

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

- Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended February 14, 2004, or
- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ___to ___.

Commission file number 1-10714

AUTOZONE, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

62-1482048
(I.R.S. Employer
Identification No.)

123 South Front Street
Memphis, Tennessee 38103
(Address of principal executive offices) (Zip Code)

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

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

Common Stock, \$.01 Par Value – 84,245,308 shares outstanding as of March 12, 2004.

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements.****AUTOZONE, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Unaudited)
(in thousands)

	February 14, 2004	August 30, 2003
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,711	\$ 6,742
Accounts receivable, net	77,282	43,746
Merchandise inventories, net	1,487,478	1,511,316
Prepaid expenses	27,087	19,194
Deferred income taxes	1,796	3,996
Total current assets	1,600,354	1,584,994
Property and equipment		
Property and equipment	2,600,663	2,573,160
Less: Accumulated depreciation and amortization	865,158	857,407
	1,735,505	1,715,753
Other assets		
Cost in excess of net assets acquired	294,348	294,348
Deferred income taxes	50,099	25,543
Other assets	21,410	59,828
	365,857	379,719
	<u>\$3,701,716</u>	<u>\$3,680,466</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$1,216,404	\$1,321,905
Accrued expenses	285,716	313,683
Income taxes payable	95,717	39,978
Total current liabilities	1,597,837	1,675,566
Long term debt	1,786,945	1,546,845
Other liabilities	83,057	84,297
Stockholders' equity	233,877	373,758
	<u>\$3,701,716</u>	<u>\$3,680,466</u>

See Notes to Condensed Consolidated Financial Statements

AUTOZONE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(in thousands, except per share amounts)

	Twelve Weeks Ended		Twenty-four Weeks Ended	
	February 14, 2004	February 15, 2003	February 14, 2004	February 15, 2003
Net sales	\$1,159,236	\$1,120,696	\$2,441,276	\$2,339,331
Cost of sales, including warehouse and delivery expenses	594,925	624,697	1,263,875	1,293,942
Operating, selling, general and administrative expenses	395,785	348,501	793,771	709,565
Operating profit	168,526	147,498	383,630	335,824
Interest expense, net	21,922	19,633	42,182	38,738
Income before income taxes	146,604	127,865	341,448	297,086
Income taxes	54,950	48,590	128,050	112,900
Net income	\$ 91,654	\$ 79,275	\$ 213,398	\$ 184,186
Weighted average shares for basic earnings per share	86,618	98,446	87,679	98,627
Effect of dilutive stock equivalents	1,410	1,947	1,540	2,173
Adjusted weighted average shares for diluted earnings per share	88,028	100,393	89,219	100,800
Basic earnings per share	\$ 1.06	\$ 0.81	\$ 2.43	\$ 1.87
Diluted earnings per share	\$ 1.04	\$ 0.79	\$ 2.39	\$ 1.83

See Notes to Condensed Consolidated Financial Statements

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

	Twenty-four Weeks Ended	
	February 14, 2004	February 15, 2003
Cash flows from operating activities		
Net income	\$ 213,398	\$ 184,186
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	48,342	50,836
Amortization of debt origination fees	2,987	2,977
Increase in accounts receivable, net	(33,536)	(5,492)
Decrease (increase) in merchandise inventories, net	23,838	(114,588)
Decrease in current liabilities	(77,729)	(63,774)
Income tax benefit from exercise of options	17,330	19,525
Other, net	(24,612)	(22,501)
Net cash provided by operating activities	170,018	51,169
Cash flows from investing activities		
Capital expenditures	(69,478)	(61,832)
Proceeds from disposal of capital assets	1,019	8,292
Net cash used in investing activities	(68,459)	(53,540)
Cash flows from financing activities		
Proceeds from issuance of senior notes	500,000	300,000
Repayment of debt	(430,645)	(115,675)
Net proceeds from (repayments of) commercial paper	170,745	(39,300)
Net proceeds from sale of common stock	22,450	22,767
Purchase of treasury stock	(397,663)	(159,495)
Settlement of interest rate hedge instruments	32,166	—
Other	1,357	(5,865)
Net cash provided by (used in) financing activities	(101,590)	2,432
Net change in cash and cash equivalents	(31)	61
Cash and cash equivalents at beginning of period	6,742	6,498
Cash and cash equivalents at end of period	\$ 6,711	\$ 6,559

See Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note A-Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Certain prior year amounts have been reclassified to conform to the current year presentation. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the twelve and twenty-four weeks ended February 14, 2004, are not necessarily indicative of the results that may be expected for the fiscal year ending August 28, 2004. For further information, refer to the consolidated financial statements and footnotes included in the annual report on Form 10-K for the year ended August 30, 2003, for AutoZone, Inc. (the "Company").

Note B-Stock-Based Compensation

The Company has granted options to purchase common stock to some of its employees and directors under various plans, as described more fully in the Company's annual report on Form 10-K for the fiscal year ended August 30, 2003. The Company accounts for those plans using the intrinsic-value-based recognition method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Accordingly, no stock-based employee compensation cost is reflected in net income, as options are granted under those plans at an exercise price equal to the market value of the underlying common stock on the date of grant. Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," and SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure," established accounting and disclosure requirements using a fair-value-based method of accounting for stock-based employee compensation plans. As allowed under SFAS No. 123, the Company has elected to continue to apply the intrinsic-value-based method of accounting and has adopted only the disclosure requirements of SFAS No. 123. The following table illustrates the effect on net income and earnings per share had the Company applied the fair-value recognition provisions of SFAS No. 123 to stock-based employee compensation:

(in thousands, except per share amounts)	Twelve Weeks Ended		Twenty-four Weeks Ended	
	February 14, 2004	February 15, 2003	February 14, 2004	February 15, 2003
Net income, as reported	\$91,654	\$79,275	\$213,398	\$184,186
Pro forma compensation expense, net of related tax effects	(3,863)	(1,801)	(8,111)	(7,851)
Pro forma net income	\$87,791	\$77,474	\$205,287	\$176,335
Earnings per share				
Basic – as reported	\$ 1.06	\$ 0.81	\$ 2.43	\$ 1.87
Basic – pro forma	\$ 1.01	\$ 0.79	\$ 2.34	\$ 1.79
Diluted – as reported	\$ 1.04	\$ 0.79	\$ 2.39	\$ 1.83
Diluted – pro forma	\$ 1.00	\$ 0.77	\$ 2.30	\$ 1.75

Note C-New Accounting Standards

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

Note D-Inventories

Inventories are stated at the lower of cost or market using the last-in, first-out ("LIFO") method. A valuation of inventory under the LIFO method is made at the end of each fiscal year based on inventory levels and costs at that time. Accordingly, interim LIFO calculations and resulting adjustments are based on management's estimates of expected year end inventory levels and costs. Due to price deflation on the Company's merchandise purchases, the Company's inventory balances are effectively maintained under the first-in, first out method as the Company's policy is not to write up inventory for favorable LIFO adjustments, resulting in cost of sales being reflected at the higher amount. At August 30, 2003, the cumulative balance

of this unrecorded adjustment was \$102 million, which will only be reduced upon experiencing price inflation on our merchandise purchases in the future.

Note E-Financing Arrangements

The Company's long term debt as of February 14, 2004, and August 30, 2003, consisted of the following:

(in thousands)	February 14, 2004	August 30, 2003
5.875% Senior Notes due October 2012, effective interest rate of 6.33%	\$ 300,000	\$ 300,000
5.5% Senior Notes due November 2015, effective interest rate of 4.86%	300,000	—
4.75% Senior Notes due November 2010, effective interest rate of 4.17%	200,000	—
4.375% Senior Notes due June 2013, effective interest rate of 5.65%	200,000	200,000
6.5% Senior Notes due July 2008	190,000	190,000
7.99% Senior Notes due April 2006	150,000	150,000
6% Senior Notes due November 2003	—	150,000
Bank term loan due November 2004, interest rate of 2.26% at August 30, 2003	—	250,000
Commercial paper, weighted average interest rate of 1.1% at February 14, 2004, and 1.2% at August 30, 2003	438,745	268,000
Other	8,200	38,845
	<u>\$1,786,945</u>	<u>\$1,546,845</u>

The Company maintains \$950 million of revolving credit facilities with a group of banks. Of the \$950 million, \$300 million expires in May 2004. The remaining \$650 million expires in May 2005. The portion expiring in May 2004 will be renewed, replaced or the option to extend the maturity date of the then-outstanding debt by one year will be exercised. The credit facilities exist primarily to support commercial paper borrowings, letters of credit and other short term unsecured bank loans. As the available balance is reduced by outstanding letters of credit, the Company had \$872.6 million in available capacity under these credit facilities at February 14, 2004. The rate of interest payable under the credit facilities is a function of the London Interbank Offered Rate (LIBOR), the lending bank's base rate (as defined in the agreement) or a competitive bid rate at the Company's option.

