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

FORM 10-K

(Mark One)

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

For the fiscal year ended August 26, 2023.

OR

☐ Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ______ to ______.

Commission file number 1-10714

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was $46,248,303,523.

The number of shares of Common Stock outstanding as of October 16, 2023, was 17,683,418.

Documents Incorporated By Reference

Portions of the definitive Proxy Statement to be filed within 120 days of August 26, 2023, pursuant to Regulation 14A under the Securities Exchange Act of 1934 for the Annual Meeting of Stockholders to be held December 20, 2023, are incorporated by reference into Part III.

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Forward-Looking Statements

Certain statements contained in this annual report constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically use words such as “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expect,” “estimate,” “project,” “positioned,” “strategy,” “seek,” “may,” “could” and similar expressions. These are based on assumptions and assessments made by our management in light of experience and perception of historical trends, current conditions, expected future developments and other factors that we believe to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties, including without limitation: product demand, due to changes in fuel prices, miles driven or otherwise; energy prices; weather, including extreme temperatures, natural disasters and general weather conditions; competition; credit market conditions; cash flows; access to available and feasible financing on favorable terms; future stock repurchases; the impact of recessionary conditions; consumer debt levels; changes in laws or regulations; risks associated with self-insurance; war and the prospect of war, including terrorist activity; the impact of public health issues; inflation, including wage inflation; the ability to hire, train and retain qualified employees, including members of management and other key personnel; construction delays; failure or interruption of our information technology systems; issues relating to the confidentiality, integrity or availability of information, including due to cyber-attacks; historic growth rate sustainability; downgrade of our credit ratings; damage to our reputation; challenges associated with doing business in and expanding into international markets; origin and raw material costs of suppliers; inventory availability; disruption in our supply chain; impact of tariffs; impact of new accounting standards; our ability to execute our growth initiatives; and other business interruptions. Certain of these risks and uncertainties are discussed in more detail in the “Risk Factors” section contained in Item 1A under Part 1 of this Annual Report on Form 10-K for the year ended August 26, 2023, and these Risk Factors should be read carefully. Forward-looking statements are not guarantees of future performance and actual results, developments and business decisions may differ from those contemplated by such forward-looking statements. Events described above and in the “Risk Factors” could materially and adversely affect our business. However, it should be understood that it is not possible to identify or predict all such risks and other factors that could affect these forward-looking statements. Forward-looking statements speak only as of the date made. Except as required by applicable law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

Item 1. Business

Introduction

AutoZone, Inc. (“AutoZone,” the “Company,” “we,” “our” or “us”) is the leading retailer and distributor of automotive replacement parts and accessories in the Americas. We began operations in 1979 and at August 26, 2023, operated 6,300 stores in the United States (“U.S.”), 740 stores in Mexico and 100 stores in Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light duty trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products. At August 26, 2023, in 5,682 of our domestic stores as well as the vast majority of our stores in Mexico and Brazil, we had a commercial sales program that provided commercial credit and prompt delivery of parts and other products to local, regional and national repair garages, dealers, service stations, fleet owners and other accounts. We also sell automotive hard parts, maintenance items, accessories and non-automotive products through www.autozone.com, and our commercial customers can make purchases through www.autozonepro.com. Additionally, we sell the ALLDATA brand of automotive diagnostic, repair, collision and shop management software through www.alldata.com. We also provide product information on our Duralast branded products through www.duralastparts.com. We do not derive revenue from automotive repair or installation services.

Human Capital Resources

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

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

As of August 26, 2023, we employed approximately 119,000 AutoZoners, approximately 60 percent of whom were employed full-time and the remaining 40 percent were employed part-time. About 91 percent of our AutoZoners were employed in stores or in direct field supervision, approximately 6 percent in distribution centers and approximately 3 percent in store support and other functions. Included in the above numbers are approximately 15,500 AutoZoners employed in our international operations. We have never experienced any material labor disruption, do not have any collective bargaining agreements and believe that relations with our AutoZoners are good.

Training & Development

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

Recognition

The AutoZone Pledge and Values drive our success and foster a strong, unique culture of teamwork and customer service. We encourage the recognition of AutoZoners for a variety of accomplishments, such as going above and beyond to deliver Trustworthy Advice and WOW! Customer Service, taking initiative to prevent incidents and injuries, making contributions to help detect or report internal or external theft or providing significant service to help others. Whether they work in our stores, distribution centers, support centers or travel to support our customers and business, we believe AutoZoners everywhere should be recognized for their efforts and outstanding performance. We also recognize AutoZoners for their years of service to the organization and our customers.

Diversity, Equity and Inclusion ("DEI")
"Embraces Diversity" is one of our Values, and we have made great strides in our DEI initiatives. With the oversight and support of a cross-functional Diversity Council and DEI Steering Committee, our DEI efforts influence and inform many parts of our human capital management efforts including talent acquisition, retention, professional development and workforce management. Our first business resource group ("BRG") was established in 2014 (AutoZone Women's Initiative). Since then, five other BRGs now exist to help AutoZoners across the organization grow and succeed in their careers.

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

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

Store Operations

At August 26, 2023 our stores were in the following locations:

	Store Count
Alabama	123
Alaska	8
Arizona	165
Arkansas	73
California	658
Colorado	102
Connecticut	58
Delaware	20
Florida	430
Georgia	214
Hawaii	12
Idaho	33
Illinois	248
Indiana	164
Iowa	37
Kansas	55
Kentucky	105
Louisiana	132
Maine	14
Maryland	93
Massachusetts	88
Michigan	221
Minnesota	63
Mississippi	98
Missouri	122
Montana	15
Nebraska	25
Nevada	70
New Hampshire	23
New Jersey	124
New Mexico	64
New York	212
North Carolina	241
North Dakota	7
Ohio	288
Oklahoma	87
Oregon	57
Pennsylvania	228
Puerto Rico	51
Rhode Island	17
Saint Thomas	1
South Carolina	107
South Dakota	9
Tennessee	183
Texas	693
Utah	70
Vermont	2
Virginia	153
Washington	100
Washington, DC	5
West Virginia	45
Wisconsin	78
Wyoming	9
Total Domestic stores	6,300
Mexico	740
Brazil	100
Total stores	7,140

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

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

Store Support Centers
All store support functions are centralized in our store support centers located in Memphis, Tennessee; Monterrey, Mexico; Chihuahua, Mexico and Sao Paulo, Brazil. We believe that this centralization enhances consistent execution of our merchandising and marketing strategies at the store level, while reducing expenses and cost of sales. In addition, we have offices in Shanghai, China and Haryana, India that provide sourcing, technology or other support functions.

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

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

Commercial

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

Store Development

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

	Fiscal Year				
	2023	2022	2021	2020	2019
Stores:					
Beginning	6,943	6,767	6,549	6,411	6,202
New	198	177	219	138	209
Closed	1	1	1	—	—
Net new	197	176	218	138	209
Relocated	12	13	12	5	2
Ending	7,140	6,943	6,767	6,549	6,411

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

Marketing and Merchandising Strategy

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

Customer Service

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

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

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

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

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

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

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

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

Purchasing and Supply Chain

Merchandise is selected and purchased for all stores through our store support centers located in Memphis, Tennessee; Monterrey, Mexico and Sao Paulo, Brazil. Additionally, we have offices in Shanghai, China, Haryana, India and Istanbul, Turkey to support our global sourcing efforts. In fiscal 2023, one class of similar products accounted for approximately 14 percent of our total revenues. No other class of similar products accounted for 10 percent or more of our total revenues, and no individual vendor provided more than 10 percent of our total purchases. We believe alternative sources of supply exist, at similar costs, for most types of product sold. Most of our merchandise flows through our distribution centers to our stores by our fleet of tractors and trailers or by third-party transportation firms. The distribution centers replenish our stores up to multiple times per week depending on store sales volumes.

We ended fiscal 2023 with 308 domestic and 39 international hub stores, which have a larger assortment of products as well as regular replenishment items that can be delivered to a store in its network within 24 hours. Hub stores are generally replenished from distribution centers multiple times per week. Hub stores have increased our ability to distribute products on a timely basis to many of our stores and to expand our product assortment.

As a subset of our domestic hub stores, we ended fiscal 2023 with 98 mega hubs, an increase of 20 since the end of fiscal 2022. Additionally, we have two mega hubs in Mexico. Mega hubs work in concert with other hubs to drive customer satisfaction through improved local parts availability and expanded product assortments. A mega hub carries inventory of 80,000 to 110,000 unique SKUs, approximately twice what a hub store carries. Mega hubs provide coverage to both surrounding stores and other hub stores multiple times a day or on an overnight basis. Currently, we have over 6,000 domestic stores with access to mega hub inventory. A majority of these stores currently receive mega hub service same day.

Competition

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

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

Government Relations

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

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

Trademarks and Patents

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

Seasonality

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

AutoZone Websites

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

Information about our Executive Officers

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

William C. Rhodes, III, 58—Chairman, President and Chief Executive Officer, Customer Satisfaction
William C. Rhodes, III has served as AutoZone's President and Chief Executive Officer, and a director since 2005 and was named Chairman in 2007. Prior to his appointment as President and Chief Executive Officer, Mr. Rhodes served in various capacities within the Company since 1994. Prior to 1994, Mr. Rhodes was a manager with Ernst & Young LLP. As previously announced, Mr. Rhodes has notified the Board of his intention to relinquish his roles as President and Chief Executive Officer, effective January 2024, and the Board intends to appoint Mr. Rhodes to the role of Executive Chairman at such time.

Philip B. Daniele III, 54—CEO-Elect, Customer Satisfaction
Philip B. Daniele III was named CEO-Elect in June 2023. Previously Mr. Daniele had served as Executive Vice President – Merchandising, Marketing and Supply Chain from June 2021 to September 2023. The Board of Directors intends to appoint Mr. Daniele to the role of Chief Executive Officer and also appoint him to serve on the

Board in January 2024. Previously, Mr. Daniele served as Senior Vice President – Commercial from 2015 to 2021, Vice President – Commercial Support from 2013 to 2015 and Vice President – Merchandising from 2008 to 2013. Mr. Daniele was also a Divisional Vice President – Store Operations from 2005 to 2008. Prior to 2005, Mr. Daniele held several other key management positions with the Company.

Jamere Jackson, 54—Chief Financial Officer, Customer Satisfaction
Jamere Jackson was named Chief Financial Officer in January 2021 and, in that capacity, leads the Finance and Store Development teams. Mr. Jackson also held the title of Executive Vice President from January 2021 until his promotion in September 2023. Prior to joining AutoZone, Mr. Jackson served as Executive Vice President and Chief Financial Officer of Hertz Global Holdings, Inc., a worldwide rental company, since 2018. From 2014 to 2018, Mr. Jackson served as Chief Financial Officer of Nielsen Holdings plc, an information, data and measurement company. Prior to 2014, Mr. Jackson held a variety of leadership roles at General Electric Company, including Vice President and Chief Financial Officer of a division of General Electric Oil and Gas. Mr. Jackson serves on the Board of Directors for Eli Lilly & Co.

Thomas B. Newbern, 61—Chief Operating Officer, Customer Satisfaction
Thomas B. Newbern was named Chief Operating Officer in September 2023. Since March 2023, Mr. Newbern served as Executive Vice President Operations, Sales and Technology. From 2015 to March 2023, Mr. Newbern served as Executive Vice President overseeing Store Operations, Commercial, International, Information Technology, Loss Prevention and ALLDATA in different capacities. From 2007 to 2015, Mr. Newbern served as Senior Vice President overseeing Store Operations and Commercial. From 1998 to 2007, Mr. Newbern was Divisional Vice President – Store Operations. Mr. Newbern began his career with AutoZone in 1985.

William R. Hackney, 58—Executive Vice President – Merchandising, Marketing and Supply Chain, Customer Satisfaction
William R. Hackney was named Executive Vice President – Merchandising, Marketing and Supply Chain in September 2023. Previously, Mr. Hackney served as Senior Vice President, Merchandising, since rejoining the Company in October 2022 after a brief retirement. Mr. Hackney's career with AutoZone began in 1983, and he has held several key management roles within the Company, including Senior Vice President, Merchandising, Vice President, Store Operations Support and Vice President, Merchandising.

Jennifer M. Bedsole, 52—Senior Vice President, General Counsel & Secretary, Customer Satisfaction
Jenna M. Bedsole was named Senior Vice President, General Counsel & Secretary in April 2023. Prior to joining AutoZone, Ms. Bedsole was a partner with the law firm of Baker, Donelson, Bearman, Caldwell and Berkowitz P.C. since 2011, where she chaired the Labor and Employment practice group.

K. Michelle Borninkhof, 49—Senior Vice President and Chief Information Officer, Customer Satisfaction
K. Michelle Borninkhof was named Senior Vice President and Chief Information Officer in April 2021. Prior to that, Ms. Borninkhof was Chief Information Officer and Vice President for U.S. Technology at McDonald's since 2018. Prior to joining McDonald's, Ms. Borninkhof spent 11 years with Walmart Stores holding various leadership roles including Vice President – International Technology Delivery. Throughout her career, Ms. Borninkhof held various roles in store retail, distribution center operations and process improvement.

Preston B. Frazer, 47—Senior Vice President – Finance, Store Development and Strategy, Customer Satisfaction
Preston B. Frazer was named Senior Vice President Finance, Store Development and Strategy in March 2023. From 2021 to 2023 Mr. Frazer served as Executive Vice President – Store Operations, Commercial and Loss Prevention. From 2019 to 2021 Mr. Frazer served as Senior Vice President – Store Operations. Prior to that, Mr. Frazer was Vice President – Store Operations Support. Mr. Frazer began his career with AutoZone in 2006 in Finance and has held several key functional roles. Prior to joining AutoZone, Mr. Frazer was a senior manager with the accounting firm of KPMG, LLP.

Eric S. Gould, 54—Senior Vice President – Supply Chain, Customer Satisfaction
Eric S. Gould was named Senior Vice President, Supply Chain in February 2021. From 2017 to 2021, Mr. Gould served as Vice President, Supply Chain Replenishment. Prior to that, Mr. Gould held several key management

positions with the Company, including Vice President of Commercial, Commercial Support and Merchandising Pricing & Analysis.

Domingo J. Hurtado, 62—Senior Vice President – International, Customer Satisfaction
Domingo J. Hurtado Rodríguez was named Senior Vice President – International in September 2018. Prior to that, Mr. Hurtado was President – AutoZone de México. Mr. Hurtado has served in various capacities within the Company since 2001, which included leading the Company's expansion in Mexico. Prior to 2001, Mr. Hurtado held different positions with RadioShack including Director General in Mexico and General Manager in Venezuela.

Dennis W. LeRiche, 55—Senior Vice President – Store Operations, Customer Satisfaction
Dennis W. LeRiche was named Senior Vice President – Store Operations in June 2021. From 2015 to 2021, Mr. LeRiche was a Divisional Vice President – Store Operations. Prior to 2015, Mr. LeRiche held several other key management positions with the Company.

Grant E. McGee, 61—Senior Vice President – Commercial, Customer Satisfaction
Grant E. McGee was named Senior Vice President – Commercial in June 2021 and has notified the Company of his intent to retire, effective around the end of the 2023 calendar year. From 2007 to 2021, Mr. McGee was a Divisional Vice President – Store Operations. From 2004 to 2007, Mr. McGee was Vice President – Commercial. Prior to 2004, Mr. McGee held several other key positions with the Company.

Charlie Pleas, III, 58— Senior Vice President – Accounting and Finance, Customer Satisfaction
Charlie Pleas, III, became Senior Vice President, Finance and Accounting in December 2021 and has notified the Company of his intent to retire, effective around the end of the 2023 calendar year. Mr. Pleas was named Senior Vice President and Controller during 2007. Prior to that, Mr. Pleas held several key management positions within the Company's accounting department. Prior to joining AutoZone, Mr. Pleas was a Division Controller with Fleming Companies, Inc. where he served in various capacities during his tenure from 1988 to 1996. Prior to 1988, Mr. Pleas worked with Ernst & Young. Mr. Pleas is a member of the Board of Directors for Kirkland's Inc.

Albert Saltiel, 59—Senior Vice President – Marketing and E-Commerce, Customer Satisfaction
Albert Saltiel was named Senior Vice President – Marketing and E-Commerce during October 2014 and has notified the Company of his intent to retire, effective around the end of the 2023 calendar year. Previously, Mr. Saltiel was Senior Vice President – Marketing since 2013. Prior to that, Mr. Saltiel was Chief Marketing Officer and a key member of the leadership team at Navistar International Corporation. Mr. Saltiel has also been with Sony Electronics as General Manager, Marketing, and Ford Motor Company where he held multiple marketing roles.

Richard C. Smith, 59—Senior Vice President – Human Resources, Customer Satisfaction
Richard C. Smith was named Senior Vice President – Human Resources in December 2015. Mr. Smith has been an AutoZoner since 1985, previously holding the position of Divisional Vice President – Store Operations since 1997. Prior thereto, Mr. Smith served in various key positions within the Company.

Item 1A. Risk Factors

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

Strategic and Operational Risks

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

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

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

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

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

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

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

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

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

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

We have increased our store count in the past five fiscal years, growing from 6,202 stores at August 25, 2018, to 7,140 stores at August 26, 2023, a compounded annual growth rate of three percent. Additionally, we have increased annual revenues in the past five fiscal years from $11.2 billion in fiscal 2018 to $17.5 billion in fiscal 2023, with a compounded annual growth rate of nine percent. Annual revenue growth is driven by increases in same store sales, the opening of new stores and the development of new commercial programs. See "Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion of same store sales.

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

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

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

Our business depends upon hiring, training and retaining qualified employees, including members of management and other key personnel.

We believe much of our brand value lies in the quality of the approximately 119,000 AutoZoners employed in our stores, distribution centers, store support centers and ALLDATA. Our workforce costs represent our largest operating expense, and our ability to meet our labor needs while controlling labor costs is subject to numerous external factors, including market pressures with respect to prevailing wage rates and unemployment levels. Our business is also subject to employment laws and regulations, including those related to minimum wage, benefits and scheduling requirements. In addition, the implementation of potential regulatory changes relating to overtime exemptions and benefits for certain employees under federal and state laws could result in increased labor costs to our business and negatively impact our operating results.

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

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

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

Our future success depends on the skills and experience of our management and other key personnel. The unexpected loss of the services of any such persons could adversely affect our operations. There can be no assurance that our succession planning, retention or hiring efforts will be successful. Failure to attract and retain qualified personnel in key roles could adversely affect our operations.

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

We are dependent upon our domestic and international vendors continuing to supply us with quality merchandise at competitive prices and payment terms. If our merchandise offerings do not meet our customers' expectations, or our customers have a negative perception of our merchandise regarding quality, innovation and safety, we could experience lost sales, increased costs and exposure to legal and reputational risk. In those circumstances, it may be difficult and costly for us to rebuild our reputation and regain the confidence of our customers.

All of our vendors must comply with applicable product safety laws, and we are dependent on them to ensure that the products we buy comply with all safety and quality standards. Events that give rise to actual, potential or perceived product safety concerns could expose us to government enforcement action or private litigation, result in costly product recalls and other liabilities and lead to reputational harm and loss of customer confidence. To the extent our suppliers are subject to added government regulation of their product design and/or manufacturing processes, the cost of the merchandise we purchase may rise.

