



2022 ANNUAL REPORT

Notice of Annual Meeting of Stockholders and Proxy Statement



ACCELERATE TOGETHER





Corporate Profile

AutoZone is the leading retailer and distributor of automotive replacement parts and accessories in the Americas. Each store carries an extensive product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories, and non-automotive products. Many stores also have a commercial sales program that provides commercial credit and prompt delivery of parts and other products to local, regional and national repair garages, dealers, service stations and public sector accounts. We also have commercial programs in all stores in Mexico and Brazil. AutoZone also sells the ALLDATA brand automotive diagnostic, repair and shop management software through www.alldata.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 also provide product information on our Duralast branded products through www.duralastparts.com. AutoZone does not derive revenue from automotive repair or installation.

- 6,943 stores (6,168 stores in 50 states in the U.S., 703 stores in Mexico, and 72 stores in Brazil)
- 5,342 domestic Commercial programs
- 13 Distribution centers (10 in the U.S., two in Mexico and one in Brazil)
- 112,000 AutoZoners

Selected Financial Highlights

(Dollars in millions, except per share data)

	2022	2021	2020	2019*	2018
Net Sales	\$16,252	\$14,630	\$12,632	\$11,864	\$11,221
Operating Profit	\$3,271	\$2,945	\$2,418	\$2,216	\$1,811
Diluted Earnings per Share	\$117.19	\$95.19	\$71.93	\$63.43	\$48.77
After-Tax Return on Invested Capital	52.9%	41.0%	38.1%	35.7%	32.1%
Domestic Same Store Sales Growth	8.4%	13.6%	7.4%	3.0%	1.8%
Operating Margin	20.1%	20.1%	19.1%	18.7%	16.1%
Cash Flow from Operations	\$3,211	\$3,519	\$2,720	\$2,129	\$2,080



* FY2019 includes a 53rd week of results



Dear Customers, AutoZoners and Stockholders,

We opened our very first store in Forrest City, Arkansas, on July 4, 1979. Over the past 43 years, and counting, we've been able to grow from that single store and a handful of faithful AutoZoners to nearly 7,000 stores and 112,000 AutoZoners around the globe. Much has evolved and changed over the years, however, AutoZone's purpose for existing remains unchanged – we exist to serve the needs of the driving public, our customers.

Our AutoZoners' ability, willingness, and passion to always put our customers first is the "secret sauce" to our company's tremendous success and is why AutoZone is both the largest and fastest growing company in our remarkable industry. Our unprecedented and consistently impressive performance is a direct testament to the day-to-day efforts and sacrifices of our AutoZoners, especially in our stores and distribution centers. Even after nearly 28 years as an AutoZoner myself, I continue to be amazed by the passionate commitment of our AutoZoners. Words simply fall short in expressing my most sincere thanks and appreciation for our incredible AutoZoners, who routinely go above and beyond to meet or exceed our customers desires.

On behalf of AutoZoners everywhere, I am honored to update you on our progress, our phenomenal results for fiscal year 2022 (FY22) and to review our opportunities for fiscal 2023 and beyond.

To start, I want to say a sincere thank you to our 112,000 AutoZoners across the company and around the globe for their special efforts the past two and a half years to intensely focus on safety and customer service while dealing with the Covid-19 pandemic. We asked a tremendous amount of our AutoZoners in our stores and our distribution centers to help achieve our targets and they delivered. We achieved record sales of \$16.3 billion, operating profit of \$3.3B, and earnings per share of \$117.19 in fiscal 2022. We could not have achieved these results without the entire organization working together to succeed.

As we turn our attention to fiscal 2023, our operating theme is “Accelerate Together,” which is both our action plan and a commitment to flawlessly execute in every aspect of our business as 1Team and one AutoZone family.

As we look to our future, I continue to be enthusiastic about our company’s ability to indeed accelerate together by building upon the fantastic momentum gained over the last three years and leveraging our ongoing and continued investments in our business. And I remain very bullish about our near and long-term future.

Summary of 2022 Results

For FY22, our focus was to build upon the lessons we learned to grow our Retail and Commercial businesses – which remain our top two strategic priorities, while we also doubled down on our international success. Unequivocally – as 1Team, our AutoZoners delivered and even surpassed many of our company’s most lofty expectations for the fiscal year. In FY22, we set a record with \$16.3 billion in sales and grew domestic same stores sales by an impressive 8.4%. We opened 117 net new stores and 163 net new domestic Commercial programs. Now, 87% of our U.S. stores have a Commercial program along with every store in Mexico and Brazil.

Of all our company’s many successes in FY22, our accelerated growth in Commercial was clearly the brightest shining star and remains our number one strategic growth opportunity. With domestic commercial sales of around \$3.3 billion dollars in FY21, a then record, we put forth a “stretch goal” of \$4 billion. In classic AutoZone fashion, we weren’t content with just meeting expectations. At the end of FY22, we surpassed our so-called stretch goal and finished the year with \$4.2 billion in Commercial sales. For the year, we averaged \$15,500 in average weekly sales per Commercial program in the U.S., up from \$12,600 last fiscal year.

During fiscal year 2022, we continued to make significant investments to enhance our supply chain and our ability to say “Yes! We’ve Got It!” to our customers. In FY22, we announced the future opening of three additional AutoZone distribution centers – two in the U.S. and one in Mexico. We also announced plans to open a new direct import facility which will make our very robust direct import program more efficient by allowing us to postpone inventory allocations until those parts and products are on U. S. soil.

We also continue to be bullish on our hub and mega hub strategy. As a point of reference, our hubs allow us to carry roughly 50,000 SKUs, more than twice the assortment of a typical store, and our mega hubs allow us to carry 80,000 to 110,000 SKUs. In FY22, we ended the year with 78 mega hubs and 194 hubs. Our hub and mega hub strategy continues to out-perform our expectations, yielding increased sales and market share gains. Therefore, we recently updated this element of our strategy and declared our aspirations to have 200 mega hubs and 300 hubs, or 500 AutoZone stores with materially enhanced product assortments in the U.S. over the next several years.



Aside from store openings, we invested a record amount of capital for future growth. In recent years, as technological innovations continue to accelerate across society, so does our appetite for technology enhancements at AutoZone. We have made considerable and accelerated investments in technology including enhancing our digital interactions with our customers, deploying handheld technology for our commercial deliveries to improve our on-time performance, leveraging new technologies in our supply chain and making our systems and security programs more robust and resilient. We are always looking for “incremental innovation” as innovation is always required but incremental innovation lowers the risk profile versus “revolutionary innovation.”

On the international front, we opened 59 stores during fiscal 2022, up from 52 the year before. This year we opened our 700th store in Mexico - an amazing accomplishment! We could not be prouder of our AutoZoners in Mexico. From our first store in 1998 to our 700th this year, we continue to focus on how best to serve our customers in Mexico while building our brand across the country. In Brazil, we opened 20 stores and finished the year with 72. While the Brazil store base is a fraction of the Mexico base, we are excited about our future growth.

Our team at ALLDATA again delivered impressive results, growing both sales and operating profit. We now service customers in several countries beyond the United States and believe ALLDATA continues to have significant growth ahead as we drive to solve our commercial customer’s challenges through leveraging technology.

As part of last year’s stockholder’s meeting, we shared with you the work we were doing regarding Environmental, Social and Governance (ESG) matters. I’m happy to report that while this is a journey, likely without a concrete destination, we have made significant progress. We are publishing our latest ESG report this month and hope you enjoy learning about the progress we have made and the resulting disclosures and commitments. On ESG, I’ve always felt our governance matters are well-defined as we have made very intentional decisions on what we believe to be best for AutoZone, our customers, AutoZoners and stockholders. On the social front, our unique and powerful culture shines bright and strong and is a key differentiator for us in the marketplace. Additionally, I’m very proud of the diversity of our organization from the Board of Directors to senior leadership and, in particular, our field leadership team. Regarding environmental, we have spent a tremendous amount of time in this area over the last year and a half and we are excited about some of the developments and commitments we expressed in our ESG report. We look forward to continued engagement with you, our stockholders, on this topic and many more.

Finally, I’m very proud of our organization for the creative collaboration and ingenuity they have exhibited over the last couple of years, as we have navigated the turbulent waters of Covid-19, government and societal responses and all the unintended consequences that came along. Our team had to get creative, had to develop new normals and had to deliver for our customers. I’m proud to say our AutoZoners delivered! It has been evident in our performance

metrics, most notably, our sales performance and the increase in our operating profit since FY19 shows that we grew our EBIT by roughly 50% in just three short years. Even more impressive has been the significant increases in market share we have experienced in both U.S. Retail and Commercial – our customers have voted with their wallets and validated the tremendous performance of our team.

Our Future

As noted above, over the last couple of years, we have had to adjust our business, processes, procedures, and expectations because of the pandemic. While necessary, we too have had unintended consequences – at times, we’ve accepted less than flawless execution. It is time we return to our fanatical level of execution and together we, as a team, are committed to exiting “pandemic mode” so we can Accelerate Together.

For fiscal 2023, we believe we will be entering a more normalized environment after two and half years of unprecedented change. Our goals and expectations for the year will mirror our longer-term historical experiences. And our focus will be keenly on “the customer.”

Our strategy will be consistent. We will continue to grow our store count in the U.S, and Mexico by around 200 and we will begin an accelerated multi-year growth in new stores in Brazil. Our hub and mega hub strategy to reach 500 locations in the U.S. with significant expanded assortments will be a keen focus.

We will be entering the third year of our Retail Acceleration strategy and our customers will begin to see the fruits of those efforts in our rollout of self-checkout, a new Hybrid Znet (parts lookup system), and further and seamless integration of our digital engagement with customers. Our goal in Retail is to continue to retain the market share we amassed in the pandemic, especially in unit share, and focus on further market share growth.

In Commercial, our expectation is to continue to materially grow faster than the market. As we recently proclaimed, our long-term goal is to become the largest in each sector where we operate and that certainly includes the U.S. Commercial business. We will continue to refine and enhance our execution on the strategy we began developing about five years ago. It is a comprehensive strategy that includes improved product availability, leveraging the Duralast brand, improving our service levels and productivity of our sales processes and making sure we are priced “right.” We will also begin to ask ourselves “what’s next” to further enhance our competitive position in this highly fragmented market.

Our supply chain team is working diligently to prepare our supply chain for the next decade. We are adding new facilities, improving our systems, implementing robotics for the first time, and enhancing processes all while intensely

focusing on returning to our historical safety, service level and productivity standards.

Before I close, I want to thank our entire Board of Directors for their counsel, support, guidance, and coaching. We have a tremendous group of individuals that serve on our board. They are a strong and cohesive team, and their team-based approach substantially enhances their individual contributions. In December, Doug Brooks will not be standing for re-election. Doug has served our board for over nine years and his contributions have been tremendous. I want to thank Doug for leveraging his deep knowledge for the benefit of AutoZone, AutoZoners and our stockholders. Doug, we wish you nothing but the best in your next chapter.

Again, I want to thank all AutoZoners for their continued dedication and tireless efforts in FY22. Additionally, I would like to thank you, our stockholders, for the confidence you have placed in our team by your decision to invest in AutoZone. We remain committed to managing your capital wisely, achieving an appropriate return on the capital you entrust us to deploy and returning excess cash through our share repurchase program.

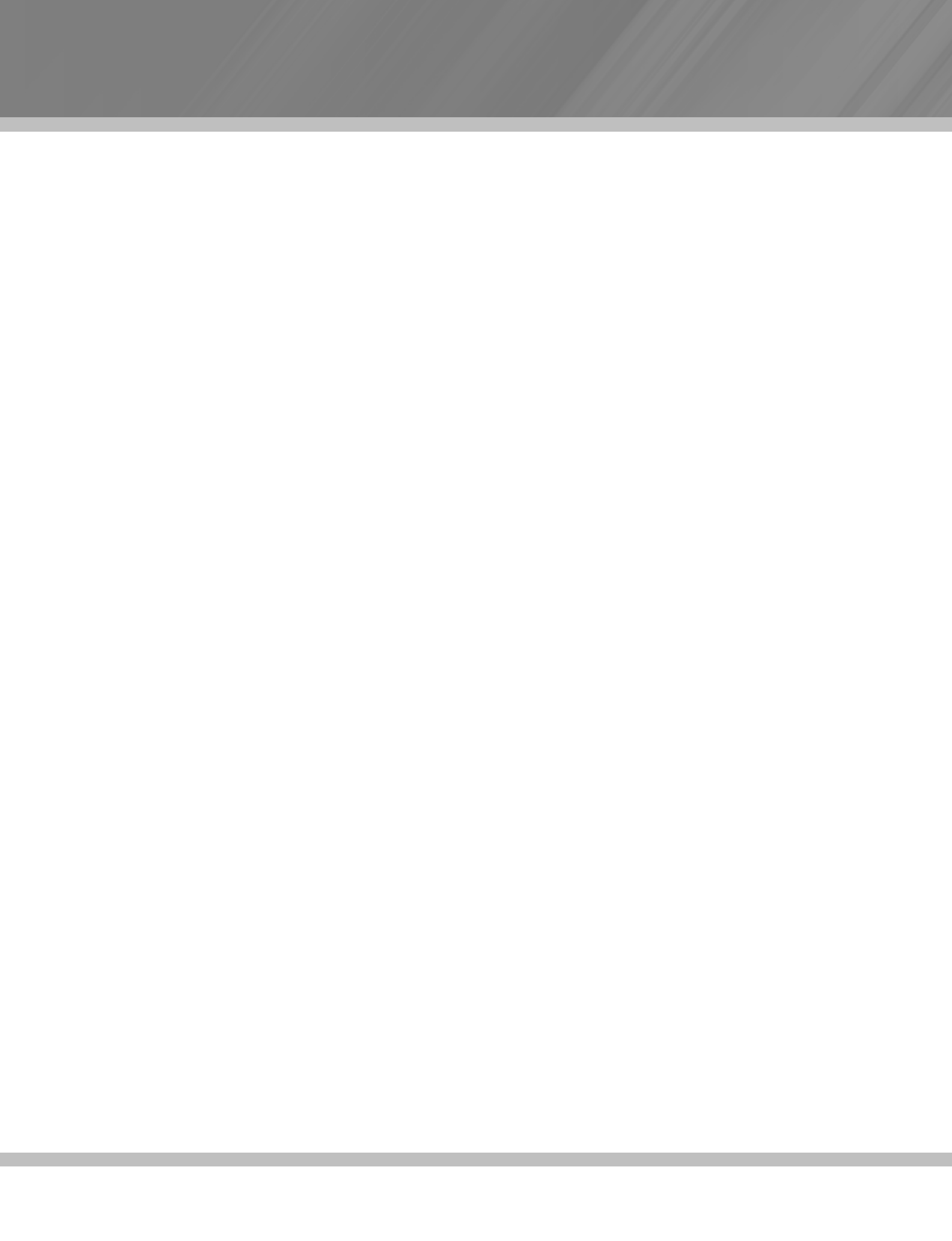
We have a wonderful culture that has been built over the past 43 years and counting. We remain passionate about Living our Pledge and Values to earn our customers' trust and business every day. I continue to believe that our best days are ahead.

Thank you for staying in the Zone with us for all these years!

Sincerely,

A handwritten signature in black ink that reads "Bill Rhodes". The signature is written in a cursive, flowing style.

Bill Rhodes
Chairman, President and CEO





Duralast[®]
GOLD
SEMI-METALLIC
BRAKE PADS

Duralast[®]
GOLD
BRAKE ROTOR



**Notice of Annual Meeting of Stockholders
and Proxy Statement**





NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Proxy



DATE AND TIME

December 14, 2022
8:00 a.m. Central Time



PLACE

J. R. Hyde III Store Support Center
123 S. Front Street
Memphis, Tennessee 38103



RECORD DATE

Close of business on
October 17, 2022

ITEMS OF BUSINESS

Proposal	Board Voting Recommendation
1. Election of 10 directors	FOR each nominee
2. Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2023 fiscal year	FOR
3. Approval of an advisory vote on the compensation of named executive officers	FOR

In addition, we will transact such other business properly brought before the meeting.

VOTING

Your vote is important. We strongly encourage you to submit your vote as promptly as possible through the Internet, by telephone or by mailing your completed and signed proxy card (or voting instruction form, if you hold your shares through a broker, bank or nominee). For more specific instructions on how to vote, please see page 58.

MEETING MATERIALS

This Proxy Statement and our 2022 Annual Report are available on the Investor Relations section of our website at investors.autozone.com. Additionally, you may access our proxy materials at www.envisionreports.com/AZO.

ATTENDING THE MEETING

We are holding the 2022 Annual Meeting at our principal executive offices in Memphis Tennessee. For additional information on how you may attend or vote at the meeting, please see page 58.

By Order of the Board of Directors,

Kristen C. Wright
Secretary




Memphis, Tennessee
October 24, 2022

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PROXY SUMMARY

This Proxy Summary provides general information about AutoZone and highlights information contained elsewhere in this Proxy Statement. As it is only a summary, please refer to the entire Proxy Statement and the Annual Report on Form 10-K for the fiscal year ended August 27, 2022 before you vote. In this Proxy Statement, we use the term “AutoZone,” “we,” “us,” “our” and “the Company” to refer to AutoZone, Inc.

MEETING INFORMATION





DATE & TIME	LOCATION	RECORD DATE
 December 14, 2022 at 8:00 a.m. CT	 J. R. Hyde III Store Support Center, 123 S. Front Street, Memphis, Tennessee 38103	 Shareholders of record as of the close of business on October 17, 2022 are entitled to vote.

ITEMS OF BUSINESS

Proposal No.	Board Recommendation	Page
1. Election of 10 directors	FOR each of the directors	18
2. Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2023 fiscal year	FOR	24
3. Approval of an advisory vote on the compensation of named executive officers	FOR	25

VOTING

We strongly encourage you to submit your vote as promptly as possible through the Internet, by telephone or by mailing your completed and signed proxy card (or voting instruction form, if you hold your shares through a broker, bank or nominee). You may also attend the Annual Meeting and vote in-person.

Internet	Telephone	Mail	At the Meeting
 Visit the website on your proxy card, voting instruction form or electronic communications.	 Call the telephone number on your proxy card, voting instruction form or electronic communications.	 Sign, date and return your proxy card or voting instruction form in the enclosed envelope.	 Attend the Annual Meeting and vote in-person.

For more specific instructions on how to vote as well as how to attend the Annual Meeting, please see page 58.

ABOUT THESE MATERIALS

We began mailing our Notice of Internet Availability of Proxy Materials (the “Notice”) to each shareholder entitled to vote at the Annual Meeting on or about October 24, 2022. Our Board of Directors (the “Board”) has sent you this Proxy Statement to solicit your vote at the Annual Meeting or any adjournment thereof.

AutoZone Highlights

FINANCIAL AND OPERATIONAL HIGHLIGHTS*



- **\$16.3 Billion in Revenue** and **\$117.19 Diluted Earnings per Share**
- Completed **\$4.4 billion in Share Repurchases**
- Average of **18.5% Total Shareholder Return (TSR)** for past 20 years.
- **6,943 Stores** Globally
- **5,342 Commercial Programs** in the U.S.

For more information, see: AutoZone's Form 10-K for FY22 filed with the Securities and Exchange Commission ("SEC").

CORPORATE GOVERNANCE



- **Board Leadership** consists of Chairman, CEO and President as well as Lead Independent Director
- **Annual Elections** of Directors
- Committees are made entirely of **Independent Directors**
- One class of outstanding shares with **each share entitled to one vote**
- Committee charters reflect **strong oversight of environmental, social and governance ("ESG")** matters
- Corporate Governance Guidelines amended to provide for **Board Diversity Policy**

For more information, see: Corporate Governance beginning on page 7.

EXECUTIVE COMPENSATION



- Significant portion of executive's compensation is **variable or at-risk** compensation
- Annual Incentive Plan tied to **economic profit**, as a function of EBIT and ROIC
- **Shareholder support for Say-On-Pay Vote** at 95% for average of past ten years, and 86% last year
- Compensation plans and practices reviewed to ensure they **do not encourage excessive risk-taking**
- **Stock Ownership Guidelines** aligned to compensation strategy

For more information, see: Compensation, Discussion & Analysis beginning on page 26.

SHAREHOLDER ENGAGEMENT



- Conduct **year-round outreach** through our senior management, investor relations and legal teams to understand shareholders' perspectives, priorities and concerns.
- In fall of 2022, invited investors to discuss ESG and executive compensation practices.
- During fiscal year 2021, engaged with shareholders representing over 30% of our outstanding shares to discuss the Company's environmental, social and governance practices and discuss investors' feedback generally.

For more information, see: Shareholder Engagement on page 15 and Compensation, Discussion & Analysis on page 26.

* Information reflected as of, and for the fiscal year ended, August 27, 2022, as applicable

Disclaimer: The contents of any websites, reports or other materials are not incorporated by reference into this proxy statement and do not constitute a part of this proxy statement.

PLEDGE & VALUES

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



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An AutoZoner Always...

PUTS CUSTOMERS FIRST

Exceed your customers' expectations by providing WOW! Customer Service and going the Extra Mile. Understand your customers' needs and solve their problems. Treat each customer as your only customer.

CARES ABOUT PEOPLE

Treat people with dignity and respect. Recognize great work and provide frequent feedback. Demonstrate concern for others and your community. Create a safe environment. Own your development and help develop others.

STRIVES FOR EXCEPTIONAL PERFORMANCE

Be accountable and honor your commitments. Act in a manner of the highest legal and ethical standards. Use resources wisely and promote a culture of thrift. Take strong initiative, act quickly and do the job right the first time.

ENERGIZES OTHERS

Share your passion for the business. Generate enthusiasm, motivate others and promote innovation. Listen and assume positive intent in others.

EMBRACES DIVERSITY

Welcome each individual's heritage, differences and unique qualities. Build teams with diverse thoughts, skills, knowledge and backgrounds. Value the ideas and opinions of others.

HELPS TEAMS SUCCEED

Actively contribute to team goals and seek opportunities to lead. Be a reliable and supportive team member. Strive for accurate and clear communication. Place team goals over personal goals.

CULTURE



- Our **Pledge and Values** foster a strong, unique culture of teamwork and customer service. Every AutoZoner, from the Board of Directors and CEO Team (Vice Presidents and above) to AutoZoners in our stores, strive to **Live the Pledge**.
- Meetings at AutoZone begin with our **Cheer**, to remind us of our commitment to customer satisfaction and our promise to put customers first, and an **Extra Miler Story**, to recognize fellow AutoZoners for living our Pledge and Values and taking care of our customers.
- We believe our commitment to living the **Pledge and Values** and strong **culture of recognition** is what sets us apart from our competitors and drives our success.

HUMAN CAPITAL MANAGEMENT



- **Approximately 112,000 AutoZoners Globally**
 - Ranked **#39 in Forbes World's Best Employers** for 2021
 - **Significant diversity** of backgrounds, experiences and tenures represented on the **Board** and **Executive Committee**
 - **6 Business Resource Groups** supported by a cross-functional **Diversity Council** and **Diversity, Equity and Inclusion (DEI) Steering Committee**.
 - Published **EEO-1 compliant disclosure** in ESG Report
- For more information, see: [Our most recent ESG Report at investors.autozone.com](https://investors.autozone.com).

Forward Looking Statements: Certain statements contained in this proxy statement, including statements about our estimates, expectations, beliefs, intentions or strategies, constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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, some of which are discussed in more detail in the "Risk Factors" section contained in Item 1A under Part 1 of the Company's Annual Report on Form 10-K for the year ended August 27, 2022. 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.

Board of Directors Nominees

Proxy

Name and Principal Occupation	Independent	Age	Director Since	Diversity		Committee Membership		
				Gender	Ethnicity	Audit	Comp	NomGov
 Michael A. George Former President and CEO of Qurate Retail	☑	61	2022			M		
 Linda A. Goodspeed Former Managing Partner and COO of WealthStrategies Financial Advisors	☑	60	2013	☑		M	M	
 Earl G. Graves, Jr. President and CEO of Black Enterprise	Lead ☑	60	2002		☑			
 Enderson Guimaraes Former President and COO for Laureate Education, Inc.	☑	63	2012		☑			M
 Brian Hannasch President and CEO of Alimentation Couche-Tard	☑	56	2022				M	
 D. Bryan Jordan Chairman, President and CEO of First Horizon Corporation	☑	60	2013					M
 Gale V. King Former EVP and Chief Administrative Officer of Nationwide Mutual Insurance Company	☑	66	2018	☑	☑		M	
 George R. Mrkonic, Jr. Former Non-Executive Chairman of Maru Group	☑	70	2006			M		
 William C. Rhodes, III Chairman, President and CEO of AutoZone, Inc.		57	2005					
 Jill Soltau Former CEO of J.C. Penney Company, Inc.	☑	55	2018	☑				M

 indicates Committee Chairperson

DIRECTOR SKILLS & DIVERSITY

	Michael A. George	Linda A. Goodspeed	Earl G. Graves, Jr.	Enderson Guimaraes	Brian Hannasch	D. Bryan Jordan	Gale V. King	George R. Mirkonic, Jr.	William C. Rhodes, III	Jill Soltau	Total (#)	Total (%)
EXPERIENCE												
CEO / C-Suite	●	●	●	●	●	●	●	●	●	●	10	100%
Other Public Directorship	●	●		●		●	●	●	●	●	8	80%
Retail or Automotive Industry	●	●			●			●	●	●	6	60%
Risk Management	●	●	●	●	●	●	●	●	●	●	10	100%
Accounting or Finance	●	●	●	●	●	●	●	●	●	●	10	100%
International	●	●		●	●			●	●		6	60%
Strategy & Bus Development	●	●	●	●	●	●	●	●	●	●	10	100%
DIVERSITY												
Female		●					●			●	3	30%
Ethnic / Racial			●	●			●				3	30%
Tenure												
0-5 Years	●				●		●			●	4	40%
6-10 Years		●		●		●					3	30%
11+ Years			●					●	●		3	30%

Proxy

EXECUTIVE COMMITTEE AT-A-GLANCE

DIVERSITY	DEI LEADERSHIP*	TENURE
Female: ●●	BRG Sponsors: ●●●●●●●●	0-5 Years: ●●
Black: ●●●●	DEI Council Members: ●●●●●	6-10 Years: ●●
Hispanic / Latin: ●●		11-20 Years: ●
Two or More Races: ●●		21+ Years: ●●●●●●●●●●
Total: 14 Executive Committee Members		

* Refers to leadership, support and promotion of the Company's Diversity, Equity and Inclusion ("DEI") initiatives, through serving as an Executive Sponsor on one of our Business Resource Groups ("BRGs") or as a member of the cross-functional DEI Council which oversees DEI initiatives.

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CORPORATE GOVERNANCE

AutoZone has a long-standing commitment to promoting the long-term interests of our customers, AutoZoners and shareholders. In furtherance of this commitment, the Board has adopted a comprehensive governance framework to allow it to provide effective oversight and make informed decisions relating to the business, strategy, risk, culture and more. The following section discusses key aspects of our corporate governance structure, policies and practices.

Governance Framework

BOARD LEADERSHIP STRUCTURE

We do not have an express policy on whether the roles of Board Chairman and Chief Executive Officer should be combined or separated. Instead, the Board prefers to maintain the flexibility to determine which leadership structure best serves the interests of our shareholders. If the positions of the Chairman of the Board and CEO are held by the same person, or if the Chairman is employed by or not independent of AutoZone, then the Board will select a non-employee director to serve as the Lead Director.

Currently, our Board believes that having a combined Chairman and CEO, a Lead Independent Director, Independent Committee Chairs, Independent Committee members and 90% of Independent Board members provides the best Board structure for AutoZone. This structure, together with our other corporate governance practices, provides strong independent oversight of management while ensuring clear strategic alignment throughout the Company. While we currently have a combined Chairman and CEO leadership structure, the Board regularly reevaluates this structure as part of the Board evaluation and Board succession planning processes.

LEAD DIRECTOR



Earl G. Graves, Jr.
Lead Director

Our Lead Director, Earl G. Graves, Jr., is a non-employee director who is elected by the Board annually. Our Corporate Governance Principles provide our Lead Director with clearly defined responsibilities as follows:

- Presides at all executive sessions of the Board (without management present) at every regularly scheduled Board meeting;
- Chairs Board meetings when the Chairman is not present;
- Works with management to determine the information and materials to be provided to Board members;
- Approves Board meeting agendas, schedules, and other information to be provided to the Board;
- Consults with the Chairman on such other matters as are pertinent to the Board and the Company;
- Has the authority to call meetings of the independent directors;
- Is available for direct communication and consultation with major shareholders upon request; and
- Serves as a liaison between the Chairman and the independent directors.

In addition, our Lead Director, Mr. Graves, serves as Chairman of the Nominating and Corporate Governance Committee which enables him to ensure the governance practices of the Board are best suited for the needs of the Company and its shareholders. In this capacity, Mr. Graves and the other independent members of the Nominating and Corporate Governance Committee oversee Board evaluations and Board refreshment, among other things.

COMMITTEES. AutoZone's Board has three standing committees, each consisting solely of independent directors—the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. Additional information about each of the Committees is included below.

GOVERNANCE DOCUMENTS. The key governance documents and policies adopted by the Board are:

- Corporate Governance Principles;
- Charters for its Audit, Compensation, and Nominating & Corporate Governance Committees;
- Code of Conduct for all AutoZoners, including directors, officers and employees;
- Code of Ethical Conduct for Financial Executives; and
- Policy on Political Contributions and Lobbying Engagements.

The Board reviews these corporate governance documents and policies from time to time and revises them when it believes it serves the interests of the Company and its shareholders to do so, such as in response to changing governance practices or legal requirements. Each of these documents is available on our website at investors.autozone.com and is also available, free of charge, in print to any shareholder who requests it.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) REPORTS. As part of our commitment to continuous improvement and maximizing long-term shareholder value, the Company's commitment to sustainability has expanded over time. AutoZone has published an ESG Report, and the most current version of this report is available on our website at investors.autozone.com.

Our website and the information contained therein or linked thereto are not intended to be incorporated into this Proxy Statement. Further, our ESG Report is not, and will not be deemed to be, a part of this Proxy Statement or incorporated by reference into any of our other filings with the SEC.

Risk Oversight

Oversight of risk management is a responsibility of the Board and is an integral part of the Board's oversight of AutoZone's business. AutoZone's management takes a variety of calculated risks in order to enhance Company performance and shareholder value. The primary responsibility for the identification, assessment and management of the various risks resides with AutoZone's management. The Board is primarily responsible for ensuring that management has established and adequately resourced processes for identifying and preparing the Company to manage risks effectively.

Strategic Planning and Operating Risks

Additionally, the Board reviews the Company's principal strategic and operating risks as part of its regular discussion and consideration of AutoZone's strategy and operating results. The Board also regularly reviews with the General Counsel legal matters that may have a material adverse impact on the Company's financial statements, the Company's compliance with laws, and any material reports received from regulatory agencies.

Financial Risks

The Audit Committee is involved in the Board's oversight of risk management. At each of its regular meetings, the Audit Committee reviews the Company's major financial exposures and the steps management has taken to identify, assess, monitor, control, remediate and report such exposures. The Audit Committee, along with management, also evaluates the effectiveness of the risk avoidance and mitigation processes in place. Such risk-related information is then summarized, reported and discussed at each quarterly Board meeting.

Enterprise Risks

To assist with risk management and oversight, AutoZone has adopted the concept of Enterprise Risk Management ("ERM") using the framework issued in 2004 by the Committee of Sponsoring Organizations of the

Treadway Commission. The Company's Vice President of Internal Audit, who reports directly to the Audit Committee, has been charged with leading the Company's ERM processes with the assistance of Company management. The Vice President of Internal Audit presents to the Audit Committee a comprehensive review of the Company's ERM processes quarterly. This presentation includes an overview of all significant risks that have been identified and assessed and the strategies developed by management for managing such risks. The Vice President of Internal Audit leads open discussions with the Audit Committee members to analyze the significance of the risks identified and seeks to verify that the list is all-inclusive. Company management is also involved in these discussions to ensure that the Board gains a full understanding of the risks and the strategies that management has implemented to manage the risks.

Information Security Risks

The Audit Committee, in connection with its oversight of the Company's ERM processes described above, reviews and discusses the Company's information security risks directly with the Company's Chief Information Security Officer. This review takes place at each routine, quarterly committee meeting and includes a discussion of significant threats, risk mitigation strategies, any IT security program assessments and identified improvements. Additionally, information security matters are included within a broader IT update which is typically presented annually to the full Board of Directors.

Environmental, Social and Governance

The Board exercises its oversight responsibilities of environmental, social and governance ("ESG") matters both as a full Board and through its committees as appropriate for the subject matter. The Nominating and Corporate Governance Committee has primary responsibility for assisting the Board in overseeing Board governance policies and practices, AutoZone's DEI efforts, ESG reporting, significant human capital management matters and ESG-related shareholder engagement efforts. The Compensation Committee considers risk in connection with the design of AutoZone's compensation programs and periodically reviews and discusses with management the alignment among AutoZone's compensation programs, company strategy and human capital management strategy. The Audit Committee provides oversight of the regulatory environment as part of ERM, including with respect to environmental and safety compliance.

Climate change is currently a matter of shared oversight. For example, reporting of initiatives and goals intended to reduce our impact on climate change is overseen by the Nominating & Corporate Governance Committee as part of their oversight of ESG reporting; oversight of climate change as a matter of environmental-related compliance is overseen by the Audit Committee; and climate change, to the extent it presents a strategic risk and opportunity is overseen by the full Board. Each of the Committees provide reports and feedback to the full Board for its collective review and discussion.

In addition to providing routine oversight, the Board and its Committees may receive more focused updates on an ad hoc basis allowing for greater interaction with members of the management team and deeper insight into a particular area of the business. For example, in each of fiscal years 2021 and 2022, management provided the full Board with a dedicated update regarding the ESG landscape, including the regulatory environment, the Company's energy reduction goal, updated ESG reporting, shareholder engagement efforts, capital allocation strategies and other internal workstreams and priorities.

Board and Committee Meetings

BOARD MEETINGS AND ATTENDANCE

During FY22, the Board held 5 meetings. The non-management members of our Board regularly meet in executive sessions in conjunction with each regularly scheduled Board meeting, with our Lead Director, Mr. Graves, presiding at these sessions.

All directors attended at least 75% of the meetings of the Board and their assigned committees during FY22

All directors are expected to attend our annual meetings of shareholders. At our 2021 Annual Meeting, which was held virtually, all directors were present virtually and able to answer questions similar to an in-person

annual meeting (other than Messrs. George and Hannasch, who were not serving on the Board as of such meeting date).

AUDIT COMMITTEE

Meetings in FY22: 9

Members:

- D. Bryan Jordan (Chair)
- Michael George
- Linda A. Goodspeed
- George R. Mrkonic, Jr.

Independent: All

Qualifications: The Board has determined that each Committee member meets the qualifications of an **audit committee financial expert** as defined by the SEC and is **financially literate** as defined by the New York Stock Exchange (“NYSE”).

The Audit Committee assists the Board in overseeing the integrity of the Company’s financial statements; the independent auditor’s qualification, independence and performance; the performance of the Company’s internal audit function, and the Company’s compliance with legal and regulatory requirements.

Accordingly, the Audit Committee has responsibility for:

- evaluating, appointing or dismissing, determining compensation for, and overseeing the work of the independent public accounting firm employed to conduct the annual audit, which reports to the Audit Committee;
- conducting periodic reviews with Company officers, management, independent auditors, and the internal audit function;
- reviewing and discussing with management and the independent auditor the Company’s annual audited financial statements, quarterly financial statements, internal controls report and the independent auditor’s attestation thereof, and other matters related to the Company’s financial statements and disclosures;
- overseeing the Company’s internal audit function; and
- reporting periodically to the Board and making appropriate recommendations.

COMPENSATION COMMITTEE

Meetings in FY22: 5

Members:

- George R. Mrkonic, Jr (Chair)
- Douglas H. Brooks*
- Linda A. Goodspeed
- Brian Hannasch
- Gale King

Independent: All

Qualifications: The Board has determined that each member of the Compensation Committee meets the additional independence requirements of the SEC and NYSE applicable to Compensation Committee members.

** not standing for re-election*

The Compensation Committee has responsibility for:

- reviewing and approving AutoZone’s compensation philosophy, strategy and objectives;
- reviewing and approving the compensation programs, plans, policies and awards for executive officers;
- leading the independent directors in the evaluation of the performance of the Chief Executive Officer (“CEO”) in meeting established goals and objectives relevant to the compensation of the CEO;
- acting as administrator as may be required by AutoZone’s short- and long-term incentive plans and stock or stock-based plans;
- reviewing the compensation of AutoZone’s non-employee directors from time to time and recommend to the full Board any changes that the Compensation Committee deems necessary; and
- reviewing and discussing with management the alignment between AutoZone’s compensation programs, company strategy and human capital management strategy.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Meetings in FY22: 3

Members:

- Earl G. Graves, Jr (Chair)
- Enderson Guimaraes
- D. Bryan Jordan
- Jill Soltau

Independent: All

The Nominating and Corporate Governance Committee has responsibility for:

- ensuring that qualified candidates are presented to the Board for election as directors;
- assisting the Board in its oversight of AutoZone’s ESG practices, including DEI and other human capital management matters;
- assisting the Board in developing criteria and procedures for the evaluation of the Board, its committees and directors;
- reviewing and recommending changes to the corporate governance principles with the aim of best serving the practices and objectives of the Board; and
- reviewing and recommending changes to AutoZone’s Articles of Incorporation and By-Laws with the aim of best serving the interests of the shareholders.

Board Composition

PERSONAL CHARACTERISTICS AND CORE COMPETENCIES

The Board believes each individual director should possess certain personal characteristics, and that the Board as a whole should possess certain core competencies. Such personal characteristics are integrity and accountability, informed judgment, financial literacy, mature confidence, high performance standards, and passion. They should also have demonstrated the confidence to be truly independent, as well as be business savvy, have an owner orientation and have a genuine interest in AutoZone. Core competencies of the Board as a whole, include accounting and finance, business judgment, management expertise, crisis response, industry knowledge, international markets, strategy and vision. These characteristics and competencies are set forth in more detail in AutoZone’s Corporate Governance Principles, which are available on AutoZone’s corporate website at investors.autozone.com.

DIRECTOR INDEPENDENCE

As stated in AutoZone’s Corporate Governance Principles, a substantial majority of the Board of Directors should be independent in accordance with the rules of the NYSE. The Board annually assesses director independence after reviewing relevant relationships involving such director and AutoZone.

As part of this review, the Board specifically considered the following matters, all of which were conducted in arm’s length transactions in FY22 as part of the ordinary course of business.

- Mr. Brooks is a member of the board of directors of Southwest Airlines, and AutoZone purchased airline tickets from Southwest Airlines.
- Mr. Hannasch is the President and Chief Executive Officer of Alimentation Couche-Tard, which operates Circle K convenience stores, from whom AutoZone purchased miscellaneous goods.
- Mr. Jordan is the Chief Executive Officer and Chairman of the board of directors of First Horizon Corporation, which: participates in one of AutoZone’s supplier confirmed receivables programs (under which some AutoZone vendors are borrowers, but AutoZone is not); offers brokerage services to AutoZone employees exercising stock options, and holds various AutoZone deposit accounts.
- Ms. King is a member of the board of directors of J.B. Hunt Transport Services, Inc. and Unum Group, with whom AutoZone procured freight and delivery services and group insurance, respectively.
- Donations made by the Company to not-for-profit organizations with which Board members or their immediate family members were affiliated.

The Board concluded that none of the above transactions were, individually or cumulatively, material to AutoZone and also did not materially benefit any director, directly or indirectly. Accordingly, the Board affirmatively determined that none of Mses. Goodspeed, King, or Soltau or Messrs. Brooks, George, Graves, Guimaraes, Hannasch, Jordan or Mrkonic has a material relationship with the Company other than in their capacity as a Board member and that all of them are independent within the meaning of the AutoZone Corporate Governance Principles, the NYSE listing standards and applicable law. The Board also determined that Mr. Rhodes is not independent since he is an employee of the Company.

BOARD REFRESHMENT

The Board has a variety of mechanisms in place to promote Board refreshment in a manner that aligns with the long-term interests of AutoZone and its shareholders. In particular, the Board relies upon thorough and meaningful evaluations as well as a resignation policy in the event a director experiences a change in professional role or responsibility. The Board does not have an age-based or tenure-based resignation policy as the Board believes neither can adequately assess an individual director's contribution, engagement and value to the overall effectiveness of the Board. Instead, we believe thoughtful succession planning and reflection of the Board's overall composition allow us to refresh the makeup of the Board in a more organic and intentional manner. For example, we have had one director inform the Board of their decision to not stand for re-election at each of the 2021 and 2022 Annual Meetings. Also during this time frame, we appointed two new directors to the Board, each with experience serving as a Chief Executive Officer and each possessing other valuable and complementary skills to ensure the Board and its Committees remain well rounded and effective in discharging their responsibilities.

BOARD EVALUATIONS

The Nominating and Corporate Governance Committee annually reviews and approves the process by which the Board, its Committees and the individual directors conduct an evaluation. These evaluations help inform Board succession planning as well as contribute to different enhancements that may allow the Board to carry out its roles and responsibilities more effectively. The annual Board and Committee evaluation process is typically administered by the Corporate Secretary's office; however, the Board has periodically engaged a third-party consultant to ensure the process remains dynamic and intentional. For example, in 2021, at the recommendation of the Nominating and Corporate Governance Committee, the evaluation was administered by an independent, third-party and consisted of both survey data and one-on-one interviews. These findings were then aggregated, analyzed and reported upon to the full Board collectively and each individual director. In 2022, the Board reverted to its more traditional evaluation process facilitated by the Corporate Secretary's office.

DIRECTOR NOMINATIONS AND BOARD DIVERSITY

Prior to each annual meeting of shareholders at which directors are to be elected, the Nominating and Corporate Governance Committee considers incumbent directors and other qualified individuals, if appropriate, as potential director nominees. In evaluating a potential nominee, the Nominating and Corporate Governance Committee considers the personal characteristics described above, reviews the composition of the full Board and reflects upon learnings from the Board evaluations to determine the areas of expertise and core competencies needed to enhance the effectiveness of the Board. The Nominating and Corporate Governance Committee may also consider other factors such as the size of the Board, whether a candidate is independent, how many other public company directorships a candidate holds and the listing standards requirements of the NYSE.

The Nominating and Corporate Governance Committee recognizes the importance of selecting directors from various backgrounds and professions in order to ensure that the Board as a whole has a variety of experiences and perspectives which contribute to a more effective decision-making process. Consistent with AutoZone's Pledge and Values, the Board embraces diversity in its broadest sense and believes it is important to have directors with diverse thoughts, skills, knowledge and backgrounds. As stated in the Corporate Governance Principles, when evaluating candidates for nomination as new directors, the Nominating and Corporate Governance Committee will ensure that the initial list of candidates from which new director nominees are considered include candidates with diversity of race, ethnicity or gender.

The Nominating and Corporate Governance Committee uses a variety of methods for identifying potential nominees for director. Candidates may come to the attention of the Nominating and Corporate Governance Committee through current Board members, shareholders or other persons. The Nominating and Corporate Governance Committee may retain a search firm or other consulting firm from time to time to identify potential nominees. Nominees recommended by shareholders in accordance with the procedure described below, i.e., submitted in writing to AutoZone's Secretary, accompanied by the biographical and business experience information regarding the nominee and the other information required by Article III, Section 1 of AutoZone's Seventh Amended and Restated By-Laws ("By-Laws"), will receive the same consideration as the Nominating and Corporate Governance Committee's other potential nominees.

Director Nominations by Shareholders

The Nominating and Corporate Governance Committee's policy is to consider director candidate recommendations from shareholders if they are submitted in writing to AutoZone's Secretary in accordance with the procedure set forth in Article III, Section 1 of By-Laws, including biographical and business experience, information regarding the nominee and other information required by such provision in the By-laws. Copies of the By-Laws will be provided upon written request to AutoZone's Secretary and are also available on AutoZone's corporate website at investors.autozone.com.

In addition to satisfying the foregoing requirements under AutoZone's By-laws, to comply with the universal proxy rules, shareholders who intend to solicit proxies in support of director nominees other than AutoZone's nominees must provide notice that sets forth the information required by Rule 14a-19 under the Exchange Act no later than October 15, 2023, or not later than the date that is 60 days prior to the one-year anniversary of the Annual Meeting if such meeting takes place on any day other than December 14, 2022.

Director Compensation

AutoZone's current director compensation program became effective January 1, 2022 (the "Director Compensation Program").

ANNUAL RETAINER FEES. Non-employee directors receive an annual retainer fee (the "Annual Retainer"). Furthermore, each director is eligible to receive an additional fee ("Additional Fee"), the amount of which varies depending on his or her role. The Additional Fees and the Annual Retainer, enumerated below, together comprise the "Director Compensation". There are no meeting fees.

Director Compensation Components	(\$)
Annual Retainer	250,000
Additional Fees:	
Lead Director	35,000
Audit Committee Chair	30,000
Audit Committee Member	15,000
Compensation Committee Chair	25,000
Nominating & Corporate Governance Committee Chair	20,000

Under the 2020 Omnibus Incentive Award Plan (the "2020 Omnibus Incentive Plan") and Director Compensation Program, non-employee directors receive Director Compensation in the form of immediately vested Restricted Stock Units ("RSUs"). A non-employee director may elect to receive a fixed portion of the Annual Retainer plus any Additional Fees in the form of cash, paid in quarterly installments (the "Cash Election"), with the remainder of the Annual Retainer paid in the form of RSUs. The Cash Election during calendar year 2022 was \$100,000. All RSUs are granted on January 1 of the applicable calendar year.

If a non-employee director is elected to the Board, or assumes a different position, after January 1, he or she will receive the Annual Retainer and/or Additional Fees, prorated based on the number of days remaining in the calendar year, for RSUs, or the number of days remaining in the quarter, for cash, as applicable.

RSUs granted to non-employee directors are fully vested on the date of grant and become payable, or are settled, on the date on which the non-employee director ceases to be a director (the "Payment Date"), or at the director's election, on the first or fifth anniversary of the grant date. Upon timely delivery of an election form, a non-employee director may elect to receive payment on the date on which he or she ceases to be a director.

RSUs are payable in shares of AutoZone common stock no later than the fifteenth day of the third month following the end of the tax year in which such Payment Date occurs.

