AutoZone had stores in the following 27 states:

Alabama	74	Louisiana	68	South Carolina . . .	41
Arizona	52	Michigan	9	Tennessee	102
Arkansas	37	Mississippi . . .	58	Texas	239
Colorado	24	Missouri	56	Utah	15
Florida	61	New Mexico	22	Virginia	23
Georgia	87	North Carolina . .	79	West Virginia	12
Illinois	43	Ohio	138	Wisconsin	1
Indiana	66	Oklahoma	56	Wyoming	1
Kansas	7	Pennsylvania . . .	10		-----
Kentucky	42			Total	1,423
					=====

MARKETING AND MERCHANDISING STRATEGY

AutoZone's marketing and merchandising strategy is to provide customers with superior service, value and parts selection at conveniently located, well-designed stores. Key elements of this strategy are as follows:

CUSTOMER SERVICE

The Company believes that D-I-Y consumers place a significant value on customer service. As a result, the Company emphasizes customer service as the most important element in its marketing and merchandising strategy. The Company attempts to promote a corporate culture which "always puts customers first" and emphasizes knowledgeable and courteous service. To do so, the Company employs parts personnel with technical expertise to advise customers regarding the correct part type and application, utilizes a wide range of training methods to educate and motivate its store personnel, and provides store personnel with significant opportunities for promotion and incentive compensation. Customer service is enhanced by proprietary electronic parts catalogs which assist in the selection of parts; free testing of starters, alternators, batteries, and sensors and actuators; and liberal return and warranty policies. AutoZone stores generally open at 8 a.m. and close from 8 to 10 p.m. (with some open to midnight) Monday through Saturday and typically open at 9 a.m. and close between 6 and 7 p.m. on Sunday.

AutoZone has a satellite system for all its stores which, among other things, enables the Company to speed credit card and check approval processes and locate parts at neighboring AutoZone stores. The Company has a call center in Memphis to support the sales staff at high volume stores. Call center personnel handle inquiries and orders, enabling store personnel to concentrate on serving in-store customers without having to field telephone calls. In November, 1996, the Company consolidated the operations of the Houston call center into the Memphis call center and offered to transfer all Houston call center employees to AutoZone stores in the Houston area. The Company anticipates that the call center consolidation will result in ongoing savings to the Company.

In March 1996, Alldata Corporation became a wholly-owned subsidiary of AutoZone in a stock-for-stock merger. Alldata has developed a database system that provides comprehensive and up-to-date automotive diagnostic, service and repair information which it will continue to market to professional repair shops. In addition, the Company plans to integrate certain limited information from the Alldata database, such as technical service bulletins, recall information and specifications, into its electronic catalog.

PRODUCT SELECTION

The Company offers a wide selection of automotive parts and other products designed to cover a broad range of specific vehicle applications. AutoZone's stores generally carry between 16,000 and 19,000 stock keeping units ("SKUs"). Each AutoZone store carries the same basic product line with some regional differences based on climate, demographics and age and type of vehicle registration. The Company's "flexogram" program enables the Company to tailor its hard parts inventory to the makes and models of the automobiles in each store's trade area. In addition to brand name products, the Company sells a number of products, including batteries and engines, under the "AutoZone" name and a selection of automotive hard parts, including starters, alternators, water pumps, brakes, and filters, under its private label names. In addition to products stocked in stores, the Company offers a range of products, consisting principally of automotive hard parts, through its Express Parts program. The Express Parts program provides air-freight delivery of lower turnover products to AutoZone's stores.

PRICING

The Company employs an everyday low price strategy and attempts to be the price leader in hard parts categories. Management believes that its prices overall compare favorably to those of its competitors.

COMMERCIAL SALES PROGRAM

During fiscal year 1996, the Company implemented a commercial sales program which provides credit and prompt delivery of parts and other products to local repair garages, dealers and service stations. This program was offered in 1,183 of the Company's stores at August 31, 1996. Commercial customers generally pay the same everyday low prices for parts and other products as paid by AutoZone's D-I-Y customers. The program will be tested in nearly all stores, but the Company anticipates that optimum operating efficiencies will be achieved after consolidating the commercial business of certain of these stores. Ultimately, the Company expects that the program will be in 80 to 90 percent of its stores. Although the commercial sales program is currently unprofitable, the Company believes that the program should enhance its future financial performance and will result in an expansion of its customer base at a relatively modest incremental capital investment. There can be no assurance, however, that the commercial sales program will enhance the Company's results of operations and financial condition in future fiscal years.

STORE DESIGN AND VISUAL MERCHANDISING

AutoZone seeks to design and build stores with a high visual impact. AutoZone stores are designed to have an industrial "high tech" appearance by utilizing colorful exterior signage, exposed beams, and ductwork, and brightly lighted interiors. Merchandise in stores is attractively displayed, typically utilizing diagonally placed gondolas for maintenance and accessory products as well as specialized shelving for batteries and, in many stores, oil products. The Company employs a uniform ("planogrammed") store layout system to promote consistent merchandise presentation in all of its stores. In-store signage and special displays are used extensively to aid customers in locating merchandise and promoting products.

STORE DEVELOPMENT AND EXPANSION STRATEGY

The following table sets forth the Company's store development activities during the past five fiscal years:

	FISCAL YEAR				
	1992	1993	1994	1995	1996
Beginning Stores	598	678	783	933	1,143
New Stores	82	107	151	210	280
Replaced Stores(1)	14	20	20	29	31
Closed Stores (1)	(16)	(22)	(21)	(29)	(31)
Ending Stores	678	783	933	1,143	1,423

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(1) Replaced stores are either relocations or conversions of existing smaller stores to larger formats. Closed stores include replaced stores.

The Company opened 280 net new stores in fiscal 1996, representing an increase in total square footage from fiscal 1995 of approximately 26%, and had 70 stores under construction at fiscal year end. The Company plans to open approximately 335 stores in fiscal 1997, representing an increase in total store square footage of approximately 26%.

The Company believes that expansion opportunities exist both in markets which it does not currently serve and in markets where it can achieve a larger presence. The Company attempts to obtain high visibility sites in high traffic locations and undertakes substantial research prior to entering new markets. Key factors in selecting new site and market locations include population, demographics, vehicle profile and number and strength of competitors' stores. The Company generally seeks to open new stores within or contiguous to existing market areas and attempts to cluster development in new urban markets in a relatively short period of time in order to achieve economies of scale in advertising and distribution costs. The Company may also expand its operations through acquisitions of existing stores from third parties. The Company regularly evaluates potential acquisition candidates, in new as well as existing market areas.

AutoZone's net sales have grown significantly in the past several years, increasing from $1,002 million in fiscal 1992 to $2,243 million in fiscal 1996. The continued growth and financial performance of the Company will be dependent, in large part, upon management's ability to open new stores on a profitable basis in existing and new markets and also upon its ability to continue to increase sales in existing stores. There can be no assurance the Company will continue to be able to open and operate new stores on a timely and profitable basis or will continue to attain increases in comparable store sales.

STORE OPERATIONS

STORE FORMATS

Substantially all of AutoZone's stores are based on standard store formats resulting in generally consistent appearance, merchandising and product mix. Although the smaller store formats were generally used by the Company for its earlier stores, the Company has increasingly used larger format stores starting with its 8,100 square foot store introduced in 1987, its 6,600 square foot store introduced in 1991 and its 7,700 square foot store introduced in 1993. In fiscal 1997, the 6,600 square foot and larger store formats are expected to account for more than 85% of new and replacement stores. Total store space as of August 31, 1996 was as follows:

Store Format	Number of Stores	Total Store Square Footage(1)
8,100 sq. ft.	201	1,628,100
7,700 sq. ft.	303	2,333,100
6,600 sq. ft.	452	2,983,200
5,400 sq. ft.	446	2,408,400
4,000 sq. ft.	21	84,000
Total	1,423	9,436,800

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(1) Total store square footage is based on the Company's standard store formats, including normal selling, office, stockroom and receiving space, but excluding excess space not utilized in a store's operations.

Approximately 85% to 90% of each store is selling space, of which approximately 30% to 40% is dedicated to automotive parts inventory. The parts inventory area is fronted by a counter staffed by knowledgeable parts personnel and equipped with proprietary electronic parts catalogs. The remaining selling space contains gondolas for accessories, maintenance items, including oil and air filters, additives and waxes, and other parts together with specifically designed shelving for batteries and, in many stores, oil products.

Approximately three quarters of the Company's stores are freestanding, with the balance principally located within strip shopping centers. Freestanding large format stores typically have parking for approximately 45 to 50 cars on a lot of approximately 3/4 to one acre. The Company's 5,400 and 4,000 square foot stores typically have parking for approximately 25 to 40 cars and are usually located on a lot of approximately 1/2 to 3/4 acre.

STORE PERSONNEL AND TRAINING

While subject to fluctuation based on seasonal volumes and actual store sales, the 4,000, 5,400 and 6,600 square foot stores typically employ 12 to 18 persons, including a manager and an assistant manager, and the larger stores typically employ 14 to 23 persons. The Company generally hires personnel with prior automotive experience. Although the Company relies primarily on on-the-job training, it also provides formal training programs, which include regular store meetings on specific sales and product issues, standardized training manuals and a specialist program under which store personnel can obtain Company certification in several areas of technical expertise. The Company is testing a multimedia program that will permit store personnel to train at their own pace. The Company supplements training with frequent store visits by management.

The Company provides financial incentives to store managers through an incentive compensation program and through participation in the Company's stock option plan. In addition, AutoZone's growth has provided opportunities for the promotion of qualified employees. Management believes these opportunities are an important factor in AutoZone's ability to attract, motivate and retain quality personnel.

The Company supervises store operations primarily through approximately 196 area advisors who report to one of 27 district managers, who, in turn, report to one of six regional managers, as of August 31, 1996. Purchasing, merchandising, advertising, accounting, cash management, store development and other store support functions are centralized in the Company's corporate and administrative headquarters in Memphis, Tennessee. The Company believes that such centralization enhances consistent execution of the Company's merchandising and marketing strategy at the store level.

STORE AUTOMATION

In order to assist store personnel in providing a high level of customer service, all stores have proprietary electronic parts catalogs that provide parts information based on the make, model and year of an automobile. The catalog display screens are placed on the hard parts inventory counter so that both employees and customers can view the screen. In addition, the Company's satellite system enables the Company to speed up credit card and check approval processes and locate parts at neighboring AutoZone stores.