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

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

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

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

We are subject to risks associated with products sourced outside the U.S.

We directly imported approximately 16% of our purchases in fiscal 2023, but many of our domestic vendors directly import their products or components of their products. Changes to the price or flow of these goods for any reason, such as civil unrest or acts of war, currency fluctuations, disruptions in maritime lanes, port labor disputes, economic conditions and instability in the countries in which foreign suppliers are located, the financial instability of suppliers, suppliers' failure to meet our standards, issues with labor practices of our suppliers or labor problems they may experience (such as strikes, stoppages or slowdowns, which could also increase labor costs during and following the disruption), the availability and cost of raw materials to suppliers, increased import duties or tariffs, merchandise quality or safety issues, shipping and transport availability and cost, increases in wage rates and taxes, transport security, foreign trade policies, trade sanctions, import limitations on certain types of goods or of goods containing certain materials from other countries, port labor agreements, inflation and other factors relating to the suppliers and the countries in which they are located or from which they import, often are beyond our control and could adversely affect our operations and profitability. These and other factors affecting our suppliers and our access to products could adversely affect our business and financial performance. As we or our domestic vendors increase the importation of merchandise or components from foreign vendors, these risks are likely to increase.

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

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

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

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

The various risks we face in our U.S. operations generally also exist when conducting operations in and sourcing products and materials from outside of the U.S., in addition to the unique costs, risks and difficulties of managing international operations. Our expansion into international markets may be adversely affected by local laws and customs, U.S. laws applicable to foreign operations, and political and socio-economic conditions as well as our general ability to compete effectively and provide superior customer service regardless of distance, language and cultural differences.

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

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

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

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

In the event commercial transportation is curtailed or substantially delayed, we may have difficulty transporting merchandise to our distribution centers and stores resulting in lost sales and/or a potential loss of customer loyalty. Transportation issues could also cause us to cancel purchase orders if we are unable to receive merchandise in our distribution centers.

It is not possible to predict all events or circumstances which may negatively disrupt our business in a significant manner, and the near-term and long-term impacts of such disruptions on our business, demand for our products and our growth initiatives will vary significantly based on the facts and circumstances of each such disruption. Furthermore, such business interruptions could cause additional negative impacts of which we are not currently aware or magnify other risks associated with our business and operations.

Our failure to protect our brand and reputation could have an adverse effect on our relationships with our customers, employees, suppliers, vendors and other stakeholders, thereby negatively impacting sales and profitability.

We believe our continued strong sales growth is driven in significant part by our AutoZone and private label brand names and our positive reputation with customers, employees, suppliers, vendors and other stakeholders. The value in our brand names and reputation, and their continued effectiveness in driving our sales growth is dependent to a significant degree on our ability to maintain our reputation for safety, high product quality, friendliness, WOW! Customer service, trustworthy advice, integrity and business ethics. Negative incidents can erode trust and confidence quickly, and adverse publicity about us could damage our brand and reputation, undermine our customers' confidence in us, reduce demand for our products and services, affect our ability to recruit and retain employees, attract regulatory scrutiny, and impact our relationships with suppliers and vendors. Further, our actual or perceived response or lack of response to social, political, environmental or other sensitive issues, whether or not based in fact, could damage our reputation and may result in reduced demand for our merchandise. Customers are also increasingly using social media to provide feedback and information about our Company, our products and services in a manner that is rapidly and broadly disseminated. Our brand and reputation could be negatively impacted if negative sentiment about the Company, whether or not based on fact, is shared and distributed in such a manner.

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

Information Technology, Cybersecurity and Data Privacy Risks

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

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

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

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

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

While addressing vulnerabilities is a priority for us, the methods used to obtain unauthorized access are constantly evolving, increasing in frequency and sophistication, and can be difficult to anticipate or detect for long periods of time. The security measures we or our third-party service providers and vendors have in place today in an effort to keep up with growing and evolving risks do not always prevent or mitigate the impact of a cyber incident or provide us with sufficient visibility to determine if a cyber incident has occurred, and there can be no assurance that such measures we introduce in the future will be sufficiently effective either. Failure to maintain the security of the personal and other confidential information to which we have access could lead to private litigation, regulatory enforcement actions and reputational harm, all of which would require extensive time and financial resources to resolve and could have a material adverse impact on our business and financial condition.

While we have not experienced a material breach of our information systems or data to date, unauthorized parties have in the past gained access and exfiltrated data, and will continue to attempt to do so as the result of a cyber-attack, employee misconduct, employee error, system vulnerabilities or compromises, fraud, hacking, phishing attempts, malware, ransomware, other malicious codes or other intentional or unintentional acts. Furthermore, hardware, software or other IT applications that we or a third party develop for our use have contained and may contain exploitable vulnerabilities, bugs or design defects or may involve other problems that could unexpectedly compromise information security.

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

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

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

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

Indebtedness, Financial and Market Risks

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

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

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

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

Legal and Regulatory Risks

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

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

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

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

We may be unable to achieve the goals and aspirations set forth in our environmental, social and governance (ESG) report, particularly with respect to the reduction of greenhouse gas (GHG) emissions, or otherwise meet the expectations of our stakeholders with respect to ESG matters.

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

We have announced certain aspirations and goals related to ESG matters, such as plans to reduce certain GHG emissions over time. Achievement of these aspirations, targets, plans and goals is subject to numerous risks and uncertainties, many of which are outside of our control. These risks and uncertainties include, but are not limited to: our ability to successfully identify and implement relevant strategies on a timely and cost-effective basis; our ability to achieve the anticipated benefits and cost savings of such strategies and actions; and the availability and cost of existing and future technologies, such as alternative fuel vehicles, off-site renewable energy, and other materials and components. It is possible that we may be unsuccessful in the achievement of our ESG goals, on a timely basis or at all, or that the costs to achieve those goals become prohibitively expensive. Furthermore, our stakeholders may not be satisfied with our efforts or the speed at which we are progressing towards any such aspirations and goals. A delay, failure or perceived failure or delay to meet our goals and aspirations could adversely affect public perception of our business, or we may lose shareholder support. Certain challenges we face in the achievement of our ESG objectives are also captured within our ESG reporting, which is not incorporated by reference into and does not form any part of this report.

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

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

General Risks

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

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following table reflects the square footage and number of leased and owned properties for our stores as of August 26, 2023:

	No. of Stores	Store Square Footage[(1)]
Leased	3,931	26,158,259
Owned	3,209	21,741,090
Total	7,140	47,899,349

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

We have approximately 6.9 million square feet in distribution centers servicing our stores, of which approximately 2.0 million square feet is leased and the remainder is owned. We have 11 distribution centers located throughout the U.S., two in Mexico, and one in Brazil. Our primary store support center is located in Memphis, Tennessee, and consists of approximately 325,000 square feet. We also have three additional store support centers located in Monterrey, Mexico; Chihuahua, Mexico and Sao Paulo, Brazil. Our primary International Sourcing Office is located in Shanghai, China. The ALLDATA headquarters in Elk Grove, California is leased, and we also own or lease other properties which are not material individually or in the aggregate.

Item 3. Legal Proceedings

We are involved in various other legal proceedings incidental to the conduct of our business, including, but not limited to, claims and allegations related to wage and hour violations, unlawful termination, employment practices, product liability, privacy and cybersecurity, environmental matters, intellectual property rights or regulatory compliance. We do not currently believe that, either individually or in the aggregate, these matters will result in liabilities material to our financial condition, results of operations or cash flows.

Additionally, we are not involved in any environmental proceeding in which a governmental authority is a party, and such proceeding involves potential monetary sanctions that we reasonably believe will exceed an applied threshold of $1 million.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

The principal market on which our common stock is traded is the New York Stock Exchange under the symbol "AZO." On October 16, 2023, there were 1,703 stockholders of record, which does not include the number of beneficial owners whose shares were represented by security position listings.

We currently do not pay a dividend on our common stock. Any future payment of dividends would be dependent upon our financial condition, capital requirements, earnings and cash flow.

During 1998, the Company announced a program permitting the Company to repurchase a portion of its outstanding shares not to exceed a dollar maximum established by the Company's Board of Directors. On June 14, 2023, the Board of Directors authorized the repurchase of an additional $2.0 billion of the Company's common stock, bringing the total value of authorized share repurchases to $35.7 billion.

Shares of common stock repurchased by the Company during the quarter ended August 26, 2023 were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value that May Yet Be Purchased Under the Plans or Programs
May 7, 2023 to June 3, 2023	86,678	$ 2,560.49	86,678	$ 621,625,545
June 4, 2023 to July 1, 2023	94,541	2,416.71	94,541	2,393,147,061
July 2, 2023 to July 29, 2023	107,560	2,532.00	107,560	2,120,805,558
July 30, 2023 to August 26, 2023	114,620	2,499.71	114,620	1,834,288,894
Total	403,399	$ 2,501.93	403,399	$ 1,834,288,894

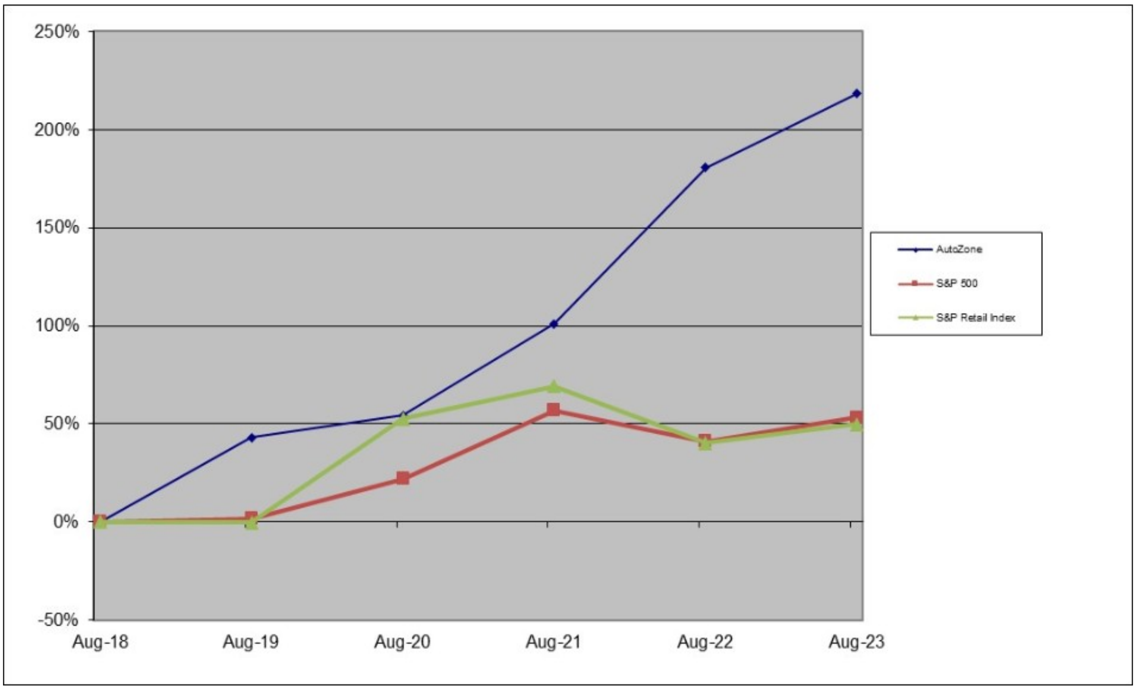
(1) *Average price per share includes excise tax assessed at one percent of the fair market value of net stock repurchases.*

The Company also repurchased, at market value, an additional 4,886 and 7,611 shares in fiscal years 2022 and 2021, respectively, from employees electing to sell their stock under the Company's Eighth Amended and Restated Employee Stock Purchase Plan (as amended from time to time, the "Employee Plan"), qualified under Section 423 of the Internal Revenue Code, under which all eligible employees may purchase AutoZone's common stock at 85% of the lower of the market price of the common stock on the first day or last day of each calendar quarter through payroll deductions. Maximum permitted annual purchases are $15,000 per employee or 10 percent of compensation, whichever is less. Under the Employee Plan, 5,183, 6,238 and 8,479 shares were sold to employees in fiscal 2023, 2022 and 2021, respectively. At August 26, 2023, 122,341 shares of common stock were reserved for future issuance under the Employee Plan.

Once executives have reached the maximum purchases under the Employee Plan, the Sixth Amended and Restated Executive Stock Purchase Plan (the "Executive Plan") permits all eligible executives to purchase AutoZone's common stock up to 25 percent of his or her annual salary and bonus. Purchases by executives under the Executive Plan were 689, 709 and 997 shares in fiscal 2023, 2022 and 2021, respectively. At August 26, 2023, 232,966 shares of common stock were reserved for future issuance under the Executive Plan.

Stock Performance Graph

The graph below presents changes in the value of AutoZone’s stock as compared to Standard & Poor’s 500 Composite Index (“S&P 500”) and to Standard & Poor’s Retail Index (“S&P Retail Index”) for the five-year period beginning August 25, 2018 and ending August 26, 2023.



Item 6. Reserved

Not required.

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

We are the leading retailer and distributor of automotive replacement parts and accessories in the Americas. We began operations in 1979 and at August 26, 2023, operated 6,300 stores in the U.S., 740 stores in Mexico and 100 stores in Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light duty trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products. At August 26, 2023, in 5,682 of our domestic stores as well as the vast majority of our stores in Mexico and Brazil, we had a commercial sales program that provided commercial credit and prompt delivery of parts and other products to local, regional and national repair garages, dealers, service stations, fleet owners and other accounts. We also sell automotive hard parts, maintenance items, accessories and non-automotive products through www.autozone.com, and our commercial customers can make purchases through www.autozonepro.com. Additionally, we sell the ALLDATA brand of automotive diagnostic, repair, collision and shop management software through www.alldata.com. We also provide product information on our Duralast branded products through www.duralastparts.com. We do not derive revenue from automotive repair or installation services.

Executive Summary

For fiscal 2023, we achieved record net income of $2.5 billion, a 4.1% increase over the prior year, and sales growth of $1.2 billion, a 7.4% increase over the prior year. Our retail sales and commercial sales in our domestic and international markets grew this past year as we made progress on our initiatives aimed at improving our ability to say "Yes" to our customers more frequently.

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

One macroeconomic factor affecting our customers and our industry is gas prices. We believe fluctuations in gas prices impact our customers' level of disposable income. With approximately 11 billion gallons of unleaded gas consumption each month across the U.S., each $1 increase at the pump reduces approximately $11 billion of additional spending capacity to consumers each month. Given the unpredictability of gas prices, we cannot predict whether gas prices will increase or decrease, nor can we predict how any future changes in gas prices will impact our sales in future periods.

We have also experienced continued pressure on average hourly wages in the U.S. during fiscal 2023. Some of this is attributed to regulatory changes in certain states and municipalities, while the larger portion is being driven by general market pressures and some specific actions taken recently by other retailers. The regulatory changes are expected to continue, as evidenced by the areas that have passed legislation to increase employees' wages substantially over the next few years.

During fiscal 2023, failure and maintenance related categories represented the largest portion of our sales mix, at approximately 85% of total sales categories continuing to comprise our largest set of categories. While we have not experienced any fundamental shifts in our category sales mix as compared to previous years, in our domestic stores we see a slight decrease in mix of sales of the discretionary category and a slight increase in the maintenance category compared to last year.

The two statistics we believe have the closest correlation to our market growth over the long-term are miles driven and the number of seven year old or older vehicles on the road.

Miles Driven

We believe as the number of miles driven increases, consumers' vehicles are more likely to need service and maintenance, resulting in an increase in the need for automotive hard parts and maintenance items. While over the long-term we have seen a close correlation between our net sales and the number of miles driven, we have also seen certain time frames of minimal correlation in sales performance and miles driven. During the periods of minimal correlation between net sales and miles driven, we believe net sales have been positively impacted by other factors, including macroeconomic factors and the number of seven year old or older vehicles on the road. Since the beginning of the fiscal year and through July 2023 miles driven in the U.S. increased by 1.3% compared to the same period in the prior year based on the latest information available from the U.S. Department of Transportation.

Seven Year Old or Older Vehicles
As the number of seven year old or older vehicles on the road increases, we expect an increase in demand for the products we sell. We expect the aging vehicle population to continue to increase as consumers keep their cars longer in an effort to save money.

According to the U.S. Department of Transportation – Federal Highway Administration, vehicles are driven an average of approximately 13,500 miles each year. In seven years, the average miles driven equates to approximately 94,500 miles. Our experience is that at this point in a vehicle's life, most vehicles are not covered by warranties and increased maintenance and repairs are needed to keep the vehicle operating.

According to the latest data provided by the Auto Care Association, as of January 1, 2023, the average age of light vehicles on the road was 12.5 years and these vehicles account for more than 40% of U.S. vehicles. The average age of light vehicles has exceeded 12 years since 2012.

