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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended May 4, 2019, or

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

Commission file number 1-10714

AUTOZONE, INC.

(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	**62-1482048** (I.R.S. Employer Identification No.)
123 South Front Street, Memphis, Tennessee (Address of principal executive offices)	**38103** (Zip Code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒
Accelerated filer ☐
Non-accelerated filer ☐
Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on which Registered
Common Stock ($0.01 par value)	**AZO**	**New York Stock Exchange**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
Common Stock, $.01 Par Value – 24,528,705 shares outstanding as of May 31, 2019.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

AUTOZONE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in thousands)	May 4, 2019	August 25, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 174,058	$ 217,824
Accounts receivable	281,610	258,136
Merchandise inventories	4,325,659	3,943,670
Other current assets	190,013	216,239
Total current assets	4,971,340	4,635,869
Property and equipment:		
Property and equipment	7,556,743	7,291,623
Less: Accumulated depreciation and amortization	(3,231,813)	(3,073,223)
	4,324,930	4,218,400
Goodwill	302,645	302,645
Deferred income taxes	35,150	34,620
Other long-term assets	139,675	155,446
	477,470	492,711
	$ 9,773,740	$ 9,346,980
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 4,693,094	$ 4,409,372
Accrued expenses and other	595,618	606,894
Income taxes payable	28,177	12,415
Total current liabilities	5,316,889	5,028,681
Long-term debt	5,151,917	5,005,930
Deferred income taxes	301,080	285,204
Other long-term liabilities	593,367	547,520
Commitments and contingencies	–	–
Stockholders' deficit:		
Preferred stock, authorized 1,000 shares; no shares issued	–	–
Common stock, par value $.01 per share, authorized 200,000 shares; 25,385 shares issued and 24,611 shares outstanding as of May 4, 2019; 27,530 shares issued and 25,742 shares outstanding as of August 25, 2018	254	275
Additional paid-in capital	1,229,524	1,155,426
Retained deficit	(1,870,576)	(1,208,824)
Accumulated other comprehensive loss	(236,612)	(235,805)
Treasury stock, at cost	(712,103)	(1,231,427)
Total stockholders' deficit	(1,589,513)	(1,520,355)
	$ 9,773,740	$ 9,346,980

See Notes to Condensed Consolidated Financial Statements.

AUTOZONE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(in thousands, except per share data)	Twelve Weeks Ended		Thirty-Six Weeks Ended	
	May 4, 2019	May 5, 2018	May 4, 2019	May 5, 2018
Net sales	$ 2,783,006	$ 2,660,152	$ 7,875,307	$ 7,662,309
Cost of sales, including warehouse and delivery expenses	1,290,986	1,237,178	3,640,706	3,596,442
Gross profit	1,492,020	1,422,974	4,234,601	4,065,867
Operating, selling, general and administrative expenses	944,497	877,209	2,799,239	2,846,250
Operating profit	547,523	545,765	1,435,362	1,219,617
Interest expense, net	43,239	41,958	123,608	120,186
Income before income taxes	504,284	503,807	1,311,754	1,099,431
Income taxes	98,335	137,086	259,762	162,177
Net income	$ 405,949	$ 366,721	$ 1,051,992	$ 937,254
Weighted average shares for basic earnings per share	24,836	26,926	25,210	27,306
Effect of dilutive stock equivalents	558	403	501	463
Weighted average shares for diluted earnings per share	25,394	27,329	25,711	27,769
Basic earnings per share	$ 16.35	$ 13.62	$ 41.73	$ 34.32
Diluted earnings per share	$ 15.99	$ 13.42	$ 40.92	$ 33.75

See Notes to Condensed Consolidated Financial Statements.

AUTOZONE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(in thousands)	Twelve Weeks Ended		Thirty-Six Weeks Ended	
	May 4, 2019	May 5, 2018	May 4, 2019	May 5, 2018
Net income	$ 405,949	$ 366,721	$ 1,051,992	$ 937,254
Other comprehensive income (loss):				
Pension liability adjustments, net of taxes[1]	–	1,847	–	5,524
Foreign currency translation adjustments	(1,409)	(10,674)	(2,650)	(46,384)
Unrealized gains (losses) on marketable debt securities, net of taxes[2]	246	(318)	677	(892)
Net derivative activities, net of taxes[3]	388	390	1,166	1,170
Total other comprehensive loss	(775)	(8,755)	(807)	(40,582)
Comprehensive income	$ 405,174	$ 357,966	$ 1,051,185	$ 896,672

(1) Pension liability adjustments in fiscal 2018 are presented net of taxes of $631 for the twelve weeks ended and $1,909 for the thirty-six weeks ended.
(2) Unrealized gains (losses) on marketable debt securities are presented net of taxes of $65 in fiscal 2019 and $154 in fiscal 2018 for the twelve weeks ended and $180 in fiscal 2019 and $463 in fiscal 2018 for the thirty-six weeks ended.
(3) Net derivative activities are presented net of taxes of $120 in fiscal 2019 and $119 in fiscal 2018 for the twelve weeks ended and $360 for fiscal 2019 and $356 in fiscal 2018 for the thirty-six weeks ended.

See Notes to Condensed Consolidated Financial Statements.

AUTOZONE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands)	Thirty-Six Weeks Ended May 4, 2019	Thirty-Six Weeks Ended May 5, 2018
Cash flows from operating activities:		
Net income	$ 1,051,992	$ 937,254
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment and intangibles	251,118	237,091
Amortization of debt origination fees	5,506	5,858
Deferred income taxes	17,111	(135,972)
Share-based compensation expense	31,529	29,559
Asset impairments	–	193,162
Changes in operating assets and liabilities:		
Accounts receivable	(21,616)	4,254
Merchandise inventories	(384,883)	(255,112)
Accounts payable and accrued expenses	259,629	173,355
Income taxes payable	10,585	18,500
Other, net	65,664	48,407
Net cash provided by operating activities	1,286,635	1,256,356
Cash flows from investing activities:		
Capital expenditures	(313,847)	(327,148)
Purchase of marketable debt securities	(38,855)	(90,192)
Proceeds from sale of marketable debt securities	61,052	79,514
Proceeds from disposal of capital assets and other, net	6,358	35,166
Net cash used in investing activities	(285,292)	(302,660)
Cash flows from financing activities:		
Net payments of commercial paper	(348,500)	(129,600)
Proceeds from issuance of debt	750,000	–
Repayment of debt	(250,000)	–
Net proceeds from sale of common stock	164,927	69,694
Purchase of treasury stock	(1,313,116)	(927,155)
Payments of capital lease obligations	(38,428)	(36,866)
Other, net	(8,360)	(1,247)
Net cash used in financing activities	(1,043,477)	(1,025,174)
Effect of exchange rate changes on cash	(1,632)	(3,406)
Decrease in cash and cash equivalents	(43,766)	(74,884)
Cash and cash equivalents at beginning of period	217,824	293,270
Cash and cash equivalents at end of period	$ 174,058	$ 218,386

See Notes to Condensed Consolidated Financial Statements.

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AUTOZONE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(Unaudited)

(in thousands)	Twelve Weeks Ended						
	Common Shares Issued	Common Stock	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at February 9, 2019	25,259	$ 253	$ 1,163,831	$ (2,276,525)	$ (235,837)	$ (246,084)	$ (1,594,362)
Net income				405,949			405,949
Total other comprehensive loss					(775)		(775)
Purchase of 472 shares of treasury stock						(466,019)	(466,019)
Issuance of common stock under stock options and stock purchase plans	126	1	57,347				57,348
Share-based compensation expense			8,346				8,346
Balance at May 4, 2019	25,385	$ 254	$ 1,229,524	$ (1,870,576)	$ (236,612)	$ (712,103)	$ (1,589,513)
Balance at February 10, 2018	27,465	$ 275	$ 1,112,747	$ (1,990,316)	$ (286,384)	$ (166,869)	$ (1,330,547)
Net income				366,721			366,721
Total other comprehensive loss					(8,755)		(8,755)
Purchase of 599 shares of treasury stock						(399,700)	(399,700)
Issuance of common stock under stock options and stock purchase plans	11		3,778				3,778
Share-based compensation expense			6,900				6,900
Balance at May 5, 2018	27,476	$ 275	$ 1,123,425	$ (1,623,595)	$ (295,139)	$ (566,569)	$ (1,361,603)

(in thousands)	Thirty-Six Weeks Ended						
	Common Shares Issued	Common Stock	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at August 25, 2018	27,530	$ 275	$ 1,155,426	$ (1,208,824)	$ (235,805)	$ (1,231,427)	$ (1,520,355)
Cumulative effect of adoption of ASU 2014-09				(6,773)			(6,773)
Balance at August 25, 2018, as adjusted	27,530	$ 275	$ 1,155,426	$ (1,215,597)	$ (235,805)	$ (1,231,427)	$ (1,527,128)
Net income				1,051,992			1,051,992
Total other comprehensive loss					(807)		(807)
Retirement of treasury shares	(2,563)	(26)	(125,443)	(1,706,971)		1,832,440	–
Purchase of 1,548 shares of treasury stock						(1,313,116)	(1,313,116)
Issuance of common stock under stock options and stock purchase plans	418	5	171,289				171,294
Share-based compensation expense			28,252				28,252
Balance at May 4, 2019	25,385	$ 254	$ 1,229,524	$ (1,870,576)	$ (236,612)	$ (712,103)	$ (1,589,513)
Balance at August 26, 2017	28,735	$ 287	$ 1,086,671	$ (1,642,387)	$ (254,557)	$ (618,391)	$ (1,428,377)
Net income				937,254			937,254
Total other comprehensive loss					(40,582)		(40,582)
Retirement of treasury shares	(1,512)	(15)	(60,500)	(918,462)		978,977	–
Purchase of 1,424 shares of treasury stock						(927,155)	(927,155)
Issuance of common stock under stock options and stock purchase plans	253	3	69,887				69,890
Share-based compensation expense			27,367				27,367
Balance at May 5, 2018	27,476	$ 275	$ 1,123,425	$ (1,623,595)	$ (295,139)	$ (566,569)	$ (1,361,603)

See Notes to Condensed Consolidated Financial Statements.