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

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

AutoZone reflects the current fair value of all interest rate hedge instruments on its balance sheet. The related gains or losses on these transactions are deferred in stockholders' equity as a component of other comprehensive income or loss. Deferred gains and losses are recognized in income in the period in which the related interest rates being hedged are recognized in expense. However, to the extent that the change in value of an interest rate hedge instrument does not perfectly offset the change in the value of the interest rate being hedged, that ineffective portion is immediately recognized in income.

The Company agreed to observe certain covenants under the terms of its borrowing agreements, including limitations on total indebtedness, restrictions on liens and minimum fixed charge coverage. All of the repayment obligations under the Company's borrowing agreements may be accelerated and come due prior to the scheduled payment date if covenants are breached or an event of default occurs. Additionally, the repayment obligations may be accelerated if AutoZone experiences a change in control (as defined in the agreements) of AutoZone or its Board of Directors. As of February 14, 2004, the Company was in compliance with all covenants and expects to remain in compliance with all covenants.

Note F-Stock Repurchase Program

As of February 14, 2004, the Board of Directors had authorized the Company to repurchase up to \$3.3 billion of common stock in the open market. From January 1998 to February 14, 2004, the Company has repurchased a total of 76.7 million shares at an aggregate cost of \$3.2 billion; including 4.7 million shares of its common stock at an aggregate cost of \$397.7 million during the twenty-four week period ended February 14, 2004.

Note G-Comprehensive Income

Comprehensive income includes foreign currency translation adjustments and changes in the fair value of certain derivative financial instruments that qualify for cash flow hedge accounting. Comprehensive income for all periods presented is as follows:

(in thousands)	Twelve Weeks Ended		Twenty-four Weeks Ended	
	February 14, 2004	February 15, 2003	February 14, 2004	February 15, 2003
Net income, as reported	\$91,654	\$79,275	\$213,398	\$184,186
Foreign currency translation adjustment	287	(7,049)	(773)	(6,491)
Net impact from derivative instruments	288	203	5,377	(2,472)
Comprehensive income	\$92,229	\$72,429	\$218,002	\$175,223

Note H-Product Warranties

The Company or its vendors supplying the products provide the customers limited warranties on certain products that range from 30-day to lifetime warranties. In many 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 are recorded as a component of accrued expenses in the accompanying condensed consolidated balance sheets. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the liability as necessary resulting in income or expense recognition. Changes in the Company's warranty liability since year-end and for the prior year comparative period are as follows:

(in thousands)	Twenty-four Weeks Ended	
	February 14, 2004	February 15, 2003
Balance at beginning of period	\$ 78,482	\$ 82,035
Allowances received from vendors	18,107	51,843
Charge (credit) to earnings	(16,000)	1,000
Claim settlements	(32,163)	(44,092)
Balance at end of period	\$ 48,426	\$ 90,786

Note I- Vendor Allowances

Certain vendor allowances are used exclusively for promotions and to partially or fully offset certain other direct expenses. Such vendor funding arrangements entered into on or before December 31, 2002, were recognized as a reduction to operating, selling, general and administrative expenses when earned. However, for such vendor funding arrangements entered into or modified after December 31, 2002, all vendor funds are recognized as a reduction to cost of sales as the inventories are sold in accordance with Emerging Issues Task Force Issue No. 02-16, "Accounting by a Customer (Including a Reseller) for Cash Consideration Received from a Vendor" ("EITF 02-16"). As a result of the adoption of EITF 02-16, cost of sales for the twelve and twenty-four week periods ended February 14, 2004, included \$29.6 million and \$51.2 million, respectively, in vendor allowances that prior to the accounting change would have been recorded as a reduction to operating, selling, general and administrative expenses.

Note J- Legal Proceedings

The Company was one of multiple defendants in a lawsuit entitled "Coalition for a Level Playing Field, L.L.C., et al., v. AutoZone, Inc., et al." filed in the U.S. District Court for the Eastern District of New York in February 2000. The case was brought by approximately 225 plaintiffs, which are principally automotive aftermarket warehouse distributors and jobbers. The plaintiffs claimed that the defendants knowingly received volume discounts, rebates, slotting and other allowances, fees, free inventory, sham advertising and promotional payments, a share in the manufacturers' profits, and excessive payments for services purportedly performed for the manufacturers in violation of the Robinson-Patman Act. Plaintiffs sought unspecified damages (prior to statutory trebling), ranging from several million dollars to \$35 million for each plaintiff, and a permanent injunction prohibiting defendants from committing further violations of the Robinson-Patman Act and from opening any further stores to compete with plaintiffs as long as defendants continue to violate the Act. The claims of 22 of the original plaintiffs were tried to a jury verdict in favor of the Company in January 2003. In February 2003, the plaintiffs involved in the trial filed a notice to appeal. In November 2003, the appeals court upheld the jury's trial decision in favor of the Company.

In July 2003, approximately 200 plaintiffs in the original lawsuit, whose cases had been dismissed without prejudice and with leave to reinstate their claims, filed a notice to be reactivated as parties in the lawsuit and for their claims against the defendants to be reinstated. In September 2003, the previously dismissed plaintiffs filed a "Motion for a Preliminary Injunction (and Related Temporary Restraining Order) Against the AutoZone Defendants as to Payment On Scan Transactions with the Auto Parts Manufacturers." On February 13, 2004, the U.S. District Court in New York dismissed the case of the approximately 200 remaining plaintiffs, with right to refile.

The Company currently, and from time to time, is involved in various other legal proceedings incidental to the conduct of its business. Although the amount of liability that may result from these proceedings cannot be ascertained, the Company does not currently believe

that, in the aggregate, these other matters will result in liabilities material to the Company's financial condition, results of operations or cash flows.

Independent Accountants' Review Report

Stockholders
AutoZone, Inc.

We have reviewed the accompanying condensed consolidated balance sheet of AutoZone, Inc. as of February 14, 2004, the related condensed consolidated statements of income for the twelve week and twenty-four week periods ended February 14, 2004 and February 15, 2003, and the condensed consolidated statements of cash flows for the twenty-four week periods ended February 14, 2004 and February 15, 2003. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, which will be performed for the full year with the objective of expressing an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheet of AutoZone, Inc. as of August 30, 2003, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended (not presented herein) and, in our report dated September 22, 2003, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of August 30, 2003 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ ERNST & YOUNG LLP

Memphis, Tennessee
March 1, 2004

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

Overview

We are the nation’s leading retailer of automotive parts and accessories, with most of our sales to do-it-yourself (DIY) customers. At February 14, 2004, we operated 3,299 domestic stores and 55 stores in Mexico, compared with 3,122 domestic stores and 41 stores in Mexico at February 15, 2003. Each of our stores carries an extensive product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items and accessories. In many of our domestic stores we also have a commercial sales program that provides commercial credit and prompt delivery of parts and other products to local, regional and national repair garages, dealers and service stations. We also sell the ALLDATA brand diagnostic and repair software. On the web, we sell diagnostic and repair information and auto and light truck parts through www.autozone.com. We do not derive revenue from automotive repair or installation.

Operating results for the twelve and twenty-four weeks ended February 14, 2004, are not necessarily indicative of the results that may be expected for the fiscal year ending August 28, 2004. Each of the first three quarters of our fiscal year consists of 12 weeks, and the fourth quarter consists of 16 to 17 weeks. Additionally, our business is somewhat seasonal in nature, with the highest sales generally occurring in the summer months of June through August and the lowest sales generally occurring in the winter months of December through February.