COMPENSATION-SETTING PROCESS. The Compensation Committee reviews the Board’s compensation on a regular basis to ensure that non-employee directors are reasonably compensated in relation to AutoZone’s peer group companies (discussed in detail under Benchmarking) and to comparable U.S. companies in general. AutoZone’s 2020 Omnibus Incentive Plan contains a dollar limit of \$750,000 on the total amount of annual compensation payable to its non-employee directors, provided that the Board may make exceptions to this limit under extraordinary circumstances.

Director Compensation Table

This table shows the compensation paid to our non-employee directors during the 2022 fiscal year.

Name (1)	Fees	Stock	Total
	Paid in Cash	Awards	
	(\$)	(\$)	(\$)
	(2)	(3)(4)	
Douglas H. Brooks	98,750	150,000	248,750
Michael George	8,027	217,100	225,127
Linda A. Goodspeed	—	265,000	265,000
Earl G. Graves, Jr.	—	305,000	305,000
Enderson Guimaraes	—	250,000	250,000
Brian Hannasch	—	217,100	217,100
D. Bryan Jordan	—	280,000	280,000
Gale King	—	250,000	250,000
George R. Mrkonic, Jr.	—	290,000	290,000
Jill A. Soltau	—	250,000	250,000

- (1) William C. Rhodes, III, our Chairman, President and Chief Executive Officer, serves on the Board but does not receive any compensation for his service as a director. His compensation as an employee of the Company is shown in the Summary Compensation Table on page 47.
- (2) This column represents the portion of the Director Compensation that was paid in cash and earned in fiscal year 2022 pursuant to the Cash Election, as described above.
- (3) The “Stock Awards” column represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for awards of Restricted Stock Units under the 2020 Omnibus Incentive Plan during fiscal 2022. See Note B Share-Based Payments, to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended August 27, 2022 (the “FY22 Form 10-K”) for a discussion of our accounting for share-based awards and the assumptions used. The aggregate number of outstanding awards of common stock under the AutoZone, Inc. 2003 Director Compensation Plan (“Stock Units”) and Restricted Stock Units held by each director at the end of fiscal 2022 are shown in the following footnote 4. See the section titled “Share Ownership Information” beginning on page 55 for more information about our directors’ stock ownership.

- (4) As of August 27, 2022, each current non-employee director had the following aggregate number of outstanding Restricted Stock Units and Stock Units:

Name	Restricted Stock Units (#)	Stock Units (#)
Douglas H. Brooks	1,419	—
Michael George	113	—
Linda A. Goodspeed	2,582	—
Earl G. Graves	4,706	3,417
Enderson Guimaraes	2,948	—
Brian Hannasch	113	—
D. Bryan Jordan	2,627	—
Gale V. King	962	—
George R. Mrkonic, Jr.	3,783	1,405
Jill A. Soltau	880	—
	20,133	4,822

STOCK OWNERSHIP REQUIREMENT. The Board has established a stock ownership requirement for non-employee directors. Each director is required to own AutoZone common stock and/or restricted stock units having a cumulative fair market value in an amount equal to seven times the value of the cash Annual Retainer payable pursuant to the Director Compensation Program within five years of joining the Board, and to maintain such ownership level thereafter. Exceptions to this requirement may only be made by the Board under compelling mitigating circumstances. Shares, Stock Units and Restricted Stock Units issued under the AutoZone, Inc. Second Amended and Restated Director Compensation Plan, the 2003 Director Compensation Plan, the 2011 Equity Plan, the Amended 2011 Equity Plan and the 2020 Omnibus Incentive Plan count toward this requirement. As of the date of this Proxy Statement, each director meets or exceeds his or her obligations under the requirement.

OTHER PREDECESSOR PLANS. The AutoZone, Inc. Second Amended and Restated Director Compensation Plan was terminated in December 2002 and was replaced by the AutoZone, Inc. First Amended and Restated 2003 Director Compensation Plan (the “2003 Director Compensation Plan”) and the AutoZone, Inc. First Amended and Restated 2003 Director Stock Option Plan (the “2003 Director Stock Option Plan”). The 2003 Director Compensation Plan and the 2003 Director Stock Option Plan were terminated in December 2010 and replaced by the 2011 Equity Plan. The 2011 Equity Plan was terminated in December 2015 and replaced with the Amended 2011 Equity Plan. In December 2020, shareholders approved the 2020 Omnibus Incentive Plan and no further grants have been made under the Amended 2011 Equity Plan. However, grants made under those plans continue in effect under the terms of the grant made and are included in the aggregate awards outstanding shown above.

Shareholder Engagement

SHAREHOLDER OUTREACH

We value our relationships with our shareholders, and we have a long-standing practice of shareholder engagement. This engagement is a year-round process involving our senior management, investor relations and legal teams and consists of a variety of activities, such as participating in industry conferences or initiating meetings on a specific topic we believe might be of interest to our shareholders.

During fiscal year 2021, our Chairman, President and CEO or other members of our leadership team engaged directly with investors representing, in the aggregate, over 30% of our outstanding shares to specifically discuss ESG matters as well as the 2021 stockholder proposal relating to climate transition plans. Since the annual meeting in December 2021, we have continued our ESG-focused engagement by inviting investors to discuss our executive compensation practices, climate transition plans or other ESG topics that may be of interest to them.

We believe these various engagement efforts, whether they are part of a broad-based discussion or the result of a targeted outreach effort we have initiated, are invaluable as they allow us to better understand the priorities,

perspectives, and concerns of *our shareholders*, strengthen our relationships with *our shareholders* and make more informed decisions for the benefit of *our shareholders*.

PROCEDURE FOR COMMUNICATION WITH THE BOARD OF DIRECTORS

Shareholders and other interested parties may communicate with the Board by writing to the Board, to any individual director or to the non-management directors as a group c/o Corporate Secretary, AutoZone, Inc., 123 South Front Street, Dept. 8074, Memphis, Tennessee 38103. The Company's General Counsel and Secretary will review all such correspondence and will forward correspondence that, in her opinion, deals with the function of the Board or that she otherwise determines requires the attention of any member, group or committee of the Board. Communications addressed to the Board or to the non-management directors as a group, and determined by the Company's General Counsel and Secretary to merit their attention, will be forwarded to the Chair of the Nominating and Corporate Governance Committee, and communications addressed to a committee of the Board, and determined by the Company's General Counsel and Secretary to merit their attention, will be forwarded to the chair of that committee.

Related Party Transactions

Our Board has adopted a Related Person Transaction Policy (the "Policy") which requires the Audit Committee of the Board to conduct a reasonable prior review of, and approve or ratify all Related Person Transactions. The Audit Committee is to consider all of the available relevant facts and circumstances of each transaction, including but not limited to the benefits to the Company; the impact on a director's independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; the terms available to unrelated third parties generally and the existence of any potential conflicts of interest. The Policy further provides that the Audit Committee shall not approve or ratify any such transaction it determines to be inconsistent with the interests of the Company and its shareholders. Related Person Transactions must also comply with the policies and procedures specified in our Code of Conduct and Corporate Governance Principles, as described below.

The Policy also requires disclosure of all Related Person Transactions that are required to be disclosed in AutoZone's filings with the SEC, in accordance with all applicable legal and regulatory requirements.

A "Related Person Transaction" is defined in the Policy as a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) that occurred since the beginning of the Company's most recent fiscal year in which the Company (including any of its subsidiaries) was, is or will be a participant and the amount involved exceeds \$120,000 and in which any Related Person had, has or will have a direct or indirect material interest. "Related Persons" include a director or executive officer of the Company, a nominee to become a director of the Company, any person known to be the beneficial owner of more than 5% of any class of the Company's voting securities, any immediate family member of any of the foregoing persons, and any firm, corporation or other entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

Our Board has adopted a Code of Conduct (the "Code of Conduct") that applies to the Company's directors, officers and employees. The Code of Conduct prohibits directors and executive officers from engaging in activities that create conflicts of interest, taking corporate opportunities for personal use or competing with the Company, among other things. Our Board has also adopted a Code of Ethical Conduct for Financial Executives (the "Financial Code of Conduct") that applies to the Company's officers and employees who hold the position of principal executive officer, principal financial officer, principal accounting officer or controller as well as to the Company's officers and employees who perform similar functions ("Financial Executives"). The Financial Code of Conduct requires the Financial Executives to, among other things, report any actual or apparent conflicts of interest between personal or professional relationships involving the Company's management or any other Company employee with a role in financial reporting disclosures or internal controls. Additionally, our Corporate Governance Principles require each director who is faced with an issue that presents, or may give the appearance of presenting, a conflict of interest to disclose that fact to the Chairman of the Board and the Secretary, and to refrain from participating in discussions or votes on such issue unless a majority of the Board determines, after consultation with counsel, that no conflict of interest exists as to such matter.

We have concluded there are no material Related Party Transactions or agreements that were entered into during the fiscal year ended August 27, 2022, and through the date of this proxy statement requiring disclosure under these policies, except as follows: The daughter of Grant McGee, Senior Vice President, Commercial, has been employed by the Company since 2015 and currently serves as Manager, DIY Promotions and Cost Admin in our Merchandising department. She received aggregate compensation and benefits in fiscal 2022 in excess of \$120,000 and at a level consistent with that provided to employees in comparable positions and tenure.

Audit Committee Report

The Audit Committee of the Board of AutoZone, Inc. has reviewed and discussed AutoZone's audited financial statements for the year ended August 27, 2022, with AutoZone's management. In addition, we have discussed with Ernst & Young LLP, AutoZone's independent registered public accounting firm, the matters required to be discussed by the Statement on Auditing Standards No.1301, *Communications with Audit Committees*, as amended and as adopted by the Public Company Accounting Oversight Board ("PCAOB") in Rule 3200T, the Sarbanes-Oxley Act of 2002, and the charter of the Audit Committee.

The Audit Committee also has received the written disclosures and the letter from Ernst & Young LLP required by the applicable requirements of the PCAOB regarding the firm's communications with the Audit Committee concerning independence, and we have discussed with Ernst & Young LLP their independence from the Company and its management. The Audit Committee has discussed with AutoZone's management and the auditing firm such other matters and received such assurances from them as we deemed appropriate.

As a result of our review and discussions, we have recommended to the Board the inclusion of AutoZone's audited financial statements in the Annual Report on Form 10-K for the fiscal year ended August 27, 2022 for filing with the SEC.

While the Audit Committee has the responsibilities and powers set forth in its charter, the Audit Committee does not have the duty to plan or conduct audits or to determine that AutoZone's financial statements are complete, accurate, or in accordance with generally accepted accounting principles; AutoZone's management and the independent auditor have this responsibility. Nor does the Audit Committee have the duty to assure compliance with laws and regulations and the policies of the Board.

Audit Committee of the Board of Directors

D. Bryan Jordan (Chair)
Michael George
Linda A. Goodspeed
George R. Mrkonic, Jr.

THE PROPOSALS

PROPOSAL 1: Election of 10 Directors

DESCRIPTION OF PROPOSAL. Elect 10 director nominees. Each director shall serve for a 1-year term, until the next annual meeting of shareholders, or until his or her successor is duly elected and qualified, or until the director's earlier death, resignation, or removal.

VOTES REQUIRED. The election of directors at this 2022 Annual Meeting is an uncontested election. As such, a director nominee is elected to the Board if the number of votes cast FOR such nominee exceeds the number of votes cast AGAINST such nominee. Abstentions and broker non-votes are not considered votes cast or shares entitled to vote with respect to such matter and therefore will have no effect on the outcome of Proposal 1. If the number of nominees were to exceed the number of directors to be elected, for example in a contested election, directors would be elected by a plurality of the votes cast at the Annual Meeting.

IMPACT OF VOTE. Each of these nominees have consented to serve if elected. Should any nominee be unavailable to serve, your proxy will be voted for a substitute nominee recommended by the Board, or the Board may reduce the number of directors on the Board.

Pursuant to AutoZone's Corporate Governance Principles, incumbent directors must agree to tender their resignation if they fail to receive the required number of votes for re-election, and in such event the Board will act within 90 days following certification of the shareholder vote to determine whether to accept the director's resignation. These procedures are described in more detail in our Corporate Governance Principles, which are available on our corporate website at investors.autozone.com. The Board may consider any factors it deems relevant in deciding whether to accept a director's resignation. If a director's resignation offer is not accepted by the Board, that director will continue to serve until AutoZone's next annual meeting of shareholders or until his or her successor is duly elected and qualified, or until the director's earlier death, resignation, or removal.

Any director nominee who is not an incumbent director and who does not receive a majority vote in an uncontested election will not be elected as a director, and a vacancy will be left on the Board. The Board, in its sole discretion, may either fill a vacancy resulting from a director nominee not receiving a majority vote pursuant to the By-Laws or decrease the size of the Board to eliminate the vacancy.

BOARD RECOMMENDATION. Each of the nominees named below, other than Messrs. George and Hannasch, was elected a director at the 2021 annual meeting, and all currently serve as directors. As part of the Board's determination to nominate these existing directors for reelection (other than Mr. Brooks, who is not standing for re-election), the Board has determined that each of the directors have valuable experiences, skills and qualifications as further described below and also the integrity, energy, and willingness to spend time on and interest in AutoZone.



The Board recommends that shareholders vote **FOR** each of the director nominees.

Nominees

MICHAEL A. GEORGE



Age: 61
Director Since: 2022
Independent: Yes
Committees:

- Audit

BIOGRAPHY:

Mr. George served as President and Chief Executive Officer of Qurate Retail, Inc. from March 2018 to September 2021, the parent company of QVC, and as Chief Executive Officer of QVC from 2004 through July 2021. He previously held various positions with Dell, Inc. from 2001 to 2005, most notably as the Chief Marketing Officer and General Manager of its U.S. consumer business. Prior to that, Mr. George was a senior partner at McKinsey & Company and led the firm's North American Retail Industry Group.

QUALIFICATIONS:

The Board believes Mr. George is qualified to serve as a director of the Company based on his extensive background in retail, strategy, finance and marketing, knowledge and skills gained from serving as a chief executive officer of a public company and board experience.

PUBLIC DIRECTORSHIPS (last five years):

- Ralph Lauren Corp. (2018 – present)
- Qurate Retail, Inc. (2011 – 2021)
- Brinker International, Inc. (2013 – 2019)

SKILLS:

- CEO
- Public Directorship
- Retail
- Information Technology
- Accounting / Finance
- International
- Strategy / Bus Development

LINDA A. GOODSPEED



Age: 60
Director Since: 2013
Independent: Yes
Committees:

- Audit
- Compensation

BIOGRAPHY:

Ms. Goodspeed served as the Chief Operating Officer and a Managing Partner at WealthStrategies Financial Advisors from 2007 until her retirement in 2017. She had served as Senior Vice President and Chief Information Officer of ServiceMaster from 2011 to 2014. From 2008 to September 2011, Ms. Goodspeed served as Vice President, Information Systems and Chief Information Officer for Nissan North America, Inc., a subsidiary of Nissan Motor Company, a global manufacturer of vehicles. From 2001 to 2008, Ms. Goodspeed served as Executive Vice President and Chief Technology Officer at Lennox International, Inc., a global manufacturer of air conditioning, heating and commercial refrigeration equipment.

QUALIFICATIONS:

The Board believes Ms. Goodspeed is qualified to serve as a director of the Company based on her experience in key strategic and operational roles with several large global companies, expertise in information technology (IT), both as an executive leading complex IT organizations and as a director overseeing and advising on IT strategy and operations, previous position as the chief information officer, board experience and experience in the automotive industry.

PUBLIC DIRECTORSHIPS (last five years):

- American Electric Power Co., Inc. (2006 – present)
- Darling Ingredients Inc. (2017 – present)
- Williams Industrial Services Group Inc. (2021 – present)
- Global Power Equipment Group (2016 – 2018)

SKILLS:

- C-Suite
- Public Directorship
- Information Technology
- Accounting / Finance
- International

EARL G. GRAVES, JR.



BIOGRAPHY:

Mr. Graves has been the President and Chief Executive Officer of Black Enterprise, the premier business, investing and wealth-building resource for African Americans providing valuable business information across different content channels. He has served in this role since January 2006 and served as its President and Chief Operating Officer from 1998 to 2006. Mr. Graves has been employed by the same company in various capacities since 1988.

QUALIFICATIONS:

The Board believes Mr. Graves is qualified to serve as a director of the Company based on his business, management and strategic planning experience, knowledge of advertising and marketing and owner orientation. Mr. Graves also has extensive experience overseeing and advising on matters of governance, strategy and human capital management.

SKILLS:

- CEO
- Accounting / Finance
- Strategy / Bus Development

Age: 59

Director Since: 2002

Independent: Yes

Committees:

- Nominating & Corp Gov (Chair)

ENDERSON GUIMARAES



BIOGRAPHY:

Mr. Guimaraes served as the President and Chief Operating Officer for Laureate Education, Inc., positions he held from 2015 through his retirement in 2017. From 2011 to 2015, he was President of Global Operations, CEO of Europe and Sub-Saharan Africa and Head of Global Categories and Operations at PepsiCo. Mr. Guimaraes previously had served as Executive Vice President of Electrolux and Chief Executive Officer of its major appliances business in Europe, Africa and the Middle East from 2008 to 2011. Prior to this, Mr. Guimaraes held various leadership positions during his 10 years at Philips Electronics and also worked in various marketing positions at Johnson & Johnson.

QUALIFICATIONS:

The Board believes Mr. Guimaraes is qualified to serve as a director of the Company based on his extensive experience leading the marketing and operations of well-known consumer brands, experience leading and developing strategy for international operations and board experience.

PUBLIC DIRECTORSHIPS (last five years):

- Darling Ingredients Inc. (2021 – present)
- Refresco Group B.V. (2018 – 2022)

SKILLS:

- CEO
- Public Directorship
- Information Technology
- Accounting / Finance
- International
- Strategy / Bus Development

Age: 63

Director Since: 2012

Independent: Yes

Committees:

- Nominating & Corp Gov

BRIAN HANNASCH



Age: 56
Director Since: 2022
Independent: Yes
Committees:

- Compensation

BIOGRAPHY:

Mr. Hannasch serves as President and Chief Executive Officer of Alimentation Couche-Tard, which operates Circle K, a global fuel and convenience retailer. Mr. Hannasch joined Couche-Tard in 2001 and was named President and CEO in September 2014. Prior to his current role, he served as Chief Operating Officer of Circle K.

QUALIFICATIONS:

The Board believes Mr. Hannasch is qualified to serve as a director of the Company based on his deep knowledge of retail, strategy, operations and international markets as well as knowledge and skills gained from serving as both chief executive officer and chief operating officer of a global retailer.

SKILLS:

- CEO
- Retail
- Information Technology
- Accounting / Finance
- International
- Strategy / Bus Development

D. BRYAN JORDAN



Age: 60
Director Since: 2013
Independent: Yes
Committees:

- Audit (Chair)
- Nominating & Corp Gov

BIOGRAPHY:

Mr. Jordan has served as President, Chief Executive Officer and a director of First Horizon Corporation since 2008 and Chairman of the Board since July 1, 2022 as well as from 2012 through 2020. From May 2007 until September 2008, Mr. Jordan was Executive Vice President and Chief Financial Officer of First Horizon and First Tennessee Bank National Association, and prior to that he served in various positions at Regions Financial Corporation and its subsidiary Regions Bank, including (beginning in 2002) as Chief Financial Officer.

QUALIFICATIONS:

The Board believes Mr. Jordan is qualified to serve as a director of the Company based on his extensive experience in the banking and financial services industry, experience serving as the chief executive officer and the chief financial officer of public companies, knowledge of corporate finance and management and owner orientation.

PUBLIC DIRECTORSHIPS (last five years):

- First Horizon Corporation (2008 – present)

SKILLS:

- CEO
- Public Directorship
- Information Technology
- Accounting / Finance
- Strategy / Bus Development

GALE V. KING



Age: 66
Director Since: 2018
Independent: Yes
Committees:

- Compensation

BIOGRAPHY:

Ms. King served as the Executive Vice President—Chief Administrative Officer of Nationwide Mutual Insurance Company, a leading financial services company, from 2012 through her retirement in July 2021. She previously served as their Executive Vice President—Chief Human Resources Officer from 2009 to 2012.

QUALIFICATIONS:

The Board believes Ms. King is qualified to serve as a director of the Company based on her extensive experience in human resources and human capital management, owner orientation, executive management skills and board experience.

PUBLIC DIRECTORSHIPS (last five years):

- J.B. Hunt Transport Services, Inc. (2020 – present)
- Unum Group (2022 – present)

SKILLS:

- C-Suite
- Public Directorship
- Accounting / Finance

GEORGE R. MRKONIC, JR.



Age: 70
Director Since: 2006
Independent: Yes
Committees:

- Audit
- Compensation (Chair)

BIOGRAPHY:

Mr. Mrkonic is the retired non-Executive Chairman of Maru Group, a London, UK based research, insight and advisory services firm. Previously, he was the Non-Executive Chairman of Paperchase Products Limited, London, UK, a retailer of cards, stationery, wraps and gifts in the UK, Europe and the Middle East, since 2005, and had been a director since 1999. Prior to that, he was President of Borders Group, Inc. from 1994 to 1997 and Vice Chairman of Borders Group, Inc. from 1994 to 2002.

QUALIFICATIONS:

The Board believes Mr. Mrkonic is qualified to serve as a director of the Company based on his vast experience as a senior executive and leader at several retail companies, knowledge and understanding of corporate strategy, finance, and governance, owner orientation, and board experience.

PUBLIC DIRECTORSHIPS (last five years):

- Ulta Salon, Cosmetics & Fragrance, Inc. (2015 – present)
- Brinker International, Inc. (2003 – 2021)

SKILLS:

- CEO
- Public Directorship
- Retail
- Accounting / Finance
- International
- Strategy / Bus Development

WILLIAM C. RHODES, III



Age: 57
Director Since: 2005
Independent: No
Committees: None

BIOGRAPHY:

Mr. Rhodes has served as AutoZone’s President and Chief Executive Officer, and a director since 2005 and was named Chairman in 2007. Prior to his appointment as President and Chief Executive Officer, he served in various capacities of increasing responsibility within the Company since 1994. Prior to 1994, Mr. Rhodes was a manager with Ernst & Young LLP.

QUALIFICATIONS:

The Board believes Mr. Rhodes, AutoZone’s Chairman, President and Chief Executive Officer, is qualified to serve as a director of the Company based on his 25 plus years’ experience with the Company, which have included responsibility for corporate strategy, executive management, operations, finance, supply chain and information technology, his knowledge and understanding of the automotive aftermarket and retail industries and his financial background.

PUBLIC DIRECTORSHIPS (last five years):

- Dollar General Corp. (2009 – present)

SKILLS:

- CEO
- Public Directorship
- Retail
- Information Technology
- Accounting / Finance
- International
- Strategy / Bus Development

JILL A. SOLTAU



Age: 55
Director Since: 2018
Independent: Yes
Committees:

- Nominating & Corp Gov

BIOGRAPHY:

Ms. Soltau served as the Chief Executive Officer and a member of the Board of Directors of the J.C. Penney Company, Inc., from October 2018 to December 2020. She previously served as President and Chief Executive Officer of JoAnn Stores Inc. from February 2015 to October 2018. Prior to joining JoAnn, Ms. Soltau served as President of Shopko Stores Operating Co. LLC and has held senior level positions in national and regional retailers, including Kohl’s and former Saks Inc. subsidiaries.

QUALIFICATIONS:

The Board believes Ms. Soltau is qualified to serve as a director of the Company based on her experience as a chief executive officer in the retail industry, deep knowledge of merchandising, operations and strategic planning, owner orientation and executive management skills.

PUBLIC DIRECTORSHIPS (last five years):

- Kirkland’s Inc. (2022 – present)
- J.C. Penney Company, Inc. (2018 – 2020)
- Yesway, Inc. (nominee)

SKILLS:

- CEO
- Public Directorship
- Retail
- Information Technology
- Accounting / Finance
- Strategy / Bus Development

PROPOSAL 2: Ratification of Independent Registered Public Accounting Firm

DESCRIPTION OF PROPOSAL. Ratify the appointment of Ernst & Young LLP as AutoZone’s independent registered public accounting firm.

VOTES REQUIRED. Ernst & Young LLP will be ratified as AutoZone’s independent registered public accounting firm if the number of votes cast FOR the proposal exceeds the number of votes cast AGAINST the proposal. Abstentions and broker non-votes are not considered votes cast or shares entitled to vote with respect to this matter and therefore will have no effect on the outcome of Proposal 2.

IMPACT OF VOTE. The Audit Committee is not bound by a vote either for or against the firm. The Audit Committee will consider a vote against the firm by the shareholders in selecting our independent registered public accounting firm in the future.

BOARD RECOMMENDATION. Ernst & Young LLP has served as our independent auditor for the past thirty-five fiscal years and has been selected by the Audit Committee to be AutoZone’s independent registered public accounting firm for the 2022 fiscal year. Representatives of Ernst & Young LLP will be present at the Annual Meeting to make a statement if they so desire and to answer any appropriate questions.



The Board recommends that shareholders vote **FOR** the ratification of Ernst & Young LLP as AutoZone’s independent registered public accounting firm.

AUDIT AND NON-AUDIT FEES

The aggregate fees for professional services rendered by Ernst & Young LLP during the past two fiscal years for the annual audit of our consolidated financial statements, the review of our quarterly interim consolidated financial statements, and audit-related, tax, and all other services performed, are set forth in the table below. Amounts reported for FY22 include estimates to be billed for services rendered.

	2022	2021
Audit Fees	\$ 2,269,947	\$ 2,044,676
Audit-Related Fees	\$ —	\$ —
Tax Fees ⁽¹⁾	\$ 478,612	\$ 192,289
All Other Fees	\$ —	\$ —

(1) Relates to state, local and international tax services, including tax compliance and tax planning.

AUDIT COMMITTEE PRE-APPROVAL

The Audit Committee pre-approves all services performed by the independent registered public accounting firm under the terms contained in the Audit Committee charter, a copy of which can be obtained at our website at investors.autozone.com. The Audit Committee pre-approved 100% of the services provided by Ernst & Young LLP during the 2022 and 2021 fiscal years. The Audit Committee considers the services listed above to be compatible with maintaining Ernst & Young LLP’s independence.

PROPOSAL 3: Advisory Vote on Executive Compensation

DESCRIPTION OF PROPOSAL. In accordance with Section 14A of the Securities Exchange Act, we are asking shareholders to approve the following advisory resolution on the compensation of our Principal Executive Officer, our Principal Financial Officer and our other three most highly paid executive officers (collectively, the “Named Executive Officers”) at the Annual Meeting:

“RESOLVED, that the compensation paid to AutoZone’s Named Executive Officers, as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the accompanying compensation tables and the related narrative discussion, is hereby APPROVED.”

VOTES REQUIRED. This matter will be approved if the number of votes cast FOR the proposal exceeds the number of votes cast AGAINST the proposal. Abstentions and broker non-votes are not considered votes cast or shares entitled to vote with respect to this proposal and therefore will have no effect on the outcome of Proposal 3.

IMPACT OF VOTE. This advisory vote, commonly known as a “say-on-pay” proposal, gives our shareholders the opportunity to endorse or express disapproval of our executive pay program. Because the vote on this proposal is advisory in nature, it is not binding on AutoZone, the Board or the Compensation Committee. The vote on this proposal will, therefore, not affect any compensation already paid or awarded to any Named Executive Officer nor will it overrule any decisions made by the Board or the Compensation Committee. Because we highly value the opinions of our shareholders, however, the Board and the Compensation Committee will consider the results of this advisory vote when making future executive compensation decisions.

BOARD RECOMMENDATION. The Board believes that AutoZone’s executive compensation program, as described in the Compensation Discussion and Analysis, is effective in achieving the Company’s goals of driving superior performance, retention and shareholder value. Our Board and Compensation Committee believe that there should be a strong relationship between pay and performance, and our executive compensation program reflects this belief. We urge you to read the Compensation Discussion and Analysis, as well as the compensation tables and narrative, beginning on the following page, which provide detailed information on our compensation philosophy, policies and practices and the compensation of our Named Executive Officers.



The Board recommends that shareholders vote **FOR** the advisory vote on executive compensation.

Other Matters

We do not know of any matters to be presented at the Annual Meeting other than those discussed in this Proxy Statement. If, however, other matters are properly brought before the Annual Meeting, your proxies will be able to vote those matters in their discretion.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion & Analysis (“CD&A”) explains our compensation program for our named executive officers (“NEOs”) for fiscal year 2022 (“FY22”). This CD&A also describes the Compensation Committee’s process for making pay decisions, as well as its rationale for specific compensation-related decisions.

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Compensation Committee Report

The Compensation Committee of the Board has reviewed and discussed with management the following CD&A. Based on such review and discussions, the Committee recommended to the Board of Directors that the CD&A be included in this proxy statement.

Compensation Committee,

George R. Mrkonic, Jr. (Chair)
 Douglas H. Brooks
 Brian P. Hannasch
 Linda A. Goodspeed
 Gale V. King

Named Executive Officers

WILLIAM C. RHODES, III

Chairman, President and Chief Executive Officer

JAMERE JACKSON

Executive Vice President, Chief Financial Officer, Finance & Store Development

THOMAS B. NEWBERN

Executive Vice President, International, IT & ALLDATA

PHILIP B. DANIELE

Executive Vice President, Merchandising, Supply Chain and Marketing

PRESTON B. FRAZER

Executive Vice President, Store Operations, Commercial and Loss Prevention

Executive Summary

FY22 YEAR-IN-REVIEW

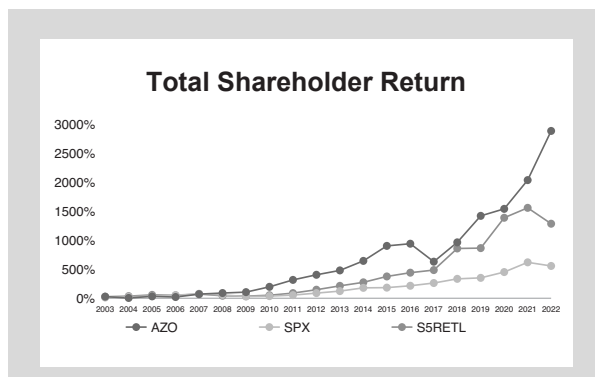
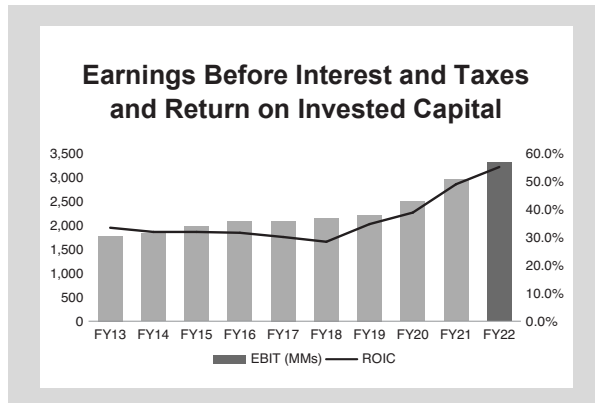
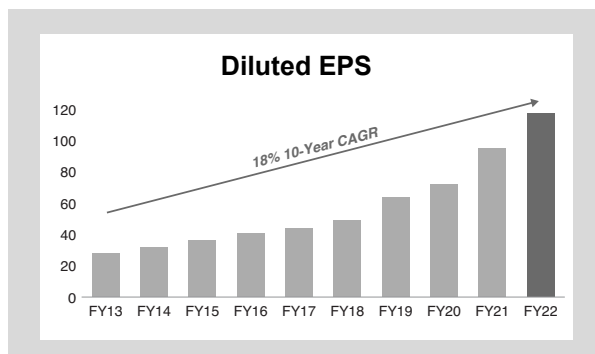
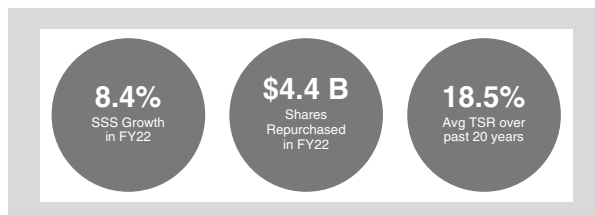
Our operating theme for fiscal year 2022 was “Go The Extra Mile.” It was both a call-to-action and constant reminder of what we must do, as a company and as AutoZoners, to meet the growing needs of our customers, to take care of our fellow AutoZoners and to continuously challenge ourselves to achieve even greater success in the future. One year later, we are proud to state, we did in fact *Go The Extra Mile*.

We Sustained Strong Growth and Continued to Deliver Exceptional Results. In FY22, we built upon our very strong performance during the prior two years by delivering \$16.3 billion in sales and domestic same store sales growth of 8.4%. We sustained the extraordinary sales and share gains we achieved since the start of the pandemic with our superior execution and customer service. And we proudly established new all-time highs in average sales per store, average Commercial sales per program, earnings per share and cash flow from operations.

We Successfully Navigated a Challenging Macroeconomic Environment. FY22 has been marked by unparalleled macroeconomic challenges—rising costs of raw materials, labor and transportation; global supply chain and logistics constraints; widespread staffing shortages and more. In fact, we candidly stated that forecasting our sales performance was challenging in this environment due to the significant volatility and lack of visibility of many key drivers. Yet, despite these demanding conditions, our strong results are a clear indication that we successfully managed our business and outperformed yet again.

We Returned Record-Levels of Cash to our Shareholders. We returned approximately \$4.4 billion of cash to our shareholders in the form of share repurchases during FY22. Furthermore, since the inception of our share repurchase program in 1998 and through the end of the fiscal year, we have returned an aggregate \$30.1 billion to shareholders. Our long-standing and unwavering commitment to our disciplined capital allocation strategy is clear.

We made Adjustments to make our Annual Incentive Plan More Challenging. The volatility and uncertainty that existed at the onset of the fiscal year made it particularly challenging to create meaningful performance targets. Accordingly, the Compensation Committee determined to revisit financial targets at mid-year. Based on this review, the Committee *increased the performance targets* under the FY22 annual incentive plan—*increasing EBIT by \$382.9 million and ROIC by 556 basis points*—to ensure the plan was appropriately rigorous and management was incented to deliver the best results possible for our shareholders.



Proxy

SHAREHOLDER SUPPORT AND ENGAGEMENT

We have historically received high levels of support for our compensation program as evidenced by the results of our annual non-binding “Say-on-Pay” advisory vote regarding the compensation of our named executive officers. We have never received less than 86% vote cast in favor of our pay practices since “Say-on-Pay” was introduced in 2011. We consider this voting record to be a strong validation that our pay practices are firmly aligned with our shareholders’ desires.

In addition to reviewing the results of our Say-on-Pay vote, we periodically engage directly with our shareholders on executive compensation, among other topics, to ensure there is appropriate communication and dialog between AutoZone and its shareholders. In the fall of 2022, we invited shareholders to ask questions and provide feedback on our executive compensation practices and made the Chair of our Compensation Committee available to any of those shareholders who so requested.

DIVERSITY, EQUITY AND INCLUSION

AutoZone is committed to continuing to build a diverse organization that represents our customers and the communities in which we serve. This commitment to diversity begins at the top with our Board of Directors and our Executive Committee. We are proud of the quality, strength, experience, racial and ethnic diversity, gender diversity and tenure represented on our 14-person Executive Committee. Additionally, eight members of our Executive Committee are Executive Sponsors of AutoZone Business Resource Groups and five are on the DEI Council. This leadership and advocacy serves to ensure we remain dedicated in continuing to invest in and develop a talented and diverse pipeline of AutoZoners.

AN AUTOZONER ALWAYS EMBRACES DIVERSITY


Welcome each individuals’ heritage, differences and unique qualities. Build teams with diverse thoughts, skills, knowledge and backgrounds. Value the ideas and opinions of others.

Compensation Framework

GUIDING PRINCIPLES


As the leading retailer and distributor of automotive replacement parts and accessories in the Americas, we believe an effective compensation program should be carefully designed to address the unique needs of our company, taking into consideration the industry, our history and the employee population for which such compensation program is designed. In particular, AutoZone’s executive compensation program is designed around three, primary Guiding Principles.

COMPENSATION GUIDING PRINCIPLES




Drive PERFORMANCE

Does the compensation program represent a **pay-for-performance philosophy** by driving short-term and long-term performance? Are there appropriate **risk mitigation** measures designed to prevent excessive risk taking?



Drive RETENTION

Are we **attracting and retaining effective leaders** who can develop and execute long-term strategic objectives? Are they appropriately incented to ensure the long-term success of the organization, including after their retirement? Are they encouraged to attract, retain and develop **organizational talent for the future**?



Drive SHAREHOLDER VALUE

Are we investing in the **profitable growth** of the business by incenting **sustainable value creation**? Is performance and retention achieved in a manner that **does not come at an excessive cost to shareholders**?

These Guiding Principles have shaped our executive compensation framework for more than 20 years. By referring to these Guiding Principles, the Compensation Committee has consistently evaluated our executive compensation over the years to determine whether the program remains effective or whether changes in compensation design are appropriate.



Drive Performance

Evaluating long-term performance is a necessary first step in evaluating executive compensation. At AutoZone, we pay particular attention to Total Shareholder Return (TSR), Diluted Earnings per Share (EPS), Earnings before Interest and Taxes (EBIT) and Return on Invested Capital (ROIC). We believe these metrics, when viewed over a ten-year horizon, provide a strong indication of whether our compensation program embodies not only a *pay-for-performance* incentive structure, but also a *pay-for-long-term-performance* incentive structure. Furthermore, we are particularly proud that our TSR, over the past 20-years, has averaged approximately 18.5%, exceeding both the S&P 500 and S&P Retail Index!



Drive Retention

Retention of key executive officers, combined with the ability to attract and recruit highly qualified, external leaders, is an important goal of our compensation program as it allows for superior and consistent execution of our operational and financial goals as well as more thoughtful succession planning and organizational development. This ultimately serves the long-term benefit of our organization, our investors and our customers.

Accordingly, the Compensation Committee regularly reviews the turnover of the Company's executive officers as well as the entire pool of equity-eligible employees to evaluate retention.

- During the past ten years, AutoZone has not lost a single executive officer to another business due to their voluntary termination. To the contrary, our executive officers typically remain with AutoZone until their permanent retirement which allows for a successful transition of responsibilities to his or her successor.
- During fiscal year 2022, less than 3% of equity-eligible AutoZoners left the Company due to voluntary departures as the vast majority of turnover was due to retirements or performance-based terminations. We believe this exceptionally low rate of turnover, particularly during the current macroeconomic environment in which employee turnover is at an all-time high, is a strong validation of the retentive value of our compensation structure.
- We have also shown that our compensation structure allows us to effectively recruit externally as we have added three highly qualified executive officers in the last two years.



Drive Shareholder Value

Investing in the profitable growth of the business is a basic tenet of AutoZone. We passionately pursue opportunities that provide a strong return on investment and exercise restraint when presented with opportunities that do not provide the returns that shareholders have come to expect from us. While some refer to this approach as our disciplined capital allocation strategy, at AutoZone, we simply call it *Living our Pledge and Values*. An AutoZoner always Strives for Exceptional Performance. Our compensation programs are designed to incent behaviors that stand true to this basic principle of driving long-term shareholder value, by profitably growing our business and returning excess cash to our shareholders.

AN AUTOZONER ALWAYS STRIVES FOR EXCEPTIONAL PERFORMANCE

Be accountable and honor your commitments. Act in a manner of the highest legal and ethical standards. Use resources wisely and promote a culture of thrift. Take strong initiative, act quickly and do the job right the first time.






COMPENSATION ELEMENTS AND MIX

The Compensation Committee aims to align the executive compensation program with the interests of our shareholders and in a manner consistent with our Guiding Principles. The key elements of our executive

compensation program, as well as the primary Guiding Principles promoted by each such element, are summarized below.

Additionally, the program is designed to include an appropriate mix of different types of compensation as follows:

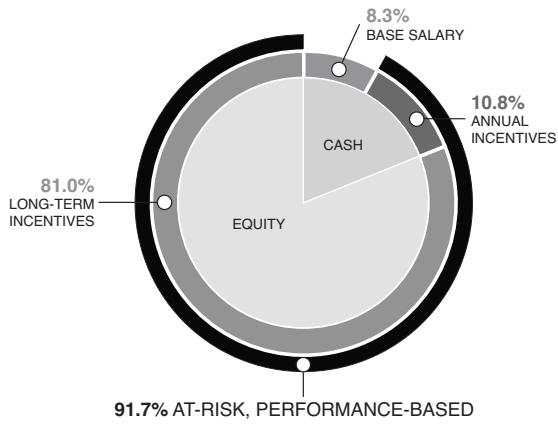
- ✓ a mix of **short-term** and **long-term** incentive compensation to align pay outcomes to both the achievement of our annual operating plan as well as our long-term strategy;
- ✓ a mix of **cash** and **equity** compensation to align interests of our executives with those of our shareholders; and
- ✓ a mix of **fixed** and **variable** compensation, to promote the achievement of rigorous goals without excessive risk taking.

Compensation Components	Guiding Principles
<p>BASE SALARY</p> <ul style="list-style-type: none"> • Fixed cash compensation • Allows AutoZone to attract and retain highly qualified executives through the delivery of stable, cash compensation • Salaries reflect individual's level of responsibility and experience, scope and complexity of position, market data and internal pay equity 	
<p>ANNUAL INCENTIVE PLAN</p> <ul style="list-style-type: none"> • Variable cash compensation • Drives short-term Company performance • Payout is based upon performance against pre-established, realistic financial goals of EBIT and ROIC, as drivers of economic profit • Incentivizes exceptional individual performance due to individual modifiers 	
<p>LONG-TERM INCENTIVE PLAN</p> <ul style="list-style-type: none"> • Variable equity compensation, subject to holding requirements • Drives long-term performance • Directly aligns executives' interests with shareholders by rewarding long-term value creation as measured by stock price appreciation using stock options • Due to the share buyback program, each year, we are effectively reducing the number of stock options we grant as the grant pool is based on shares outstanding 	
<p>BENEFITS</p> <ul style="list-style-type: none"> • Health, welfare and retirement benefit plans and programs, including participation in stock purchase plans • Helps attract and retain experienced executives 	
<p>PERQUISITES</p> <ul style="list-style-type: none"> • Limited perquisites and personal benefits, such as airline club memberships and home security systems, which allow executives to devote more time to business while also promoting health, wellness and safety 	

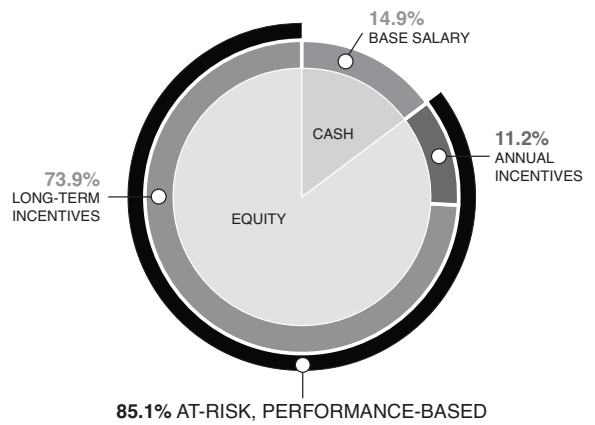
For FY22, the vast majority of target compensation value was delivered in the form of variable or “at-risk” performance-based compensation as shown below.

Target Compensation Mix

Chairman, President and CEO



Average of Other NEOs



Compensation Governance

COMPENSATION COMMITTEE OVERSIGHT

The Company's executive compensation program is administered and overseen by the Compensation Committee. As set forth in its committee charter (which is available on the Investor Relations section of our website), the Compensation Committee is made up entirely of independent directors appointed by the full Board of Directors and is responsible for reviewing and approving AutoZone's compensation philosophy, strategy and objectives as well as its compensation programs, plans and awards for executive officers. In carrying out its responsibilities, the Compensation Committee elicits feedback and support from members of management and outside advisors as needed.

ROLE OF COMPENSATION COMMITTEE

- Reviews and approves executive compensation philosophy, strategy and objectives
- Reviews and approves compensation programs, plans and awards (including salary, bonus and equity grants) for all executive officers
- Determines the terms and conditions of equity incentive awards for all award recipients
- Evaluates performance against pre-established performance goals
- Reviews regulatory and legal developments on compensation matters
- Reviews investor and key stakeholder perspectives on executive compensation practices
- Reviews and oversees risk management practices relating to the design and operation of compensation plans and programs

ROLE OF COMPENSATION CONSULTANT

- Reports directly to the Compensation Committee, with regular communication with the Compensation Committee Chair
- Provides recommendations regarding compensation amount, mix, program design and governance practices
- Feedback and recommendations are primarily focused on CEO compensation
- Provides direct feedback regarding compensation-related practices and trends

ROLE OF MANAGEMENT

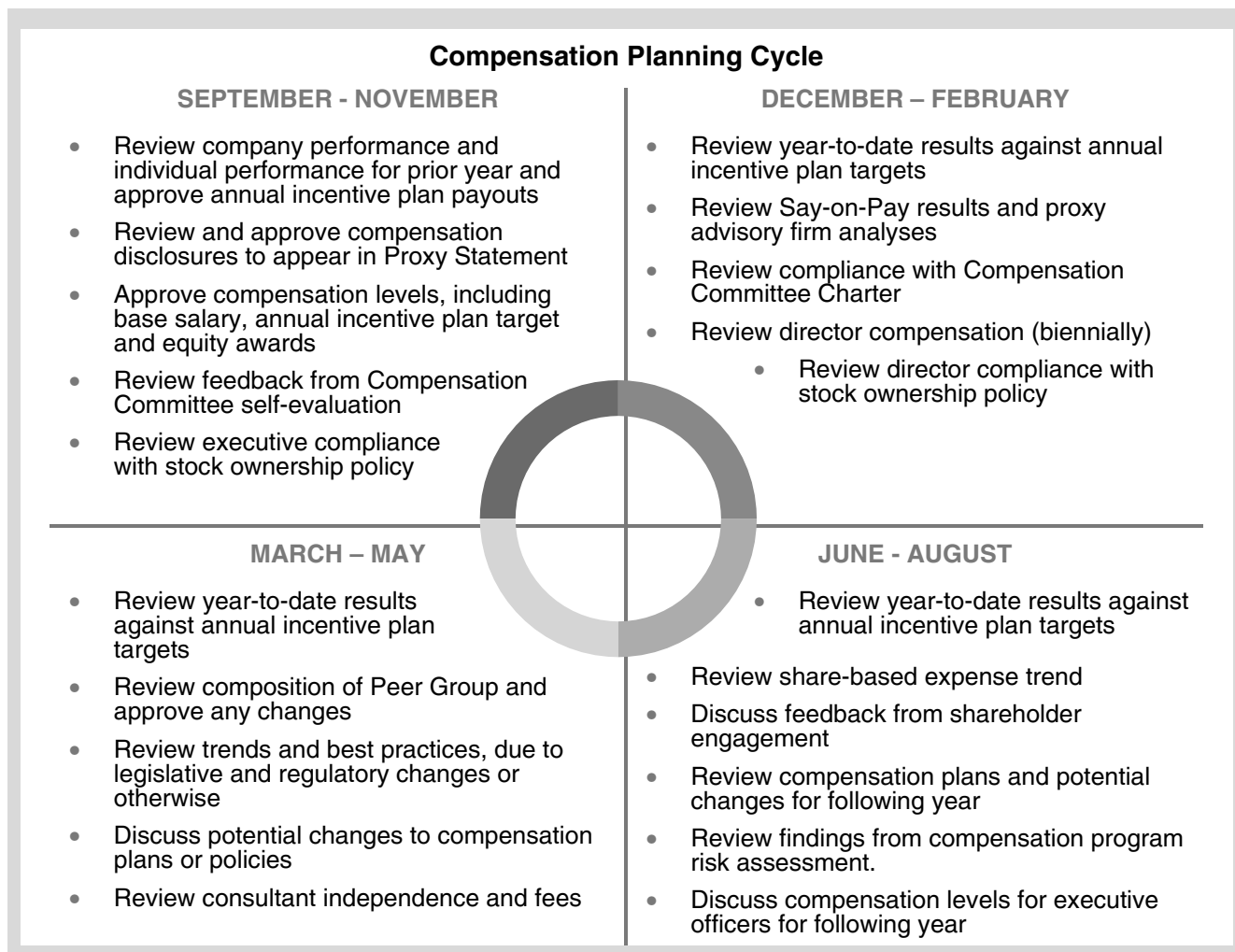
- Conducts compensation-related research and data analysis based on peer group and broader market surveys
- Provides recommendations regarding compensation amount, mix, program design, and governance practices
- Evaluates market data for each executive officer relative to the Company's strategy and business and inherent responsibilities of the role
- Advises on relationship of other factors, such as the Company's annual operating plan, long-term strategy, human capital management strategy and internal pay equity, to compensation design and outcomes.