AUTOZONE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note A – General

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") for interim financial information and are presented in accordance with the requirements of Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission's (the "SEC") rules and regulations. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments, including normal recurring accruals, considered necessary for a fair presentation have been included. For further information, refer to the consolidated financial statements and related notes included in the AutoZone, Inc. ("AutoZone" or the "Company") Annual Report on Form 10-K for the year ended August 25, 2018.

Operating results for the twelve and thirty-six weeks ended May 4, 2019 are not necessarily indicative of the results that may be expected for the full fiscal year ending August 31, 2019. Each of the first three quarters of AutoZone's fiscal year consists of 12 weeks, and the fourth quarter consists of 16 or 17 weeks. The fourth quarter of fiscal 2019 has 17 weeks and fiscal 2018 had 16 weeks. Additionally, the Company's business is somewhat seasonal in nature, with the highest sales generally occurring during the months of February through September and the lowest sales generally occurring in the months of December and January.

Recently Adopted Accounting Pronouncements:

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606).* This ASU, along with subsequent ASUs issued to clarify certain provisions of ASU 2014-09, is a comprehensive new revenue recognition model that expands disclosure requirements and requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration a company expects to receive in exchange for those goods or services. It also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Companies that transition to this new standard may either retrospectively restate each prior reporting period or follow the modified retrospective method, which reflects the cumulative effect of initially applying the updates with an adjustment to retained earnings at the date of adoption. The Company adopted this standard using the modified retrospective approach with its first quarter ended November 17, 2018. Results for the twelve and thirty-six weeks ended May 4, 2019 were presented under ASU 2014-09, while prior period amounts were not adjusted and continue to be reported under the accounting standards in effect for the prior periods. The cumulative effect of the adoption of ASU 2014-09 did not have a material impact on the Company's consolidated financial condition, results of operations, cash flows, business processes, controls or systems. Refer to "Note M – Revenue Recognition."

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other than Inventory*. ASU 2016-16 requires that an entity recognize the income tax consequences of an intra-entity transfer of assets other than inventory when the transfer occurs. The guidance must be applied using the modified retrospective approach. The Company adopted this standard with its first quarter ended November 17, 2018 and evaluated the effects from this adoption. The Company determined the provision of ASU 2016-16 did not have an impact on the Company's consolidated financial statements.

On August 17, 2018, the SEC adopted a final rule that eliminates or amends certain disclosure requirements that were deemed redundant and outdated in light of changes in SEC requirements, U.S. GAAP or changes in technology or the business environment. The rule also requires registrants to include in their interim financial statements a reconciliation of changes in stockholders' equity in the notes or as a separate statement. The analysis should reconcile the beginning balance to the ending balance of each caption in shareholders' equity for each period for which an income statement is required to be filed. The final rule became effective November 5, 2018. The Company has provided a reconciliation for the quarterly period as well as the comparable prior period in its Form 10-Q beginning with its first quarter ended November 17, 2018. The eliminated or amended disclosures did not have a material impact on the Company's unaudited Condensed Consolidated Financial Statements.

Recently Issued Accounting Pronouncements:

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* ASU 2016-02 requires a two-fold approach for lessee accounting, under which a lessee will account for leases as finance leases or operating leases. For all leases with terms greater than 12 months, both lease classifications will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on its balance sheet, with differing methodology for income statement recognition. This guidance also requires certain quantitative and qualitative disclosures about leasing arrangements. The amendment will be effective for the Company at the beginning of its fiscal 2020 year, and early adoption is permitted. As originally issued, this guidance required a modified retrospective approach for all leases existing or entered into after the beginning of the earliest comparative period in the consolidated financial statements. In July 2018, the FASB issued additional guidance, which allows companies to record the cumulative effect of applying the new standard as an adjustment to the opening balance of retained earnings in the year of adoption, which the Company intends to apply, as an alternative to the modified retrospective approach.

The Company intends to elect transition practical expedients under which the Company will not be required to reassess (i) whether expired or existing contracts are or contain leases as defined by the new standard, (ii) the classification of such leases, and (iii) whether previously capitalized initial direct costs would qualify for capitalization under the new standard.

The Company established a cross-functional implementation team to evaluate and identify the impact of ASU 2016-02 on the Company's consolidated financial position, results of operations and cash flows. The implementation team has completed its internal evaluation of existing contractual arrangements, has successfully tested computations in the Company's lease administration system, and has developed a process to compute the discount rate as required by the new standard. The Company is currently in the process of identifying changes to its business processes and controls to support the adoption of the new standard. The team is continuing to understand the full analysis of the adoption, but has not concluded the assessment of the impact at this time. The Company anticipates the adoption of this new standard to result in a significant increase in lease-related assets and liabilities on the Company's Consolidated Balance Sheets. The impact on the Company's Consolidated Statements of Income is currently being evaluated. As the impact of this standard is non-cash in nature, the Company does not anticipate its adoption to have an impact on the Company's Consolidated Statement of Cash Flows.

In June 2018, the FASB issued ASU 2018-07, *Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. ASU 2018-07 aims to simplify the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. The amendment will be effective for the Company at the beginning of its fiscal 2020 year, and early adoption is permitted. The Company does not expect the provisions of ASU 2018-07 to have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other Internal Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The amendments in this update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. ASU 2018-15 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the new guidance to determine the impact the adoption of this guidance will have on the Company's results of operations, cash flows and financial condition.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which was subsequently amended in November 2018 through ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments Credit Losses.* ASU 2016-13 will require entities to estimate lifetime expected credit losses for trade and other receivables, net investments in leases, financial receivables, debt securities, and other instruments, which will result in earlier recognition of credit losses. Further, the new credit loss model will affect how entities in all industries estimate their allowance for loss receivables that are current with respect to their payment terms. ASU 2018-19 further clarifies that receivables of operating leases should be accounted for in accordance with ASU 2016-02, *Leases (Topic 842)*. ASU 2016-13 will be effective for the Company at the beginning of its fiscal 2021 year. The Company is currently evaluating the new guidance to determine the impact the adoption of this guidance will have on the Company's results of operations, cash flows, and financial condition.

Note B – Share-Based Payments

AutoZone maintains the Amended 2011 Equity Plan, which provides equity-based compensation to non-employee directors and eligible employees for their service to AutoZone, its subsidiaries or affiliates. The Company recognizes compensation expense for share-based payments based on the fair value of the awards at the grant date. Share-based payments include stock option grants, restricted stock grants, restricted stock unit grants and the discount on shares sold to employees under share purchase plans. Additionally, directors' fees are paid in restricted stock units with value equivalent to the value of shares of common stock as of the grant date. The change in fair value of liability-based stock awards is also recognized in share-based compensation expense.

Stock Options:

The Company made stock option grants of 172,750 shares during the thirty-six week period ended May 4, 2019, and granted options to purchase 284,335 shares during the comparable prior year period. The weighted average fair value of the stock option awards granted during the thirty-six week periods ended May 4, 2019 and May 5, 2018, using the Black-Scholes-Merton multiple-option pricing valuation model, was $208.37 and $129.12 per share, respectively, using the following weighted average key assumptions:

	Thirty-Six Weeks Ended	
	May 4, 2019	**May 5, 2018**
Expected price volatility	21%	20%
Risk-free interest rate	3.0%	1.9%
Weighted average expected lives (in years)	5.6	5.1
Forfeiture rate	10%	10%
Dividend yield	0%	0%

During the thirty-six week period ended May 4, 2019, 408,657 stock options were exercised at a weighted average exercise price of $412.75. In the comparable prior year period, 243,370 stock options were exercised at a weighted average exercise price of $281.72.

Restricted Stock Units:
The Company made restricted stock unit grants of 10,507 shares to eligible employees during the thirty-six week period ended May 4, 2019 and none in the comparable prior year period. The fair value of the restricted stock unit grants is the closing price of the Company's common stock on the grant date and the grants vest ratably on an annual basis over a four-year service period. Restricted stock unit awards are payable in shares of common stock on the vesting date. Compensation expense for grants of employee restricted stock units is recognized on a straight-line basis over the four-year service period, less estimated forfeitures, which are consistent with stock option grant forfeiture assumptions.

The weighted average fair value per restricted stock unit granted was $773.57. As of May 4, 2019, total unrecognized stock-based compensation expense related to nonvested restricted stock unit awards, net of estimated forfeitures, was approximately $6.2 million, before income taxes, which we expect to recognize over an estimated weighted average period of 3.4 years.

Total share-based compensation expense (a component of Operating, selling, general and administrative expenses) was $10.0 million for the twelve week period ended May 4, 2019, and $5.8 million for the comparable prior year period. Total share-based compensation was $31.5 million for the thirty-six week period ended May 4, 2019, and $29.6 million for the comparable prior year period.

For the twelve week period ended May 4, 2019, 4,177 stock options were excluded from the diluted earnings per share computation because they would have been anti-dilutive. For the comparable prior year period, 861,595 anti-dilutive shares were excluded from the dilutive earnings per share computation. There were 149,648 anti-dilutive shares excluded from the diluted earnings per share computation for the thirty-six week period ended May 4, 2019, and 850,421 anti-dilutive shares excluded for the comparable prior year period.

See AutoZone's Annual Report on Form 10-K for the year ended August 25, 2018, for a discussion regarding the methodology used in developing AutoZone's assumptions to determine the fair value of the option awards and a description of AutoZone's Amended and Restated 2011 Equity Incentive Award Plan, the 2011 Director Compensation Program and the 2014 Director Compensation Plan.

Note C – Fair Value Measurements

The Company defines fair value as the price received to transfer an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with ASC 820, *Fair Value Measurements and Disclosures*, the Company uses the fair value hierarchy, which prioritizes the inputs used to measure fair value. The hierarchy, as defined below, gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are set forth below:

Level 1 inputs—unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs—inputs other than quoted market prices included within Level 1 that are observable, either directly or indirectly, for the asset or liability.

Level 3 inputs—unobservable inputs for the asset or liability, which are based on the Company's own assumptions as there is little, if any, observable activity in identical assets or liabilities.