All stores utilize the Company's computerized Store Management System, which includes optical character recognition scanning and point-of-sale data collection terminals. The Store Management System provides productivity benefits, including lower administrative requirements and improved personnel scheduling at the store level, as well as enhanced merchandising information and improved inventory control. The Company believes the Store Management System also enhances customer service through faster processing of transactions and simplified warranty and product return procedures.

PURCHASING AND DISTRIBUTION

Merchandise is selected and purchased for all stores at the Company's headquarters in Memphis. No one class of product accounts for as much as 10% of the Company's total sales. In fiscal 1996, the Company purchased products from approximately 200 suppliers and no single supplier accounted for more than 6% of the Company's total purchases. During fiscal year 1996, the Company's ten largest suppliers accounted for approximately 31% of the Company's purchases. The Company generally has no long-term contracts for the purchase of merchandise. Management believes that AutoZone's relationships with suppliers are excellent. Management also believes that alternative sources of supply exist, at similar cost, for substantially all types of product sold.

Substantially all of the Company's merchandise is shipped by vendors to the Company's distribution centers. Orders are typically placed by stores on a weekly basis with orders shipped from the warehouse in trucks operated by the Company on the following day.

COMPETITION

The Company competes principally in the D-I-Y and, more recently, the commercial automotive aftermarket. Although the number of competitors and the level of competition experienced by AutoZone's stores varies by market area, the automotive-aftermarket is highly fragmented and generally very competitive. The Company believes that the largest share of the automotive-aftermarket is held by independently owned jobber stores which, while principally selling to wholesale accounts, have significant D-I-Y sales. The Company also competes with other automotive specialty retailing chains and, in certain product categories, such as oil and filters, with discount and general merchandise stores. The principal competitive factors which affect the Company's business are store location, customer service, product selection and quality, and price. While AutoZone believes that it competes effectively in its various geographic areas, certain of its competitors have substantial resources or have been operating longer in particular geographic areas.

TRADEMARKS

The Company has registered several service marks and trademarks in the United States Patent and Trademark office, including its service mark "AutoZone" and its trademarks "AutoZone," "Duralast," "Valucraft," "Ultra Spark," "Deutsch," "Albany" and "Alldata". The Company believes that the "AutoZone" service mark and trademarks have become an important component in its merchandising and marketing strategy.

EMPLOYEES

As of August 31, 1996, the Company employed approximately 26,800 persons, approximately 18,700 of whom were employed full-time. Approximately 86% of the Company's employees were employed in stores or in direct field supervision, approximately 7% in distribution centers and approximately 7% in corporate and support functions.

The Company's employees currently are not members of any unions. The Company has never experienced any material labor disruption. Management believes that its labor relations are generally good.

ITEM 2 PROPERTIES

The following table sets forth certain information concerning AutoZone's principal properties:

LOCATION	PRIMARY USE	SQUARE FOOTAGE	NATURE OF OCCUPANCY
Memphis, TN	Corporate and Administrative Office	360,000	Owned
Lavonia, GA	Distribution Center	421,700	Owned
Lexington, TN	Distribution Center	341,000	Owned
Danville, IL	Distribution Center	304,500	Owned
Memphis, TN	Express Parts Warehouse	233,100	Leased
Lafayette, LA	Distribution Center	464,000	Owned
San Antonio, TX	Distribution Center	217,000	Owned
Phoenix, AZ	Distribution Center	212,000	Owned
Zanesville, OH	Distribution Center	550,000	Owned

The Company relocated its headquarters in Memphis, Tennessee in October 1995 and completed the sale of its former headquarters in December 1995. The Company opened a new distribution center in Zanesville, Ohio in February 1996. The lease of the Express Parts warehouse in Memphis expires in March 2000. The Company also rents additional warehouse space, various district offices and training and other office facilities which are not material in the aggregate.

At August 31, 1996, the Company leased 538 and owned 885 of its 1,423 store properties. Original lease terms generally range from five to 20 years with renewal options. Leases on 248 stores that are currently operating expire prior to the end of fiscal 2001; however, leases on 231 of such stores contain renewal options.

ITEM 3 LEGAL PROCEEDINGS

AutoZone is a party to various claims and lawsuits arising in the ordinary course of business. The Company does not believe that such claims and lawsuits, singularly or in the aggregate, will have a material adverse effect on its business, properties, results of operations, financial condition or prospects.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fiscal quarter (17 weeks) ended August 31, 1996.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table lists AutoZone's executive officers. The title of each executive officer includes the words "Customer Satisfaction" which reflects the Company's commitment to customer service as part of its marketing and merchandising strategy. Officers are elected by and serve at the discretion of the Board of Directors.

J.R. HYDE, III, 53--CHAIRMAN AND CHIEF EXECUTIVE OFFICER

J. R. Hyde, III, has been Chairman of the Board of Directors and Chief Executive Officer since 1986. Previously, Mr. Hyde was Chief Executive Officer of Malone & Hyde (the former parent company of AutoZone). Mr. Hyde has been employed by AutoZone or Malone & Hyde since 1965.

JOHNSTON C. ADAMS, JR., 48--VICE CHAIRMAN, CHIEF OPERATING OFFICER, AND DIRECTOR

Johnston C. Adams, Jr. was elected Vice Chairman and Chief Operating Officer and Director in March 1996. Previously he was Executive Vice President-Distribution since 1994. From 1990 to 1994 Mr. Adams was a co-owner of Nicotiana Enterprises, Inc., a company primarily engaged in food distribution. From 1983 to 1990, Mr. Adams was President of the Miami Division of Malone & Hyde. The Company anticipates that Mr. Adams will be elected President and Chief Operating Officer upon Mr. Hanemann's retirement on December 12, 1996.

TIMOTHY D. VARGO, 44--VICE CHAIRMAN AND DIRECTOR

Timothy D. Vargo was elected Vice Chairman and Director in March 1996. Previously, he was Executive Vice President-Merchandising and Systems Technology since June 1995 and had been Senior Vice President-Merchandising since March 1995. Previously, Mr. Vargo was Senior Vice President-Merchandising for the Company from 1986 to 1992 and was Director of Stores for AutoZone from 1984 to 1986.

THOMAS S. HANEMANN, 59--PRESIDENT AND DIRECTOR

Thomas S. Hanemann has been a Director and President since 1994. He had previously been Executive Vice President-Stores and Distribution between 1992 and 1994 and had been Senior Vice President-Stores of AutoZone since 1986. Previously, Mr. Hanemann was President of Ike's and Super D, drug store divisions of Malone & Hyde. Mr. Hanemann has been employed by AutoZone or Malone & Hyde since 1974. Mr. Hanemann has expressed his intention to retire as President of the Company as of December 12, 1996.

LAWRENCE E. EVANS, 52--EXECUTIVE VICE PRESIDENT-STORE DEVELOPMENT

Lawrence E. Evans has been Executive Vice President-Store Development since 1995. Previously he was Senior Vice President-Development from 1993 to 1995 and Vice President-Real Estate since 1992, Mr. Evans was Director of Real Estate from 1991, and had been an attorney for either Malone & Hyde or AutoZone since 1986. Mr. Evans was first employed by Malone & Hyde from 1969 until 1976 and returned to Malone & Hyde in 1986.

ROBERT J. HUNT, 47--EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Robert J. Hunt has been Executive Vice President and Chief Financial Officer since 1994. Prior to that time, Mr. Hunt was Executive Vice President, Chief Financial Officer, and a Director of the Price Company from 1991 to 1993. Previously, Mr. Hunt had been employed by Malone & Hyde since 1984, where he was Executive Vice President and Chief Financial Officer from 1988 to 1991.

SHAWN P. MCGHEE, 33--EXECUTIVE VICE PRESIDENT-MERCHANDISING

Shawn P. McGhee was elected Executive Vice President-Merchandising in 1996. Previously, he was Senior Vice President-Merchandising since 1994, Vice President-Merchandising since 1993, and a Senior Product Manager since 1991. Mr. McGhee commenced his employment with the Company in 1988.

ANTHONY DEAN ROSE, JR., 36--SENIOR VICE PRESIDENT-ADVERTISING

Anthony Dean Rose, Jr. has been Senior Vice President-Advertising since 1995. Prior to that time, he had been Vice President-Advertising since 1989 and a Director of Advertising since 1987. Mr. Rose has been employed by AutoZone or Malone & Hyde since 1982.

STEPHEN W. VALENTINE, 34--SENIOR VICE PRESIDENT-SYSTEMS TECHNOLOGY AND SUPPORT

Stephen W. Valentine has been Senior Vice President-Systems Technology and Support since 1995. Prior to that time, he had been Vice President-Systems Technology and Support since 1994, and a Director of Store Management Systems since 1990. Mr. Valentine commenced his employment with the Company in 1989.

MICHAEL E. BUTTERICK, 45--VICE PRESIDENT-CONTROLLER

Michael E. Butterick has been Vice President-Controller since 1995. Prior to that time, Mr. Butterick was Chief Financial Officer of United Medical Incorporated from 1993 to 1995. From 1990 to 1993 Mr. Butterick was Vice President-Finance of the Mid South General Merchandise Division, a division of Fleming Companies. Previously, Mr. Butterick had been employed by Malone & Hyde or AutoZone since 1983, where he was Controller of AutoZone from 1986 to 1990.

HARRY L. GOLDSMITH, 45--VICE PRESIDENT, SECRETARY AND GENERAL COUNSEL

Harry L. Goldsmith has been Vice President, General Counsel, and Secretary since 1993. Prior to that time, he was an attorney at Federal Express Corporation since 1989.

ANDREW M. CLARKSON, 59--DIRECTOR AND CHAIRMAN OF THE FINANCE COMMITTEE

Andrew M. Clarkson has been a Director of the Company since 1986 and is employed by the Company as the Chairman of the Finance Committee. Mr. Clarkson had been Vice President and Treasurer of the Company in 1986, Senior Vice President and Treasurer of the Company from 1986 to 1988, was Secretary from 1988 to 1993 and was Treasurer from 1990 to 1995. Previously, Mr. Clarkson was Chief Financial Officer of Malone & Hyde from 1983 to 1988.

PART II

ITEM 5 MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Common Stock Market Prices for the Company's stock as traded on the New York Stock Exchange on page 12 of the annual stockholders report for the year ended August 31, 1996 are incorporated herein by reference.

At October 30, 1996, there were 2,852 stockholders of record, excluding the number of beneficial owners whose shares were held in street name.