Independent Compensation Consultant

In designing FY22 executive compensation programs, the Compensation Committee selected and retained Pearl Meyer to serve as its independent compensation consultant as they have since 2017. Prior to its engagement, the Committee re-assessed Pearl Meyer's independence in light of applicable SEC rules and NYSE listing standards and determined that no conflict of interest or independence concerns exist. Pearl Meyer reports directly to the Compensation Committee and provides independent advice regarding executive and non-employee director compensation programs and practices. Representatives from Pearl Meyer also regularly attend meetings of the Compensation Committee and also executive sessions as may be requested by the Committee from time to time.

Management

Mr. Rhodes, in his capacity as President and Chief Executive Officer, attends most meetings of the Compensation Committee and provides valuable input and perspectives to the Committee. He makes specific recommendations to the Compensation Committee concerning the compensation of his direct reports and other senior executives, including the executive officers. These recommendations generally relate to base salary increases, internal promotions and compensation recommendations for newly hired executives. He also assists the Compensation Committee by providing input regarding individual goals, performance and results as well as scope and complexity of their positions. Our Senior Vice President, Human Resources, along with key members of our human resources department also attend the majority of Compensation Committee meetings and provide the Committee with data, analyses and perspectives on relevant market and industry trends.



ESTABLISHING COMPENSATION LEVELS

Chief Executive Officer

The Compensation Committee annually reviews and establishes the compensation level for the Chairman, President and Chief Executive Officer, in conjunction with a review of his individual performance by the non-management directors. As part of this review, the Committee considers all forms of compensation, including base salary, annual cash incentive, long-term equity incentives and other benefits provided. Mr. Rhodes is not a party to the deliberations regarding his own compensation. Instead, the Compensation Committee receives

input from Pearl Meyer, as its independent compensation consultant, and discusses its recommendations directly with the Senior Vice President, Human Resources.

Other Executive Officers

The Compensation Committee annually reviews and approves base salaries for AutoZone’s remaining executive officers based on recommendations of the Chairman, President and Chief Executive Officer and considerations of the various factors described above.

BENCHMARKING

AutoZone reviews publicly available data from a peer group of companies to help us ensure that our executive compensation programs remain effective in carrying out our Guiding Principles.

Peer Group Composition

Our peer group is composed of direct competitors; companies with which we compete for talent, customers and capital; and companies with a comparable range of key financial measures (e.g., revenues between 50% and 200% of AutoZone revenues, etc.) and business model (e.g. specialty retailer with retail and commercial customers). Such companies are likely to have executive positions comparable in breadth, complexity and scope of responsibility to ours. The peer group data we use is from proxy filings and other published sources – it is not prepared or compiled especially for AutoZone. We annually review the appropriateness of this peer group. It typically has changed when a peer company experiences events such as acquisitions and spin-offs, or in the event a member company experiences significant performance challenges.

FY22 Peer Group		
• Advance Auto Parts	• Gap Stores	• Sherwin Williams
• Darden Restaurants	• Genuine Parts	• Tractor Supply Company
• Dick’s Sporting Goods	• L Brands	• Ulta Beauty
• Dollar General	• LKQ Corporation	• W.W. Grainger
• Dollar Tree	• O’Reilly Automotive	• Yum! Brands
• Foot Locker	• Ross Stores	

Use of Peer Group Data

Peer group data is an important tool in determining executive compensation levels. However, due to a number of factors, executive compensation data is not perfectly comparable across companies. For example, companies, like AutoZone, consider the scope, complexity and strategic contributions of each role in setting executive compensation. These factors vary significantly across companies, even in the same industry. For this reason, AutoZone does not engage in strict benchmarking of compensation levels, i.e., we do not use specific data to support precise targeting of compensation, such as setting an executive’s base pay at the 50th percentile of an identified group of companies. Instead, we utilize peer group data to help determine competitive base salaries and short-term incentive target amounts that support our ability to attract and retain executive talent within our overall compensation philosophy.

Survey Data

In addition to use of peer group data, AutoZone uses a broader compensation survey data submitted by hundreds of companies, which may contain summary statistical information (e.g., mean, median, 25th percentile, etc.) related to base salaries, variable compensation, total annual cash compensation, long-term incentive compensation and total direct compensation. In making decisions related to executive compensation, the Compensation Committee uses the survey data as context in reviewing compensation levels, particularly for salary ranges, and approving pay actions.

Compensation Program Details

BASE SALARY

We provide base salaries to our executive officers as a means to deliver a stable amount of cash compensation throughout the fiscal year. Base salaries are established by the Compensation Committee at a level that takes into consideration the individual's position, including scope and complexity of the role, as well as broad-based market data, internal pay equity and total target cash compensation.

In general, base salaries for our executive officers are competitive but often below market median. For new executive officers that are promoted from within the organization, the Company aims to set base salaries in the bottom quartile of the market with the expectation of moving base salaries to the 30th percentile after the third year in such position. For executive officers that are externally hired, the Company may be more competitive in setting base salaries closer to median in order to successfully recruit and retain highly qualified leaders that complement the strategic needs of the organization.

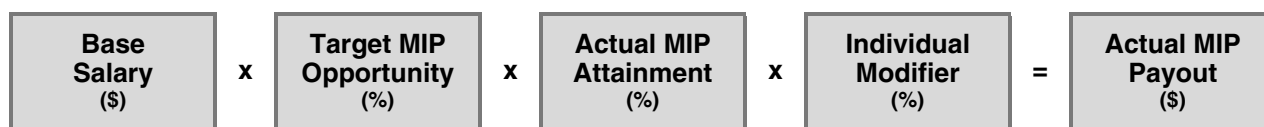
Over time, as the median pay levels in the competitive market change, as evidenced by the salary survey data, AutoZone will make appropriate adjustments to its salary range midpoints so that on average, these midpoints are positioned at market median for base salaries. We believe this positioning relative to the market allows for competitive base salary levels while also delivering competitive total rewards at or above the market median through our performance-based variable compensation. For additional information on the sources of market data and how AutoZone uses such data, see "Benchmarking" within this CD&A.

The below table lists each of our named executive officer's base salary for fiscal years 2021 and 2022, the percent of increase from the prior year and the rationale for the change.

Name	FY21	FY22	Increase	Rationale
William C. Rhodes, III	\$ 1,050,000	\$ 1,050,000	0.0 %	As CEO, Mr. Rhodes does not typically receive salary increases. He has received one salary increase in the past ten years.
Jamere Jackson	\$ 700,000	\$ 710,000	1.4 %	Mr. Jackson received a smaller salary increase as his salary was near market median.
Thomas B. Newbern	\$ 596,000	\$ 616,000	3.4 %	Mr. Newbern received a salary increase greater than his peers due to his "Exceeds Expectations" individual performance rating for the prior year.
Philip B. Daniele	\$ 500,000	\$ 500,000	0.0 %	No change in salary due to Mr. Daniele's promotion in the fourth quarter of the prior year.
Preston B. Frazer	\$ 500,000	\$ 500,000	0.0 %	No change in salary due to Mr. Frazer's promotion in the fourth quarter of the prior year.

Annual Incentive Plan

All executive officers were eligible to receive an annual cash incentive award under the FY22 Management Incentive Plan ("MIP"), which is designed to motivate and reward executives for short-term performance measured against pre-established financial goals. The following graphic illustrates the general design and structure of the MIP, or the annual incentive plan.



The Compensation Committee annually reviews the design and elements of our executive compensation program to ensure it continues to reflect our Guiding Principles. In addition, the Committee periodically engages in a deeper review as may be appropriate due to evolving best practices, macroeconomic circumstances or otherwise. For example, during FY22, the Compensation Committee reviewed historical annual plan attainment levels over the prior 20-year period to ensure plan design reflected the Guiding Principles of *Drive Performance* and *Drive Shareholder Value*. In particular, the Compensation Committee reviewed incentive plan payout levels and performance against planned targets. In the instances where the Company performed significantly greater than plan and executive officers earned significant incentive plan payouts, the Committee reviewed underlying factors driving the exceptional performance, the incremental cost to shareholders, the growth in AutoZone’s market capitalization, industry performance and industry-wide compensation practices. Based on this review, the Compensation Committee determined the MIP, or the annual incentive plan, is designed effectively and furthers all three Guiding Principles. As a result, the Compensation Committee has not made any significant changes to the plan design.

Target Opportunity

As set forth in the table below, each executive officer’s annual incentive plan target opportunity is expressed as a percentage of base salary, which percentage is based on the individual’s level of seniority within the organization. As an individual’s level of seniority and management responsibility increases, his or her target opportunity as a percentage of base salary increases and therefore the portion of his or her total performance-based compensation similarly increases.

Role	Target (% of Base Salary)
Chairman, President and Chief Executive Officer	130.0 %
Executive Vice President	75.0 %
Senior Vice President	60.0 %

Performance Goals and Payout Matrix

Actual payouts under our annual incentive plan are based upon performance against the matrix set forth on the following page. In developing the matrix, the Compensation Committee began with **Economic Profit** because it ensures that the Company is using capital to generate profitable earnings efficiently and in a manner that is sustainable for the future. In other words, Economic Profit ensures that *growth*, as well as the *cost of growth*, are balanced and achieved in a manner that maximizes the long-term interests of our shareholders. Furthermore, **Economic Profit allows us to align short-term compensation goals to long-term value creation.**

Accordingly, target Economic Profit, calculated by reference to the FY22 operating plan EBIT and ROIC, would result in target (or 100%) payout. Different levels of attainment of EBIT and ROIC result in varying levels of Economic Profit and payout is based upon actual Economic Profit against target Economic Profit. Accordingly, **annual incentive payouts are driven by EBIT and ROIC and their corresponding impact to Economic Profit against target.** For these reasons, we do not apply straight-line interpolation of our EBIT and ROIC as we focus on impact to Economic Profit instead.

The key metrics in developing the FY22 annual incentive plan are defined below. The Compensation Committee may (but is not required to) adjust for the effect of one-time charges and extraordinary events such as asset write-downs, litigation judgments or settlements, changes in tax laws, accounting principles or other laws or provisions affecting reported results, accruals for reorganization or restructuring, and any other extraordinary non-recurring items, acquisitions or divestitures and any foreign exchange gains or losses on the calculation of performance.

- Earnings before interest and taxes (“EBIT”) is defined as net income plus interest and taxes.
- Return on Invested Capital (“ROIC”) is defined as after-tax operating profit (excluding rent) divided by average invested capital (which includes a factor to consider operating leases as financing leases).
- Economic Profit is calculated as net operating profit (including rent) after taxes, less the cost of capital using a capital charge rate of 10.5%.

Additionally, the Payout Matrix is further adjusted to ensure the annual incentive plan embodies our Guiding Principles—*Drive Performance, Drive Retention and Drive Shareholder Value*. These adjustments to the matrix serve as “guardrails” and are described below.

- **Performance Hurdle.** The annual incentive plan is subject to a pre-established threshold or hurdle such that no annual incentive awards are paid out unless the Company achieves 90% of target Economic Profit. If the Company achieves 90% of target Economic Profit, payout is 50% of target MIP opportunity. And achievement above 50% is paid by reference to the matrix. This ensures goals are appropriately rigorous to drive performance.
- **Emphasize EBIT Growth.** The matrix is also modified such that payout shall not exceed target (or 100%) unless the EBIT target is exceeded. In other words, exceeding the ROIC target alone will not be sufficient to result in an above-target payout. The rationale for this is that there must be “incremental EBIT” (or EBIT in excess of target EBIT) to fund the additional incentive payout. This ensures that any excess payout earned by, and paid to, management does not come at the expense of shareholders but rather is paid out of the additional profit dollars generated by management’s efforts.

FY22 Compensation Adjustments

The continuing volatility and uncertainty in the economy that existed at the onset of the fiscal year made it especially challenging for the Company to accurately forecast financial performance and create meaningful performance targets, particularly for the latter half of the fiscal year. Accordingly, the Compensation Committee determined to keep the core design elements of the annual incentive plan in place but revisit financial targets after completion of the second fiscal quarter. **Consequently, at its March 2022 meeting, the Compensation Committee increased the performance targets under the FY22 annual incentive plan—EBIT was increased by \$382.9 million and ROIC was increased by 556 basis points.** The payout matrix below reflects the blended targets for all of FY22, after giving effect to the Company’s actual effective tax rate.

AutoZone FY22 Annual Incentive Plan Payout Matrix										
	EBIT (MMs)	\$ 2,308.6	\$ 2,452.9	\$ 2,597.2	\$ 2,741.5	\$ 2,885.8	\$ 2,914.7	\$ 3,030.1	\$ 3,174.4	\$ 3,292.2
		80 %	85 %	90 %	95 %	100 %	101 %	105 %	110 %	115 %
ROIC	43.65 %	—	—	50 %	72 %	94 %	98 %	116 %	138 %	155 %
	44.15 %	—	—	52 %	74 %	96 %	100 %	118 %	139 %	157 %
	44.65 %	—	—	53 %	75 %	97 %	102 %	119 %	141 %	159 %
	45.15 %	—	—	55 %	77 %	99 %	103 %	121 %	143 %	161 %
	45.65 %	—	—	56 %	78 %	100 %	105 %	123 %	145 %	163 %
	46.15 %	—	—	58 %	80 %	100 %	107 %	125 %	147 %	165 %
	46.65 %	—	—	59 %	82 %	100 %	108 %	126 %	148 %	167 %
	47.15 %	—	—	61 %	83 %	100 %	110 %	128 %	150 %	168 %
	47.65 %	—	—	62 %	84 %	100 %	111 %	129 %	152 %	170 %
	48.15 %	—	—	63 %	86 %	100 %	113 %	131 %	153 %	172 %
	48.65 %	—	—	65 %	87 %	100 %	114 %	132 %	155 %	173 %
	49.15 %	—	—	66 %	89 %	100 %	116 %	134 %	157 %	175 %
	49.65 %	—	—	67 %	90 %	100 %	117 %	135 %	158 %	177 %
	50.15 %	—	—	69 %	91 %	100 %	119 %	137 %	160 %	178 %
	50.65 %	—	—	70 %	93 %	100 %	120 %	138 %	161 %	180 %
	51.15 %	—	—	71 %	94 %	100 %	121 %	140 %	162 %	181 %
	51.65 %	—	—	72 %	95 %	100 %	123 %	141 %	164 %	183 %
	52.15 %	—	—	73 %	96 %	100 %	124 %	142 %	165 %	184 %
	52.65 %	—	—	74 %	97 %	100 %	125 %	144 %	167 %	185 %
	53.15 %	—	—	76 %	99 %	100 %	126 %	145 %	168 %	187 %
	53.65 %	—	—	77 %	100 %	100 %	128 %	146 %	169 %	188 %
	54.15 %	—	—	78 %	100 %	100 %	129 %	147 %	171 %	189 %
	54.65 %	—	—	79 %	100 %	100 %	130 %	149 %	172 %	191 %
	54.93 %	—	—	79 %	100 %	100 %	131 %	149 %	172 %	192 %

Note: Shaded areas on the matrix indicate levels of attainment in which EBIT and ROIC would result in Economic Profit that is less than 90% of target Economic Profit and therefore does not meet the specified hurdle and results in no payout.

Attainment per Matrix

The Company's results for fiscal year 2022 consisted of \$2,278.5 million in Economic Profit, \$3,292.2 million in adjusted EBIT and 54.93% of adjusted ROIC, in each case, after removing the effects of non-cash charges related to Last-In, First-Out ("LIFO") inventory reserve adjustments and non-routine legal settlements. Also, ROIC was calculated on a 14-point trailing fiscal period average to mitigate potential risk related to short-term actions which could inflate calculations. Based on these results, the Company achieved a payout of 191.5% of target under the FY22 Management Incentive Plan. As discussed above, the Compensation Committee used its discretion to adjust annual targets *upwards* after the first half of the fiscal year. As such, the revised targets *reduced* management payout from 297.5% to 191.5%.

(\$ in mill)	Target (blended)	Actual
Economic Profit	\$ 1,926.0	\$ 2,278.5
EBIT	\$ 2,885.8	\$ 3,292.2
ROIC	47.15 %	54.93 %

MIP Attainment per Matrix (% of Target): 191.5%

Individual Modifier

Our annual incentive plan includes an individual modifier, which can adjust payouts positively or negatively as set forth below. The modifier serves to incent exceptional individual performance against pre-established individual goals. The individual performance component is structured as a modifier rather than a separate metric to ensure all executives are working collaboratively as one team in the best interests of the Company as a whole, rather than have individual goals compete with the shared interests of the organization. The pre-established individual goals for each of our executive officers support the attainment of our enterprise-wide financial goals and strategic growth priorities. For fiscal year 2022, these goals were focused on improving the customer experience across all channels, executing sales initiatives, implementing strategic pricing initiatives, expanding inventory assortment, realizing operating efficiencies and managing and developing a diverse and talented workforce.

Rating	Modification	Description
1	0%	Consistently did not meet expectations. No incentive plan payout regardless of company performance.
2	-20%	Did not meet expectations. Incentive plan payout is reduced by 20%.
3	None	Met expectations. No modification to payout.
4	+ 20%	Exceeded expectations. Incentive plan payout is increased by 20%.
5	+ 30%	Exceptional performance. Incentive plan payout is increased by 30%.

Actual Payouts

After giving effect to actual FY22 performance against pre-established financial goals and individual goals, each named executive officer earned the following annual incentive plan payout.

Name	Base Salary	Target (% of Base Salary)	Target (\$)	Payout (191.5% of Target)	Individual Modifier	Actual Payout (\$)
William C. Rhodes, III	\$ 1,050,000	130.0 %	\$ 1,365,000	\$ 2,613,975	—	\$ 2,613,975
Jamere Jackson	\$ 708,462	75.0 %	\$ 531,347	\$ 1,017,528	—	\$ 1,017,528
Thomas B. Newbern	\$ 612,923	75.0 %	\$ 459,692	\$ 880,311	—	\$ 880,311
Philip B. Daniele	\$ 500,000	75.0 %	\$ 375,000	\$ 718,126	—	\$ 718,126
Preston B. Frazer	\$ 500,000	75.0 %	\$ 375,000	\$ 718,126	—	\$ 718,126

LONG-TERM INCENTIVE PLAN

For FY22, all executive officers were awarded long-term incentives under the 2020 AutoZone, Inc. Omnibus Incentive Award Plan in the form of stock options. These long-term equity awards are granted to drive long-term performance by rewarding long-term value creation in the form of stock price appreciation.

As with other elements of executive compensation, the Compensation Committee annually reviews the design of the long-term incentive plan to ensure it remains effective and in furtherance of the Guiding Principles. While the Compensation Committee has traditionally granted long-term compensation in the form of stock options, the Committee continues to evaluate the efficacy of stock options against other potential equity vehicles. The Committee remains of the view that stock options are the most appropriate performance-based equity vehicle for AutoZone's executive officers because:

- Stock options directly align management's interest with the long-term interests of shareholders by awarding value upon stock price appreciation and long-term value creation.
- The 10-year term of stock options necessarily incents management to focus on a 7- to 10-year performance period as options reach their greatest value, in contrast to performance share units which typically carry a 3- or 4-year performance period.
- Retirement-eligible employees (as defined in the applicable plan) may retain vested options for the remainder of the option term; accordingly, executives are incented to develop organizational talent, facilitate succession planning and transfer institutional knowledge. This ensures the long-term stability and growth of the organization even after the individual's retirement.

Also, when considering the efficacy of stock options, the Committee observed the following:

- Turnover of option-eligible employees, after excluding departures due to retirement, remain well below market.
- The Company's burn rate remains at the median of the Peer Group.
- The Company's long-term performance, as measured by TSR over the last five years is in the top quartile compared to its Peer Group.
- The average number of years stock options have been held before exercise is 6 years from the date of grant, for current executive officers as a group (based upon the last ten years of activity).

Stock Options

The non-qualified stock options are typically granted in late September or early October at the first regularly scheduled Compensation Committee meeting of the fiscal year. Awards of stock options may be granted outside of this general time frame in the event of internal promotions, external hires or other unique circumstances. Options have a term of ten years and become vested and exercisable over a minimum four-year period at the rate of one-fourth per year, subject to satisfaction of applicable holding requirements. Beginning with the fiscal year 2021 grant, options vest on October 15 of each of the four years following the grant date, which ensures the first vesting date occurs more than one full year after the date of grant. The exercise price for such options is equal to the closing price of our common stock on the grant date, as quoted on the NYSE. Under the terms of the AutoZone, Inc. 2020 Omnibus Incentive Award Plan, we may not grant stock options with a strike price at a discount to fair market value. Unless otherwise determined by the Compensation Committee, "fair market value" as of a given date is the closing price of our common stock as quoted on the NYSE on such date or, if the shares were not traded on that date, the most recent preceding date when such shares were traded.

FY22 Long-Term Incentive Plan Awards

Name	Options Granted ⁽¹⁾	
	(#)	(\$)
William C. Rhodes, III	21,000	\$ 10,280,369
Jamere Jackson	5,590	\$ 2,736,536
Thomas B. Newbern	6,710	\$ 3,284,823
Philip B. Daniele	5,590	\$ 2,736,536
Preston B. Frazer	5,590	\$ 2,736,536

⁽¹⁾ All Executive Vice Presidents received a similar grant in FY22, except for Mr. Newbern who received a larger grant due to his "Exceeds Expectations" individual performance rating for the prior year.

ONE-TIME SPECIAL AWARDS

As a general rule, the Company does not grant one-time special awards to executive officers. However, in limited instances, the Company may grant a one-time special sign-on award for the sole purpose of recruiting and attracting high-caliber candidates to the AutoZone Executive Committee. Over the past five years, the Company has only issued one-time special awards to executive officers in three instances, all of which were sign-on awards subject to our typical four-year vesting conditions. These awards, consistent with market practice, serves to incentivize external candidates to accept our offer of employment while also providing compensation for any unvested awards he or she may have left from their prior place of employment. Furthermore, providing equity subject to multi-year vesting conditions immediately aligns external hires' interests with those of our shareholders. **During fiscal year 2022, the Company did not grant any one-time special awards to executive officers.**

Other Practices, Policies & Guidelines

STOCK OWNERSHIP GUIDELINES

In furtherance of our Guiding Principles—*Drive Performance* and *Drive Retention*, AutoZone maintains robust stock ownership requirements for all executive officers. Without giving effect to recently elected directors or recently hired or promoted executives who are each provided with a transition period to comply, all directors and executive officers are in compliance with these stock ownership guidelines.

REQUIREMENT	DESCRIPTION
Ownership Requirement	<ul style="list-style-type: none"> Independent Directors: 7x Cash portion of Annual Retainer Chief Executive Officer: 6x base salary Executive Vice President: 3x base salary Senior Vice President: 2x base salary
Eligible Equity	<ul style="list-style-type: none"> All eligible equity is valued at the closing price of AutoZone common stock as of the end of the fiscal year. Eligible equity includes shares that are reportable as beneficially owned, whether direct or indirect. No portion of unvested awards or unexercised options are included for purposes of determining compliance with these guidelines.
Transition Period	<ul style="list-style-type: none"> Independent Directors: Within 5 years of joining the Board Newly hired Executives: Within 5 years of hire. Newly promoted Executives: Within 3 years of promotion.
Holding Requirements	<ul style="list-style-type: none"> Individuals not in compliance will be required to hold 50% of the shares acquired upon exercise of stock options (after permitting the sale of shares to cover taxes due) and may not otherwise sell any shares of AZO. Guidelines will no longer apply after an executive officer reaches age 62 in order to facilitate appropriate financial planning as potential retirement approaches. The Compensation Committee may waive the guidelines for any other executive at its discretion.

UNLAWFUL INSIDER TRADING AND ANTI-HEDGING POLICY

AutoZone has adopted policies and procedures designed to prohibit unlawful insider trading, hedging transactions and related practices. Specifically, AutoZone’s employees, officers and directors are prohibited from trading in AutoZone securities while in the possession of material, nonpublic information, from pledging AutoZone securities as collateral, holding AutoZone securities in a margin account and entering into transactions that are designed to hedge or offset decreases in the market value of AutoZone securities. Prohibited transactions include equity swaps, prepaid variable forward contracts, put or call options (other than employee stock option grants), short sales or other derivative instruments. Additionally, certain employees and officers are subject to routine and non-routine blackout periods during which times trading in our securities is not permitted, as well as pre-clearance procedures to ensure compliance with applicable internal policies.

CLAWBACK POLICY

In fiscal year 2017, AutoZone adopted an incentive compensation recovery, or “clawback”, policy that applies to current and former members of the AutoZone Executive Committee. The policy, summarized below, remains in place today, and the Board intends to revisit this policy in the event final rules under the Dodd-Frank Act are issued and effective.

Clawback in the event of a Financial Restatement. The Board, in its sole discretion, may seek to recover previously awarded compensation in the event that AutoZone is required to prepare an accounting restatement to correct an error that is material to the previously issued financial statements. Materiality would be decided based on a review of the specific facts involved, and generally means that prior financial statement(s) can no longer be relied upon. **This is a “no fault” policy**—it may be triggered in the event of fraud or willful misconduct, but such misconduct is not required for the Board to take action. “Excess” compensation is generally the amount of performance-based compensation paid above what would have been received had the statements in question been accurate.

Clawback in the event of Willful Misconduct. Additionally, the Board, in its sole discretion, may seek to recover compensation from one or more members of the Executive Committee in the case of willful engagement in conduct which is demonstrably or materially injurious to AutoZone, monetarily or otherwise, even in the absence of a restatement.

Notable features of AutoZone’s Clawback Policy include:

- Three-Year Lookback Period,
- Covered Compensation gives Board broad discretion to recover discretionary bonuses, stock option grants and exercise gains, and other cash- or equity-based compensation during Lookback Period,
- Financial Clawback does not require fault,
- Board has sole discretion to consider facts and circumstances of triggering event, executive’s actions, costs of recovery and any other matters deemed relevant by the Board.

BENEFITS

Our executive officers participate in certain benefits on the same terms that are offered to all of our full-time U.S. salaried employees. We also provide them with limited additional benefits and perquisites for retention and recruiting purposes, to replace benefit opportunities lost due to regulatory limits, and to enhance their ability to focus on our business. We do not provide tax gross-up payments for named executive officers on any benefits and perquisites other than relocation-related items. The primary additional benefits and perquisites include the following:

Benefit	Availability ⁽¹⁾⁽²⁾
Employee Stock Purchase Plan (ESPP)	<ul style="list-style-type: none"> All U.S. AutoZoners
Executive Stock Purchase Plan (XSPP)	<ul style="list-style-type: none"> Vice Presidents and above
401(k) Retirement Plan, with Match	<ul style="list-style-type: none"> All U.S. AutoZoners
Executive Deferred Compensation Plan (EDCP), with Match	<ul style="list-style-type: none"> Vice Presidents and above
Salary Continuation Death Benefit	<ul style="list-style-type: none"> All U.S. AutoZoners
Matching Charitable Gift Program	<ul style="list-style-type: none"> All U.S. AutoZoners; Executives eligible to receive a larger match
Medical, Dental and Vision Plans	<ul style="list-style-type: none"> All U.S. AutoZoners
Executive Physical Program	<ul style="list-style-type: none"> Executive Officers
Company-Paid Life Insurance Plans	<ul style="list-style-type: none"> All U.S. AutoZoners
Company-Paid Disability Insurance Plans	<ul style="list-style-type: none"> Vice Presidents and above

(1) Benefits listed as available to all AutoZoners are excluded from “All Other Compensation” in the Summary Compensation Table as permitted by applicable disclosure rules.

(2) This table is a summary only and does not describe specific benefit eligibility rules, such as minimum service, among others. All U.S. AutoZoners refers to full-time, salaried employees.

Stock Purchase Plans

	ESPP	XSPP
Overview	Shares purchased at a discount	Shares purchased at FMV with a Company-provided “match” of shares (the “Matched Shares”)
Eligibility	All U.S. AutoZoners with 6-months of service	Vice Presidents and above
Contributions	After tax, limited to lower of 10% of eligible compensation or \$15,000	After tax, limited to 25% of eligible compensation
Discount / Match	15% discount to FMV	Matched Shares provided, such that total shares acquired are purchased at a 15% discount to FMV
Fair Market Value (FMV)	FMV is the lower of the closing price of a share of AZO common stock on the first and last trading day of the calendar quarter	FMV is the closing price of a share of AZO common stock on the last trading day of the calendar quarter
Vesting	Fully vested, but subject to one-year holding period	Purchased shares are fully vested and subject to one-year holding period. Matched Shares vest after one year.

Employee Stock Purchase Plan. AutoZone maintains the Eighth Amended and Restated AutoZone, Inc. Employee Stock Purchase Plan (“Employee Stock Purchase Plan” or “ESPP”) which enables all US. AutoZoners, with six months of service, to purchase AutoZone common stock at a 15% discount to FMV, subject to IRS-determined limitations. Based on IRS rules, annual purchases in the ESPP are limited to the lower of \$15,000 or 10% of eligible compensation.

Executive Stock Purchase Plan. To support and encourage greater stock ownership by our leadership, AutoZone has also established a non-qualified stock purchase plan. The AutoZone, Inc. Sixth Amended and Restated Executive Stock Purchase Plan (“Executive Stock Purchase Plan” or “XSPP”) operates in a similar manner to the ESPP in that it allows executives to acquire shares of AutoZone common stock at 15% discount to FMV. Because the XSPP is not required to comply with the requirements of Section 423 of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), it provides for a higher limit on the percentage of a participant’s compensation that may be used to purchase shares and is limited to 25% of the eligible compensation with respect to the plan year. Under the XSPP, shares of AutoZone common stock are purchased at 100% of FMV (i.e., not at a discount), and a specified number of shares (the “Matched Shares”) are issued by the Company at no cost to the participant such that the total number of shares received is equivalent to acquiring the shares at 15% discount to FMV. The Matched Shares are unvested for one year from the date of purchase and subject to forfeiture during that time.

Retirement Plans

401(k) Retirement Plan. AutoZoners based in the United States are eligible to participate in the AutoZone, Inc. 401(k) Plan after one year of employment. The 401(k) Plan is a qualified plan that meets the requirements of Internal Revenue Code Section 401(a). The 401(k) Plan allows participants to make a pretax contribution of a specified percentage of their annual pay, up to IRS-imposed maximums, into an investment account. The Company provides a matching contribution that is calculated based on 100% of the first 3% of contributions and 50% of the next 2% of contributions into the 401(k) Plan.

Executive Deferred Compensation Plan. AutoZone officers based in the United States holding a role of Vice President or higher are eligible to participate in the AutoZone, Inc. Executive Deferred Compensation Plan (“Executive Deferred Compensation Plan” or “EDCP”) after their first year of employment. The EDCP is a nonqualified plan that allows participants to make a pretax deferral of up to 25% base salary and/or up to 75% of annual cash incentive compensation, with a Company-provided matching contribution that is calculated based on 100% of the first 3% of deferrals and 50% of the next 2% deferred, less the maximum value of the Company match available generally to participants in AutoZone’s 401(k) Plan.

Taking Care of People

Salary Continuation Death Benefit. In the unfortunate event an eligible full-time AutoZoner passes away, AutoZone will provide up to 12 weeks of the deceased AutoZoner’s pay to their named beneficiary. This new benefit was implemented in fiscal year 2022 and reflects our steadfast commitment to take care of our people, because their family is our family.

Matching Charitable Gift Program. At AutoZone, we encourage our AutoZoners to be active members of the communities in which they live, work and serve. Through our Matching Gift Program, we commit to match AutoZoner donations dollar-for-dollar, up to \$500 per AutoZoner per fiscal year, to qualified charities of their choice. Our Matching Gift program is available to all full-time and part-time AutoZoners in the United States. For Vice Presidents, AutoZone will match dollar-for-dollar up to \$10,000, and for Executive Officers, AutoZone will match dollar-for-dollar up to \$50,000, in each case per individual per fiscal year to qualified charities of their choice.

Limited Perquisites. The Company provides limited perquisites and personal benefits to its executives in order to allow them to devote more time to their business responsibilities while also promoting health, wellness and safety.

AN AUTOZONER ALWAYS CARES ABOUT PEOPLE

Treat people with dignity and respect. Recognize great work and provide frequent feedback. Demonstrate concern for others and your community. Create a safe environment. Own your development and help develop others.

- *Company Aircraft.* Senior executives may periodically use AutoZone’s private aircraft for personal travel pursuant to an agreement with the Company. Under the agreement, the Company must be reimbursed for the direct, incremental cost to the Company arising from the personal use of the aircraft. These expenses include the cost of fuel, aircraft maintenance plan costs related to the trip, ramp fees, pilot expenses (if contract pilots are used on the trip), any special insurance for the trip, and other direct costs to the Company. All of the fixed costs related to the use of the private aircraft, such as regular insurance premiums, hangar fees, depreciation and subscription costs, are paid by the Company, and reimbursement is not required for such costs.
- *Other.* The Company also provides its executive officers with home security system and/or monitoring services, airline club memberships and status upgrades, Company-paid spouse business-related travel, and Company-paid long-term disability insurance premiums.

RISK ASSESSMENT OF COMPENSATION PROGRAMS

Management has assessed our compensation programs and concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on AutoZone. This risk assessment included reviewing the design and operation of our compensation programs, identifying and evaluating situations or compensation elements that could raise more significant risks, and evaluating other controls and processes designed to identify and manage risk. The Compensation Committee reviewed the risk assessment and concurred with management’s conclusion.

TAX CONSIDERATIONS

Section 409A of the Code was created with the passage of the American Jobs Creation Act of 2004. These tax regulations create strict rules related to non-qualified deferred compensation earned and vested on or after January 1, 2005. The Internal Revenue Service periodically releases Notices and other guidance related to Section 409A, and AutoZone continues to take actions designed to comply with the Section’s applicable requirements.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee is composed solely of independent, non-employee directors. None of the members of the Compensation Committee (i) was an officer or employee of the Company at any time during or prior to fiscal 2022 or (ii) is or was a participant in a “related person” transaction with the Company since the beginning of fiscal 2022. No executive officer of the Company serves, or in the past fiscal year has served, on the compensation committee or board of any company that has one or more of its executive officers serving as a member of the Company’s Compensation Committee or Board.

Summary Compensation Table

This table shows the compensation paid to the NEOs during the 2021, 2020 and 2019 fiscal years.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)(1)	Stock Awards (\$)(2)(3)	Option Awards (\$)(3)	Non-Equity Incentive Plan Compensation (\$)(4)	All Other Compensation (\$)(5)	Total (\$)
William C. Rhodes III	2022	1,050,000	—	89,909	10,280,340	2,613,975	295,786	14,330,010
Chairman, President & Chief Executive Officer	2021	1,050,000	—	90,672	9,495,777	3,957,135	245,412	14,838,996
	2020	1,050,000	—	89,399	7,269,523	2,941,849	180,590	11,531,361
Jamere Jackson	2022	708,462	—	—	2,736,529	1,017,528	114,348	4,576,867
CFO/Executive Vice President, Finance & Store Development	2021	673,077	1,200,000	—	3,037,480	1,463,438	69,389	6,443,384
Thomas B. Newbern	2022	612,923	—	—	3,284,813	880,311	112,417	4,890,464
Executive Vice President, International, IT & ALLDATA	2021	593,538	—	—	2,141,205	1,548,600	77,499	4,360,842
	2020	576,154	—	—	2,246,944	776,080	68,750	3,667,928
Philip B. Daniele	2022	500,000	—	7,988	2,736,529	718,126	76,184	4,038,827
Executive Vice President, Merchandising, Supply Chain & Marketing	2021	—	—	—	—	—	—	—
	2020	383,615	—	4,250	1,749,973	413,385	47,107	2,598,330
Preston B. Frazer	2022	500,000	—	45,325	2,736,529	718,126	106,786	4,106,766
Executive Vice President, Store Operations, Commercial & Loss Prevention								

- (1) Annual incentive awards were paid pursuant to the EICP and therefore appear in the “non-equity incentive plan compensation” column of the table. In FY21, we provided Mr. Jackson with an initial \$1.2 million cash sign-on bonus as a make-whole award for the awards that were forfeited when he left his previous company.
- (2) Represents shares acquired pursuant to the Executive Stock Purchase Plan. See “Compensation Discussion and Analysis” on page 26 for more information about the Executive Stock Purchase Plan. See Note B, Share-Based Payments, to our consolidated financial statements in our 2021 Annual Report for a description of the Executive Stock Purchase Plan and the accounting and assumptions used in calculating expenses in accordance with FASB ASC Topic 718.
- (3) The value of stock awards and option awards was determined as required by FASB ASC Topic 718. There is no assurance that these values will be realized. See Note B, Share-Based Payments, to our consolidated financial statements in our 2022 Annual Report for details on assumptions used in the valuation. To address compensation forfeited at the former employer, in FY21 we provided Mr. Jackson with an initial long-term incentive grant of approximately \$1.0 million in stock options.
- (4) Incentive amounts were earned for the 2022 fiscal year pursuant to the EICP and were paid in October 2022. See “Compensation Discussion and Analysis” on page 26 for more information about this plan.
- (5) All Other Compensation includes the following:

Name		Perquisites and Personal Benefits (\$)(A)	Tax Gross-ups (\$)(C)	Company Contributions to Defined Contribution Plans (\$)(D)	Life Insurance Premiums (\$)
William C. Rhodes III	2022	62,151 (B)	29,390	199,493	4,752
Jamere Jackson	2022	16,269	7,574	87,245	3,260
Thomas B. Newbern	2022	8,750	13,767	86,278	3,622
Philip B. Daniele	2022	28,338 (B)	2,622	44,310	914
Preston B. Frazer	2022	54,530 (B)	5,558	45,748	950

- (A) Perquisites and personal benefits for all NEOs include matching charitable contributions under the AutoZone Matching Gift Program, Company-provided home security system and/or monitoring services, airline club memberships and status upgrades, Company-paid spouse business-related travel, and Company-paid long-term disability insurance premiums.
- (B) The perquisites or personal benefits which exceeded the greater of \$25,000 or 10% of the total amount of perquisites and personal benefits for an executive officer, consisted of matching charitable contributions made under the AutoZone Matching Gift program, under which executives may contribute to qualified charitable organizations and AutoZone provides a matching contribution to the charities in an equal amount, up to \$50,000 in the aggregate for each executive officer annually, are as follows:

Name	2022(\$)
William C. Rhodes III	50,000
Preston B. Frazer	45,850

- (C) Represents amounts related to imputed earnings on company-paid, taxable life insurance.
- (D) Represents employer contributions to the AutoZone, Inc. 401(k) Plan and the AutoZone, Inc. Executive Deferred Compensation Plan.

Grants of Plan-Based Awards

The following table sets forth information regarding plan-based awards granted to the Company's NEOs during the 2022 fiscal year.

Name	Equity Plans Grant Date	Estimated Future Payments Under Non-equity Incentive Plans (1)			All Other Stock Awards: Number of Shares of Stock or Units (#) (2)	All Other Option Awards: Number of Securities Underlying Options (#) (3)	Exercise or Base Price of Option Awards (\$)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)				
William C. Rhodes III	10/5/2021	682,500	1,365,000	-		21,000	1,651.22	10,280,340
	9/30/2021				6			10,188
	12/31/2021				27			56,603
	3/31/2022				5			10,223
	6/30/2022				6			12,895
							10,370,249	
Jamere Jackson	10/5/2021	265,673	531,347	-		5,590	1,651.22	2,736,529
								2,736,529
Thomas B. Newbern	10/5/2021	229,846	459,692	-		6,710	1,651.22	3,284,813
								3,284,813
Philip B. Daniele	10/5/2021	187,500	375,000	-		5,590	1,651.22	2,736,529
	9/30/2021				1			1,698
	12/31/2021				1			2,096
	3/31/2022				1			2,045
	6/30/2022				1			2,149
							2,744,517	
Preston B. Frazer	10/5/2021	187,500	375,000	-		5,590	1,651.22	2,736,529
	9/30/2021				2			3,396
	12/31/2021				18			37,735
	3/31/2022				1			2,045
	6/30/2022				1			2,149
							2,781,854	

- (1) Represents potential threshold, target and maximum incentive compensation for the 2022 fiscal year under the EICP based on each officer's salary on the date the 2021 fiscal year targets were approved. The amounts actually paid for the 2022 fiscal year are described in the "Non-Equity Incentive Plan Compensation" column in the Summary Compensation Table. The "threshold" is the minimum payment level under the EICP which is 50% of the target amount. See "Compensation Discussion and Analysis" at page 26.
- (2) Represents shares awarded pursuant to the Executive Stock Purchase Plan. See "Compensation Discussion and Analysis" at page 26 and the discussion following this table for more information on the Executive Stock Purchase Plan.
- (3) Represents options awarded pursuant to the Amended 2011 Equity Plan or 2020 Omnibus Incentive Plan. See "Compensation Discussion and Analysis" at page 26.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding outstanding stock option awards under the Amended 2011 Equity Plan, the 2011 Equity Plan, 2020 Omnibus Incentive Plan, other outstanding equity awards under the Amended 2011 Equity Plan and the 2011 Equity Plan, and unvested shares under the Executive Stock Purchase Plan for the Company's NEOs as of August 27, 2022:

Name	Grant Date	Option Awards				Shares	
		Number of Securities Underlying Unexercised Options (1)		Option Exercise Price	Option Expiration Date	Number of Shares of Stock that have not Vested (2)	Market Value of Shares of Stock that have not Vested (3)
		Exercisable	Unexercisable				
William C. Rhodes III	10/6/2015	4,892	—	\$ 744.62	10/7/2025		
	10/7/2015	50,000	— (4)	\$ 736.00	10/8/2025		
	9/23/2016	6,750	—	\$ 744.85	9/24/2026		
	9/26/2017	12,000	—	\$ 587.13	9/27/2027		
	9/25/2018	19,875	6,625	\$ 772.80	9/26/2028		
	10/7/2019	13,750	13,750	\$ 1,060.81	10/8/2029		
	10/7/2020	7,650	22,950	\$ 1,139.99	10/8/2030		
	10/5/2021	—	21,000	\$ 1,651.22	10/5/2031		
	9/30/2021					6	\$ 12,978
	12/31/2021					27	\$ 58,402
	3/31/2022					5	\$ 10,815
6/30/2022					6	\$ 12,978	
Totals		114,917	64,325			44	\$ 95,173
Jamere Jackson	9/23/2020	740	2,222	\$ 1,128.95	9/24/2030		
	10/7/2020	1,725	5,175	\$ 1,139.99	10/8/2030		
	10/5/2021	—	5,590	\$ 1,651.22	10/5/2031		
Totals		2,465	12,987			—	\$ —
Thomas B. Newbern	9/25/2018	5,850	1,950	\$ 772.80	9/26/2028		
	10/7/2019	4,250	4,250	\$ 1,060.81	10/8/2029		
	10/7/2020	1,725	5,175	\$ 1,139.99	10/8/2030		
	10/5/2021	—	6,710	\$ 1,651.22	10/5/2031		
Totals		11,825	18,085			—	\$ —
Philip B. Daniele	10/6/2015	2,100	—	\$ 744.62	10/7/2025		
	11/1/2015	4,320	—	\$ 784.41	11/2/2025		
	9/23/2016	6,190	—	\$ 744.85	9/24/2026		
	9/26/2017	5,710	—	\$ 587.13	9/27/2027		
	9/25/2018	4,087	1,363	\$ 772.80	9/26/2028		
	10/7/2019	3,310	3,310	\$ 1,060.81	10/8/2029		
	10/7/2020	1,200	3,600	\$ 1,139.99	10/8/2030		
	6/16/2021	125	375	\$ 1,390.47	6/16/2031		
	10/5/2021	—	5,590	\$ 1,651.22	10/5/2031		
	9/30/2021					1	2,163
	12/31/2021					1	2,163
	3/31/2022					1	2,163
	6/30/2022					1	2,163
Totals		27,042	14,238			4	\$ 8,652
Preston B. Frazer	9/23/2014	1,730	—	\$ 507.79	9/24/2024		
	10/6/2015	1,580	—	\$ 744.62	10/7/2025		
	9/23/2016	1,245	—	\$ 744.85	9/24/2026		
	9/26/2017	1,175	—	\$ 587.13	9/27/2027		
	9/25/2018	1,106	369	\$ 772.80	9/26/2028		
	10/7/2019	2,542	2,543	\$ 1,060.81	10/8/2029		
	10/7/2020	1,200	3,600	\$ 1,139.99	10/8/2030		
	6/16/2021	125	375	\$ 1,390.47	6/16/2031		
	10/5/2021	—	5,590	\$ 1,651.22	10/5/2031		
	9/30/2021					2	\$ 4,326
	12/31/2021					18	\$ 38,934
	3/31/2022					1	\$ 2,163
	6/30/2022					1	\$ 2,163
	Totals		10,703	12,477			22

(1) Unless indicated otherwise, stock options vest annually in one-fourth increments over a four-year period.