Financial Assets & Liabilities Measured at Fair Value on a Recurring Basis
The Company's assets and liabilities measured at fair value on a recurring basis were as follows:

	May 4, 2019			
(in thousands)	Level 1	Level 2	Level 3	Fair Value
Other current assets	$ 39,068	$ 4,930	$ –	$ 43,998
Other long-term assets	61,735	7,602	–	69,337
	$ 100,803	$ 12,532	$ –	$ 113,335

	August 25, 2018			
(in thousands)	Level 1	Level 2	Level 3	Fair Value
Other current assets	$ 55,711	$ 3,733	$ –	$ 59,444
Other long-term assets	58,973	16,259	–	75,232
	$ 114,684	$ 19,992	$ –	$ 134,676

At May 4, 2019, the fair value measurement amounts for assets and liabilities recorded in the accompanying Condensed Consolidated Balance Sheets consisted of short-term marketable debt securities of $44.0 million, which are included within Other current assets, and long-term marketable debt securities of $69.3 million, which are included in Other long-term assets. The Company's marketable debt securities are typically valued at the closing price in the principal active market as of the last business day of the quarter or through the use of other market inputs relating to the securities, including benchmark yields and reported trades. The fair values of the marketable debt securities, by asset class, are described in "Note D – Marketable Debt Securities."

Financial Instruments not Recognized at Fair Value

The Company has financial instruments, including cash and cash equivalents, accounts receivable, other current assets and accounts payable. The carrying amounts of these financial instruments approximate fair value because of their short maturities. A discussion of the carrying values and fair values of the Company's debt is included in "Note G – Financing."

Note D – Marketable Debt Securities

The Company's basis for determining the cost of a security sold is the "Specific Identification Model." Unrealized gains (losses) on marketable debt securities are recorded in Accumulated other comprehensive loss. The Company's available-for-sale marketable debt securities consisted of the following:

	May 4, 2019			
(in thousands)	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt securities	$ 40,182	$ –	$ (301)	$ 39,881
Government bonds	42,345	180	(34)	42,491
Mortgage-backed securities	2,466	–	(44)	2,422
Asset-backed securities and other	28,586	–	(45)	28,541
	$ 113,579	$ 180	$ (424)	$ 113,335

	August 25, 2018			
(in thousands)	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt securities	$ 50,306	$ –	$ (684)	$ 49,622
Government bonds	28,777	–	(173)	28,604
Mortgage-backed securities	3,248	–	(90)	3,158
Asset-backed securities and other	53,445	–	(153)	53,292
	$ 135,776	$ –	$ (1,100)	$ 134,676

The debt securities held at May 4, 2019, had effective maturities ranging from less than one year to approximately three years. The Company did not realize any material gains or losses on its marketable debt securities during the thirty-six week period ended May 4, 2019.

The Company holds 84 securities that are in an unrealized loss position of approximately $424 thousand at May 4, 2019. The Company has the intent and ability to hold these investments until recovery of fair value or maturity and does not deem the investments to be impaired on an other than temporary basis. In evaluating whether the securities are deemed to be impaired on an other than temporary basis, the Company considers factors such as the duration and severity of the loss position, the credit worthiness of the investee, the term to maturity and the intent and ability to hold the investments until maturity or until recovery of fair value.

Included above in total marketable debt securities are $87.5 million of marketable debt securities transferred by the Company's insurance captive to a trust account to secure its obligations to an insurance company related to future workers' compensation and casualty losses.

Note E – Derivative Financial Instruments

At May 4, 2019, the Company had $6.3 million recorded in Accumulated other comprehensive loss related to realized losses associated with terminated interest rate swap and treasury rate lock derivatives, which were designated as hedging instruments. Net losses are amortized into Interest expense over the remaining life of the associated debt. During the twelve week period ended May 4, 2019 and the comparable prior year period, the Company reclassified $508 thousand of net losses from Accumulated other comprehensive loss to Interest expense. During the thirty-six week period ended May 4, 2019 and the comparable prior year period, the Company reclassified $1.5 million of net losses from Accumulated other comprehensive loss to Interest expense. The Company expects to reclassify $2.2 million of net losses from Accumulated other comprehensive loss to Interest expense over the next 12 months.

Note F – Merchandise Inventories

Merchandise inventories are stated at the lower of cost or market. Merchandise inventories include related purchasing, storage and handling costs. Inventory cost has been determined using the last-in, first-out ("LIFO") method for domestic inventories and the weighted average cost method for Mexico and Brazil inventories. Due to price deflation on the Company's merchandise purchases, the Company has exhausted its LIFO reserve balance. The Company's policy is not to write up inventory in excess of replacement cost, which is based on average cost. The difference between LIFO cost and replacement cost, which will be reduced upon experiencing price inflation on the Company's merchandise purchases, was $431.1 million at May 4, 2019 and $452.4 million at August 25, 2018.

Note G – Financing

The Company's long-term debt consisted of the following:

(in thousands)	May 4, 2019	August 25, 2018
1.625% Senior Notes due April 2019, effective interest rate of 1.77%	$ —	$ 250,000
4.000% Senior Notes due November 2020, effective interest rate of 4.43%	500,000	500,000
2.500% Senior Notes due April 2021, effective interest rate of 2.62%	250,000	250,000
3.700% Senior Notes due April 2022, effective interest rate of 3.85%	500,000	500,000
2.875% Senior Notes due January 2023, effective interest rate of 3.21%	300,000	300,000
3.125% Senior Notes due July 2023, effective interest rate of 3.26%	500,000	500,000
3.125% Senior Notes due April 2024, effective interest rate 3.32%	300,000	—
3.250% Senior Notes due April 2025, effective interest rate 3.36%	400,000	400,000
3.125% Senior Notes due April 2026, effective interest rate of 3.28%	400,000	400,000
3.750% Senior Notes due June 2027, effective interest rate of 3.83%	600,000	600,000
3.750% Senior Notes due April 2029, effective interest rate of 3.86%	450,000	—
Commercial paper, weighted average interest rate of 2.64% and 2.29% at May 4, 2019 and August 25, 2018, respectively	976,800	1,325,300
Total debt before discounts and debt issuance costs	5,176,800	5,025,300
Less: Discounts and debt issuance costs	24,883	19,370
Long-term debt	$ 5,151,917	$ 5,005,930

As of May 4, 2019, the commercial paper borrowings are classified as long-term in the accompanying Consolidated Balance Sheets as the Company has the ability and intent to refinance them on a long-term basis through available capacity in its revolving credit facility. As of May 4, 2019, the Company had $1.997 billion of availability under its $2.0 billion revolving credit facility, which would allow it to replace these short-term obligations with long-term financing facilities.

On April 18, 2019, the Company issued $300 million in 3.125% Senior Notes due April 2024 and $450 million in 3.750% Senior Notes due April 2029 under its automatic shelf registration statement on Form S-3, filed with the SEC on April 4, 2019 (File No. 333-230719) (the "2019 Shelf Registration"). The 2019 Shelf Registration allows the Company to sell an indeterminate amount in debt securities to fund general corporate purposes, including repaying, redeeming or repurchasing outstanding debt and for working capital, capital expenditures, new store openings, stock repurchases and acquisitions. Proceeds from the debt issuance were used to repay a portion of the outstanding commercial paper borrowings, the $250 million in 1.625% Senior Notes due in April 2019 and for other general corporate purposes.

The Company entered into a Master Extension, New Commitment and Amendment Agreement dated as of November 18, 2017 (the "Extension Amendment") to the Third Amended and Restated Credit Agreement dated as of November 18, 2016, as amended, modified, extended or restated from time to time (the "Revolving Credit Agreement"). Under the Extension Amendment: (i) the Company's borrowing capacity under the Revolving Credit Agreement was increased from $1.6 billion to $2.0 billion; (ii) the Company's option to increase its borrowing capacity under the Revolving Credit Agreement was "refreshed" and the amount of such option remained at $400 million; the maximum borrowing under the Revolving Credit Agreement may, at the Company's option, subject to lenders approval, be increased from $2.0 billion to $2.4 billion; (iii) the termination date of the Revolving Credit Agreement was extended from November 18, 2021 until November 18, 2022; and (iv) the Company has the option to make one additional written request of the lenders to extend the termination date then in effect for an additional year.

Under the Revolving Credit Agreement, the Company may borrow funds consisting of Eurodollar loans, base rate loans or a combination of both. Interest accrues on Eurodollar loans at a defined Eurodollar rate, defined as LIBOR plus the applicable percentage, as defined in the Revolving Credit Agreement, depending upon the Company's senior, unsecured, (non-credit enhanced) long-term debt ratings. Interest accrues on base rate loans as defined in the Revolving Credit Agreement. As of May 4, 2019, the Company had $3.3 million of outstanding letters of credit under the Revolving Credit Agreement.

The fair value of the Company's debt was estimated at $5.190 billion as of May 4, 2019, and $4.948 billion as of August 25, 2018, based on the quoted market prices for the same or similar issues or on the current rates available to the Company for debt of the same terms (Level 2). Such fair value is greater than the carrying value of debt by $37.9 million at May 4, 2019, and less than the carrying value of debt by $57.5 million at August 25, 2018, which reflects their face amount, adjusted for any unamortized debt issuance costs and discounts.

All senior notes are subject to an interest rate adjustment if the debt ratings assigned to the senior notes are downgraded (as defined in the agreements). Further, the senior notes contain a provision that repayment of the senior notes may be accelerated if the Company experiences a change in control (as defined in the agreements). The Company's borrowings under its senior notes contain minimal covenants, primarily restrictions on liens. Under its revolving credit facility, covenants include restrictions on liens, a maximum debt to earnings ratio, a minimum fixed charge coverage ratio and a change of control provision that may require acceleration of the repayment obligations under certain circumstances. All of the repayment obligations under its borrowing arrangements may be accelerated and come due prior to the applicable scheduled payment date if covenants are breached or an event of default occurs. As of May 4, 2019, the Company was in compliance with all covenants and expects to remain in compliance with all covenants under its borrowing arrangements.

Note H – Stock Repurchase Program

From January 1, 1998 to May 4, 2019, the Company has repurchased a total of 146.2 million shares of its common stock at an aggregate cost of $20.731 billion, including 1.5 million shares of its common stock at an aggregate cost of $1.313 billion during the thirty-six week period ended May 4, 2019. On March 20, 2019, the Board of Directors of the Company (the "Board") voted to increase the authorization by $1.0 billion. This raised the total value of shares authorized to be repurchased to $21.9 billion. Considering the cumulative repurchases as of May 4, 2019, the Company had $1.169 billion remaining under the Board's authorization to repurchase its common stock.