Results of Operations

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

(in thousands, except per share data, same store sales and selected operating data)	Fiscal Year Ended August 2023	2022	2021[1]	2020[1]	2019[2][3]
Income Statement Data					
Net sales	$ 17,457,209	$ 16,252,230	$ 14,629,585	$ 12,631,967	$ 11,863,743
Cost of sales, including warehouse and delivery expenses	8,386,787	7,779,580	6,911,800	5,861,214	5,498,742
Gross profit	9,070,422	8,472,650	7,717,785	6,770,753	6,365,001
Operating, selling, general and administrative expenses	5,596,436	5,201,921	4,773,258	4,353,074	4,148,864
Operating profit	3,473,986	3,270,729	2,944,527	2,417,679	2,216,137
Interest expense, net	306,372	191,638	195,337	201,165	184,804
Income before income taxes	3,167,614	3,079,091	2,749,190	2,216,514	2,031,333
Income tax expense[4]	639,188	649,487	578,876	483,542	414,112
Net income[4]	$ 2,528,426	$ 2,429,604	$ 2,170,314	$ 1,732,972	$ 1,617,221
Diluted earnings per share[4]	$ 132.36	$ 117.19	$ 95.19	$ 71.93	$ 63.43
Weighted average shares for diluted earnings per share[4]	19,103	20,733	22,799	24,093	25,498
Same Store Sales					
Increase in domestic comparable store net sales[5]	3.4 %	8.4 %	13.6 %	7.4 %	3.0 %
Increase in international comparable store net sales[5]	29.3 %	19.1 %	22.5 %	(2.8) %	4.6 %
Increase in international comparable store net sales (constant currency)[5]	17.5 %	19.2 %	20.7 %	4.7 %	7.2 %
Increase in total company comparable store net sales[5]	5.6 %	9.2 %	14.3 %	6.6 %	3.2 %
Increase in total company comparable store net sales (constant currency)[5]	4.6 %	9.2 %	14.1 %	7.2 %	3.4 %
Balance Sheet Data					
Current assets	$ 6,779,426	$ 6,627,984	$ 6,415,303	$ 6,811,872	$ 5,028,685
Operating lease right-of-use assets[6]	2,998,097	2,918,817	2,718,712	2,581,677	—
Working capital (deficit)[7]	(1,732,430)	(1,960,409)	(954,451)	528,781	(483,456)
Total assets	15,985,878	15,275,043	14,516,199	14,423,872	9,895,913
Current liabilities	8,511,856	8,588,393	7,369,754	6,283,091	5,512,141
Debt	7,668,549	6,122,092	5,269,820	5,513,371	5,206,344
Finance lease liabilities, less current portion[6]	200,702	217,428	186,122	155,855	123,659
Operating lease liabilities, less current portion[6]	2,917,046	2,837,973	2,632,842	2,501,560	—
Stockholders' deficit	(4,349,894)	(3,538,913)	(1,797,536)	(877,977)	(1,713,851)
Selected Operating Data					
Number of stores at beginning of year	6,943	6,767	6,549	6,411	6,202
New stores	198	177	219	138	209
Closed stores	1	1	1	—	—
Net new stores	197	176	218	138	209
Relocated stores	12	13	12	5	2
Number of stores at end of year	7,140	6,943	6,767	6,549	6,411
AutoZone domestic commercial programs	5,682	5,342	5,179	5,007	4,893
Total Company Store Data					
Inventory per store (in thousands)	$ 807	$ 812	$ 686	$ 683	$ 674
Total AutoZone store square footage (in thousands)	47,899	46,435	45,057	43,502	42,526
Average square footage per AutoZone store	6,709	6,688	6,658	6,643	6,633
Increase in AutoZone store square footage	3.2 %	3.1 %	3.6 %	2.3 %	3.6 %
Average net sales per AutoZone store (in thousands)	$ 2,435	$ 2,329	$ 2,160	$ 1,914	$ 1,847
Net sales per AutoZone store average square foot	$ 363	$ 349	$ 325	$ 288	$ 279
Total employees at end of year (in thousands)	119	112	105	100	96
Inventory turnover[8]	1.5x	1.5x	1.5x	1.3x	1.3x
Accounts payable to inventory ratio	124.9 %	129.5 %	129.6 %	115.3 %	112.6 %
After-tax return on invested capital[9]	55.4 %	52.9 %	41.0 %	35.7 %	35.7 %
Adjusted debt to EBITDAR[10]	2.3	2.1	2.0	2.4	2.5
Net cash provided by operating activities (in thousands)[4]	$ 2,940,788	$ 3,211,135	$ 3,518,543	$ 2,720,108	$ 2,128,513
Cash flow before share repurchases and changes in debt (in thousands)[11]	$ 2,156,026	$ 2,599,636	$ 3,048,841	$ 2,185,418	$ 1,758,672
Share repurchases (in thousands)[7]	$ 3,723,289	$ 4,359,991	$ 3,378,321	$ 930,903	$ 2,004,896
Number of shares repurchased (in thousands)[7]	1,524	2,220	2,592	826	2,182

(1) The 52 weeks ended August 28, 2021 and August 29, 2020 were negatively impacted by pandemic related expenses, including Emergency Time-Off of approximately $43.0 million (pre-tax) and $83.9 million (pre-tax), respectively.

(2) The fiscal year ended August 31, 2019 consisted of 53 weeks.

(3) Fiscal 2019 includes a benefit to net income related to the Tax Cuts and Jobs Act of $6.3 million, net of repatriation tax.

(4) Fiscal 2023, 2022, 2021, 2020 and 2019 include excess tax benefits from stock option exercises of $92.2 million, $63.2 million, $56.4 million, $20.9 million, and $46.0 million, respectively.

(5) The domestic and international comparable sales increases are based on sales for all AutoZone stores open at least one year. Constant currency same store sales exclude impacts from fluctuations of foreign exchange rates by converting both the current year and prior year international results at the prior year foreign currency exchange rate. Same store sales are computed on a 52-week basis. Relocated stores are included in the same store sales computation based on the year the original store was opened. Closed store sales are included in the same store sales computation up to the week it closes, and excluded from the computation for all periods subsequent to closing. All sales through our www.autozone.com website, including consumer direct ship-to-home sales, are also included in the computation.

(6) The Company adopted ASU 2016-02, Leases (Topic 842), beginning with its first quarter ended November 23, 2019 which resulted in the Company recognizing a right-of-use asset ("ROU asset") and a corresponding lease liability on the balance sheet.

(7) Inclusive of excise tax of $23.7 million for the year ended August 26, 2023. The excise tax is assessed at one percent of the fair market value of net stock repurchases after December 31, 2022. During the third quarter of fiscal 2020, the Company temporarily suspended share repurchases under the share repurchase program in response to the COVID-19 pandemic which was restarted beginning in the first quarter of fiscal 2021.

(8) Inventory turnover is calculated as cost of sales divided by the average merchandise inventory balance over the trailing 5 quarters.

(9) After-tax return on invested capital is defined as after-tax operating profit (excluding rent charges) divided by invested capital (which includes a factor to capitalize leases). For fiscal 2019, after-tax operating profit was adjusted for the impact of the average revaluation of deferred tax liabilities, net of repatriation tax. See Reconciliation of Non-GAAP Financial Measures in Management's Discussion and Analysis of Financial Condition and Results of Operations.

(10) Adjusted debt to EBITDAR is defined as the sum of total debt, finance lease obligations and annual rents times six; divided by net income plus interest, taxes, depreciation, amortization, rent and share-based compensation expense. See Reconciliation of Non-GAAP Financial Measures in Management's Discussion and Analysis of Financial Condition and Results of Operations

(11) Cash flow before share repurchases and changes in debt is defined as the change in cash and cash equivalents less the change in debt plus treasury stock purchases. See Reconciliation of Non-GAAP Financial Measures in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Fiscal 2023 Compared with Fiscal 2022

For the fiscal year ended August 26, 2023, we reported net sales of $17.5 billion compared with $16.3 billion for the year ended August 27, 2022, a 7.4% increase from fiscal 2022. This growth was driven primarily by a domestic same store sales increase of 3.4% and net sales of $327.8 million from new domestic and international stores. Domestic commercial sales increased $368.0 million, or 8.7%, over domestic commercial sales for fiscal 2022. Same store sales, or sales for our domestic and international stores open at least one year, are as follows:

	Fiscal Year Ended August			
	2023	Constant Currency (1) 2023	2022	Constant Currency (1) 2022
Domestic	3.4 %	3.4 %	8.4 %	8.4 %
International	29.3 %	17.5 %	19.1 %	19.2 %
Total Company	5.6 %	4.6 %	9.2 %	9.2 %

(1) Constant currency same store sales exclude impacts from fluctuations of foreign exchange rates by converting both the current year and prior year international results at the prior year foreign currency exchange rate.

At August 26, 2023, we operated 6,300 domestic stores, 740 in Mexico and 100 in Brazil, compared with 6,168 domestic stores, 703 in Mexico and 72 in Brazil at August 27, 2022. We reported a total auto parts segment (domestic, Mexico and Brazil) sales increase of 7.4% for fiscal 2023.

Gross profit for fiscal 2023 was $9.1 billion, or 52.0% of net sales, a 17 basis point decrease compared with $8.5 billion, or 52.1% of net sales for fiscal 2022. The deleverage in gross margin was impacted by a non-cash LIFO charge of $44.0 million in fiscal 2023 versus a $15.0 million charge in fiscal 2022.

Operating, selling, general and administrative expenses for fiscal 2023 increased to $5.6 billion, or 32.1% of net sales, from $5.2 billion, or 32.0% of net sales for fiscal 2022.

Interest expense, net for fiscal 2023 was $306.4 million compared with $191.6 million during fiscal 2022. Average borrowings for fiscal 2023 were $7.0 billion, compared with $5.8 billion for fiscal 2022. Weighted average borrowing rates were 3.78% and 3.29% for fiscal 2023 and 2022, respectively.

Our effective income tax rate was 20.2% and 21.1% of pre-tax income for fiscal 2023 and fiscal 2022, respectively. The benefit from stock options exercised in fiscal 2023 was $92.2 million compared to $63.2 million in fiscal 2022 (see “Note D – Income Taxes” in the Notes to Consolidated Financial Statements).

Net income for fiscal 2023 increased by 4.1% to $2.5 billion, and diluted earnings per share increased 12.9% to $132.36 from $117.19 in fiscal 2022. The impact on the fiscal 2023 diluted earnings per share from stock repurchases was an increase of $1.15.

Fiscal 2022 Compared with Fiscal 2021

A discussion of changes in our results of operations from fiscal 2022 to fiscal 2021 has been omitted from this Annual Report on Form 10-K, but may be found in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the fiscal year ended August 27, 2022, filed with the SEC on October 24, 2022, which is available free of charge on the SECs website at www.sec.gov and at www.autozone.com, by clicking “Investor Relations” located at the bottom of the page.

Quarterly Periods

Each of the first three quarters of our fiscal year consists of 12 weeks, and the fourth quarter consisted of 16 weeks in 2023, 2022 and 2021. Because the fourth quarter contains seasonally high sales volume and consists of 16 or 17 weeks, compared with 12 weeks for each of the first three quarters, our fourth quarter represents a disproportionate share of our annual net sales and net income. The fourth quarter of fiscal year 2023 represented 32.6% of annual sales and 34.2% of net income; the fourth quarter of fiscal year 2022 represented 32.9% of annual sales and 33.3%

of net income; and the fourth quarter of fiscal year 2021 represented 33.6% of annual sales and 36.2% of net income.

Liquidity and Capital Resources

The primary source of our liquidity is our cash flows realized through the sale of automotive parts, products and accessories. Continued progress on our initiatives improved our operating performance for the fiscal year. We believe that our cash generated from operating activities, available cash reserves and available credit, supplemented with our long-term borrowings will provide ample liquidity to fund our operations while allowing us to make strategic investments to support growth initiatives and return excess cash to shareholders in the form of share repurchases. As of August 26, 2023, we held $277.1 million of cash and cash equivalents, as well as $2.2 billion in undrawn capacity on our revolving credit facility, without giving effect to commercial paper borrowings. We believe our sources of liquidity will continue to be adequate to fund our operations and investments to grow our business, repay our debt as it becomes due and fund our share repurchases over the short-term and long-term. In addition, we believe we have the ability to obtain alternative sources of financing, if necessary.

Net cash provided by operating activities was $2.9 billion in 2023, $3.2 billion in 2022 and $3.5 billion in 2021. Cash flows from operations are below last year primarily due to unfavorable changes in accounts payable and accrued expenses.

Our net cash flows used in investing activities were $876.2 million, $648.1 million and $601.8 million in fiscal 2023, 2022 and 2021, respectively. The increase in net cash used in investing activities in fiscal 2023 was primarily due to an increase in capital expenditures. We invested $796.7 million, $672.4 million and $621.8 million in capital assets in fiscal 2023, 2022 and 2021, respectively. The increase in capital expenditures from fiscal 2022 to fiscal 2023 was primarily driven by our growth initiatives, including new stores, hub and mega hub expansion initiatives and supply chain projects. We had net new store openings of 197, 176 and 218 for fiscal 2023, 2022 and 2021, respectively. We invest a portion of our assets held by our wholly owned insurance captive in marketable debt securities. We purchased marketable debt securities of $66.9 million, $56.0 million and $63.7 million in fiscal 2023, 2022 and 2021, respectively. We had proceeds from the sale of marketable debt securities of $58.4 million, $53.9 million and $95.4 million in fiscal 2023, 2022 and 2021, respectively.

Net cash used in financing activities was $2.1 billion in fiscal 2023 and $3.5 billion in fiscal 2022 and fiscal 2021. The net cash used in financing activities reflected purchases of treasury stock, which totaled $3.7 billion, $4.4 billion and $3.4 billion for fiscal 2023, 2022 and 2021, respectively. The treasury stock purchases in fiscal 2023, 2022 and 2021 were primarily funded by cash flows from operations. During the year ended August 26, 2023, we repaid our $300 million 2.875% Senior Notes due January 2023 and our $500 million 3.125% Senior Notes due July 2023 and issued $1.8 billion of new debt compared to $750 million in 2022 and none in 2021. In fiscal years 2023 and 2022 the proceeds from the issuance of debt were used for general corporate purposes.

The Company had net proceeds from the issuance of commercial paper and short term borrowing of $606.2 million and $603.4 million during fiscal 2023 and fiscal 2022, respectively. We did not have any commercial paper or short-term borrowing activity during fiscal 2021.

During fiscal 2024, we expect to increase the investment in our business as compared to fiscal 2023. Our investments are expected to be directed primarily to our supply chain initiatives, which includes expanded hub and mega hubs, as well as distribution center expansions and new stores. The amount of investments in our new stores is impacted by different factors, including whether the building and land are purchased (requiring higher investment) or leased (generally lower investment) and whether such buildings are located in the U.S., Mexico or Brazil, or located in urban or rural areas.

During fiscal 2023, 2022 and 2021 our capital expenditures increased by approximately 18%, 8% and 36%, respectively. Fiscal 2021 capital expenditures increased due to delays in capital spending for the third and fourth quarter of fiscal 2020 related to the COVID-19 pandemic.

In addition to building and land costs, our new stores require working capital, predominantly for inventories. Historically, we have negotiated extended payment terms from suppliers, reducing the working capital required and resulting in a high accounts payable to inventory ratio. We plan to continue leveraging our inventory purchases; however, our ability to do so may be limited by our vendors' capacity to factor their receivables from us. Certain vendors participate in arrangements with financial institutions whereby they factor their AutoZone receivables, allowing them to receive early payment from the financial institution on our invoices at a discounted rate. The terms of these agreements are between the vendor and the financial institution. Upon request from the vendor, we confirm to the vendor's financial institution the balances owed to the vendor, the due date and agree to waive any right of offset to the confirmed balances. A downgrade in our credit or changes in the financial markets may limit the financial institutions' willingness to participate in these arrangements, which may result in the vendor wanting to renegotiate payment terms. A reduction in payment terms would increase the working capital required to fund future inventory investments. Extended payment terms from our vendors have allowed us to continue our high accounts payable to inventory ratio. We had an accounts payable to inventory ratio of 124.9% at August 26, 2023 and 129.5% at August 27, 2022.

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

Our cash balances are held in various locations around the world. As of August 26, 2023, and August 27, 2022, cash and cash equivalents of $108.5 million and $86.8 million, respectively, were held outside of the U.S. and were generally utilized to support the liquidity needs in our foreign operations.

For the fiscal year ended August 26, 2023, our adjusted after-tax return on invested capital ("ROIC"), which is a non-GAAP measure, was 55.4% as compared to 52.9% for the prior year. Adjusted ROIC is calculated as after-tax operating profit (excluding rent charges) divided by invested capital (which includes a factor to capitalize operating leases). We use adjusted ROIC to evaluate whether we are effectively using our capital resources and believe it is an important indicator of our overall operating performance. Refer to the "Reconciliation of Non-GAAP Financial Measures" section for further details of our calculation.

Debt Facilities

On November 15, 2021, we amended and restated our existing revolving credit facility (as amended from time to time, the "Revolving Credit Agreement") pursuant to which our borrowing capacity under the Revolving Credit Agreement was increased from $2.0 billion to $2.25 billion, and the maximum borrowing under the Revolving Credit Agreement may, at our option, subject to lenders approval, be increased from $2.25 billion to $3.25 billion. On November 15, 2022, we amended the Revolving Credit Agreement, extending the termination date by one year. As amended, the Revolving Credit Agreement will terminate, and all amounts borrowed will be due and payable, on November 15, 2027, but we may make one additional request to extend the termination date for an additional period of one year. Revolving borrowings under the Revolving Credit Agreement may be base rate loans, Term Secured Overnight Financing Rate ("SOFR") loans, or a combination of both, at our election. The Revolving Credit Agreement includes (i) a $75 million sublimit for swingline loans, (ii) a $50 million individual issuer letter of credit sublimit and (iii) a $250 million aggregate sublimit for all letters of credit.

Under our Revolving Credit Agreement, covenants include restrictions on liens, a maximum debt to earnings ratio, a minimum fixed charge coverage ratio and a change of control provision that may require acceleration of the repayment obligations under certain circumstances.

As of August 26, 2023, we had no outstanding borrowings and $1.8 million of outstanding letters of credit under the Revolving Credit Agreement.

The Revolving Credit Agreement requires that our consolidated interest coverage ratio as of the last day of each quarter shall be no less than 2.5:1. This ratio is defined as the ratio of (i) consolidated earnings before interest, taxes and rents to (ii) consolidated interest expense plus consolidated rents. Our consolidated interest coverage ratio as of August 26, 2023 was 6.3:1.

We also maintain a letter of credit facility that allows us to request the participating bank to issue letters of credit on our behalf up to an aggregate amount of $25 million. The letter of credit facility is in addition to the letters of credit that may be issued under the Revolving Credit Agreement and had an expiration in June 2022. On May 16, 2022, we amended and restated the letter of credit facility to, among other things, extend the facility through June 2025. As of August 26, 2023, we had $25 million in letters of credit outstanding under the letter of credit facility.

In addition to the outstanding letters of credit issued under the committed facility discussed above, we had $107.2 million in letters of credit outstanding as of August 26, 2023. These letters of credit have various maturity dates and were issued on an uncommitted basis.

As of August 26, 2023, the $1.2 billion of commercial paper borrowings and the $300 million 3.125% Senior Notes due April 2024 were classified as long-term in the Consolidated Balance Sheets as we have the current ability and intent to refinance them on a long-term basis through available capacity in our revolving credit facility. As of August 26, 2023, we had $2.2 billion of availability under our Revolving Credit Agreement, without giving effect to commercial paper borrowings, which would allow us to replace these short-term obligations with a long-term financing facility.

On July 17, 2023, we repaid the $500 million 3.125% Senior Notes due July 2023.

On January 17, 2023, we repaid the $300 million 2.875% Senior Notes due January 2023.

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

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

On July 21, 2023, we issued $450 million in 5.050% Senior Notes due July 2026 and $300 million in 5.200% Senior Notes due August 2033 under our automatic shelf registration statement on Form S-3, filed with the SEC on July 19, 2022 (File No. 333-266209) (the “2022 Shelf Registration Statement”). The 2022 Shelf Registration Statement allows us to sell an indeterminate amount in debt securities to fund general corporate purposes, including repaying, redeeming or repurchasing outstanding debt and for working capital, capital expenditures, new store or distribution center openings, stock repurchases and acquisitions. Proceeds from the debt issuance were used for general corporate purposes.

On January 27, 2023 we issued $450 million in 4.500% Senior Notes due February 2028 and $550 million in 4.750% Senior Notes due February 2033 under the 2022 Shelf Registration Statement. Proceeds from the debt issuance were used to repay a portion of the Company’s outstanding commercial paper borrowings and for other general corporate purposes.

On August 1, 2022, we issued $750 million in 4.750% Senior Notes due August 2032 under the 2022 Shelf Registration Statement. Proceeds from the debt issuance were used for general corporate purposes.

The Senior Notes contain a provision that repayment may be accelerated if we experience a change in control (as defined in the agreements). Our borrowings under our Senior Notes contain minimal covenants, primarily restrictions on liens, sale and leaseback transactions and consolidations, mergers and the sale of assets. All of the repayment obligations under our borrowing arrangements may be accelerated and come due prior to the applicable scheduled payment date if covenants are breached or an event of default occurs. Interest is paid on a semi-annual basis.

As of August 26, 2023, we were in compliance with all covenants and expect to remain in compliance with all covenants under our borrowing arrangements.