- (2) Represents shares acquired pursuant to unvested shares granted under the Executive Stock Purchase Plan. Such shares vest on the first anniversary of the date the option was exercised under the plan and will vest immediately upon a participant's termination of employment without cause or the participant's death or disability.
- (3) Based on the closing price of AutoZone common stock on August 27, 2022 (\$2,163.02 per share).
- (4) Represents a one-time grant of non-qualified stock options pursuant to the 2011 Equity Plan. Fifty percent (50%) of the shares vested on the fourth anniversary of the grant, and the other fifty percent (50%) vested on the fifth anniversary of the grant.

Option Exercises and Stock Vested

The following table sets forth information regarding stock option exercises and vested stock awards for the Company's NEOs during the fiscal year ended August 27, 2022:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$ (1))	Number of Shares Acquired on Vesting (#) (2)	Value Realized on Vesting (\$ (3))
William C. Rhodes III	20,358	30,801,618	65	132,265
Jamere Jackson	—	—	—	—
Thomas B. Newbern	12,838	15,990,517	—	—
Philip B. Daniele	2,560	3,623,029	4	7,988
Preston B. Frazer	1,500	2,692,335	14	28,449

- (1) If the shares were sold immediately upon exercise, the value realized on exercise of the option is the difference between the actual sales price and the exercise price of the option. Otherwise, the value realized is the difference between the closing price of AutoZone common stock on the New York Stock Exchange on the date of exercise and the exercise price of the option.
- (2) Represents shares acquired pursuant to the Executive Stock Purchase Plan. See "Compensation Discussion and Analysis" on page 26 for more information about this plan.
- (3) Based on the closing price of AutoZone common stock on the vesting date.

Nonqualified Deferred Compensation

The following table sets forth information regarding nonqualified deferred compensation for the Company's NEOs as of and for the year ended August 27, 2022.

Name	Executive Contributions in Last FY (\$ (1))	Company Contributions in Last FY (\$ (2))	Aggregate Earnings/ Losses in Last FY (\$ (3))	Aggregate Withdrawals / Distributions (\$)	Aggregate Balance at Last FYE (\$)
William C. Rhodes III	1,344,640	188,685	(4,002,847)	—	23,254,376
Jamere Jackson	108,576	74,999	(24,483)	—	183,066
Thomas B. Newbern	432,171	74,307	(363,868)	—	2,772,101
Philip B. Daniele	220,088	35,849	(98,689)	—	701,633
Preston B. Frazer	268,432	32,879	(104,527)	(14,447)	519,389

- (1) Represents contributions by the NEOs under the AutoZone, Inc. Executive Deferred Compensation Plan (the "EDCP"). Such contributions are included under the appropriate "Salary" and "Non-Equity Incentive Plan Compensation" columns for the NEOs in the Summary Compensation Table.
- (2) Represents matching contributions by the Company under the EDCP. Such contributions are included under the "All Other Compensation" column for the NEOs in the Summary Compensation Table.
- (3) Represents the difference between the aggregate balance at end of fiscal 2022 and the end of fiscal 2021, excluding (i) contributions made by the executive officer and the Company during fiscal 2022 and (ii) any withdrawals or distributions during fiscal 2022. None of the losses in this column were included in the Summary Compensation Table because they were not preferential or above market.

Officers of the Company with the title of vice president or higher based in the United States are eligible to participate in the EDCP after their first year of employment with the Company. As of August 27, 2022, there were 56 such officers of the Company. The EDCP is a nonqualified plan that allows officers to make a pretax deferral of base salary and bonus compensation. Officers may defer up to 25% of base salary and up to 75% of bonus compensation. The Company match is calculated based on 100% of the first 3% of deferred compensation and 50% of the next 2% deferred, less the maximum value of the Company match available generally to participants in AutoZone's 401(k) Plan. Participants may select among various mutual funds in which to invest their deferral accounts. Participants may elect to receive distribution of their deferral accounts at retirement or starting in a specific future year of choice before or after anticipated retirement (but not later than the year in which the participant reaches age 75). If a participant's employment with AutoZone terminates other than by retirement or death, the account balance will be paid in a lump sum payment six months after termination of employment. There are provisions in the EDCP for withdrawal of all or part of the deferral account balance in the event of an extreme and unforeseen financial hardship.

Potential Payments Upon Termination Or Change In Control

Our NEOs may receive certain benefits if their employment terminates under specified circumstances. These benefits derive from Company policies, plans, agreements and arrangements described below.

Agreement with Mr. Rhodes

In 2008, Mr. Rhodes and AutoZone entered into an agreement (the "Agreement") providing that if Mr. Rhodes' employment is terminated by the Company without cause, he will receive severance benefits consisting of an amount equal to 2.99 times his then-current base salary, a lump sum prorated share of any unpaid annual bonus incentive for periods during which he was employed, and AutoZone will pay the cost of COBRA premiums to continue his medical, dental and vision insurance benefits for up to 18 months to the extent such premiums exceed the amount Mr. Rhodes had been paying for such coverage during his employment. The Agreement further provides that Mr. Rhodes will not compete with AutoZone or solicit its employees for a three-year period after his employment with AutoZone terminates.

Executive Officer Agreements (Messrs. Jackson, Newbern, Daniele and Frazer)

AutoZone's executive officers who do not have written employment agreements, including Messrs. Jackson, Newbern, Daniele and Frazer, have entered into agreements ("Severance and Non-Compete Agreements") with the Company providing that if their employment is involuntarily terminated without cause, and if they sign an agreement waiving certain legal rights, they will receive severance benefits in the form of salary continuation for a period of time ranging from 12 to 24 months, depending on their length of service at the time of termination. Other than Mr. Jackson, the aforementioned executives all have greater than 5 years of service.

Years of Service	Severance Period
Less than 1	12 months
1 – less than 5	18 months
5 or more	24 months

The executives will also receive a lump sum prorated share of their annual bonus incentive when such incentives are paid to similarly-situated executives. Medical, dental and vision insurance benefits generally continue through the severance period up to a maximum of 18 months, with the Company paying the cost of COBRA premiums to the extent such premiums exceed the amount the executive had been paying for such coverage. An appropriate level of outplacement services may be provided based on individual circumstances.

The Severance and Non-Compete Agreement further provides that the executive will not compete with AutoZone or solicit its employees for a two-year period after his or her employment with AutoZone terminates.

Equity Plans

All outstanding, unvested stock options, including those held by the NEOs, will vest immediately upon the option holder's death pursuant to the terms of the stock option agreements.

Unvested shares under our Executive Stock Purchase Plan, which normally are subject to forfeiture if a participant's employment terminates prior to the first anniversary of their acquisition, will vest immediately if the termination is by reason of the participant's death, disability, termination by the Company without cause, or retirement on or after the participant's normal retirement date. The plan defines "disability," "cause," and "normal retirement date."

Life Insurance

AutoZone provides all salaried employees in active full-time employment in the United States a company-paid life insurance benefit in the amount of two times annual earnings. "Annual earnings" exclude stock compensation and gains realized from stock option exercises but include salary and incentive compensation received. Additionally, salaried employees are eligible to purchase additional life insurance subject to insurability above certain amounts. The maximum benefit of the company-paid and the additional coverage combined is \$7,500,000. All the NEOs are eligible for this benefit.

Disability Insurance

All full-time officers at the level of vice president and above are eligible to participate in two executive long-term disability plans, until age 65. Accordingly, AutoZone purchases individual disability policies for its executive officers that pay 70% of the first \$7,143 of insurable monthly earnings in the event of disability. Additionally, the executive officers are eligible to receive an executive long-term disability plan benefit in the amount of 70% of the next \$35,714 of insurable monthly earnings to a maximum benefit of \$25,000 per month. AutoZone purchases insurance to cover this plan benefit. These two benefits combined provide a maximum benefit of \$30,000 per month. The benefit payment for these plans may be reduced by deductible sources of income and disability earnings.

The following table shows the amounts that the NEOs would have received if their employment had been terminated under specified circumstances on August 27, 2022. This table does not include amounts related to the NEOs' vested benefits under our deferred compensation and pension plans or pursuant to stock option awards, all of which are described in the tables above.

Name	Voluntary or For Cause Termination (\$)	Involuntary Termination Not For Cause (\$)	Change in Control (\$)	Disability (\$)	Death (\$)	Normal Retirement (\$)
William C. Rhodes, III (1)						
Severance Pay	—	3,139,500	—	—	242,308	—
Annual Incentive	—	2,613,975	—	2,613,975	2,613,975	2,613,975
Benefits Continuation	—	33,892	—	—	4,274	—
Unvested Stock Options	—	—	—	—	58,591,934	—
Unvested Stock Awards	—	95,173	—	95,173	95,173	—
Disability Benefits	—	—	—	3,022,500	—	—
Life Insurance Benefits	—	—	—	—	5,000,000	—
Total	—	5,882,540	—	5,731,648	66,547,664	2,613,975
Jamere Jackson (2)						
Severance Pay	—	710,000	—	—	163,846	—
Annual Incentive	—	1,017,528	—	1,017,528	1,017,528	1,017,528
Benefits Continuation	—	27,035	—	—	3,202	—
Unvested Stock Options	—	—	—	—	10,452,846	—
Unvested Stock Awards	—	—	—	—	—	—
Disability Benefits	—	—	—	4,317,500	—	—
Life Insurance Benefits	—	—	—	—	4,332,000	—
Total	—	1,754,563	—	5,335,028	15,969,422	1,017,528
Thomas B. Newbern (2)						
Severance Pay	—	1,232,000	—	—	142,154	—
Annual Incentive	—	880,311	—	880,311	880,311	880,311
Benefits Continuation	—	32,097	—	—	3,955	—
Unvested Stock Options	—	—	—	—	16,123,680	—
Disability Benefits	—	—	—	1,924,000	—	—
Life Insurance Benefits	—	—	—	—	4,296,000	—
Total	—	2,144,408	—	2,804,311	21,446,100	880,311
Philip B. Daniele (2)						
Severance Pay	—	1,000,000	—	—	115,385	—
Annual Incentive	—	718,126	—	718,126	718,126	718,126
Benefits Continuation	—	16,755	—	—	3,202	—
Unvested Stock Options	—	—	—	—	12,376,761	—
Unvested Stock Awards	—	8,652	—	8,652	8,652	—
Disability Benefits	—	—	—	4,265,000	—	—
Life Insurance Benefits	—	—	—	—	1,000,000	—
Total	—	1,743,533	—	4,991,778	14,222,126	718,126
Preston B. Frazer (2)						
Severance Pay	—	1,000,000	—	—	115,385	—
Annual Incentive	—	718,126	—	718,126	718,126	718,126
Benefits Continuation	—	30,763	—	—	3,114	—
Unvested Stock Options	—	—	—	—	10,149,487	—
Unvested Stock Awards	—	47,586	—	47,586	47,586	—
Disability Benefits	—	—	—	6,965,000	—	—
Life Insurance Benefits	—	—	—	—	1,000,000	—
Total	—	1,796,475	—	7,730,712	12,033,698	718,126

(1) Severance Pay, Annual Incentive and Benefits Continuation amounts shown under the "Involuntary Termination Not for Cause" column reflect the terms of Mr. Rhodes' Agreement described above. Unvested stock options are those outstanding, unvested stock options which will vest immediately upon the option holder's death. In FY22, the company added 12 weeks of salary continuation for all full-time U.S. AutoZoners with one-year of service in the event of death. Unvested stock awards are shares under the Executive Stock Purchase Plan, which vest upon involuntary termination not for cause, disability, or death. Annual Incentive is shown at actual annual incentive amount for the 2022 fiscal year; it would be prorated if the triggering event occurred other than on the last day of the fiscal year. Disability Benefits are benefits under a Company-paid individual long-term disability insurance policy. Life Insurance Benefits are benefits under a Company-paid life insurance policy.

(2) Severance Pay, Annual Incentive and Benefits Continuation amounts shown under the “Involuntary Termination Not for Cause” column reflect payments to Mr. Jackson, Mr. Newbern, Mr. Daniele and Mr. Frazer under the Severance and Non-Compete Agreements described above. Annual Incentive is shown at actual annual incentive amount for the 2022 fiscal year; it would be prorated if the triggering event occurred other than on the last day of the fiscal year. Benefits Continuation refers to medical, dental and vision benefits. In FY22, the company added 12 weeks of salary continuation for all full-time U.S. AutoZoners with one-year of service in the event of death. Unvested stock options are those outstanding, unvested stock options which will vest immediately upon the option holder’s death. Unvested stock awards are share options under the Executive Stock Purchase Plan, which vest upon involuntary termination not for cause, disability, or death. Disability Benefits are benefits under a Company-paid individual long-term disability insurance policy. Life Insurance Benefits are benefits under a Company-paid life insurance policy.

PAY RATIO DISCLOSURE

Pursuant to Item 402(u) of Regulation S-K, we have conducted an analysis of our global employee population in order to estimate and disclose the total compensation paid to our median paid employee, not including our CEO, as well as the ratio of the total compensation paid to said median employee as compared to the total compensation paid to our CEO. The analysis, which is described below, yielded the following results:

Total compensation for the median employee for fiscal 2022 (not including the CEO):	\$ 31,751
Total compensation for the CEO:	\$ 14,330,010
Resulting CEO-to-median employee pay ratio:	451:1

Measurement date. We identified the median employee from our population as of June 30, 2022.

Compensation measure. The regulations require us to use a “consistently applied compensation measure”, or CACM, to identify the median employee. Based on an analysis of the AutoZone workforce, we determined that fixed or guaranteed compensation, including overtime and earnings for paid time off, plus variable compensation (e.g., bonus or commission pay) closely approximate the annual total direct compensation of our employees. We converted the earnings paid in local (non-U.S.) currency to U.S. dollars using published exchange rates as of June 30, 2022. We did not apply pay adjustments allowed by the rules in order to ensure a conservative estimate (i.e., it is unlikely that the estimate could have been higher than that calculated).

Excluded population. We excluded from the analysis AutoZone employees in Brazil, Canada, China, Germany, India, Taiwan and the United Kingdom, pursuant to the de minimis exemption under the rules. The 949 employees in these locations represent less than 5% of the total employee population of 110,850 as of June 30, 2022.

SHARE OWNERSHIP INFORMATION

Beneficial Ownership Tables

The tables below set forth certain information regarding the beneficial ownership of our common stock, as determined in accordance with SEC rules, as of October 17, 2022. Under these rules, beneficial ownership includes any shares as to which such individual or group has sole or shared voting power or investment power and includes any shares of common stock which such individual or group has the right to acquire beneficial ownership within 60 days of the specified date. As of October 17, 2022, we had 18,981,426 shares of common stock outstanding. For purposes of computing the percentage and amount of outstanding shares of common stock held by each individual or group, any shares which that individual or group had the right to acquire on or before December 16, 2022 are deemed to be outstanding for the individual or entity but such shares are not deemed to be outstanding for the purpose of computing the percentage ownership of any other individual or group.

SHARE OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

This table shows the beneficial ownership of common stock by each director, each named executive officer and all current directors and executive officers as a group. Unless stated otherwise in the notes to the table, each person named below has sole authority to vote and invest the shares shown.

Name of Beneficial Owner	Shares	Deferred Stock Units (1)	Option Awards (2)	Restricted Stock Units (3)	Total (#)	Ownership Percentage
Douglas H. Brooks	930	—	—	1,419	2,349	*
Michael George	—	—	—	113	113	*
Linda A. Goodspeed	—	—	—	2,582	2,582	*
Earl G. Graves, Jr.	—	3,417	—	4,706	8,123	*
Enderson Guimaraes	—	—	—	2,948	2,948	*
Brian Hannasch	399	—	—	113	512	*
D. Bryan Jordan	240	—	—	2,627	2,867	*
Gale King	—	—	—	962	962	*
George R. Mrkonic, Jr.	—	1,405	—	3,783	5,188	*
Jill A. Soltau	—	—	—	880	880	*
William C. Rhodes III (4)	31,979	—	141,317	—	173,296	*
Jamere Jackson	25	—	6,327	—	6,352	*
Thomas B. Newbern	3,229	—	19,302	—	22,531	*
Philip B. Daniele	552	—	32,657	—	33,209	*
Preston B. Frazer (5)	1,702	—	14,940	—	16,642	*
All current directors and executive officers as a group (24) persons	65,401	4,822	402,026	20,133	492,382	2.6%

* Less than 1%.

- (1) Includes shares that may be acquired immediately upon termination as a director by conversion of Stock Units.
- (2) Includes shares that may be acquired upon exercise of stock options either immediately or within sixty (60) days of October 17, 2022.
- (3) Includes fully-vested Restricted Stock Units that may be settled within sixty (60) days, one or five years after grant date or, termination of service as a director.
- (4) Includes 2,426 shares held as trustee of a trust for Mr. Rhodes' son, 2,427 shares held as trustee of a trust for Mr. Rhodes' daughter, 1,043 shares held as trustee of trusts for Mr. Rhodes' nieces and nephews, 100 shares held as co-trustee of a trust for one of Mr. Rhodes' siblings, 5,000 shares owned by a grantor retained annuity trust and 1,936 shares owned by a trust for Mr. Rhodes' family in which his wife is trustee. Also includes 3,071 shares held by a charitable foundation for which Mr. Rhodes is president and a director and for which he shares investment and voting power.

(5) Includes 875 shares held as trustee of a family trust and 20 shares owned by his spouse.

SHARE OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following entities are known by us to own more than five percent of our outstanding common stock:

Name and Address of Beneficial Owner	Shares	Ownership Percentage (1)
Vanguard Group, Inc. (2) 100 Vanguard Blvd. Malvern, PA 19355	1,948,523	10.27%
BlackRock, Inc. (3) 55 East 52 nd Street New York, NY 10055	1,513,879	7.98%
JPMorgan Chase & Co (4) 383 Madison Avenue New York, NY 10017	1,042,048	5.49%

(1) The ownership percentages are calculated based on the number of shares of AutoZone common stock outstanding as of October 17, 2022.

(2) Amounts reported in the table are based on information contained in a Form 13F filed by Vanguard Group Inc. on August 12, 2022 for the quarter ending June 30, 2022. Based on information contained in a Schedule 13G/A filed on February 9, 2022 by The Vanguard Group (“Vanguard”), as of December 31, 2021, Vanguard beneficially owned 1,948,523 shares of common stock, including (a) 0 shares over which it had sole voting power, (b) 34,040 shares over which it had shared voting power, (c) 1,862,905 shares over which it had sole dispositive power and (d) 85,618 shares over which it had shared dispositive power.

(3) Amounts reported in the table are based on information contained in a Form 13F filed by BlackRock, Inc. (“BlackRock”) on August 12, 2022 for the quarter ending June 30, 2022. Based on information contained in a Schedule 13G/A filed on February 1, 2022 by BlackRock, as of December 31, 2021, BlackRock beneficially owned 1,513,879 shares of common stock, including (a) 1,326,190 shares over which it had sole voting power and (b) 1,513,879 shares over which it had sole dispositive power.

(4) Amounts reported in the table are based on information contained in a Form 13F filed by JPMorgan Chase & Co. (“JPMorgan”) on August 11, 2022 for the quarter ending June 30, 2022. Based on information contained in a Schedule 13G filed on January 19, 2022 by JPMorgan, as of December 31, 2021, JPMorgan beneficially owned 1,042,048 shares of common stock, including (a) 999,070 shares over which it had sole voting power, (b) 2,433 shares over which it had shared voting power, (c) 1,041,281 shares over which it had sole dispositive power and (d) 314 shares over which it had shared dispositive power.

DELINQUENT SECTION 16(A) REPORTS

Securities laws require our executive officers, directors, and beneficial owners of more than ten percent of our common stock to file insider trading reports (Forms 3, 4, and 5) with the SEC and the NYSE relating to the number of shares of common stock that they own, and any changes in their ownership. To our knowledge, based solely on our records and certain written representations received from our executive officers and directors, during the fiscal year ended August 27, 2022, all persons related to AutoZone that are required to file these insider trading reports have filed them in a timely manner, except for a Form 3/A filed on September 3, 2021 for Seong Ohm to include a holding of 42 shares of common stock of the Company not previously reported. Copies of the insider trading reports can be found on the AutoZone corporate website at investors.autozone.com.

Equity Compensation Plans

The following table sets forth certain information as of August 27, 2022, with respect to compensation plans under which shares of AutoZone common stock may be issued.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders (1)	1,145,508	\$ 936.19	1,552,759
Equity compensation plans not approved by security holders (2)	438	74.21	—
Total	1,145,946	\$ 935.86	1,552,759

- (1) Consists of the Amended 2011 Equity Plan, 2020 Omnibus Incentive Plan, the Employee Stock Purchase Plan, the Executive Stock Purchase Plan and the 2003 Director Compensation Plan. Column (a) consists of shares of common stock issuable upon exercise of outstanding options and upon vesting and payment of outstanding restricted stock units, stock appreciation rights and deferred shares under each of the foregoing plans. Restricted stock units and deferred shares are settled for shares of common stock on a one-for-one basis and have no exercise price. Accordingly, they have been excluded for purposes of computing the weighted-average exercise price in column (b). Column (c) consists of shares available for issuance pursuant to the 2020 Omnibus Incentive Plan, the Employee Stock Purchase Plan and the Executive Stock Purchase Plan.
- (2) Consists of the AutoZone, Inc. Second Amended and Restated Director Compensation Plan, which was approved by the Board but was not submitted for approval by the shareholders as then permitted under the rules of the NYSE. This plan was terminated in December 2002. Any outstanding awards consist of stock appreciation rights that may be converted into shares immediately upon termination as a director.

GENERAL INFORMATION

Attending and Voting Information

During the Annual Meeting, the Company intends to answer questions that are pertinent to the Company and the official business of the Annual Meeting, subject to time constraints.

ELIGIBLE ATTENDEES OF THE ANNUAL MEETING. Only shareholders of record at the close of business on October 17, 2022 (the “Record Date”), or holders of a validly issued proxy, are entitled to attend and vote at the Annual Meeting. The only class of stock that can be voted at the Annual Meeting is our common stock, which is the only class of stock of AutoZone that is issued and outstanding. Each share of common stock is entitled to one vote on all matters that come before the Annual Meeting. At the close of business on the Record Date, we had 18,981,426 shares of common stock outstanding.

ANNUAL MEETING LOCATION. The Annual Meeting will be held at the J. R. Hyde III Store Support Center located at 123 S. Front St, Memphis, Tennessee 38103. You are encouraged to arrive early to allow sufficient time to secure parking and complete admission verification procedures.

ADMISSION REQUIREMENTS. To be admitted, you must present a government-issued photo identification, such as a driver’s license, state-issued ID card or passport, and proof of share ownership as of the Record Date. To prove ownership, shareholders of record will be verified against our list of registered shareholders, and beneficial shareholders, those who own their shares through an intermediary such as a bank or broker or other nominee, must show: an account statement showing their share ownership as of the Record Date; a copy of the voting instruction form or a valid legal proxy from the broker, trustee, bank or nominee holding the shares; a letter from a broker, trustee, bank or nominee holding the shares confirming the beneficial owner’s ownership as of the Record Date; or other similar evidence of ownership. **We reserve the right to deny admittance to anyone who does not comply with these requirements as determined in our sole discretion.** If you hold shares in a joint account, both owners can be admitted to the meeting if proof of joint ownership is provided and you both provide identification.

LIVE WEBCAST. A live, audio-only webcast and audio recording of the Annual Meeting will be available at investors.autozone.com for shareholders and interested guests.

HOW TO VOTE.

Prior to the Meeting: If you are a shareholder of record as of the record date, you can vote by telephone, on the Internet or by mail. We encourage you to vote by telephone or Internet, both of which are convenient, cost-effective, and reliable alternatives to returning your proxy card by mail.

On the Internet:



You may vote on the Internet by following the instructions on the Notice or proxy card. If you vote on the Internet, you do not have to mail in your proxy card.

By Telephone:



You may vote by telephone by following the instructions on the Notice or proxy card. If you submit your vote by telephone, you do not have to mail in your proxy card.

By Mail:



If you received printed proxy materials, you may vote by properly completing and signing the enclosed proxy card and returning it in the enclosed envelope.

If your shares are held in a brokerage account, bank, trust or another nominee as custodian, you are considered the “beneficial owner” of shares and will receive materials and voting instructions directly from your broker, bank, trustee or other nominee.

During the Meeting: You may vote your shares in-person at the annual meeting. See above for important information regarding who is eligible to attend the meeting and meeting admission requirements. Even if you

plan to attend the meeting, we recommend that you vote in advance so that your vote will be counted if you later decide not to attend the meeting or fail to comply with the stated admission requirements.

Multiple Notices and Voting Forms: If you hold shares in different formats (e.g. both as a “record holder” and a “beneficial owner”) or in multiple brokerage accounts, you will receive multiple notices or voting instruction forms. Please vote the shares represented by each notice, proxy card and/or voting instruction form you receive to ensure that all your shares are voted.

HOW VOTES ARE COUNTED. Your shares will be voted as you indicate on your proxy card. If you sign your card without indicating how you wish to vote, your shares will be voted FOR our nominees for director, FOR Ernst & Young LLP as independent registered public accounting firm, FOR the advisory vote on executive compensation, and in the proxies’ discretion on any other matter that may properly be brought before the Annual Meeting or any adjournment of the Annual Meeting. The votes will be tabulated and certified by our transfer agent, Computershare Inc. A representative of Computershare will serve as the inspector of election.

HOW TO CHANGE YOUR VOTE. You may revoke your proxy at any time before it is voted at the Annual Meeting by giving written notice to our Secretary that you have revoked the proxy, providing a valid later-dated proxy, providing a later-dated vote by telephone or Internet or by voting in person at the Annual Meeting. Any written notice should be sent to the Secretary at 123 South Front Street, Dept. 8074, Memphis, Tennessee 38103 and received no later than 5:00 p.m. Central Time on December 13, 2022. If you are a beneficial owner of shares, you may submit new voting instructions by contacting your bank, broker or other holder of record and following the instructions they’ve provided.

QUORUM REQUIREMENTS. Holders of a majority of the shares of the voting power of the Company’s common stock must be present in person or by proxy in order for a quorum to be present. Shares abstaining from voting and shares as to which a broker non-vote occurs are considered present for purposes of determining whether a quorum exists. If a quorum is not present at the scheduled time of the Annual Meeting, we may adjourn the Meeting, without notice other than announcement at the Annual Meeting, until a quorum is present or represented. Any business which could have been transacted at the Annual Meeting as originally scheduled can be conducted at the adjourned meeting.

BROKER NON-VOTES. Broker non-votes occur when shares held by a brokerage firm are not voted with respect to a proposal because the firm has not received voting instructions from the beneficial owner of the shares and the firm does not have the authority to vote the shares in its discretion.

MATTERS TO BE VOTED UPON. At the Annual Meeting, shareholders will be asked to vote on the following proposals:

Proposals	Board Recommendation	Voting Approval Standard	Abstentions	Broker Non-Votes
1. Election of 10 directors	FOR	More votes For than Against	No effect	No effect
2. Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2023 fiscal year	FOR	More votes For than Against	No effect	No effect
3. Approval of an advisory vote on the compensation of our named executive officers.	FOR	More votes For than Against	No effect	No effect

Shareholders also will transact any other business that may be properly brought before the Annual Meeting.

ANNUAL REPORT. A copy of our Annual Report on Form 10-K for the fiscal year ended August 27, 2022 (the “FY22 Form 10-K”) has been posted online, along with this Proxy Statement, each of which is accessible by following the instructions in the Notice. The FY22 Form 10-K is not incorporated into this Proxy Statement and is not considered proxy-soliciting materials. We filed our FY22 Form 10-K with the SEC on October 24, 2022 and will mail, without charge, a copy of such report, without exhibits to those who make a written request to our Secretary at 123 South Front Street, Dept. 8074, Memphis, Tennessee 38103.

REVIEWING PROXY MATERIALS ONLINE. The rules of the SEC allow us to furnish proxy materials to our shareholders on the Internet. We are pleased to take advantage of these rules and believe that they enable us to provide our shareholders with the information that they need, while lowering the cost of delivery and reducing the environmental impact of our Annual Meeting. Accordingly, this Proxy Statement and our annual report to security holders are available on our website at investors.autozone.com. Additionally, you may access our proxy materials at www.envisionreports.com/AZO.

REQUESTING A PRINTED COPY OF PROXY MATERIALS. If you received a Notice by mail, you will not receive a printed copy of the proxy materials unless you request one. The Notice will instruct you as to how you may obtain a printed copy of our proxy materials at no charge. All requests for printed copies of proxy materials must be received by December 1, 2022.

COSTS OF SOLICITATION. AutoZone will pay all expenses incurred in this proxy solicitation. We also may make additional solicitations in person, by telephone, facsimile, e-mail, or other forms of communication. Brokers, banks, and others who hold our stock for beneficial owners will be reimbursed by us for their expenses related to forwarding our proxy materials to the beneficial owners.

The 2023 Annual Meeting

Shareholders proposals and director nominations for consideration at the 2023 Annual Meeting of Shareholders (the “2023 Annual Meeting”) must be submitted in writing and mailed to AutoZone, Inc., Attention: Secretary, Post Office Box 2198, Dept. 8074, Memphis, Tennessee 38101-2198. The information provided below is a summary. Additional detail as to requirements and other related matters can be found in our By-Laws and/or certain rules adopted by the SEC, as applicable.

Shareholder Proposals for Inclusion in Proxy Statement. In order to propose an item of business to be considered for inclusion in our proxy materials relating to the 2023 Annual Meeting, eligible shareholders must submit proposals that comply with Rule 14a-8 under the Exchange Act. Such proposal must be received by our Secretary by June 26, 2023.

Director Nominations for Inclusion in the Proxy Statement. In order to nominate a director candidate for inclusion in our proxy statement relating to the 2023 Annual Meeting, a shareholder or group of shareholders must comply with the “proxy access” provision set forth in Article II, Section 10 of AutoZone’s By-Laws. This section provides that an individual eligible shareholder, or group of up to 20 eligible shareholders, must own 3% or more of AutoZone’s outstanding common stock continuously for at least the previous three years, and may nominate up to the greater of two individuals or 20% of the Board for inclusion in our proxy statement. Requests to include shareholder-nominated director candidates in our 2023 Proxy Statement must be received by our Corporate Secretary not earlier than August 16, 2023, and not later than September 15, 2023. The nominating shareholder(s) must provide certain information and meet the other specific requirements of our By-laws, and each nominee must meet the qualifications required by our By-laws.

Business Not for Inclusion in the Proxy Statement. In accordance with Article II, Section 2 of AutoZone’s By-Laws, shareholder proposals received after August 16, 2023, but before September 15, 2023, may be presented at the Annual Meeting, but will not be included in the Proxy Statement. Any shareholder proposal received on or after September 15, 2023, will not be eligible to be presented for a vote to the shareholders in accordance with our By-Laws.

Universal Proxy Rules for Director Nominations

In addition to satisfying the foregoing requirements under AutoZone’s By-laws, to comply with the universal proxy rules, shareholders who intend to solicit proxies in support of director nominees other than AutoZone’s nominees must provide notice that sets forth the information required by Rule 14a-19 under the Exchange Act. Such notice must be postmarked or transmitted electronically no later than October 15, 2023 or not later than the date that is 60 days prior to the one-year anniversary of the Annual Meeting if such meeting takes place on any day other than December 14, 2022.

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AutoZone®

Form 10-K





UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

Annual Report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended August 27, 2022.

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)

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

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was \$38,782,778,621.

The number of shares of Common Stock outstanding as of October 17, 2022, was 18,981,426.

Documents Incorporated By Reference

Portions of the definitive Proxy Statement to be filed within 120 days of August 27, 2022, pursuant to Regulation 14A under the Securities Exchange Act of 1934 for the Annual Meeting of Stockholders to be held December 14, 2022, are incorporated by reference into Part III.

10-K

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Forward-Looking Statements

Certain statements contained in this annual report 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, due to changes in fuel prices, miles driven or otherwise; energy prices; weather; competition; credit market conditions; cash flows; access to available and feasible financing; future stock repurchases; the impact of recessionary conditions; consumer debt levels; changes in laws or regulations; risks associated with self-insurance; war and the prospect of war, including terrorist activity; the impact of public health issues, such as the ongoing global coronavirus (“COVID-19”) pandemic; inflation; the ability to hire, train and retain qualified employees; construction delays; failure or interruption of our information technology systems; issues relating to the confidentiality, integrity or availability of information, including due to cyber-attacks; historic growth rate sustainability; downgrade of our credit ratings; damage to our reputation; challenges in international markets; origin and raw material costs of suppliers; inventory availability; disruption in our supply chain; impact of tariffs; impact of new accounting standards; and business interruptions. Certain of these risks and uncertainties are discussed in more detail in the “Risk Factors” section contained in Item 1A under Part 1 of this Annual Report on Form 10-K for the year ended August 27, 2022, 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. Events described above and in the “Risk Factors” could materially and adversely affect our business. However, it should be understood that it is not possible to identify or predict all such risks and other factors that could affect these forward-looking statements. 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.

PART I

Item 1. Business

Introduction

AutoZone, Inc. (“AutoZone,” the “Company,” “we,” “our” or “us”) is the leading retailer and distributor of automotive replacement parts and accessories in the Americas. We began operations in 1979 and at August 27, 2022, operated 6,168 stores in the United States (“U.S.”), 703 stores in Mexico and 72 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 August 27, 2022, in 5,342 of our domestic stores we 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 all stores in Mexico and Brazil. We sell the ALLDATA brand automotive diagnostic, repair and shop management software through www.alldata.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 also provide product information on our Duralast branded products through www.duralastparts.com. We do not derive revenue from automotive repair or installation services.

Human Capital Resources

We believe the foundation of our success is our culture, which is rooted in our Pledge and Values and defines how our employees (“AutoZoners”) take care of customers and fellow AutoZoners. Each AutoZoner works hard to Live the Pledge, share their passion for WOW! Customer Service and Go the Extra Mile every day to continue building and growing AutoZone for our customers.

We seek to be the employer of choice as we compete for talent in our retail stores, field supervision, distribution centers, and store support functions. We focus heavily on retention by offering competitive compensation and benefits packages, extensive training and development opportunities and leveraging our business resource groups to support AutoZoners with common interests or backgrounds contribute their voices, time, and talent to helping AutoZoners succeed in their careers.

As of August 27, 2022, we employed approximately 112,000 AutoZoners, approximately 62 percent of whom were employed full-time and the remaining 38 percent were employed part-time. About 90 percent of our AutoZoners were employed in stores or in direct field supervision, approximately 6 percent in distribution centers and approximately 4 percent in store support and other functions. Included in the above numbers are approximately 14,500 persons employed in our international operations. We have never experienced any material labor disruption, do not have any collective bargaining agreements and believe that relations with our AutoZoners are good.

Training & Development

We have a number of different types of jobs and career opportunities. While many of our AutoZoners follow more traditional career paths (e.g., part-time to full-time sales, store manager, district manager, regional manager, vice president), we encourage cross-functional development and support of AutoZoners as they expand their career into other departments and fields of interest. Many members of our senior leadership team have held positions in two or more areas of the business. We also invest in advanced leadership training in order to deepen bench strength and support succession planning. For additional information, see “Store Operations—Store Personnel and Training” below. We believe these opportunities are important to attract, motivate and retain high quality AutoZoners.

Recognition

The AutoZone Pledge and Values drive our success and foster a strong, unique culture of teamwork and customer service. We encourage the recognition of AutoZoners for a variety of accomplishments, such as going above and beyond to deliver Trustworthy Advice and WOW! Customer Service, taking initiative to prevent incidents and injuries, making contributions to help detect or report internal or external theft or providing significant service to

help others. Whether they work in our stores, distribution centers, support centers or travel to support our customers and business, we believe AutoZoners everywhere should be recognized for their efforts and outstanding performance. We also recognize AutoZoners for their years of service to the organization and our customers.

Diversity, Equity and Inclusion (“DEI”)

“Embraces Diversity” is one of our Values, and we have made great strides in our DEI initiatives. With the oversight and support of a cross-functional Diversity Council and DEI Steering Committee, our DEI efforts influence and inform many parts of our human capital management function including talent acquisition, retention, professional development and workforce management. Our first business resource group (“BRG”) was established in 2014 (AutoZone Women’s Initiative). Since then, five other BRGs now support AutoZoners who share common interests or backgrounds and have a mission to contribute their voices, time and talent to helping AutoZoners succeed and grow in their careers.

Health and Safety

We are committed to providing a safe working and shopping environment for our AutoZoners and customers. Aligned with our values, we strive to continually monitor our working and shopping environment to keep our AutoZoners and customers as safe as possible.

Additional information about our human capital resources can be found in our most recent Corporate Social Responsibility (“CSR”) Report, which is available on our website. Our CSR Report is not, and will not be deemed to be, a part of this Annual Report on Form 10-K or incorporated by reference into any of our other filings with the Securities and Exchange Commission (“the SEC”).

Store Operations

At August 27, 2022, our stores were in the following locations:

	<u>Store Count</u>
Alabama	122
Alaska	8
Arizona	164
Arkansas	72
California	649
Colorado	100
Connecticut	55
Delaware	17
Florida	414
Georgia	211
Hawaii	12
Idaho	32
Illinois	246
Indiana	162
Iowa	36
Kansas	54
Kentucky	104
Louisiana	130
Maine	14
Maryland	92
Massachusetts	84
Michigan	218
Minnesota	61
Mississippi	98
Missouri	121
Montana	15
Nebraska	25
Nevada	67
New Hampshire	23
New Jersey	121
New Mexico	64
New York	212
North Carolina	235
North Dakota	7
Ohio	281
Oklahoma	85
Oregon	55
Pennsylvania	216
Puerto Rico	50
Rhode Island	17
Saint Thomas	1
South Carolina	104
South Dakota	9
Tennessee	179
Texas	670
Utah	70
Vermont	2
Virginia	149
Washington	98
Washington, DC	5
West Virginia	45
Wisconsin	78
Wyoming	9
Total Domestic stores	<u>6,168</u>
Mexico	703
Brazil	72
Total stores	<u><u>6,943</u></u>

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Store Formats

Substantially all stores are based on standard store formats, resulting in generally consistent appearance, merchandising and product mix. Approximately 90% to 99% of each store's square footage is selling space. In our satellite stores, approximately 40% to 50% of our space is dedicated to hard parts inventory, while our hub stores and mega hubs have 70% to 85% of their space utilized for hard parts. The hard parts inventory area is generally fronted by counters or pods that run the depth or length of the store, dividing the hard parts area from the remainder of the store. The remaining selling space contains displays of maintenance, accessories and non-automotive items.

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

Store Personnel and Training

We provide on-the-job training as well as formal training programs, including an annual national sales meeting with related cascading meetings at our distribution centers, regional offices and stores; store meetings on specific sales and product topics; standardized computer-based training to support culture, safety, salesmanship, compliance and product and job knowledge; and several specialist, vendor and third-party programs to support learning and development in areas requiring technical expertise and specific job knowledge. All domestic AutoZoners are encouraged to complete our in-house product knowledge program and Parts Expert certification, which is developed in partnership with our key suppliers. Training is supplemented with frequent store visits by management. Store managers, commercial sales managers and managers at various levels across the organization receive financial incentives through performance-based bonuses.

Store Support Centers

All store support functions are centralized in our store support centers located in Memphis, Tennessee; Monterrey, Mexico; Chihuahua, Mexico and Sao Paulo, Brazil. We believe that this centralization enhances consistent execution of our merchandising and marketing strategies at the store level, while reducing expenses and cost of sales.

Store Automation

All of our stores have Z-net, our proprietary electronic catalog that enables our AutoZoners to efficiently look up the parts that our customers need and to provide complete job solutions, advice and information for customer vehicles. Z-net provides parts information based on the year, make, model and engine type of a vehicle and also tracks inventory availability at the store, at other nearby stores and through special order. The Z-net display screens are placed on the hard parts counter or pods, where both the AutoZoner and customer can view the screen.

Our stores utilize our computerized proprietary Point-of-Sale System, which includes bar code scanning and point-of-sale data collection terminals. Our proprietary Store Management System provides administrative assistance, as well as enhanced merchandising information and improved inventory control. We believe the Point-of-Sale System also enhances customer service through faster processing of transactions, while the Store Management System provides simplified warranty and product return procedures.

Commercial

Our commercial sales program operates in a highly fragmented market, and we are a leading distributor of automotive parts and other products to local, regional and national repair garages, dealers, service stations and public sector accounts in the Americas. As part of our program, we offer credit and delivery to our customers, as well as online ordering through www.autozonepro.com or through the AutoZone Pro smartphone application. Through our hub and mega hub stores, we offer a greater range of parts and products desired by professional technicians. We have dedicated sales teams focused on independent repair shops as well as national, regional and public sector commercial accounts.

Store Development

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Locations:					
Beginning	6,767	6,549	6,411	6,202	6,029
Sold ⁽¹⁾	—	—	—	—	26
New	177	219	138	209	201
Closed	1	1	—	—	2
Net new	<u>176</u>	<u>218</u>	<u>138</u>	<u>209</u>	<u>199</u>
Relocated	<u>13</u>	<u>12</u>	<u>5</u>	<u>2</u>	<u>7</u>
Ending	<u>6,943</u>	<u>6,767</u>	<u>6,549</u>	<u>6,411</u>	<u>6,202</u>

(1) 26 Interamerican Motor Corporation (“IMC”) branches sold on April 4, 2018.

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

Marketing and Merchandising Strategy

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

Customer Service

Customer service is the most important element in our marketing and merchandising strategy, which is based upon consumer marketing research. We emphasize that our AutoZoners should always put customers first by providing prompt, courteous service and trustworthy advice. Our electronic parts catalog assists in the selection of parts as well as identifying any associated warranties offered by us or our vendors. We sell automotive hard parts, maintenance items, accessories and non-automotive parts through www.autozone.com, for pick-up in store or to be shipped directly to a customer’s home or business, with next day or same day delivery programs in most of our U.S. markets. Additionally, we offer a smartphone application that provides customers with store locations, driving directions, operating hours, product availability, the ability to purchase products and other information.

We also provide specialty tools through our suite of free services. Through our Loan-A-Tool program customers can borrow a specialty tool, such as a steering wheel puller, for which a do-it-yourself (“DIY”) customer or a repair shop would have little or no use other than for a single job. AutoZoners also provide free diagnostic and related services, including check engine and anti-lock braking system light readings through our AutoZone Fix Finder service, testing of starters, alternators and batteries, battery charging and the collection of used oil for recycling.

Merchandising

The following tables show some of the types of products we sell by major category of items:

<u>Failure</u>	<u>Maintenance</u>	<u>Discretionary</u>
A/C Compressors	Antifreeze & Windshield Washer Fluid	Air Fresheners
Batteries & Accessories	Brake Drums, Rotors, Shoes & Pads	Cell Phone Accessories
Bearings	Chemicals, including Brake & Power	Drinks & Snacks
Belts & Hoses	Steering Fluid, Oil & Fuel Additives	Floor Mats & Seat Covers
Calipers	Oil & Transmission Fluid	Interior & Exterior Accessories
Chassis	Oil, Cabin, Air, Fuel & Transmission	Mirrors
Clutches	Filters	Performance Products
CV Axles	Oxygen Sensors	Protectants & Cleaners
Engines	Paint & Accessories	Sealants & Adhesives
Fuel Pumps	Refrigerant & Accessories	Steering Wheel Covers
Fuses	Shock Absorbers & Struts	Stereos & Radios
Ignition	Spark Plugs & Wires	Tools
Lighting	Windshield Wipers	Towing
Mufflers		Wash & Wax
Radiators		
Starters & Alternators		
Thermostats		
Tire Repair		
Water Pumps		

We believe customer satisfaction is often impacted by our ability to promptly provide specific automotive products as requested. Each store carries the same basic products, but we tailor our hard parts inventory to the makes and models of the vehicles in each store’s trade area, and our sales floor products are tailored to the local store’s demographics. Our hub stores (including mega hubs, which carry an even broader assortment) carry a larger assortment of products that are delivered to local satellite stores. We are constantly updating the products we offer to ensure our inventory matches the products our customers need or desire.

Pricing

We want to be the value leader in our industry, by consistently providing quality merchandise at the right price, backed by a satisfactory warranty and outstanding customer service. For many of our products, we offer multiple value choices in a good/better/best assortment, with appropriate price and quality differences from the “good” products to the “better” and “best” products. A key differentiating component versus our competitors is our exclusive line of in-house brands, which includes Duralast and the family of Duralast brands, ProElite, Shop Pro, SureBilt, TotalPro, TruGrade and Valucraft. We believe that our overall value compares favorably to that of our competitors.

Brand Marketing: Marketing and Loyalty

We believe that targeted advertising and promotions play important roles in succeeding in today’s environment. We are constantly working to understand our customers’ wants and needs so we can build long-lasting, loyal relationships. We utilize advertising, direct marketing, loyalty programs and promotions primarily to highlight our great value, the availability of high quality parts and develop a relationship with an expanding base of customers. Broadcast and digital media are our primary advertising methods of driving retail traffic, while we leverage a dedicated sales force and our ProVantage loyalty program to drive commercial sales.

Store Design, Visual Merchandising and Promotional Execution

We design and build stores for high visual impact. The typical store utilizes colorful exterior and interior signage, exposed beams and ductwork and brightly lit interiors. Maintenance products, accessories and non-automotive items are attractively displayed for easy browsing by customers. In-store signage and special displays promote products on floor displays, end caps and shelves. We utilize in-store signage, creative product placement and promotions to help educate customers about products that they need.