**Twelve Weeks Ended February 14, 2004,
Compared with Twelve Weeks Ended February 15, 2003**

Net sales for the twelve weeks ended February 14, 2004, increased \$38.5 million to \$1.2 billion, or 3.4%, over net sales of \$1.1 billion for the comparable prior year period. This increase in sales was primarily driven by sales from new stores as comparable store sales, or sales for domestic stores opened at least one year, were up 0.4% overall. A 10.0% increase in commercial same store sales offset a 1% decrease in retail same store sales for domestic stores. ALLDATA and Mexico sales contributed 0.4 percentage points to the overall increase in net sales.

Gross profit for the twelve weeks ended February 14, 2004, was \$564.3 million, or 48.7% of net sales, compared with \$496.0 million, or 44.3% of net sales, during the comparable prior year period. Of the 4.4 percentage point gross profit margin improvement over the prior year period, 2.6 percentage points were driven by the change in classification of vendor funding from operating, selling, general and administrative expenses to cost of sales in accordance with Emerging Issues Task Force Issue No. 02-16, “Accounting by a Customer (including a Reseller) for Cash Consideration Received From a Vendor” (“EITF 02-16”). We implemented EITF 02-16 during the quarter ended May 10, 2003. Prior periods are not reclassified for comparability to the current presentation. The remaining 1.8 percentage points of improvement in gross profit margin was primarily attributable to our supply chain initiatives, tailoring merchandise mix, the continued implementation of our Good/Better/Best initiative, cost and funding negotiations with

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vendors and adjusting prices where appropriate. We experienced no one-time gain from warranty during the twelve-week period ended February 14, 2004.

Operating, selling, general and administrative expenses for the twelve weeks ended February 14, 2004, increased by \$47.3 million over such expenses for the comparable prior year period, and increased as a percentage of net sales from 31.1% to 34.1%. The 3.0 percentage point increase over the prior year period is primarily due to a 2.6 percentage point increase resulting from the implementation of EITF 02-16. The remaining increase is primarily due to an initiative to refresh approximately 200 stores during the quarter and to open 62 incremental commercial sales programs.

Interest expense, net for the twelve weeks ended February 14, 2004, was \$21.9 million compared with \$19.6 million during the comparable prior year period. This increase was due to higher average borrowing levels over the comparable prior year period. Average borrowings for the twelve weeks ended February 14, 2004, were \$1.7 billion, compared with \$1.4 billion for the same period of fiscal 2003. Weighted average borrowing rates were 4.6% at both February 14, 2004, and at February 15, 2003.

Our effective income tax rate was 37.5% of pretax income for the twelve weeks ended February 14, 2004, and 38.0% for the comparable prior year period.

Net income for the twelve week period ended February 14, 2004, increased by 15.6% to \$91.7 million, and diluted earnings per share increased by 31.9% to \$1.04 from \$0.79 in the comparable prior year period. The impact on current quarter diluted earnings per share from the stock repurchases since the end of the comparable prior year period was an increase of \$0.13.

Twenty-four Weeks Ended February 14, 2004, Compared with Twenty-four Weeks Ended February 15, 2003

Net sales for the twenty-four weeks ended February 14, 2004, increased \$101.9 million to \$2.4 billion, or 4.4%, over net sales of \$2.3 billion for the comparable prior year period. This increase in sales was primarily driven by sales from new stores as comparable store sales, or sales for domestic stores opened at least one year, were up 1.5% overall. This increase was driven by a 13.3% increase in commercial same store sales, while retail same store sales for domestic stores were flat. ALLDATA and Mexico sales contributed 0.3 percentage points to the overall increase in net sales.

Gross profit for the twenty-four weeks ended February 14, 2004, was \$1.2 billion, or 48.2% of net sales, compared with \$1.0 billion, or 44.7% of net sales, during the comparable prior year period. Of the 3.5 percentage point gross profit margin improvement over the prior year period, 2.1 percentage points were driven by the change in classification of vendor funding from operating, selling, general and administrative expenses to cost of sales in accordance with EITF 02-16 which we implemented during the quarter ended May 10, 2003. Prior periods are not reclassified for comparability to the current presentation. The remaining 1.4 percentage point of improvement in gross profit margin was primarily attributable to our continued efforts to

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minimize our warranty exposure through renegotiating with our vendors, supply chain initiatives, tailoring merchandise mix, the continued implementation of our Good/Better/Best initiative, cost negotiations with vendors and adjusting prices where appropriate. These renegotiations with our vendors resulted in a \$16.0 million favorable adjustment to warranty expense during the first quarter of this fiscal year. However, these vendor negotiations created other related offsetting cost increases that resulted in a \$14.1 million net pre-tax impact to the first quarter earnings related to warranties.

Operating, selling, general and administrative expenses for the twenty-four weeks ended February 14, 2004, increased by \$84.2 million over such expenses for the comparable prior year period, and increased as a percentage of net sales from 30.3% to 32.5%. The 2.2 percentage point increase over the prior year period is primarily due to the 2.1 percentage point increase resulting from the implementation of EITF 02-16.

Interest expense, net for the twenty-four weeks ended February 14, 2004, was \$42.2 million compared with \$38.7 million during the comparable prior year period. The increase in interest expense was due to higher average borrowing levels over the comparable prior year period. Average borrowings for the twenty-four weeks ended February 14, 2004, were \$1.7 billion, compared with \$1.4 billion for the comparable prior year period.

Our effective income tax rate was 37.5% of pretax income for the twenty-four weeks ended February 14, 2004, and 38.0% for the comparable prior year period.

Net income for the twenty-four week period ended February 14, 2004, increased by 15.9% to \$213.4 million, and diluted earnings per share increased by 30.9% to \$2.39 from \$1.83 in the comparable prior year period. The impact on reported diluted earnings per share from the stock repurchases since the end of the comparable prior year period was an increase of \$0.27.

Liquidity and Capital Resources

The primary source of our liquidity is through the cash flows realized through the sale of automotive parts and accessories. For the twenty-four weeks ended February 14, 2004, our net cash flows from operating activities provided \$170.0 million as compared to \$51.2 million during the comparable prior year period. This improvement over the comparable prior year period is due primarily to reduced merchandise inventory levels and the increase in net income. In future periods inventory levels will be further reduced through the use of "pay-on-scan" ("POS") arrangements with certain vendors. Under a POS arrangement, AutoZone will not pay for merchandise supplied by a vendor until that merchandise is ultimately sold to AutoZone's customers. Revenues under POS arrangements are included in net sales in the income statement. Since we do not own POS inventory until just before it is sold to a customer, inventories under the program are not included on our condensed consolidated balance sheet. Although the amounts involved under these arrangements are immaterial at February 14, 2004, we continue to actively negotiate with our vendors to significantly increase the use of POS arrangements. Also improving cash flows is the year-over-year increase in vendor payables as a result of our ability to extend payment terms with our vendors. In some cases we have entered into arrangements

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with some of our vendors and banks that, through our issuance of negotiable instruments to our vendors, the vendors can negotiate the instruments at attractive discount rates due to our credit rating. At February 14, 2004 and August 30, 2003, approximately \$276.5 million and \$212.5 million, respectively, are payable by us under these arrangements and are included in accounts payable in the accompanying condensed consolidated balance sheets.

Additionally, our net cash flows from investing activities used \$68.5 million as compared with \$53.5 million used in the comparable prior year period. Capital expenditures for the twenty-four weeks ended February 14, 2004, were \$69.5 million compared to \$61.8 million for the comparable prior year period. During this twenty-four week period, we opened 80 net new domestic stores, including one store that replaced an existing store, and opened six new stores in Mexico. In the comparable prior year period, we opened 54 net new domestic stores and two stores in Mexico. Capital expenditures for this fiscal year are estimated at \$250 million, primarily related to the planned opening of approximately 195 new domestic stores during this year and other initiatives.