For the fiscal year ended August 26, 2023, our adjusted debt to earnings before interest, taxes, depreciation, amortization, rent and share-based compensation expense ("EBITDAR") ratio was 2.3:1 as compared to 2.1:1 as of the comparable prior year end. We calculate adjusted debt as the sum of total debt, finance lease liabilities and rent times six; and we calculate adjusted EBITDAR by adding interest, taxes, depreciation, amortization, rent and share-based compensation expense to net income. We target our debt levels to a specified ratio of adjusted debt to EBITDAR in order to maintain our investment grade credit ratings and believe this is important information for the management of our debt levels.

Management expects the ratio of adjusted debt to EBITDAR to return to pre-pandemic levels in the future, increasing debt levels. Once the target ratio is achieved, to the extent adjusted EBITDAR increases, we expect our debt levels to increase; conversely, if adjusted EBITDAR decreases, we would expect our debt levels to decrease. Refer to the "Reconciliation of Non-GAAP Financial Measures" section for further details of our calculation.

Stock Repurchases
During 1998, we announced a program permitting us to repurchase a portion of our outstanding shares not to exceed a dollar maximum established by our Board of Directors (the "Board"). The Board voted to increase the repurchase authorization by $1.5 billion on October 5, 2021, $1.5 billion on December 15, 2021, $2.0 billion on March 22, 2022, $2.5 billion on October 4, 2022 and $2.0 billion on June 14, 2023, bringing the total authorization to $35.7 billion. From January 1998 to August 26, 2023, we have repurchased a total of 154.0 million shares at an aggregate cost of $33.8 billion. We repurchased 1.5 million, 2.2 million and 2.6 million shares of common stock at an aggregate cost of $3.7 billion (inclusive of excise tax of $23.7 million), $4.4 billion and $3.4 billion during fiscal 2023, 2022 and 2021, respectively. The excise tax is assessed at one percent of the fair market value of net stock repurchases after December 31, 2022. Considering cumulative repurchases as of August 26, 2023 we had $1.8 billion remaining under the Board's authorization to repurchase our common stock. We will continue to evaluate current and expected business conditions and adjust the level of share repurchases under our share repurchase program in a manner that is consistent with our capital allocation strategy or as we otherwise deem appropriate.

Cash flow before share repurchases and changes in debt was $2.2 billion, $2.6 billion and $3.0 billion for the fiscal year ended August 26, 2023, August 27, 2022 and August 28, 2021, respectively. Cash flow before share repurchases and changes in debt is calculated as the net increase or decrease in cash and cash equivalents less net increases or decreases in debt (excluding deferred financing costs) plus share repurchases. We use cash flow before share repurchases and changes in debt to calculate the cash flows remaining and available. We believe this is important information regarding our allocation of available capital where we prioritize investments in the business and utilize the remaining funds to repurchase shares, while maintaining debt levels that support our investment grade credit ratings. Refer to the "Reconciliation of Non-GAAP Financial Measures" section for further details of our calculation.

Subsequent to August 26, 2023 and through October 16, 2023, we have repurchased 200,303 shares of common stock at an aggregate cost of $512.4 million. Considering the cumulative repurchases through October 16, 2023, we have $1.3 billion remaining under the Board's authorization to repurchase its common stock.

Financial Commitments

The following table shows our significant contractual obligations as of August 26, 2023:

(in thousands)	Total Contractual Obligations	Payment Due by Period Less than 1 year	Between 1-3 years	Between 3-5 years	Over 5 years
Debt[1]	$ 7,709,600	$ 1,509,600	$ 1,750,000	$ 1,050,000	$ 3,400,000
Interest payments[2]	1,468,738	252,600	455,325	321,125	439,688
Operating leases[3]	4,097,510	372,849	781,663	682,165	2,260,833
Finance leases[3]	319,186	88,284	143,106	44,568	43,228
Self-insurance reserves[4]	279,407	96,795	95,288	38,757	48,567
Construction commitments	198,926	198,926	—	—	—
Other[5]	9,326	9,326	—	—	—
	$ 14,082,693	$ 2,528,380	$ 3,225,382	$ 2,136,615	$ 6,192,316

(1) Debt balances represent principal maturities, excluding interest, discounts, and debt issuance costs.

(2) Represents obligations for interest payments on long-term debt.

(3) Operating and finance lease obligations include related interest in accordance with ASU 2016-02, Leases (Topic 842).

(4) Self-insurance reserves reflect estimates based on actuarial calculations and are presented net of insurance receivables. Although these obligations do not have scheduled maturities, the timing of future payments are predictable based upon historical patterns. Accordingly, we reflect the net present value of these obligations in our Consolidated Balance Sheets.

(5) Represents commitments to make additional capital contributions to certain tax credit equity investments upon achievement of project milestones.

Our tax liability for uncertain tax positions, including interest and penalties, was $51.0 million at August 26, 2023. Approximately $11.2 million is classified as current liabilities and $39.8 million is classified as long-term liabilities. We did not reflect these obligations in the table above as we are unable to make an estimate of the timing of payments of the long-term liabilities due to uncertainties in the timing and amounts of the settlement of these tax positions.

Off-Balance Sheet Arrangements

The following table reflects outstanding letters of credit and surety bonds as of August 26, 2023:

(in thousands)	Total Other Commitments
Standby letters of credit	$ 133,953
Surety bonds	43,076
	$ 177,029

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

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

Reconciliation of Non-GAAP Financial Measures

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

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

Reconciliation of Non-GAAP Financial Measure: Cash Flow Before Share Repurchases and Changes in Debt
The following table reconciles net increase (decrease) in cash and cash equivalents to cash flow before share repurchases and changes in debt, which is presented in "Management's Discussion and Analysis of Financial Condition and Results of Operations":

	Fiscal Year Ended August				
(in thousands)	**2023**	**2022**	**2021**	**2020**	**2019**
Net cash provided by/(used in):					
Operating activities	$ 2,940,788	$ 3,211,135	$ 3,518,543	$ 2,720,108	$ 2,128,513
Investing activities	(876,178)	(648,099)	(601,778)	(497,875)	(491,846)
Financing activities	(2,060,082)	(3,470,497)	(3,500,417)	(643,636)	(1,674,088)
Effect of exchange rate changes on cash	8,146	506	4,172	(4,082)	(4,103)
Net (decrease)/increase in cash and cash equivalents	12,674	(906,955)	(579,480)	1,574,515	(41,524)
Less: increase/(decrease) in debt, excluding deferred financing costs	1,556,200	853,400	(250,000)	320,000	204,700
Plus: Share repurchases	3,699,552	4,359,991	3,378,321	930,903[(1)]	2,004,896
Cash flow before share repurchases and changes in debt	$ 2,156,026	$ 2,599,636	$ 3,048,841	$ 2,185,418	$ 1,758,672

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

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

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

	Fiscal Year Ended August				
(in thousands, except percentage)	2023	2022	2021	2020	2019[1]
Net income	$ 2,528,426	$ 2,429,604	$ 2,170,314	$ 1,732,972	$ 1,617,221
Adjustments:					
Interest expense	306,372	191,638	195,337	201,165	184,804
Rent expense[2]	406,398	373,278	345,380	329,783	332,726
Tax effect[3]	(143,980)	(119,197)	(114,091)	(115,747)	(105,576)
Deferred tax liabilities, net of repatriation tax[4]	—	—	—	—	(6,340)
Adjusted after-tax return	$ 3,097,216	$ 2,875,323	$ 2,596,940	$ 2,148,173	$ 2,022,835
Average debt[5]	$ 6,900,354	$ 5,712,301	$ 5,416,471	$ 5,375,356	$ 5,126,286
Average stockholders' deficit[5]	(4,042,495)	(2,797,181)	(1,397,892)	(1,542,355)	(1,615,339)
Add: Rent x 6[2][6]	2,438,388	2,239,668	2,072,280	1,978,696	1,996,358
Average finance lease liabilities[5]	296,599	284,453	237,267	203,998	162,591
Invested capital	$ 5,592,846	$ 5,439,241	$ 6,328,126	$ 6,015,695	$ 5,669,896
Adjusted after-tax ROIC	55.4 %	52.9 %	41.0 %	35.7 %	35.7 %

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

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

	Fiscal Year Ended August				
(in thousands, except ratio)	2023	2022	2021	2020	2019(1)
Net income	$ 2,528,426	$ 2,429,604	$ 2,170,314	$ 1,732,972	$ 1,617,221
Add: Interest expense	306,372	191,638	195,337	201,165	184,804
Income tax expense	639,188	649,487	578,876	483,542	414,112
EBIT	3,473,986	3,270,729	2,944,527	2,417,679	2,216,137
Add: Depreciation and amortization expense	497,577	442,223	407,683	397,466	369,957
Rent expense[2]	406,398	373,278	345,380	329,783	332,726
Share-based expense	93,087	70,612	56,112	44,835	43,255
EBITDAR	$ 4,471,048	$ 4,156,842	$ 3,753,702	$ 3,189,763	$ 2,962,075
Debt	$ 7,668,549	$ 6,122,092	$ 5,269,820	$ 5,513,371	$ 5,206,344
Financing lease liabilities	287,618	310,305	276,054	223,353	179,905
Add: Rent x 6[2][6]	2,438,388	2,239,668	2,072,280	1,978,696	1,996,358
Adjusted debt	$ 10,394,555	$ 8,672,065	$ 7,618,154	$ 7,715,420	$ 7,382,607
Adjusted debt to EBITDAR	2.3	2.1	2.0	2.4	2.5

(1) The fiscal year ended August 31, 2019 consisted of 53 weeks.

(2) Effective September 1, 2019, the Company adopted ASU 2016-02, Leases (Topic 842), the new lease accounting standard that required the Company to recognize operating lease assets and liabilities in the balance sheet. The table below outlines the calculation of rent expense and reconciles rent expense to total lease cost, per ASC 842, the most directly comparable GAAP financial measure, for the 52 weeks ended, August 26, 2023, August 27, 2022 and August 28, 2021.

	For the year ended			
(in thousands)	August 26, 2023	August 27, 2022	August 28, 2021	August 29, 2020
Total lease cost, per ASC 842	$ 524,283	$ 470,563	$ 427,443	$ 415,505
Less: Finance lease interest and amortization	(86,521)	(69,564)	(56,334)	(60,275)
Less: Variable operating lease components, related to insurance and common area maintenance	(31,364)	(27,721)	(25,729)	(25,447)
Rent expense	$ 406,398	$ 373,278	$ 345,380	$ 329,783

(3) For fiscal 2023, 2022, 2021 and 2020, the effective tax rate was 20.2%, 21.1%, 21.1% and 21.8%, respectively.

(4) For fiscal 2019 after-tax operating profit was adjusted for the impact of the revaluation of deferred tax liabilities, net of repatriation tax.

(5) All averages are computed based on trailing five quarters.

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

Recent Accounting Pronouncements

See Note A of the Notes to Consolidated Financial Statements for a discussion on recent accounting pronouncements.

Critical Accounting Policies and Estimates

Preparation of our Consolidated Financial Statements requires us to make estimates and assumptions affecting the reported amounts of assets and liabilities at the date of the financial statements, reported amounts of revenues and expenses during the reporting period and related disclosures of contingent liabilities. In the Notes to our Consolidated Financial Statements, we describe our significant accounting policies used in preparing the Consolidated Financial Statements. Our policies are evaluated on an ongoing basis and are drawn from historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results could differ under different assumptions or conditions. Our senior management has identified self-insurance reserves as a critical accounting estimate that is materially impacted by assumptions while income taxes and valuation allowances have been identified as critical accounting policies. These policies have been discussed with the Audit Committee of our Board. The following items in our Consolidated Financial Statements represent our critical accounting policies and estimates by management:

Self-Insurance Reserves

We retain a significant portion of the risks associated with workers' compensation, general, product liability, property and vehicle liability; and we obtain third party insurance to limit the exposure related to certain of these risks. Our self-insurance reserve estimates totaled $268.8 million at August 26, 2023, and $264.3 million at August 27, 2022. Where estimates are possible, losses covered by insurance are recognized on a gross basis with a corresponding insurance receivable.

The assumptions made by management in estimating our self-insurance reserves include consideration of historical cost experience, judgments about the present and expected levels of cost per claim and retention levels. We utilize various methods, including analyses of historical trends and use of a specialist, to estimate the cost to settle reported claims and claims incurred but not yet reported. The actuarial methods develop estimates of the future ultimate claim costs based on the claims incurred as of the balance sheet date. When estimating these liabilities, we consider factors, such as the severity, duration and frequency of claims, legal costs associated with claims, healthcare trends and projected inflation of related factors. In recent history, our methods for determining our exposure have remained consistent, and our historical trends have been appropriately factored into our reserve estimates. As we obtain additional information and refine our methods regarding the assumptions and estimates we use to recognize liabilities incurred, we will adjust our reserves accordingly.

Management believes that the various assumptions developed and actuarial methods used to determine our self-insurance reserves are reasonable and provide meaningful data and information that management uses to make its best estimate of our exposure to these risks. Arriving at these estimates, however, requires a significant amount of subjective judgment by management, and as a result these estimates are uncertain and our actual exposure may be different from our estimates. For example, changes in our assumptions about healthcare costs, the severity of accidents and the incidence of illness, the average size of claims and other factors could cause actual claim costs to vary from our assumptions and estimates, causing our reserves to be overstated or understated. A 10% change in our self-insurance liability would have affected net income by approximately $19.3 million for fiscal 2023.

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

If the discount rate used to calculate the present value of these reserves changed by 25 basis points, net income would have been affected by approximately $1.1 million for fiscal 2023.

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

We regularly review our tax reserves for these items and assess the adequacy of the amount we have recorded. As of August 26, 2023, we had approximately $51.0 million reserved for uncertain tax positions.

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

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

Vendor Allowances
We receive various payments and allowances from our vendors through a variety of programs and arrangements, including allowances for warranties, advertising and general promotion of vendor products. Vendor allowances are treated as a reduction of the cost of inventory, unless they are provided as a reimbursement of specific, incremental, identifiable costs incurred by the Company in selling the vendor's products. Approximately 88% of the vendor funds received during fiscal 2023 were recorded as a reduction of the cost of inventories and recognized as a reduction to cost of sales as these inventories are sold.

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

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

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

We have historically utilized interest rate swaps to convert variable rate debt to fixed rate debt and to lock in fixed rates on future debt issuances. We reflect the current fair value of all interest rate hedge instruments as a component of either other current assets or accrued expenses and other. Our interest rate hedge instruments are designated as cash flow hedges. As of August 26, 2023 and August 27, 2022, no such interest rate swaps were outstanding.

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

The fair value of our debt was estimated at $7.3 billion as of August 26, 2023, and $5.9 billion as of August 27, 2022, based on the quoted market prices for the same or similar debt issues or on the current rates available to us for debt having the same remaining maturities. Such fair value is less than the carrying value of debt by $406.6 million and $182.8 million at August 26, 2023 and August 27, 2022, respectively, which reflects its face amount, adjusted for any unamortized debt issuance costs and discounts.

We had $1.2 billion in variable rate debt outstanding at August 26, 2023 and $603.4 million in August 27, 2022.

We had outstanding fixed rate debt of $6.5 billion, net of unamortized debt issuance costs of $41.1 million, at August 26, 2023, and $5.5 billion, net of unamortized debt issuance costs of $31.3 million, at August 27, 2022. A one percentage point increase in interest rates would have reduced the fair value of our fixed rate debt by approximately $264.7 million at August 26, 2023.

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

We view our investments in Mexican subsidiaries as long-term. As a result, we generally do not hedge these net investments. The net asset exposure in the Mexican subsidiaries translated into U.S. dollars using the year-end exchange rates was $409.8 million at August 26, 2023 and $270.2 million at August 27, 2022. The year-end exchange rates with respect to the Mexican peso increased by 15.7% with respect to the U.S. dollar during fiscal 2023 and decreased by less than 1.0% with respect to the U.S. dollar during fiscal 2022. The potential loss in value of our net assets in the Mexican subsidiaries resulting from a hypothetical 10 percent adverse change in quoted foreign currency exchange rates at August 26, 2023 and August 27, 2022, would have been approximately $37.3 million and approximately $24.6 million, respectively. Any changes in our net assets in the Mexican subsidiaries relating to foreign currency exchange rates would be reflected in the foreign currency translation component of Accumulated Other Comprehensive Loss, unless the Mexican subsidiaries are sold or otherwise disposed. A hypothetical 10 percent adverse change in average exchange rates would not have a material impact on our results of operations.

Item 8. Financial Statements and Supplementary Data

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Management's Report on Internal Control Over Financial Reporting

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

Management, with the participation of our principal executive and financial officers, assessed our internal control over financial reporting as of August 26, 2023, the end of our fiscal year. Management based its assessment on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework.

Based on this assessment, management has concluded that our internal control over financial reporting was effective as of August 26, 2023.

Our independent registered public accounting firm, Ernst & Young LLP (PCAOB ID: 42), audited the effectiveness of our internal control over financial reporting. Ernst & Young LLP's attestation report on the Company's internal control over financial reporting as of August 26, 2023 is included in this Annual Report on Form 10-K.

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited AutoZone, Inc.'s internal control over financial reporting as of August 26, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, AutoZone, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of August 26, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of August 26, 2023 and August 27, 2022, and the related consolidated statements of income, comprehensive income, stockholders' deficit, and cash flows for each of the three years in the period ended August 26, 2023, and the related notes and our report dated October 24, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Memphis, Tennessee
October 24, 2023

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of AutoZone, Inc. (the Company) as of August 26, 2023 and August 27, 2022, the related consolidated statements of income, comprehensive income, stockholders' deficit, and cash flows for each of the three years in the period ended August 26, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at August 26, 2023 and August 27, 2022, and the results of its operations and its cash flows for each of the three years in the period ended August 26, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of August 26, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated October 24, 2023, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Critical Audit Matter

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

	Valuation of Self-insurance Reserves
Description of the Matter	At August 26, 2023, the Company’s self-insurance reserve estimate was $268.8 million. As more fully described in Note A of the consolidated financial statements, the Company retains a significant portion of the risks associated with workers’ compensation, general liability, product liability, property and vehicle insurance. Accordingly, the Company utilizes various methods, including analyses of historical trends and actuarial methods, to estimate the costs of these risks. Auditing the self-insurance reserve is complex and required the involvement of specialists due to the judgmental nature of estimating the costs to settle reported claims and claims incurred but not yet reported. There are a number of factors and/or assumptions (e.g., severity, duration and frequency of claims, projected inflation of related factors, and the risk-free rate) used in the measurement process which have a significant effect on the estimated self-insurance reserve.
How We Addressed the Matter in Our Audit	We evaluated the design and tested the operating effectiveness of the Company’s controls over the self-insurance reserve process. For example, we tested controls over management’s review of the self-insurance reserve calculations, the significant actuarial assumptions and the data inputs provided to the actuary. To evaluate the self-insurance reserve, our audit procedures included, among others, assessing the methodologies used, evaluating the significant actuarial assumptions discussed above and testing the completeness and the accuracy of the underlying claims data used by the Company. We compared the actuarial assumptions used by management to historical trends and evaluated the change in the self-insurance reserve from the prior year due to changes in these assumptions. In addition, we involved our actuarial specialists to assist in assessing the valuation methodologies and significant assumptions used in the valuation analysis, we evaluated management’s methodology for determining the risk-free interest rate utilized in measuring the net present value of the long-term portion of the self-insurance reserve, we compared the significant assumptions used by management to industry accepted actuarial assumptions and we compared the Company’s reserve to a range developed by our actuarial specialists based on assumptions developed by the specialists.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 1988.