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Purchasing and Supply Chain

Merchandise is selected and purchased for all stores through our store support centers located in Memphis, Tennessee; Monterrey, Mexico and Sao Paulo, Brazil. Additionally, we have an office in Shanghai, China to support our sourcing efforts in Asia. In fiscal 2022, one class of similar products accounted for approximately 13 percent of our total revenues, and one vendor supplied approximately 8 percent of our total purchases. No other class of similar products accounted for 10 percent or more of our total revenues, and no other individual vendor provided more than 10 percent of our total purchases. We believe alternative sources of supply exist, at similar costs, for most types of product sold. Most of our merchandise flows through our distribution centers to our stores by our fleet of tractors and trailers or by third-party trucking firms. The distribution centers replenish all stores up to multiple times per week depending on store sales volumes.

We ended fiscal 2022 with 272 total domestic hub stores, which have a larger assortment of products as well as regular replenishment items that can be delivered to a store in its network within 24 hours. Hub stores are generally replenished from distribution centers multiple times per week. Hub stores have increased our ability to distribute products on a timely basis to many of our stores and to expand our product assortment.

As a subset of our domestic hub stores, we ended fiscal 2022 with 78 domestic mega hubs, an increase of 20 since the end of fiscal 2021. Mega hubs work in concert with our hubs to drive customer satisfaction through improved local parts availability and expanded product assortments. A mega hub store carries inventory of 80,000 to 110,000 unique SKUs, approximately twice what a hub store carries. Mega hubs provide coverage to both surrounding stores and other hub stores multiple times a day or on an overnight basis. Currently, we have over 6,000 domestic stores with access to mega hub inventory. A majority of these stores currently receive mega hub service same day.

Competition

The sale of automotive parts, accessories and maintenance items is highly competitive due to numerous factors, including name recognition, product availability, customer service, store location and price. AutoZone competes in the aftermarket auto parts industry, which includes both the retail DIY and commercial do-it-for-me (“DIFM”) auto parts and products markets.

Our competitors include national, regional and local auto parts chains, independently owned parts stores, online automotive parts stores or marketplaces, wholesale distributors, jobbers, repair shops, car washes and auto dealers, in addition to discount and mass merchandise stores, hardware stores, supermarkets, drugstores, convenience stores, home stores and other retailers that sell aftermarket vehicle parts and supplies, chemicals, accessories, tools and maintenance parts. AutoZone competes on the basis of customer service, including the knowledge and expertise of our AutoZoners; merchandise quality, selection and availability; product warranty; store layouts, location and convenience; price; and the strength of our AutoZone brand name, trademarks and service marks.

Government Relations

We are subject to numerous federal, state, and local laws and regulations, many of which are complex, frequently changing and subject to varying interpretations. These laws and regulations relate to, among other things, the marketing and sale of products; proper handling and disposal of hazardous materials, particularly in connection with our used oil, oil filter and battery recycling programs; occupational health and safety; environmental matters; labor and employment; employee wages and benefits; information security and data privacy; real property; financial reporting and disclosure; antitrust and fair competition; international trade and transportation, logistics and delivery operations.

While compliance with the numerous laws and regulations applicable to our business, including environmental regulations, has not had a material adverse effect on capital expenditures, earnings or our competitive position to date, we can make no assurances as to the future costs of compliance. For more information, see the Risk Factors titled “*Legal and Regulatory Risks*” and “*Information Technology, Cybersecurity and Data Privacy Risks*” in “Part I. Item 1A, Risk Factors” in this report.

Trademarks and Patents

We regard our trademarks, service marks, patents, domain names, trade dress, trade secrets and other intellectual property as critical to our success and important components of our marketing and merchandising strategies. We have registered several trademarks and service marks in the U.S. Patent and Trademark Office as well as in certain other countries, including without limitation: “AutoZone,” “Get in the Zone,” “Duralast,” “Econocraft,” “ProElite,” “Shop Pro,” “SureBilt,” “TotalPro,” “TruGrade,” “Valucraft,” and “ALLDATA,” along with variations of these trademarks. Our trademark registrations have various expiration dates; however, assuming that the trademarks are properly maintained and in use, such registrations may typically be renewed indefinitely.

Seasonality

Our business is somewhat seasonal in nature, with the highest sales typically occurring in the spring and summer months of February through September, and the lowest sales in the months of December and January. During short periods of time, a store’s sales can be affected by weather conditions. Extremely hot or extremely cold weather may enhance sales by causing parts to fail; thereby increasing sales of seasonal products. Mild or rainy weather tends to soften sales, as parts failure rates are lower in mild weather and elective maintenance is deferred during periods of rainy weather. Over the longer term, we believe the effects of weather balance out, as we have stores throughout the Americas.

AutoZone Websites

Our primary website is at www.autozone.com. We make available, free of charge, at www.autozone.com, by clicking “Investor Relations” located at the bottom of the page, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements, registration statements and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended, as soon as reasonably feasible after we electronically file such material with, or furnish it to, the SEC. Our websites and the information contained therein or linked thereto are not intended to be incorporated into this Annual Report on Form 10-K.

Information about our Executive Officers

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

William C. Rhodes, III, 57—Chairman, President and Chief Executive Officer, Customer Satisfaction
William C. Rhodes, III, was named Chairman of AutoZone during fiscal 2007 and has been President, Chief Executive Officer and a director since March 2005. Prior to his appointment as President and Chief Executive Officer, he served in various capacities within the Company since 1994. Prior to 1994, he was a manager with Ernst & Young LLP. Mr. Rhodes is a member of the Board of Directors for Dollar General Corporation.

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Jamere Jackson, 53—Executive Vice President, Chief Financial Officer and Store Development, Customer Satisfaction

Jamere Jackson joined AutoZone on September 13, 2020 as Executive Vice President and Chief Financial Officer. Prior to joining AutoZone, from 2018 to 2020, he served as Executive Vice President and Chief Financial Officer of Hertz Global Holdings, Inc., a worldwide rental company. From 2014 to 2018, he served as Chief Financial Officer of Nielsen Holdings plc, an information, data and measurement company. Prior to 2014, he held a variety of leadership roles at General Electric Company. Mr. Jackson serves on the Board of Directors for Eli Lilly & Co.

Philip B. Daniele, 53—Executive Vice President—Merchandising, Supply Chain and Marketing, Customer Satisfaction

Philip B. Daniele was named Executive Vice President – Merchandising, Supply Chain and Marketing in June 2021. Previously, he served as Senior Vice President – Commercial from 2015 to 2021, Vice President – Commercial Support from 2013 to 2015 and Vice President – Merchandising from 2008 to 2013. He was also a Divisional Vice President – Store Operations from 2005 to 2008. Prior to 2005, Mr. Daniele held several other key management positions with the Company.

Preston B. Frazer, 46—Executive Vice President – Store Operations, Commercial and Loss Prevention, Customer Satisfaction

Preston B. Frazer was named Executive Vice President – Store Operations, Commercial and Loss Prevention in June 2021. From 2019 to 2021, he was Senior Vice President – Store Operations. Prior to that, he was Vice President – Store Operations Support. He began his career with AutoZone in 2006 in Finance and has held several key functional roles of increasing responsibility. Prior to joining AutoZone, Mr. Frazer was a senior manager with the accounting firm of KPMG, LLP.

Thomas B. Newbern, 60—Executive Vice President – International, Information Technology and ALLDATA, Customer Satisfaction

Thomas B. Newbern was named Executive Vice President – International, Information Technology and ALLDATA in June 2021. From 2015 to 2021, he was Executive Vice President – Store Operations, Commercial, Loss Prevention and ALLDATA. From 2013 to 2015, he was Senior Vice President – Store Operations and Loss Prevention. From 2012 to 2013, he was Senior Vice President – Store Operations and Store Development. From 2007 to 2012, he was Senior Vice President – Store Operations, and from 1998 to 2007, he was Divisional Vice President – Store Operations. Prior to 1998, Mr. Newbern held several other key management positions with the Company.

K. Michelle Borninkhof, 48—Senior Vice President and Chief Information Officer, Customer Satisfaction

K. Michelle Borninkhof was named Senior Vice President and Chief Information Officer during April 2021. Prior to that, she was Chief Information Officer and Vice President for U.S. Technology at McDonald's since 2018. Prior to joining McDonald's, she spent 11 years with Walmart Stores holding various leadership roles including Vice President – International Technology Delivery. Throughout her career, Ms. Borninkhof held various roles in store retail, distribution center operations and process improvement.

Eric S. Gould, 53—Senior Vice President – Supply Chain, Customer Satisfaction

Eric S. Gould was named Senior Vice President, Supply Chain in February 2021. From 2017 to 2021, he served as Vice President, Supply Chain Replenishment and from 2013 to 2017 he served as Vice President – Commercial Sales. He was also Vice President – Replenishment from 2003 to 2013. Prior to 2003, Mr. Gould held several other key management positions within the Company.

Domingo J. Hurtado, 61—Senior Vice President – International, Customer Satisfaction

Domingo J. Hurtado Rodríguez was named Senior Vice President – International in September 2018. Prior to that, he was President – AutoZone de México. He has served in various capacities within the Company since 2001, which included leading the Company's expansion into Mexico. Prior to 2001, Mr. Hurtado held different positions with RadioShack including Director General in Mexico and General Manager in Venezuela.

Dennis W. LeRiche, 54—Senior Vice President – Store Operations, Customer Satisfaction

Dennis W. LeRiche was named Senior Vice President – Store Operations in June 2021. From 2015 to 2021, he was a Divisional Vice President – Store Operations. Prior to 2015, Mr. LeRiche held several other key management positions with the Company.

Grant E. McGee, 60—Senior Vice President – Commercial, Customer Satisfaction

Grant E. McGee was named Senior Vice President – Commercial in June 2021. From 2007 to 2021, he was a Divisional Vice President – Store Operations. From 2004 to 2007, he was Vice President – Commercial. Prior to 2004, Mr. McGee held several other key positions with the Company.

Charlie Pleas, III, 57—Senior Vice President – Accounting and Finance, Customer Satisfaction

Charlie Pleas, III, became Senior Vice President, Finance and Accounting in December, 2021. He was named Senior Vice President and Controller during 2007. Prior to that, he was Vice President and Controller since 2003. Previously, he was Vice President – Accounting since 2000, and Director of General Accounting since 1996. Prior to joining AutoZone, he was a Division Controller with Fleming Companies, Inc. where he served in various capacities during his tenure from 1988 to 1996. Prior to 1988, he worked with Ernst & Young. Mr. Pleas is a member of the Board of Directors for Kirkland’s Inc.

Albert Saltiel, 58—Senior Vice President – Marketing and E-Commerce, Customer Satisfaction

Albert Saltiel was named Senior Vice President – Marketing and E-Commerce during October 2014. Previously, he was Senior Vice President – Marketing since 2013. Prior to that, he was Chief Marketing Officer and a key member of the leadership team at Navistar International Corporation. Mr. Saltiel has also been with Sony Electronics as General Manager, Marketing, and Ford Motor Company where he held multiple marketing roles.

Richard C. Smith, 58—Senior Vice President – Human Resources, Customer Satisfaction

Richard C. Smith was named Senior Vice President – Human Resources in December 2015. Mr. Smith has been an AutoZoner since 1985, previously holding the position of Divisional Vice President – Store Operations since 1997. Prior thereto, Mr. Smith served in various capacities within the Company.

Kristen C. Wright, 46—Senior Vice President – General Counsel & Secretary, Customer Satisfaction

Kristen C. Wright was named Senior Vice President – General Counsel & Secretary effective January 2014. She previously held the title of Vice President – Assistant General Counsel & Assistant Secretary since January 2012. Before joining AutoZone, Ms. Wright was a partner with the law firm of Bass, Berry & Sims PLC.

William R. Hackney, 57—Senior Vice President – Merchandising, Customer Satisfaction

William R. Hackney was named Senior Vice President, Merchandising in October 2022. He had previously served in this role from October 2015 until his retirement on December 31, 2020. His career with AutoZone began in 1983, and he has held several key management roles within the Company, including Vice President – Store Operations Support and Vice President – Merchandising, before returning to AutoZone.

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Item 1A. Risk Factors

Our business is subject to a variety of risks and uncertainties. The risks and uncertainties described below could materially and adversely affect our business, financial condition, operating results, cash flows and stock price. The following information should be read in conjunction with the other information contained in this report and other filings that we make with the SEC. These risks and uncertainties are not the only ones we face. Our business could also be affected by additional factors that are presently unknown to us or that we currently believe to be immaterial to our business.

Strategic and Operational Risks

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

Demand for the products we sell may be affected by a number of factors we cannot control, including:

- the number of older vehicles in service. Vehicles seven years old or older are generally no longer under the original vehicle manufacturers' warranties and tend to need more maintenance and repair than newer vehicles.
- rising fuel and energy prices. Increases in fuel and energy prices may cause our customers to defer purchases of certain of our products as they use a higher percentage of their income to pay for gasoline and other energy costs and may drive their vehicles less, resulting in less wear and tear and lower demand for repairs and maintenance.
- the economy. In periods of declining economic conditions, including as a result of inflation, consumers may reduce their discretionary spending by deferring vehicle maintenance or repair. Additionally, such conditions may affect our customers' ability to obtain credit. During periods of expansionary economic conditions, more of our DIY customers may pay others to repair and maintain their vehicles instead of working on their own vehicles, or they may purchase new vehicles.
- the weather. Milder weather conditions may lower the failure rates of automotive parts, while extended periods of rain and winter precipitation may cause our customers to defer maintenance and repair on their vehicles. Extremely hot or cold conditions may enhance demand for our products due to increased failure rates of our customers' automotive parts. Additionally, climate changes can create more variability in the short-term or lead to other weather conditions that could impact our business.
- technological advances. Advances in automotive technology, such as improved parts design can result in cars needing maintenance less frequently and parts lasting longer.
- the number of miles vehicles are driven annually. Higher vehicle mileage increases the need for maintenance and repair. Mileage levels may be affected by gas prices, ride sharing, weather conditions, and other factors.
- prevalence of electric vehicles. Increased prevalence of electric vehicles, whether due to changes in consumer preferences or regulatory action banning the sale of new internal combustion vehicles, can result in less frequent parts failures and reduced need for parts.
- the quality of the vehicles manufactured by the original vehicle manufacturers and the length of the warranties or maintenance offered on new vehicles.
- restrictions on access to telematics and diagnostic tools and repair information imposed by the original vehicle manufacturers or by governmental regulation. These restrictions may cause vehicle owners to rely on dealers to perform maintenance and repairs.

These factors could result in a decline in the demand for our products, which could adversely affect our business and overall financial condition.

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

The sale of automotive parts, accessories and maintenance items is highly competitive. See “Item 1. Business” above for additional information regarding our competitive environment.

Although we believe we compete effectively, our competitors may have greater financial and marketing resources allowing them to sell merchandise at lower prices, larger stores with more merchandise, longer operating histories with deeper customer relationships, more frequent customer visits and more effective advertising. Online and multi-channel retailers often have lower operating costs and focus on delivery services, thereby offering customers faster, guaranteed delivery times and low-price or free shipping. In addition, because our business strategy is based on offering superior levels of customer service to complement the products we offer, our cost structure is higher than some of our competitors, which also puts pressure on our margins.

Consumers are embracing shopping online, including through mobile applications. With the increasing use of digital tools and social media, and our competitors’ increased focus on optimizing customers’ online experience, our customers are quickly able to compare prices, product assortment, product availability and feedback from other customers before purchasing products.

If we are unable to continue to manage in-stock inventory and costs, provide competitive delivery options, develop successful competitive strategies, including the maintenance of effective promotions, advertising and loyalty programs, develop and execute effective digital and omni-channel strategies or otherwise compete effectively, or if our competitors develop more effective strategies, we could lose customers and our sales and profits may decline.

We may not be able to sustain our historic rate of sales growth.

We have increased our store count in the past five fiscal years, growing from 6,029 stores at August 26, 2017, to 6,943 stores at August 27, 2022, a compounded annual growth rate of three percent. Additionally, we have increased annual revenues in the past five fiscal years from \$10.9 billion in fiscal 2017 to \$16.3 billion in fiscal 2022, with a compounded annual growth rate of eight percent. Annual revenue growth is driven by increases in same store sales, the opening of new stores and the development of new commercial programs. See “Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations” for further discussion of same store sales.

We open new stores only after evaluating customer buying trends and market demand/needs, all of which could be adversely affected by persistent unemployment, wage cuts, small business failures and microeconomic conditions unique to the automotive industry. Same store sales are impacted both by customer demand levels and by the prices we are able to charge for our products, which can also be negatively impacted by economic pressures.

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

Although we are a leading distributor of automotive parts and other products in the commercial market, we must effectively compete against national and regional auto parts chains, independently owned parts stores, wholesalers, jobbers and online retailers in order to increase our commercial market share. Although we believe we compete effectively in the commercial market on the basis of customer service, merchandise quality, selection and availability, price, product warranty, distribution locations and the strength of our AutoZone brand name, trademarks and service marks, some automotive aftermarket participants have been in business for substantially longer periods of time than we have, and as a result have developed long-term customer relationships and have large available inventories. If we are unable to profitably develop new commercial customers, our sales growth may be limited.

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Our business depends upon hiring, training and retaining qualified employees.

We believe much of our brand value lies in the quality of the approximately 112,000 AutoZoners employed in our stores, distribution centers, store support centers and ALLDATA. Our workforce costs represent our largest operating expense, and our ability to meet our labor needs while controlling labor costs is subject to numerous external factors, including market pressures with respect to prevailing wage rates and unemployment levels. Our business is also subject to employment laws and regulations, including those related to minimum wage, benefits and scheduling requirements. In addition, the implementation of potential regulatory changes relating to overtime exemptions and benefits for certain employees under federal and state laws could result in increased labor costs to our business and negatively impact our operating results.

We compete with other retail businesses for many of our associates in hourly positions, and these positions have historically had high turnover rates, which can lead to increased training and retention costs, particularly in a competitive labor market. We cannot be assured that we can continue to hire, train and retain qualified employees at current wage rates since we operate in a competitive labor market, and there are currently significant inflationary and other pressures on wages.

In the U.S., there has been an increase in workers exercising their right to form or join a union, both generally and in the retail industry. Although none of our employees are currently covered by collective bargaining agreements, there can be no assurance that our employees will not elect to be represented by labor unions in the future. If a significant portion of our work force were to become unionized, our culture and operating model could be challenged by inserting a third party between our current terrific relationships between our leaders and hourly AutoZoners. Further, our labor costs could increase and our business could be negatively affected by other requirements and expectations that could change our company culture, decrease our flexibility and disrupt our business. Further, our responses to any union organizing efforts could negatively impact how our brand is perceived by customers and AutoZoners and have adverse effects on our business and financial results.

If we are unable to hire, properly train and retain qualified AutoZoners, we could experience higher employment costs, reduced sales, losses of customers and diminution of our brand or company culture, which could adversely affect our earnings. If we do not maintain competitive wages or benefit packages, our customer service could suffer due to a declining quality of our workforce or, alternatively, our earnings could decrease if we increase our wage rates. A violation or change in employment and labor laws (including changes in existing employment benefit programs such as health insurance) could have a material adverse effect on our results of operations, financial condition and cash flows.

Inability to acquire and provide quality merchandise at competitive prices could adversely affect our sales and results of operations.

We are dependent upon our domestic and international vendors continuing to supply us with quality merchandise at competitive prices and payment terms. If our merchandise offerings do not meet our customers' expectations, or our customers have a negative perception of our merchandise regarding quality, innovation and safety, we could experience lost sales, increased costs and exposure to legal and reputational risk. In those circumstances, it may be difficult and costly for us to rebuild our reputation and regain the confidence of our customers. All of our vendors must comply with applicable product safety laws, and we are dependent on them to ensure that the products we buy comply with all safety and quality standards. Events that give rise to actual, potential or perceived product safety concerns could expose us to government enforcement action or private litigation, result in costly product recalls and other liabilities and lead to reputational harm and loss of customer confidence. To the extent our suppliers are subject to added government regulation of their product design and/or manufacturing processes, the cost of the merchandise we purchase may rise.

Furthermore, our vendors are impacted by global economic conditions which in turn impact our ability to source merchandise at competitive prices. For example, inflation, rising interest rates and disruption to the global supply chain have negatively impacted costs and inventory availability and may continue to have a negative impact on future results and profitability. Credit market and other macroeconomic conditions could also have a material adverse effect on the ability of our global and domestic suppliers to finance and operate their businesses.

If we experience transitions with any of our significant vendors, or if they experience financial difficulties or otherwise are unable to deliver merchandise to us on a timely basis, or at all, we could have product shortages in our stores that could adversely affect customers' perceptions of us and cause us to lose customers and sales.

Disruptions in our supply chain and other factors affecting the distribution of our merchandise could adversely impact our business.

A disruption to our supply chain and distribution network could adversely affect our ability to receive and distribute inventory in a timely manner, which could result in low inventory availability, lost sales, increased supply chain costs and loss of customer loyalty, among other things. Such disruptions may result from damage or destruction of our distribution centers or may be the result of macroeconomic conditions impacting the broader supply chain industry at large. For example, in recent years, ports, rails and domestic long-hauls in the U.S. and elsewhere have been negatively impacted by capacity constraints, congestion and delays, periodic labor disputes, security issues, weather-related events, and natural disasters, which have been further exacerbated by the COVID-19 pandemic and other factors beyond our control. Our business and competitive position may be negatively impacted if we are unable to successfully mitigate the impacts of such disruption to our supply chain or if we are unable to manage such disruptions more effectively than our competitors.

Risks associated with products sourced outside the U.S.

We directly imported approximately 15% of our purchases in fiscal 2022, but many of our domestic vendors directly import their products or components of their products. Changes to the price or flow of these goods for any reason, such as civil unrest or acts of war, currency fluctuations, disruptions in maritime lanes, port labor disputes, economic conditions and instability in the countries in which foreign suppliers are located, the financial instability of suppliers, suppliers' failure to meet our standards, issues with labor practices of our suppliers or labor problems they may experience (such as strikes, stoppages or slowdowns, which could also increase labor costs during and following the disruption), the availability and cost of raw materials to suppliers, increased import duties or tariffs, merchandise quality or safety issues, shipping and transport availability and cost, increases in wage rates and taxes, transport security, inflation and other factors relating to the suppliers and the countries in which they are located or from which they import, often are beyond our control and could adversely affect our operations and profitability. In addition, the foreign trade policies, tariffs and other impositions on imported goods, trade sanctions imposed on certain countries, import limitations on certain types of goods or of goods containing certain materials from other countries and other factors relating to foreign trade and port labor agreements are beyond our control. These and other factors affecting our suppliers and our access to products could adversely affect our business and financial performance. As we or our domestic vendors increase our imports of merchandise from foreign vendors, the risks associated with these imports will also increase.

Our ability to grow depends in part on new store openings, existing store remodels and expansions and effective utilization of our existing supply chain and hub network.

Our continued growth and success will depend in part on our ability to open and operate new stores and expand and remodel existing stores to meet customers' needs on a timely and profitable basis. Accomplishing our new and existing store expansion goals will depend upon a number of factors, including the ability to partner with developers and landlords to obtain suitable sites for new and expanded stores at acceptable costs, the hiring and training of qualified personnel and the integration of new stores into existing operations. There can be no assurance we will be able to achieve our store expansion goals, manage our growth effectively, successfully integrate the planned new stores into our operations or operate our new, remodeled and expanded stores profitably.

In addition, we extensively utilize our hub network, our supply chain and our logistics management techniques to efficiently stock our stores. We have made, and plan to continue to make, significant investments in our supply chain to improve product availability and product assortment, fulfill evolving consumer product demands and keep up with our long-term store expansion goals. If we fail to effectively utilize our existing hubs and/or supply chains, or if our investments in our supply chain initiatives, including directly sourcing some products from outside the U.S., do not provide the anticipated benefits, we could experience sub-optimal inventory levels in our stores or increases in our operating costs, which could adversely affect our sales volume and/or our margins.

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Our success in international operations is dependent on our ability to manage the unique challenges presented by international markets.

The various risks we face in our U.S. operations generally also exist when conducting operations in and sourcing products and materials from outside of the U.S., in addition to the unique costs, risks and difficulties of managing international operations. Our expansion into international markets may be adversely affected by local laws and customs, U.S. laws applicable to foreign operations, and political and socio-economic conditions.

Risks inherent in international operations also include potential adverse tax consequences, potential changes to trade policies and trade agreements, compliance with the Foreign Corrupt Practices Act and local anti-bribery and anti-corruption laws, greater difficulty in enforcing intellectual property rights, challenges to identify and gain access to local suppliers, and possibly misjudging the response of consumers in foreign countries to our product assortment and marketing strategy.

In addition, our operations in international markets are conducted primarily in the local currency of those countries. Since our Consolidated Financial Statements are denominated in U.S. dollars, amounts of assets, liabilities, net sales, and other revenues and expenses denominated in local currencies must be translated into U.S. dollars using exchange rates for the current period. As a result, foreign currency exchange rates and fluctuations in those rates may adversely impact our financial performance.

Business interruptions may negatively impact our operating hours, operability of our computer and other systems, availability of merchandise and otherwise have a material negative effect on our sales and our business.

Business interruptions including war or acts of terrorism, political or civil unrest, unusual or severe weather conditions (including due to the impacts of climate change or otherwise) such as hurricanes, tornadoes, windstorms, fires, earthquakes and floods, public health crises and other disasters or the threat of any of them, may negatively impact the hours and operations of our stores, distribution centers, store support centers or sourcing offices; may negatively impact our supply chain and distribution network; and may impede our ability to source quality merchandise domestically and outside of the U.S. on favorable terms.

In the event commercial transportation is curtailed or substantially delayed, we may have difficulty transporting merchandise to our distribution centers and stores resulting in lost sales and/or a potential loss of customer loyalty. Transportation issues could also cause us to cancel purchase orders if we are unable to receive merchandise in our distribution centers. It is not possible to predict all events or circumstances which may negatively disrupt our business in a significant manner, and the near-term and long-term impacts of such disruptions on our business, demand for our products and our growth initiatives will vary significantly based on the facts and circumstances of each such disruption. Furthermore, such business interruptions could cause additional negative impacts of which we are not currently aware or magnify other risks associated with our business and operations.

Our failure to protect our reputation could have a material adverse effect on our brand name and profitability.

We believe our continued strong sales growth is driven in significant part by our AutoZone and private label brand names. The value in our brand names and their continued effectiveness in driving our sales growth is dependent to a significant degree on our ability to maintain our reputation for safety, high product quality, friendliness, WOW! Customer service, trustworthy advice, integrity and business ethics. Any negative publicity about these or other areas involving our business, including our response or lack thereof to external events involving civil unrest, social justice, and political issues, whether or not based in fact, could damage our reputation and may result in reduced demand for our merchandise. The increasing use of technology also poses a risk as customers are able to quickly compare products and prices and use social media to provide feedback in a manner that is rapidly and broadly disseminated. Our brand and reputation could be negatively impacted if negative sentiment about the Company, whether or not based on fact, is shared over social media.

Failure to comply with ethical, social, product, labor, environmental and anti-corruption standards could also jeopardize our reputation and potentially lead to various adverse actions by consumer or environmental groups, employees or regulatory bodies. Damage to our reputation or loss of consumer confidence for any of these or other reasons could have a material adverse effect on our results of operations and financial condition, as well as require additional resources to rebuild our reputation.

Information Technology, Cybersecurity and Data Privacy Risks

We rely heavily on information technology systems for our key business processes. Any damage to, failure of, or interruption in these systems could have a material adverse impact on our business and operating results.

We rely extensively on information technology systems, some of which are managed or provided by third-party service providers, to collect, analyze, process, store, manage, transmit and protect key business processes, transactions and data, such as sales data, customer data, employee data, demand forecasting, merchandise ordering, inventory replenishment, supply chain management, payment processing, order fulfillment and more. Delays in the maintenance, updates, upgrading, or patching of these systems, applications or processes could adversely impact their effectiveness or could expose us to security and other risks. Our systems and the third-party systems with which we interact are subject to damage, failure or interruption due to various reasons such as: power or other critical infrastructure outages, facility damage, physical theft, telecommunications failures, malware, security incidents, malicious cyber-attacks, including the use of malicious codes, worms, phishing, spyware, denial of service attacks and ransomware, natural disasters and catastrophic events, inadequate or ineffective redundancy measures; and design or usage errors by AutoZoners, contractors or third-party service providers. Although we seek to effectively maintain and safeguard our systems and our data and we seek to ensure our third-party service providers effectively maintain and safeguard their systems and our data, such efforts are not always successful. As a result, we or our service providers could experience, and on occasion have experienced, one or more errors, interruptions, delays or cessations of service impacting the integrity or availability of our information technology infrastructure. While such incidents have not been material to date, any future incident could significantly disrupt our operations and key business processes, result in the impairment or loss of critical data, be costly and resource-intensive to remedy; harm our reputation and relationship with customers, AutoZoners, vendors and other stakeholders; and have a material adverse impact on our business and operating results.

In addition, our information technology systems, infrastructure and personnel require substantial investments, such as replacing existing systems, some of which are older, legacy systems that are less flexible and efficient, with successor systems; making changes to existing systems, including the migration of applications to the cloud; maintaining or enhancing legacy systems that are not currently being replaced; or designing or cost-effectively acquiring new systems with new functionality. These efforts can result in significant potential risks, including failure of the systems to operate as designed, potential loss or corruption of data, cost overruns, or implementation delays or errors, and may result in operational challenges, security control failures, reputational harm, and increased costs that could adversely affect our business operations and results of operations.

Failure to maintain the security of sensitive personal information or other confidential information in our possession could subject us to litigation or regulatory enforcement action, cause reputational harm and cause us to incur substantial costs or have a material adverse impact on our business and financial condition.

Our business, like that of most retailers, involves the collection, processing, storage and transmission of personal information relating to our customers, suppliers and AutoZoners and confidential business information relating to AutoZone or other parties with which we do business. This information is handled by us as well as third-party service providers and vendors that provide us with various technology, systems, services and other resources that we use in connection with the handling of this information and in furtherance of our business objectives. Furthermore, we accept payments using a variety of methods, including credit, debit, electronic payments and gift cards, which present information security risks, and we may offer new payment options in the future presenting new risks of which we are currently unaware.

While addressing vulnerabilities is a priority for us, the methods used to obtain unauthorized access are constantly evolving, increasing in frequency and sophistication, and may be difficult to anticipate or detect for long periods of time. There can be no assurance that the security measures we or our third-party service providers and vendors have in place today or introduce in the future in an effort to keep up with growing and evolving risks will prevent or mitigate the impact of a cyber incident or provide us with sufficient visibility to determine if a cyber incident has occurred. Failure to maintain the security of the personal and other confidential information to which we have access could lead to private litigation, regulatory enforcement actions and reputational harm, all of which would require extensive time and financial resources to resolve and could have a material adverse impact on our business and financial condition.

While we have not experienced a material breach of our information systems or data to date, unauthorized parties have in the past attempted, and will continue to attempt, to gain access to, or disrupt the effectiveness of, these systems and data as the result of a cyber-attack, employee misconduct, employee error, system compromises, fraud, hacking, phishing attempts, malware, ransomware, other malicious codes or other intentional or unintentional acts. Furthermore, hardware, software or other IT applications that we or a third party develop for our use may contain exploitable vulnerabilities, bugs or design defects or may involve other problems that could unexpectedly compromise information security. For example, in connection with the COVID-19 pandemic, public reports indicated there was a spike in cybersecurity attacks as shelter-in-place orders and work-from-home measures led businesses to increase reliance on virtual environments and communications systems, which had been the subject of increasing third-party vulnerabilities and security risks.

The cost to remediate and respond to a cyber incident involving unauthorized use, access, damage or loss of systems, data or other information could be significant. To the extent any cyber-attack or intrusion in our or one of our third-party service provider's information systems results in the unauthorized access, loss, damage or misappropriation of information, we may be required under federal and state privacy laws to notify impacted individuals and face substantial liability due to claims arising from customers, financial institutions, regulatory authorities, payment card issuers and others. We maintain insurance coverage that may protect us from losses or claims in connection with certain incidents; however, our insurance coverage may not be sufficient to cover significant losses in any particular situation.

We are subject to a complex and evolving body of laws and regulations regarding data privacy and may face increased costs as a result of changes in, enforcement of, or the adoption of new laws and regulations. These costs may have a material adverse impact on our business and results of operations.

The regulatory environment related to information security, data collection, processing and use, and data privacy is becoming increasingly rigorous and complex. Multiple states in the U.S. have passed data protection laws designed to provide new rights to consumers and, in some cases, employees. The potential effects of the various laws regulating the collection, processing, transfer and use of personal or protected information are far-reaching and may require significant time, resources and costs to comply, may require changes to our existing practices and processes that are not advantageous to our business, and otherwise limit our ability to use data to provide a more personalized customer experience or as otherwise desired. In addition, failure to comply with applicable requirements by us or our business partners or third-party service providers or vendors could subject us to fines, sanctions, governmental investigations, lawsuits or reputational damage.

Additionally, while we seek to comply with these various laws as they take effect, many of the concepts are novel and rulemaking is not finalized. Given the short amount of time between finalized rulemaking and the dates these laws become effective and enforceable, there can be no assurance that compliance efforts taken by us in good faith will be sufficient, and we may be the subject of an investigation or enforcement action instituted by a state agency or other regulatory body.

Indebtedness, Financial and Market Risks

We are self-insured for certain costs associated with our operations and an increase in our insurance claims and expenses may have a material negative impact on us.

We are self-insured up to certain limits for workers' compensation, employee group medical, general liability, product liability, property and automobile. The types and amounts of insurance may vary from time to time based on our decisions with respect to risk retention and regulatory requirements. Our reserves are established using historical trends and, where appropriate, using a third-party actuary to estimate costs to settle reported claims and claims incurred but not yet reported. Estimated costs are subject to a variety of assumptions and other factors including the severity, duration and frequency of claims, legal costs associated with claims, healthcare trends and projected inflation of related factors. Material increases in the number of insurance claims, changes to healthcare costs, accident frequency and severity, legal expenses and other factors could result in unfavorable difference between actual self-insurance costs and our reserve estimates. As a result, our self-insurance costs could increase which may adversely affect our business, results of operations, financial condition and cash flows.

A downgrade in our credit ratings or a general disruption in the credit markets could make it more difficult for us to access funds, refinance our debt, obtain new funding or issue debt securities.

Our short-term and long-term debt is rated investment grade by the major rating agencies. These investment-grade credit ratings have historically allowed us to take advantage of lower interest rates and other favorable terms on our short-term credit lines, in our senior debt offerings and in the commercial paper markets. To maintain our investment-grade ratings, we are required to meet certain financial performance ratios. A change by the rating agencies in these ratios, an increase in our debt, and/or a decline in our earnings could result in downgrades in our credit ratings. A downgrade in our credit ratings could limit our access to public debt markets, limit the institutions willing to provide credit facilities to us, result in more restrictive financial and other covenants in our public and private debt and would likely significantly increase our overall borrowing costs and adversely affect our earnings. Moreover, significant deterioration in the financial condition of large financial institutions during the Great Recession resulted in a severe loss of liquidity and availability of credit in global credit markets and in more stringent borrowing terms. We can provide no assurance that such similar events that occurred during the Great Recession will not occur again in the foreseeable future. Conditions and events in the global credit markets could have a material adverse effect on our access to short-term and long-term debt and the terms and cost of that debt.

Legal and Regulatory Risks

Our business, results of operations, financial condition and cash flows may be adversely affected by the adoption of new laws, changes to existing laws, increased enforcement activity or other governmental actions.

We are subject to numerous federal, state and local laws and regulations, many of which are complex, frequently revised and subject to varying interpretations. These include laws governing employment and labor, wage and hour, environmental matters, proper handling and disposal of hazardous materials and waste, healthcare, data privacy, cybersecurity, the pricing and sale of goods, import and export compliance, transportation and logistics, consumer protection and advertising, among others. These laws may differ substantially in the areas where we operate. Although we have implemented policies and procedures to help ensure compliance with these laws, there can be no certainty that our employees and third parties with whom we do business will not take actions in violation of our policies or applicable laws. If we fail to comply with these laws, rules and regulations, or the manner in which they are interpreted or applied, we may be subject to governmental enforcement action or private litigation resulting in monetary penalties, reputational harm and increased costs of regulatory compliance. Any changes in regulations, the imposition of additional regulations, or the enactment of any new legislation, including tax legislation such as the Inflation Reduction Act of 2022, could have an adverse impact, directly or indirectly, on our financial condition and results of operations. We may also be subject to investigations or audits by governmental authorities and regulatory agencies as a result of enforcing existing laws and regulations or changes in enforcement priorities, which can occur in the ordinary course of business or may result from increased scrutiny from a particular agency or toward a particular industry.

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We may be adversely affected by legal, regulatory or market responses to global climate change.

Climate change resulting from increased concentrations of carbon dioxide and other greenhouse gases in the atmosphere could present risks to our operations. For example, we have significant operations in California, where serious drought has made water less available and more costly and has increased the risk of wildfires. Changes in climate patterns leading to extreme heat waves or unusual cold weather at some of our locations can lead to increased energy usage and costs, or otherwise adversely impact our facilities and operations and disrupt our supply chains and distribution systems. Growing concern over climate change has led policy makers in the U.S. to consider the enactment of legislative and regulatory proposals that would impose mandatory requirements on greenhouse gas emissions. Such laws, if enacted, are likely to impact our business in a number of ways. For example, significant increases in fuel economy requirements, new federal or state restrictions on emissions of carbon dioxide or new federal or state incentive programs that may be imposed on vehicles and automobile fuels could adversely affect demand for vehicles, annual miles driven or the products we sell. We may not be able to accurately predict, prepare for and respond to new kinds of technological innovations with respect to electric vehicles and other technologies that minimize emissions. Compliance with any new or more stringent laws or regulations, or stricter interpretations of existing laws, could require additional expenditures by us or our suppliers. Our inability to appropriately respond to such changes could adversely impact our business, financial condition, results of operations or cash flows.

Our reputation may be adversely affected if we are not able to achieve our Environmental, Social, and Governance (ESG) goals.

Increasing governmental and societal attention to ESG matters, including expanding mandatory and voluntary reporting, and disclosure topics such as climate change, sustainability (including with respect to our supply chain), natural resources, waste reduction, energy, human capital, and risk oversight could expand the nature, scope, and complexity of matters that we are required to control, assess, and report. We strive to deliver shared value through our business and our diverse stakeholders expect us to make progress in certain ESG priority issue areas. A failure or perceived failure to meet these expectations could adversely affect public perception of our business, employee morale or customer or shareholder support.

Our business, financial condition, results of operations and cash flows may be affected by litigation.

We are involved in lawsuits, regulatory investigations, governmental and other legal proceedings arising out of the ordinary course of business. Such matters involve significant expense and divert management's attention and resources from other matters. The damages sought against us in these proceedings may be material and may adversely affect our business, results of operations, financial condition and cash flows.

General Risks**Significant changes in macroeconomic and geo-political factors could adversely affect our financial condition and results of operations.**

Macroeconomic conditions impact both our customers and our suppliers. Moreover, the U.S. government continues to operate under historically large deficits and debt burden. Continued distress in global credit markets, business failures, civil unrest, inflation, rising interest rates, foreign exchange rate fluctuations, significant geo-political conflicts, proposed or additional tariffs, continued volatility in energy prices, the impact of a public health crisis or pandemic (such as COVID-19), constraints on the global supply chain and other factors continue to affect the global economy. Moreover, rising energy prices could impact our merchandise distribution, commercial delivery, utility and product costs. It is unclear how such factors could impact our business in the short term. Over a longer period of time, these macroeconomic and geo-political conditions could adversely affect our sales growth, margins and overhead. These could adversely affect our financial condition and operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following table reflects the square footage and number of leased and owned properties for our stores as of August 27, 2022:

	<u>No. of Stores</u>	<u>Store Square Footage⁽¹⁾</u>
Leased.....	3,786	25,063,509
Owned	<u>3,157</u>	<u>21,371,930</u>
Total	<u>6,943</u>	<u>46,435,439</u>

(1) Square footage excludes store support centers, regional offices, distribution centers and the areas that hold the local mega hub and hub expanded assortment.

We have approximately 6.4 million square feet in distribution centers servicing our stores, of which approximately 1.5 million square feet is leased and the remainder is owned. Our 13 distribution centers are located in Arizona, California, Florida, Georgia, Illinois, Ohio, Pennsylvania, Tennessee, Texas, Washington, two in Mexico and one in Brazil. Our primary store support center is located in Memphis, Tennessee, and consists of approximately 320,000 square feet. We also have three additional store support centers located in Monterrey, Mexico; Chihuahua, Mexico and Sao Paulo, Brazil. Our primary International Sourcing Office is located in Shanghai, China. The ALLDATA headquarters in Elk Grove, California is leased, and we also own or lease other properties which are not material in the aggregate.

Item 3. Legal Proceedings

Item 103 of Regulation S-K requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings and such proceedings involve potential monetary sanctions that we reasonably believe will exceed an applied threshold of \$1 million. Applying this threshold, there are no environmental matters to disclose for this period.

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 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The principal market on which our common stock is traded is the New York Stock Exchange under the symbol “AZO.” On October 17, 2022, there were 1,829 stockholders of record, which does not include the number of beneficial owners whose shares were represented by security position listings.

We currently do not pay a dividend on our common stock. Our ability to pay dividends is subject to limitations imposed by Nevada law. Any future payment of dividends would be dependent upon our financial condition, capital requirements, earnings and cash flow.

During 1998, the Company announced a program permitting the Company to repurchase a portion of its outstanding shares not to exceed a dollar maximum established by the Company’s Board of Directors. The program was most recently amended on October 4, 2022, to increase the repurchase authorization by \$2.5 billion, bringing the total value of authorized share repurchases to \$33.7 billion.

Shares of common stock repurchased by the Company during the quarter ended August 27, 2022 were as follows:

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Dollar Value that May Yet Be Purchased Under the Plans or Programs</u>
May 8, 2022 to June 4, 2022	104,375	\$ 1,950.47	104,375	\$ 1,853,994,652
June 5, 2022 to July 2, 2022	124,813	2,091.49	124,813	1,592,949,614
July 3, 2022 to July 30, 2022	145,865	2,158.08	145,865	1,278,161,281
July 31, 2022 to August 27, 2022	98,751	2,233.73	98,751	1,057,578,284
Total	<u>473,804</u>	<u>\$ 2,110.57</u>	<u>473,804</u>	<u>\$ 1,057,578,284</u>

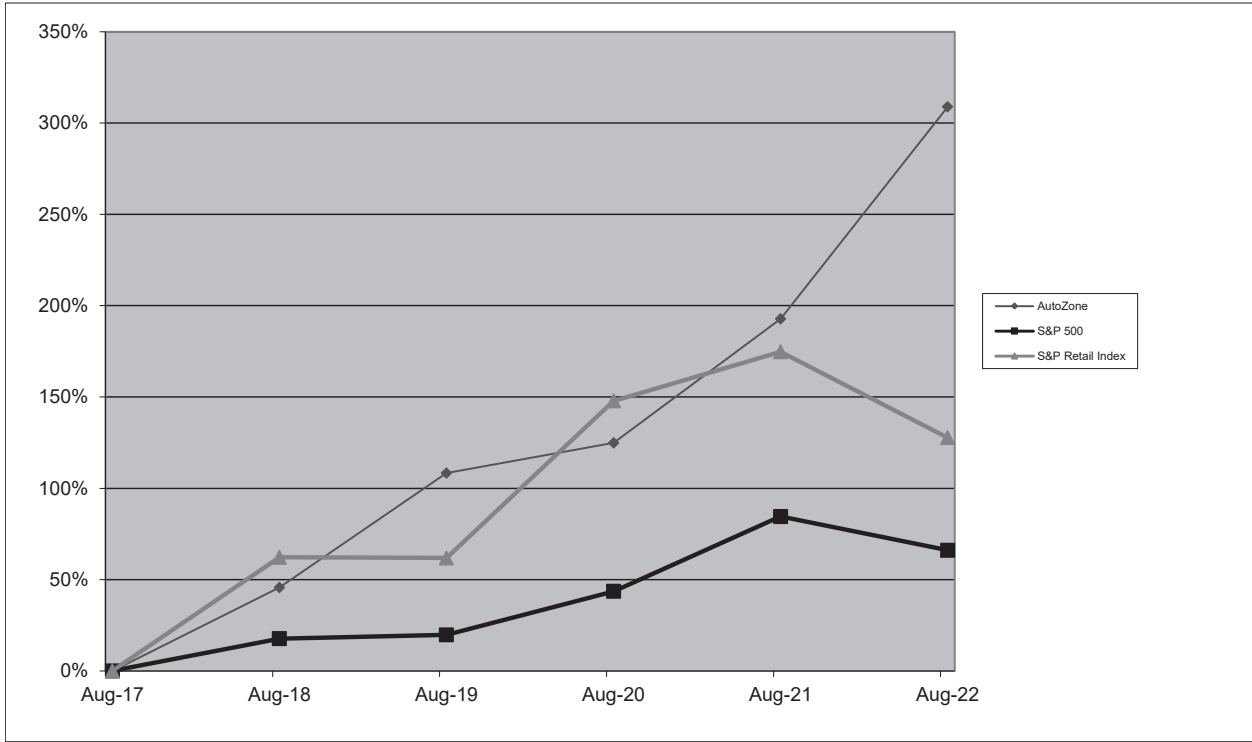
The Company also repurchased, at market value, an additional 4,886, 7,611 and 8,287 shares in fiscal years 2022, 2021 and 2020, respectively, from employees electing to sell their stock under the Company’s Eighth Amended and Restated Employee Stock Purchase Plan (as amended from time to time, the “Employee Plan”), qualified under Section 423 of the Internal Revenue Code, under which all eligible employees may purchase AutoZone’s common stock at 85% of the lower of the market price of the common stock on the first day or last day of each calendar quarter through payroll deductions. Maximum permitted annual purchases are \$15,000 per employee or 10 percent of compensation, whichever is less. Under the Employee Plan, 6,238, 8,479 and 10,525 shares were sold to employees in fiscal 2022, 2021 and 2020, respectively. At August 27, 2022, 127,524 shares of common stock were reserved for future issuance under the Employee Plan.

Once executives have reached the maximum purchases under the Employee Plan, the Sixth Amended and Restated Executive Stock Purchase Plan (the “Executive Plan”) permits all eligible executives to purchase AutoZone’s common stock up to 25 percent of his or her annual salary and bonus. Purchases by executives under the Executive Plan were 709, 997 and 1,204 shares in fiscal 2022, 2021 and 2020, respectively. At August 27, 2022, 233,655 shares of common stock were reserved for future issuance under the Executive Plan.