Our net cash flows from financing activities for the twenty-four weeks ended February 14, 2004, used \$101.6 million as compared to providing \$2.4 million in the comparable prior year period. The current period reflects \$500.0 million in proceeds from the issuance of senior notes and \$170.7 million in net proceeds from commercial paper borrowings, partially offset by debt payments of \$430.6 million, as compared to \$300.0 million in proceeds from the issuance of senior notes, offset by net commercial paper repayments of \$39.3 million and debt payments of \$115.7 million in the prior year comparable period. Stock repurchases were \$397.7 million in the current period as compared with \$159.5 million in stock repurchases in the comparable prior year period. The settlement of interest rate hedge instruments provided \$32.2 million during the current period, with no such activity in the comparable prior year period. For the twenty-four weeks ended February 14, 2004, exercises of stock options provided \$39.8 million, including \$17.3 million in related tax benefits that are reflected in cash flows from operating activities. In the comparable prior year period, exercises of stock options provided \$42.3 million, including \$19.5 million in related tax benefits. At February 14, 2004, options to purchase 1.7 million shares were exercisable at a weighted average exercise price of \$37.

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 to support a majority of our capital expenditures, working capital requirements and stock repurchases. The balance will be funded through borrowings. We anticipate that we will be able to obtain such financing in view of our credit rating and favorable experiences in the debt market in the past.

At February 14, 2004, AutoZone had a senior unsecured debt credit rating from Standard & Poor's of BBB+ and a commercial paper rating of A-2. Moody's Investors Service had assigned us a senior unsecured debt credit rating of Baa2 and a commercial paper rating of P-2. As of February 14, 2004, Moody's and Standard & Poor's had AutoZone listed as having a "negative" and "stable" outlook, respectively. If our credit ratings drop, our interest expense may increase; similarly, we anticipate that our interest expense may decrease if our investment ratings are raised. If our commercial paper ratings drop below current levels, we may have

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difficulty continuing to utilize the commercial paper market and our interest expense will increase, as we will then be required to access more expensive bank lines of credit. If our senior unsecured debt ratings drop below investment grade, our access to financing may become more limited.

We maintain \$950 million of revolving credit facilities with a group of banks. Of the \$950 million, \$300 million expires in May 2004. The remaining \$650 million expires in May 2005. The portion expiring in May 2004 will be renewed, replaced or the option to extend the maturity date of the then-outstanding debt by one year will be exercised. The credit facilities exist primarily to support commercial paper borrowings, letters of credit and other short term unsecured bank loans. As the available balance is reduced by outstanding letters of credit, we had \$872.6 million in available capacity under these credit facilities at February 14, 2004. The rate of interest payable under the credit facilities is a function of the London Interbank Offered Rate (LIBOR), the lending bank's base rate (as defined in the agreement) or a competitive bid rate at our option.

During November 2003, we issued \$300 million of 5.5% senior notes due November 2015 and \$200 million of 4.75% senior notes due November 2010. Interest under both notes is payable in May and November of each year. Proceeds were used to repay \$250 million in a bank term loan, \$150 million in 6% senior notes and to reduce commercial paper borrowings. Also during the quarter ended November 22, 2003, we settled all open interest rate hedge instruments, including interest rate swap contracts, treasury lock agreements and forward starting interest rate swaps.

We have agreed to observe financial covenants under the terms of our borrowing agreements, including limitations on total indebtedness, restrictions on liens and minimum fixed charge coverage. All of the repayment obligations under our borrowing agreements may be accelerated and come due prior to the scheduled payment date if covenants are breached or an event of default occurs. Additionally, the repayment obligations may be accelerated if we experience a change in control (as defined in the agreements) of AutoZone or its Board of Directors. As of February 14, 2004, we were in compliance with all covenants and expect to remain in compliance with all covenants.

As of February 14, 2004, the Board of Directors had authorized us to repurchase up to \$3.3 billion of common stock in the open market. From January 1998 to February 14, 2004, we repurchased a total of 76.7 million shares at an aggregate cost of \$3.2 billion; including 4.7 million shares of our common stock at an aggregate cost of \$397.7 million during the twenty-four week period ended February 14, 2004.

Off-Balance Sheet Arrangements

In conjunction with our commercial sales program, we offer credit to some of our commercial customers. The receivables related to the credit program are sold to a third party at a discount for cash with limited recourse. We have established a reserve for this recourse. At

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February 14, 2004, the receivables facility had an outstanding balance of \$37.0 million and the balance of the recourse reserve was \$5.0 million.

Since fiscal year end, we have issued additional and increased existing stand-by letters of credit that are primarily renewed on an annual basis to cover premium and deductible payments to our workers' compensation carrier and cancelled some surety bonds. Our total standby letters of credit commitment at February 14, 2004, was \$77.4 million compared with \$52.8 million at August 30, 2003, and our total surety bonds commitment at February 14, 2004, was \$3.9 million compared with \$8.1 million at August 30, 2003.

Critical Accounting Policies

As there have been no changes to our critical accounting policies during fiscal 2004, refer to our annual report on Form 10-K for the fiscal year ended August 30, 2003 for a summary of our policies.

Forward-Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q are forward-looking statements. Forward-looking statements typically use words such as "believe," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy," and similar expressions. These are based on our assumptions and assessments made by our management in light of experience and perception of historical trends, current conditions, expected future developments and other factors that we believe to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties, including without limitation, competition; product demand; the economy; the ability to hire and retain qualified employees; consumer debt levels; inflation; gasoline prices; war and the prospect of war, including terrorist activity; and availability of commercial transportation. Forward-looking statements are not guarantees of future performance and actual results; developments and business decisions may differ from those contemplated by such forward-looking statements, and such events could materially and adversely affect our business. Forward-looking statements speak only as of the date made. Except as required by applicable law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Actual results may materially differ from anticipated results. Please refer to the Risk Factors section contained in our Form 10-K for the fiscal year ended August 30, 2003, for more details.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

At February 14, 2004, there had been no material changes since the disclosures in our annual report to our instruments and positions that are sensitive to market risk except for a \$109.9 million reduction in variable rate debt, a \$350.0 million net increase in fixed rate debt and the settlement of all of our open interest rate hedge instruments, including interest rate swap

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contracts, treasury lock agreements and forward starting interest rate swaps. We had \$446.9 million of variable rate debt outstanding at February 14, 2004, and \$556.8 million outstanding at August 30, 2003, both of which exclude the effect of any interest rate swaps designated and effective as cash flow hedges of such variable rate debt. At these borrowing levels for variable rate debt, a one percentage point increase in interest rates would have had an unfavorable impact on AutoZone's pretax earnings and cash flows of \$4.5 million in fiscal 2004 and \$5.3 million in fiscal 2003, which includes the effects of any interest rate swaps. The primary interest rate exposure on variable rate debt is based on LIBOR. We had \$1.3 billion and \$990.0 million, respectively, of fixed rate debt outstanding at February 14, 2004, and August 30, 2003. A one percentage point increase in interest rates would reduce the fair value of our fixed rate debt by \$82.4 million at February 14, 2004, and \$47.0 million at August 30, 2003.

Item 4. Controls and Procedures.

As of February 14, 2004, an evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of February 14, 2004. No significant changes in our internal controls or in other factors have occurred that could significantly affect controls subsequent to February 14, 2004.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The Company was one of multiple defendants in a lawsuit entitled "Coalition for a Level Playing Field, L.L.C., et al., v. AutoZone, Inc., et al." filed in the U.S. District Court for the Eastern District of New York in February 2000. The case was brought by approximately 225 plaintiffs, which are principally automotive aftermarket warehouse distributors and jobbers. The plaintiffs claimed that the defendants knowingly received volume discounts, rebates, slotting and other allowances, fees, free inventory, sham advertising and promotional payments, a share in the manufacturers' profits, and excessive payments for services purportedly performed for the manufacturers in violation of the Robinson-Patman Act. Plaintiffs sought unspecified damages (prior to statutory trebling), ranging from several million dollars to \$35 million for each plaintiff, and a permanent injunction prohibiting defendants from committing further violations of the Robinson-Patman Act and from opening any further stores to compete with plaintiffs as long as defendants continue to violate the Act. The claims of 22 of the original plaintiffs were tried to a jury verdict in favor of the Company in January 2003. In February 2003, the plaintiffs involved in the trial filed a notice to appeal. In November 2003, the appeals court upheld the jury's trial decision in favor of the Company.