ITEM 6 SELECTED FINANCIAL DATA

Selected Financial Data on pages 10 and 11 of the annual stockholders report for the year ended August 31, 1996, is incorporated herein by reference.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 13 through 15 of the annual stockholders report for the year ended August 31, 1996, are incorporated herein by reference.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements included on pages 16 through 23 and the quarterly summary on page 12 of the annual stockholders report for the year ended August 31, 1996, are incorporated herein by reference.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10 DIRECTORS AND OFFICERS OF THE REGISTRANT

The information required by this item is incorporated by reference to Part I of this document and to the Company's definitive Proxy Statement filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with the Company's annual meeting of stockholders.

ITEM 11 EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the Company's definitive Proxy Statement filed pursuant to Regulation 14A under the Securities Act of 1934 in connection with the Company's annual meeting of stockholders.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is incorporated by reference to the Company's definitive Proxy Statement filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with the Company's annual meeting of stockholders.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is incorporated by reference to the Company's definitive Proxy Statement filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with the Company's annual meeting of stockholders.

PART IV

ITEM 14 EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 10-K

(a) 1. Financial Statements
The following financial statements included on pages 16 through 23 in the annual report to stockholders for the year ended August 31, 1996, are incorporated by reference in Item 8:

Report of Independent Auditors
Statements of Income for the fiscal years ended August 31, 1996, August 26, 1995, and August 27, 1994
Balance Sheets as of August 31, 1996 and August 26, 1995
Statements of Shareholders' Equity for the fiscal years ended August 31, 1996, August 26, 1995 and August 27, 1994
Statements of Cash Flows for the fiscal years ended August 31, 1996, August 26, 1995 and August 27, 1994
Notes to Financial Statements

2. Financial Statement Schedule II - Valuation and Qualifying Accounts

SCHEDULE II

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

COL A	COL B	COL C		COL D	COL E
CLASSIFICATION	Balance Beginning of Period	ADDITIONS		Deductions-Describe	Balance at End of Period
		(1) Charged to Costs and Expenses	(2) Charged to Other Accounts-Describe		
Year Ended August 27, 1994:					
Reserve for warranty claims	$ 6,961	$17,409		$15,309(1)	$ 9,061
Other reserves	8,014				5,840
Year Ended August 26, 1995:					
Reserve for warranty claims	$ 9,061	$23,124		$19,572(1)	$12,613
Other reserves	5,840				9,229
Year Ended August 31, 1996:					
Reserve for warranty claims	$12,613	$26,982		$25,443(1)	$14,152
Other reserves	9,229				9,015

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(1) Cost of product for warranty replacements, net of salvage and amounts collected from customers.

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

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

3.1 Articles of Incorporation of AutoZone, Inc. Incorporated by reference to Exhibit 3.1 to the Form 10-K dated November 22, 1994.

3.2 Amendment to Articles of Incorporation of AutoZone, Inc. dated December 16, 1993, to increase its authorized shares of common stock to 200,000,000. Incorporated by reference to Exhibit 3.2 to the Form 10-K dated November 22, 1994.

3.3 By-laws of AutoZone, Inc. Incorporated by reference to Exhibit 3.2 to the February 1992 Form S-1.

4.1 Form of Common Stock Certificate. Incorporated by reference to Exhibit 4.1 to

Pre-Effective Amendment No. 2 to the February 1992 Form S-1.

4.2 Registration Rights Agreement, dated as of February 18, 1987, by and among Auto Shack, Inc. and certain stockholders. Incorporated by reference to Exhibit 4.9 to the Form S-1 Registration Statement filed by the Company under the Securities Act (No. 33-39197) (the "April 1991 Form S-1").

4.3 Amendment to Registration Rights Agreement dated as of August 1, 1993. Incorporated by reference to Exhibit 4.1 to the Form S-3 Registration Statement filed by the Company under the Securities Act (No. 33-67550).

10.1 Amended and Restated Stock Option Plan of AutoZone, Inc., as amended on February 26, 1991. Incorporated by reference to Exhibit 10.4 to the April 1991 Form S-1.

10.2 Amendment No. 1 dated December 18, 1992, to the Amended and Restated Stock Option Agreement. Incorporated by reference to Exhibit 10.5 to the Form 10-K for the fiscal year ended August 28, 1993.

10.3 Form of Non-Qualified Stock Option Agreement between AutoZone and certain employees of AutoZone. Incorporated by reference to Exhibit 10.5 to the April 1991 Form S-1.

10.4 Form of Non-Qualified Stock Option Agreement dated as of February 11, 1987, between Auto Shack, Inc. and certain of its employees. Incorporated by reference to Exhibit 10.6 to the April 1991 Form S-1.

11.1 Computation of Earnings Per Common Share Equivalents.

13.1 Annual Report to stockholders for fiscal year ended August 31, 1996.

21.1 Subsidiaries of the Registrant.

23.1 Consent of Ernst & Young LLP.

27.1 Financial Data Schedule.

(b) The Company did not file a Form 8-K during the last quarter of the fiscal year ended August 31, 1996.

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/ J.R. Hyde, III November 27, 1996

J.R. Hyde, III
Chairman, Chief Executive Officer and Director

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

SIGNATURE	TITLE	DATE
/s/ J. R. Hyde, III (J.R. Hyde, III)	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	November 27, 1996
/s/ J. C. Adams, Jr. (J. C. Adams, Jr.)	Vice Chairman, Chief Operating Officer and Director	November 27, 1996
/s/ Timothy D. Vargo (Timothy D. Vargo)	Vice Chairman and Director	November 27, 1996
/s/ Thomas S. Hanemann (Thomas S. Hanemann)	President and Director	November 27, 1996
/s/ Andrew M. Clarkson (Andrew M. Clarkson)	Director and Chairman of the Finance Committee	November 27, 1996
/s/ Robert J. Hunt (Robert J. Hunt)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	November 27, 1996
/s/ Michael E. Butterick (Michael E. Butterick)	Vice President and Controller (Principal Accounting Officer)	November 27, 1996
/s/ N. Gerry House (N. Gerry House)	Director	November 27, 1996
/s/ Ronald A. Terry (Ronald A. Terry)	Director	November 27, 1996
(James F. Keegan)	Director	
(Henry R. Kravis)	Director	
/s/ Robert I. MacDonnell (Robert I. MacDonnell)	Director	November 27, 1996

/s/ Michael W. Michelson - ------------------------------------ (Michael W. Michelson)	Director	November 27, 1996
/s/ John E. Moll - ------------------------------------ (John E. Moll)	Director	November 27, 1996
/s/ George R. Roberts - ------------------------------------ (George R. Roberts)	Director	November 27, 1996

EXHIBIT 11.1

COMPUTATION OF EARNINGS PER COMMON SHARE EQUIVALENTS

	Fiscal Year Ended				
	August 29, 1992	August 28, 1993	August 27, 1994	August 26, 1995	August 31, 1996
	(in thousands except per share data)				
PRIMARY:					
Average shares outstanding	138,794	142,590	144,754	146,189	148,476
Net effect of dilutive stock options, based on the treasury stock method, using average fair market value	7,146	5,018	3,972	3,113	2,762
Total shares used in computation	145,940	147,608	148,726	149,302	151,238
Net income	$ 63,288	$ 86,935	$ 116,386	$ 138,781	$ 167,165
Net income per share	$ 0.43	$ 0.59	$ 0.78	$ 0.93	$ 1.11
FULLY DILUTED:					
Average shares outstanding	138,794	142,590	144,754	146,189	148,476
Net effect of dilutive stock options, based on the treasury stock method, using higher of average or year-end fair market value	7,146	5,284	3,972	3,155	2,762
Total shares used in computation	145,940	147,874	148,726	149,344	151,238
Net income	$ 63,288	$ 86,935	$ 116,386	$ 138,781	$ 167,165
Net income per share	$ 0.43	$ 0.59	$ 0.78	$ 0.93	$ 1.11

EXHIBIT 13.1

[COVER]

[photo: Sign stating "AutoZone, Discount Auto Parts"]

1996
Annual Report

COMPANY DESCRIPTION

AutoZone is the nation's leading retail auto parts chain. We sell a broad line of replacement parts, accessories, chemicals and motor oil.

With 1,423 stores in 27 states, we operate more stores than any auto parts retailer in America, And on average, we put our mark on a new store nearly every day.

Our primary customers are do-it-yourselfers who repair their cars out of economic necessity. We also sell and deliver parts to professional repair shops who install them on their customers' cars. The first AutoZone opened in Forrest City, Arkansas, on July 4, 1979. Now more than 17 years later, we still attribute much of our success to our unwavering commitment to customer satisfaction. And as a constant reminder of that commitment, we start every company meeting with the AutoZone pledge:

AutoZoners always put customers first.
We know our parts and products.
Our stores look great.
And we've got the best merchandise at the right price.

FINANCIAL HIGHLIGHTS

	1996*	1995	% Change
Sales	$2,242,633,000	$1,808,131,000	+24%
Operating Profit	$ 268,934,000	$ 227,658,000	+18%
Net Income	$ 167,165,000	$ 138,781,000	+20%
Earnings Per Share	$ 1.11	$ 0.93	+19%
Shareholders' Equity	$ 865,582,000	$ 684,710,000	+26%
Number of Stores	1,423	1,143	+24%

*includes a 53rd week

[photos: painters painting AutoZone sign]

SALES
($ in millions)

[Bar Graph:
92: $1,002
93: $1,217
94: $1,508
95: $1,808
96: $2,243]

OPERATING PROFIT
($ in millions)

[Bar Graph:
92: $104
93: $141
94: $191
95: $228
96: $269]

NET INCOME
($ in millions)

[Bar Graph:
92: $63
93: $87
94: $116
95: $139
96: $167]

EARNINGS PER SHARE

[Bar Graph:
92: $.43
93: $.59
94: $.78
95: $.93
96: $1.11]

TO OUR CUSTOMERS, AUTOZONERS AND SHAREHOLDERS:

In fiscal 1996, AutoZone solidified its position as the leader in the do-it-yourself retail auto parts market, started delivering parts to professional repair shops and began exploring opportunities in the international market. For the year, AutoZone:

- Opened 280 new stores - a 33% increase over last year.
- Increased store square footage by 26%.
- Rolled out a new commercial sales program to almost all of our stores. We'll complete the rollout in the first quarter of fiscal 1997.
- Acquired ALLDATA, the nation's leading automotive diagnostic and repair software company.
- Began shipments from our new 550,000-square-foot distribution center in Zanesville, Ohio.
- Opened our second call center in Houston, Texas.
- Moved into a new corporate headquarters in downtown Memphis.