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Stock Performance Graph

The graph below presents changes in the value of AutoZone’s stock as compared to Standard & Poor’s 500 Composite Index (“S&P 500”) and to Standard & Poor’s Retail Index (“S&P Retail Index”) for the five-year period beginning August 26, 2017 and ending August 27, 2022.



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Item 6. Reserved

Not required.

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

We are the leading retailer and distributor of automotive replacement parts and accessories in the Americas. We began operations in 1979 and at August 27, 2022, operated 6,168 stores in the U.S., 703 stores in Mexico and 72 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 August 27, 2022, in 5,342 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 all stores in Mexico and Brazil. We also sell the ALLDATA brand automotive diagnostic, repair and shop management software through www.alldata.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 also provide product information on our Duralast branded products through www.duralastparts.com. We do not derive revenue from automotive repair or installation services.

Executive Summary

For fiscal 2022, we achieved record net income of \$2.4 billion, an 11.9% increase over the prior year, and sales growth of \$1.6 billion, an 11.1% increase over the prior year. Domestic commercial sales increased 26.5%, which represents 28.8% of our domestic auto parts sales. Both our retail sales and commercial sales grew this past year as we made progress on our initiatives aimed at improving our ability to say “Yes” to our customers more frequently and accelerating our commercial growth.

Our business is impacted by various factors within the economy that affect both our consumer and our industry, including but not limited to inflation, fuel costs, wage rates, supply chain disruptions, hiring 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.

One macroeconomic factor affecting our customers and our industry during fiscal 2022 was gas prices. During fiscal 2022, the average price per gallon of unleaded gasoline in the U.S. was \$3.83, compared to \$2.62 during fiscal 2021. We believe fluctuations in gas prices impact our customers' level of disposable income. With approximately 11 billion gallons of unleaded gas consumption each month across the U.S., each \$1 increase at the pump reduces approximately \$11 billion of additional spending capacity to consumers each month. Given the unpredictability of gas prices, we cannot predict whether gas prices will increase or decrease, nor can we predict how any future changes in gas prices will impact our sales in future periods.

We have also experienced continued accelerated pressure on wages in the U.S. during fiscal 2022. Some of this is attributed to regulatory changes in certain states and municipalities, while the larger portion is being driven by general market pressures and some specific actions taken recently by other retailers. The regulatory changes are expected to continue, as evidenced by the areas that have passed legislation to increase employees' wages substantially over the next few years.

During fiscal 2022, failure and maintenance related categories represented the largest portion of our sales mix, at approximately 84% of total sales categories continuing to comprise our largest set of categories. While we have not experienced any fundamental shifts in our category sales mix as compared to previous years, in our domestic stores we see a slight decrease in mix of sales of the discretionary category and a slight increase in the maintenance category compared to last year.

The two statistics we believe have the closest 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.

Miles Driven

We believe as the number of miles driven increases, consumers' vehicles are more likely to need service and maintenance, resulting in an increase in the need for automotive hard parts and maintenance items. While over the long-term we have seen a close correlation between our net sales and the number of miles driven, we have also seen certain 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 macroeconomic factors and the number of seven year old or older vehicles on the road. Since the beginning of the fiscal year and through July 2022 (latest publicly available information), miles driven in the U.S. increased by 4.6% compared to the same period in the prior year. We believe this increase is due to the nation returning to pre-pandemic levels, but we are unable to predict if this increase will continue, due to rising fuel prices, general macroeconomic conditions, or otherwise, or the extent of the impact it will have on our business.

Seven Year Old or Older Vehicles

As the number of seven year old or older vehicles on the road increases, we expect an increase in demand for the products we sell. We expect the aging vehicle population to continue to increase as consumers keep their cars longer in an effort to save money. Additionally, there is increased demand for used vehicles as a result of new vehicle inventory shortages.

We estimate vehicles are driven an average of approximately 12,500 miles each year. In seven years, the average miles driven equates to approximately 87,500 miles. Our experience is that at this point in a vehicle's life, most vehicles are not covered by warranties and increased maintenance is needed to keep the vehicle operating.

According to the latest data provided by the Auto Care Association, as of January 1, 2022, the average age of light vehicles on the road was 12.2 years and these vehicles account for more than 40% of U.S. vehicles. The average age of light vehicles has exceeded 11 years since 2012.

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Results of Operations

The following table highlights selected financial information over the past 5 years:

	Fiscal Year Ended August				
	2022	2021 ⁽¹⁾	2020 ⁽¹⁾	2019 ⁽²⁾⁽³⁾	2018 ⁽³⁾
<i>(in thousands, except per share data, same store sales and selected operating data)</i>					
Income Statement Data					
Net sales	\$ 16,252,230	\$ 14,629,585	\$ 12,631,967	\$ 11,863,743	\$ 11,221,077
Cost of sales, including warehouse and delivery expenses	7,779,580	6,911,800	5,861,214	5,498,742	5,247,331
Gross profit	8,472,650	7,717,785	6,770,753	6,365,001	5,973,746
Operating, selling, general and administrative expenses	5,201,921	4,773,258	4,353,074	4,148,864	4,162,890
Operating profit	3,270,729	2,944,527	2,417,679	2,216,137	1,810,856
Interest expense, net	191,638	195,337	201,165	184,804	174,527
Income before income taxes	3,079,091	2,749,190	2,216,514	2,031,333	1,636,329
Income tax expense ⁽⁴⁾	649,487	578,876	483,542	414,112	298,793
Net income ⁽⁴⁾	<u>\$ 2,429,604</u>	<u>\$ 2,170,314</u>	<u>\$ 1,732,972</u>	<u>\$ 1,617,221</u>	<u>\$ 1,337,536</u>
Diluted earnings per share ⁽⁴⁾	<u>\$ 117.19</u>	<u>\$ 95.19</u>	<u>\$ 71.93</u>	<u>\$ 63.43</u>	<u>\$ 48.77</u>
Weighted average shares for diluted earnings per share ⁽⁴⁾	<u>20,733</u>	<u>22,799</u>	<u>24,093</u>	<u>25,498</u>	<u>27,424</u>
Same Store Sales					
Increase in domestic comparable store net sales ⁽⁵⁾	8.4 %	13.6 %	7.4 %	3.0 %	1.8 %
Balance Sheet Data					
Current assets	\$ 6,627,984	\$ 6,415,303	\$ 6,811,872	\$ 5,028,685	\$ 4,635,869
Operating lease right-of-use assets ⁽⁶⁾	2,918,817	2,718,712	2,581,677	—	—
Working capital (deficit) ⁽¹²⁾	(1,960,409)	(954,451)	528,781	(483,456)	(392,812)
Total assets	15,275,043	14,516,199	14,423,872	9,895,913	9,346,980
Current liabilities	8,588,393	7,369,754	6,283,091	5,512,141	5,028,681
Debt	6,122,092	5,269,820	5,513,371	5,206,344	5,005,930
Finance lease liabilities, less current portion ⁽⁶⁾	217,428	186,122	155,855	123,659	102,013
Operating lease liabilities, less current portion ⁽⁶⁾	2,837,973	2,632,842	2,501,560	—	—
Stockholders' deficit	(3,538,913)	(1,797,536)	(877,977)	(1,713,851)	(1,520,355)
Selected Operating Data					
Number of locations at beginning of year	6,767	6,549	6,411	6,202	6,029
Sold locations ⁽⁷⁾	—	—	—	—	26
New locations	177	219	138	209	201
Closed locations	1	1	—	—	2
Net new locations	<u>176</u>	<u>218</u>	<u>138</u>	<u>209</u>	<u>199</u>
Relocated locations	13	12	5	2	7
Number of locations at end of year	<u>6,943</u>	<u>6,767</u>	<u>6,549</u>	<u>6,411</u>	<u>6,202</u>
AutoZone domestic commercial programs	5,342	5,179	5,007	4,893	4,741
Inventory per location (in thousands)	\$ 812	\$ 686	\$ 683	\$ 674	\$ 636
Total AutoZone store square footage (in thousands)	46,435	45,057	43,502	42,526	41,066
Average square footage per AutoZone store	6,688	6,658	6,643	6,633	6,621
Increase in AutoZone store square footage	3.1 %	3.6 %	2.3 %	3.6 %	3.5 %
Average net sales per AutoZone store (in thousands)	\$ 2,329	\$ 2,160	\$ 1,914	\$ 1,847	\$ 1,778
Net sales per AutoZone store average square foot	\$ 349	\$ 325	\$ 288	\$ 279	\$ 269
Total employees at end of year (in thousands)	112	105	100	96	89
Inventory turnover ⁽⁸⁾	1.5x	1.5x	1.3x	1.3x	1.3x
Accounts payable to inventory ratio	129.5 %	129.6 %	115.3 %	112.6 %	111.8 %
After-tax return on invested capital ⁽⁹⁾	52.9 %	41.0 %	35.7 %	35.7 %	32.1 %
Adjusted debt to EBITDAR ⁽¹⁰⁾	2.1	2.0	2.4	2.5	2.5
Net cash provided by operating activities (in thousands) ⁽⁴⁾	\$ 3,211,135	\$ 3,518,543	\$ 2,720,108	\$ 2,128,513	\$ 2,080,292
Cash flow before share repurchases and changes in debt (in thousands) ⁽¹¹⁾	\$ 2,599,636	\$ 3,048,841	\$ 2,185,418	\$ 1,758,672	\$ 1,596,367
Share repurchases (in thousands) ⁽¹²⁾	\$ 4,359,991	\$ 3,378,321	\$ 930,903	\$ 2,004,896	\$ 1,592,013
Number of shares repurchased (in thousands) ⁽¹²⁾	2,220	2,592	826	2,182	2,398

- (1) *The 52 weeks ended August 28, 2021 and August 29, 2020 were negatively impacted by pandemic related expenses, including Emergency Time-Off of approximately \$43.0 million (pre-tax) and \$83.9 million (pre-tax), respectively.*
- (2) *The fiscal year ended August 31, 2019 consisted of 53 weeks.*
- (3) *Fiscal 2018 was negatively impacted by pension termination charges of \$130.3 million (pre-tax) recognized in the fourth quarter and asset impairments of \$193.2 million (pre-tax) recognized in the second quarter of fiscal 2018. Fiscal 2019 and 2018 also includes a benefit to net income related to the Tax Cuts and Jobs Act of \$6.3 million and \$132.1 million, net of repatriation tax, respectively.*
- (4) *Fiscal 2022, 2021, 2020, 2019 and 2018 include excess tax benefits from stock option exercises of \$63.2 million, \$56.4 million, \$20.9 million, \$46.0 million, and \$31.3 million, respectively.*
- (5) *The domestic comparable sales increases are based on sales for all AutoZone domestic stores open at least one year. Same store sales are computed on a 52-week basis. Relocated stores are included in the same store sales computation based on the year the original store was opened. Closed store sales are included in the same store sales computation up to the week it closes, and excluded from the computation for all periods subsequent to closing. All sales through our www.autozone.com website, including consumer direct ship-to-home sales, are also included in the computation.*
- (6) *The Company adopted ASU 2016-02, Leases (Topic 842), beginning with its first quarter ended November 23, 2019 which resulted in the Company recognizing a right-of-use asset (“ROU asset”) and a corresponding lease liability on the balance sheet.*
- (7) *26 IMC branches were sold on April 4, 2018.*
- (8) *Inventory turnover is calculated as cost of sales divided by the average merchandise inventory balance over the trailing 5 quarters.*
- (9) *After-tax return on invested capital is defined as after-tax operating profit (excluding rent charges) divided by invested capital (which includes a factor to capitalize leases). For fiscal 2019, after-tax operating profit was adjusted for the impact of the average revaluation of deferred tax liabilities, net of repatriation tax. For fiscal 2018, after-tax operating profit was adjusted for impairment charges, pension termination charges and the impact of the revaluation of deferred tax liabilities, net of repatriation tax. See Reconciliation of Non-GAAP Financial Measures in Management’s Discussion and Analysis of Financial Condition and Results of Operations.*
- (10) *Adjusted debt to EBITDAR is defined as the sum of total debt, finance lease obligations and annual rents times six; divided by net income plus interest, taxes, depreciation, amortization, rent and share-based compensation expense. For fiscal 2018, net income was adjusted for impairment charges and pension termination charges before tax impact. See Reconciliation of Non-GAAP Financial Measures in Management’s Discussion and Analysis of Financial Condition and Results of Operations.*
- (11) *Cash flow before share repurchases and changes in debt is defined as the change in cash and cash equivalents less the change in debt plus treasury stock purchases. See Reconciliation of Non-GAAP Financial Measures in Management’s Discussion and Analysis of Financial Condition and Results of Operations.*
- (12) *During the third quarter of fiscal 2020, the Company temporarily suspended share repurchases under the share repurchase program in response to COVID-19 which was restarted beginning in the first quarter of fiscal 2021.*

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Fiscal 2022 Compared with Fiscal 2021

For the fiscal year ended August 27, 2022, we reported net sales of \$16.3 billion compared with \$14.6 billion for the year ended August 28, 2021, a 11.1% increase from fiscal 2021. This growth was driven primarily by a domestic same store sales increase of 8.4% and net sales of \$290.7 million from new stores. Domestic commercial sales increased \$885.0 million, or 26.5%, over domestic commercial sales for fiscal 2021.

At August 27, 2022, we operated 6,168 domestic stores, 703 in Mexico and 72 in Brazil, compared with 6,051 domestic stores, 664 in Mexico and 52 in Brazil at August 28, 2021. We reported a total auto parts segment (domestic, Mexico and Brazil) sales increase of 11.0% for fiscal 2022.

Gross profit for fiscal 2022 was \$8.5 billion, or 52.1% of net sales, a 62 basis point decrease compared with \$7.7 billion, or 52.8% of net sales for fiscal 2021. The decrease in gross margin was primarily driven by the initiatives to accelerate growth in our commercial business.

Operating, selling, general and administrative expenses for fiscal 2022 increased to \$5.2 billion, or 32.0% of net sales, from \$4.8 billion, or 32.6% of net sales for fiscal 2021. The increase in operating expenses as a percentage of sales was driven by strong sales growth and a decrease in pandemic related expenses.

Interest expense, net for fiscal 2022 was \$191.6 million compared with \$195.3 million during fiscal 2021. Average borrowings for fiscal 2022 were \$5.8 billion, compared with \$5.4 billion for fiscal 2021. Weighted average borrowing rates were 3.29% and 3.28% for fiscal 2022 and 2021, respectively.

Our effective income tax rate was 21.1% of pre-tax income for fiscal 2022 and fiscal 2021. The benefit of stock options exercised for fiscal 2022 was \$63.2 million compared to \$56.4 million for fiscal 2021 (see “Note D – Income Taxes” in the Notes to Consolidated Financial Statements).

Net income for fiscal 2022 increased by 11.9% to \$2.4 billion, and diluted earnings per share increased 23.1% to \$117.19 from \$95.19 in fiscal 2021. The impact on the fiscal 2022 diluted earnings per share from stock repurchases was an increase of \$5.27.

Fiscal 2021 Compared with Fiscal 2020

A discussion of changes in our results of operations from fiscal 2020 to fiscal 2021 has been omitted from this Annual Report on Form 10-K, but may be found in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the fiscal year ended August 28, 2021, filed with the SEC on October 25, 2021, which is available free of charge on the SEC’s website at www.sec.gov and at www.autozone.com, by clicking “Investor Relations” located at the bottom of the page.

Quarterly Periods

Each of the first three quarters of our fiscal year consists of 12 weeks, and the fourth quarter consisted of 16 weeks in 2022, 2021 and 2020. Because the fourth quarter contains seasonally high sales volume and consists of 16 or 17 weeks, compared with 12 weeks for each of the first three quarters, our fourth quarter represents a disproportionate share of our annual net sales and net income. The fourth quarter of fiscal year 2022 represented 32.9% of annual sales and 33.3% of net income; the fourth quarter of fiscal year 2021 represented 33.6% of annual sales and 36.2% of net income; and the fourth quarter of fiscal year 2020 represented 36.0% of annual sales and 42.7% of net income.

Liquidity and Capital Resources

The primary source of our liquidity is our cash flows realized through the sale of automotive parts, products, and accessories. Continued progress on our initiatives improved our operating performance for the fiscal year. We believe that our cash generated from operating activities, available cash reserves and available credit, supplemented with our long-term borrowings will provide ample liquidity to fund our operations while allowing us to make strategic investments to support long-term growth initiatives and return excess cash to shareholders in the form of share repurchases. As of August 27, 2022, we held \$264.4 million of cash and cash equivalents, as well as \$2.2 billion in undrawn capacity on our revolving credit facility, without giving effect to commercial paper borrowings. We believe our sources of liquidity will continue to be adequate to fund our operations and investments to grow our business, repay our debt as it becomes due and fund our share repurchases over the short-term and long-term. In addition, we believe we have the ability to obtain alternative sources of financing, if necessary.

Net cash provided by operating activities was \$3.2 billion in 2022, \$3.5 billion in 2021 and \$2.7 billion in 2020. Cash flows from operations are unfavorable compared to last year primarily due to higher inventory purchase volume.

Our net cash flows used in investing activities were \$648.1 million, \$601.8 million and \$497.9 million in fiscal 2022, 2021 and 2020, respectively. The increase in net cash used in investing activities in fiscal 2022 was primarily due to an increase in capital expenditures. We invested \$672.4 million, \$621.8 million and \$457.7 million in capital assets in fiscal 2022, 2021 and 2020, respectively. The increase in capital expenditures from fiscal 2021 to fiscal 2022 was primarily driven by our growth initiatives, including hub and mega hub expansion projects and new stores. We had net new store openings of 176, 218 and 138 for fiscal 2022, 2021 and 2020, respectively. We invest a portion of our assets held by our wholly owned insurance captive in marketable debt securities. We purchased marketable debt securities of \$56.0 million, \$63.7 million and \$90.9 million in fiscal 2022, 2021 and 2020, respectively. We had proceeds from the sale of marketable debt securities of \$53.9 million, \$95.4 million and \$84.2 million in fiscal 2022, 2021 and 2020, respectively.

Net cash used in financing activities was \$3.5 billion in fiscal 2022 and fiscal 2021 and \$643.6 million in fiscal 2020. The net cash used in financing activities reflected purchases of treasury stock, which totaled \$4.4 billion, \$3.4 billion and \$930.9 million for fiscal 2022, 2021 and 2020, respectively. The treasury stock purchases in fiscal 2022, 2021 and 2020 were primarily funded by cash flows from operations. During the year ended August 27, 2022, we repaid our \$500 million 3.700% Senior Notes due April 2022 and issued \$750 million of new debt compared to none in 2021 and \$1.850 billion in 2020. In fiscal years 2022 and 2020 the proceeds from the issuance of debt were used for general corporate purposes.

The Company had net proceeds from the issuance of commercial paper and short term borrowing of \$603.4 million during fiscal 2022. We did not have any commercial paper or short term borrowing activity during fiscal 2021 and the Company had net repayments of commercial paper and short term borrowings of \$1.0 billion for 2020.

During fiscal 2023, we expect to increase the investment in our business as compared to fiscal 2022. Our investments are expected to be directed primarily to our supply chain initiatives, which includes expanded hub and mega hubs, as well as distribution center expansions and new stores. The amount of investments in our new stores is impacted by different factors, including whether the building and land are purchased (requiring higher investment) or leased (generally lower investment) and whether such buildings are located in the U.S., Mexico or Brazil, or located in urban or rural areas.

During fiscal 2022, 2021 and 2020 our capital expenditures increased by approximately 8% and 36% and decreased 8%, respectively. Fiscal 2021 capital expenditures increased due to delays in capital spending for the third and fourth quarter of fiscal 2020 related to COVID-19.

In addition to building and land costs, our new stores require working capital, predominantly for inventories. Historically, we have negotiated extended payment terms from suppliers, reducing the working capital required and 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 arrangements with financial institutions whereby they factor their AutoZone receivables, allowing them to receive early payment from the financial institution on our invoices at a discounted rate. The terms of these agreements are between the vendor and the financial institution. Upon request from the vendor, we confirm to the vendor's financial institution the balances owed to the vendor, the due date and agree to waive any right of offset to the confirmed balances. A downgrade in our credit or changes in the financial markets may limit the financial institutions' willingness to participate in these arrangements, which may result in the vendor wanting to renegotiate payment terms. A reduction in payment terms would increase the working capital required to fund future inventory investments. Extended payment terms from our vendors have allowed us to continue our high accounts payable to inventory ratio. We had an accounts payable to inventory ratio of 129.5% at August 27, 2022 and 129.6% at August 28, 2021.

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 we will be able to obtain such financing in view of our credit ratings and favorable experiences in the debt markets in the past.

Our cash balances are held in various locations around the world. As of August 27, 2022, and August 29, 2021, cash and cash equivalents of \$86.8 million and \$80.4 million, respectively, were held outside of the U.S. and were generally utilized to support the liquidity needs in our foreign operations.

For the fiscal year ended August 27, 2022, our adjusted after-tax return on invested capital ("ROIC"), which is a non-GAAP measure, was 52.9% as compared to 41.0% for the comparable prior year period. Adjusted ROIC is calculated as after-tax operating profit (excluding rent charges) divided by invested capital (which includes a factor to capitalize operating leases). 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

On November 15, 2021, we amended and restated our existing revolving credit facility (the "Revolving Credit Agreement") pursuant to which our borrowing capacity under the Revolving Credit Agreement was increased from \$2.0 billion to \$2.25 billion and the maximum borrowing under the Revolving Credit Agreement may, at our option, subject to lenders approval, be increased from \$2.25 billion to \$3.25 billion. The Revolving Credit Agreement will terminate, and all amounts borrowed will be due and payable, on November 15, 2026, but we may make up to two requests to extend the termination date for an additional period of one year each. Revolving borrowings under the Revolving Credit Agreement may be base rate loans, Eurodollar loans, or a combination of both, at our election. The Revolving Credit Agreement includes (i) a \$75 million sublimit for swingline loans, (ii) a \$50 million individual issuer letter of credit sublimit and (iii) a \$250 million aggregate sublimit for all letters of credit.

Under our Revolving Credit Agreement, 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.

As of August 27, 2022, we had no outstanding borrowings and \$1.8 million of outstanding letters of credit under the Revolving Credit Agreement.

The Revolving Credit Agreement requires that our consolidated interest coverage ratio as of the last day of each quarter shall be no less than 2.5:1. This ratio is defined as the ratio of (i) consolidated earnings before interest, taxes and rents to (ii) consolidated interest expense plus consolidated rents. Our consolidated interest coverage ratio as of August 27, 2022 was 7.4:1.

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 \$25 million. The letter of credit facility is in addition to the letters of credit that may be issued under the Revolving Credit Agreement and had an expiration in June 2022. On May 16, 2022, we amended and restated the letter of credit facility to, among other things, extend the facility through June 2025. As of August 27, 2022, we had \$23.6 million in letters of credit outstanding under the letter of credit facility.

In addition to the outstanding letters of credit issued under the committed facility discussed above, we had \$105.1 million in letters of credit outstanding as of August 27, 2022. These letters of credit have various maturity dates and were issued on an uncommitted basis.

As of August 27, 2022, our \$603.4 million of commercial paper borrowings, the \$300 million 2.875% Senior Notes due January 2023 and the \$500 million 3.125% Senior Notes due July 2023 were classified as long-term in the Consolidated Balance Sheets as we have the current ability and intent to refinance them on a long-term basis through available capacity in our revolving credit facility. As of August 27, 2022, we had \$2.2 billion of availability under our Revolving Credit Agreement, without giving effect to commercial paper borrowings, which would allow us to replace these short-term obligations with a long-term financing facility.

On January 18, 2022, we repaid the \$500 million 3.700% Senior Notes due April 2022, which were callable at par in January 2022.

On March 15, 2021, we repaid the \$250 million 2.500% Senior Notes due April 2021 which were callable at par in March 2021.

On August 1, 2022, we issued \$750 million in 4.750% Senior Notes due August 2032 under our automatic shelf registration statement on Form S-3, filed with the SEC on July 19, 2022 (File No. 333-266209) (the “2022 Shelf Registration Statement”). The 2022 Shelf Registration Statement 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 or distribution center openings, stock repurchases and acquisitions. Proceeds from the debt issuance were used for general corporate purposes.

On August 14, 2020, we issued \$600 million in 1.650% Senior Notes due January 2031 under our automatic shelf registration statement on Form S-3, filed with the SEC on April 4, 2019 (File No. 333-230719) (the “2019 Shelf Registration Statement”). The 2019 Shelf Registration Statement 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 for general corporate purposes, including the repayment of the \$500 million in 4.000% Senior Notes due in November 2020 that were callable at par in August 2020.

On March 30, 2020, we issued \$500 million in 3.625% Senior Notes due April 2025 and \$750 million in 4.000% Senior Notes due April 2030 under the 2019 Shelf Registration Statement. Proceeds from the debt issuance were used to repay a portion of the outstanding commercial paper borrowings and for other general corporate purposes.

The Senior Notes contain a provision that repayment 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, sale and leaseback transactions and consolidations, mergers and the sale of assets. 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. Interest is paid on a semi-annual basis.

As of August 27, 2022, we were in compliance with all covenants and expect to remain in compliance with all covenants under our borrowing arrangements.

For the fiscal year ended August 27, 2022, our adjusted debt to earnings before interest, taxes, depreciation, amortization, rent and share-based compensation expense (“EBITDAR”) ratio was 2.1:1 as compared to 2.0:1 as of

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the comparable prior year end. We calculate adjusted debt as the sum of total debt, finance lease liabilities and rent times six; and we calculate adjusted EBITDAR by adding interest, taxes, depreciation, amortization, rent and share-based compensation expense to net income. We target our debt levels to a specified ratio of adjusted debt to EBITDAR in order to maintain our investment grade credit ratings and believe this is important information for the management of our debt levels.

Management expects the ratio of adjusted debt to EBITDAR to return to pre-pandemic levels in the future, increasing debt levels. Once the target ratio is achieved, to the extent adjusted EBITDAR increases, we expect our debt levels to increase; conversely, if adjusted EBITDAR decreases, 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

During 1998, we announced a program permitting us to repurchase a portion of our outstanding shares not to exceed a dollar maximum established by our Board of Directors (the “Board”). On March 23, 2021, the Board voted to increase the repurchase authorization from \$24.7 to \$26.2 billion. The Board voted to increase the repurchase authorization by \$1.5 billion on October 5, 2021, \$1.5 billion on December 15, 2021 and \$2.0 billion on March 22, 2022, bringing the total authorization to \$31.2 billion. From January 1998 to August 27, 2022, we have repurchased a total of 152.5 million shares at an aggregate cost of \$30.1 billion. We repurchased 2.2 million, 2.6 million and 826 thousand shares of common stock at an aggregate cost of \$4.4 billion, \$3.4 billion and \$930.9 million during fiscal 2022, 2021 and 2020, respectively. The increase in purchases of treasury stock for fiscal 2021 compared to fiscal 2020 was due to the temporary suspension of the share repurchase program during fiscal 2020 in order to preserve cash as a result of the uncertainty related to the pandemic. Purchases under the program resumed beginning in the first quarter of fiscal 2022. Considering cumulative repurchases as of August 27, 2022, we had \$1.1 billion remaining under the Board’s authorization to repurchase our common stock. We will continue to evaluate current and expected business conditions and adjust the level of share repurchases under our share repurchase program as we deem appropriate.

For the fiscal year ended August 27, 2022, cash flow before share repurchases and changes in debt was \$2.6 billion as compared to \$3.0 billion during the comparable prior year period. Cash flow before share repurchases and changes in debt is calculated as the net increase or decrease in cash and cash equivalents less net increases or decreases in debt (excluding deferred financing costs) plus share repurchases. We use cash flow before share repurchases and changes in debt to calculate the cash flows remaining and available. We believe this is important information regarding our allocation of available capital where we prioritize investments in the business and utilize the remaining funds to repurchase shares, while maintaining debt levels that support our investment grade credit ratings. Refer to the “Reconciliation of Non-GAAP Financial Measures” section for further details of our calculation.

On October 4, 2022, the Board voted to authorize the repurchase of an additional \$2.5 billion of our common stock in connection with our ongoing share repurchase program. Since the inception of the repurchase program in 1998, the Board has authorized \$33.7 billion in share repurchases. Subsequent to August 27, 2022 and through October 17, 2022, we have repurchased 203,856 shares of common stock at an aggregate cost of \$442.6 million. Considering the cumulative repurchases and the increase in authorization subsequent to August 27, 2022 and through October 17, 2022, we have \$3.1 billion remaining under the Board’s authorization to repurchase its common stock.

Financial Commitments

The following table shows our significant contractual obligations as of August 27, 2022:

<i>(in thousands)</i>	Total Contractual Obligations	Payment Due by Period			
		Less than 1 year	Between 1-3 years	Between 3-5 years	Over 5 years
Debt ⁽¹⁾	\$ 6,153,400	\$ 1,403,400	\$ 1,200,000	\$ 1,000,000	\$ 2,550,000
Interest payments ⁽²⁾	1,093,088	187,838	326,425	242,300	336,525
Operating leases ⁽³⁾	3,950,359	344,900	733,201	635,840	2,236,418
Finance leases ⁽³⁾	336,709	94,226	137,509	60,281	44,693
Self-insurance reserves ⁽⁴⁾	262,347	88,655	80,608	34,922	58,162
Construction commitments	91,526	91,526	—	—	—
	<u>\$ 11,887,429</u>	<u>\$ 2,210,545</u>	<u>\$ 2,477,743</u>	<u>\$ 1,973,343</u>	<u>\$ 5,225,798</u>

- (1) Debt balances represent principal maturities, excluding interest, discounts, and debt issuance costs.
- (2) Represents obligations for interest payments on long-term debt.
- (3) Operating and finance lease obligations include related interest in accordance with ASU 2016-02, Leases (Topic 842).
- (4) Self-insurance reserves reflect estimates based on actuarial calculations and are presented net of insurance receivables. Although these obligations do not have scheduled maturities, the timing of future payments are predictable based upon historical patterns. Accordingly, we reflect the net present value of these obligations in our Consolidated Balance Sheets.

Our tax liability for uncertain tax positions, including interest and penalties, was \$43.5 million at August 27, 2022. Approximately \$3.3 million is classified as current liabilities and \$40.2 million is classified as long-term liabilities. We did not reflect these obligations in the table above as we are unable to make an estimate of the timing of payments of the long-term liabilities due to uncertainties in the timing and amounts of the settlement of these tax positions.

Off-Balance Sheet Arrangements

The following table reflects outstanding letters of credit and surety bonds as of August 27, 2022:

<i>(in thousands)</i>	Total Other Commitments
Standby letters of credit	\$ 130,494
Surety bonds	46,018
	<u>\$ 176,512</u>

A substantial portion of the outstanding standby letters of credit (which are primarily renewed on an annual basis) and surety bonds are used to cover reimbursement obligations to our workers' compensation carriers.

There are no additional contingent liabilities associated with these instruments as the underlying liabilities are already reflected in our Consolidated Balance Sheets. The standby letters of credit and surety bond arrangements expire within one year but have automatic renewal clauses.

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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 generally accepted accounting principles (“GAAP”). These non-GAAP financial measures provide additional information for determining our optimum capital structure and are used to assist management in evaluating performance and in making appropriate business decisions to maximize stockholders’ value.

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

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

The following table reconciles net increase (decrease) in cash and cash equivalents to cash flow before share repurchases and changes in debt, which is presented in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”:

<i>(in thousands)</i>	Fiscal Year Ended August				
	2022	2021	2020	2019	2018
Net cash provided by/(used in):					
Operating activities	\$ 3,211,135	\$ 3,518,543	\$ 2,720,108	\$ 2,128,513	\$ 2,080,292
Investing activities	(648,099)	(601,778)	(497,875)	(491,846)	(521,860)
Financing activities	(3,470,497)	(3,500,417)	(643,636)	(1,674,088)	(1,632,154)
Effect of exchange rate changes on cash	506	4,172	(4,082)	(4,103)	(1,724)
Net (decrease)/increase in cash and cash equivalents	(906,955)	(579,480)	1,574,515	(41,524)	(75,446)
Less: increase/(decrease) in debt, excluding deferred financing costs . . .	853,400	(250,000)	320,000	204,700	(79,800)
Plus: Share repurchases	4,359,991	3,378,321	930,903 ⁽¹⁾	2,004,896	1,592,013
Cash flow before share repurchases and changes in debt	<u>\$ 2,599,636</u>	<u>\$ 3,048,841</u>	<u>\$ 2,185,418</u>	<u>\$ 1,758,672</u>	<u>\$ 1,596,367</u>

(1) During the third quarter of fiscal 2020, the Company temporarily suspended share repurchases under the share repurchase program in response to COVID-19.

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

The following table calculates the percentage of ROIC. ROIC is calculated as after-tax operating profit (excluding rent) divided by invested capital (which includes a factor to capitalize operating leases). The ROIC percentages are presented in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”:

<i>(in thousands, except percentage)</i>	Fiscal Year Ended August				
	2022	2021	2020	2019 ⁽¹⁾	2018 ⁽²⁾
Net income	\$ 2,429,604	\$ 2,170,314	\$ 1,732,972	\$ 1,617,221	\$ 1,337,536
Adjustments:					
Impairment before tax	—	—	—	—	193,162
Pension termination charges before tax	—	—	—	—	130,263
Interest expense	191,638	195,337	201,165	184,804	174,527
Rent expense ⁽³⁾	373,278	345,380	329,783	332,726	315,580
Tax effect ⁽⁴⁾	(119,197)	(114,091)	(115,747)	(105,576)	(211,806)
Deferred tax liabilities, net of repatriation tax ⁽⁵⁾	—	—	—	(6,340)	(132,113)
Adjusted after-tax return	<u>\$ 2,875,323</u>	<u>\$ 2,596,940</u>	<u>\$ 2,148,173</u>	<u>\$ 2,022,835</u>	<u>\$ 1,807,149</u>
Average debt ⁽⁶⁾	\$ 5,712,301	\$ 5,416,471	\$ 5,375,356	\$ 5,126,286	\$ 5,013,678
Average stockholders’ deficit ⁽⁶⁾	(2,797,181)	(1,397,892)	(1,542,355)	(1,615,339)	(1,433,196)
Add: Rent x 6 ⁽³⁾⁽⁷⁾	2,239,668	2,072,280	1,978,696	1,996,358	1,893,480
Average finance lease liabilities ⁽⁶⁾	284,453	237,267	203,998	162,591	156,198
Invested capital	<u>\$ 5,439,241</u>	<u>\$ 6,328,126</u>	<u>\$ 6,015,695</u>	<u>\$ 5,669,896</u>	<u>\$ 5,630,160</u>
Adjusted after-tax ROIC	<u>52.9 %</u>	<u>41.0 %</u>	<u>35.7 %</u>	<u>35.7 %</u>	<u>32.1 %</u>

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

The following table calculates the ratio of adjusted debt to EBITDAR. Adjusted debt to EBITDAR is calculated as the sum of total debt, financing lease liabilities and annual rents times six; divided by net income plus interest, taxes, depreciation, amortization, rent and share-based compensation expense. The adjusted debt to EBITDAR ratios are presented in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”:

<i>(in thousands, except ratio)</i>	Fiscal Year Ended August				
	2022	2021	2020	2019 ⁽¹⁾	2018 ⁽²⁾
Net income	\$ 2,429,604	\$ 2,170,314	\$ 1,732,972	\$ 1,617,221	\$ 1,337,536
Add: Impairment before tax	—	—	—	—	193,162
Pension termination charges before tax	—	—	—	—	130,263
Add: Interest expense	191,638	195,337	201,165	184,804	174,527
Income tax expense	649,487	578,876	483,542	414,112	298,793
EBIT	<u>3,270,729</u>	<u>2,944,527</u>	<u>2,417,679</u>	<u>2,216,137</u>	<u>2,134,281</u>
Add: Depreciation and amortization expense	442,223	407,683	397,466	369,957	345,084
Rent expense ⁽¹⁾	373,278	345,380	329,783	332,726	315,580
Share-based expense	70,612	56,112	44,835	43,255	43,674
EBITDAR	<u>\$ 4,156,842</u>	<u>\$ 3,753,702</u>	<u>\$ 3,189,763</u>	<u>\$ 2,962,075</u>	<u>\$ 2,838,619</u>
Debt	\$ 6,122,092	\$ 5,269,820	\$ 5,513,371	\$ 5,206,344	\$ 5,005,930
Financing lease liabilities	310,305	276,054	223,353	179,905	154,303
Add: Rent x 6 ⁽³⁾⁽⁷⁾	2,239,668	2,072,280	1,978,696	1,996,358	1,893,480
Adjusted debt	<u>\$ 8,672,065</u>	<u>\$ 7,618,154</u>	<u>\$ 7,715,420</u>	<u>\$ 7,382,607</u>	<u>\$ 7,053,713</u>
Adjusted debt to EBITDAR	<u>2.1</u>	<u>2.0</u>	<u>2.4</u>	<u>2.5</u>	<u>2.5</u>

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- (1) The fiscal year ended August 31, 2019 consisted of 53 weeks.
- (2) For fiscal 2018, after-tax operating profit was adjusted for impairment charges and pension settlement charges.
- (3) Effective September 1, 2019, the Company adopted ASU 2016-02, Leases (Topic 842), the new lease accounting standard that required the Company to recognize operating lease assets and liabilities in the balance sheet. The table below outlines the calculation of rent expense and reconciles rent expense to total lease cost, per ASC 842, the most directly comparable GAAP financial measure, for the 52 weeks ended, August 27, 2022, August 28, 2021 and August 29, 2020.

(in thousands)	For the year ended		
	August 27, 2022	August 28, 2021	August 29, 2020
Total lease cost, per ASC 842	\$ 470,563	\$ 427,443	\$ 415,505
Less: Finance lease interest and amortization	(69,564)	(56,334)	(60,275)
Less: Variable operating lease components, related to insurance and common area maintenance	(27,721)	(25,729)	(25,447)
Rent expense	\$ 373,278	\$ 345,380	\$ 329,783

- (4) For fiscal 2022, 2021, and 2020, the effective tax rate was 21.1%, 21.1%, and 21.8%, respectively. The effective tax rate during fiscal 2018 was 24.2% for impairment, 28.1% for pension termination and 26.2% for interest and rent expense.
- (5) For fiscal 2019 and fiscal 2018 after-tax operating profit was adjusted for the impact of the revaluation of deferred tax liabilities, net of repatriation tax.
- (6) All averages are computed based on trailing five quarters.
- (7) Rent is multiplied by a factor of six to capitalize operating leases in the determination of pre-tax invested capital.

Recent Accounting Pronouncements

See Note A of the Notes to Consolidated Financial Statements for a discussion on 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. In the Notes to our Consolidated Financial Statements, we describe our significant accounting policies used in preparing the Consolidated Financial Statements. Our policies are evaluated on an ongoing basis and 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 senior management has identified the critical accounting policies for the areas that are materially impacted by estimates and assumptions and have discussed such policies with the Audit Committee of our Board. The following items in our Consolidated Financial Statements represent our critical accounting policies that require significant estimation or judgment by management:

Self-Insurance Reserves

We retain a significant portion of the risks associated with workers' compensation, general, product liability, property and vehicle liability; and we obtain third party insurance to limit the exposure related to certain of these risks. Our self-insurance reserve estimates totaled \$264.3 million at August 27, 2022, and \$284.0 million at August 28, 2021. Where estimates are possible, losses covered by insurance are recognized on a gross basis with a corresponding insurance receivable.

The assumptions made by management in estimating our self-insurance reserves include consideration of historical cost experience, judgments about the present and expected levels of cost per claim and retention levels. We utilize various methods, including analyses of historical trends and use of a specialist, to estimate the cost to settle reported claims and claims incurred but not yet reported. The actuarial methods develop estimates of the future ultimate claim costs based on the claims incurred as of the balance sheet date. When estimating these liabilities, we consider factors, such as the severity, duration and frequency of claims, legal costs associated with claims, healthcare trends

and projected inflation of related factors. In recent history, our methods for determining our exposure have remained consistent, and our historical trends have been appropriately factored into our reserve estimates. As we obtain additional information and refine our methods regarding the assumptions and estimates we use to recognize liabilities incurred, we will adjust our reserves accordingly.

Management believes that the various assumptions developed and actuarial methods used to determine our self-insurance reserves are reasonable and provide meaningful data and information that management uses to make its best estimate of our exposure to these risks. Arriving at these estimates, however, requires a significant amount of subjective judgment by management, and as a result these estimates are uncertain and our actual exposure may be different from our estimates. For example, changes in our assumptions about healthcare costs, the severity of accidents and the incidence of illness, the average size of claims and other factors could cause actual claim costs to vary from our assumptions and estimates, causing our reserves to be overstated or understated. For instance, a 10% change in our self-insurance liability would have affected net income by approximately \$18.2 million for fiscal 2022.

Our liabilities for workers' compensation, general and product liability, property and vehicle claims do not have scheduled maturities; however, the timing of future payments is predictable based on historical patterns and is relied upon in determining the current portion of these liabilities. Accordingly, we reflect the net present value of the obligations we determine to be long-term using the risk-free interest rate as of the balance sheet date.

If the discount rate used to calculate the present value of these reserves changed by 25 basis points, net income would have been affected by approximately \$1.2 million for fiscal 2022.

Income Taxes

Our income tax returns are audited by state, federal and foreign tax authorities, and we are typically engaged in various tax examinations at any given time. Tax contingencies often arise due to uncertainty or differing interpretations of the application of tax rules throughout the various jurisdictions in which we operate. The contingencies are influenced by items such as tax audits, changes in tax laws, litigation, appeals and prior experience with similar tax positions.

We regularly review our tax reserves for these items and assess the adequacy of the amount we have recorded. As of August 27, 2022, we had approximately \$43.5 million reserved for uncertain tax positions.

We evaluate exposures associated with our various tax filings by estimating a liability for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement.

We believe our estimates to be reasonable and have not experienced material adjustments to our reserves in the previous three years; however, actual results could differ from our estimates, and we may be exposed to gains or losses. Specifically, management has used judgment and made assumptions to estimate the likely outcome of uncertain tax positions. Additionally, to the extent we prevail in matters for which a liability has been established, or must pay in excess of recognized reserves, our effective tax rate in any particular period could be affected.

Vendor Allowances

We receive various payments and allowances from our vendors through a variety of programs and arrangements, including allowances for warranties, advertising and general promotion of vendor products. Vendor allowances are treated as a reduction of the cost of inventory, unless they are provided as a reimbursement of specific, incremental, identifiable costs incurred by the Company in selling the vendor's products. Approximately 86% of the vendor funds received during fiscal 2022 were recorded as a reduction of the cost of inventories and recognized as a reduction to cost of sales as these inventories are sold.

Based on our vendor agreements, a significant portion of vendor funding we receive is earned as we purchase inventory. Therefore, we record receivables for funding earned but not yet received as we purchase inventory. During the year, we regularly review the receivables from vendors to ensure vendors are able to meet their obligations. We generally have not recorded a reserve against these receivables as we have not experienced significant losses and typically have a legal right of offset with our vendors for payments owed them. We have had write-offs less than \$1 million in each of the last three years.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

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

Interest Rate Risk

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

We have historically utilized interest rate swaps to convert variable rate debt to fixed rate debt and to lock in fixed rates on future debt issuances. We reflect the current fair value of all interest rate hedge instruments as a component of either other current assets or accrued expenses and other. Our interest rate hedge instruments are designated as cash flow hedges. As of August 27, 2022 and August 28, 2021, no such interest rate swaps were outstanding.

Unrealized gains and losses on interest rate hedges are deferred in stockholders' deficit as a component of Accumulated Other Comprehensive Loss. These deferred gains and losses are recognized in income as a decrease or increase to interest expense in the period in which the related cash flows being hedged are recognized in expense. However, to the extent that the change in value of an interest rate hedge instrument does not perfectly offset the change in the value of the cash flow being hedged, that ineffective portion is immediately recognized in earnings.

The fair value of our debt was estimated at \$5.9 billion as of August 27, 2022, and \$5.7 billion as of August 28, 2021, based on the quoted market prices for the same or similar debt issues or on the current rates available to us for debt having the same remaining maturities. Such fair value is less than the carrying value of debt by \$182.8 million and greater than the carrying value of debt by \$413.1 million at August 27, 2022 and August 28, 2021, respectively, which reflects its face amount, adjusted for any unamortized debt issuance costs and discounts.

We had \$603.4 million in variable rate debt outstanding at August 27, 2022 and none in August 28, 2021.

We had outstanding fixed rate debt of \$5.5 billion, net of unamortized debt issuance costs of \$31.3 million, at August 27, 2022, and \$5.3 billion, net of unamortized debt issuance costs of \$30.2 million, at August 28, 2021. A one percentage point increase in interest rates would have reduced the fair value of our fixed rate debt by approximately \$230.5 million at August 27, 2022.

Foreign Currency Risk

Foreign currency exposures arising from transactions include firm commitments and anticipated transactions denominated in a currency other than our entities' functional currencies. To minimize our risk, we generally enter into transactions denominated in the respective functional currencies. We are exposed to Brazilian reals, Canadian dollars, euros, Chinese yuan renminbi and British pounds, but our primary foreign currency exposure arises from Mexican peso-denominated revenues and profits and their translation into U.S. dollars. Foreign currency exposures arising from transactions denominated in currencies other than the functional currency are not material.

We view our investments in Mexican subsidiaries as long-term. As a result, we generally do not hedge these net investments. The net asset exposure in the Mexican subsidiaries translated into U.S. dollars using the year-end

exchange rates was \$270.2 million at August 27, 2022 and \$310.1 million at August 28, 2021. The year-end exchange rates with respect to the Mexican peso decreased less than 1.0% with respect to the U.S. dollar during fiscal 2022 and increased by approximately 10% with respect to the U.S. dollar during fiscal 2021. The potential loss in value of our net assets in the Mexican subsidiaries resulting from a hypothetical 10 percent adverse change in quoted foreign currency exchange rates at August 27, 2022 and August 28, 2021, would have been approximately \$24.6 million and approximately \$28.2 million, respectively. Any changes in our net assets in the Mexican subsidiaries relating to foreign currency exchange rates would be reflected in the foreign currency translation component of Accumulated Other Comprehensive Loss, unless the Mexican subsidiaries are sold or otherwise disposed. A hypothetical 10 percent adverse change in average exchange rates would not have a material impact on our results of operations.