Memphis, Tennessee
October 24, 2023

AutoZone, Inc. Consolidated Statements of Income

(in thousands, except per share data)	Year Ended August 26, 2023	August 27, 2022	August 28, 2021
Net sales	$ 17,457,209	$ 16,252,230	$ 14,629,585
Cost of sales, including warehouse and delivery expenses	8,386,787	7,779,580	6,911,800
Gross profit	9,070,422	8,472,650	7,717,785
Operating, selling, general and administrative expenses	5,596,436	5,201,921	4,773,258
Operating profit	3,473,986	3,270,729	2,944,527
Interest expense, net	306,372	191,638	195,337
Income before income taxes	3,167,614	3,079,091	2,749,190
Income tax expense	639,188	649,487	578,876
Net income	$ 2,528,426	$ 2,429,604	$ 2,170,314
Weighted average shares for basic earnings per share	18,510	20,107	22,237
Effect of dilutive stock equivalents	593	626	562
Weighted average shares for diluted earnings per share	19,103	20,733	22,799
Basic earnings per share	$ 136.60	$ 120.83	$ 97.60
Diluted earnings per share	$ 132.36	$ 117.19	$ 95.19

See Notes to Consolidated Financial Statements.

AutoZone, Inc. Consolidated Statements of Comprehensive Income

(in thousands)	Year Ended August 26, 2023	August 27, 2022	August 28, 2021
Net income	$ 2,528,426	$ 2,429,604	$ 2,170,314
Other comprehensive income:			
Foreign currency translation adjustments	103,633	7,448	44,683
Unrealized gains (losses) on marketable debt securities, net of taxes	320	(2,760)	(1,256)
Net derivative activities, net of taxes	5,747	2,762	2,839
Total other comprehensive income	109,700	7,450	46,266
Comprehensive income	$ 2,638,126	$ 2,437,054	$ 2,216,580

See Notes to Consolidated Financial Statements.

AutoZone, Inc. Consolidated Balance Sheets

(in thousands)	August 26, 2023	August 27, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 277,054	$ 264,380
Accounts receivable	520,385	504,886
Merchandise inventories	5,764,143	5,638,004
Other current assets	217,844	220,714
Total current assets	6,779,426	6,627,984
Property and equipment:		
Land	1,367,391	1,299,981
Buildings and improvements	4,860,216	4,486,676
Equipment	2,972,879	2,650,831
Leasehold improvements	831,508	724,095
Construction in progress	305,896	291,588
Property and equipment	10,337,890	9,453,171
Less: Accumulated depreciation and amortization	(4,741,342)	(4,282,752)
	5,596,548	5,170,419
Operating lease right-of-use assets	2,998,097	2,918,817
Goodwill	302,645	302,645
Deferred income taxes	86,002	52,047
Other long-term assets	223,160	203,131
Total long-term assets	3,609,904	3,476,640
Total assets	$ 15,985,878	$ 15,275,043
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 7,201,281	$ 7,301,347
Current portion of operating lease liabilities	257,256	243,407
Accrued expenses and other	1,000,841	1,008,701
Income taxes payable	52,478	34,938
Total current liabilities	8,511,856	8,588,393
Long-term debt	7,668,549	6,122,092
Operating lease liabilities, less current portion	2,917,046	2,837,973
Deferred income taxes	536,278	533,884
Other long-term liabilities	702,043	731,614
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, authorized 1,000 shares; no shares issued	—	—
Common stock, par value $.01 per share, authorized 200,000 shares; 18,936 shares issued and 17,857 shares outstanding as of August 26, 2023; 20,732 shares issued and 19,126 shares outstanding as of August 27, 2022	189	207
Additional paid-in capital	1,484,992	1,354,252
Retained deficit	(2,959,278)	(1,330,067)
Accumulated other comprehensive loss	(190,836)	(300,536)
Treasury stock, at cost	(2,684,961)	(3,262,769)
Total stockholders' deficit	(4,349,894)	(3,538,913)
Total liabilities and stockholders' deficit	$ 15,985,878	$ 15,275,043

See Notes to Consolidated Financial Statements.

AutoZone, Inc. Consolidated Statements of Cash Flows

	Year Ended		
(in thousands)	August 26, 2023	August 27, 2022	August 28, 2021
Cash flows from operating activities:			
Net income	$ 2,528,426	$ 2,429,604	$ 2,170,314
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	497,577	442,223	407,683
Other non-cash charges	44,000	15,000	—
Amortization of debt origination fees	9,264	11,276	12,858
Deferred income taxes	(25,707)	185,594	(34,432)
Share-based compensation expense	93,087	70,612	56,112
Changes in operating assets and liabilities:			
Accounts receivable	(6,674)	(125,732)	(11,039)
Merchandise inventories	(89,180)	(1,005,686)	(138,517)
Accounts payable and accrued expenses	(183,679)	1,224,692	1,029,912
Income taxes	92,832	(10,517)	29,467
Other, net	(19,158)	(25,931)	(3,815)
Net cash provided by operating activities	2,940,788	3,211,135	3,518,543
Cash flows from investing activities:			
Capital expenditures	(796,657)	(672,391)	(621,767)
Purchase of marketable debt securities	(66,917)	(56,040)	(63,676)
Proceeds from sale of marketable debt securities	58,357	53,882	95,393
Investment in tax credit equity investments	(98,003)	(31,537)	(41,712)
Proceeds from disposal of capital assets and other, net	27,042	57,987	29,984
Net cash used in investing activities	(876,178)	(648,099)	(601,778)
Cash flows from financing activities:			
Net proceeds from commercial paper	606,200	603,400	—
Proceeds from issuance of debt	1,750,000	750,000	—
Repayment of debt	(800,000)	(500,000)	(250,000)
Net proceeds from sale of common stock	182,494	113,934	187,757
Purchase of treasury stock	(3,699,552)	(4,359,991)	(3,378,321)
Repayment of principal portion of finance lease liabilities	(81,055)	(67,182)	(59,853)
Other, net	(18,169)	(10,658)	—
Net cash used in financing activities	(2,060,082)	(3,470,497)	(3,500,417)
Effect of exchange rate changes on cash	8,146	506	4,172
Net increase/(decrease) in cash and cash equivalents	12,674	(906,955)	(579,480)
Cash and cash equivalents at beginning of period	264,380	1,171,335	1,750,815
Cash and cash equivalents at end of period	$ 277,054	$ 264,380	$ 1,171,335
Supplemental cash flow information:			
Interest paid, net of interest cost capitalized	$ 260,866	$ 178,561	$ 187,948
Income taxes paid	$ 570,250	$ 461,232	$ 574,854
Leased assets obtained in exchange for new finance lease liabilities	$ 58,316	$ 100,711	$ 112,095
Leased assets obtained in exchange for new operating lease liabilities	$ 428,150	$ 527,966	$ 444,626

See Notes to Consolidated Financial Statements.

AutoZone, Inc. Consolidated Statements of Stockholders' Deficit

(in thousands)	Common Shares Issued	Common Stock	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at August 29, 2020	23,697	$ 237	$ 1,283,495	$ (1,450,970)	$ (354,252)	$ (356,487)	$ (877,977)
Net income	—	—	—	2,170,314	—	—	2,170,314
Total other comprehensive income	—	—	—	—	46,266	—	46,266
Purchase of 2,592 shares of treasury stock	—	—	—	—	—	(3,378,321)	(3,378,321)
Retirement of treasury shares	(1,044)	(10)	(60,005)	(1,139,173)	—	1,199,188	—
Issuance of common stock under stock options and stock purchase plans	354	3	187,754	—	—	—	187,757
Share-based compensation expense	—	—	54,425	—	—	—	54,425
Balance at August 28, 2021	23,007	230	1,465,669	(419,829)	(307,986)	(2,535,620)	(1,797,536)
Net income	—	—	—	2,429,604	—	—	2,429,604
Total other comprehensive income	—	—	—	—	7,450	—	7,450
Purchase of 2,220 shares of treasury stock	—	—	—	—	—	(4,359,991)	(4,359,991)
Retirement of treasury shares	(2,484)	(25)	(292,975)	(3,339,842)	—	3,632,842	—
Issuance of common stock under stock options and stock purchase plans	209	2	113,932	—	—	—	113,934
Share-based compensation expense	—	—	67,626	—	—	—	67,626
Balance at August 27, 2022	20,732	207	1,354,252	(1,330,067)	(300,536)	(3,262,769)	(3,538,913)
Net income	—	—	—	2,528,426	—	—	2,528,426
Total other comprehensive income	—	—	—	—	109,700	—	109,700
Purchase of 1,524 shares of treasury stock[(1)]	—	—	—	—	—	(3,723,289)	(3,723,289)
Retirement of treasury shares	(2,051)	(20)	(143,440)	(4,157,637)	—	4,301,097	—
Issuance of common stock under stock options and stock purchase plans	255	2	182,492	—	—	—	182,494
Share-based compensation expense	—	—	91,688	—	—	—	91,688
Balance at August 26, 2023	18,936	$ 189	$ 1,484,992	$ (2,959,278)	$ (190,836)	$ (2,684,961)	$ (4,349,894)

(1) Inclusive of excise tax of $23.7 million for the year ended August 26, 2023. The excise tax is assessed at one percent of the fair market value of net stock repurchases after December 31, 2022.

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Note A – Significant Accounting Policies

Business: AutoZone, Inc. ("AutoZone" or the "Company") is the leading retailer and distributor of automotive replacement parts and accessories in the Americas. At the end of fiscal 2023, the Company operated 6,300 stores in the U.S., 740 stores in Mexico and 100 stores in Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light duty trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products. At the end of fiscal 2023, in 5,682 of the domestic stores as well as the vast majority of our stores in Mexico and Brazil, we had a commercial sales program that provided commercial credit and prompt delivery of parts and other products to local, regional and national repair garages, dealers, service stations, fleet owners and other accounts. The Company also sells automotive hard parts, maintenance items, accessories, and non-automotive products through www.autozone.com, and its commercial customers can make purchases through www.autozonepro.com.Additionally, the Company sells the ALLDATA brand automotive diagnostic, repair, collision and shop management software through www.alldata.com. The Company also provides product information on its Duralast branded products through www.duralastparts.com. The Company does not derive revenue from automotive repair or installation services.

Fiscal Year: The Company's fiscal year consists of 52 or 53 weeks ending on the last Saturday in August. Fiscal 2023, 2022 and 2021 represented 52 weeks.

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

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

The Company considers its investment in these tax credit funds as an investment in a variable interest entity ("VIE"). The Company evaluates the investment in any VIE to determine whether it is the primary beneficiary. The Company considers a variety of factors in identifying the entity that holds the power to direct matters that most significantly impact the VIE's economic performance including, but not limited to, the ability to direct financing, leasing, construction and other operating decisions and activities. As of August 26, 2023, the Company held tax credit equity investments that were deemed to be VIE's and determined that it was not the primary beneficiary of the entities, as it did not have the power to direct the activities that most significantly impacted the entity and accounted for this investment using the equity method. The Company's maximum exposure to losses is generally limited to its net investment, which was $29.6 million as of August 26, 2023 and $14.1 million as of August 27, 2022 and was included within the Other long-term assets caption in the accompanying Consolidated Balance Sheets. As of August 26, 2023, the Company had commitments to make certain additional capital contributions to one of its tax credit funds totaling $9.3 million.

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

Cash and Cash Equivalents: Cash equivalents consist of investments with original maturities of 90 days or less. Cash equivalents include proceeds due from credit and debit card transactions with settlement terms of less than five days. Credit and debit card receivables included within cash and cash equivalents were $88.6 million at August 26, 2023 and $78.4 million at August 27, 2022.

Cash balances are held in various locations around the world. Cash and cash equivalents of $108.5 million and $86.8 million were held outside of the U.S. as of August 26, 2023, and August 27, 2022, respectively, and were generally utilized to support the liquidity needs in foreign operations.

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

Receivables are presented net of an allowance for credit losses. Allowances for expected credit losses are determined based on historical experience, the current economic environment, our expectations of future economic conditions and the current evaluation of the composition of accounts receivable. The Company will apply adjustments for specific factors and current economic conditions as needed at each reporting date. The Company's allowance for credit losses is included in "Accounts receivable" on the accompanying Consolidated Balance Sheets as of August 26, 2023 and August 27, 2022. The balance of the allowance for credit losses was $7.7 million at August 26, 2023, and $9.5 million at August 27, 2022.

Vendor Receivables: The Company's vendor receivables primarily consist of balances arising from its vendors through a variety of programs and arrangements, including rebates, allowances, promotional funds and reimbursement of specific, incremental, identifiable costs incurred by the Company in selling the vendors' products. The amounts to be received are prescribed by the terms of the vendor agreements and therefore collection of such amounts is generally not at risk. The Company regularly reviews vendor receivables for collectability and assesses the need for an allowance for credit losses based on an evaluation of the vendors' financial positions and corresponding abilities to meet financial obligations. Management does not believe there is a reasonable likelihood that the Company will be unable to collect the receivables from vendors and did not record a reserve for expected credit losses from vendors in the Consolidated Financial Statements as of August 26, 2023 and August 27, 2022.

Merchandise Inventories: Merchandise inventories include related purchasing, storage and handling costs. Inventory cost has been determined using the last-in, first-out ("LIFO") method stated at the lower of cost or market for domestic inventories and the weighted average cost method stated at the lower of cost or net realizable value for Mexico and Brazil inventories. Due to recent price inflation on the Company's merchandise purchases, primarily driven by increased freight costs, the Company's LIFO credit reserve balance was $59.0 million at August 26, 2023 and $15.0 million at August 27, 2022. Increases to the Company's LIFO credit reserve balance are recorded as a non-cash charge to cost of sales and decreases are recorded as a non-cash benefit to cost of sales.

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

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

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

Goodwill: The cost in excess of fair value of identifiable net assets of businesses acquired is recorded as goodwill. Goodwill has not been amortized since fiscal 2001, but an analysis is performed at least annually to compare the fair value of the reporting unit to the carrying amount to determine if any impairment exists. The Company had approximately $302.6 million of goodwill, which is allocated to the Auto Parts Stores operating segment at August 26, 2023 and August 27, 2022. The Company performs its annual impairment assessment in the fourth quarter of each fiscal year, unless circumstances dictate more frequent assessments. In the fourth quarter of fiscal 2023 and 2022, the Company concluded its remaining goodwill was not impaired.

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

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

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

Self-Insurance Reserves: The Company retains a significant portion of the risks associated with workers' compensation, general liability, product liability, property and vehicle insurance. The Company obtains third party insurance to limit the exposure related to certain of these risks. The reserve for the Company's liability associated with these risks totaled $268.8 million and $264.3 million at August 26, 2023 and August 27, 2022, respectively.

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

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

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

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

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

Financial Instruments: The Company has financial instruments, including cash and cash equivalents, accounts receivable, other current assets and accounts payable. The carrying amounts of these financial instruments approximate fair value because of their short maturities. (Refer to “Note I – Financing” for a discussion of the carrying values and fair values of the Company’s debt, “Note F – Marketable Debt Securities” for additional disclosures related to marketable debt securities and “Note H – Derivative Financial Instruments” for additional information regarding derivatives.)

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

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

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

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

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

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

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

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

There were no material contract assets, liabilities or deferred costs recorded on the Consolidated Balance Sheet as of August 26, 2023 and August 27, 2022. Revenue related to unfulfilled performance obligations as of August 26, 2023 and August 27, 2022 is not significant. (Refer to "Note P – Segment Reporting" for additional information related to revenue recognized during the period.)

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

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

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

The Company expenses advertising costs as incurred. Advertising expense, net of vendor promotional funds, was $99.5 million in fiscal 2023, $97.1 million in fiscal 2022 and $85.9 million in fiscal 2021. Vendor promotional funds, which reduced advertising expense, amounted to $62.4 million in fiscal 2023, $52.1 million in fiscal 2022 and $53.2 million in fiscal 2021.

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

Cost of Sales

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

Operating, Selling, General and Administrative Expenses

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

Warranty Costs: The Company or the vendors supplying its products provides the Company's customers limited warranties on certain products that range from 30 days to lifetime. In most cases, the Company's vendors are primarily responsible for warranty claims. Warranty costs relating to merchandise sold under warranty not covered by vendors are estimated and recorded as warranty obligations at the time of sale based on each product's historical return rate. These obligations, which are often funded by vendor allowances, are recorded within the Accrued expenses and other caption in the Consolidated Balance Sheets. For vendor allowances in excess of the related estimated warranty expense for the vendor's products, the excess is recorded in inventory and recognized as a reduction to cost of sales as the related inventory is sold.

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

Earnings per Share: Basic earnings per share is based on the weighted average outstanding common shares. Diluted earnings per share is based on the weighted average outstanding common shares adjusted for the effect of common stock equivalents, which are primarily stock options. There were 140,071, 142,887 and 171,652 stock options excluded for the year ended August 26, 2023, August 27, 2022 and August 28, 2021, respectively, because they would have been anti-dilutive.

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

Risk and Uncertainties: In fiscal 2023, one class of similar products accounted for approximately 14 percent of the Company's total revenues. No other class of similar products accounted for 10 percent or more of total revenues, and no individual vendor provided more than 10 percent of total purchases.

Recently Adopted Accounting Pronouncements

In November 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2021-10, *Government Assistance (Topic 832) – Disclosures by Business Entities about Government Assistance*, which requires annual disclosures for entities receiving governmental assistance to provide more transparency. This ASU is effective for fiscal years beginning after December 15, 2021. The Company adopted this ASU with its first quarter ended November 19, 2022 on a prospective basis. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements and related disclosures.

Recently Issued Accounting Pronouncements:

In September 2022, the FASB issued ASU 2022-04, *Liabilities – Supplier Finance Programs (Subtopic 405-50)*. This ASU requires buyers in a supplier finance program to disclose sufficient qualitative and quantitative information about the program to allow a reader of the financial statements to understand the program's nature, activity during the period, changes from period to period and the program's potential magnitude. This ASU is effective for all companies for fiscal years beginning after December 15, 2022, including interim periods within those years, and requires retrospective adoption. Early adoption is permitted. The Company expects to adopt this standard beginning with its first quarter ending November 18, 2023. The Company is currently evaluating these new disclosure requirements and does not expect the adoption to have a material impact.

Note B – Share-Based Payments

Overview of Share-Based Payment Plans

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

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

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

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

AutoZone, Inc. 2020 Omnibus Incentive Award Plan
On December 16, 2020, the Company's stockholders approved the AutoZone, Inc. 2020 Omnibus Incentive Award Plan (the "2020 Omnibus Plan"), which serves as the successor to the Amended 2011 Equity Plan. The 2020 Omnibus Plan provides equity-based compensation to our non-employee directors and employees for their service to AutoZone or our subsidiaries or affiliates. Under the 2020 Omnibus Plan, participants may receive equity-based compensation in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents, deferred stock, stock payments, performance based awards, cash based awards and other incentive awards structured by the Compensation Committee and the Board within parameters set forth in the 2020 Omnibus Plan.