During the thirty-six week period ended May 4, 2019, the Company retired 2.6 million shares of treasury stock which had previously been repurchased under the Company's share repurchase program. The retirement increased Retained deficit by $1.707 billion and decreased Additional paid-in capital by $125.4 million. During the comparable prior year period, the Company retired 1.5 million shares of treasury stock, which increased Retained deficit by $918.5 million and decreased Additional paid-in capital by $60.5 million.

Subsequent to May 4, 2019, the Company has repurchased 108,418 shares of its common stock at an aggregate cost of $110.0 million.

Note I – Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss includes certain adjustments to pension liabilities, foreign currency translation adjustments, certain activity for interest rate swaps and treasury rate locks that qualify as cash flow hedges and unrealized gains (losses) on available-for-sale debt securities. Changes in Accumulated other comprehensive loss for the twelve week periods ended May 4, 2019 and May 5, 2018 consisted of the following:

(in thousands)	Pension Liability(6)	Foreign Currency and Other(3)	Net Unrealized Gain (Loss) on Securities	Derivatives	Total
Balance at February 9, 2019	$ –	$ (230,140)	$ (442)	$ (5,255)	$ (235,837)
Other comprehensive (loss) income before reclassifications(1)	–	(1,409)	277	–	(1,132)
Amounts reclassified from Accumulated other comprehensive loss(1)	–	–	(31)(4)	388(5)	357
Balance at May 4, 2019	$ –	$ (231,549)	$ (196)	$ (4,867)	$ (236,612)

(in thousands)	Pension Liability	Foreign Currency and Other(3)	Net Unrealized Gain (Loss) on Securities	Derivatives	Total
Balance at February 10, 2018	$(68,699)	$ (211,524)	$ (585)	$ (5,576)	$ (286,384)
Other comprehensive (loss) before reclassifications(1)	–	(10,674)	(301)	–	(10,975)
Amounts reclassified from Accumulated other comprehensive loss(1)	1,847(2)	–	(17)(4)	390(5)	2,220
Balance at May 5, 2018	$(66,852)	$ (222,198)	$ (903)	$ (5,186)	$ (295,139)

(1) *Amounts in parentheses indicate debits to Accumulated other comprehensive loss.*

(2) *Represents amortization of pension liability adjustments, net of taxes of $631 for the twelve weeks ended May 5, 2018, which is recorded in Operating, selling, general and administrative expenses on the Condensed Consolidated Statements of Income.*

(3) *Foreign currency is shown net of U.S. tax to account for foreign currency impacts of certain undistributed non-U.S. subsidiaries earnings. Other foreign currency is not shown net of additional U.S. tax as other basis differences of non-U.S. subsidiaries are intended to be permanently reinvested.*

(4) *Represents realized gains (losses) on marketable debt securities, net of taxes of $8 for the twelve weeks ended May 4, 2019, and $3 for the twelve weeks ended May 5, 2018, which is recorded in Operating, selling, general and administrative expenses on the Condensed Consolidated Statements of Income. See "Note D – Marketable Debt Securities" for further discussion.*

(5) *Represents gains on derivatives, net of taxes of $120 for the twelve weeks ended May 4, 2019 and $119 for the twelve weeks ended May 5, 2018, which is recorded in Interest expense, net, on the Condensed Consolidated Statements of Income. See "Note E – Derivative Financial Instruments" for further discussion.*

(6) *On December 19, 2017, the Board approved a resolution to terminate both of the Company's pension plans, effective March 15, 2018. During the fourth quarter of 2018, the Company completed the termination and no longer has any remaining defined pension benefit obligation.*

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Changes in Accumulated other comprehensive loss for the thirty-six week periods ended May 4, 2019 and May 5, 2018 consisted of the following:

(in thousands)	Pension Liability(6)	Foreign Currency and Other(3)	Net Unrealized Gain (Loss) on Securities	Derivatives	Total
Balance at August 25, 2018	$ –	$ (228,899)	$ (873)	$ (6,033)	$ (235,805)
Other comprehensive (loss) income before reclassifications(1)	–	(2,650)	707	–	(1,943)
Amounts reclassified from Accumulated other comprehensive loss(1)	–	–	(30)(4)	1,166(5)	1,136
Balance at May 4, 2019	$ –	$ (231,549)	$ (196)	$ (4,867)	$ (236,612)

(in thousands)	Pension Liability	Foreign Currency and Other(3)	Net Unrealized Gain (Loss) on Securities	Derivatives	Total
Balance at August 26, 2017	$ (72,376)	$ (175,814)	$ (11)	$ (6,356)	$ (254,557)
Other comprehensive (loss) before reclassifications(1)	–	(46,384)	(839)	–	(47,223)
Amounts reclassified from Accumulated other comprehensive loss(1)	5,524 (2)	–	(53)(4)	1,170(5)	6,641
Balance at May 5, 2018	$ (66,852)	$ (222,198)	$ (903)	$ (5,186)	$ (295,139)

(1) Amounts in parentheses indicate debits to Accumulated other comprehensive loss.

(2) Represents amortization of pension liability adjustments, net of taxes of $1,909 for the thirty-six weeks ended May 5, 2018, which is recorded in Operating, selling, general and administrative expenses on the Condensed Consolidated Statements of Income.

(3) Foreign currency is shown net of U.S. tax to account for foreign currency impacts of certain undistributed non-U.S. subsidiaries earnings. Other foreign currency is not shown net of additional U.S. tax as other basis differences of non-U.S. subsidiaries are intended to be permanently reinvested.

(4) Represents realized gains (losses) on marketable debt securities, net of taxes of $8 for the thirty-six weeks ended May 4, 2019, and $20 for the thirty-six weeks ended May 5, 2018, which is recorded in Operating, selling, general and administrative expenses on the Condensed Consolidated Statements of Income. See "Note D – Marketable Debt Securities" for further discussion.

(5) Represents gains on derivatives, net of taxes of $360 for the thirty-six weeks ended May 4, 2019 and $356 for the thirty-six weeks ended May 5, 2018, which is recorded in Interest expense, net, on the Condensed Consolidated Statements of Income. See "Note E – Derivative Financial Instruments" for further discussion.

(6) On December 19, 2017, the Board approved a resolution to terminate both of the Company's pension plans, effective March 15, 2018. During the fourth quarter of 2018, the Company completed the termination and no longer has any remaining defined pension benefit obligation.

Note J – Goodwill and Intangibles

As of May 4, 2019, there were no changes to the carrying amount of goodwill as described in our Annual Report on Form 10-K for the year ended August 25, 2018.

The carrying amounts of intangible assets are included in Other long-term assets as follows:

(in thousands)	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizing intangible assets:				
Technology	3-5 years	$ 870	$ (870)	$ –
Customer relationships	3-10 years	29,376	(22,475)	6,901
		$ 30,246	$ (23,345)	6,901
Total intangible assets other than goodwill				$ 6,901

Amortization expense of intangible assets for the twelve and thirty-six week periods ended May 4, 2019 was $1.0 million and $2.9 million, respectively. Amortization expense of intangible assets for the twelve and thirty-six week periods ended May 5, 2018 was $1.0 million and $3.8 million, respectively.

Note K – Asset Impairments

During the second quarter of fiscal 2018, the Company determined that the approximate fair value less costs to sell two owned businesses, Interamerican Motor Corporation (IMC) and AutoAnything, was significantly lower than the carrying value of the net assets based on recent offers received and, therefore, recorded impairment charges totaling $193.2 million within Operating, selling, general and administrative expenses in its Condensed Consolidated Statements of Income.

The Company recorded an impairment charge of $93.6 million for its IMC business, which was reflected as a component of Auto Parts Locations in our segment reporting. Impairment charges for AutoAnything, which were reflected as a component of the Other category in our segment reporting, totaled $99.6 million.

During the third quarter of fiscal 2018, the Company completed the IMC and AutoAnything sales for total consideration that approximated the remaining net book value at the closing date.

Note L – Litigation

In July 2014, the Company received a subpoena from the District Attorney of the County of Alameda, along with other environmental prosecutorial offices in the State of California, seeking documents and information related to the handling, storage and disposal of hazardous waste. A complaint was subsequently filed and the District Attorney and the State Attorney General's Office will seek injunctive and monetary relief. The Company is cooperating fully with the request and cannot predict the ultimate outcome of these efforts, although the Company has accrued all amounts it believes to be probable and reasonably estimable. The Company does not believe the ultimate resolution of this matter will have a material adverse effect on its consolidated financial position, results of operations or cash flows.

The Company is involved in various other legal proceedings incidental to the conduct of its business, including, but not limited to, several lawsuits containing class-action allegations in which the plaintiffs are current and former hourly and salaried employees who allege various wage and hour violations and unlawful termination practices. The Company does not currently believe that, either individually or in the aggregate, these matters will result in liabilities material to its consolidated financial condition, results of operations or cash flows.

Note M – Revenue Recognition

The Company adopted ASU 2014-09, *Revenue from Contracts with Customers* using the modified retrospective method beginning with our first quarter ending November 17, 2018. The cumulative effect of initially applying ASU 2014-09 resulted in an increase to the opening retained deficit balance of $6.8 million, net of taxes at August 26, 2018, and a related adjustment to accounts receivable, other current assets, other long-term assets, other current liabilities and deferred income taxes as of that date. Revenue for periods prior to August 26, 2018 were not adjusted and continue to be reported under the accounting standards in effect for the prior periods.

The Company's primary source of revenue is derived from the sale of automotive aftermarket parts and merchandise to its retail and commercial customers. Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied, in an amount representing the consideration the Company expects to receive in exchange for selling products to its customers. Sales are recorded net of variable consideration in the period incurred, including discounts, sales incentives and rebates, sales taxes and estimated sales returns. Sales returns are based on historical return rates. The Company may enter into contracts that include multiple combinations of products and services, which are accounted for as separate performance obligations and do not require significant judgment.