While making these investments for our future, we completed another record year financially:

- Sales rose 24% to $2.24 billion - more than double our sales just four years ago. Fiscal 1996 included a 53rd week.
- Net income increased 20% to $167 million.
- Earnings per share increased 19% to $1.11.
- Comparable store sales, or sales at stores open at the start of the previous fiscal year, rose 6% for the 52 weeks.

We're pleased with our accomplishments last year, considering that unfavorable weather contributed to soft comparable store sales to do-it-yourselfers. And we're optimistic about the coming year. Our commercial sales program should have a favorable impact on comparable store sales, and we're also continuing to focus on increasing sales in our base DIY business.

For the past several years, AutoZone's record store openings have outpaced the competition by a wide margin. And we see no reason why fiscal 1997 should be any different. We are projecting a record 335 new stores for this coming fiscal year.

As cars become more complex, it's more important than ever for AutoZone to retain our position as the leader in providing the most comprehensive automotive information to our customers. Our March acquisition of ALLDATA, which sells repair and diagnostic information to professional repair shops on CD-ROM, will keep us on the cutting edge.

Several promotions further strengthened a management team second to none in the industry. John Adams, formerly our executive vice president - distribution, became vice chairman and chief operating officer. Reporting to John are: Tim Vargo, formerly executive vice president - merchandising, who became vice chairman and took over the responsibility for day-to-day operation of our stores; and President Tom Hanemann, who shifted his focus from domestic store operations to development of AutoZone's prospects in the international market. While we don't have a firm timetable for international expansion, Tom will lay the groundwork for expanding the AutoZone concept outside U.S. borders.

Fiscal 1997 will be a challenging year, but I'm confident AutoZoners will respond to the challenge with characteristic enthusiasm. To our customers, many thanks for letting us earn your business and for making us the leading auto parts retailer in America. To our AutoZoners, you and your ideas built this company. Thank you for your many contributions. To our shareholders, thank you for your continued support. With your business, ideas and support, we look forward to an even more profitable and productive 1997.

Best regards,

/s/ Pitt Hyde
- -------------
J.R. Hyde III

(from left)
PITT HYDE
Chairman & CEO
Customer Satisfaction

JOHN ADAMS
Vice Chairman & COO
Customer Satisfaction

TIM VARGO
Vice Chairman
Customer Satisfaction

TOM HANEMANN
President
Customer Satisfaction

[Photo of Hyde, Adams, Vargo and Hanemann]

AutoZone is the leader in the $32 billion market serving the do-it-yourself customer. Our fiscal 1996 sales represent less than 7% of this growing industry. That means AutoZone, the largest auto parts retailer in America, still serves only about one out of every 15 do-it-yourselfers. Considering that the top 10 retail chains combined control only about a fifth of the $32 billion do-it-yourself market, we believe there's plenty of room to grow.

Industry trends are favorable for our business. Recent statistics show the average age of cars on the road is 8.3 years-the oldest it's been since 1948. The number of cars on the road is steadily rising. People are driving more each year. And the market we serve - vehicles that are at least 5 years old, out of warranty and into the repair cycle - now numbers 127 million.

While typical AutoZone customers repair their own cars, millions of others are having their vehicles repaired by professional technicians. And selling parts to the professional is a $42 billion market we're just beginning to tap.

There are 127 million vehicles on the road today that are at least five years old, out of warranty and into the repair cycle.

RECORD-BREAKING STORE GROWTH

The opening of 280 new stores in fiscal 1996 was no small task. Our record store openings brought AutoZone's total store count to 1,423 - more than double what it was just four years ago. And in only six years, our total square footage more than tripled. Last year's pace of store openings meant we added a new AutoZone almost every 31 hours. Next year, we expect to increase the new store count to 335, or one every 26 hours.

While we added Pennsylvania as our 27th state, much of our store growth in the first half of the year was devoted to filling in our existing markets. In some instances, these new stores take sales away from older stores. In the long run, however, we believe they help solidify AutoZone's competitive position in the marketplace.

Perhaps our new store growth is best put in perspective this way: had they stood alone as a chain, our 280 new stores would rank among the nation's top 10 auto parts retailers. Needless to say, we're extremely proud of the effort put forth by the many AutoZoners who helped open so many stores this year.

[Photo of exterior of AutoZone store]

SERVING PROFESSIONAL REPAIR SHOPS

Fiscal 1996 marked the beginning of a new growth opportunity for AutoZone - selling and delivering parts to professional repair shops. We started an aggressive rollout of a program to serve these commercial customers in September, and by fiscal year-end it was up and running in over 80% of our stores. We'll complete the rollout in the first quarter of fiscal 1997.

By selling and delivering parts to professional repair shops, we're able to greatly expand the sales potential of our stores with only a small incremental investment: delivery trucks, dedicated commercial account specialists and drivers. And by leveraging our existing store base and inventory, we believe the program has the potential to offer very good returns over time.

The commercial market is a large one - $42 billion. And the customers we're targeting account for about two-thirds of that market. We already know how to take care of them. Our approach to serving professional customers is the very same one we've used for years with DIYers: providing value, quality and - most importantly - outstanding customer service.

We offer our professional customers the same high quality parts at the

By selling and delivering parts to professional repair shops, we're able to greatly expand the sales potential of each store.

everyday low prices that have turned millions of DIYers into loyal AutoZone customers. We've found these professionals to be very receptive to trying AutoZone because our everyday prices are typically lower than even the discounted prices they get from their current suppliers. They're enthusiastic about the lifetime warranty we offer on so many parts. And as they gain firsthand knowledge of the quality of our parts, we're able to win an even larger share of their business.

It should come as no surprise that we believe our commitment to customer service is what will ultimately distinguish us in the professional market. By dedicating AutoZoners to satisfying their needs, serving a select number of accounts and limiting the distances we drive, we can offer professional shops much quicker delivery than they're used to - 30 minutes or less, in most cases. And that's where our densely located 1,423 stores give AutoZone a competitive advantage in serving these customers.

MORE PARTS, IMPROVED SYSTEMS

We added over 1,000 parts to the typical store's inventory this year, bringing our average SKU count to 17,500. By using our proprietary flexogram system, we were able to tailor the inventory based on the vehicles driven by each individual store's customer base. We now have a wider range of inventory levels across the chain, from a low of 16,000 SKUs to a high of 19,000.

We added over 1,000 parts to the typical store's inventory this year, bringing our average SKU count to 17,500.

[Photo of AutoZone commercial delivery truck]

We continue to expand and refine our electronic parts catalog, already the superior system in the industry. In the past year alone, we've doubled the amount of information available. Our electronic catalog now spans 67 years, dating back to 1930. More diagnostic features were included, and several other improvements were made that help AutoZoners serve customers better, faster and more knowledgeably.

HOUSTON CALL CENTER OPENS

Our new Houston call center, which opened in October of 1995, is now serving 160 stores in our bilingual markets. As in our Memphis center, agents in Houston can access the same information as AutoZoners in the stores through our satellite system. By diverting calls from our busiest stores to these call centers, we eliminate the age-old retail conflict of deciding which customer to help first: the one at the parts counter or the one on the phone.

ALLDATA ACQUISITION

In March, we acquired ALLDATA Corp., the nation's premier automotive diagnostic and repair software development company. ALLDATA, under the leadership of Founder and President Rod Georgiu, provides more than 17,000 professional repair shops across the country with information either on CD-ROM or on-line.

Our electronics parts catalog now spans 67 years, dating back to 1930.

Our new Houston call center now serves 160 stores in our bilingual markets.

ALLDATA turned profitable last year, and we see strong growth opportunities in its base business. There are over 230,000 garages and service centers in the U.S., yet only about 30,000 have an electronic diagnostic and repair system in place. AutoZone's association with ALLDATA will provide the financial resources to build on its current leadership position in the industry.

We believe joining forces with ALLDATA further strengthens our own position as the information leader in our industry. As the number of parts continues to increase and cars become more complex, we believe information will become even more of a competitive advantage for AutoZone. By adding features like technical service bulletins, recall information and specifications to our electronic catalog, we'll be in an even better position to help our customers solve their problems.

In the meantime, we continue to search for new products, services and innovations that will distinguish AutoZone in the marketplace. And we remain confident that more and more customers will continue to reward us with their business.

The aquisition of ALLDATA further strengthens our position as the information leader in our industry.

[Photo of AutoZone employee and customer at parts counter]

TEN YEAR REVIEW

(in thousands, except per share data and selected operating data)

INCOME STATEMENT DATA	5-Year Compound Growth	1996*	1995
Net sales	22%	$2,242,633	$1,808,131
Cost of sales, including warehouse and delivery expenses		1,307,638	1,057,033
Operating, selling, general and administrative expenses		666,061	523,440
Operating profit	28%	268,934	227,658
Interest income (expense)		(1,969)	623
Income before income taxes	30%	266,965	228,281
Income taxes		99,800	89,500
Net income	31%	$ 167,165	$ 138,781
Net income per share	27%	$ 1.11	$ 0.93
Average shares outstanding, including common stock equivalents		151,238	149,302
BALANCE SHEET DATA			
Current assets		$ 613,097	$ 447,822
Working capital		219	30,273
Total assets		1,498,397	1,111,778
Current liabilities		612,878	417,549
Debt		94,400	13,503
Shareholders' equity		865,582	684,710
SELECTED OPERATING DATA			
Number of stores at beginning of year		1,143	933
New stores		280	210
Replacement stores		31	29
Closed stores		0	0
Net new stores		280	210
Number of stores at end of year		1,423	1,143
Total store square footage (000's)		9,437	7,480
Increase in square footage - percentage		26%	26%
Increase in comparable store net sales - percentage		6%	6%
Average net sales per store (000's)		$ 1,702	$ 1,742
Average net sales per store square foot		$ 258	$ 269
Total employment		26,800	20,200
Gross profit - percentage of sales		41.7%	41.5%
Operating profit - percentage of sales		12.0%	12.6%
Net income - percentage of sales		7.5%	7.7%
Debt-to-capital - percentage		9.8%	1.9%
Inventory turnover		2.7x	2.9x
Return on average equity		22%	23%