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

Total share-based compensation expense (a component of Operating, selling, general and administrative expenses) was $93.1 million, $70.6 million and $56.1 million for fiscal 2023, 2022 and 2021, respectively.

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

Stock Options
The Company grants options to purchase common stock to certain of its employees under the 2020 Omnibus Plan at prices equal to the market value of the stock on the date of grant. Options have a term of ten years from grant date. Employee options generally vest in equal annual installments on the first, second, third and fourth anniversaries of the grant date and generally have 90 days after the service relationship ends, or one year after death, to exercise all vested options, unless retirement provisions are met. The fair value of each option grant is separately estimated for each vesting date. The fair value of each option is amortized into compensation expense on a straight-line basis between the grant date for the award and each vesting date.

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

	Year Ended		
	August 26, 2023	August 27, 2022	August 28, 2021
Expected price volatility	29 %	28 %	28 %
Risk-free interest rate	3.8 %	1.1 %	0.4 %
Weighted average expected lives (in years)	5.5	5.6	5.6
Forfeiture rate	10 %	10 %	10 %
Dividend yield	0 %	0 %	0 %

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

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

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

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

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

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

The weighted average grant date fair value per share of options granted was $764.68, $463.45 and $304.31 during fiscal 2023, 2022 and 2021, respectively. The intrinsic value of options exercised was $424.6 million, $282.7 million and $280.1 million in fiscal 2023, 2022 and 2021, respectively. The total fair value of options vested was $47.9 million, $39.3 million and $44.7 million in fiscal 2023, 2022 and 2021, respectively.

The Company generally issues new shares when options are exercised. The following table summarizes information about stock option activity for the year ended August 26, 2023:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term *(in years)*	Aggregate Intrinsic Value *(in thousands)*
Outstanding – August 27, 2022	1,139,100	$ 941.28		
Granted	161,510	2,218.35		
Exercised	(242,920)	708.46		
Forfeited/Cancelled	(30,102)	1,504.17		
Outstanding – August 26, 2023	1,027,588	1,180.39	5.97	$ 1,308,493
Exercisable	651,032	862.98	4.71	1,035,417
Expected to vest	359,109	1,719.64	8.13	263,838
Available for future grants	862,178			

As of August 26, 2023, total unrecognized share-based compensation expense related to stock options, net of estimated forfeitures, was approximately $90.1 million, before income taxes, and will be recognized over an estimated weighted average period of 2.9 years.

Restricted Stock Units

Restricted stock unit awards are valued at the market price of a share of the Company's stock on the date of grant and vest ratably on an annual basis over a four-year service period and are payable in shares of common stock on the vesting date. Compensation expense for grants of employee restricted stock units is recognized on a straight-line basis over the four-year service period, less estimated forfeitures, which are consistent with stock option forfeiture assumptions.

As of August 26, 2023, total unrecognized stock-based compensation expense related to nonvested restricted stock unit awards, net of estimated forfeitures, was approximately $8.2 million, before income taxes, which we expect to recognize over an estimated weighted average period of 2.4 years.

Transactions related to restricted stock units for the fiscal year ended August 26, 2023 are as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Nonvested at August 27, 2022	12,731	$ 1,223.61
Granted	3,584	2,267.41
Vested	(6,643)	1,276.36
Forfeited	(1,539)	1,581.25
Nonvested at August 26, 2023	8,133	$ 1,572.87

Stock Appreciation Rights

At August 26, 2023 and August 27, 2022, the Company had $11.8 million and $10.4 million, respectively of accrued compensation expense. There were 4,822 outstanding units issued under the 2003 Comp Plan and prior plans. As directors retire, this balance will be reduced. No additional shares of stock or units will be issued in future years under the 2003 Comp Plan or prior plans.

Employee Stock Purchase Plan and Executive Stock Purchase Plan

The Company recognized $2.5 million in compensation expense related to the discount on the selling of shares to employees and executives under the various share purchase plans in fiscal 2023, $3.2 million in fiscal 2022 and $2.5 million in fiscal 2021. Under the Employee Plan, 5,183, 6,238 and 8,479 shares were sold to employees in fiscal 2023, 2022 and 2021, respectively. The Company repurchased 4,886 and 7,611 shares in fiscal 2022 and 2021, respectively, all at market value from employees electing to sell their stock. Purchases under the Executive Plan were 689, 709 and 997 shares in fiscal 2023, 2022 and 2021, respectively. Issuances of shares under the Employee Plan are netted against repurchases and such repurchases are not included in share repurchases disclosed in "Note K – Stock Repurchase Program." At August 26, 2023, 122,341 shares of common stock were reserved for future issuance under the Employee Plan, and 232,966 shares of common stock were reserved for future issuance under the Executive Plan.

Note C – Accrued Expenses and Other

Accrued expenses and other consisted of the following:

(in thousands)	August 26, 2023	August 27, 2022
Accrued compensation, related payroll taxes and benefits	$ 343,379	$ 414,892
Property, sales and other taxes	165,731	153,305
Medical and casualty insurance claims (current portion)	127,624	115,201
Finance lease liabilities	86,916	92,877
Accrued gift cards	59,254	52,237
Accrued interest	54,493	50,696
Accrued sales and warranty returns	43,355	35,696
Other	120,089	93,797
	$ 1,000,841	$ 1,008,701

The Company retains a significant portion of the insurance risks associated with workers' compensation, general, product liability, property and vehicle insurance. A portion of these self-insured losses is managed through a wholly owned insurance captive. The Company maintains certain levels for stop-loss coverage for each self-insured plan in order to limit its liability for large claims. The retained limits per claim type are $2.0 million for workers' compensation, $7.5 million for auto liability, $21.5 million for property and $2.0 million for general and product liability.

Note D – Income Taxes

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

	Year Ended		
(in thousands)	August 26, 2023	August 27, 2022	August 28, 2021
Domestic	$ 2,621,714	$ 2,429,262	$ 2,436,548
International	545,900	649,829	312,642
	$ 3,167,614	$ 3,079,091	$ 2,749,190

The provision for income tax expense consisted of the following:

(in thousands)	Year Ended August 26, 2023	August 27, 2022	August 28, 2021
Current:			
Federal	$ 423,301	$ 293,022	$ 438,686
State	86,687	48,490	79,271
International	154,907	122,381	95,351
	664,895	463,893	613,308
Deferred:			
Federal	20,266	160,749	(21,366)
State	(21,847)	34,564	(1,707)
International	(24,126)	(9,719)	(11,359)
	(25,707)	185,594	(34,432)
Income tax expense	$ 639,188	$ 649,487	$ 578,876

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

(in thousands)	Year Ended August 26, 2023	August 27, 2022	August 28, 2021
Federal tax at statutory U.S. income tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net	1.6 %	2.1 %	2.2 %
Share-based compensation	(2.3)%	(1.6)%	(1.7)%
US Tax on Non-U.S. Income (GILTI and Subpart F)	3.3 %	3.1 %	2.8 %
Non-U.S. Permanent Differences	(1.4)%	(1.5)%	(0.4)%
Foreign Tax Credits	(2.3)%	(1.9)%	(1.7)%
Other	0.3 %	(0.1)%	(1.1)%
Effective tax rate	20.2 %	21.1 %	21.1 %

For the year ended August 26, 2023, August 27, 2022, and August 28, 2021, the Company recognized excess tax benefits from stock option exercises of $92.2 million, $63.2 million, and $56.4 million, respectively.

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

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

(in thousands)	August 26, 2023	August 27, 2022
Deferred tax assets:		
Net operating loss and credit carryforwards	$ 45,081	$ 33,924
Accrued benefits	82,318	60,561
Operating lease liabilities	698,728	692,730
Other	90,897	79,850
Total deferred tax assets	917,024	867,065
Valuation allowances	(24,940)	(27,790)
Net deferred tax assets	892,084	839,275
Deferred tax liabilities:		
Property and equipment	(194,686)	(197,482)
Inventory	(451,360)	(448,273)
Operating lease assets	(652,652)	(650,145)
Other	(43,662)	(25,211)
Deferred tax liabilities	(1,342,360)	(1,321,111)
Net deferred tax liabilities	$ (450,276)	$ (481,836)

For the year ended August 26, 2023, the Company asserts indefinite reinvestment for basis differences and accumulated earnings through fiscal 2020 with respect to its foreign subsidiaries. The Company does not assert permanent reinvestment of fiscal 2021 through current year earnings with respect to its Mexican subsidiaries while maintaining its assertion of indefinite reinvestment of fiscal 2021 through current year earnings of other foreign subsidiaries. Where necessary, taxes resulting from foreign distributions of current and accumulated earnings (e.g., withholding taxes) have been considered in the Company's provision for income taxes.

As of August 26, 2023, we have not recorded incremental income taxes for outside basis differences of $383.7 million in our investments in foreign subsidiaries, as these amounts are indefinitely reinvested in foreign operations. Determining the amount of unrecognized deferred tax liability related to the outside basis differences in these entities is not practicable.

At August 26, 2023 and August 27, 2022, the Company had net operating loss ("NOL") carryforwards totaling approximately $314.6 million ($37.2 million tax effected) and $241.2 million ($28.9 million tax effected), respectively. Certain NOLs have no expiration date and others will expire, if not utilized, in various years from fiscal 2024 through 2043. At August 26, 2023 and August 27, 2022, the Company had deferred tax assets for income tax credit carryforwards of $7.9 million and $5.0 million, respectively. Income tax credit carryforwards will expire, if not utilized, in various years from fiscal 2024 through 2033.

At August 26, 2023 and August 27, 2022, the Company had a valuation allowance of $24.9 million and $27.8 million, respectively, on deferred tax assets associated with NOL and tax credit carryforwards for which management has determined it is more likely than not that the deferred tax asset will not be realized. Management believes it is more likely than not that the remaining deferred tax assets will be fully realized.

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

(in thousands)	August 26, 2023	August 27, 2022
Beginning balance	$ 49,316	$ 39,797
Additions based on tax positions related to the current year	9,416	17,488
Additions for tax positions of prior years	8,012	3,008
Reductions for tax positions of prior years	(5,336)	(6,806)
Reductions due to settlements	(6,800)	(1,539)
Reductions due to statute of limitations	(5,121)	(2,632)
Ending balance	$ 49,487	$ 49,316

Included in the August 26, 2023 and the August 27, 2022 balances are $37.0 million and $32.4 million, respectively, of unrecognized tax benefits that, if recognized, would reduce the Company's effective tax rate. The balances above also include amounts of $8.6 million and $11.5 million for August 26, 2023 and August 27, 2022, respectively, that are accounted for as reductions to deferred tax assets for NOL carryforwards and tax credit carryforwards. It is anticipated that in the event the associated uncertain tax positions are disallowed, the NOL carryforwards and tax credit carryforwards would be utilized to settle the liability.

The Company accrues interest on unrecognized tax benefits as a component of income tax expense. Penalties, if incurred, would be recognized as a component of income tax expense. The Company had $10.1 million and $5.7 million accrued for the payment of interest and penalties associated with unrecognized tax benefits at August 26, 2023 and August 27, 2022, respectively.

The Company files U.S. federal, U.S. state and local, and international income tax returns. With few exceptions, the Company is no longer subject to U.S. federal, U.S. state and local, or Non-U.S. examinations by tax authorities for fiscal year 2019 and prior. The Company is typically engaged in various tax examinations at any given time by U.S. federal, U.S. state and local, and Non-U.S. taxing jurisdictions. As of August 26, 2023, the Company estimates that the amount of unrecognized tax benefits could be reduced by approximately $6.2 million over the next twelve months as a result of tax audit settlements. While the Company believes that it is adequately accrued for possible audit adjustments, the final resolution of these examinations cannot be determined at this time and could result in final settlements that differ from current estimates.

Note E – Fair Value Measurements

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

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

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

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

Marketable Debt Securities Measured at Fair Value on a Recurring Basis
The Company's marketable debt securities measured at fair value on a recurring basis were as follows:

	August 26, 2023			
(in thousands)	Level 1	Level 2	Level 3	Fair Value
Other current assets	$ 35,349	$ 4,290	$ —	$ 39,639
Other long-term assets	71,028	10,846	—	81,874
	$ 106,377	$ 15,136	$ —	$ 121,513

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

At August 26, 2023, the fair value measurement amounts for assets and liabilities recorded in the accompanying Consolidated Balance Sheet consisted of short-term marketable debt securities of $39.6 million, which are included within Other current assets and long-term marketable debt securities of $81.9 million, which are included within Other long-term assets. The Company's marketable debt securities are typically valued at the closing price in the principal active market as of the last business day of the quarter or through the use of other market inputs relating to the debt securities, including benchmark yields and reported trades.

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

Non-Financial Assets Measured at Fair Value on a Non-Recurring Basis
Certain non-financial assets and liabilities are required to be measured at fair value on a non-recurring basis in certain circumstances, including the event of impairment. These non-financial assets and liabilities could include assets and liabilities acquired in an acquisition as well as goodwill, intangible assets and property, plant and equipment that are determined to be impaired. At August 26, 2023, the Company did not have any other significant non-financial assets or liabilities that had been measured at fair value on a non-recurring basis subsequent to initial recognition.

Financial Instruments not Recognized at Fair Value
The Company has financial instruments, including cash and cash equivalents, accounts receivable, other current assets and accounts payable. The carrying amounts of these financial instruments approximate fair value because of their short maturities. A discussion of the carrying values and fair values of the Company's debt is included in "Note I – Financing."

Note F – Marketable Debt Securities

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

	August 26, 2023			
(in thousands)	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt securities	$ 31,683	$ 17	$ (504)	$ 31,196
Government bonds	63,747	—	(1,440)	62,307
Mortgage-backed securities	3,215	—	(213)	3,002
Asset-backed securities and other	25,242	—	(234)	25,008
	$ 123,887	$ 17	$ (2,391)	$ 121,513

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

The marketable debt securities held at August 26, 2023, had effective maturities ranging from less than one year to approximately three years. At August 26, 2023, the Company held 75 securities that are in an unrealized loss position of approximately $2.4 million. In evaluating whether a credit loss exists for the securities, the Company considers factors such as the severity of the loss position, the credit worthiness of the investee, the term to maturity and the intent and ability to hold the investments until maturity or until recovery of fair value. An allowance for credit losses was deemed unnecessary given consideration of the factors above. The Company did not realize any material gains or losses on its marketable debt securities during fiscal 2023, 2022 or 2021.

Included above in total marketable debt securities are $105.0 million and $91.1 million of marketable debt securities transferred by the Company's insurance captive to a trust account to secure its obligations to an insurance company related to future workers' compensation and casualty losses as of August 26, 2023 and August 27, 2022, respectively.

Note G – Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss includes certain adjustments to foreign currency translation adjustments, certain activity for interest rate swaps and treasury rate locks that qualify as cash flow hedges and unrealized gains (losses) on available-for-sale marketable debt securities. Changes in Accumulated Other Comprehensive Loss consisted of the following:

(in thousands)	Foreign Currency(1)	Net Unrealized Gain (Loss) on Securities	Derivatives	Total
Balance at August 28, 2021	$ (287,638)	$ 589	$ (20,937)	$ (307,986)
Other Comprehensive Income (Loss) before reclassifications	7,448	(2,760)	—	4,688
Amounts reclassified from Accumulated Other Comprehensive Loss(2)	—	—	2,762	2,762
Balance at August 27, 2022	(280,190)	(2,171)	(18,175)	(300,536)
Other Comprehensive Income before reclassifications	103,633	472	3,635	107,740
Amounts reclassified from Accumulated Other Comprehensive Loss(2)	—	(152)	2,112	1,960
Balance at August 26, 2023	$ (176,557)	$ (1,851)	$ (12,428)	$ (190,836)

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

(2) Amounts shown are net of taxes/tax benefits.

Note H – Derivative Financial Instruments

The Company periodically uses derivatives to hedge exposures to interest rates. The Company does not hold or issue financial instruments for trading purposes. For transactions that meet the hedge accounting criteria, the Company formally designates and documents the instrument as a hedge at inception and quarterly thereafter assesses the hedges to ensure they are effective in offsetting changes in the cash flows of the underlying exposures. Derivatives are recorded in the Company's Consolidated Balance Sheet at fair value, determined using available market information or other appropriate valuation methodologies. In accordance with ASC Topic 815, *Derivatives and Hedging*, to the extent our derivatives are effective in offsetting the variability of the hedged cash flows, changes in the derivatives' fair value are not included in current earnings but are included in Accumulated Other Comprehensive Loss, net of tax.

At August 26, 2023, the Company had $16.3 million (excluding the impact of deferred taxes) recorded in Accumulated Other Comprehensive Loss related to net realized losses associated with terminated interest rate swap and treasury rate lock derivatives which were designated as hedging instruments. Net losses are amortized into Interest expense over the remaining life of the associated debt. During fiscal 2023, the Company reclassified $2.8 million of net losses from Accumulated Other Comprehensive Loss to Interest expense. During fiscal 2022, the Company reclassified $3.6 million of net losses from Accumulated Other Comprehensive Loss to Interest expense. The Company expects to reclassify $2.3 million of net losses from Accumulated Other Comprehensive Loss to Interest expense over the next 12 months.

Note I – Financing

The Company's debt consisted of the following:

(in thousands)	August 26, 2023	August 27, 2022
2.875% Senior Notes due January 2023, effective interest rate 3.21%	$ —	$ 300,000
3.125% Senior Notes due July 2023, effective interest rate 3.26%	—	500,000
3.125% Senior Notes due April 2024, effective interest rate 3.32%	300,000	300,000
3.250% Senior Notes due April 2025, effective interest rate 3.36%	400,000	400,000
3.625% Senior Notes due April 2025, effective interest rate 3.78%	500,000	500,000
3.125% Senior Notes due April 2026, effective interest rate 3.28%	400,000	400,000
5.050% Senior Notes due July 2026, effective interest rate 5.09%	450,000	—
3.750% Senior Notes due June 2027, effective interest rate 3.83%	600,000	600,000
4.500% Senior Notes due February 2028, effective interest rate 4.43%	450,000	—
3.750% Senior Notes due April 2029, effective interest rate 3.86%	450,000	450,000
4.000% Senior Notes due April 2030, effective interest rate 4.09%	750,000	750,000
1.650% Senior Notes due January 2031, effective interest rate 2.19%	600,000	600,000
4.750% Senior Notes due August 2032, effective interest rate 4.76%	750,000	750,000
4.750% Senior Notes due February 2033, effective interest rate 4.70%	550,000	—
5.200% Senior Notes due August 2033, effective interest rate 5.22%	300,000	—
Commercial paper, weighted average interest rate 5.43% and 2.43% at August 26, 2023 and August 27, 2022, respectively	1,209,600	603,400
Total debt before discounts and debt issuance costs	7,709,600	6,153,400
Less: Discounts and debt issuance costs	41,051	31,308
Long-term Debt	$ 7,668,549	$ 6,122,092

On November 15, 2021, the Company amended and restated its existing revolving credit facility (the "Revolving Credit Agreement") pursuant to which the Company's borrowing capacity was increased from $2.0 billion to $2.25 billion and the maximum borrowing under the Revolving Credit Agreement may, at the Company's option, subject to lenders approval, be increased from $2.25 billion to $3.25 billion. On November 15, 2022, the Company amended the Revolving Credit Agreement, extending the termination date by one year. As amended, the Revolving Credit Agreement will terminate, and all amounts borrowed will be due and payable, on November 15, 2027, but the Company may make one additional request to extend the termination date for an additional period of one year. Revolving borrowings under the Revolving Credit Agreement may be base rate loans, SOFR loans, or a combination of both, at AutoZone's election. The Revolving Credit Agreement includes (i) a $75 million sublimit for swingline loans, (ii) a $50 million individual issuer letter of credit sublimit and (iii) a $250 million aggregate sublimit for all letters of credit.