In July 2003, approximately 200 plaintiffs in the original lawsuit, whose cases had been dismissed without prejudice and with leave to reinstate their claims, filed a notice to be

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reactivated as parties in the lawsuit and for their claims against the defendants to be reinstated. In September 2003, the previously dismissed plaintiffs filed a "Motion for a Preliminary Injunction (and Related Temporary Restraining Order) Against the AutoZone Defendants as to Payment On Scan Transactions with the Auto Parts Manufacturers." On February 13, 2004, the U.S. District Court in New York dismissed the case of the approximately 200 remaining plaintiffs, with right to refile.

The Company currently, and from time to time, is involved in various other legal proceedings incidental to the conduct of its business. Although the amount of liability that may result from these proceedings cannot be ascertained, the Company does not currently believe that, in the aggregate, these other matters will result in liabilities material to the Company's financial condition, results of operations or cash flows.

Item 2. Changes in Securities and Use of Proceeds.

Shares of common stock repurchased by the Company during the quarter ended February 14, 2004, were as follows:

Issuer Repurchases of Equity Securities

<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>
November 23, 2003, to December 20, 2003	1,459,800	\$81.57	74,123,559	\$293,668,163
December 21, 2003, to January 17, 2004	1,705,200	83.93	75,828,759	150,543,917
January 18, 2004, to February 14, 2004	869,300	86.30	76,698,059	75,526,045
Total	4,034,300	\$83.59	76,698,059	\$ 75,526,045

All of the above repurchases were part of publicly announced plans that were authorized by the Company's Board of Directors for a maximum of \$3.3 billion in common shares. The program was initially announced in January 1998, and was most recently amended in June 2003, to increase the repurchase authorization to \$3.3 billion from \$2.8 billion. The program does not have an expiration date.

Item 3. Defaults Upon Senior Securities.

Not applicable.

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

- (a) The Annual Meeting of Stockholders was held on December 11, 2003.
- (b) Not applicable.
- (c) 1. All nominees for director were elected pursuant to the following vote:

Nominee	Votes For	Votes Withheld
Charles M. Elson	65,285,337	587,880
Marsha J. Evans	65,260,139	613,078
Earl G. Graves, Jr.	63,450,214	2,423,003
N. Gerry House	65,268,869	604,348
J.R. Hyde, III	64,854,145	1,019,072
Edward S. Lampert	65,057,486	815,731
W. Andrew McKenna	63,475,950	2,397,267
Steve Odland	64,415,900	1,457,317
James J. Postl	63,453,362	2,419,855

- 2. For the approval of Ernst & Young LLP as independent auditors:

For:	61,753,571
Against:	3,752,717
Abstain:	366,929

- (d) Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits and Reports on Form 8-K

- (a) The following exhibits are filed as part of this report:
- 3.1 Restated Articles of Incorporation of AutoZone, Inc. incorporated by reference to Exhibit 3.1 to the Form 10-Q for the quarter ended February 13, 1999.
 - 3.2 Third Amended and Restated By-laws of AutoZone, Inc. incorporated by reference to Exhibit 3.1 to the Form 8-K dated October 1, 2002.
 - *10.1 Non-Compete Agreement between Steve Handschuh and AutoZone, Inc., dated January 13, 2004.
 - *10.2 Second Amended and Restated Executive Stock Purchase Plan.
 - 12.1 Computation of Ratio of Earnings to Fixed Charges.
 - 15.1 Letter Regarding Unaudited Interim Financial Statements.
 - 31.1 Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
 - 31.2 Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
 - 32.1 Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
 - 32.2 Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
 - * Management contract or compensatory plan or arrangement.
- (b) During the quarter ended February 14, 2004, the Company filed a report on Form 8-K dated December 9, 2003, furnishing a press release regarding the financial results for the quarter ended November 22, 2003.

SIGNATURES

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

AUTOZONE, INC.

By: /s/ MICHAEL ARCHBOLD _____

Michael Archbold
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ CHARLIE PLEAS III _____

Charlie Pleas III
Vice President, Controller
(Principal Accounting Officer)

Dated: March 15, 2004

EXHIBIT INDEX

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- * Management contract or compensatory plan or arrangement.

NON-COMPETE AGREEMENT

This Non-Compete agreement is entered into this 13th day of January, 2004, by and between AutoZone, Inc., a Nevada corporation and its various subsidiaries (collectively "AutoZone") and Steve Handschuh, an individual residing in Marietta, GA. ("Employee").

RECITALS

1. AutoZone is employing Employee as an officer of AutoZone with such employment to be "at will" and terminable at any time.
2. In connection with his employment with AutoZone, Employee will have access to confidential and proprietary information of AutoZone.

Therefore in consideration of such employment by AutoZone and for other good and valuable consideration received and hereby acknowledged, Employee and AutoZone agree as follows:

1. (i) If Employee terminates his employment with AutoZone or (ii) his employment is terminated by AutoZone for Cause (as defined below) or (iii) his employment is terminated by AutoZone without Cause and Employee fails to waive any and all rights to severance pay, then Employee agrees that he will not, for the period commencing on the termination date of his employment with AutoZone and continuing for a period of two years, be engaged in or concerned with, directly or indirectly, any business related to or involved in the retail sale of auto parts to "DIY" customers, or the wholesale or retail sale of auto parts to commercial installers in any state, province, territory or foreign country in which AutoZone operates now or shall operate during the term set forth in this non-compete agreement (herein called "Competitor"), as an employee, director, consultant, beneficial or record owner, partner, joint venturer, officer or agent of the Competitor.

"Cause" shall mean the willful engagement by the Employee in conduct which is demonstrably or materially injurious to AutoZone, monetarily or otherwise. For this purpose, no act or failure to act by the Employee shall be considered "willful" unless done, or omitted to be done, by the Employee not in good faith and without reasonable belief that his action or omission was in the best interest of AutoZone.

The parties acknowledge and agree that the time, scope, geographic area and other provisions of this Non-Compete section have been specifically negotiated by sophisticated commercial parties and specifically hereby agree that such time, scope, geographic area and other provisions are reasonable under the circumstances.

Further, Employee agrees not to hire, for himself or any other entity, encourage anyone or entity to hire, or entice away from AutoZone any employee of AutoZone during the term of this non-compete agreement.

2. Unless otherwise required by law, Employee shall hold in confidence any proprietary or confidential information obtained by him during his employment with AutoZone, which shall include, but not be limited to, information regarding AutoZone's present and future business plans, vendors, systems, operations and personnel. Confidential information shall not include information: (a) publicly disclosed by AutoZone; (b) rightfully received by Employee from a third party without restrictions on disclosure (c) approved for release or disclosure by AutoZone; or (d) produced or disclosed pursuant to applicable laws, regulation or court order. Employee acknowledges that all such confidential or proprietary information is and shall remain the sole property of AutoZone and all embodiments of such information shall remain with AutoZone.

3. In the event of breach by Employee of any provision of this Agreement, Employee acknowledges that such breach will cause irreparable damage to AutoZone, the exact amount of which will be difficult or impossible to ascertain, and that remedies at law for any such breach will be inadequate. Accordingly, AutoZone shall be entitled, in addition to any other rights or remedies existing in its favor, to obtain, without the necessity for any bond or other security, specific performance and/or injunctive relief in order to enforce, or prevent breach of any such provision.

4. Any waiver of any breach of this Agreement by AutoZone shall not operate or be construed as a waiver of any subsequent breach by Employee. No waiver shall be valid unless in writing and signed by an authorized officer of AutoZone.

5. This Agreement shall be governed and construed by the laws of the State of Tennessee, without regard to its choice of law rules. The parties agree that the only proper venue for any dispute under this Agreement shall be in the state or federal courts located in Shelby County, Tennessee.

6. Nothing in this agreement shall create any contract for employment and Employee's employment by AutoZone is "at will" and terminable at any time by either AutoZone or employee.

IN WITNESS WHEREOF, the respective parties execute this Agreement.

AUTOZONE, INC.

By: /s/ STEVE ODLAND

/s/ STEVE HANDSCHUH
Employee

Title: Chairman, President & CEO

Date

By: /s/ HARRY L. GOLDSMITH

Title: Sr. V.P., General Counsel & Secretary

AUTOZONE, INC.
SECOND AMENDED AND RESTATED
EXECUTIVE STOCK PURCHASE PLAN

AUTOZONE, INC., a corporation organized under the laws of the State of Nevada, by resolution of its Board of Directors on October 2, 2001, hereby adopts the AutoZone, Inc. Executive Stock Purchase Plan (the "Plan"), subject to the approval of the Plan by the stockholders of the Company as provided in paragraph 15 of the Plan. The Plan was approved by the stockholders on December 13, 2001. This Plan was Amended and Restated on July 29, 2002, and December 10, 2003, by the Compensation Committee.