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

	Fiscal Year Ended August					
	1994	1993	1992	1991	1990	1989
INCOME STATEMENT DATA						
Net sales	$1,508,029	$1,216,793	$1,002,327	$817,962	$671,725	$535,843
Cost of sales, including warehouse and delivery expenses	886,068	731,971	602,956	491,261	416,846	341,130
Operating, selling, general and administrative expenses	431,219	344,060	295,701	247,355	205,609	169,786
Operating profit	190,742	140,762	103,670	79,346	49,270	24,927
Interest income (expense)	2,244	2,473	818	(7,295)	(10,936)	(9,799)
Income before income taxes	192,986	143,235	104,488	72,051	38,334	15,128
Income taxes	76,600	56,300	41,200	27,900	14,840	6,200
Net income	$ 116,386	$ 86,935	$ 63,288	$ 44,151	$ 23,494	$ 8,928
Net income per share	$ 0.78	$ 0.59	$ 0.43	$ 0.33	$ 0.19	$ 0.07
Average shares outstanding, including common stock equivalents	148,726	147,608	145,940	134,656	121,212	119,320
BALANCE SHEET DATA						
Current assets	$ 424,402	$ 378,467	$ 279,350	$233,439	$191,736	$177,824
Working capital	85,373	92,331	72,270	55,807	26,803	35,831
Total assets	882,102	696,547	501,048	397,776	327,368	296,546
Current liabilities	339,029	286,136	207,080	177,632	164,933	141,993
Debt	4,252	4,458	7,057	7,246	74,851	93,293
Shareholders' equity	528,377	396,613	278,120	204,628	80,356	54,592
SELECTED OPERATING DATA						
Number of stores at beginning of year	783	678	598	538	504	440
New stores	151	107	82	60	38	70
Replacement stores	20	20	14	4	7	7
Closed stores	(1)	(2)	(2)	0	(4)	(6)
Net new stores	150	105	80	60	34	64
Number of stores at end of year	933	783	678	598	538	504
Total store square footage (000's)	5,949	4,839	4,043	3,458	3,031	2,758
Increase in square footage - percentage	23%	20%	17%	14%	10%	19%
Increase in comparable store net sales - percentage	9%	9%	15%	12%	13%	10%
Average net sales per store (000's)	$ 1,758	$ 1,666	$ 1,570	$ 1,408	$ 1,289	$ 1,135
Average net sales per store square foot	$ 280	$ 274	$ 267	$ 246	$ 232	$ 211
Total employment	17,400	15,700	13,200	11,700	9,300	7,900
Gross profit - percentage of sales	41.2%	39.8%	39.8%	39.9%	37.9%	36.3%
Operating profit - percentage of sales	12.6%	11.5%	10.3%	9.7%	7.3%	4.6%
Net income - percentage of sales	7.7%	7.1%	6.3%	5.4%	3.5%	1.7%
Debt-to-capital - percentage	0.8%	1.1%	2.5%	3.4%	48.2%	63.1%
Inventory turnover	3.0x	3.2x	3.0x	2.6x	2.4x	2.4x
Return on average equity	25%	26%	26%	31%	35%	18%

	Fiscal Year Ended August	
	1988	1987
INCOME STATEMENT DATA		
Net sales	$437,399	$354,205
Cost of sales, including warehouse and delivery expenses	277,043	224,878
Operating, selling, general and administrative expenses	142,868	113,123
Operating profit	17,488	16,204
Interest income (expense)	(8,826)	(7,107)
Income before income taxes	8,662	9,097
Income taxes	3,770	4,980
Net income	$ 4,892	$ 4,117
Net income per share	$ 0.04	$ 0.03
Average shares outstanding, including common stock equivalents	119,936	119,096
BALANCE SHEET DATA		
Current assets	$137,098	$124,569
Working capital	35,226	26,760
Total assets	232,977	213,076
Current liabilities	101,872	97,809
Debt	77,138	65,500
Shareholders' equity	45,608	40,795

SELECTED OPERATING DATA

Number of stores at beginning of year	396	313
New stores	47	84
Replacement stores	1	0
Closed stores	(3)	(1)
Net new stores	44	83
Number of stores at end of year	440	396
Total store square footage (000's)	2,318	2,029
Increase in square footage - percentage	14%	30%
Increase in comparable store net sales - percentage	6%	10%
Average net sales per store (000's)	$ 1,046	$ 999
Average net sales per store square foot	$ 201	$ 198
Total employment	7,100	6,300
Gross profit - percentage of sales	36.6%	36.5%
Operating profit - percentage of sales	4.0%	4.6%
Net income - percentage of sales	1.1%	1.2%
Debt-to-capital - percentage	62.8%	61.6%
Inventory turnover	2.3x	2.3x
Return on average equity	11%	11%

Quarterly Summary
(unaudited)

	Twelve Weeks Ended			Seventeen Weeks Ended
	(in thousands, except per share data)			
	November 18, 1995	February 10, 1996	May 4, 1996	August 31, 1996
Net sales	$463,029	$425,838	$524,175	$829,591
Increase in comparable store sales	5%	3%	8%	7%
Gross profit	$193,220	$176,033	$215,531	$350,211
Operating profit	55,397	43,424	60,432	109,681
Income before income taxes	55,397	43,424	59,705	108.439
Net income	34,797	27,324	37,605	67,439
Net income per share	0.23	0.18	0.25	0.44
Stock price range:				
High	$29.63	$30.13	$37.50	$37.13
Low	$24.75	$24.13	$25.75	$27.00

				Sixteen Weeks Ended
	November 19, 1994	February 11, 1995	May 6, 1995	August 26, 1995
Net sales	$389,763	$364,061	$425,483	$628,824
Increase in comparable store sales	8%	7%	5%	5%
Gross profit	$158,818	$149,080	$177,091	$266,109
Operating profit	45,408	39,201	53,114	89,935
Income before income taxes	45,834	39,398	53,114	89,935
Net income	27,634	23,836	32,414	54,897
Net income per share	0.19	0.16	0.22	0.37
Stock price range:				
High	$27.00	$26.88	$26.50	$27.50
Low	$21.75	$23.38	$23.00	$22.00

FINANCIAL REVIEW

RESULTS OF OPERATIONS

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

	FISCAL YEAR ENDED		
	AUGUST 31, 1996	AUGUST 26, 1995	AUGUST 27, 1994
Net sales	100.0%	100.0%	100.0%
Cost of sales, including warehouse and delivery expenses	58.3	58.5	58.8
Gross profit	41.7	41.5	41.2
Operating, selling, general and administrative expenses	29.7	28.9	28.6
Operating profit	12.0	12.6	12.6
Interest income (expense) - net	(0.1)		0.1
Income taxes	4.4	4.9	5.0
Net income	7.5%	7.7%	7.7%

FISCAL 1996 COMPARED TO FISCAL 1995

Net sales for fiscal 1996 increased by $434.5 million or 24.0% over net sales for fiscal 1995. This increase was due to a comparable store net sales increase of 6% (which was primarily due to sales growth in the Company's newer stores and added sales of the Company's commercial program), an increase in net sales of $275.1 million for stores opened since the beginning of fiscal 1995 and net sales for the 53rd week of fiscal 1996. At August 31, 1996, the Company had 1,423 stores in operation, a net increase of 280 stores, or approximately 26% in new store square footage for the year.

Gross profit for fiscal 1996 was $935.0 million, or 41.7% of net sales, compared with $751.1 million, or 41.5% of net sales, for fiscal 1995. The increase in gross profit percentage was due primarily to improved leveraging of warehouse and delivery expenses, favorable results of store and distribution center inventories and the added sales of higher margin ALLDATA products.

Operating, selling, general and administrative expenses for fiscal 1996 increased by $142.6 million over such expenses for fiscal 1995 and increased as a percentage of net sales from 28.9% to 29.7%. The increase in the expense ratio was primarily due to acquisition and operating costs of ALLDATA and to costs of the Company's commercial program.

Net interest expense for fiscal 1996 was $2.0 million compared with interest income of $0.6 million for fiscal 1995. The increase in interest expense was primarily due to higher levels of borrowing. At August 31, 1996, the Company had short-term borrowings, net of short-term investments, of $94.3 million compared with short-term borrowings, net of short term investments, of $10.8 million at August 26, 1995.

AutoZone's effective income tax rate was 37.4% of pre-tax income for fiscal 1996 and 39.2% for fiscal 1995. The decrease in the tax rate was primarily due to a reduction in state income taxes.

FISCAL 1995 COMPARED TO FISCAL 1994

Net sales for fiscal 1995 increased by $300.1 million or 19.9% over net sales for fiscal 1994. This increase was due to a comparable store net sales increase of 6%, which was primarily due to sales growth in the Company's newer stores, and an increase in net sales of $214.1 million for stores opened since the beginning of fiscal 1994. At August 26, 1995, the Company had 1,143 stores in operation, a net increase of 210 stores, or approximately 26% in new store square footage for the year.

Gross profit for fiscal 1995 was $751.1 million, or 41.5% of net sales, compared with $622.0 million, or 41.2% of net sales, for fiscal 1994. The increases in gross profit were due primarily to improved leveraging of warehouse and delivery expenses.

OPERATING PROFIT (% of sales)
[Bar Graph:
92: 10.3%
93: 11.5%
94: 12.6%
95: 12.6%
96: 12.0%]

NET INCOME (% of sales)
[Bar Graph:
92: 6.3%
93: 7.1%
94: 7.7%
95: 7.7%
96: 7.5%]

TOTAL ASSETS ($ in millions)
[Bar Graph:
92: $501
93: $697
94: $882

95: $1,112
96: $1,498]

NUMBER OF STORES AT YEAR-END
[Bar Graph:

92:678
93:783
94:933
95:1,143
96:1,423]

NEW STORES
[Bar Graph:
92:80
93:105
94:150
95:210
96:280]

TOTAL STORE SQ. FOOTAGE (% increase)
[Bar Graph:
92:17%
93:20%
94:23%
95:26%
96:26%]

Operating, selling, general and administrative expenses for fiscal 1995 increased by $92.2 million over such expenses for fiscal 1994 and increased as a percentage of net sales from 28.6% to 28.9%. The increase in the expense ratio was primarily due to expenses incurred in connection with the introduction of the call center and flexogram programs and increased net advertising expenses.

Net interest income for fiscal 1995 was $0.6 million compared with $2.2 million for fiscal 1994. The decrease in interest income was primarily due to lower levels of invested cash. At August 26, 1995, the Company had short-term borrowings, net of short-term investments, of $10.8 million compared with short-term investments, net of short-term borrowings, of $53.9 million at August 27, 1994.

AutoZone's effective income tax rate was 39.2% of pre-tax income for fiscal 1995 and 39.7% for fiscal 1994. The decrease in the tax rate was primarily due to a change in the effective state tax rate due to expansion in lower tax rate states.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary capital requirements have been the funding of its continued new store expansion program, the increase in distribution centers and inventory requirements. The Company has opened 825 stores and constructed six new distribution centers from the beginning of fiscal 1992 to August 31, 1996. The Company has financed this growth through a combination of internally generated funds and, to a lesser degree, borrowings. Net cash provided by operating activities was $174.2 million in fiscal 1996, $180.1 million in fiscal 1995 and $128.3 million in fiscal 1994.