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Item 8. Financial Statements and Supplementary Data

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Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended). Our internal control over financial reporting includes, among other things, defined policies and procedures for conducting and governing our business, sophisticated information systems for processing transactions and properly trained staff. Mechanisms are in place to monitor the effectiveness of our internal control over financial reporting, including regular testing performed by the Company's internal audit team. Actions are taken to correct deficiencies as they are identified. Our procedures for financial reporting include the active involvement of senior management, our Audit Committee and a staff of highly qualified financial and legal professionals.

Management, with the participation of our principal executive and financial officers, assessed our internal control over financial reporting as of August 27, 2022, the end of our fiscal year. Management based its assessment on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework.

Based on this assessment, management has concluded that our internal control over financial reporting was effective as of August 27, 2022.

Our independent registered public accounting firm, Ernst & Young LLP (PCAOB ID: 42), audited the effectiveness of our internal control over financial reporting. Ernst & Young LLP's attestation report on the Company's internal control over financial reporting as of August 27, 2022 is included in this Annual Report on Form 10-K.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of AutoZone, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited AutoZone Inc.'s internal control over financial reporting as of August 27, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, AutoZone, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of August 27, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of August 27, 2022 and August 28, 2021, and the related consolidated statements of income, comprehensive income, stockholders' deficit, and cash flows for each of the three years in the period ended August 27, 2022, and the related notes and our report dated October 24, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. 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 Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Memphis, Tennessee
October 24, 2022

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of AutoZone, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of AutoZone, Inc. (the Company) as of August 27, 2022 and August 28, 2021, the related consolidated statements of income, comprehensive income, stockholders' deficit, and cash flows for each of the three years in the period ended August 27, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at August 27, 2022 and August 28, 2021, and the results of its operations and its cash flows for each of the three years in the period ended August 27, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of August 27, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated October 24, 2022, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. 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 Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Valuation of Self-insurance Reserves

Description of the Matter At August 27, 2022, the Company's self-insurance reserve estimate was \$264.3 million. As more fully described in Note A of the consolidated financial statements, the Company retains a significant portion of the risks associated with workers' compensation, general liability, product liability, property and vehicle insurance. Accordingly, the Company utilizes various methods, including analyses of historical trends and actuarial methods, to estimate the costs of these risks.

Auditing the self-insurance reserve is complex and required the involvement of specialists due to the judgmental nature of estimating the costs to settle reported claims and claims incurred but not yet reported. There are a number of factors and/or assumptions (e.g., severity, duration and frequency of claims, projected inflation of related factors, and the risk-free rate) used in the measurement process which have a significant effect on the estimated self-insurance reserve.

How We Addressed the Matter in Our Audit

We evaluated the design and tested the operating effectiveness of the Company's controls over the self-insurance reserve process. For example, we tested controls over management's review of the self-insurance reserve calculations, the significant actuarial assumptions and the data inputs provided to the actuary.

To evaluate the self-insurance reserve, our audit procedures included, among others, assessing the methodologies used, evaluating the significant actuarial assumptions discussed above and testing the completeness and the accuracy of the underlying claims data used by the Company. We compared the actuarial assumptions used by management to historical trends and evaluated the change in the self-insurance reserve from the prior year due to changes in these assumptions. In addition, we involved our actuarial specialists to assist in assessing the valuation methodologies and significant assumptions used in the valuation analysis, we evaluated management's methodology for determining the risk-free interest rate utilized in measuring the net present value of the long-term portion of the self-insurance reserve, we compared the significant assumptions used by management to industry accepted actuarial assumptions and we compared the Company's reserve to a range developed by our actuarial specialists based on assumptions developed by the specialists.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1988.
Memphis, Tennessee
October 24, 2022

AutoZone, Inc. Consolidated Statements of Income

<i>(in thousands, except per share data)</i>	Year Ended		
	August 27, 2022	August 28, 2021	August 29, 2020
Net sales	\$ 16,252,230	\$ 14,629,585	\$ 12,631,967
Cost of sales, including warehouse and delivery expenses	7,779,580	6,911,800	5,861,214
Gross profit	8,472,650	7,717,785	6,770,753
Operating, selling, general and administrative expenses .	5,201,921	4,773,258	4,353,074
Operating profit	3,270,729	2,944,527	2,417,679
Interest expense, net	191,638	195,337	201,165
Income before income taxes	3,079,091	2,749,190	2,216,514
Income tax expense	649,487	578,876	483,542
Net income	<u>\$ 2,429,604</u>	<u>\$ 2,170,314</u>	<u>\$ 1,732,972</u>
Weighted average shares for basic earnings per share . . .	20,107	22,237	23,540
Effect of dilutive stock equivalents	626	562	553
Weighted average shares for diluted earnings per share . .	20,733	22,799	24,093
Basic earnings per share	<u>\$ 120.83</u>	<u>\$ 97.60</u>	<u>\$ 73.62</u>
Diluted earnings per share	<u>\$ 117.19</u>	<u>\$ 95.19</u>	<u>\$ 71.93</u>

See Notes to Consolidated Financial Statements.

AutoZone, Inc. Consolidated Statements of Comprehensive Income

<i>(in thousands)</i>	Year Ended		
	August 27, 2022	August 28, 2021	August 29, 2020
Net income	\$ 2,429,604	\$ 2,170,314	\$ 1,732,972
Other comprehensive income (loss):			
Foreign currency translation adjustments	7,448	44,683	(66,723)
Unrealized (losses) gains on marketable debt securities, net of taxes	(2,760)	(1,256)	1,254
Net derivative activities, net of taxes	2,762	2,839	(19,461)
Total other comprehensive income (loss)	7,450	46,266	(84,930)
Comprehensive income	<u>\$ 2,437,054</u>	<u>\$ 2,216,580</u>	<u>\$ 1,648,042</u>

See Notes to Consolidated Financial Statements.

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AutoZone, Inc. Consolidated Balance Sheets

<i>(in thousands)</i>	August 27, 2022	August 28, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 264,380	\$ 1,171,335
Accounts receivable	504,886	378,392
Merchandise inventories	5,638,004	4,639,813
Other current assets	220,714	225,763
Total current assets	<u>6,627,984</u>	<u>6,415,303</u>
Property and equipment:		
Land	1,299,981	1,261,509
Buildings and improvements	4,486,676	4,277,593
Equipment	2,650,831	2,407,046
Leasehold improvements	724,095	644,345
Construction in progress	291,588	216,685
Property and equipment	<u>9,453,171</u>	<u>8,807,178</u>
Less: Accumulated depreciation and amortization	<u>(4,282,752)</u>	<u>(3,950,287)</u>
	5,170,419	4,856,891
Operating lease right-of-use assets	2,918,817	2,718,712
Goodwill	302,645	302,645
Deferred income taxes	52,047	41,043
Other long-term assets	203,131	181,605
	<u>3,476,640</u>	<u>3,244,005</u>
Total assets	<u>\$ 15,275,043</u>	<u>\$ 14,516,199</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 7,301,347	\$ 6,013,924
Current portion of operating lease liabilities	243,407	236,568
Accrued expenses and other	1,008,701	1,039,788
Income taxes payable	34,938	79,474
Total current liabilities	<u>8,588,393</u>	<u>7,369,754</u>
Long-term debt	6,122,092	5,269,820
Operating lease liabilities, less current portion	2,837,973	2,632,842
Deferred income taxes	533,884	337,125
Other long-term liabilities	731,614	704,194
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; 20,732 shares issued and 19,126 shares outstanding as of August 27, 2022; 23,007 shares issued and 21,138 shares outstanding as of August 28, 2021	207	230
Additional paid-in capital	1,354,252	1,465,669
Retained deficit	(1,330,067)	(419,829)
Accumulated other comprehensive loss	(300,536)	(307,986)
Treasury stock, at cost	<u>(3,262,769)</u>	<u>(2,535,620)</u>
Total stockholders' deficit	<u>(3,538,913)</u>	<u>(1,797,536)</u>
Total liabilities and stockholders' deficit	<u>\$ 15,275,043</u>	<u>\$ 14,516,199</u>

See Notes to Consolidated Financial Statements.

AutoZone, Inc. Consolidated Statements of Cash Flows

<i>(in thousands)</i>	Year Ended		
	August 27, 2022	August 28, 2021	August 29, 2020
Cash flows from operating activities:			
Net income	\$ 2,429,604	\$ 2,170,314	\$ 1,732,972
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and equipment and intangibles	442,223	407,683	397,466
Amortization of debt origination fees	11,276	12,858	10,730
Deferred income taxes	185,594	(34,432)	51,077
Share-based compensation expense	70,612	56,112	44,835
Changes in operating assets and liabilities:			
Accounts receivable	(125,732)	(11,039)	(58,564)
Merchandise inventories	(990,686)	(138,517)	(184,174)
Accounts payable and accrued expenses	1,224,692	1,029,912	531,131
Income taxes payable	(10,517)	29,467	90,172
Other, net	(25,931)	(3,815)	104,463
Net cash provided by operating activities	<u>3,211,135</u>	<u>3,518,543</u>	<u>2,720,108</u>
Cash flows from investing activities:			
Capital expenditures	(672,391)	(621,767)	(457,736)
Purchase of marketable debt securities	(56,040)	(63,676)	(90,949)
Proceeds from sale of marketable debt securities	53,882	95,393	84,237
Investment in tax credit equity investments	(31,537)	(41,712)	(45,190)
Proceeds from disposal of capital assets and other, net	57,987	29,984	11,763
Net cash used in investing activities	<u>(648,099)</u>	<u>(601,778)</u>	<u>(497,875)</u>
Cash flows from financing activities:			
Net proceeds from/(payments of) commercial paper	603,400	—	(1,030,000)
Proceeds from issuance of debt	750,000	—	1,850,000
Repayment of debt	(500,000)	(250,000)	(500,000)
Net proceeds from sale of common stock	113,934	187,757	68,392
Purchase of treasury stock	(4,359,991)	(3,378,321)	(930,903)
Repayment of principal portion of finance lease liabilities	(67,182)	(59,853)	(52,158)
Other, net	(10,658)	—	(48,967)
Net cash used in financing activities	<u>(3,470,497)</u>	<u>(3,500,417)</u>	<u>(643,636)</u>
Effect of exchange rate changes on cash	<u>506</u>	<u>4,172</u>	<u>(4,082)</u>
Net (decrease)/increase in cash and cash equivalents	(906,955)	(579,480)	1,574,515
Cash and cash equivalents at beginning of period	1,171,335	1,750,815	176,300
Cash and cash equivalents at end of period	<u>\$ 264,380</u>	<u>\$ 1,171,335</u>	<u>\$ 1,750,815</u>
Supplemental cash flow information:			
Interest paid, net of interest cost capitalized	\$ 178,561	\$ 187,948	\$ 161,864
Income taxes paid	\$ 461,232	\$ 574,854	\$ 339,486
Leased assets obtained in exchange for new finance lease liabilities	\$ 100,711	\$ 112,095	\$ 115,867
Leased assets obtained in exchange for new operating lease liabilities	\$ 527,966	\$ 444,626	\$ 425,018

See Notes to Consolidated Financial Statements.

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AutoZone, Inc. Consolidated Statements of Stockholders' Deficit

<i>(in thousands)</i>	Common Shares Issued	Common Stock	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at August 31, 2019	25,445	\$ 254	\$ 1,264,448	\$ (1,305,347)	\$ (269,322)	\$ (1,403,884)	\$ (1,713,851)
Net income	—	—	—	1,732,972	—	—	1,732,972
Total other comprehensive income	—	—	—	—	(84,930)	—	(84,930)
Purchase of 826 shares of treasury stock	—	—	—	—	—	(930,903)	(930,903)
Retirement of treasury shares	(1,912)	(19)	(99,686)	(1,878,595)	—	1,978,300	—
Issuance of common stock under stock options and stock purchase plans	164	2	74,985	—	—	—	74,987
Share-based compensation expense	—	—	43,748	—	—	—	43,748
Balance at August 29, 2020	23,697	237	1,283,495	(1,450,970)	(354,252)	(356,487)	(877,977)
Net income	—	—	—	2,170,314	—	—	2,170,314
Total other comprehensive income	—	—	—	—	46,266	—	46,266
Purchase of 2,592 shares of treasury stock	—	—	—	—	—	(3,378,321)	(3,378,321)
Retirement of treasury shares	(1,044)	(10)	(60,005)	(1,139,173)	—	1,199,188	—
Issuance of common stock under stock options and stock purchase plans	354	3	187,754	—	—	—	187,757
Share-based compensation expense	—	—	54,425	—	—	—	54,425
Balance at August 28, 2021	23,007	230	1,465,669	(419,829)	(307,986)	(2,535,620)	(1,797,536)
Net income	—	—	—	2,429,604	—	—	2,429,604
Total other comprehensive income	—	—	—	—	7,450	—	7,450
Purchase of 2,220 shares of treasury stock	—	—	—	—	—	(4,359,991)	(4,359,991)
Retirement of treasury shares	(2,484)	(25)	(292,975)	(3,339,842)	—	3,632,842	—
Issuance of common stock under stock options and stock purchase plans	209	2	113,932	—	—	—	113,934
Share-based compensation expense	—	—	67,626	—	—	—	67,626
Balance at August 27, 2022	<u>20,732</u>	<u>\$ 207</u>	<u>\$ 1,354,252</u>	<u>\$ (1,330,067)</u>	<u>\$ (300,536)</u>	<u>\$ (3,262,769)</u>	<u>\$ (3,538,913)</u>

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Note A – Significant Accounting Policies

Business: AutoZone, Inc. (“AutoZone” or the “Company”) is the leading retailer and distributor of automotive replacement parts and accessories in the Americas. At the end of fiscal 2022, the Company operated 6,168 stores in the U.S., 703 stores in Mexico and 72 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 the end of fiscal 2022, 5,342 of the domestic stores 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. The Company also had commercial programs in all stores in Mexico and Brazil. The Company sells the ALLDATA brand automotive diagnostic, repair and shop management software through www.alldata.com. Additionally, the Company sells automotive hard parts, maintenance items, accessories, and non-automotive products through www.autozone.com, and its commercial customers can make purchases through www.autozonepro.com. The Company also provides product information on its Duralast branded products through www.duralastparts.com. The Company does not derive revenue from automotive repair or installation services.

Fiscal Year: The Company’s fiscal year consists of 52 or 53 weeks ending on the last Saturday in August. Fiscal 2022, 2021 and 2020 represented 52 weeks.

Basis of Presentation: The Consolidated Financial Statements include the accounts of AutoZone, Inc. and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Variable Interest Entities: The Company invests in certain tax credit funds that promote renewable energy and generate a return primarily through the realization of federal tax credits. The deferral method is used to account for the tax attributes of these investments.

The Company considers its investment in these tax credit funds as an investment in a variable interest entity (“VIE”). The Company evaluates the investment in any VIE to determine whether it is the primary beneficiary. The Company considers a variety of factors in identifying the entity that holds the power to direct matters that most significantly impact the VIE’s economic performance including, but not limited to, the ability to direct financing, leasing, construction and other operating decisions and activities. As of August 27, 2022, the Company held tax credit equity investments that were deemed to be VIE’s and determined that it was not the primary beneficiary of the entities, as it did not have the power to direct the activities that most significantly impacted the entity and accounted for this investment using the equity method. The Company’s maximum exposure to losses is limited to its net investment, which was \$14.1 million as of August 27, 2022 and \$11.8 million as of August 28, 2021 and was included within the Other long-term assets caption in the accompanying Consolidated Balance Sheets.

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

Cash and Cash Equivalents: Cash equivalents consist of investments with original maturities of 90 days or less at the date of purchase. Cash equivalents include proceeds due from credit and debit card transactions with settlement terms of less than five days. Credit and debit card receivables included within cash and cash equivalents were \$78.4 million at August 27, 2022 and \$70.5 million at August 28, 2021.

Cash balances are held in various locations around the world. Cash and cash equivalents of \$86.8 million and \$80.4 million were held outside of the U.S. as of August 27, 2022, and August 28, 2021, respectively, and were generally utilized to support the liquidity needs in foreign operations.

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Accounts Receivable: Effective in fiscal 2021, the Company adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, which requires the Company to estimate all expected credit losses for financial assets measured at amortized cost basis, including trade receivables, based on historical experience, current market conditions and supportable forecasts. The Company's accounts receivable primarily consists of receivables from commercial customers. The Company routinely grants credit to certain commercial customers on a short-term basis consisting primarily of daily, weekly or monthly terms. The risk of credit loss in its trade receivables is substantially mitigated by the Company's credit evaluation process, short collection terms and diversification of customers, as well as the low dollar value for its typical sales transaction.

Receivables are presented net of an allowance for credit losses. Allowances for expected credit losses are determined based on historical experience, the current economic environment, our expectations of future economic conditions and the current evaluation of the composition of accounts receivable. The Company will apply adjustments for specific factors and current economic conditions as needed at each reporting date. The Company's allowance for credit losses are included in "Accounts receivable" on the accompanying Consolidated Balance Sheets as of August 27, 2022 and August 28, 2021. The balance of the allowance for credit losses was \$9.5 million at August 27, 2022, and \$11.4 million at August 28, 2021.

Vendor Receivables: The Company's vendor receivables primarily consist of balances arising from its vendors through a variety of programs and arrangements, including rebates, allowances, promotional funds and reimbursement of specific, incremental, identifiable costs incurred by the Company in selling the vendors' products. The amounts to be received are prescribed by the terms of the vendor agreements and therefore collection of such amounts is generally not at risk. The Company regularly reviews vendor receivables for collectability and assesses the need for an allowance for credit losses based on an evaluation of the vendors' financial positions and corresponding abilities to meet financial obligations. Management does not believe there is a reasonable likelihood that the Company will be unable to collect the receivables from vendors and did not record a reserve for expected credit losses from vendors in the Consolidated Financial Statements as of August 27, 2022 and August 28, 2021.

Merchandise Inventories: Merchandise inventories include related purchasing, storage and handling costs. Inventory cost has been determined using the last-in, first-out ("LIFO") method stated at the lower of cost or market for domestic inventories and the weighted average cost method stated at the lower of cost or net realizable value for Mexico and Brazil inventories. Due to historical price deflation on the Company's merchandise purchases prior to the current fiscal year, the Company had previously exhausted its LIFO credit reserve balance. As the Company's policy is to not write up inventory in excess of replacement cost, the difference between LIFO cost and replacement cost was disclosed at \$335.3 million at August 28, 2021. Due to recent price inflation on the Company's merchandise purchases, primarily driven by increased freight costs, the Company recorded a LIFO credit reserve balance of \$15.0 million at August 27, 2022, which resulted in a non-cash charge to cost of sales.

Marketable Debt Securities: The Company invests a portion of its assets held by the Company's wholly owned insurance captive in marketable debt securities and classifies them as available-for-sale. The Company includes these marketable debt securities within the Other current assets and Other long-term assets captions in the accompanying Consolidated Balance Sheets and records the amounts at fair market value, which is determined using quoted market prices at the end of the reporting period. (Refer to "Note E – Fair Value Measurements" and "Note F – Marketable Debt Securities" for a discussion of marketable debt securities.)

Property and Equipment: Property and equipment is stated at cost. Property consists of land, which includes finance leases – real estate, buildings and improvements, equipment, which includes finance leases – vehicles, and construction in progress. Depreciation and amortization are computed principally using the straight-line method over the following estimated useful lives: buildings, 40 to 50 years; building improvements, 5 to 15 years; equipment, including software, 3 to 10 years; and leasehold improvements, over the shorter of the asset's estimated useful life or the remaining lease term, which includes any reasonably assured renewal periods. Depreciation and amortization include amortization of assets under finance leases.

Impairment of Long-Lived Assets: The Company evaluates the recoverability of its long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When such an event occurs, the Company compares the sum of the undiscounted expected future cash flows of the asset (asset group) with the carrying amounts of the asset. If the undiscounted expected future cash flows are less than the carrying value of the assets, the Company measures the amount of impairment loss as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Goodwill: The cost in excess of fair value of identifiable net assets of businesses acquired is recorded as goodwill. Goodwill has not been amortized since fiscal 2001, but an analysis is performed at least annually to compare the fair value of the reporting unit to the carrying amount to determine if any impairment exists. The Company had approximately \$302.6 million of goodwill, which is allocated to the Auto Parts Stores operating segment at August 27, 2022 and August 28, 2021. The Company performs its annual impairment assessment in the fourth quarter of each fiscal year, unless circumstances dictate more frequent assessments. In the fourth quarter of fiscal 2022 and 2021, the Company concluded its remaining goodwill was not impaired.

Derivative Instruments and Hedging Activities: AutoZone is exposed to market risk from, among other things, changes in interest rates, foreign exchange rates and fuel prices. From time to time, the Company uses various derivative instruments to reduce such risks. To date, based upon the Company's current level of foreign operations, no derivative instruments have been utilized to reduce foreign exchange rate risk. All of the Company's hedging activities are governed by guidelines that are authorized by AutoZone's Board of Directors (the "Board"). Further, the Company does not buy or sell derivative instruments for trading purposes.

AutoZone's financial market risk results primarily from changes in interest rates. At times, AutoZone reduces its exposure to changes in interest rates by entering into various interest rate hedge instruments such as interest rate swap contracts, treasury lock agreements and forward-starting interest rate swaps. All of the Company's interest rate hedge instruments are designated as cash flow hedges. (Refer to "Note H – Derivative Financial Instruments" for additional disclosures regarding the Company's derivative instruments and hedging activities.) Cash flows related to these instruments designated as qualifying hedges are reflected in the accompanying Consolidated Statements of Cash Flows in the same categories as the cash flows from the items being hedged. The resulting gain or loss from such settlement is deferred to Accumulated Other Comprehensive Loss and reclassified to interest expense over the term of the underlying debt. This reclassification of the deferred gains and losses impacts the interest expense recognized on the underlying debt that was hedged.

Foreign Currency: The Company accounts for its foreign operations using the local market currency and converts its financial statements from these currencies to U.S. dollars. The cumulative loss on currency translation is recorded as a component of Accumulated Other Comprehensive Loss (Refer to "Note G – Accumulated Other Comprehensive Loss" for additional information regarding the Company's Accumulated Other Comprehensive Loss.)

Self-Insurance Reserves: The Company retains a significant portion of the risks associated with workers' compensation, general liability, product liability, property and vehicle insurance. The Company obtains third party insurance to limit the exposure related to certain of these risks. The reserve for the Company's liability associated with these risks totaled \$264.3 million and \$284.0 million at August 27, 2022 and August 28, 2021, respectively.

The assumptions made by management in estimating its self-insurance reserves include consideration of historical cost experience, judgments about the present and expected levels of cost per claim and retention levels. The Company utilizes various methods, including analyses of historical trends and use of a specialist, to estimate the costs to settle reported claims and claims incurred but not yet reported. The actuarial methods develop estimates of the future ultimate claim costs based on claims incurred as of the balance sheet date. When estimating these liabilities, the Company considers factors, such as the severity, duration and frequency of claims, legal costs associated with claims, healthcare trends and projected inflation of related factors.

The Company's liabilities for workers' compensation, general and product liability, property and vehicle claims do not have scheduled maturities; however, the timing of future payments is predictable based on historical patterns and

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is relied upon in determining the current portion of these liabilities. Accordingly, the Company reflects the net present value of the obligations it determines to be long-term using the risk-free interest rate as of the balance sheet date.

Leases: The Company leases certain retail stores, distribution centers and vehicles under various non-callable leases. Leases are categorized at their commencement date, which is the date the Company takes possession or control of the underlying asset. Most of the Company's leases are operating leases; however, certain land and vehicles are leased under finance leases. The leases have varying terms and expire at various dates through 2046. Retail leases typically have initial terms between one and 20 years, with one to six optional renewal periods of one to five years each. Finance leases for vehicles typically have original terms between one and five years, and finance leases for real estate typically have terms of 20 or more years. The Company subleases certain properties that are not used in its operations. Sublease income was not significant for the periods presented.

Lease-related assets and liabilities are recognized for all leases with an initial term of 12 months or greater. The exercise of lease renewal options is at the Company's sole discretion. The Company evaluates renewal options at commencement and on an ongoing basis and includes options that are reasonably certain to exercise in its expected lease terms when classifying leases and measuring lease liabilities.

Certain lease agreements require variable payments based upon actual costs of common-area maintenance, real estate taxes and insurance. Lease components are not separated from the non-lease components (typically fixed common-area maintenance costs at its retail store locations) for all classes of leased assets, except vehicles which contain variable non-lease components that are expensed as incurred. The Company uses the stated borrowing rate in determining the present value of the lease payments over the lease term for vehicles. The Company's incremental borrowing rate is used to determine the present value of the lease payments over the lease term for substantially all the operating and financing leases for retail stores, distribution centers and other real estate, as these leases typically do not have a stated borrowing rate. For operating leases that commenced prior to the date of adoption of ASU 2016-02 – Leases (Topic 842), the Company used the incremental borrowing rate that corresponded to the remaining lease term as of the date of adoption. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. (Refer to "Note M – Leases" for additional disclosures regarding the Company's leases.)

Financial Instruments: 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. (Refer to "Note I – Financing" for a discussion of the carrying values and fair values of the Company's debt, "Note F – Marketable Debt Securities" for additional disclosures related to marketable debt securities and "Note H – Derivative Financial Instruments" for additional information regarding derivatives.)

Income Taxes: The Company accounts for income taxes under the liability method. Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Our effective tax rate is based on income by tax jurisdiction, statutory rates and tax saving initiatives available to the Company in the various jurisdictions in which we operate.

The Company recognizes liabilities for uncertain income tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires the Company to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. The Company reevaluates these uncertain tax positions on a quarterly basis or when new information becomes available to management. These reevaluations are based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, successfully settled issues under audit, expirations due to statutes and new audit activity. Such a change in recognition or measurement could result in the recognition of a tax benefit or an increase to the tax accrual.

The Company classifies interest related to income tax liabilities, and if applicable, penalties, as a component of Income tax expense. The income tax liabilities and accrued interest and penalties are expected to be payable within one year of the balance sheet date are presented within the Accrued expenses and other caption in the accompanying Consolidated Balance Sheets. The remaining portion of the income tax liabilities and accrued interest and penalties are presented within the Other long-term liabilities caption in the accompanying Consolidated Balance Sheets because payment of cash is not anticipated within one year of the balance sheet date. (Refer to “Note D – Income Taxes” for additional disclosures regarding the Company’s income taxes.)

Sales and Use Taxes: Governmental authorities assess sales and use taxes on the sale of goods and services. The Company excludes taxes collected from customers in its reported sales results; such amounts are included within the Accrued expenses and other caption until remitted to the taxing authorities.

Dividends: The Company currently does not pay a dividend on its common stock. The ability to pay dividends is subject to limitations imposed by Nevada law. Under Nevada law, any future payment of dividends would be dependent upon the Company’s financial condition, capital requirements, earnings and cash flow.

Revenue Recognition: 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. Shipping and handling activities are considered activities to fulfill the order, and therefore are not evaluated as a separate performance obligation. 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.

A portion of the Company’s transactions include the sale of auto parts that contain a core component. The core component represents the recyclable portion of the auto part. Customers are not charged for the core component of the new part if a used core is returned at the point of sale of the new part; otherwise the Company charges customers a specified amount for the core component. The Company refunds that same amount in the event the customer returns a used core to the store at a later date. The Company does not recognize sales or cost of sales for the core component of these transactions when a used part is returned or expected to be returned from the customer.

There were no material contract assets, liabilities or deferred costs recorded on the Consolidated Balance Sheet as of August 27, 2022 and August 28, 2021. Revenue related to unfulfilled performance obligations as of August 27, 2022 and August 28, 2021 is not significant. (Refer to “Note P – Segment Reporting” for additional information related to revenue recognized during the period.)

Vendor Allowances and Advertising Costs: The Company receives various payments and allowances from its vendors through a variety of programs and arrangements. Monies received from vendors include rebates, allowances and promotional funds. The amounts to be received are subject to the terms of the vendor agreements, which generally do not state an expiration date, but are subject to ongoing negotiations that may be impacted in the future

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based on changes in market conditions, vendor marketing strategies and changes in the profitability or sell-through of the related merchandise.

Rebates and other miscellaneous incentives are earned based on purchases or product sales and are accrued ratably over the purchase or sale of the related product. These monies are generally recorded as a reduction of merchandise inventories and are recognized as a reduction to cost of sales as the related inventories are sold.

For arrangements that provide for reimbursement of specific, incremental, identifiable costs incurred by the Company in selling the vendors' products, the vendor funds are recorded as a reduction to Operating, selling, general and administrative expenses in the period in which the specific costs were incurred.

The Company expenses advertising costs as incurred. Advertising expense, net of vendor promotional funds, was \$97.1 million in fiscal 2022, \$85.9 million in fiscal 2021 and \$77.6 million in fiscal 2020. Vendor promotional funds, which reduced advertising expense, amounted to \$52.1 million in fiscal 2022, \$53.2 million in fiscal 2021 and \$39.4 million in fiscal 2020.

Cost of Sales and Operating, Selling, General and Administrative Expenses: The following illustrates the primary costs classified in each major expense category:

Cost of Sales

- Total cost of merchandise sold, including:
 - Freight expenses associated with moving merchandise inventories from the Company's vendors to the distribution centers;
 - Vendor allowances that are not reimbursements for specific, incremental and identifiable costs
- Costs associated with operating the Company's supply chain, including payroll and benefits, warehouse occupancy, transportation and depreciation; and
- Inventory shrinkage

Operating, Selling, General and Administrative Expenses

- Payroll and benefits for store, field leadership and store support employees;
- Occupancy of store and store support facilities;
- Depreciation and amortization related to store and store support assets;
- Transportation associated with field leadership, commercial sales force and deliveries from stores;
- Advertising;
- Self-insurance; and
- Other administrative costs, such as credit card transaction fees, legal costs, supplies and travel and lodging

Warranty Costs: 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 relating to merchandise sold under warranty not covered by vendors are estimated and recorded as warranty obligations at the time of sale based on each product's historical return rate. These obligations, which are often funded by vendor allowances, are recorded within the Accrued expenses and other caption in the Consolidated Balance Sheets. For vendor allowances in excess of the related estimated warranty expense for the vendor's products, the excess is recorded in inventory and recognized as a reduction to cost of sales as the related inventory is sold.

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

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

common stock equivalents, which are primarily stock options. There were 142,887, 171,652 and 169,460 stock options excluded for the year ended August 27, 2022, August 28, 2021 and August 29, 2020, respectively because they would have been anti-dilutive.

Share-Based Payments: Share-based payments include stock option grants, restricted stock, restricted stock units, stock appreciation rights and other transactions under the Company's equity incentive plans. The Company recognizes compensation expense for its share-based payments over the requisite service period based on the fair value of the awards. The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options. The value of restricted stock is based on the stock price of the award on the grant date. (Refer to "Note B – Share-Based Payments" for further discussion.)

Risk and Uncertainties: In fiscal 2022, one class of similar products accounted for approximately 13 percent of the Company's total revenues. No other class of similar products accounted for 10 percent or more of total revenues, and no individual vendor provided more than 10 percent of total purchases.

Recently Issued Accounting Pronouncements:

In November 2021, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2021-10, *Government Assistance (Topic 832) – Disclosures by Business Entities about Government Assistance*, which requires annual disclosures for entities receiving government assistance to provide more transparency. This ASU is effective for fiscal years beginning after December 15, 2021 and will be effective for the Company for fiscal 2023. The Company is currently evaluating the new guidance to determine the impact the adoption will have on the Company's consolidated financial statements and related disclosures.

Note B – Share-Based Payments

Overview of Share-Based Payment Plans

The Company has several active and inactive equity incentive plans under which the Company has been authorized to grant share-based awards to key employees and non-employee directors. Awards under these plans have been in the form of restricted stock, restricted stock units, stock options, stock appreciation rights and other awards as defined by the plans. The Company also has an Employee Stock Purchase Plan that allows employees to purchase Company shares at a discount subject to certain limitations. The Company also has an Executive Stock Purchase Plan which permits all eligible executives to purchase AutoZone's common stock using up to twenty-five percent of his or her annual salary and bonus.

Amended and Restated AutoZone, Inc. 2011 Equity Incentive Award Plan

On December 15, 2010, the Company's stockholders approved the 2011 Equity Incentive Award Plan (the "2011 Plan"), allowing the Company to provide equity-based compensation to non-employee directors and employees for their service to AutoZone or its subsidiaries or affiliates. Prior to the Company's adoption of the 2011 Plan, equity-based compensation was provided to employees under the 2006 Stock Option Plan and to non-employee directors under the 2003 Director Compensation Plan (the "2003 Comp Plan").

During fiscal 2016, the Company's stockholders approved the Amended and Restated AutoZone, Inc. 2011 Equity Incentive Award Plan (the "Amended 2011 Equity Plan"). The Amended 2011 Equity Plan imposes a maximum limit on the compensation, measured as the sum of any cash compensation and the aggregate grant date fair value of awards granted under the Amended 2011 Equity Plan, which may be paid to non-employee directors for such service during any calendar year. The Amended 2011 Equity Plan also applies a ten-year term on the Amended 2011 Equity Plan through December 16, 2025 and extends the Company's ability to grant incentive stock options under the Amended 2011 Equity Plan through October 7, 2025.

AutoZone, Inc. 2020 Omnibus Incentive Award Plan

On December 16, 2020, the Company's stockholders approved the AutoZone, Inc. 2020 Omnibus Incentive Award Plan (the "2020 Omnibus Plan"), which serves as the successor to the Amended 2011 Equity Plan. The 2020 Omnibus Plan provides equity-based compensation to our non-employee directors and employees for their service to AutoZone or our subsidiaries or affiliates. Under the 2020 Omnibus Plan, participants may receive equity-based

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compensation in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents, deferred stock, stock payments, performance based awards, cash based awards and other incentive awards structured by the Compensation Committee and the Board within parameters set forth in the 2020 Omnibus Plan.

AutoZone, Inc. Director Compensation Program

Under the Company's Director Compensation Program (the "Program"), non-employee directors will receive their compensation in awards of restricted stock units under the 2020 Omnibus Plan, with an option for a certain portion of a director's compensation to be paid in cash at the non-employee director's election. Under the Program, restricted stock units are granted on January 1 of each year (the "Grant Date"). The number of restricted stock units is determined by dividing the amount of the annual retainer by the fair market value of the shares of common stock as of the Grant Date. The restricted stock units are fully vested on the date of grant and are paid in shares of the Company's common stock on the first or the fifth anniversary of the Grant Date (at the Director's election) or if sooner, the date the non-employee director ceases to be a member of the Board ("Separation from Service"). The cash portion of the award, if elected, is paid ratably over each calendar quarter.

Total share-based compensation expense (a component of Operating, selling, general and administrative expenses) was \$70.6 million for fiscal 2022, \$56.1 million for fiscal 2021 and \$44.8 million for fiscal 2020.

General terms and methods of valuation for the Company's share-based awards are as follows:

Stock Options

The Company grants options to purchase common stock to certain of its employees under its plan at prices equal to the market value of the stock on the date of grant. Options have a term of ten years from grant date. Employee options generally vest in equal annual installments on the first, second, third and fourth anniversaries of the grant date and generally have 90 days after the service relationship ends, or one year after death, to exercise all vested options, unless retirement provisions are met. The fair value of each option grant is separately estimated for each vesting date. The fair value of each option is amortized into compensation expense on a straight-line basis between the grant date for the award and each vesting date.

The Company has estimated the fair value of all stock option awards as of the date of the grant by applying the Black-Scholes-Merton multiple-option pricing valuation model. The following table presents the weighted average for key assumptions used in determining the fair value of options granted and the related share-based compensation expense:

	<u>Year Ended</u>		
	<u>August 27, 2022</u>	<u>August 28, 2021</u>	<u>August 29, 2020</u>
Expected price volatility	28 %	28 %	22 %
Risk-free interest rate	1.1 %	0.4 %	1.4 %
Weighted average expected lives (in years).....	5.6	5.6	5.5
Forfeiture rate.....	10 %	10 %	10 %
Dividend yield	0 %	0 %	0 %

The following methodologies were applied in developing the assumptions used in determining the fair value of options granted:

Expected price volatility – This is a measure of the amount by which a price has fluctuated or is expected to fluctuate. The Company uses actual historical changes in the market value of its stock to calculate the volatility assumption as it is management's belief that this is the best indicator of future volatility. The Company calculates daily market value changes from the date of grant over a past period representative of the expected life of the options to determine volatility. An increase in the expected volatility will increase compensation expense.

Risk-free interest rate – This is the U.S. Treasury rate for the week of the grant having a term equal to the expected life of the option. An increase in the risk-free interest rate will increase compensation expense.

Expected lives – This is the period of time over which the options granted are expected to remain outstanding and is based on historical experience. Separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. Options granted have a maximum term of ten years. An increase in the expected life will increase compensation expense.

Forfeiture rate – This is the estimated percentage of options granted that are expected to be forfeited or canceled before becoming fully vested. This estimate is based on historical experience at the time of valuation and reduces expense ratably over the vesting period. An increase in the forfeiture rate will decrease compensation expense. This estimate is evaluated periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate.

Dividend yield – The Company has not made any dividend payments nor does it have plans to pay dividends in the foreseeable future. An increase in the dividend yield will decrease compensation expense.

The weighted average grant date fair value per share of options granted was \$463.45 during fiscal 2022, \$304.31 during fiscal 2021 and \$252.54 during fiscal 2020. The intrinsic value of options exercised was \$282.7 million in fiscal 2022, \$280.1 million in fiscal 2021 and \$101.9 million in fiscal 2020. The total fair value of options vested was \$39.3 million in fiscal 2022, \$44.7 million in fiscal 2021 and \$39.1 million in fiscal 2020.

The Company generally issues new shares when options are exercised. The following table summarizes information about stock option activity for the year ended August 27, 2022:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term <i>(in years)</i>	Aggregate Intrinsic Value <i>(in thousands)</i>
Outstanding – August 28, 2021	1,208,054	\$ 790.41		
Granted	164,532	1,652.86		
Exercised	(203,310)	582.42		
Forfeited/Cancelled	(30,176)	1,198.93		
Outstanding – August 27, 2022	<u>1,139,100</u>	941.28	5.88	\$ 1,391,686
Exercisable	739,757	746.60	4.64	1,047,804
Expected to vest	380,857	1,296.02	8.15	330,203
Available for future grants	1,023,688			

As of August 27, 2022, total unrecognized share-based compensation expense related to stock options, net of estimated forfeitures, was approximately \$59.0 million, before income taxes, and will be recognized over an estimated weighted average period of 2.8 years.

Restricted Stock Units

Restricted stock unit awards are valued at the market price of a share of the Company's stock on the date of grant and vest ratably on an annual basis over a four-year service period and 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 forfeiture assumptions.

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As of August 27, 2022, total unrecognized stock-based compensation expense related to nonvested restricted stock unit awards, net of estimated forfeitures, was approximately \$10.1 million, before income taxes, which we expect to recognize over an estimated weighted average period of 2.5 years.

Transactions related to restricted stock units for the fiscal year ended August 27, 2022 are as follows:

	<u>Number of Shares</u>	<u>Weighted- Average Grant Date Fair Value</u>
Nonvested at August 28, 2021	15,751	\$ 1,005.41
Granted	5,551	1,740.19
Vested	(6,572)	1,159.53
Forfeited	<u>(1,999)</u>	<u>1,149.97</u>
Nonvested at August 27, 2022	<u>12,731</u>	<u>\$ 1,223.61</u>

Stock Appreciation Rights

At August 27, 2022 and August 28, 2021, the Company had \$10.4 million and \$7.5 million, respectively of accrued compensation expense. There were 4,822 outstanding units issued under the 2003 Comp Plan and prior plans. As directors retire, this balance will be reduced. No additional shares of stock or units will be issued in future years under the 2003 Comp Plan or prior plans.

Employee Stock Purchase Plan and Executive Stock Purchase Plan

The Company recognized \$3.2 million in compensation expense related to the discount on the selling of shares to employees and executives under the various share purchase plans in fiscal 2022, \$2.5 million in fiscal 2021 and \$3.1 million in fiscal 2020. Under the Employee Plan, 6,238, 8,479 and 10,525 shares were sold to employees in fiscal 2022, 2021 and 2020, respectively. The Company repurchased 4,886, 7,611 and 8,287 shares in fiscal 2022, 2021 and 2020, respectively, all at market value from employees electing to sell their stock. Purchases under the Executive Plan were 709, 997 and 1,204 shares in fiscal 2022, 2021 and 2020, respectively. Issuances of shares under the Employee Plan are netted against repurchases and such repurchases are not included in share repurchases disclosed in “Note K – Stock Repurchase Program.” At August 27, 2022, 127,524 shares of common stock were reserved for future issuance under the Employee Plan, and 233,655 shares of common stock were reserved for future issuance under the Executive Plan.

Note C – Accrued Expenses and Other

Accrued expenses and other consisted of the following:

<i>(in thousands)</i>	<u>August 27, 2022</u>	<u>August 28, 2021</u>
Accrued compensation, related payroll taxes and benefits	\$ 414,892	\$ 470,561
Property, sales and other taxes	153,305	135,831
Medical and casualty insurance claims (current portion)	115,201	121,237
Finance lease liabilities	92,877	89,932
Accrued gift cards	52,237	50,369
Accrued interest	50,696	55,435
Accrued sales and warranty returns	35,696	32,418
Other	<u>93,797</u>	<u>84,005</u>
	<u>\$ 1,008,701</u>	<u>\$ 1,039,788</u>

The Company retains a significant portion of the insurance risks associated with workers' compensation, general, product liability, property and vehicle insurance. A portion of these self-insured losses is managed through a wholly owned insurance captive. The Company maintains certain levels for stop-loss coverage for each self-insured plan in order to limit its liability for large claims. The retained limits per claim type are \$2.0 million for workers' compensation, \$5.0 million for auto liability, \$21.5 million for property and \$2.0 million for general and product liability.

Note D – Income Taxes

The components of income from continuing operations before income taxes are as follows:

<i>(in thousands)</i>	Year Ended		
	August 27, 2022	August 28, 2021	August 29, 2020
Domestic	\$ 2,429,262	\$ 2,436,548	\$ 1,960,320
International	649,829	312,642	256,194
	<u>\$ 3,079,091</u>	<u>\$ 2,749,190</u>	<u>\$ 2,216,514</u>

The provision for income tax expense consisted of the following:

<i>(in thousands)</i>	Year Ended		
	August 27, 2022	August 28, 2021	August 29, 2020
Current:			
Federal	\$ 293,022	\$ 438,686	\$ 324,156
State	48,490	79,271	47,880
International	122,381	95,351	60,429
	<u>463,893</u>	<u>613,308</u>	<u>432,465</u>
Deferred:			
Federal	160,749	(21,366)	43,706
State	34,564	(1,707)	12,544
International	(9,719)	(11,359)	(5,173)
	<u>185,594</u>	<u>(34,432)</u>	<u>51,077</u>
Income tax expense	<u>\$ 649,487</u>	<u>\$ 578,876</u>	<u>\$ 483,542</u>

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

<i>(in thousands)</i>	Year Ended		
	August 27, 2022	August 28, 2021	August 29, 2020
Federal tax at statutory U.S. income tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net	2.1 %	2.2 %	2.2 %
Share-based compensation	(1.6)%	(1.7)%	(0.7)%
US Tax on Non-US Income (GILTI and Subpart F)	3.1 %	2.8 %	3.2 %
Non-US Permanent Differences	(1.5)%	(0.4)%	(0.5)%
Foreign Tax Credits	(1.9)%	(1.7)%	(1.1)%
Other	(0.1)%	(1.1)%	(2.3)%
Effective tax rate	<u>21.1 %</u>	<u>21.1 %</u>	<u>21.8 %</u>

For the year ended August 27, 2022, August 28, 2021, and August 29, 2020, the Company recognized excess tax benefits from stock option exercises of \$63.2 million, \$56.4 million, and \$20.9 million, respectively.

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The Company is subject to a new tax on global intangible low-taxed income (“GILTI”) which is imposed on foreign earnings. The Company has made the election to record this tax as a period cost, thus has not adjusted the deferred tax assets or liabilities of its foreign subsidiaries for the new tax.

On August 16, 2022, the Inflation Reduction Act of 2022 (“IRA”) was signed into law. The IRA creates new tax provisions while only three are applicable to the Company: 1) Corporate Alternative Minimum Tax (“CAMT”); 2) Excise Tax on Stock Buybacks; and 3) Increased Investment Tax Credit. The CAMT will be effective for the Company’s year beginning August 27, 2023, while the excise tax on stock buybacks will be effective for shares repurchased after December 31, 2022. The Investment Tax Credit for solar assets has increased from 26% to 30% for assets placed in service after December 31, 2021, and before January 1, 2033. The Company does not expect any material impacts from these provisions.

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

<i>(in thousands)</i>	<u>August 27, 2022</u>	<u>August 28, 2021</u>
Deferred tax assets:		
Net operating loss and credit carryforwards	\$ 33,924	\$ 41,825
Accrued benefits	60,561	126,086
Operating lease liabilities	692,730	646,938
Other	<u>79,850</u>	<u>69,340</u>
Total deferred tax assets	867,065	884,189
Valuation allowances	<u>(27,790)</u>	<u>(31,098)</u>
Net deferred tax assets	<u>839,275</u>	<u>853,091</u>
Deferred tax liabilities:		
Property and equipment	(197,482)	(185,985)
Inventory	(448,273)	(316,736)
Operating lease assets	(650,145)	(609,336)
Other	<u>(25,211)</u>	<u>(37,116)</u>
Deferred tax liabilities	<u>(1,321,111)</u>	<u>(1,149,173)</u>
Net deferred tax liabilities	<u>\$ (481,836)</u>	<u>\$ (296,082)</u>

For the years ended August 28, 2021, and August 27, 2022, the Company asserts indefinite reinvestment for basis differences and accumulated earnings through fiscal 2020 with respect to its foreign subsidiaries. The Company does not assert permanent reinvestment of fiscal 2021 or current year earnings with respect to its Mexican subsidiaries while maintaining its assertion of indefinite reinvestment of fiscal 2021 and current year earnings of other foreign subsidiaries. Where necessary, taxes resulting from foreign distributions of current and accumulated earnings (e.g., withholding taxes) have been considered in the Company’s provision for income taxes.

As of August 27, 2022, we have not recorded incremental income taxes for outside basis differences of \$416.2 million in our investments in foreign subsidiaries, as these amounts are indefinitely reinvested in foreign operations. Determining the amount of unrecognized deferred tax liability related to the outside basis differences in these entities is not practicable.