The purposes of the Plan are as follows:

(1) To assist selected employees of the Company or of a Parent or Subsidiary of the Company in acquiring a stock ownership interest in the Company above the maximum amount of stock ownership interest allowable pursuant to the AutoZone, Inc. Second Amended and Restated Employee Stock Purchase Plan (the "ESPP"). The Plan is not intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended.

(2) To help selected employees provide for their future security and to encourage them to remain in the employment of the Company or of a Parent or Subsidiary of the Company.

1. DEFINITIONS

Whenever any of the following terms are used in the Plan with the first letter or letters capitalized, they shall have the meaning specified below unless the context clearly indicates to the contrary. The masculine pronoun shall include the feminine and neuter and the singular shall include the plural where the context so indicates:

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Cause" shall mean the willful engagement by the Employee in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise, as determined by the Committee.

(c) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(d) "Committee" shall mean the Compensation Committee of the Board appointed to administer the Plan pursuant to paragraph 12.

(e) "Company" shall mean AutoZone, Inc., a Nevada corporation.

(f) "Date of Exercise" shall mean with respect to any Option (i) the March 31 of the Plan Year in which the Option was granted (in the case of an Option granted on January 1), (ii) the

June 30 of the Plan Year in which the Option was granted (in the case of an Option granted on April 1), (iii) the September 30 of the Plan Year in which the Option was granted (in the case of an Option granted on July 1), (iv) the December 31 of the Plan Year in which the Option was granted (in the case of an Option granted on October 1) or (v) such other day, as may be determined by the Committee, of the Plan Year in which the Option was granted.

(g) "Date of Grant" shall mean the date upon which an Option is granted, as set forth in subparagraph 3(a).

(h) "Disability" shall mean a permanent and total disability within the meaning of Section 22(e)(3) of the Code, or such other definition as the Committee shall provide in its discretion.

(i) "Eligible Compensation" shall mean (i) the Eligible Employee's rate of pay for the immediately preceding fiscal year based on the base salary plus annual incentive compensation paid for the fiscal year, if the Eligible Employee was employed by the Company for the full preceding fiscal year, otherwise (ii) the Eligible Employee's annualized current salary plus any annual incentive compensation accrued for the fiscal year as of the Date of Grant.

(j) "Eligible Employee" shall mean an employee of the Company and those of any present or future Parent or Subsidiary of the Company incorporated under the laws of a state of the United States of America who is selected by the Committee and designated in writing to be eligible to participate in the Plan.

(k) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(l) "Form" shall mean either a paper form or a form on electronic media, prepared by the Company.

(m) "Normal Retirement Date" shall mean a Participant's normal retirement date as set forth in the AutoZone, Inc. Associate's Pension Plan, as it may be amended from time to time.

(n) "Option" shall mean an option granted under the Plan to an Eligible Employee to purchase shares of the Company's Stock.

(o) "Option Period" shall mean with respect to any Option the period beginning upon the Date of Grant and ending upon the Date of Exercise.

(p) "Option Price" has the meaning set forth in subparagraph 4(b).

(q) "Parent of the Company" shall mean any corporation, other than the Company, in an unbroken chain of corporations ending with the Company if, at the time of the granting of the Option each of the corporations other than the Company owns stock possessing more than 50% of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(r) "Participant" shall mean an Eligible Employee who has complied with the provisions of subparagraph 3(b).

(s) "Plan" shall mean the AutoZone, Inc. Executive Stock Purchase Plan.

(t) "Plan Year" shall mean the calendar year beginning on January 1 and ending on December 31.

(u) "Restricted Share Option" shall mean an Option for Restricted Shares.

(v) "Restricted Share Option Price" has the meaning set forth in subparagraph 4(b)(i).

(w) "Restricted Shares" has the meaning set forth in subparagraph 4(c)(i).

(x) "Securities Act" shall mean the Securities Act of 1933, as amended.

(y) "Stock" shall mean shares of the Company's common stock.

(z) "Subsidiary of the Company" shall mean any corporation other than the Company in an unbroken chain of corporations beginning with the Company if, at the time of the granting of the Option, each of the corporations other than the last corporation in the unbroken chain owns stock possessing more than 50% of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(aa) "Unvested Share Option" shall mean an Option for Unvested Shares.

(bb) "Unvested Share Option Price" has the meaning set forth in subparagraph 4(b)(ii).

(cc) "Unvested Shares" has the meaning set forth in subparagraph 4(c)(ii).

2. STOCK SUBJECT TO THE PLAN

Subject to the provisions of paragraph 9 (relating to adjustment upon changes in the Stock), the Stock which may be sold pursuant to options granted under the Plan shall not exceed in the aggregate 300,000 shares, and may be unissued shares or reacquired shares or shares bought on the market for purposes of the Plan.

3. GRANT OF OPTIONS

(a) General Statement. Following the effective date of the Plan and continuing while the Plan remains in force, the Company may offer Options under the Plan to all Eligible Employees. These Options may be granted four times each Plan Year on the January 1, the April 1, the July 1, or the October 1 of each Plan Year, or on such other days as may be determined by the Committee. The term of each Option shall be for three months and shall end on the March 31 (with respect to a January 1 Date of Grant), the June 30 (with respect to an April 1 Date of Grant), the September 30 (with respect to a July 1 Date of Grant), or the December 31 (with respect to an October 1 Date of Grant) of the Plan Year in which the Option is granted or for

such other term or Date of Exercise as may be determined by the Committee. The Options are granted in consideration of past and future services to the Company. Each Option shall consist of a Restricted Share Option granted together with an Unvested Share Option, and exercise of an Option may only occur by exercising both the Restricted Share Option and the Unvested Share Option together. The number of shares of the Stock subject to each Restricted Share Option shall be the whole number quotient of (i) the aggregate payroll deductions authorized by each Participant in accordance with subparagraph 3(b) for the Option Period divided by (ii) the Restricted Share Option Price. The number of shares of the Stock subject to each Unvested Share Option shall be the whole number quotient of the number of shares subject to the Restricted Share Option for the Option Period divided by 5.66667.

(b) Election To Participate; Payroll Deduction Authorization. An Eligible Employee may participate in the Plan only by payroll deduction. Each Eligible Employee who elects to participate in the Plan shall deliver to the Company during the calendar month next preceding either a January 1 Date of Grant, an April 1 Date of Grant, a July 1 Date of Grant, or an October 1 Date of Grant, or on such other days as may be determined by the Committee, the properly completed Form whereby the Eligible Employee gives notice of the election to participate in the Plan as of the next following Date of Grant, and which shall designate a stated dollar amount, in \$5.00 increments, of Eligible Compensation to be withheld on each regular payday and or bonus payment date. The stated dollar amount may not be less than \$5.00 and may not exceed 25% of the Eligible Employee's Eligible Compensation.

(c) Changes in Payroll Authorization. The payroll deduction authorization referred to in subparagraph 3(b) may only be changed during the enrollment period described in subparagraph 3(b) and may not be changed during the Option Period, except as provided in paragraph 5.

4. EXERCISE OF OPTIONS

(a) General Statement. Each Participant who has purchased the maximum number of shares he or she is permitted to purchase pursuant to the Participant's option granted for the concurrent option period under the ESPP automatically will be deemed to have exercised the Option on each Date of Exercise to the extent that the balance then in the Participant's account under the Plan is sufficient to purchase at the Option Price whole shares of the Stock subject to the Option. The excess balance, if any, in Participant's account shall remain in the account and be available for the purchase of Stock on the following Date of Exercise, provided that no withdrawal from the Plan or termination of employment has occurred under paragraphs 5 or 6. The Option will not be exercised and will be deemed canceled if the Participant has not purchased the maximum number of shares he or she is permitted to purchase pursuant to the Participant's option granted for the concurrent option period under the ESPP.