The Company's performance obligations are typically satisfied when the customer takes possession of the merchandise. Revenue from retail customers is recognized when the customer leaves our store with the purchased products, typically at the point of sale or for E-commerce orders when the product is shipped. Revenue from commercial customers is recognized upon delivery, typically same-day. Payment from retail customers is at the point of sale and payment terms for commercial customers are based on the Company's pre-established credit requirements and generally range from 1 to 30 days. Discounts, sales incentives and rebates are treated as separate performance obligations, and revenue allocated to these performance obligations is recognized as the obligations to the customer are satisfied. Additionally, the Company estimates and records gift card breakage as redemptions occur. The Company offers diagnostic and repair information software used in the automotive repair industry through ALLDATA. This revenue is recognized as services are provided. Revenue from these services are recognized over the life of the contract.

The Company or the vendors supplying its products provides the Company's customers limited warranties on certain products that range from 30 days to lifetime. In most cases, the Company's vendors are primarily responsible for warranty claims. Warranty costs for merchandise sold under warranty not covered by vendors are estimated and recorded at the time of sale based on the historical return rate for each individual product line. Differences between vendor allowances received, in lieu of warranty obligations and estimated warranty expense for the vendor's products, are recorded as an adjustment to cost of sales.

There were no material contract assets, contract liabilities or deferred contract costs recorded on the Condensed Consolidated Balance Sheet as of May 4, 2019. Revenue related to unfulfilled performance obligations as of May 4, 2019 is not significant. Refer to "Note N – Segment Reporting" for additional information related to revenue recognized during the period.

Note N – Segment Reporting

The Company's operating segments (Domestic Auto Parts, Mexico and Brazil; and IMC through April 4, 2018) are aggregated as one reportable segment: Auto Parts Locations. The criteria the Company used to identify the reportable segment are primarily the nature of the products the Company sells and the operating results that are regularly reviewed by the Company's chief operating decision maker to make decisions about the resources to be allocated to the business units and to assess performance. The accounting policies of the Company's reportable segment are the same as those described in Note A in its Annual Report on Form 10-K for the year ended August 25, 2018.

The Auto Parts Locations segment is a retailer and distributor of automotive parts and accessories through the Company's 6,287 stores in the United States, Puerto Rico, Mexico and Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products.

The Other category reflects business activities of three operating segments that are not separately reportable due to the materiality of these operating segments. The operating segments include ALLDATA, which produces, sells and maintains diagnostic and repair information software used in the automotive repair industry; sales through www.autozone.com that are not fulfilled by an AutoZone store; and AutoAnything, which includes direct sales to customers through www.autoanything.com, prior to the Company's sale of substantially all of AutoAnything's assets on February 26, 2018.

The Company evaluates its reportable segment primarily on the basis of net sales and segment profit, which is defined as gross profit. Segment results for the periods presented were as follows:

	Twelve Weeks Ended		Thirty-Six Weeks Ended	
(in thousands)	May 4, 2019	May 5, 2018	May 4, 2019	May 5, 2018
Net Sales				
Auto Parts Locations	$ 2,731,900	$ 2,610,485	$ 7,728,173	$ 7,452,186
Other	51,106	49,667	147,134	210,123
Total	$ 2,783,006	$ 2,660,152	$ 7,875,307	$ 7,662,309
Segment Profit				
Auto Parts Locations	$ 1,457,608	$ 1,387,497	$ 4,132,358	$ 3,942,949
Other	34,412	35,477	102,243	122,918
Gross profit	1,492,020	1,422,974	4,234,601	4,065,867
Operating, selling, general and administrative expenses	(944,497)	(877,209)	(2,799,239)	(2,846,250)
Interest expense, net	(43,239)	(41,958)	(123,608)	(120,186)
Income before income taxes	$ 504,284	$ 503,807	$ 1,311,754	$ 1,099,431

Note O – Income Taxes

The Company's effective income tax rate was 19.5% (U.S. statutory federal rate of 21% for the full year) of pretax income for the twelve weeks ended May 4, 2019. The effective tax rate was lower than the U.S. statutory federal rate primarily due to $13.1 million of tax benefits associated with stock option exercises. The Company's effective income tax rate was 27.2% (U.S. blended statutory federal rate of 25.9% for the full year) of pretax income for the twelve weeks ended May 5, 2018. The effective tax rate was higher than the U.S. statutory federal rate primarily due to domestic state income taxes.

The Company's effective income tax rate on pretax income for the thirty-six weeks ended May 4, 2019, was 19.8% and 14.8% for the comparable prior year period. The increase in the tax rate was primarily due to the one-time benefits recognized in the prior period related to the re-measurement of the Company's U.S. federal deferred tax liability at the lower rate upon enactment of Tax Cuts and Jobs Act ("Tax Reform"), net of tax expenses related to the mandatory one-time transition tax, which resulted in a net tax benefit of $111.9 million. The tax benefit of stock option exercises was $38.2 million for the thirty-six weeks ended May 4, 2019 and $27.2 million for the comparable prior period.

Review Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
AutoZone, Inc.

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of AutoZone, Inc. (the Company) as of May 4, 2019, the related condensed consolidated statements of income, comprehensive income and stockholders' deficit for the twelve and thirty-six week periods ended May 4, 2019 and May 5, 2018, the condensed consolidated statements of cash flows for the thirty-six week periods ended May 4, 2019 and May 5, 2018, and the related notes (collectively referred to as the "condensed consolidated interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of August 25, 2018, the related consolidated statements of income, comprehensive income, stockholders' deficit and cash flows for the year then ended, and the related notes (not presented herein); and in our report dated October 24, 2018, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of August 25, 2018, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Ernst & Young LLP

Memphis, Tennessee

June 7, 2019

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

In Management's Discussion and Analysis ("MD&A"), we provide a historical and prospective narrative of our general financial condition, results of operations, liquidity and certain other factors that may affect the future results of AutoZone, Inc. ("AutoZone" or the "Company"). The following MD&A discussion should be read in conjunction with our Condensed Consolidated Financial Statements, related notes to those statements and other financial information, including forward-looking statements and other risk factors, that appear elsewhere in this Quarterly Report on Form 10-Q, and our Annual Report on Form 10-K for the year ended August 25, 2018.

Forward-Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically use words such as "believe," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy," "seek," "may," "could" and similar expressions. These are based on assumptions and assessments made by our management in light of experience and perception of historical trends, current conditions, expected future developments and other factors that we believe to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties, including without limitation: product demand; energy prices; weather; competition; credit market conditions; access to available and feasible financing; the impact of recessionary conditions; consumer debt levels; changes in laws or regulations; war and the prospect of war, including terrorist activity; inflation; the ability to hire and retain qualified employees; construction delays; the compromising of confidentiality, availability, or integrity of information, including cyber attacks; and raw material costs of suppliers. Certain of these risks are discussed in more detail in the "Risk Factors" section contained in Item 1A under Part 1 of our Annual Report on Form 10-K for the year ended August 25, 2018, and these Risk Factors should be read carefully. Forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ from those contemplated by such forward-looking statements, and events described above and in "Risk Factors" could materially and adversely affect our business. Forward-looking statements speak only as of the date made. Except as required by applicable law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Actual results may materially differ from anticipated results.

Overview

We are the nation's leading retailer, and a leading distributor, of automotive replacement parts and accessories in the United States. We began operations in 1979 and at May 4, 2019, operated 5,686 stores in the United States, including Puerto Rico; 576 stores in Mexico; and 25 stores in Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products. At May 4, 2019, in 4,831 of our domestic stores, we also had a commercial sales program that provides commercial credit and prompt delivery of parts and other products to local, regional and national repair garages, dealers, service stations and public sector accounts. We also have commercial programs in stores in Mexico and Brazil. We also sell the ALLDATA brand automotive diagnostic and repair software through www.alldata.com and www.alldatadiy.com. Additionally, we sell automotive hard parts, maintenance items, accessories and non-automotive products through www.autozone.com and our commercial customers can make purchases through www.autozonepro.com. We do not derive revenue from automotive repair or installation services.

Operating results for the twelve and thirty-six weeks ended May 4, 2019 are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 2019. Each of the first three quarters of our fiscal year consists of 12 weeks, and the fourth quarter consists of 16 or 17 weeks. The fourth quarter of fiscal 2019 has 17 weeks and fiscal 2018 had 16 weeks. Our business is somewhat seasonal in nature, with the highest sales generally occurring during the months of February through September and the lowest sales generally occurring in the months of December and January.

Executive Summary

Net sales were up 4.6% for the quarter driven by an increase in domestic same store sales (sales from stores open at least one year) of 3.9% and new domestic AutoZone stores, partially offset by the sale of two businesses in the prior year. Net income for the quarter increased 10.7% over the same period last year to $405.9 million, while diluted earnings per share increased 19.2% to $15.99 per share from $13.42 per share in the comparable prior year period. Net income and diluted earnings per share benefited from a lower effective income tax rate.

Our business is impacted by various factors within the economy that affect both our consumer and our industry, including but not limited to fuel costs, unemployment rates, foreign exchange and interest rates, and other economic conditions. Given the nature of these macroeconomic factors, we cannot predict whether or for how long certain trends will continue, nor can we predict to what degree these trends will impact us in the future.

During the third quarter of fiscal 2019, failure and maintenance related categories represented the largest portion of our sales mix, at approximately 84% of total sales, which is consistent to the comparable prior year period, with failure related categories continuing to be our largest set of categories. We did not experience any fundamental shifts in our category sales mix as compared to the previous year.

Our sales mix can be impacted by severe or unusual weather over a short-term period. Over the long-term, we believe the impact of the weather on our sales mix is not significant.

The two statistics we believe have the most positive correlation to our market growth over the long-term are miles driven and the number of seven year old or older vehicles on the road. While over the long-term we have seen a positive correlation between our net sales and the number of miles driven, we have also seen time frames of minimal correlation in sales performance and miles driven. During the periods of minimal correlation between net sales and miles driven, we believe net sales have been positively impacted by other factors, including the number of seven year old or older vehicles on the road. The average age of the United States light vehicle fleet continues to trend in our industry's favor. According to the latest data provided by the Auto Care Association as of January 1, 2018, for the seventh consecutive year, the average age of vehicles on the road has exceeded 11 years. Since the beginning of 2018 and through March 2019 (latest publicly available information), miles driven have increased by 1.8%.