At August 27, 2022 and August 28, 2021, the Company had net operating loss (“NOL”) carryforwards totaling approximately \$241.2 million (\$28.9 million tax effected) and \$259.1 million (\$35.9 million tax effected), respectively. Certain NOLs have no expiration date and others will expire, if not utilized, in various years from fiscal 2023 through 2042. At August 27, 2022 and August 28, 2021, the Company had deferred tax assets for income tax credit carryforwards of \$5.0 and \$6.0 million, respectively. Income tax credit carryforwards will expire, if not utilized, in various years from fiscal 2023 through 2037.

At August 27, 2022 and August 28, 2021, the Company had a valuation allowance of \$27.8 million and \$31.1 million, respectively, on deferred tax assets associated with NOL and tax credit carryforwards for which management has determined it is more likely than not that the deferred tax asset will not be realized. Management believes it is more likely than not that the remaining deferred tax assets will be fully realized.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

<i>(in thousands)</i>	August 27, 2022	August 28, 2021
Beginning balance	\$ 39,797	\$ 31,942
Additions based on tax positions related to the current year	17,488	10,806
Additions for tax positions of prior years	3,008	4,009
Reductions for tax positions of prior years	(6,806)	(886)
Reductions due to settlements	(1,539)	(2,204)
Reductions due to statute of limitations.	(2,632)	(3,870)
Ending balance	<u>\$ 49,316</u>	<u>\$ 39,797</u>

Included in the August 27, 2022 and the August 28, 2021 balances are \$32.4 million and \$25.8 million, respectively, of unrecognized tax benefits that, if recognized, would reduce the Company's effective tax rate. The balances above also include amounts of \$11.5 million and \$10.4 million for August 27, 2022 and the August 28, 2021, respectively, that are accounted for as reductions to deferred tax assets for NOL carryforwards and tax credit carryforwards. It is anticipated that in the event the associated uncertain tax positions are disallowed, the NOL carryforwards and tax credit carryforwards would be utilized to settle the liability.

The Company accrues interest on unrecognized tax benefits as a component of income tax expense. Penalties, if incurred, would be recognized as a component of income tax expense. The Company had \$5.7 million and \$2.4 million accrued for the payment of interest and penalties associated with unrecognized tax benefits at August 27, 2022 and August 28, 2021, respectively.

The Company files U.S. federal, U.S. state and local, and international income tax returns. With few exceptions, the Company is no longer subject to U.S. federal, U.S. state and local, or Non-U.S. examinations by tax authorities for fiscal year 2018 and prior. The Company is typically engaged in various tax examinations at any given time by U.S. federal, U.S. state and local, and Non-U.S. taxing jurisdictions. As of August 27, 2022, the Company estimates that the amount of unrecognized tax benefits could be reduced by approximately \$2.4 million over the next twelve months as a result of tax audit settlements. While the Company believes that it is adequately accrued for possible audit adjustments, the final resolution of these examinations cannot be determined at this time and could result in final settlements that differ from current estimates.

Note E – 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.

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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.

Marketable Debt Securities Measured at Fair Value on a Recurring Basis

The Company’s marketable debt securities measured at fair value on a recurring basis were as follows:

<i>(in thousands)</i>	August 27, 2022			Fair Value
	Level 1	Level 2	Level 3	
Other current assets	\$ 49,659	\$ 109	\$ —	\$ 49,768
Other long-term assets	57,301	5,476	—	62,777
	<u>\$ 106,960</u>	<u>\$ 5,585</u>	<u>\$ —</u>	<u>\$ 112,545</u>

<i>(in thousands)</i>	August 28, 2021			Fair Value
	Level 1	Level 2	Level 3	
Other current assets	\$ 46,007	\$ —	\$ —	\$ 46,007
Other long-term assets	54,105	13,806	—	67,911
	<u>\$ 100,112</u>	<u>\$ 13,806</u>	<u>\$ —</u>	<u>\$ 113,918</u>

At August 27, 2022, the fair value measurement amounts for assets and liabilities recorded in the accompanying Consolidated Balance Sheet consisted of short-term marketable debt securities of \$49.8 million, which are included within Other current assets and long-term marketable debt securities of \$62.8 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 debt securities, including benchmark yields and reported trades.

A discussion on how the Company’s cash flow hedges are valued is included in “Note H – Derivative Financial Instruments,” while the fair values of the marketable debt securities by asset class are described in “Note F – Marketable Debt Securities.”

Non-Financial Assets Measured at Fair Value on a Non-Recurring Basis

Certain non-financial assets and liabilities are required to be measured at fair value on a non-recurring basis in certain circumstances, including the event of impairment. These non-financial assets and liabilities could include assets and liabilities acquired in an acquisition as well as goodwill, intangible assets and property, plant and equipment that are determined to be impaired. At August 27, 2022, the Company did not have any other significant non-financial assets or liabilities that had been measured at fair value on a non-recurring basis subsequent to initial recognition.

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 I – Financing.”

Note F – 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:

<i>(in thousands)</i>	August 27, 2022			Fair Value
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	
Corporate debt securities	\$ 15,293	\$ 1	\$ (298)	\$ 14,996
Government bonds	88,903	—	(1,963)	86,940
Mortgage-backed securities	4,600	—	(243)	4,357
Asset-backed securities and other	6,531	—	(279)	6,252
	<u>\$ 115,327</u>	<u>\$ 1</u>	<u>\$ (2,783)</u>	<u>\$ 112,545</u>

<i>(in thousands)</i>	August 28, 2021			Fair Value
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	
Corporate debt securities	\$ 23,650	\$ 329	\$ (2)	\$ 23,977
Government bonds	65,416	338	(2)	65,752
Mortgage-backed securities	6,552	58	(8)	6,602
Asset-backed securities and other	17,551	43	(7)	17,587
	<u>\$ 113,169</u>	<u>\$ 768</u>	<u>\$ (19)</u>	<u>\$ 113,918</u>

The marketable debt securities held at August 27, 2022, 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 fiscal 2022, 2021 or 2020.

In evaluating whether a credit loss exists for the marketable debt securities, the Company considers factors such as the 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 recovery of fair value. An allowance for credit losses was deemed unnecessary given consideration of the factors above.

Included above in total marketable debt securities are \$91.1 million and \$62.5 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 as of August 27, 2022 and August 28, 2021, respectively.

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Note G – Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss includes certain adjustments to 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 marketable debt securities. Changes in Accumulated Other Comprehensive Loss consisted of the following:

<i>(in thousands)</i>	Foreign Currency ⁽¹⁾	Net Unrealized Gain (Loss) on Securities	Derivatives	Total
Balance at August 29, 2020.....	\$ (332,321)	1,845	(23,776)	\$ (354,252)
Other Comprehensive Income (Loss) before reclassifications . . .	44,683	(1,379)	—	43,304
Amounts reclassified from Accumulated Other Comprehensive Income ⁽²⁾	—	123	2,839	2,962
Balance at August 28, 2021.....	(287,638)	589	(20,937)	(307,986)
Other Comprehensive Income (Loss) before reclassifications . . .	7,448	(2,760)	—	4,688
Amounts reclassified from Accumulated Other Comprehensive Income ⁽²⁾	—	—	2,762	2,762
Balance at August 27, 2022.....	<u>\$ (280,190)</u>	<u>\$ (2,171)</u>	<u>\$ (18,175)</u>	<u>\$ (300,536)</u>

- (1) 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
- (2) Amounts shown are net of taxes/tax benefits.

Note H – Derivative Financial Instruments

The Company periodically uses derivatives to hedge exposures to interest rates. The Company does not hold or issue financial instruments for trading purposes. For transactions that meet the hedge accounting criteria, the Company formally designates and documents the instrument as a hedge at inception and quarterly thereafter assesses the hedges to ensure they are effective in offsetting changes in the cash flows of the underlying exposures. Derivatives are recorded in the Company's Consolidated Balance Sheet at fair value, determined using available market information or other appropriate valuation methodologies. In accordance with ASC Topic 815, *Derivatives and Hedging*, to the extent our derivatives are effective in offsetting the variability of the hedged cash flows, changes in the derivatives' fair value are not included in current earnings but are included in Accumulated Other Comprehensive Loss, net of tax.

At August 27, 2022, the Company had \$23.9 million recorded in Accumulated Other Comprehensive Loss related to net 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 fiscal 2022, the Company reclassified \$3.6 million of net losses from Accumulated Other Comprehensive Loss to Interest expense. During fiscal 2021, the Company reclassified \$3.7 million of net losses from Accumulated Other Comprehensive Loss to Interest expense. The Company expects to reclassify \$3.2 million of net losses from Accumulated Other Comprehensive Loss to Interest expense over the next 12 months.

Note I – Financing

The Company’s debt consisted of the following:

<i>(in thousands)</i>	August 27, 2022	August 28, 2021
3.700% Senior Notes due April 2022, effective interest rate of 3.85%	\$ —	\$ 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	300,000
3.250% Senior Notes due April 2025, effective interest rate 3.36%	400,000	400,000
3.625% Senior Notes due April 2025, effective interest rate 3.78%	500,000	500,000
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	450,000
4.000% Senior Notes due April 2030, effective interest rate 4.09%	750,000	750,000
1.650% Senior Notes due January 2031, effective interest rate of 2.19%	600,000	600,000
4.750% Senior Notes due August 2032, effective interest rate of 4.76%	750,000	—
Commercial paper, weighted average interest rate of 2.43% at August 27, 2022	603,400	—
Total debt before discounts and debt issuance costs	<u>6,153,400</u>	<u>5,300,000</u>
Less: Discounts and debt issuance costs	<u>31,308</u>	<u>30,180</u>
Long-term Debt	<u>\$ 6,122,092</u>	<u>\$ 5,269,820</u>

On November 15, 2021, the Company amended and restated its existing revolving credit facility (the “Revolving Credit Agreement”) pursuant to which the Company’s borrowing capacity was increased from \$2.0 billion to \$2.25 billion and the maximum borrowing under the Revolving Credit Agreement may, at the Company’s option, subject to lenders approval, be increased from \$2.25 billion to \$3.25 billion. The Revolving Credit Agreement will terminate, and all amounts borrowed will be due and payable on November 15, 2026, but AutoZone may make up to two requests to extend the termination date for an additional period of one year each. Revolving borrowings under the Revolving Credit Agreement may be base rate loans, Eurodollar loans, or a combination of both, at AutoZone’s election. The Revolving Credit Agreement includes (i) a \$75 million sublimit for swingline loans, (ii) a \$50 million individual issuer letter of credit sublimit and (iii) a \$250 million aggregate sublimit for all letters of credit.

Under the Company’s Revolving Credit Agreement, 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.

As of August 27, 2022, the Company had no outstanding borrowings and \$1.8 million of outstanding letters of credit under the Revolving Credit Agreement.

The Revolving Credit Agreement requires that the Company’s consolidated interest coverage ratio as of the last day of each quarter shall be no less than 2.5:1. This ratio is defined as the ratio of (i) consolidated earnings before interest, taxes and rents to (ii) consolidated interest expense plus consolidated rents. The Company’s consolidated interest coverage ratio as of August 27, 2022 was 7.4:1.

As of August 27, 2022, the commercial paper borrowings, the \$300 million 2.875% Senior Notes due January 2023 and the \$500 million 3.125% Senior Notes due July 2023 were classified as long-term in the accompanying Consolidated Balance Sheets as the Company currently has the ability and intent to refinance them on a long-term basis through available capacity in its Revolving Credit Agreement. As of August 27, 2022, the Company had \$2.2 billion of availability under its Revolving Credit Agreement, without giving effect to commercial paper borrowings, which would allow the Company to replace these short-term obligations with a long-term financing facility.

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On January 18, 2022, the Company repaid the \$500 million 3.700% Senior Notes due April 2022, which were callable at par in January 2022.

On March 15, 2021, we repaid the \$250 million 2.500% Senior Notes due April 2021 which were callable at par in March 2021.

On August 1, 2022, the Company issued \$750 million in 4.750% Senior Notes due August 2032 under its automatic shelf registration statement on Form S-3, filed with the SEC on July 19, 2022 (File No. 333-266209) (the “2022 Shelf Registration Statement”). The 2022 Shelf Registration Statement 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 or distribution center openings, stock repurchases and acquisitions. Proceeds from the debt issuance were used to repay a portion of the outstanding commercial paper borrowings and for other general corporate purposes.

On August 14, 2020, the Company issued \$600 million in 1.650% Senior Notes due January 2031 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 Statement”). The 2019 Shelf Registration Statement allowed 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 for general corporate purposes, including the repayment of the \$500 million in 4.000% Senior Notes due in November 2020 that were callable at par in August 2020.

On March 30, 2020, the Company issued \$500 million in 3.625% Senior Notes due April 2025 and \$750 million in 4.000% Senior Notes due April 2030 under the 2019 Shelf Registration Statement. Proceeds from the debt issuance were used to repay a portion of the outstanding commercial paper borrowings and for other general corporate purposes.

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. All of the repayment obligations under its borrowing arrangements may be accelerated and come due prior to the scheduled payment date if covenants are breached or an event of default occurs. Interest for Senior Notes is paid on a semi-annual basis.

The Company also maintains a letter of credit facility that allows it to request the participating bank to issue letters of credit on its behalf up to an aggregate amount of \$25 million. The letter of credit facility is in addition to the letters of credit that may be issued under the Revolving Credit Agreement and expired in June 2022. On May 16, 2022, the Company amended and restated the letter of credit facility to, among other things, extend the facility through June 2025. As of August 27, 2022, the Company had \$23.6 million in letters of credit outstanding under the letter of credit facility.

In addition to the outstanding letters of credit issued under the committed facility discussed above, the Company had \$105.1 million in letters of credit outstanding as of August 27, 2022. These letters of credit have various maturity dates and were issued on an uncommitted basis.

As of August 27, 2022, the Company was in compliance with all covenants related to its borrowing arrangements.

The fair value of the Company’s debt was estimated at \$5.9 billion as of August 27, 2022, and \$5.7 billion as of August 28, 2021, 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 less than the carrying value of debt by \$182.8 million and greater than the carrying value of debt by \$413.1 million at August 27, 2022 and August 28, 2021, respectively. This amount reflects face amount, adjusted for any unamortized debt issuance costs and discounts.

All of the Company's debt is unsecured. Scheduled maturities of debt are as follows:

<i>(in thousands)</i>	Scheduled Maturities
2023	\$ 1,403,400
2024	300,000
2025	900,000
2026	400,000
2027	600,000
Thereafter	<u>2,550,000</u>
Subtotal	6,153,400
Discount and debt issuance costs	<u>31,308</u>
Total Debt	<u>\$ 6,122,092</u>

Note J – Interest Expense

Net interest expense consisted of the following:

<i>(in thousands)</i>	Year Ended		
	August 27, 2022	August 28, 2021	August 29, 2020
Interest expense	\$ 198,883	\$ 202,326	\$ 208,021
Interest income	(6,048)	(5,417)	(5,689)
Capitalized interest	<u>(1,197)</u>	<u>(1,572)</u>	<u>(1,167)</u>
	<u>\$ 191,638</u>	<u>\$ 195,337</u>	<u>\$ 201,165</u>

Note K – Stock Repurchase Program

During 1998, the Company announced a program permitting the Company to repurchase a portion of its outstanding shares not to exceed a dollar maximum established by the Company's Board of Directors. On March 23, 2021, the Board voted to increase the repurchase authorization from \$24.7 to \$26.2 billion. The Board voted to increase the repurchase authorization by \$1.5 billion on October 5, 2021, \$1.5 billion on December 15, 2021 and \$2.0 billion on March 22, 2022, bringing the total authorization to \$31.2 billion. The Company has \$1.1 billion remaining under the Board's authorization to repurchase its common stock.

The Company's share repurchase activity consisted of the following:

<i>(in thousands)</i>	Year Ended		
	August 27, 2022	August 28, 2021	August 29, 2020
Amount	\$ 4,359,991	\$ 3,378,321	\$ 930,903
Shares	2,220	2,592	826

During fiscal year 2022, the Company retired 2.5 million shares of treasury stock which had previously been repurchased under the Company's share repurchase program. The retirement increased Retained deficit by \$3.3 billion and decreased Additional paid-in capital by \$293.0 million. During the comparable prior year period, the Company retired 1.0 million shares of treasury stock, which increased Retained deficit by \$1.1 billion and decreased Additional paid-in capital by \$60.0 million.

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On October 4, 2022, the Board voted to authorize the repurchase of an additional \$2.5 billion of the Company's common stock in connection with the Company's ongoing share repurchase program. Since the inception of the repurchase program in 1998, the Board has authorized \$33.7 billion in share repurchases. Subsequent to August 27, 2022 and through October 17, 2022, the Company has repurchased 203,856 shares of common stock at an aggregate cost of \$442.6 million. Considering the cumulative repurchases and the increase in authorization subsequent to August 27, 2022 and through October 17, 2022, the Company has \$3.1 billion remaining under the Board's authorization to repurchase its common stock.

Note L – 401(k) Savings Plan

The Company has a 401(k) plan that covers all domestic employees who meet the plan's participation requirements. The plan features include Company matching contributions, immediate 100% vesting of Company contributions and a savings option up to 25% of qualified earnings. The Company makes matching contributions, per pay period, up to a specified percentage of employees' contributions as approved by the Board. The Company made matching contributions to employee accounts in connection with the 401(k) plan of \$37.9 million in fiscal 2022, \$34.1 million in fiscal 2021 and \$29.8 million in fiscal 2020.

Note M – Leases

Lease-related assets and liabilities recorded on the Consolidated Balance Sheets are as follows:

<i>(in thousands)</i>	Classification	August 27, 2022	August 28, 2021
Assets:			
Operating	Operating lease right-of-use assets	\$ 2,918,817	\$ 2,718,712
Finance	Property and equipment	404,442	383,736
Total lease assets		<u>\$ 3,323,259</u>	<u>\$ 3,102,448</u>
Liabilities:			
Current:			
Operating	Current portion of operating lease liabilities	\$ 243,407	\$ 236,568
Finance	Accrued expenses and other	92,877	89,932
Noncurrent:			
Operating	Operating lease liabilities, less current portion	2,837,973	2,632,842
Finance	Other long-term liabilities	217,428	186,122
Total lease liabilities		<u>\$ 3,391,685</u>	<u>\$ 3,145,464</u>

Accumulated amortization related to finance lease assets was \$97.2 million as of August 27, 2022 and \$107.0 million as of August 28, 2021.

Lease costs for finance and operating leases for the 52 weeks ended August 27, 2022 and August 28, 2021 are as follows:

<i>(in thousands)</i>	Statement of Income Location	For the year ended	
		August 27, 2022	August 28, 2021
Finance lease cost:			
Amortization of lease assets	Depreciation and amortization	\$ 65,212	\$ 53,377
Interest on lease liabilities	Interest expense, net	4,351	2,957
Operating lease cost ⁽¹⁾	Selling, general and administrative expenses	401,000	371,109
Total lease cost		<u>\$ 470,563</u>	<u>\$ 427,443</u>

(1) Includes short-term leases, variable lease costs and sublease income, which are immaterial.

The future rental payments, inclusive of renewal options that have been included in defining the expected lease term, of our operating and finance lease obligations as of August 27, 2022 having initial or remaining lease terms in excess of one year are as follows:

<i>(in thousands)</i>	Finance Leases	Operating Leases	Total
2023	\$ 94,226	\$ 344,900	\$ 439,126
2024	73,476	376,444	449,920
2025	64,033	356,757	420,790
2026	45,023	330,200	375,223
2027	15,258	305,640	320,898
Thereafter	44,693	2,236,418	2,281,111
Total lease payments	336,709	3,950,359	4,287,068
Less: Interest	<u>(26,404)</u>	<u>(868,979)</u>	<u>(895,383)</u>
Present value of lease liabilities	<u>\$ 310,305</u>	<u>\$ 3,081,380</u>	<u>\$ 3,391,685</u>

The following table summarizes the Company's lease term and discount rate assumptions:

	<u>August 27, 2022</u>
Weighted-average remaining lease term in years, inclusive of renewal options that are reasonably certain to be exercised:	
Finance leases – real estate	24
Finance leases – vehicles	4
Operating leases	13
Weighted-average discount rate:	
Finance leases – real estate	3.76 %
Finance leases – vehicles	1.17 %
Operating leases	3.57 %

Cash paid for amounts included in the measurement of operating lease liabilities of \$316.0 million and \$300.6 million was reflected in cash flows from operating activities in the consolidated statement of cash flows for fiscal years 2022 and 2021, respectively.

As of August 27, 2022, the Company has entered into additional leases which have not yet commenced and are therefore not part of the right-of-use asset and liability. These leases have undiscounted future payments of approximately \$27.2 million and \$48.1 million for real estate and vehicles, respectively, and will commence when the Company obtains possession of the underlying leased asset. Commencement dates are expected to be from fiscal 2023 to fiscal 2024.

Note N – Commitments and Contingencies

Construction commitments, primarily for new stores, totaled approximately \$91.5 million at August 27, 2022.

The Company had \$130.5 million in outstanding standby letters of credit and \$46.0 million in surety bonds as of August 27, 2022, which all have expiration periods of less than one year. A substantial portion of the outstanding standby letters of credit (which are primarily renewed on an annual basis) and surety bonds are used to cover reimbursement obligations to our workers' compensation carriers. There are no additional contingent liabilities associated with these instruments as the underlying liabilities are already reflected in the Consolidated Balance Sheets. The standby letters of credit and surety bonds arrangements have automatic renewal clauses.

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Note O – Litigation

The Company is involved in various 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 the Company's financial condition, results of operations or cash flows.

Note P – Segment Reporting

The Company's operating segments (Domestic Auto Parts, Mexico and Brazil) are aggregated as one reportable segment: Auto Parts Stores. 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 – Significant Accounting Policies."

The Auto Parts Stores segment is the leading retailer and distributor of automotive parts and accessories through the Company's 6,943 stores in the U.S., 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 two 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, repair and shop management software used in the automotive repair industry and E-commerce, which includes direct sales to customers through www.autozone.com for sales that are not fulfilled by local stores.

The Company evaluates its reportable segment primarily on the basis of net sales and segment profit, which is defined as gross profit. The following table shows segment results for the following fiscal years:

<i>(in thousands)</i>	Year Ended		
	August 27, 2022	August 28, 2021	August 29, 2020
Net Sales			
Auto Parts Stores	\$ 15,963,196	\$ 14,381,712	\$ 12,405,929
Other	289,034	247,873	226,038
Total	\$ 16,252,230	\$ 14,629,585	\$ 12,631,967
Segment Profit			
Auto Parts Stores	\$ 8,301,234	\$ 7,556,889	\$ 6,617,508
Other	171,416	160,896	153,245
Gross profit	8,472,650	7,717,785	6,770,753
Operating, selling, general and administrative expenses . .	(5,201,921)	(4,773,258)	(4,353,074)
Interest expense, net	(191,638)	(195,337)	(201,165)
Income before income taxes	\$ 3,079,091	\$ 2,749,190	\$ 2,216,514
Segment Assets:			
Auto Parts Stores	\$ 15,060,704	\$ 14,398,581	\$ 14,303,427
Other	214,339	117,618	120,445
Total	\$ 15,275,043	\$ 14,516,199	\$ 14,423,872
Capital Expenditures:			
Auto Parts Stores	\$ 650,495	\$ 602,329	\$ 432,067
Other	21,896	19,438	25,669
Total	\$ 672,391	\$ 621,767	\$ 457,736
Auto Parts Stores Sales by Product Grouping:			
Failure	\$ 7,801,155	\$ 7,048,700	\$ 6,088,859
Maintenance items	5,670,278	4,888,763	4,284,913
Discretionary	2,491,763	2,444,249	2,032,157
Auto Parts Stores net sales	\$ 15,963,196	\$ 14,381,712	\$ 12,405,929

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

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of August 27, 2022, an evaluation was performed under the supervision and with the participation of AutoZone's management, including the Chief Executive Officer and the 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 the Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of August 27, 2022.

Internal Control Over Financial Reporting

A report of AutoZone's management on our internal control over financial reporting (as such term defined in Rule 13a-15(f) under the Exchange Act) and a report of Ernst & Young, LLP, an independent registered public accounting firm, on the effectiveness of AutoZone's internal control over financial reporting are included in Part I, Item 8 of this document and is incorporated herein by reference.

Changes in Internal Control Over Financial Reportings

There were no changes in our internal control over financial reporting that occurred during the quarter ended August 27, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Attestation Report of Registered Public Accounting Firm

Our internal control over financial reporting as of August 27, 2022 has been audited by Ernst & Young, LLP, an independent registered public accounting firm, which also audited our Consolidated Financial Statements for the year ended August 27, 2022, as stated in their report included herein, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of August 27, 2022.

Item 9B. Other Information

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information set forth in Part I, Item 1 of this document in the section entitled “Information about our Executive Officers,” is incorporated herein by reference in response to this item. Additionally, the information contained in AutoZone, Inc.’s Proxy Statement dated October 24, 2022, in the sections entitled “Corporate Governance Matters,” “Proposal 1 – Election of Directors” and “Delinquent Section 16(a) Reports,” is incorporated herein by reference in response to this item.

The Company has adopted a Code of Ethical Conduct for Financial Executives that applies to its chief executive officer, chief financial officer, chief accounting officer and other financial executives. The Company has made the Code of Ethical Conduct available at www.autozone.com, which can be accessed by clicking “Investor Relations” located at the bottom of the page.

Item 11. Executive Compensation

The information contained in AutoZone, Inc.’s Proxy Statement dated October 24, 2022, in the section entitled “Executive Compensation,” is incorporated herein by reference in response to this item.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information contained in AutoZone, Inc.’s Proxy Statement dated October 24, 2022, in the sections entitled “Security Ownership of Management and Board of Directors,” “Security Ownership of Certain Beneficial Owners” and “Equity Compensation Plans” is incorporated herein by reference in response to this item.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information contained in AutoZone, Inc.’s Proxy Statement dated October 24, 2022, in the sections entitled “Related Party Transactions” and “Corporate Governance Matters – Independence” is incorporated herein by reference in response to this item.

Item 14. Principal Accounting Fees and Services

The information contained in AutoZone, Inc.’s Proxy Statement dated October 24, 2022, in the section entitled “Proposal 2 – Ratification of Independent Registered Public Accounting Firm,” is incorporated herein by reference in response to this item.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

The following information required under this item is filed as part of this report.

(a) Financial Statements

The following financial statements, related notes and reports of independent registered public accounting firm are filed with this Annual Report on Form 10-K in Part II, Item 8:

Reports of Independent Registered Public Accounting Firm

Consolidated Statements of Income for the fiscal years ended August 27, 2022, August 28, 2021 and August 29, 2020

Consolidated Statements of Comprehensive Income for the fiscal years ended August 27, 2022, August 28, 2021 and August 29, 2020

Consolidated Balance Sheets as of August 27, 2022 and August 28, 2021

Consolidated Statements of Cash Flows for the fiscal years ended August 27, 2022, August 28, 2021 and August 29, 2020

Consolidated Statements of Stockholders' Deficit for the fiscal years ended August 27, 2022, August 28, 2021 and August 29, 2020

Notes to Consolidated Financial Statements

(b) 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 Indenture dated as of August 8, 2003, between AutoZone, Inc. and Bank One Trust Company, N.A. Incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-3 (No. 333-107828) filed August 11, 2003.
- 4.2 Agreement of Resignation, Appointment and Acceptance by and among AutoZone, Inc., The Bank of New York Mellon Trust Company, N.A., as prior Trustee, and Regions Bank, as successor Trustee, dated January 29, 2019. Incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-3 (No. 333-230719), filed April 4, 2019).
- 4.3 Officers' Certificate dated November 13, 2012, pursuant to Section 3.2 of the indenture dated August 8, 2003, setting forth the terms of the 2.875% Senior Notes due 2023. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated November 13, 2012.
- 4.4 Form of 2.875% Senior Notes due 2023. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated November 13, 2012.
- 4.5 Officers' Certificate dated April 29, 2013, pursuant to Section 3.2 of the indenture dated August 8, 2003, setting forth the terms of the 3.125% Senior Notes due 2023. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated April 29, 2013.

- 4.6 Form of 3.125% Senior Notes due 2023. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 29, 2013.
- 4.7 Officers' Certificate dated April 29, 2015, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.250% Senior Notes due 2025. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 29, 2015.
- 4.8 Form of 3.250% Senior Notes due 2025. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated April 29, 2015.
- 4.9 Officers' Certificate dated April 21, 2016, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.125% Senior Notes due 2026. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 21, 2016.
- 4.10 Form 3.125% Senior Notes due 2026. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated April 21, 2016.
- 4.11 Officers' Certificate dated April 18, 2017, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.750% Senior Notes due 2027. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated April 18, 2017.
- 4.12 Form of 3.750% Senior Notes due 2027. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 18, 2017.
- 4.13 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.
- 4.14 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.
- 4.15 Form of 3.125% Senior Notes due 2024. Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K dated April 18, 2019.
- 4.16 Form of 3.750% Senior Notes due 2029. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated April 18, 2019.
- 4.17 Officers' Certificate dated March 30, 2020, pursuant to Section 3.2 of the Indenture, dated August 8, 2003, setting forth the terms of the 3.625% Senior Notes due 2025. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated March 30, 2020.
- 4.18 Officers' Certificate dated March 30, 2020, pursuant to Section 3.2 of the Indenture, dated August 8, 2003, setting forth the terms of the 4.000% Senior Notes due 2030. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated March 30, 2020.
- 4.19 Form of 3.625% Senior Notes due 2025. Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K dated March 30, 2020.
- 4.20 Form of 4.000% Senior Notes due 2030. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated March 30, 2020.
- 4.21 Form of 4.000% Senior Notes due 2030. Incorporated by reference to Exhibit 4.5 to the Current Report on Form 8-K dated March 30, 2020.

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- 4.22 Form of 1.650% Senior Notes due 2031. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated August 14, 2020.
- 4.23 Form of 1.650% Senior Notes due 2031. Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K dated August 14, 2020.
- 4.24 Officers' Certificate dated August 14, 2020, pursuant to Section 3.2 of the Indenture, dated August 8, 2003, setting forth the terms of the 1.650% Senior Notes due 2031. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated August 14, 2020.
- 4.25 Officers' Certificate dated August 1, 2022, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 4.750% Senior Notes due 2032. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated August 1, 2022.
- 4.26 Form of 4.750% Senior Notes due 2032. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated August 1, 2022.
- 4.27 Description of Securities of AutoZone, Inc. Incorporated by reference to Exhibit 4.24 to the Annual Report on Form 10-K dated October 28, 2019.
- *10.1 Second Amended and Restated 1998 Director Compensation Plan. Incorporated by reference to Exhibit 10.2 to the Annual Report on Form 10-K for the fiscal year ended August 26, 2000.
- *10.2 AutoZone, Inc. 2003 Director Compensation Plan. Incorporated by reference to Appendix D to the definitive proxy statement dated November 1, 2002, for the Annual Meeting of Stockholders held December 12, 2002.
- *10.3 Third Amendment to the AutoZone, Inc. Executive Deferred Compensation Plan. Incorporated by reference to Exhibit 10.1 to the Form 8-K dated December 12, 2012.
- *10.4 Amended and Restated AutoZone, Inc. 2003 Director Compensation Plan. Incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K dated January 4, 2008.
- *10.5 Form of non-compete and non-solicitation agreement for Section 16 executive officers and by AutoZone, Inc.
- *10.6 Agreement dated February 14, 2008, between AutoZone, Inc. and William C. Rhodes, III. Incorporated by reference to Exhibit 99.4 to the Current Report on Form 8-K dated February 15, 2008.
- *10.7 AutoZone, Inc. 2015 Executive Incentive Compensation Plan incorporated by reference to Exhibit A to the definitive proxy statement dated October 27, 2014, for the Annual Meeting of Stockholders held December 18, 2014.
- *10.8 AutoZone, Inc. 2011 Equity Incentive Award Plan, incorporated by reference to Exhibit A to the definitive proxy statement dated October 25, 2010, for the Annual Meeting of Stockholders held December 15, 2010.

- *10.9 Form of Letter Agreement dated as of December 14, 2010, amending certain Stock Option Agreements of executive officers. Incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q dated December 16, 2010.
- *10.10 Form of Stock Option Agreement under the 2011 Equity Incentive Award Plan. Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q dated March 17, 2011.
- *10.11 Form of Stock Option Agreement under the 2011 Equity Incentive Award Plan for officers effective September 27, 2011. Incorporated by reference to Exhibit 10.37 to the Annual Report on Form 10-K for the fiscal year ended August 27, 2011.
- *10.12 AutoZone, Inc. Enhanced Severance Pay Plan.
- *10.13 Form of Stock Option Agreement under the 2011 Equity Incentive Award Plan for certain executive officers effective September 27, 2011. Incorporated by reference to Exhibit 10.38 to the Annual Report on Form 10-K for the fiscal year ended August 27, 2011.
- *10.14 Second Amendment to the AutoZone, Inc. Executive Deferred Compensation Plan. Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated December 14, 2011.
- *10.15 Offer letter dated August 5, 2020, to Jamere Jackson. Incorporated by reference to Exhibit 10.1 on Form 8-K dated September 14, 2020.
- *10.16 Amended and Restated AutoZone, Inc. Executive Deferred Compensation Plan dated December 17, 2013. Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q dated March 25, 2014.
- *10.17 AutoZone, Inc. Director Compensation Program effective January 1, 2022.
- *10.18 Amended and Restated AutoZone, Inc. 2011 Equity Incentive Award Plan dated December 16, 2015. Incorporated by reference to Exhibit A to the definitive proxy statement dated October 26, 2015, for the Annual Meeting of Stockholders held December 16, 2015.
- *10.19 AutoZone, Inc. Sixth Amended and Restated Executive Stock Purchase Plan. Incorporated by reference to Exhibit A to the definitive proxy statement dated October 24, 2016, for the Annual Meeting of Stockholders held December 14, 2016.
- *10.20 Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under the 2011 Equity Incentive Award Plan for officers effective September 27, 2011. Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q dated December 17, 2018.
- *10.21 AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated December 17, 2020.
- *10.22 Form of Grant Notice and Award Agreement for Stock Options granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K dated December 17, 2020.
- *10.23 Form of Grant Notice and Award Agreement for Restricted Stock Units granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K dated December 17, 2020.

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*10.24	Form of Grant Notice and Award Agreement for Restricted Stock Units granted to Directors under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K dated December 17, 2020.
*10.25	Fourth Amended and Restated Credit Agreement dated as of November 15, 2021, among AutoZone, Inc. as Borrower, the lenders party thereto and Bank of America, N.A. as Administrative Agent, incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K dated November 16, 2021.
*10.26	Amendment No. 1 to the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.34 to the Annual Report on Form 10-K for the fiscal year ended August 28, 2021.
*10.27	Form of Grant Notice and Award Agreement for Stock Options granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan.
*10.28	Form of Grant Notice and Award Agreement for Restricted Stock Units granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
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	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Document
101.LAB	Inline XBRL Taxonomy Extension Labels Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Document
101.DEF	Inline XBRL Taxonomy Extension Definition Document
104	Cover Page Inline XBRL File

* Management contract or compensatory plan or arrangement.

(c) Financial Statement Schedules

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

Item 16. Form 10-K Summary

None.

SIGNATURES

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

AUTOZONE, INC.

By: /s/ WILLIAM C. RHODES, III

William C. Rhodes, III
Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

Dated: October 24, 2022

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

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ WILLIAM C. RHODES, III</u> William C. Rhodes, III	Chairman, President and Chief Executive Officer (Principal Executive Officer)	October 24, 2022
<u>/s/ JAMERE JACKSON</u> Jamere Jackson	Executive Vice President, Chief Financial Officer and Store Development (Principal Financial Officer)	October 24, 2022
<u>/s/ J. SCOTT MURPHY</u> J Scott Murphy	Vice President and Controller (Principal Accounting Officer)	October 24, 2022
<u>/s/ DOUGLAS H. BROOKS</u> Douglas H. Brooks	Director	October 24, 2022
<u>/s/ MICHAEL A. GEORGE</u> Michael A. GEORGE	Director	October 24, 2022
<u>/s/ LINDA A. GOODSPEED</u> Linda A. Goodspeed	Director	October 24, 2022
<u>/s/ EARL G. GRAVES, JR.</u> Earl, G. Graves, Jr.	Director	October 24, 2022
<u>/s/ ENDERSON GUIMARAES</u> Enderson Guimaraes	Director	October 24, 2022
<u>/s/ BRIAN HANNASCH</u> Brian Hannasch	Director	October 24, 2022
<u>/s/ D. BRYAN JORDAN</u> D. Bryan Jordan	Director	October 24, 2022
<u>/s/ GALE V. KING</u> Gale V. King	Director	October 24, 2022
<u>/s/ GEORGE R. MRKONIC, JR.</u> George R. Mrkonic, Jr.	Director	October 24, 2022
<u>/s/ JILL A. SOLTAU</u> Jill A. Soltau	Director	October 24, 2022

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SUBSIDIARIES OF THE REGISTRANT

NAME	STATE OR COUNTRY OF ORGANIZATION OR INCORPORATION
ALLDATA LLC	Nevada
AutoZone.com, Inc.	Nevada
AutoZone de México, S. de R.L. de C.V.	Mexico
AutoZone Development LLC	Nevada
AutoZone International Holdings, Inc.	Nevada
AutoZone IP LLC	Nevada
AutoZone Latin America Holdings LLC	Nevada
AutoZone Northeast LLC	Nevada
AutoZone Parts, Inc.	Nevada
AutoZone Puerto Rico, Inc.	Puerto Rico
AutoZone Southeast, L.P.	Nevada
AutoZone Stores LLC	Nevada
AutoZone Texas LLC	Nevada
AutoZone West LLC	Nevada
AutoZoners, LLC	Nevada
Riverside Captive Insurance Company	Arizona

In addition, 32 subsidiaries organized in the United States and 24 subsidiaries organized outside of the United States have been omitted as they would not, considered in the aggregate as a single subsidiary, constitute a significant subsidiary as defined by Rule 1-02(w) of Regulation S-X.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

Registration Statement (Form S-8 No. 333-139559) pertaining to the AutoZone, Inc. 2006 Stock Option Plan

Registration Statement (Form S-8 No. 333-103665) pertaining to the AutoZone, Inc. 2003 Director Compensation Award Plan

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. 333-230719) pertaining to a shelf registration to sell debt securities

Registration Statement (Form S-8 No. 333-251506) pertaining to the AutoZone, Inc. 2020 Omnibus Incentive Award Plan

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

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

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

Registration Statement (Form S-3 ASR No. 333-266209) pertaining to a shelf registration to sell debt securities;

of our reports dated October 24, 2022, with respect to the consolidated financial statements of AutoZone, Inc. and the effectiveness of internal control over financial reporting of AutoZone, Inc., included in this Annual Report (Form 10-K) of AutoZone, Inc. for the year ended August 27, 2022.

/s/ Ernst & Young LLP

Memphis, Tennessee
October 24, 2022

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**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 Annual Report on Form 10-K 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.

October 24, 2022

/s/ WILLIAM C. RHODES, III

William C. Rhodes, III
Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

**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, Jamere Jackson, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

October 24, 2022

/s/ JAMERE JACKSON

Jamere Jackson
Executive Vice President, Chief Financial
Officer and Store Development
(Principal Financial Officer)

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

In connection with the Annual Report of AutoZone, Inc. (the “Company”) on Form 10-K for the fiscal year ended August 27, 2022 as filed with the SEC 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.

October 24, 2022

/s/ WILLIAM C. RHODES, III

William C. Rhodes, III
Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

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

In connection with the Annual Report of AutoZone, Inc. (the “Company”) on Form 10-K for the fiscal year ended August 27, 2022, as filed with the SEC on the date hereof (the “Report”), I, Jamere Jackson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 24, 2022

/s/ JAMERE JACKSON

Jamere Jackson
Executive Vice President, Chief Financial
Officer and Store Development
(Principal Financial Officer)



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 **AutoZone**[®]

Corporate Information



AutoZone's CEO Team

Our CEO Team, made up of all AutoZone's Officers, works tirelessly to support and continue to enhance the AutoZone that exists today. We lead as a team and we win as a team. Through their support and guidance, but most importantly through the commitment and passion of 112,000 AutoZoners, the Company is well positioned for future growth and prosperity.

Officers
Customer Satisfaction

William C. Rhodes, III[†]
Chairman, President
and Chief Executive
Officer

Executive Vice Presidents
Customer Satisfaction

Philip B. Daniele[†]
Merchandising,
Supply Chain and
Marketing

Preston B. Frazer[†]
Store Operations,
Commercial and
Loss Prevention

Jamere Jackson[†]
Chief Financial
Officer,
Finance and Store
Development

Thomas B. Newbern[†]
International,
Information Technology
and ALLDATA

Senior Vice Presidents
Customer Satisfaction

K. Michelle Borninkhof[†]
Chief Information Officer

William R. Hackney[†]
Merchandising

Dennis W. LeRiche[†]
Store Operations

Charlie Pleas, III[†]
Finance and
Accounting

Richard C. Smith[†]
Human Resources

Eric S. Gould[†]
Supply Chain

Domingo Hurtado[†]
International

Grant E. McGee[†]
Commercial

Albert Saltiel[†]
Marketing and
E-Commerce

Kristen Collier Wright[†]
General Counsel and
Secretary

Vice Presidents
Customer Satisfaction

Curtis L. Allen
Stores

Bailey L. Childress
Merchandise Pricing
and Analysis

Matthew C. Harmon
Benefits, Compensation
and HR Systems

Lindsay W. Lehman
Marketing

Anthony D. Rose, Jr.
Visual Merchandising
and Content

Jarvis D. Allen
Stores

J. Christopher Coletta
Tax

Troy L. Hitchcock
Merchandising

S. Jamey Maki
E-Commerce

Nick Sarraf
Information Technology

Jennie E. Anderson
Loss Prevention

Anthony J. Dudek
Information Technology

Anna E. Hook
Replenishment

Satwinder S. Mangat
President ALLDATA

Joe L. Sellers, Jr.
Commercial

Jerry D. Barton
Financial Planning
and Analysis

Robert A. Durkin
Distribution

Joshua W. Hughes
Stores

M. Denise McCullough
Transportation

Brett L. Shanaman
Store Operations

Edward Beltran
Stores

Joseph Espinosa
Stores

Robert C. Hunter
Merchandise Pricing
and Analysis

David E. McKinney
Human Resources and
Public Affairs

Grace O. Sharpley
Strategy

Charles D. Blank
Commercial

Duane M. Findley
Merchandising

Joyce L. Johns
Internal Audit

Jason M. McNeil
Global Sourcing

Michael P. Shipman
Information Technology

Mauricio Braz
Presidente
AutoZone do Brasil

Priya A. Galante
Assistant General Counsel
and Assistant Secretary

Manoj Koratty
Chief Technology Officer

Bryan S. Mitchell
Chief Information
Security Officer

Steven M. Stoll
Merchandising

Michael B. Campanaro
Information Technology

Timothy J. Goddard
Store Development

John R. Lammers
Merchandising

J. Brett Mullis
Stores

Patrick D.B. Webb
Presidente
AutoZone de Mexico

Brian L. Campbell
Tax, Treasury and
Investor Relations

Omar Gomez
Stores

Maria M. Leggett
Assistant General Counsel
and Assistant Secretary

J. Scott Murphy[†]
Controller

Jilynna J. Greene
Field Human Resources

Ashley T. Prieto
Merchandising



Board of Directors

Douglas H. Brooks ⁽²⁾
Former Chairman, President and CEO
Brinker International

Michael A. George ⁽¹⁾
Former President and CEO
Qurate Retail

Linda A. Goodspeed ^(1,2)
Former Managing Partner and COO
WealthStrategies Financial Advisors

Earl G. Graves, Jr. ^(†,3*)
President and CEO
Black Enterprise

Anderson Guimaraes ⁽³⁾
Former President and COO
Laureate Education Inc.

Brian Hannasch ⁽²⁾
President and CEO
Alimentation Couche-Tard

D. Bryan Jordan ^(1*,3)
Chairman, President and CEO
First Horizon Corporation

Gale V. King ⁽²⁾
Former Executive Vice President &
Chief Administrative Officer
Nationwide Mutual Insurance

George R. Mrkonic, Jr. ^(1, 2*)
Former Non-Executive Chairman
MARU Group

William C. Rhodes, III
Chairman, President and CEO
AutoZone, Inc.

Jill Soltau ⁽³⁾
Former CEO
J.C. Penney Corp., Inc.

(1) Audit Committee, (2) Compensation Committee, (3) Nominating and Corporate Governance Committee, * Committee Chair, † Lead Director

Transfer Agent and Registrar

Computershare Investor Services
P.O. Box 43069
Providence, RI 02940-3069
(877) 282-1168
(781) 575-2723
www.computershare.com

Annual Meeting

The Annual Meeting of Stockholders of AutoZone, Inc. will be held on Wednesday, December 14, 2022, 8:00 am Central Standard Time. Instructions on how shareholders can attend the annual meeting are provided in the Proxy Statement.

Investor Relations Website

Available at www.autozone.com and click on "Investor Relations" at the bottom of the page

Company Websites

www.autozone.com
www.autozonepro.com
www.alldata.com
www.duralastparts.com

Stock Exchange Listing

New York Stock Exchange
Ticker Symbol: AZO

Auditors

Ernst & Young, LLP
Memphis, Tennessee

Code of Ethical Conduct

Available at www.autozone.com and click on "Investor Relations" at the bottom of the page

Corporate Social Responsibility Report

Available at www.autozone.com and click on "ESG" at the bottom of the page

Form of 10-K / Quarterly Report

Stockholders may obtain, free of charge, a copy of AutoZone's annual report on Form 10-K, its quarterly reports on Form 10-Q as filed with the Securities and Exchange Commission and quarterly press releases by contacting

- Investor Relations
P.O. Box 2198
Memphis, TN 38101
- Phoning (901) 495-7185 or
- Emailing investor.relations@autozone.com

Copies of all documents filed by AutoZone with the Securities and Exchange Commission, including Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, are also available at the SEC's EDGAR server at www.sec.gov.

Stockholders of Record

As of October 17, 2022, there were 1,829 stockholders of record, excluding the number of beneficial owners whose shares were represented by security position listing.



123 S. Front Street
Memphis, TN 38103-3607
(901) 495-6500

www.autozone.com