Capital expenditures were $288.2 million in fiscal 1996, $258.1 million in fiscal 1995 and $173.0 million in fiscal 1994. The Company opened 280 stores in fiscal 1996 and completed construction of a new distribution center in Zanesville, Ohio, which commenced operations in February 1996. The Company completed the construction of and relocation to its new Memphis headquarters in the fall of 1995. Construction commitments totaled approximately $48 million at August 31, 1996.

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

The Company anticipates that it will rely on internally generated funds to support a majority of its capital expenditures and working capital requirements; the balance of such requirements will be funded through borrowings. The Company has revolving credit agreements with several banks providing for lines of credit in an aggregate amount of $125 million, including an increase of $50 million in January 1996. At August 31, 1996, the Company had available borrowings under these agreements of $30.6 million.

At August 31, 1996, the Company had outstanding stock options to purchase 9,759,756 shares of Common Stock. Assuming all such options become vested and are exercised, such options would result in proceeds of $175.3 million to the Company. Such proceeds constitute an additional source for liquidity and capital resources for the Company. For fiscal 1996, proceeds from sales of stock under stock option and employee stock purchase plans were $17.7 million, including related tax benefits.

RECENT ACCOUNTING PRONOUNCEMENTS

In October 1995, Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123) was issued. SFAS 123 encourages companies to adopt a fair value based method of accounting for stock-based compensation plans in place of the intrinsic value based method provided for by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). Companies which continue to apply the provisions of APB 25 must make pro forma disclosures in the notes to their financial statements of net income and earnings per share as if the fair value based method of accounting defined in SFAS 123 had been applied. The Company plans to adopt the pro forma disclosure provisions of SFAS 123 in fiscal year 1997.

In March 1995, Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (SFAS 121) was issued. SFAS 121 establishes accounting standards for the recognition of the impairment of long-lived assets, certain identifiable intangibles and goodwill related to those assets to be held and used, or to be disposed of. The Company does not believe the adoption of SFAS 121 in fiscal year 1997 will have a significant impact on the Company's financial condition or results of operations.

INFLATION

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

SEASONALITY AND QUARTERLY PERIODS

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

Each of the first three quarters of AutoZone's fiscal year consists of twelve weeks and the fourth quarter consists of sixteen weeks (seventeen weeks in fiscal 1996). Because the fourth quarter contains seasonally high sales volume and consists of sixteen weeks (seventeen weeks in fiscal 1996) compared to twelve weeks for each of the first three quarters, the Company's fourth quarter represents a disproportionate share of the annual net sales and net income. For fiscal 1996 and 1995, the fourth quarter represented 37.0% and 34.8%, respectively, of annual net sales and 40.3% and 39.6%, respectively, of net income.

AFTER TAX RETURN ON CAPITAL
[Bar Graph:
92: 17%
93: 18%
94: 19%
95: 19%
96: 18%]

SHAREHOLDERS' EQUITY ($ in millions)
[Bar Graph:
92: $278
93: $397
94: $528
95: $685
96: $866]

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended		
	August 31, 1996 (53 Weeks)	August 26, 1995 (52 Weeks)	August 27, 1994 (52 Weeks)
	(in thousands, except per share data)		
Net sales	$2,242,633	$1,808,131	$1,508,029
Cost of sales, including warehouse and delivery expenses	1,307,638	1,057,033	886,068
Operating, selling, general and administrative expenses	666,061	523,440	431,219
Operating profit	268,934	227,658	190,742
Interest income (expense) - net	(1,969)	623	2,244
Income before income taxes	266,965	228,281	192,986
Income taxes	99,800	89,500	76,600
Net income	$ 167,165	$ 138,781	$ 116,386
Net income per share	$ 1.11	$ 0.93	$ 0.78
Average shares outstanding, including common stock equivalents	151,238	149,302	148,726

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

	August 31, 1996	August 26, 1995
	(in thousands except per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,904	$ 6,411
Accounts receivable	15,466	9,690
Merchandise inventories	555,894	395,751
Prepaid expenses	19,225	13,329
Deferred income taxes	18,608	22,641
Total current assets	613,097	447,822
Property and equipment:		
Land	190,660	140,953
Buildings and improvements	523,240	328,398
Equipment	248,275	188,351
Leasehold improvements and interests	36,708	29,785
Construction in progress	62,283	104,869
	1,061,166	792,356
Less accumulated depreciation and amortization	198,292	148,148
	862,874	644,208
Other assets:		
Cost in excess of net assets acquired, net of accumulated amortization of $7,467 in 1996 and $6,851 in 1995	17,187	17,803
Deferred income taxes	2,938	
Other assets	2,301	1,945
	22,426	19,748
	$1,498,397	$1,111,778
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 381,304	$ 300,578
Accrued expenses	104,909	91,838
Checks outstanding, net	20,005	5,863
Income taxes payable	12,260	5,767
Revolving credit agreements	94,400	9,500
Current portion of long-term debt		4,003
Total current liabilities	612,878	417,549
Other liabilities	19,937	8,318
Deferred income taxes		1,201
Commitments and contingencies		
Shareholders' equity:		
Preferred Stock, authorized 1,000 shares; no shares issued and outstanding in 1996 and 1995		
Common Stock, par value $.01 per share, authorized 200,000 shares; issued and outstanding 150,137 shares in 1996 and 147,052 shares in 1995	1,501	1,471
Additional paid-in capital	235,247	196,625
Retained earnings	628,834	486,614
	865,582	684,710
	$1,498,397	$1,111,778

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended		
	August 31, 1996 (53 Weeks)	August 26, 1995 (52 Weeks)	August 27, 1994 (52 Weeks)
	(in thousands)		
Cash flows from operating activities:			
Net income	$167,165	$138,781	$116,386
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	62,919	47,733	32,429
Amortization of intangible and other assets	622	616	637
Deferred income tax expense (benefit)	6,082	(7,240)	(331)
Net loss (gain) on disposals of property and equipment	(735)	832	632
Net increase in accounts receivable and prepaid expenses	(7,564)	(6,091)	(1,236)
Net increase in merchandise inventories	(158,673)	(61,687)	(73,996)
Net increase in accounts payable, accrued expenses and checks outstanding	94,916	64,666	57,348
Net increase (decrease) in income taxes payable	6,493	578	(4,477)
Net change in other assets and liabilities	2,930	1,880	885
Net cash provided by operating activities	174,155	180,068	128,277
Cash flows from investing activities:			
Cash outflows for property and equipment	(288,182)	(258,060)	(172,975)
Proceeds from disposals of property and equipment	8,680	1,364	1,237
Net cash used in investing activities	(279,502)	(256,696)	(171,738)
Cash flows from financing activities:			
Repayment of long-term debt	(4,003)	(249)	(206)
Net increase in revolving credit agreements	84,900	9,500	
Net proceeds from sale of Common Stock, including related tax benefit	17,699	17,552	14,078
Principal collections on subscription notes receivable			1,300
Net cash provided by financing activities	98,596	26,803	15,172
Net decrease in cash and cash equivalents	(6,751)	(49,825)	(28,289)
Cash and cash equivalents at beginning of year	6,411	56,236	84,525
Beginning cash balance of pooled entity	4,244		
Cash and cash equivalents at end of year	$ 3,904	$ 6,411	$ 56,236
Supplemental cash flow information:			
Interest paid, net of interest cost capitalized	$ 1,971	$ 160	$ 85
Income taxes paid	$ 69,791	$ 81,862	$ 70,203

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock	Additional Paid-in Capital	Retained Earnings	Subscription Notes Receivable	Total
	(in thousands)				
Balance at August 28, 1993	$1,441	$165,025	$231,447	$ (1,300)	$396,613
Net income			116,386		116,386
Principal collections on subscription notes receivable				1,300	1,300
Sale of 1,303 shares of Common Stock under stock option and stock purchase plans	13	2,985			2,998
Tax benefit of exercise of stock options		11,080			11,080
Balance at August 27, 1994	1,454	179,090	347,833	-	528,377
Net income			138,781		138,781
Sale of 1,635 shares of Common Stock under stock option and stock purchase plans	17	5,335			5,352
Tax benefit of exercise of stock options		12,200			12,200
Balance at August 26, 1995	1,471	196,625	486,614	-	684,710
Net income			167,165		167,165
Equity of pooled entity issued (1,697 shares)	17	20,936	(24,945)		(3,992)
Sale of 1,386 shares of Common Stock under stock option and stock purchase plans	13	6,836			6,849
Tax benefit of exercise of stock options		10,850			10,850
Balance at August 31, 1996	$1,501	$235,247	$628,834	$ -	$865,582

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

BUSINESS: The Company is a specialty retailer of automotive parts and accessories. At the end of fiscal 1996, the Company operated 1,423 stores in 27 states.

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

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

MERCHANDISE INVENTORIES: Inventories are stated at the lower of cost or market using the last-in, first-out (LIFO) method. The Company believes that the LIFO method of inventory valuation results in a better matching of current costs and revenues. A number of retailers use the first-in, first-out (FIFO) method of inventory valuation. Cost of sales was approximately $100,000, $3,600,000 and $4,400,000 less in fiscal 1996, 1995 and 1994, respectively than if the FIFO method had been used.

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

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

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

ADVERTISING COSTS: The Company expenses advertising costs as incurred. Advertising expense, net of vendor rebates, was approximately $23,129,000, $18,531,000 and $9,306,000 in fiscal 1996, 1995 and 1994, respectively.

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

FINANCIAL INSTRUMENTS: The Company has certain financial instruments which include cash, accounts receivable, accounts payable, checks outstanding and revolving credit agreements. The carrying amounts of these financial instruments approximate fair value because of their short maturities.

INCOME TAXES: The Company accounts for income taxes under the liability method. Under this 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.

NET INCOME PER SHARE: Net income per share of common stock is computed using the weighted average number of shares of common stock outstanding during each period, including common stock equivalents, consisting of stock options calculated using the treasury stock method, when dilutive.

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

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

IMPAIRMENT OF LONG-LIVED ASSETS: SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," is effective for fiscal years beginning after December 15, 1995. This statement requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Also, in general, long-lived assets and certain identifiable intangibles to be disposed of should be reported at the lower of carrying amount or fair values less cost to sell. The impact of this new standard is not expected to have a material effect on the Company's financial position or results of operations.