(b) "Option Price" Defined. The option price per share of the Stock (the "Option Price") to be paid by each Participant on each exercise of an Option shall be as follows:

(i) The Option Price to be paid by each Participant on each exercise of a Restricted Share Option (the "Restricted Share Option Price") shall be an amount equal to 100% of the fair market value of the Stock on the Date of Exercise. The fair market value

of the Stock as of a given date shall be: (A) the closing price of the Stock on the principal exchange on which the Stock is then trading, if any, on such date, or, if the Stock was not traded on such date, then on the next preceding trading day during which a sale occurred; or (B) if such Stock is not traded on an exchange but is quoted on NASDAQ or a successor quotation system, (1) the last sales price (if the Stock is then listed as a National Market Issue under the NASD National Market System) or (2) the mean between the closing representative bid and asked prices (in all other cases) for the Stock on such date as reported by NASDAQ or such successor quotation system; or (C) if such Stock is not publicly traded on an exchange and not quoted on NASDAQ or a successor quotation system, the mean between the closing bid and asked prices for the Stock on such date as determined in good faith by the Committee; or (D) if the Stock is not publicly traded, the fair market value established by the Committee acting in good faith.

(ii) The Option Price to be paid by each Participant on each exercise of an Unvested Share Option (the "Unvested Share Option Price") shall be zero.

(c) Delivery of Share Certificates.

(i) For a number of shares of Stock which are purchased upon the exercise of a Restricted Share Option (the "Restricted Shares"), upon the first anniversary of the Date of Exercise and upon proper completion and submission of the proper Form to the Company, the Company shall deliver to such Participant a certificate issued in Participant's name for such number of shares. The Restricted Shares shall not be transferable or assignable by the Participant until the first anniversary of the Date of Exercise.

(ii) For a number of shares of Stock which are purchased upon the exercise of an Unvested Share Option (the "Unvested Shares"), subject to the Participant's continued employment with the Company except as provided below, on the first anniversary of the Date of Exercise and upon the proper completion and submission of the proper Form to the Company, the Company shall deliver to such Participant a certificate issued in Participant's name for such number of shares. If a Participant's employment with the Company is terminated prior to the first anniversary of the Date of Exercise, except 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 Unvested Shares shall be forfeited and the Participant shall have no further interest in the Unvested Shares. Upon the termination of a Participant's employment with the Company 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 Unvested Shares shall be vested and upon the proper completion and submission of the proper Form to the Company, the Company shall deliver to such Participant a certificate issued in Participant's name for the Unvested Shares.

(iii) In the event the Company is required to obtain from any commission or agency authority to issue any such certificate, the Company will seek to obtain such authority. The inability of the Company to obtain from any such commission or agency

authority which counsel for the Company deems necessary for the lawful issuance of any such certificate shall relieve the Company from liability to any Participant except to return the amount of the balance in the account in cash.

5. WITHDRAWAL FROM THE PLAN

(a) General Statement. Any Participant may withdraw from the Plan at any time. A Participant who wishes to withdraw from the Plan must deliver to the Company a notice of withdrawal in a Form prepared by the Company. The Company, as soon as practicable following receipt of a Participant's notice of withdrawal, will refund to the Participant the amount of the balance in the account under the Plan. Upon receipt of a Participant's notice of withdrawal from the Plan, automatically and without any further act on the part of the Participant, the payroll deduction authorization, any interest in the Plan, and any Option under the Plan shall terminate.

(b) Participation Following Withdrawal. A Participant who withdraws from the Plan may participate again in the Plan on the next January 1, April 1, July 1, or October 1 immediately following the date of withdrawal, or on such other days as may be determined by the Committee.

(c) Stock Subject to Plan. Notwithstanding a Participant's withdrawal from the Plan, any Stock acquired under the Plan shall remain subject to the terms of the Plan.

6. TERMINATION OF EMPLOYMENT

(a) Termination of Employment Other Than By Retirement, Death, Disability, or Without Cause. If the employment of a Participant is terminated other than by reason of the Participant's (i) retirement on or after the Participant's Normal Retirement Date, or earlier or later with the consent of the Committee, (ii) death, (iii) Disability, or (iv) termination by the Company without Cause, then participation in the Plan automatically shall terminate as of the date of the termination of employment. As soon as practicable after such a Participant's termination of employment, the Company will refund the amount of the balance in that account under the Plan. Upon a Participant's termination of employment under this subparagraph 6(a), any Option under the Plan shall terminate.

(b) Termination of Employment By Retirement, Disability, or Without Cause. A Participant (i) who retires on or after the Participant's Normal Retirement Date, or earlier or later with the consent of the Committee, (ii) whose employment is terminated by reason of the Participant's Disability, or (iii) whose employment is terminated by the Company without Cause, may by written notice to the Company request payment of the balance in the account under the Plan, in which event the Company shall make such payment as soon as practicable after receiving such notice; upon receipt of such notice, the Participant's interest in any Option under the Plan shall terminate. If the Company does not receive such notice prior to the next Date of Exercise, such Participant's Option will be deemed to have been exercised on such Date of Exercise.

(c) Termination of Employment By Death. If the employment of a Participant is terminated by the Participant's death, the executor of the Participant's will or the administrator of

the Participant's estate by written notice to the Company may request payment of the balance in the Participant's account under the Plan, in which event the Company shall make such payment without any interest thereon as soon as practicable after receiving such notice. Upon receipt of such notice, the Participant's interest in the Plan and Option under the Plan shall terminate. If the Company does not receive such notice prior to the next Date of Exercise, the Participant's Option shall be deemed to have been exercised on such Date of Exercise.

7. RESTRICTION UPON ASSIGNMENT

No Option or interest or right therein or part thereof shall be liable for the debts, contracts or engagements of any Participant or any successor in interest, nor shall any Option be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means, whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and attempted disposition thereof shall be null and void and of no effect; provided, however, that nothing in this paragraph shall prevent transfers by will or by the applicable laws of descent and distribution. Except as provided in subparagraph 6(c), an Option may not be exercised to any extent except by the Participant.

8. NO RIGHTS OF STOCKHOLDER UNTIL OPTION IS EXERCISED

With respect to shares of the Stock subject to an Option, a Participant shall not be deemed to be a stockholder of the Company, and shall not have any of the rights or privileges of a stockholder. A Participant shall have the rights and privileges of a stockholder of the Company when, but not until, an Option is exercised.

9. CHANGES IN THE STOCK; ADJUSTMENTS OF AN OPTION

Whenever any change is made in the Stock or to Options outstanding under the Plan, by reason of stock dividend or by reason of division, combination or reclassification of shares, appropriate action will be taken by the Committee to adjust accordingly the number of shares of the Stock subject to the Plan and the number and the Option Price of shares of the Stock subject to the Options outstanding under the Plan.

10. USE OF FUNDS; NO INTEREST PAID

All funds received or held by the Company under the Plan will be included in the general funds of the Company free of any trust or other restriction and may be used for any corporate purpose. No interest will be paid to any Participant or credited to any account under the Plan with respect to such funds.

11. AMENDMENT OF THE PLAN

The Committee may amend, suspend or terminate the Plan at any time and from time to time; provided, however, that approval by the vote of the holders of more than 50% of the shares of the Company's Stock present in person or by proxy and entitled to vote at a meeting shall be required to amend the Plan (i) to increase the number of shares of Stock available under the Plan, (ii) to decrease the Option Price below a price computed in the manner stated in subparagraph 4(b), (iii) to materially alter the requirements for eligibility to participate in the Plan, or (iv) to modify the Plan in a manner requiring stockholder approval under the Code or the Exchange Act.

12. ADMINISTRATION BY COMMITTEE; RULES AND REGULATIONS

(a) Administration. The Plan shall be administered by the Compensation Committee of the Board.

(b) Duties And Powers of Committee. It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with its provisions. The Committee shall have the power to interpret the Plan and the Options and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. The Board shall have no right to exercise any of the rights or duties of the Committee under the Plan.

(c) Majority Rule. The Committee shall act by a majority of its members in office. The Committee may act either by vote at a meeting or by a memorandum or other written instrument signed by a majority of the Committee.

(d) Professional Assistance; Good Faith Actions. The Committee may employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Committee, the Company and its officers and directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon all Participants, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Options, and all members of the Committee shall be fully protected by the Company in respect to any such action, determination or interpretation.