Twelve Weeks Ended May 4, 2019
Compared with Twelve Weeks Ended May 5, 2018

Net sales for the twelve weeks ended May 4, 2019 increased $122.9 million to $2.783 billion, or 4.6%, over net sales of $2.660 billion for the comparable prior year period. The increase in net sales was partially offset by the sale of two businesses in the prior year. Total auto parts sales increased by 4.7%, primarily driven by an increase in domestic same store sales of 3.9% and net sales of $44.7 million from new domestic AutoZone stores, partially offset by the impact of the sale of a business completed in the prior year. Domestic commercial sales increased $79.6 million, or 14.9%, over the comparable prior year period.

Gross profit for the twelve weeks ended May 4, 2019 was $1.492 billion, or 53.6% of net sales, compared with $1.423 billion, or 53.5% of net sales, during the comparable prior year period. The increase in gross margin was attributable to the impact of the sale of two businesses completed in the prior year (29 basis points), partially offset by lower merchandise margins driven primarily by a shift in mix.

Operating, selling, general and administrative expenses for the twelve weeks ended May 4, 2019 were $944.5 million, or 33.9% of net sales, compared with $877.2 million, or 33.0% of net sales during the comparable prior year period. Deleverage was primarily driven by increased domestic store payroll (69 basis points) and increased incentive compensation, partially offset by the impairment related to the sale of two businesses in the prior year.

Net interest expense for the twelve weeks ended May 4, 2019 was $43.2 million compared with $42.0 million during the comparable prior year period. The increase was primarily due to an increase in average borrowing levels over the comparable prior year period. Average borrowings for the twelve weeks ended May 4, 2019 were $5.191 billion, compared with $5.071 billion for the comparable prior year period. Weighted average borrowing rates were 3.2% for the twelve weeks ended May 4, 2019 and the comparable prior year period.

Our effective income tax rate was 19.5% of pretax income for the twelve weeks ended May 4, 2019, and 27.2% for the comparable prior year period. The decrease in the tax rate was primarily attributable to additional tax benefits from option exercises recognized in the current period versus the twelve weeks ended May 5, 2018 (see "Note O – Income Taxes" in the Notes to the Condensed Consolidated Financial Statements).

Net income for the twelve week period ended May 4, 2019 increased by $39.2 million to $405.9 million due to the factors set forth above, and diluted earnings per share increased by 19.2% to $15.99 from $13.42 in the comparable prior year period. The impact on current quarter diluted earnings per share from stock repurchases since the end of the comparable prior year period was an increase of $0.98.

Thirty-Six Weeks Ended May 4, 2019
Compared with Thirty-Six Weeks Ended May 5, 2018

Net sales for the thirty-six weeks ended May 4, 2019 increased $213.0 million to $7.875 billion, or 2.8%, over net sales of $7.662 billion for the comparable prior year period. The increase in net sales was partially offset by the sale of two businesses in the prior year. Total auto parts sales increased by 3.7%, primarily driven by an increase in domestic same store sales of 3.1% and net sales of $129.7 million from new domestic AutoZone stores, partially offset by the impact of the sale of a business completed in the prior year. Domestic commercial sales increased $193.9 million, or 13.1%, over the comparable prior year period.

Gross profit for the thirty-six weeks ended May 4, 2019 was $4.235 billion, or 53.8% of net sales, compared with $4.066 billion, or 53.1% of net sales, during the comparable prior year period. The increase in gross margin was primarily attributable to the impact of the sale of two businesses completed in the prior year (54 basis points) and higher merchandise margins.

Operating, selling, general and administrative expenses for the thirty-six weeks ended May 4, 2019 were $2.799 billion, or 35.5% of net sales, compared with $2.846 billion, or 37.1% of net sales which included impairment charges of approximately $193.2 million, during the comparable prior year period. Leverage was primarily driven by the impairment related to the sale of two businesses in the prior year (252 basis points), partially offset by increased domestic store payroll (72 basis points).

Net interest expense for the thirty-six weeks ended May 4, 2019 was $123.6 million compared with $120.2 million during the comparable prior year period. The increase was primarily due to an increase in average borrowing levels over the comparable prior year period.

Average borrowings for the thirty-six weeks ended May 4, 2019 were $5.094 billion, compared with $5.017 billion for the comparable prior year period. Weighted average borrowing rates were 3.1% for the thirty-six weeks ended May 4, 2019 and 3.2% for the thirty-six weeks ended May 5, 2018.

Our effective income tax rate was 19.8% of pretax income for the thirty-six weeks ended May 4, 2019, and 14.8% for the comparable prior year period. The increase in the tax rate was primarily due to the one-time tax reductions recognized in the prior year period upon the enactment of Tax Reform (see “Note O – Income Taxes” in the Notes to the Condensed Consolidated Financial Statements).

Net income for the thirty-six week period ended May 4, 2019 increased by $114.7 million to $1.052 billion due to the factors set forth above, and diluted earnings per share increased by 21.2% to $40.92 from $33.75 in the comparable prior year period. The impact on current quarter diluted earnings per share from stock repurchases since the end of the comparable prior year period was an increase of $1.87.

Liquidity and Capital Resources

The primary source of our liquidity is our cash flows realized through the sale of automotive parts, products and accessories. For the thirty-six weeks ended May 4, 2019, our net cash flows from operating activities provided $1.287 billion as compared with $1.256 billion provided during the comparable prior year period. The increase is primarily due to increased earnings, partially offset by the change in inventory, net of payables.

Our net cash flows used in investing activities for the thirty-six weeks ended May 4, 2019 were $285.3 million as compared with $302.7 million in the comparable prior year period. Capital expenditures for the thirty-six weeks ended May 4, 2019 were $313.8 million compared to $327.1 million for the comparable prior year period. The decrease is primarily driven by the reduction of capital expenditures related to the construction of a new distribution center in fiscal 2018 and the timing of store openings in fiscal 2019 as compared to the comparable prior year period. During the thirty-six week period ended May 4, 2019, we opened 85 net new stores. In the comparable prior year period, we opened 89 net new stores. Investing cash flows were impacted by our wholly owned captive, which purchased $38.9 million and sold $61.1 million in marketable debt securities during the thirty-six weeks ended May 4, 2019. During the comparable prior year period, the captive purchased $90.2 million in marketable debt securities and sold $79.5 million in marketable debt securities.

Our net cash flows used in financing activities for the thirty-six weeks ended May 4, 2019 were $1.043 billion compared to $1.025 billion in the comparable prior year period. During the thirty-six weeks ended May 4, 2019, we received $750 million from the issuance of debt and repaid our $250 million 1.625% Senior Notes due April 2019 using a portion of the $750 million Senior Notes issued in April 2019. We did not issue or repay any debt in the comparable prior year period. For the thirty-six week period ended May 4, 2019, our commercial paper activity resulted in $348.5 million in net repayments of commercial paper, as compared to $129.6 million of net repayments of commercial paper in the comparable prior year period. Stock repurchases were $1.313 billion in the current thirty-six week period as compared with $927.2 million in the comparable prior year period. For the thirty-six weeks ended May 4, 2019, proceeds from the sale of common stock and exercises of stock options provided $164.9 million. In the comparable prior year period, proceeds from the sale of common stock and exercises of stock options provided $69.7 million.

During fiscal 2019, we expect to increase the investment in our business as compared to fiscal 2018. Our investments continue to be directed primarily to new stores, supply chain infrastructure, enhancements to existing stores and investments in technology. The amount of our investments in our new stores is impacted by different factors, including such factors as whether the building and land are purchased (requiring higher investment) or leased (generally lower investment), located in the United States, Mexico or Brazil, or located in urban or rural areas.

In addition to the building and land costs, our new stores require working capital, predominantly for inventories. Historically, we have negotiated extended payment terms from suppliers, thereby reducing or eliminating the working capital required, resulting in a high accounts payable to inventory ratio. We plan to continue leveraging our inventory purchases; however, our ability to do so may be limited by our vendors’ capacity to factor their receivables from us. Certain vendors participate in financing arrangements with financial institutions whereby they factor their receivables from us, allowing them to receive payment on our invoices at a discounted rate. Extended payment terms from our vendors have allowed us to continue our high accounts payable to inventory ratio. Accounts payable, as a percentage of gross inventory, was 108.5% at May 4, 2019, compared to 107.3% at May 5, 2018. The increase was primarily due to more favorable vendor terms.

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

For the trailing four quarters ended May 4, 2019, our adjusted after-tax return on invested capital (“ROIC”) was 34.5% as compared to 30.8% for the comparable prior year period. ROIC is benefiting from a lower statutory income tax rate as a result of Tax Reform enacted in December 2017. We use adjusted ROIC to evaluate whether we are effectively using our capital resources and believe it is an important indicator of our overall operating performance. Refer to the “Reconciliation of Non-GAAP Financial Measures” section for further details of our calculation.

Debt Facilities

We entered into a Master Extension, New Commitment and Amendment Agreement dated as of November 18, 2017 (the “Extension Amendment”) to the Third Amended and Restated Credit Agreement dated as of November 18, 2016, as amended, modified, extended or restated from time to time (the “Revolving Credit Agreement”). Under the Extension Amendment: (i) our borrowing capacity under the Revolving Credit Agreement was increased from $1.6 billion to $2.0 billion; (ii) our option to increase the borrowing capacity under the Revolving Credit Agreement was “refreshed” and the amount of such option remained at $400 million; the maximum borrowing under the Revolving Credit Agreement may, at our option, subject to lenders approval, be increased from $2.0 billion to $2.4 billion; (iii) the termination date of the Revolving Credit Agreement was extended from November 18, 2021 until November 18, 2022; and (iv) we have the option to make one additional written request of the lenders to extend the termination date then in effect for an additional year.

Under the Revolving Credit Agreement, we may borrow funds consisting of Eurodollar loans, base rate loans or a combination of both. Interest accrues on Eurodollar loans at a defined Eurodollar rate, defined as LIBOR plus the applicable percentage, as defined in the Revolving Credit Agreement, depending upon our senior, unsecured, (non-credit enhanced) long-term debt ratings. Interest accrues on base rate loans as defined in the Revolving Credit Agreement. As of May 4, 2019, we had $3.3 million of outstanding letters of credit under the Revolving Credit Agreement.