Under the Company's Revolving Credit Agreement, covenants include restrictions on liens, a maximum debt to earnings ratio, a minimum fixed charge coverage ratio and a change of control provision that may require acceleration of the repayment obligations under certain circumstances.

As of August 26, 2023, the Company had no outstanding borrowings and $1.8 million of outstanding letters of credit under the Revolving Credit Agreement.

The Revolving Credit Agreement requires that the Company's consolidated interest coverage ratio as of the last day of each quarter shall be no less than 2.5:1. This ratio is defined as the ratio of (i) consolidated earnings before interest, taxes and rents to (ii) consolidated interest expense plus consolidated rents. The Company's consolidated interest coverage ratio as of August 26, 2023 was 6.3:1.

As of August 26, 2023, the $1.2 billion of commercial paper borrowings and the $300 million 3.125% Senior Notes due April 2024 were classified as long-term in the accompanying Consolidated Balance Sheets as the Company currently has the ability and intent to refinance them on a long-term basis through available capacity in its Revolving Credit Agreement. As of August 26, 2023, the Company had $2.2 billion of availability under its Revolving Credit

Agreement, without giving effect to commercial paper borrowings, which would allow the Company to replace these short-term obligations with a long-term financing facility.

On July 17, 2023, the Company repaid its outstanding $500 million 3.125% Senior Notes due July 2023, which were callable at par in April 2023.

On January 17, 2023, the Company repaid its outstanding $300 million 2.875% Senior Notes due January 2023, which were callable at par in October 2022.

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

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

On July 21, 2023, the Company issued $450 million in 5.050% Senior Notes due July 2026 and $300 million 5.200% Senior Notes due August 2033 under the automatic shelf registration statement on Form S-3, filed with the SEC on July 19, 2022 (File No. 333-266209) (the “2022 Shelf Registration Statement”). The 2022 Shelf Registration Statement allows us to sell an indeterminate amount in debt securities to fund general corporate purposes, including repaying, redeeming or repurchasing outstanding debt and for working capital, capital expenditures, new store or distribution center openings, stock repurchases and acquisitions. Proceeds from the debt issuance were used for general corporate purposes.

On January 27, 2023, the Company issued $450 million in 4.500% Senior Notes due February 2028 and $550 million in 4.750% Senior Notes due February 2033 under the 2022 Shelf Registration Statement. Proceeds from the debt issuance were used to repay a portion of the Company’s outstanding commercial paper borrowings and for other general corporate purposes.

On August 1, 2022, the Company issued $750 million in 4.750% Senior Notes due August 2032 under the 2022 Shelf Registration Statement. Proceeds from the debt issuance were used to repay a portion of the outstanding commercial paper borrowings and for other general corporate purposes.

The Senior Notes contain a provision that repayment of the Senior Notes may be accelerated if the Company experiences a change in control (as defined in the agreements). The Company’s borrowings under its senior notes contain minimal covenants, primarily restrictions on liens. All of the repayment obligations under its borrowing arrangements may be accelerated and come due prior to the scheduled payment date if covenants are breached or an event of default occurs. Interest for Senior Notes is paid on a semi-annual basis.

The Company also maintains a letter of credit facility that allows it to request the participating bank to issue letters of credit on its behalf up to an aggregate amount of $25 million. The letter of credit facility is in addition to the letters of credit that may be issued under the Revolving Credit Agreement and expired in June 2022. On May 16, 2022, the Company amended and restated the letter of credit facility to, among other things, extend the facility through June 2025. As of August 26, 2023, the Company had $25 million in letters of credit outstanding under the letter of credit facility.

In addition to the outstanding letters of credit issued under the committed facility discussed above, the Company had $107.2 million in letters of credit outstanding as of August 26, 2023. These letters of credit have various maturity dates and were issued on an uncommitted basis. As of August 26, 2023, the Company was in compliance with all covenants related to its borrowing arrangements.

The fair value of the Company’s debt was estimated at $7.3 billion as of August 26, 2023, and $5.9 billion as of August 27, 2022, based on the quoted market prices for the same or similar issues or on the current rates available to the Company for debt of the same terms (Level 2). Such fair value is less than the carrying value of debt by $406.6 million and $182.8 million at August 26, 2023 and August 27, 2022, respectively. This amount reflects face amount, adjusted for any unamortized debt issuance costs and discounts.

All of the Company's debt is unsecured. Scheduled maturities of debt are as follows:

(in thousands)	Scheduled Maturities
2024	$ 1,509,600
2025	900,000
2026	850,000
2027	600,000
2028	450,000
Thereafter	3,400,000
Subtotal	7,709,600
Discount and debt issuance costs	41,051
Total Debt	$ 7,668,549

Note J – Interest Expense

Net interest expense consisted of the following:

	Year Ended		
(in thousands)	August 26, 2023	August 27, 2022	August 28, 2021
Interest expense	$ 320,121	$ 198,883	$ 202,326
Interest income	(12,054)	(6,048)	(5,417)
Capitalized interest	(1,695)	(1,197)	(1,572)
	$ 306,372	$ 191,638	$ 195,337

Note K – Stock Repurchase Program

During 1998, the Company announced a program permitting the Company to repurchase a portion of its outstanding shares not to exceed a dollar maximum established by the Company's Board of Directors. The Board voted to increase the repurchase authorization by $1.5 billion on October 5, 2021, $1.5 billion on December 15, 2021, $2.0 billion on March 22, 2022, $2.5 billion on October 4, 2022 and $2.0 billion on June 14, 2023 bringing the total authorization to $35.7 billion. The Company has $1.8 billion remaining under the Board's authorization to repurchase its common stock.

The Company's share repurchase activity consisted of the following:

	Year Ended		
(in thousands)	August 26, 2023	August 27, 2022	August 28, 2021
Amount[(1)]	$ 3,723,289	$ 4,359,991	$ 3,378,321
Shares	1,524	2,220	2,592

(1) Inclusive of excise tax of $23.7 million for the year ended August 26, 2023. The excise tax is assessed at one percent of the fair market value of net stock repurchases after December 31, 2022.

During fiscal year 2023, the Company retired 2.1 million shares of treasury stock which had previously been repurchased under the Company's share repurchase program. The retirement increased Retained deficit by $4.2 billion and decreased Additional paid-in capital by $143.4 million. During the comparable prior year period, the Company retired 2.5 million shares of treasury stock, which increased Retained deficit by $3.3 billion and decreased Additional paid-in capital by $293.0 million.

Subsequent to August 26, 2023 and through October 16, 2023, the Company has repurchased 200,303 shares of common stock at an aggregate cost of $512.4 million. Considering the cumulative repurchases through October 16, 2023, the Company has $1.3 billion remaining under the Board's authorization to repurchase its common stock.

Note L – 401(k) Savings Plan

The Company has a 401(k) plan that covers all domestic employees who meet the plan's participation requirements. The plan features include Company matching contributions, immediate 100% vesting of Company contributions and a savings option up to 25% of qualified earnings. The Company makes matching contributions, per pay period, up to a specified percentage of employees' contributions as approved by the Board. The Company made matching contributions to employee accounts in connection with the 401(k) plan of $37.3 million in fiscal 2023, $37.9 million in fiscal 2022 and $34.1 million in fiscal 2021.

Note M – Leases

Lease-related assets and liabilities recorded on the Consolidated Balance Sheets are as follows:

(in thousands)	Classification	August 26, 2023	August 27, 2022
Assets:			
Operating	Operating lease right-of-use assets	$ 2,998,097	$ 2,918,817
Finance	Property and equipment	419,247	404,442
Total lease assets		$ 3,417,344	$ 3,323,259
Liabilities:			
Current:			
Operating	Current portion of operating lease liabilities	$ 257,256	$ 243,407
Finance	Accrued expenses and other	86,916	92,877
Noncurrent:			
Operating	Operating lease liabilities, less current portion	2,917,046	2,837,973
Finance	Other long-term liabilities	200,702	217,428
Total lease liabilities		$ 3,461,920	$ 3,391,685

Accumulated amortization related to finance lease assets was $132.5 million as of August 26, 2023 and $97.2 million as of August 27, 2022.

Lease costs for finance and operating leases for the 52 weeks ended August 26, 2023 and August 27, 2022 are as follows:

		For the year ended	
(in thousands)	Statement of Income Location	August 26, 2023	August 27, 2022
Finance lease cost:			
Amortization of lease assets	Depreciation and amortization	$ 71,913	$ 65,212
Interest on lease liabilities	Interest expense, net	14,608	4,351
Operating lease cost(1)	Selling, general and administrative expenses	437,762	401,000
Total lease cost		$ 524,283	$ 470,563

(1) Includes short-term leases, variable lease costs and sublease income, which are immaterial.

The future rental payments, inclusive of renewal options that have been included in defining the expected lease term, of our operating and finance lease obligations as of August 26, 2023 having initial or remaining lease terms in excess of one year are as follows:

(in thousands)	Finance Leases	Operating Leases	Total
2024	$ 88,284	$ 372,849	$ 461,133
2025	81,535	402,798	484,333
2026	61,571	378,865	440,436
2027	34,159	354,370	388,529
2028	10,409	327,795	338,204
Thereafter	43,228	2,260,833	2,304,061
Total lease payments	319,186	4,097,510	4,416,696
Less: Interest	(31,568)	(923,208)	(954,776)
Present value of lease liabilities	$ 287,618	$ 3,174,302	$ 3,461,920

The following table summarizes the Company's lease term and discount rate assumptions:

	August 26, 2023
Weighted-average remaining lease term in years, inclusive of renewal options that are reasonably certain to be exercised:	
Finance leases – real estate	23
Finance leases – vehicles	3
Operating leases	13
Weighted-average discount rate:	
Finance leases – real estate	3.85 %
Finance leases – vehicles	2.44 %
Operating leases	3.90 %

Cash paid for amounts included in the measurement of operating lease liabilities of $335.2 million and $316.0 million was reflected in cash flows from operating activities in the consolidated statement of cash flows for fiscal years 2023 and 2022, respectively.

As of August 26, 2023, the Company has entered into additional leases which have not yet commenced and are therefore not part of the right-of-use asset and liability. These leases have undiscounted future payments of approximately $56.9 million for real estate and will commence when the Company obtains possession of the underlying leased asset. Commencement dates are expected to be from fiscal 2024 to fiscal 2025.

Note N – Commitments and Contingencies

Construction commitments, primarily for new stores, totaled approximately $198.9 million at August 26, 2023.

The Company had $134.0 million in outstanding standby letters of credit and $43.1 million in surety bonds as of August 26, 2023, which all have expiration periods of less than one year. A substantial portion of the outstanding standby letters of credit (which are primarily renewed on an annual basis) and surety bonds are used to cover reimbursement obligations to our workers' compensation carriers. There are no additional contingent liabilities associated with these instruments as the underlying liabilities are already reflected in the Consolidated Balance Sheets. The standby letters of credit and surety bonds arrangements have automatic renewal clauses.

The Company has entered into agreements to make capital contributions to certain tax credit equity investments upon the completion of project milestones. As of August 26, 2023, the Company had commitments to make certain additional capital contributions to one of its tax credit funds totaling $9.3 million in fiscal 2024.

Note O – Litigation

The Company is involved in various legal proceedings incidental to the conduct of its business, including, but not limited to, claims and allegations related to wage and hour violations, unlawful termination, employment practices, product liability, privacy and cybersecurity, environmental matters, intellectual property rights or regulatory compliance. The Company does not currently believe that, either individually or in the aggregate, these matters will result in liabilities material to the Company's financial condition, results of operations or cash flows.

Note P – Segment Reporting

The Company's primary operating segments (Domestic Auto Parts, Mexico and Brazil) are aggregated as one reportable segment: Auto Parts Stores. The criteria the Company used to identify the reportable segment are primarily the nature of the products the Company sells and the operating results that are regularly reviewed by the Company's chief operating decision maker to make decisions about the resources to be allocated to the business units and to assess performance. The accounting policies of the Company's reportable segment are the same as those described in "Note A – Significant Accounting Policies."

The Auto Parts Stores segment is the leading retailer and distributor of automotive parts and accessories through the Company's 7,140 stores in the U.S., Mexico and Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light duty trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products.

The Other category reflects business activities of two operating segments that are not separately reportable due to the materiality of these operating segments. The operating segments include ALLDATA, which produces, sells and maintains diagnostic, repair, collision and shop management software used in the automotive repair industry and E-commerce, which includes direct sales to customers through www.autozone.com for sales that are not fulfilled by local stores.

The Company evaluates its reportable segment primarily on the basis of net sales and segment profit, which is defined as gross profit. The following table shows segment results for the following fiscal years:

	Year Ended		
(in thousands)	**August 26, 2023**	**August 27, 2022**	**August 28, 2021**
Net Sales			
Auto Parts Stores	$ 17,145,137	$ 15,963,196	$ 14,381,712
Other	312,072	289,034	247,873
Total	$ 17,457,209	$ 16,252,230	$ 14,629,585
Segment Profit			
Auto Parts Stores	$ 8,885,403	$ 8,301,234	$ 7,556,889
Other	185,019	171,416	160,896
Gross profit	9,070,422	8,472,650	7,717,785
Operating, selling, general and administrative expenses	(5,596,436)	(5,201,921)	(4,773,258)
Interest expense, net	(306,372)	(191,638)	(195,337)
Income before income taxes	$ 3,167,614	$ 3,079,091	$ 2,749,190
Segment Assets:			
Auto Parts Stores	$ 15,664,891	$ 15,060,704	$ 14,398,581
Other	320,987	214,339	117,618
Total	$ 15,985,878	$ 15,275,043	$ 14,516,199
Capital Expenditures:			
Auto Parts Stores	$ 775,601	$ 650,495	$ 602,329
Other	21,056	21,896	19,438
Total	$ 796,657	$ 672,391	$ 621,767
Auto Parts Stores Sales by Product Grouping:			
Failure	$ 8,407,690	$ 7,801,155	$ 7,048,700
Maintenance items	6,223,620	5,670,278	4,888,763
Discretionary	2,513,827	2,491,763	2,444,249
Auto Parts Stores net sales	$ 17,145,137	$ 15,963,196	$ 14,381,712

The following table presents the Company’s net sales disaggregated by geographical area:

	Year Ended		
	August 26, 2023	**August 27, 2022**	**August 28, 2021**
United States	89 %	92 %	93 %
Mexico	10 %	8 %	7 %
Brazil and all other	1 %	— %	— %
Total	100 %	100 %	100 %

The Company’s long-lived assets, consisting primarily of property and equipment, net and operating lease right-of-use assets, within the United States were 88%, 91% and 92% in fiscal years 2023, 2022 and 2021, respectively. No individual country outside of the United States had long-lived assets that were material to the consolidated totals.

Note Q – Subsequent Events

Subsequent to year end, the Company initiated the process of issuing Senior Notes under the 2022 Shelf Registration Statement. Proceeds from the debt issuance are projected to be received at the end of October 2023 and will be used for general corporate purposes.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of August 26, 2023, an evaluation was performed under the supervision and with the participation of AutoZone's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as amended. Based on that evaluation, our management, including the Chief Executive Officer and the Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of August 26, 2023.

Internal Control Over Financial Reporting

A report of AutoZone's management on our internal control over financial reporting (as such term defined in Rule 13a-15(f) under the Exchange Act) and a report of Ernst & Young, LLP, an independent registered public accounting firm, on the effectiveness of AutoZone's internal control over financial reporting are included in Part I, Item 8 of this document and is incorporated herein by reference.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended August 26, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Attestation Report of Registered Public Accounting Firm

Our internal control over financial reporting as of August 26, 2023 has been audited by Ernst & Young, LLP, an independent registered public accounting firm, which also audited our Consolidated Financial Statements for the year ended August 26, 2023, as stated in their report included herein, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of August 26, 2023.

Item 9B. Other Information

None. Without limiting the generality of the foregoing, during the quarterly period ended August 26, 2023, no officer or director of the Company adopted or terminated any "Rule 10b5-1 trading agreement" or any "non-Rule 10b5-1 trading arrangement," as each item is defined in Item 408 of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information set forth in Part I, Item 1 of this document in the section entitled “Information about our Executive Officers,” is incorporated herein by reference in response to this item. Additionally, the information contained in AutoZone, Inc.’s Proxy Statement dated October 30, 2023, in the sections entitled “Corporate Governance Matters,” “Proposal 1 – Election of Directors” and “Delinquent Section 16(a) Reports,” is incorporated herein by reference in response to this item.

The Company has adopted a Code of Ethical Conduct for Financial Executives that applies to its chief executive officer, chief financial officer, chief accounting officer and other financial executives. The Company has made the Code of Ethical Conduct available at www.autozone.com, which can be accessed by clicking “Investor Relations” located at the bottom of the page.

Item 11. Executive Compensation

The information contained in AutoZone, Inc.’s Proxy Statement dated October 30, 2023, in the section entitled “Executive Compensation,” is incorporated herein by reference in response to this item.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information contained in AutoZone, Inc.’s Proxy Statement dated October 30, 2023, in the sections entitled “Security Ownership of Management and Board of Directors,” “Security Ownership of Certain Beneficial Owners” and “Equity Compensation Plans” is incorporated herein by reference in response to this item.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information contained in AutoZone, Inc’s Proxy Statement dated October 30, 2023, in the sections entitled “Related Party Transactions” and “Corporate Governance Matters – Independence” is incorporated herein by reference in response to this item.

Item 14. Principal Accounting Fees and Services

The information contained in AutoZone, Inc.’s Proxy Statement dated October 30, 2023, in the section entitled “Proposal 2 – Ratification of Independent Registered Public Accounting Firm,” is incorporated herein by reference in response to this item.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following information required under this item is filed as part of this report.

(a) Financial Statements

The following financial statements, related notes and reports of independent registered public accounting firm are filed with this Annual Report on Form 10-K in Part II, Item 8:

(b) Exhibits

The following exhibits are being filed herewith:

3.1	Restated Articles of Incorporation of AutoZone, Inc. Incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q for the quarter ended February 13, 1999.
3.2	Eighth Amended and Restated By-Laws of AutoZone, Inc. Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K dated March 23, 2023.
4.1	Indenture dated as of August 8, 2003, between AutoZone, Inc. and Bank One Trust Company, N.A. Incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-3 (No. 333-107828) filed August 11, 2003.
4.2	Agreement of Resignation, Appointment and Acceptance by and among AutoZone, Inc., The Bank of New York Mellon Trust Company, N.A., as prior Trustee, and Regions Bank, as successor Trustee, dated January 29, 2019. Incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-3 (No. 333-230719), filed April 4, 2019).
4.3	Officers' Certificate dated April 29, 2015, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.250% Senior Notes due 2025. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 29, 2015.
4.4	Form of 3.250% Senior Notes due 2025. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated April 29, 2015.
4.5	Officers' Certificate dated April 21, 2016, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.125% Senior Notes due 2026. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 21, 2016.