13. NO RIGHTS AS AN EMPLOYEE

Nothing in the Plan shall be construed to give any person (including any Eligible Employee or Participant) the right to remain in the employ of the Company or a Parent or Subsidiary of the Company or to affect the right of the Company or a Parent or Subsidiary of the Company to terminate the employment of any person (including any Eligible Employee or Participant) at any time with or without cause.

14. MERGER, ACQUISITION OR LIQUIDATION OF THE COMPANY

In the event of the merger or consolidation of the Company into another corporation, the acquisition by another corporation of all or substantially all of the Company's assets or 80% or more of the Company's then outstanding voting stock or the liquidation or dissolution of the Company, the Date of Exercise with respect to outstanding Options shall be the business day immediately preceding the effective date of such merger, consolidation, acquisition, liquidation or dissolution unless the Committee shall, in its sole discretion, provide for the assumption or substitution of such Options.

15. TERM; APPROVAL BY STOCKHOLDERS

No Option may be granted during any period of suspension or after termination of the Plan, and in no event may any Option be granted under the Plan after December 31, 2006, unless extended by the Board of Directors of the Company. The Plan will be submitted for the approval of the Company's stockholders within 12 months after the date of the Board of Directors' initial adoption of the Plan.

16. EFFECT UPON OTHER PLANS

The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or a Parent or Subsidiary of the Company. Nothing in this Plan shall be construed to limit the right of the Company or a Parent or Subsidiary of the Company (a) to establish any other forms of incentives or compensation for employees of the Company or a Parent or Subsidiary of the Company or (b) to grant or assume options otherwise than under this Plan in connection with any proper corporate purpose, including, but not by way of limitation, the grant or assumption of options in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, firm or association.

17. RULE 16b-3 RESTRICTIONS UPON DISPOSITIONS OF STOCK

The Plan is intended to conform to the extent necessary with all provisions of the Securities Act, and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, including, without limitation, Rule 16b-3. Notwithstanding anything herein to the contrary, the Plan shall be administered, and Options shall be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and Options granted hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

18. NOTICES

Any notice to be given under the terms of the Plan to the Company shall be addressed to the Company in care of its Secretary or any designee and any notice to be given to a Participant shall be addressed to Participant's last address as reflected in the Company's records and may be given either in writing or via electronic communication to the extent permitted by law. By a notice given pursuant to this paragraph 18, either party may hereafter designate a different address for notices to be given. Any notice which is required to be given to a Participant shall, if the Participant is then deceased, be given to the Participant's personal representative if such representative has previously informed the Company of the representative status and address by notice under this paragraph 18. Any notice shall have been deemed duly given when received by the Company or when sent to a Participant by the Company to Participant's last known mailing address or delivered to an electronic mailbox accessible by Participant as permitted by law.

19. TITLES

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

20. TAX WITHHOLDING

(a) Payment of any sums required by federal, state or local tax law shall be withheld with respect to the issuance, vesting, exercise or payment of any Restricted Shares, Restricted Share Options or Unvested Shares within the time limit as required by law for such payment. A Participant may elect to pay withholding taxes due upon the vesting of the Restricted Shares and Unvested Shares by having the Company withhold Unvested Shares that have vested and are issuable to such Participant as Stock (without restriction or risk of forfeiture).

(b) Notwithstanding any other provision of the Plan, the number of shares that may be withheld in order to satisfy the Participant's federal and state income and payroll tax liabilities with respect to the vesting, exercise or payment of the Unvested Shares shall be limited to the number of shares that have a fair market value (as defined below) on the date of withholding equal to the aggregate amount of such tax liabilities based on the minimum statutory withholding rates for federal and state tax income and payroll tax purposes that are applicable to such supplemental taxable income.

(c) For these purposes, the fair market value of the withheld shares, as of a given date, shall be: (A) the closing price of the Stock on the principal exchange on which the Stock is then trading, if any, on such date, or, if the Stock was not traded on such date, then on the next preceding trading day during which a sale occurred; or (B) if the Stock is not traded on an exchange but is quoted on NASDAQ or a successor quotation system, (1) the last sales price (if the Stock is then listed as a National Market Issue under the NASD National Market System) or (2) the mean between the closing representative bid and asked prices (in all other cases) for the Stock on such date as reported by NASDAQ or such successor quotation system; or (C) if the Stock is not publicly traded on an exchange and not quoted on NASDAQ or a successor quotation system, the mean between the closing bid and asked prices for the Stock on such date

as determined in good faith by the Committee; or (D) if the Stock is not publicly traded, the fair market value established by the Committee acting in good faith.

EXHIBIT 12.1

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

	Fiscal Year Ended August					
	1999 (52 weeks)	2000 (52 weeks)	2001 (52 weeks)	2001* (52 weeks)	2002 (53 weeks)	2003 (52 weeks)
Earnings:						
Income before income taxes	\$ 387,783	\$ 435,190	\$ 287,026	\$ 443,826	\$ 691,148	\$ 833,007
Fixed charges	66,015	97,520	121,141	121,141	98,688	121,129
Less: Capitalized interest	(2,762)	(2,773)	(1,380)	(1,380)	(437)	(791)
Adjusted earnings	\$ 451,036	\$ 529,937	\$ 406,787	\$ 563,587	\$ 789,399	\$ 953,345
Fixed charges:						
Gross interest expense	\$ 47,117	\$ 77,699	\$ 100,291	\$ 100,291	\$ 78,183	\$ 79,301
Amortization of debt origination fees	1,206	2,209	2,377	2,377	2,283	7,334
Interest portion of rent expense	17,692	17,612	18,473	18,473	18,222	34,494
Total fixed charges	\$ 66,015	97,520	\$ 121,141	\$ 121,141	\$ 98,688	\$ 121,129
Ratio of earnings to fixed charges	6.8	5.4	3.4	4.7	8.0	7.9

	Twenty-four week periods ended	
	February 14, 2004	February 15, 2003
Earnings:		
Income before income taxes	\$ 341,448	\$ 297,086
Fixed charges	59,349	54,727
Less: Capitalized interest	(284)	(267)
Adjusted earnings	\$ 400,513	\$ 351,546
Fixed charges:		
Gross interest expense	\$ 39,558	\$ 36,052
Amortization of debt origination fees	2,987	2,977
Interest portion of rent expense	16,804	15,698
Total fixed charges	\$ 59,349	\$ 54,727
Ratio of earnings to fixed charges	6.7	6.4

* Excludes the impact of the pretax restructuring and impairment charges of \$156.8 million in fiscal 2001.

The Board of Directors and Stockholders
AutoZone, Inc.

We are aware of the incorporation by reference in the following Registration Statements of AutoZone, Inc. and in the related Prospectuses of our report dated March 1, 2004, related to the unaudited condensed consolidated interim financial statements of AutoZone, Inc. that are included in its Form 10-Q for the quarter ended February 14, 2004:

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

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

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

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

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

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

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

Registration Statement (Form S-8 No. 333-103665) pertaining to the AutoZone, Inc. 2003 Director Compensation Plan

Registration Statement (Form S-8 No. 333-103666) pertaining to the AutoZone, Inc. 2003 Director Stock Option Plan

/s/ Ernst & Young LLP

Memphis, Tennessee
March 15, 2004

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

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

1. I have reviewed this quarterly report on Form 10-Q of AutoZone, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 15, 2004

/s/ STEVE ODLAND

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

1. I have reviewed this quarterly report on Form 10-Q of AutoZone, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 15, 2004

/s/ MICHAEL G. ARCHBOLD

Michael G. Archbold
Senior Vice President and
Chief Financial Officer

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

In connection with the Quarterly Report of AutoZone, Inc. (the "Company") on Form 10-Q for the period ended February 14, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steve Odland, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 15, 2004

/s/ STEVE ODLAND

Steve Odland
Chairman, President and
Chief Executive Officer

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

In connection with the Quarterly Report of AutoZone, Inc. (the "Company") on Form 10-Q for the period ended February 14, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael G. Archbold, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 15, 2004

/s/ MICHAEL G. ARCHBOLD

Michael G. Archbold
Senior Vice President and
Chief Financial Officer