NOTE B - ACCRUED EXPENSES

Accrued expenses consist of the following:

	AUGUST 31, 1996	AUGUST 26, 1995
	(in thousands)	
Medical and casualty insurance claims	$ 33,800	$36,835
Accrued compensation and related payroll taxes	18,490	19,489
Ad valorem and sales taxes	21,485	18,101
Other	31,134	17,413
	$ 104,909	$91,838

NOTE C - INCOME TAXES

At August 31, 1996, the Company has net operating loss carryforwards (NOLs) of approximately $14.5 million that expire in years 2000 through 2009. Those carryforwards resulted from the Company's acquisition of ALLDATA Corp. (see Note J - Business Combination). The use of the NOLs is limited to future taxable earnings of ALLDATA Corp. and is subject to annual limitations. A valuation allowance of $5,573,000 has been recognized to offset the deferred tax assets related to those carryforwards. If realized, the tax benefit for those NOLs will reduce income tax expense.

The provision for income taxes consists of the following:

	YEAR ENDED		
	AUGUST 31, 1996	AUGUST 26, 1995	AUGUST 27, 1994
	(in thousands)		
Current:			
Federal	$86,469	$81,460	$63,150
State	7,249	15,280	13,781
	93,718	96,740	76,931
Deferred:			
Federal	5,531	(6,160)	(250)
State	551	(1,080)	(81)
	6,082	(7,240)	(331)
	$99,800	$89,500	$76,600

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

	AUGUST 31, 1996	AUGUST 26, 1995
	(in thousands)	
Deferred tax assets:		
Insurance reserves	$11,282	$13,078
Unearned income	6,296	
Net operating loss carryforwards	5,573	
Other	5,767	11,874
	28,918	24,952
Less valuation allowance	(5,573)	
	23,345	24,952
Deferred tax liabilities:		
Property and equipment	1,799	3,512
Net deferred tax assets	$21,546	$21,440

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

	Year Ended		
	August 31, 1996	August 26, 1995	August 27, 1994
	(in thousands)		
Expected tax at statutory rate	$93,438	$79,898	$67,545
State income taxes, net	5,070	9,230	8,905
Other	1,292	372	150
	$99,800	$89,500	$76,600

Income tax benefits resulting from the exercise of certain non-qualified employee stock options were credited to additional paid-in capital because no expense was charged to income for financial reporting purposes in respect of such options.

NOTE D - FINANCING ARRANGEMENTS

On January 16, 1996, the Company increased its unsecured revolving credit agreements (the Revolver) with a group of banks by $50,000,000 for a line of credit totaling $125,000,000. The rate of interest payable under the Revolver is a function of the London Interbank Offered Rate (LIBOR) or the lending bank's base rate (or prime rate as defined by an individual bank), at the option of the Company. The commitments made under the Revolver expire on February 1, 1998, but may be extended for additional eighteen month periods with the consent of the lenders. At August 31, 1996, the Company's borrowings under the Revolver were $94,400,000 and the average interest rate was 5.67% and 6.06% at fiscal year-end 1996 and 1995, respectively. During the commitment period, the Company is obligated to pay a fee of .125% per annum for the unused portion of the $125,000,000 commitment. The Revolver contains a covenant limiting the amount of debt the Company may incur relative to its net worth.

Interest costs of $2,416,000 in fiscal 1996, $981,000 in fiscal 1995 and $446,000 in fiscal 1994 were capitalized.

NOTE E - EQUITY

The Company has issued options to purchase Common Stock to certain shareholders and employees. A summary of outstanding stock options is as follows:

	EXERCISE PRICE PER SHARE	NUMBER OF SHARES
Outstanding August 27, 1994	$ 0.63 - $29.00	9,147,829
Granted	23.38 - 26.38	2,356,855
Exercised	0.63 - 9.17	(1,532,139)
Canceled	1.63 - 29.00	(468,564)
Outstanding August 26, 1995	0.67 - 29.00	9,503,981
Assumed	2.24 - 4.86	221,841
Granted	25.13 - 35.13	1,621,395
Exercised	0.67 - 14.31	(1,332,588)

Canceled	4.89 - 28.25	(254,873)
Outstanding August 31, 1996	$ 0.79 - $35.13	9,759,756

Options to purchase 2,901,140 shares at August 31, 1996, and 3,211,405 shares at August 26, 1995, were exercisable. Shares reserved for future grants were 725,363 shares at August 31, 1996, and 2,091,885 shares at August 26, 1995.

The Company also has an employee stock purchase plan under which all eligible employees may purchase Common Stock at no less than 85% of fair market value (determined quarterly) through regular payroll deductions. Annual purchases are limited to $4,000 per employee. Under the plan, 226,541 shares were sold in fiscal 1996 and 228,571 shares were sold in fiscal 1995, including 173,572 and 125,219 shares, respectively, purchased by the Company for sale under the plan. A total of 473,068 shares of Common Stock is reserved for future issuance under this plan.

NOTE F - PENSION PLAN

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

The Company's funding policy is to make annual contributions in amounts at least equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

The following table sets forth the plan's funded status and amounts recognized in the Company's financial statements (in thousands):

	AUGUST 31, 1996	AUGUST 26, 1995
Actuarial present value of accumulated benefit obligation, including vested benefits of $17,225 in 1996 and $12,946 in 1995	$ 20,400	$ 15,444
Projected benefit obligation for service rendered to date	$ 31,533	$ 23,348
Less plan assets at fair value, primarily stocks and cash equivalents	27,367	18,616
Projected benefit obligation in excess of plan assets	4,166	4,732
Unrecognized prior service cost	(427)	(564)
Unrecognized net loss from past experience different from that assumed and effects of changes in assumptions	(3,470)	(3,799)
Unrecognized net asset	268	418
Accrued pension cost	$ 537	$ 787

Net pension cost included the following components (in thousands):

	Year Ended		
	August 31, 1996	August 26, 1995	August 27, 1994
Service cost of benefits earned during the year	$ 4,580	$ 3,536	$ 2,876
Interest cost on projected benefit obligation	1,748	1,367	1,097
Actual return on plan assets	(3,677)	(1,289)	(1,527)
Net amortization and deferral	2,518	481	1,261
Net periodic pension cost	$ 5,169	$ 4,095	$ 3,707

The actuarial present value of the projected benefit obligation was determined using weighted-average discount rates of 7.93% and 7.5% at August 31, 1996, and August 26, 1995, respectively, and assumed increases in future compensation levels of 6%. The expected long-term rate of return on plan assets was 7%. Prior service cost is amortized over the estimated average remaining service lives of the plan participants, and the unrecognized net experience gain or loss is amortized over five years.

NOTE G - LEASES

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

Rental expense was $30,626,000 for fiscal 1996, $26,460,000 for fiscal 1995 and $28,113,000 for fiscal 1994. Percentage rentals were insignificant.

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

Year	Amount
1997	$ 29,742
1998	26,788
1999	23,130
2000	20,678
2001	16,456
Thereafter	66,520
	$183,314

NOTE H - RELATED PARTY TRANSACTIONS

Management fees of $272,000 for fiscal 1996, $371,000 for fiscal 1995 and $402,000 for fiscal 1994 were paid to KKR Associates, which directly and through several limited partnerships, of which it is a general partner, owned approximately 13% and 43% of the Company's outstanding Common Stock at August 31, 1996 and August 26, 1995, respectively.

NOTE I - COMMITMENTS AND CONTINGENCIES

Construction commitments, primarily for new stores, totaled approximately $48 million at August 31, 1996.

The Company is a party to various claims and lawsuits arising in the normal course of business which, in the opinion of management, are not, singularly or in aggregate, material to the Company's financial position or results of operations.

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

NOTE J - BUSINESS COMBINATION

On March 29, 1996, ALLDATA Corp. (ALLDATA) became a wholly owned subsidiary of AutoZone in a stock-for-stock merger accounted for as a pooling of interests. ALLDATA has developed a database system that provides comprehensive and up-to-date automotive diagnostic, service and repair information, which it markets to professional repair shops. Under the terms of the merger agreement, AutoZone issued approximately 1.7 million shares of Common Stock and stock options covering approximately 200,000 shares of Common Stock. Financial information of ALLDATA has been included in the results of operations from the date of acquisition and is included in the balance sheet as of August 31, 1996. Financial statements for periods prior to the date of combination have not been restated as the effect is not material to the Company's financial condition and results of operations. The assets and liabilities of ALLDATA were approximately $17.4 million and $21.4 million, respectively, at the date of combination.

MANAGEMENT'S REPORT

AutoZone's management takes responsibility for the integrity and objectivity of the financial statements in this annual report. These financial statements were prepared from accounting records which management believes fairly and accurately reflect the operations and financial position of AutoZone.

The financial statements in this report were prepared in conformity with generally accepted accounting principles. In certain instances, management used its best estimates and judgments based upon currently available information and management's view of current conditions and circumstances.

Management maintains a system of internal controls designed to provide reasonable assurance that assets are protected from improper use and accounted for in accordance with its policies and that transactions are recorded accurately in the Company's records. The concept of reasonable assurance is based upon a recognition that the cost of the controls should not exceed the benefit derived.

The financial statements of AutoZone have been audited by Ernst & Young LLP, independent auditors. Their accompanying report is based on an audit conducted in accordance with generally accepted auditing standards, including a review of internal accounting controls and financial reporting matters.

/s/ Robert J. Hunt
- ------------------
Robert J. Hunt
Executive Vice President - Finance
Chief Financial Officer
Customer Satisfaction

REPORT OF INDEPENDENT AUDITORS

Shareholders
AutoZone, Inc.,

We have audited the accompanying consolidated balance sheets of AutoZone, Inc. as of August 31, 1996, and August 26, 1995, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended August 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of AutoZone, Inc. at August 31, 1996, and August 26, 1995, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended August 31, 1996, in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Memphis, Tennessee
September 23, 1996

CORPORATE INFORMATION

TRANSFER AGENT AND REGISTRAR
First Chicago Trust Company of New York
P.O. Box 2500
Jersey City, New Jersey 07303-2500
(800) 446-2617
(201) 324-0498

STOCK EXCHANGE LISTING
New York Stock Exchange
Ticker Symbol: AZO

AUDITORS
Ernst & Young LLP
Memphis, Tennessee

CORPORATE OFFICES
123 South Front Street
Memphis, Tennessee 38103-3607
(901) 495-6500

AUTOZONE WEB SITE
http://www.autozone.com

ANNUAL MEETING
The Annual Meeting of Shareholders of AutoZone will be held at 10:00 a.m. on December 12, 1996, at AutoZone Corporate Offices, 123 South Front Street, Memphis, Tennessee.