We also maintain a letter of credit facility that allows us to request the participating bank to issue letters of credit on our behalf up to an aggregate amount of $75 million. The letter of credit facility is in addition to the letters of credit that may be issued under the Revolving Credit Agreement. As of May 4, 2019, we had $74.4 million in letters of credit outstanding under the letter of credit facility, which expires in June 2019. In April 2019 we amended our existing letter of credit facility, effective June 2019, to decrease the amount that can be requested in letters of credit from $75 million to $25 million. This amendment also extended the maturity date from June 2019 to June 2022.

In addition to the outstanding letters of credit issued under the committed facilities discussed above, we had $23.9 million in letters of credit outstanding as of May 4, 2019. These letters of credit have various maturity dates and were issued on an uncommitted basis.

All senior notes are subject to an interest rate adjustment if the debt ratings assigned to the senior notes are downgraded (as defined in the agreements). Further, the senior notes contain a provision that repayment of the senior notes may be accelerated if we experience a change in control (as defined in the agreements). Our borrowings under our senior notes contain minimal covenants, primarily restrictions on liens. Under our revolving credit facility, covenants include restrictions on liens, a maximum debt to earnings ratio, a minimum fixed charge coverage ratio and a change of control provision that may require acceleration of the repayment obligations under certain circumstances. All of the repayment obligations under our borrowing arrangements may be accelerated and come due prior to the applicable scheduled payment date if covenants are breached or an event of default occurs. As of May 4, 2019, we were in compliance with all covenants and expect to remain in compliance with all covenants under our borrowing arrangements.

As of May 4, 2019, the $976.8 million of commercial paper borrowings were classified as long-term in the Consolidated Balance Sheets as we had the ability and intent to refinance them on a long-term basis through available capacity in our revolving credit facility. As of May 4, 2019, we had $1.997 billion of availability under our $2.0 billion revolving credit facility, which would allow us to replace these short-term obligations with long-term financing facilities.

On April 18, 2019, we issued $300 million in 3.125% Senior Notes due April 2024 and $450 million in 3.750% Senior Notes due April 2029 under our automatic shelf registration statement on Form S-3, filed with the Securities and Exchange Commission (the “SEC”) on April 4, 2019 (File No. 333-230719) (the “2019 Shelf Registration”). The 2019 Shelf Registration allows us to sell an indeterminate amount in debt securities to fund general corporate purposes, including repaying, redeeming or repurchasing outstanding debt and for working capital, capital expenditures, new store openings, stock repurchases and acquisitions. Proceeds from the debt issuance were used to repay a portion of the outstanding commercial paper borrowings and the $250 million in 1.625% Senior Notes due in April 2019 and for other general corporate purposes.

Our adjusted debt to earnings before impairment before tax, pension termination charges before tax, interest, taxes, depreciation, amortization, rent and share-based expense (“EBITDAR”) ratio was 2.5:1 as of May 4, 2019 and May 5, 2018. We calculate adjusted debt as the sum of total debt, capital lease obligations and rent times six; and we calculate adjusted EBITDAR by adding impairment before tax, pension termination charges before tax, interest, taxes, depreciation, amortization, rent and share-based expenses to net income. Adjusted debt to EBITDAR is calculated on a trailing four quarter basis. We target our debt levels to a ratio of adjusted debt to EBITDAR in order to maintain our investment grade credit ratings. We believe this is important information for the management of our debt levels. To the extent EBITDAR continues to grow in future years, we expect our debt levels to increase; conversely, if EBITDAR declines, we would expect our debt levels to decrease. Refer to the “Reconciliation of Non-GAAP Financial Measures” section for further details of our calculation.

Stock Repurchases

From January 1, 1998 to May 4, 2019, we have repurchased a total of 146.2 million shares of our common stock at an aggregate cost of $20.731 billion, including 1.5 million shares of our common stock at an aggregate cost of $1.313 billion during the thirty-six week period ended May 4, 2019. On March 20, 2019, the Board of Directors of the Company (the “Board”) voted to increase the authorization by $1.0 billion. This raised the total value of shares authorized to be repurchased to $21.9 billion. Considering cumulative repurchases as of May 4, 2019, we had $1.169 billion remaining under the Board’s authorization to repurchase our common stock.

Subsequent to May 4, 2019, we have repurchased 108,418 shares of our common stock at an aggregate cost of $110.0 million.

Off-Balance Sheet Arrangements

Since our fiscal year end, we have cancelled, issued and modified stand-by letters of credit that are primarily renewed on an annual basis to cover deductible payments to our casualty insurance carriers. Our total stand-by letters of credit commitment at May 4, 2019, was $101.6 million, compared with $106.8 million at August 25, 2018, and our total surety bonds commitment at May 4, 2019, was $30.3 million, compared with $23.6 million at August 25, 2018.

Financial Commitments

Except for the previously discussed amendment to our existing letter of credit facility, debt issuance and retirement, as of May 4, 2019, there were no significant changes to our contractual obligations as described in our Annual Report on Form 10-K for the year ended August 25, 2018.

Reconciliation of Non-GAAP Financial Measures

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

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

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Reconciliation of Non-GAAP Financial Measure: Adjusted After-Tax ROIC

The following tables calculate the percentages of adjusted ROIC for the trailing four quarters ended May 4, 2019 and May 5, 2018.

	A	B	A-B=C	D	C+D
(in thousands, except percentage)	**Fiscal Year Ended August 25, 2018**	**Thirty-Six Weeks Ended May 5, 2018**	**Sixteen Weeks Ended August 25, 2018**	**Thirty-Six Weeks Ended May 4, 2019**	**Trailing Four Quarters Ended May 4, 2019**
Net income	$ 1,337,536	$ 937,254	$ 400,282	$ 1,051,992	$ 1,452,274
Adjustments:					
Impairment before tax impact	193,162	193,162	–	–	–
Pension termination charges before tax impact	130,263	–	130,263	–	130,263
Interest expense	174,527	120,186	54,341	123,608	177,949
Rent expense	315,580	218,999	96,581	224,259	320,840
Tax effect(1)	(188,885)	(119,771)	(69,114)	(74,993)	(144,107)
Deferred tax liabilities, net of repatriation tax	(132,113)	(136,679)	4,566	(6,340)	(1,774)
Adjusted after-tax return	$ 1,830,070	$ 1,213,151	$ 616,919	$ 1,318,526	$ 1,935,445
Average debt(2)					$ 5,075,956
Average deficit(2)					(1,544,890)
Rent x 6(3)					1,925,040
Average capital lease obligations(2)					158,701
Invested capital					$ 5,614,807
Adjusted after-tax ROIC					34.5%

	A	B	A-B=C	D	C+D
(in thousands, except percentage)	**Fiscal Year Ended August 26, 2017**	**Thirty-Six Weeks Ended May 6, 2017**	**Sixteen Weeks Ended August 26, 2017**	**Thirty-Six Weeks Ended May 5, 2018**	**Trailing Four Quarters Ended May 5, 2018**
Net income	$ 1,280,869	$ 846,969	$ 433,900	$ 937,254	$ 1,371,154
Adjustments:					
Impairment before tax impact	–	–	–	193,162	193,162
Interest expense	154,580	103,180	51,400	120,186	171,586
Rent expense	302,928	207,402	95,526	218,999	314,525
Tax effect(1)	(129,365)	(87,820)	(41,545)	(142,558)	(184,103)
Deferred tax liabilities, net of repatriation tax	–	–	–	(136,679)	(136,679)
Adjusted after-tax return	$ 1,609,012	$ 1,069,731	$ 539,281	$ 1,190,364	$ 1,729,645
Average debt(2)					$ 5,043,061
Average deficit(2)					(1,471,968)
Rent x 6(3)					1,887,150
Average capital lease obligations(2)					155,729
Invested capital					$ 5,613,972
Adjusted after-tax ROIC					30.8%

(1) Effective tax rate over trailing four quarters ended May 4, 2019 is 28.1% for pension termination and 21.6% for interest and rent expense. Effective tax rate over trailing four quarters ended May 5, 2018, excluding the impact of the revaluation of net deferred tax liabilities, is 28.3% and 24.2% for impairment.

(2) Average debt, average deficit and average capital lease obligations are measured as of the previous five quarters.

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

Reconciliation of Non-GAAP Financial Measure: Adjusted Debt to EBITDAR

The following tables calculate the ratio of adjusted debt to EBITDAR for the trailing four quarters ended May 4, 2019 and May 5, 2018.

	A	B	A-B=C	D	C+D
(in thousands, except ratio)	**Fiscal Year Ended August 25, 2018**	**Thirty-Six Weeks Ended May 5, 2018**	**Sixteen Weeks Ended August 25, 2018**	**Thirty-Six Weeks Ended May 4, 2019**	**Trailing Four Quarters Ended May 4, 2019**
Net income	$ 1,337,536	$ 937,254	$ 400,282	$ 1,051,992	$ 1,452,274
Add: Impairment before tax impact	193,162	193,162	–	–	–
Pension termination charges before tax impact	130,263	–	130,263	–	130,263
Interest expense	174,527	120,186	54,341	123,608	177,949
Income tax expense	298,793	162,177	136,616	259,762	396,378
Adjusted EBIT	2,134,281	1,412,779	721,502	1,435,362	2,156,864
Add: Depreciation expense	345,084	237,091	107,993	251,118	359,111
Rent expense	315,580	218,999	96,581	224,259	320,840
Share-based expense	43,674	29,559	14,115	31,529	45,644
Adjusted EBITDAR	$ 2,838,619	$ 1,898,428	$ 940,191	$ 1,942,268	$ 2,882,459
Debt					$ 5,151,917
Capital lease obligations					165,541
Rent x 6(1)					1,925,040
Adjusted debt					$ 7,242,498
Adjusted debt to EBITDAR					2.5

	A	B	A-B=C	D	C+D
(in thousands, except ratio)	**Fiscal Year Ended August 26, 2017**	**Thirty-Six Weeks Ended May 6, 2017**	**Sixteen Weeks Ended August 26, 2017**	**Thirty-Six Weeks Ended May 5, 2018**	**Trailing Four Quarters Ended May 5, 2018**
Net income	$ 1,280,869	$ 846,969	$ 433,900	$ 937,254	$ 1,371,154
Add: Impairment before tax impact	–	–	–	193,162	193,162
Interest expense	154,580	103,180	51,400	120,186	171,586
Income tax expense	644,620	422,293	222,327	162,177	384,504
EBIT	2,080,069	1,372,442	707,627	1,412,779	2,120,406
Add: Depreciation expense	323,051	219,988	103,063	237,091	340,154
Rent expense	302,928	207,402	95,526	218,999	314,525
Share-based expense	38,244	29,343	8,901	29,559	38,460
Adjusted EBITDAR	$ 2,744,292	$ 1,829,175	$ 915,117	$ 1,898,428	$ 2,813,545
Debt					$ 4,954,697
Capital lease obligations					160,452
Rent x 6(1)					1,887,150
Adjusted debt					$ 7,002,299
Adjusted debt to EBITDAR					2.5

(1) Rent is multiplied by a factor of six to capitalize operating leases in the determination of adjusted debt.

Recent Accounting Pronouncements

Refer to Note A of the Notes to Condensed Consolidated Financial Statements for the discussion of recent accounting pronouncements.

Critical Accounting Policies and Estimates

Preparation of our consolidated financial statements requires us to make estimates and assumptions affecting the reported amounts of assets and liabilities at the date of the financial statements, reported amounts of revenues and expenses during the reporting period and related disclosures of contingent liabilities. Our policies are evaluated on an ongoing basis, and our significant judgments and estimates are drawn from historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results could differ under different assumptions or conditions.

Our critical accounting policies are described in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended August 25, 2018. Our critical accounting policies have not changed since the filing of our Annual Report on Form 10-K for the year ended August 25, 2018. The Company has not made any changes in these critical accounting policies during the period covered by this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

At May 4, 2019, the only material change to our instruments and positions that are sensitive to market risk since the disclosures in our 2018 Annual Report to Stockholders were the $750 million debt issuance, $348.5 million net decrease in commercial paper and the $250 million debt repayment.

The fair value of our debt was estimated at $5.190 billion as of May 4, 2019 and $4.948 billion as of August 25, 2018, based on the quoted market prices for the same or similar debt issues or on the current rates available to the Company for debt of the same terms. Such fair value was greater than the carrying value of debt by $37.9 million at May 4, 2019 and less than the carrying value by $57.5 million at August 25, 2018. We had $976.8 million of variable rate debt outstanding at May 4, 2019 and $1.325 billion of variable rate debt outstanding at August 25, 2018. At these borrowing levels for variable rate debt, a one percentage point increase in interest rates would have had an unfavorable annual impact on our pre-tax earnings and cash flows of $9.8 million in fiscal 2019. The primary interest rate exposure on variable rate debt is based on LIBOR. Net of unamortized debt issuance costs, we had outstanding fixed rate debt of $4.175 billion, at May 4, 2019 and $3.681 billion at August 25, 2018. A one percentage point increase in interest rates would reduce the fair value of our fixed rate debt by $188.2 million at May 4, 2019.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of May 4, 2019, an evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as amended. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of May 4, 2019.

Changes in Internal Controls

There were no changes in our internal control over financial reporting that occurred during the quarter ended May 4, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In 2004, we acquired a store site in Mount Ephraim, New Jersey that had previously been the site of a gasoline service station and contained evidence of groundwater contamination. Upon acquisition, we voluntarily reported the groundwater contamination issue to the New Jersey Department of Environmental Protection ("NJDEP") and entered into a Voluntary Remediation Agreement providing for the remediation of the contamination associated with the property. We have conducted and paid for (at an immaterial cost to us) remediation of contamination on the property. We have also voluntarily investigated and addressed potential vapor intrusion impacts in downgradient residences and businesses. The NJDEP has asserted, in a Directive and Notice to Insurers dated February 19, 2013 and again in an Amended Directive and Notice to Insurers dated January 13, 2014 (collectively the "Directives"), that we are liable for the downgradient impacts under a joint and severable liability theory. By letter dated April 23, 2015, NJDEP has demanded payment from us, and other parties, in the amount of approximately $296 thousand for costs incurred by NJDEP in connection with contamination downgradient of the property (the "Demand"). By letter dated January 29, 2016, we were informed that NJDEP has filed a lien against the property in connection with approximately $355 thousand in costs incurred by NJDEP in connection with contamination downgradient of the property. We have contested, and will continue to contest, any such assertions due to the existence of other entities/sources of contamination, some of which are named in the Directives and the Demand, in the area of the property. Pursuant to the Voluntary Remediation Agreement, upon completion of all remediation required by the agreement, we believe we should be eligible to be reimbursed up to 75% of qualified remediation costs by the State of New Jersey. We have asked the state for clarification that the agreement applies to off-site work. Although the aggregate amount of additional costs that we may incur pursuant to the remediation cannot currently be ascertained, we do not currently believe that fulfillment of our obligations under the agreement or otherwise will result in costs that are material to our financial condition, results of operations or cash flows.

In July 2014, we received a subpoena from the District Attorney of the County of Alameda, along with other environmental prosecutorial offices in the State of California, seeking documents and information related to the handling, storage and disposal of hazardous waste. A complaint was subsequently filed and the District Attorney and the State Attorney General's Office will seek injunctive and monetary relief. We are cooperating fully with the request and cannot predict the ultimate outcome of these efforts, although we have accrued all amounts we believe to be probable and reasonably estimable. We do not believe the ultimate resolution of this matter will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

We are involved in various other legal proceedings incidental to the conduct of our business, including, but not limited to, several lawsuits containing class-action allegations in which the plaintiffs are current and former hourly and salaried employees who allege various wage and hour violations and unlawful termination practices. We do not currently believe that, either individually or in the aggregate, these matters will result in liabilities material to our financial condition, results of operations or cash flows.

Item 1A. Risk Factors

As of the date of this filing, there have been no material changes in our risk factors from those disclosed in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended August 25, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Shares of common stock repurchased by the Company during the quarter ended May 4, 2019 were as follows:

Issuer Repurchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value that May Yet Be Purchased Under the Plans or Programs
February 10, 2019 to March 9, 2019	132,909	$ 902.89	132,909	$ 514,589,702
March 10, 2019 to April 6, 2019	154,318	983.88	154,318	1,362,759,499
April 7, 2019 to May 4, 2019	184,930	1,050.05	184,930	1,168,573,029
Total	472,157	$ 987.00	472,157	$ 1,168,573,029

During 1998, we announced a program permitting us to repurchase a portion of our outstanding shares not to exceed a dollar maximum established by the Board. This program was most recently amended on March 20, 2019 to increase the repurchase authorization by $1.0 billion. This raised the total value of shares authorized to be repurchased to $21.9 billion. All of the above repurchases were part of this program. Subsequent to May 4, 2019, we have repurchased 108,418 shares of our common stock at an aggregate cost of $10.0 million.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The following exhibits are being filed herewith:

3.1	Restated Articles of Incorporation of AutoZone, Inc. incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q for the quarter ended February 13, 1999.
3.2	Seventh Amended and Restated By-Laws of AutoZone, Inc. incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K dated March 19, 2018.
4.1	Officers' Certificate dated April 18, 2019, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.125% Senior Notes due 2024. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated April 18, 2019.
4.2	Officers' Certificate dated April 18, 2019, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.750% Senior Notes due 2029. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 18, 2019.
4.3	Form of 3.125% Senior Note due 2024. Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K dated April 18, 2019.
4.4	Form of 3.750% Senior Note due 2029. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated April 1, 2019.
*10.1	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under the Amended and Restated AutoZone, Inc. 2011 Equity Incentive Award Plan
15.1	Letter Regarding Unaudited Interim Financial Statements.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101. INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Document
101.LAB	XBRL Taxonomy Extension Labels Document
101.PRE	XBRL Taxonomy Extension Presentation Document
101.DEF	XBRL Taxonomy Extension Definition Document

* Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	AUTOZONE, INC.
June 7, 2019 Date	By: /s/ WILLIAM T. GILES William T. Giles Chief Financial Officer and Executive Vice President Finance, Information Technology and Store Development (Principal Financial Officer)
June 7, 2019 Date	By: /s/ CHARLIE PLEAS, III Charlie Pleas, III Senior Vice President, Controller (Principal Accounting Officer)

Exhibit 15.1

The Board of Directors and Stockholders
AutoZone, Inc.

We are aware of the incorporation by reference in the following Registration Statements:

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

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

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

Registration Statement (Form S-3ASR No. 333-152592) pertaining to a shelf registration to sell debt securities

Registration Statement (Form S-8 No. 333-171186) pertaining to the AutoZone, Inc. 2011 Equity Incentive Award Plan

Registration Statement (Form S-3ASR No. 333-180768) pertaining to a shelf registration to sell debt securities

Registration Statement (Form S-3ASR No. 333-203439) pertaining to a shelf registration to sell debt securities

Registration Statement (Form S-3ASR No. 333-230719) pertaining to a shelf registration to sell debt securities

and in the related Prospectuses of our report dated June 7, 2019, relating to the unaudited condensed consolidated interim financial statements of AutoZone, Inc. that are included in its Form 10-Q for the quarter ended May 4, 2019.

June 7, 2019
Date

/s/ Ernst & Young LLP
Ernst & Young LLP
Memphis, Tennessee

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

I, William C. Rhodes, III, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AutoZone, Inc. (“registrant”);

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

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

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

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

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

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

June 7, 2019
Date

/s/ WILLIAM C. RHODES, III
William C. Rhodes, III
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

I, William T. Giles, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AutoZone, Inc. (“registrant”);

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

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

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

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

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

June 7, 2019	/s/ WILLIAM T. GILES
Date	William T. Giles Chief Financial Officer and Executive Vice President Finance, Information Technology and Store Development (Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of AutoZone, Inc. (the “Company”) on Form 10-Q for the period ended May 4, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William C. Rhodes, III, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

June 7, 2019
Date

/s/ WILLIAM C. RHODES, III
William C. Rhodes, III
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report of AutoZone, Inc. (the “Company”) on Form 10-Q for the period ended May 4, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William T. Giles, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

June 7, 2019
Date

/s/ WILLIAM T. GILES
William T. Giles
Chief Financial Officer and Executive Vice President
Finance, Information Technology and Store Development
(Principal Financial Officer)