SEC FORM 10-K/QUARTERLY REPORTS

AutoZone does not produce quarterly reports because the information is not timely and is costly to distribute. Shareholders may obtain free of charge a copy of the Company's annual report on Form 10-K as filed with the Securities and Exchange Commission or our quarterly press releases by writing to Shareholder Relations, P.O. Box 2198, Memphis, Tennessee 38101-9842.

Copies of all documents filed by the company with the Securities and Exchange Commission, including Form 10-K and Form 10-Q, are also available at the SEC's EDGAR server at http://www.sec.gov.

SHAREHOLDERS OF RECORD
As of August 31, 1996, there were 2,772 shareholders of record.

OFFICERS

JOSEPH R. HYDE III
Chairman and CEO
Customer Satisfaction

JOHNSTON C. ADAMS JR.
Vice Chairman and COO
Customer Satisfaction

TIMOTHY D. VARGO
Vice Chairman
Customer Satisfaction

THOMAS S. HANEMANN
President
Customer Satisfaction

Other Corporate Officers
Customer Satisfaction

SHEILA GRACE STUEWE
Treasurer

DONALD R. RAWLINS
Assistant Secretary

Executive Vice Presidents
Customer Satisfaction

LAWRENCE E. EVANS
Store Development

ROBERT J. HUNT
Chief Financial Officer

SHAWN P. MCGHEE
Merchandising

Senior Vice Presidents
Customer Satisfaction

ANTHONY D. ROSE JR.
Advertising

STEPHEN W. VALENTINE
Systems Technology
& Support

Vice Presidents
Customer Satisfaction

RICHARD F. ADAMS JR.
Business Planning
& Analysis

MICHAEL B. BAIRD
Stores

DAVID W. BARCZAK
Real Estate

JON A. BASCOM
Systems Technology
& Support

B. CRAIG BLACKWELL
Stores

FRANCIS C. BROWN III
Human Resources

MICHAEL E. BUTTERICK
Controller

MARK A. CORDOVA
Stores

BRETT D. EASLEY
Merchandising Systems

HARRY L. GOLDSMITH
General Counsel
and Secretary

Phillip J. Jackson
Distribution

MICHAEL E. LONGO
Distribution

WILLIAM R. MCCAWLEY JR.
Stores

STEVEN R. MCCLANAHAN
Stores

GRANTLAND E. MCGEE JR.
Stores

JOHN MINERVINI
Business Development

WILLIAM E. SHULL III
Stores

DAVID WILHITE
Merchandising

BOARD OF DIRECTORS

JOSEPH R. HYDE III
Chairman and CEO
Customer Satisfaction

JOHNSTON C. ADAMS JR.
Vice Chairman and COO
Customer Satisfaction

TIMOTHY D. VARGO
Vice Chairman
Customer Satisfaction

THOMAS S. HANEMANN
President
Customer Satisfaction

ANDREW M. CLARKSON
Chairman
Finance Committee
Customer Satisfaction

DR. N. GERRY HOUSE
Superintendent
Memphis City Schools

JAMES F. KEEGAN
Managing Director
Weibel Huffman Keegan, Inc.

HENRY R. KRAVIS
General Partner
Kohlberg, Kravis, Roberts

ROBERT I. MACDONNELL
General Partner
Kohlberg, Kravis, Roberts

MICHAEL W. MICHELSON
General Partner
Kohlberg, Kravis, Roberts

JOHN E. MOLL
Retired President
The Fleming Companies, Inc.

GEORGE R. ROBERTS
General Partner
Kohlberg, Kravis, Roberts

RONALD A. TERRY
Retired Chairman
First Tennessee
National Corporation

[Graphic: Map of United States showing number of AutoZone locations per state:]

1,423 STORES
27 STATES

[Alabama	74
Arizona	52
Arkansas	37
Colorado	24
Florida	61
Georgia	87
Illinois	43
Indiana	66
Kansas	7
Kentucky	42
Louisiana	68
Michigan	9
Mississippi	58
Missouri	56
New Mexico	22
North Carolina	79
Ohio	138
Oklahoma	56
Pennsylvania	10
South Carolina	41
Tennessee	102
Texas	239
Utah	15
Virginia	23
West Virginia	12
Wisconsin	1
Wyoming	1]

STORES OPENED FISCAL YEAR 1996

ALABAMA
Anniston (R)
Bay Minette
Birmingham (R)
Clanton
Florence
Fort Payne
Gadsden
Huntsville
Leeds
Madison
Monroeville
Oneonta
Prichard
Thomasville
Tuscaloosa
Tuscumbia

ARIZONA
Casa Grande (R)
Coolidge
Glendale
Mesa (R)
Phoenix (2, 3R)
Tucson (1,1R)

ARKANSAS
Fort Smith
Harrison
Pine Bluff
Russellville (R)
Siloam Springs

COLORADO
Aurora
Ft. Morgan
Wheat Ridge

FLORIDA
Bartow
Bermuda
Clermont
Crystal River
Dade City
Deland
Dunedin
Ensley
Eustis
Inverness
Leesburg
Marianna
Melbourne
Ocala (2)
Orange City
Orlando (3)

GEORGIA
Atlanta
Bainbridge
Cornelia
Decatur (2)
East Point
Fayetteville
Hephzibah
Kennesaw
Marietta
Martinez
Statesboro
Thomasville (R)
Thomson
Warner Robins
Winder

ILLINOIS
Belleville
Harrisburg
Joliet
Litchfield
Paris
Salem
Waterloo

INDIANA
Bloomington
Boonville
Crawfordsville
Evansville
Indianapolis (2)
Jeffersonville
Lawrenceburg
Martinsville
Princeton
Salem
Tell City

KANSAS
Chanute
Ft. Scott
Independence
Iola
Parsons
Pittsburg

KENTUCKY
Beaver Dam
Cynthiana
Florence
Harrodsburg
Leitchfield
London
Maysville

LOUISIANA (CONT.)
New Orleans
Plaquemine
Sulphur

MISSISSIPPI
Brandon
Canton
Greenville (R)
Indianola
Iuka
Jackson (R)
Lucedale
Magee
Olive Branch
Philadelphia
Ripley
Senatobia
Tupelo
Waynesboro
West Point

MISSOURI
Aurora
Bolivar
Cape Girardeau (R)
Carthage
Dexter
Florissant (R)
Jackson
Joplin
Lebanon
Macon
Mehlville (1, 1R)
Mexico
Nevada
Perryville
Springfield (2)
Troy
Warrensburg

NEW MEXICO
Deming
Farmington (R)
Las Cruces

NORTH CAROLINA
Asheville
Belmont
Charlotte (2, 1R)
Dunn (R)
Greensboro (4, 2R)
Lumberton
Mooresville
Morehead City

OHIO
Amelia
Amherst
Boardman
Brunswick
Bucyrus
Calcutta
Centerville
Chillicothe
Conneaut
Delphos
East Liverpool
Fostoria
Geneva
Georgetown
Hamilton
Harrison
Heath
Ironton
Logan
Lorain
Marysville
Mason
Mentor on the Lake
Milford
Mt. Vernon
North Madison
Oxford
Painesville
Parma
Perrysburg
Sandusky
St. Clairsville
Symmes Township
Warren (2)
Washington Court Hse
Wintersville
Woodlawn
Wooster
Youngstown (4)

OKLAHOMA
Hugo
Mustang
Pryor
Tahlequah
Tulsa (2)
Wagoner
Weatherford
Woodward

PENNSYLVANIA
Allison Park
East Rochester
Greenville

SOUTH CAROLINA
Aiken
Camden
Darlington
Laurens
Lexington
Rock Hill

TENNESSEE
Cordova
Dickson (R)
Greeneville (R)
Harriman
Jackson
Jefferson City
La Follette
Madison (R)
Martin
Memphis (1, 2R)
Morristown
Murfreesboro
Nashville (2, 1R)
Newport
Rogersville
Selmer
Sparta

TEXAS
Angleton
Arlington
Belton
Benbrook
Clute (R)
Corpus Christi
De Soto
Denison
El Campo
El Paso (3, 1R)
Gainesville
Garland (2)
Hewitt
Hidalgo
Houston (3, 1R)
Lancaster
Laredo
Lockhart
Pearland
San Antonio (3, 1R)
Santa Fe
Waco

VIRGINIA
Charlottesville
Cheasapeake
Newport News

Palm Bay
Pensacola
Quincy
Sanford
St. Cloud
Winter Haven (2)

Nicholasville
Owensboro (2)
Princeton

LOUISIANA
Arabi (R)
Bastrop
Franklinton
Marrero

Mount Airy
Reidsville
Rockingham
Roxboro
Smithfield
Tarboro
Washington
Wilmington
Winston-Salem

Grove City
Hermitage
Huntingdon
New Castle
Sharon
Uniontown
Waynesburg

Norfolk
Richmond

WEST VIRGINIA
Logan
Moundsville
New Martinsville
Oak Hill

(R) - Indicates replacement store.

[AUTOZONE LOGO]

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

Subsidiary	State of Organization or Incorporation
Alldata Corporation	Delaware
AutoZone Development Corporation	Nevada
AutoZone Marketing Company	Nevada
AutoZone Properties, Inc.	Nevada
AutoZoners, Inc.	Nevada
AutoZone Stores, Inc.	Nevada
AutoZone Texas, L.P.	Delaware

EXHIBIT 23.1

Consent of Independent Auditors

Shareholders and Board of Directors
AutoZone, Inc.

We consent to the incorporation by reference in this Annual Report (Form 10-K) of AutoZone, Inc. of our report dated September 23, 1996, included in the 1996 Annual Report to Shareholders of AutoZone, Inc.

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

We also consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-41308) pertaining to the AutoZone, Inc. Employee Stock Purchase Plan and the Registration Statement (Form S-8 and Form S-3 No. 33-41618) pertaining to the Amended and Restated Stock Option Plan of AutoZone, Inc. of our report dated September 23, 1996, with respect to the financial statements of AutoZone, Inc. incorporated by reference and the schedule included in the Annual Report (Form 10-K) for the year ended August 31, 1996.

/s/ ERNST & YOUNG LLP

Memphis, Tennessee
November 26, 1996

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED AUGUST 31, 1996, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

YEAR
AUG-31-1996
AUG-27-1995
AUG-31-1996
3,904
0
15,466
0
555,894
613,097
1,061,166
198,292
1,498,397
612,878
0
0
0
1,501
864,081
1,498,397
2,242,633
2,242,633
1,307,638
1,307,638
666,061
0
1,969
266,965
99,800
167,165
0
0
0
167,165
1.11
1.11