4.6	Form 3.125% Senior Notes due 2026. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated April 21, 2016.
4.7	Officers' Certificate dated April 18, 2017, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.750% Senior Notes due 2027. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated April 18, 2017.
4.8	Form of 3.750% Senior Notes due 2027. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 18, 2017.
4.9	Officers' Certificate dated April 18, 2019, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.125% Senior Notes due 2024. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated April 18, 2019.
4.10	Officers' Certificate dated April 18, 2019, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.750% Senior Notes due 2029. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 18, 2019.
4.11	Form of 3.125% Senior Notes due 2024. Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K dated April 18, 2019.
4.12	Form of 3.750% Senior Notes due 2029. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated April 18, 2019.
4.13	Officers' Certificate dated March 30, 2020, pursuant to Section 3.2 of the Indenture, dated August 8, 2003, setting forth the terms of the 3.625% Senior Notes due 2025. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated March 30, 2020.
4.14	Officers' Certificate dated March 30, 2020, pursuant to Section 3.2 of the Indenture, dated August 8, 2003, setting forth the terms of the 4.000% Senior Notes due 2030. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated March 30, 2020.
4.15	Form of 3.625% Senior Notes due 2025. Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K dated March 30, 2020.
4.16	Form of 4.000% Senior Notes due 2030. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated March 30, 2020.
4.17	Form of 4.000% Senior Notes due 2030. Incorporated by reference to Exhibit 4.5 to the Current Report on Form 8-K dated March 30, 2020.
4.18	Form of 1.650% Senior Notes due 2031. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated August 14, 2020.
4.19	Form of 1.650% Senior Notes due 2031. Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K dated August 14, 2020.
4.20	Officers' Certificate dated August 14, 2020, pursuant to Section 3.2 of the Indenture, dated August 8, 2003, setting forth the terms of the 1.650% Senior Notes due 2031. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated August 14, 2020.

4.21	Officers' Certificate dated August 1, 2022, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 4.750% Senior Notes due 2032. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated August 1, 2022.
4.22	Form of 4.750% Senior Notes due 2032. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated August 1, 2022.
4.23	Officers' Certificate dated January 27, 2023, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 4.500% Senior Notes due 2028. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated January 27, 2023.
4.24	Officers' Certificate dated January 27, 2023, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 4.750% Senior Notes due 2033. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated January 27, 2023.
4.25	Form of 4.500% Senior Notes due 2028. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated January 27, 2023.
4.26	Form of 4.750% Senior Notes due 2033. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated January 27, 2023.
4.27	Officers' Certificate dated July 21, 2023, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 5.050% Senior Notes due 2026. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated July 21, 2023.
4.28	Officers' Certificate dated July 21, 2023, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 5.200% Senior Notes due 2033. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated July 21, 2023.
4.29	Form of 5.050% Note due 2026. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated July 21, 2023.
4.30	Form of 5.200% Note due 2033. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated July 21, 2023.
4.31	Description of Securities of AutoZone, Inc. Incorporated by reference to Exhibit 4.24 to the Annual Report on Form 10-K dated October 28, 2019.
*10.1	Second Amended and Restated 1998 Director Compensation Plan. Incorporated by reference to Exhibit 10.2 to the Annual Report on Form 10-K for the fiscal year ended August 26, 2000.
*10.2	AutoZone, Inc. 2003 Director Compensation Plan. Incorporated by reference to Appendix D to the definitive proxy statement dated November 1, 2002, for the Annual Meeting of Stockholders held December 12, 2002.
*10.3	Amended and Restated AutoZone, Inc. 2003 Director Compensation Plan. Incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K dated January 4, 2008.
*10.4	Form of non-compete and non-solicitation agreement for Section 16 executive officers and by AutoZone, Inc. Incorporated by reference to Exhibit 10.5 to the Annual Report on Form 10-K for the fiscal year ended August 27, 2022.

*10.5	Agreement dated February 14, 2008, between AutoZone, Inc. and William C. Rhodes, III. Incorporated by reference to Exhibit 99.4 to the Current Report on Form 8-K dated February 15, 2008.
*10.6	AutoZone, Inc. 2011 Equity Incentive Award Plan. Incorporated by reference to Exhibit A to the definitive proxy statement dated October 25, 2010, for the Annual Meeting of Stockholders held December 15, 2010.
*10.7	Form of Letter Agreement dated as of December 14, 2010, amending certain Stock Option Agreements of executive officers. Incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q dated December 16, 2010.
*10.8	Form of Stock Option Agreement under the 2011 Equity Incentive Award Plan. Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q dated March 17, 2011.
*10.9	Form of Stock Option Agreement under the 2011 Equity Incentive Award Plan for officers effective September 27, 2011. Incorporated by reference to Exhibit 10.37 to the Annual Report on Form 10-K for the fiscal year ended August 27, 2011.
*10.10	AutoZone, Inc. Enhanced Severance Pay Plan. Incorporated by reference to Exhibit 10.12 to the Annual Report on Form 10-K for the fiscal year ended August 27, 2022.
*10.11	Form of Stock Option Agreement under the 2011 Equity Incentive Award Plan for certain executive officers effective September 27, 2011. Incorporated by reference to Exhibit 10.38 to the Annual Report on Form 10-K for the fiscal year ended August 27, 2011.
*10.12	Offer letter dated August 5, 2020, to Jamere Jackson. Incorporated by reference to Exhibit 10.1 on Form 8-K dated September 14, 2020.
*10.13	Amended and Restated AutoZone, Inc. Executive Deferred Compensation Plan dated June 13, 2023.
*10.14	AutoZone, Inc. Director Compensation Program effective January 1, 2022. Incorporated by reference to Exhibit 10.17 to the Annual Report on Form 10-K for the fiscal year ended August 27, 2022.
*10.15	Amended and Restated AutoZone, Inc. 2011 Equity Incentive Award Plan dated December 16, 2015. Incorporated by reference to Exhibit A to the definitive proxy statement dated October 26, 2015, for the Annual Meeting of Stockholders held December 16, 2015.
*10.16	AutoZone, Inc. Sixth Amended and Restated Executive Stock Purchase Plan. Incorporated by reference to Exhibit A to the definitive proxy statement dated October 24, 2016, for the Annual Meeting of Stockholders held December 14, 2016.
*10.17	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under the 2011 Equity Incentive Award Plan for officers effective September 27, 2011. Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q dated December 17, 2018.
*10.18	AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated December 17, 2020.

*10.19	Form of Grant Notice and Award Agreement for Stock Options granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K dated December 17, 2020.
*10.20	Form of Grant Notice and Award Agreement for Restricted Stock Units granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K dated December 17, 2020.
*10.21	Form of Grant Notice and Award Agreement for Restricted Stock Units granted to Directors under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K dated December 17, 2020.
10.22	Fourth Amended and Restated Credit Agreement dated as of November 15, 2021, among AutoZone, Inc. as Borrower, the lenders party thereto and Bank of America, N.A. as Administrative Agent, incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K dated November 16, 2021.
10.23	First Amendment to Credit Agreement, dated as of November 15, 2022, among AutoZone, Inc. as borrower, the lenders party thereto, Bank of America, N.A., as administrative agent, and JPMorgan Chase Bank, N.A., as syndication agent, incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the fiscal quarter ended November 19, 2022.
*10.24	Amendment No. 1 to the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.34 to the Annual Report on Form 10-K for the fiscal year ended August 28, 2021.
*10.25	Form of Grant Notice and Award Agreement for Stock Options granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.27 to the Annual Report on Form 10-K for the fiscal year ended August 27, 2022.
*10.26	Form of Grant Notice and Award Agreement for Restricted Stock Units granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.28 to the Annual Report on Form 10-K for the fiscal year ended August 27, 2022.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*97	AutoZone, Inc. Clawback Policy.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Document
101.LAB	Inline XBRL Taxonomy Extension Labels Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Document
101.DEF	Inline XBRL Taxonomy Extension Definition Document
104	Cover Page Inline XBRL File

* Management contract or compensatory plan or arrangement.

c) Financial Statement Schedules

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

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AUTOZONE, INC.

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

Dated: October 24, 2023

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

SIGNATURE	TITLE	DATE
/s/ WILLIAM C. RHODES, III William C. Rhodes, III	Chairman, President and Chief Executive Officer (Principal Executive Officer)	October 24, 2023
/s/ JAMERE JACKSON Jamere Jackson	Chief Financial Officer (Principal Financial Officer)	October 24, 2023
/s/ J. SCOTT MURPHY J. Scott Murphy	Vice President and Controller (Principal Accounting Officer)	October 24, 2023
/s/ MICHAEL A. GEORGE Michael A. GEORGE	Director	October 24, 2023
/s/ LINDA A. GOODSPEED Linda A. Goodspeed	Director	October 24, 2023
/s/ EARL G. GRAVES, JR. Earl, G. Graves, Jr.	Director	October 24, 2023
/s/ ENDERSON GUIMARAES Enderson Guimaraes	Director	October 24, 2023
/s/ BRIAN HANNASCH Brian Hannasch	Director	October 24, 2023
/s/ D. BRYAN JORDAN D. Bryan Jordan	Director	October 24, 2023
/s/ GALE V. KING Gale V. King	Director	October 24, 2023
/s/ GEORGE R. MRKONIC, JR. George R. Mrkonic, Jr.	Director	October 24, 2023
/s/ JILL A. SOLTAU Jill A. Soltau	Director	October 24, 2023

EXHIBIT 10.13

AutoZone, Inc.

Executive Deferred Compensation Plan

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ARTICLE I
INTRODUCTION

1.1 Name of Plan.

AutoZone, Inc. (the "Company") hereby amends and restates the AutoZone, Inc. Executive Deferred Compensation Plan.

1.2 Purposes of Plan.

The purposes of the Plan are to provide certain eligible employees of the Company the opportunity to defer elements of their compensation which might not otherwise be deferrable under other Company plans, including the AutoZone, Inc. 401(k) Plan, and to receive the benefit of additions to their deferral comparable to those obtainable under the AutoZone, Inc. 401(k) Plan in the absence of certain restrictions and limitations in the Internal Revenue Code. In addition, the Plan is intended to provide benefits in addition to those provided by the AutoZone, Inc. Associates' Pension Plan which are limited due to certain restrictions and limitations in the Internal Revenue Code.

1.3 "Top Hat" Pension Benefit Plan.

The Plan is an "employee pension benefit plan" within the meaning of ERISA. The Plan is maintained, however, for a select group of management or highly compensated employees and, therefore, it is intended that the Plan is exempt from Parts 2, 3 and 4 of Title I of ERISA. The Plan is not intended to qualify under section 401(a) of the Code.

1.4 Code Section 409A.

The Company intends that no amount credited or accrued under the Plan be included in a Participant's or Beneficiary's income as a result of Code Section 409A, and the Plan shall be interpreted and administered in accordance with the applicable requirements of Code Section 409A. Notwithstanding anything to the contrary herein, Grandfathered Amounts shall be and remain subject to the terms of the Plan as in effect prior to the Effective Date of this amendment and restatement.

1.5 Funding.

The Plan is unfunded. All benefits will be paid from the general assets of the Company.

1.6 Effective Date.

The amended and restated Plan is effective as of December 17, 2013.

1.7 Administration.

The Plan shall be administered by the Administrative Committee.

ARTICLE II
DEFINITIONS AND CONSTRUCTION

2.1 Definitions.

For purposes of the Plan, the following words and phrases shall have the respective meanings set forth below, unless their context clearly requires a different meaning:

(a) "Account" means the bookkeeping account maintained by the Company on behalf of each Participant pursuant to Article VII that is credited with Base Salary Deferrals, Bonus Deferrals and Matching Credits on behalf of each Participant pursuant to Article IV, and adjustments to such amounts as determined in accordance with Article VII. As of any Valuation Date, a Participant's Defined Contribution Benefit under the Plan shall be equal to the amount credited to his Account as of such date.

(b) "Administrative Committee" means the Compensation Committee of the Directors.

(c) "Allocation Election" means a choice by a Participant of one or more Investment Options, and the allocation among them, in which future Participant deferrals, matching contributions and/or existing Account balances are Deemed Invested for purposes of determining earnings in a particular subaccount.

(d) "Allocation Election Form" means the medium approved by the Administrative Committee by which the Participant makes an Allocation Election, rebalances a subaccount, or elects a Transfer.

(e) "Base Salary" means the base rate of cash compensation paid by the Company to or for the benefit of a Participant for services rendered or labor performed while a Participant, including base pay a Participant could have received in cash in lieu of (A) deferrals pursuant to Section 4.1 and (B) contributions made on his behalf to any qualified plan maintained by the Company or to any cafeteria plan under section 125 of the Code maintained by the Company.

(f) "Base Salary Deferral" means the amount of a Participant's Base Salary which the Participant elects to have withheld on a pre-tax basis from his Base Salary and credited to his Account pursuant to Section 4.1.

(g) "Beneficiary" means the person or persons designated by the Participant in accordance with Section 8.5.

(h) "Bonus Compensation" means the amount awarded to a Participant for a Plan Year under any bonus plan maintained by the Company, including any such amount a Participant could have received in cash in lieu of (A) deferrals pursuant to Section 4.1 and (B) contributions made on his behalf to any qualified plan maintained by the Company or to any cafeteria plan under section 125 of the Code maintained by the Company.

(i) "Bonus Deferral" means the amount of a Participant's Bonus Compensation which the Participant elects to have withheld on a pre-tax basis from his Bonus Compensation and credited to his account pursuant to Section 4.1.

(j) "Change In Control" means the happening of any of the following events:

(i) An acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13 d-3 promulgated under the Exchange Act) of 50% or more of either (1) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change In Control: (A) any acquisition directly from the Company (excluding an acquisition by virtue of the exercise of a conversion privilege), (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its affiliated companies or (D) any acquisition of the Company by any corporation pursuant to a reorganization, merger, consolidation, if, following such reorganization, merger or consolidation, the conditions described in clauses (1) and (2) of subsection (iii) of this Section 2.1(j) are satisfied; or

(ii) Individuals who, as of the date hereof, constitute the Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, unless, following such reorganization, merger or consolidation, (1) all or substantially all of the individuals and entities who were beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, and (2) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(iv) The approval by the shareholders of the Company of (1) a complete liquidation or dissolution of the Company or (2) the sale or other disposition of all or substantially all of the assets of the Company; excluding, however, such a sale or other disposition to a corporation, with respect to which following such sale or other disposition, (A) more than 60% of, respectively, the outstanding shares of common stock of such corporation and the combined voting power of the outstanding voting securities of such corporation entitled to vote generally in the election of directors will be beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportions as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, and (B) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of such corporation.

(k) “Code” means the Internal Revenue Code of 1986, as amended.

(l) “Code Section 409A” means section 409A of the Code and all applicable regulations and other guidance issued thereunder.

(m) “Company” means AutoZone, Inc. and its direct and indirect subsidiaries, as designated from time to time by the Compensation Committee of the Directors.

(n) “Compensation” shall include only a Participant’s Base Salary and Bonus Compensation. Severance pay, expense reimbursements and non-cash compensation shall not be included. Compensation shall not be limited by section 401(a)(17) of the Code.

(o) “Deemed Investment” or “Deemed Invested” shall mean the notional conversion of a dollar amount of deferred Compensation credited to a Participant’s Accounts into shares or units (or a fraction of such measures of ownership, if applicable) of a designated investment (*e.g.*, mutual fund or other investment) which is referred to by the Investment Option(s) selected by the Participant. The conversion shall occur as if shares (or units) of the designated investment were being purchased (or sold, for a distribution) at the purchase price as of the close of business of the day on which the Deemed Investment occurs. At no time shall a Participant have any real or beneficial ownership in the actual investment vehicle to which the Investment Option refers, irrespective of whether such a Deemed Investment is mirrored by an actual identical investment by the Company or a trustee acting on behalf of the Company.

(p) "Deferral Period" means the period of time for which a Participant elects to defer receipt of the Base Salary Deferrals, and Bonus Deferrals credited to such Participant's Account and shall be either the Retirement Date or a period of years as specified in Section 6.2. Deferral Periods shall be measured on the basis of Plan Years, beginning with the Plan Year that commences immediately following the Plan Year for which the applicable Base Salary Deferrals, and Bonus Deferrals are credited to the Participant's Account.

(q) "Defined Benefit Accrual" means the amounts accrued to a Participant pursuant to Article V.

(r) "Defined Contribution Benefit" means the amounts accrued to a Participant pursuant to Article IV and adjustments to such amounts as determined in accordance with Article VII.

(s) "Directors" means the Board of Directors of AutoZone, Inc.

(t) "Disability" means the Participant: (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company. Medical determination of Disability may be made by either the Social Security Administration or by the provider of an accident or health plan covering employees of the Company provided that the definition of "disability" applied under such disability insurance program complies with the requirements of the preceding sentence. Upon the request of the Administrative Committee, the Participant must submit proof to the Administrative Committee of the Social Security Administration's or the provider's determination.

(u) "Effective Date" means December 17, 2013.

(v) "Employee" means any common-law employee of the Company.

(w) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(x) "Executive Deferred Compensation Agreement" means the written agreement entered into between the Company and a Participant pursuant to which the Participant elects the amount of Base Salary and/or his Bonus Compensation to be deferred into the Plan and the Deferral Period, and the form of payment for amounts in his Account.

(y) "401(k) Plan" means the AutoZone, Inc. 401(k) Plan.

(z) "Grandfathered Benefit" shall mean the portion of a Participant's vested Account and all other vested accrued benefits under the Plan as of December 31, 2004, and that is treated as grandfathered for purposes of Code Section 409A.

(aa) "Investment Option" shall mean an investment such as a mutual fund, life insurance subaccount, or other security approved by the Administrative Committee for use in the Plan as part of an Investment Option menu, which a Participant may elect as a measuring device to determine Deemed Investment earnings (positive or negative) to be valued in the Participant's Account or subaccount. The Participant has no real or beneficial ownership in any investment indicated by the elected Investment Options.

(bb) "Matching Credits" means the amount credited to a Participant's account as a Company matching contribution pursuant to Section 4.2.

(cc) "Non-Grandfathered Benefit" shall mean the portion of a Participant's Account under the Plan which is either accrued or ceases to be subject to a substantial risk of forfeiture after 2004, *i.e.*, any Plan benefit other than a Grandfathered Benefit.

(dd) "Participant" means each Employee who has been selected for participation in the Plan and who has become a Participant pursuant to Article III.

(ee) "Pension Plan" means the AutoZone, Inc. Associates' Pension Plan.

(ff) "Plan" means the AutoZone, Inc. Executive Deferred Compensation Plan, as amended from time to time.

(gg) "Plan Year" means the twelve-consecutive month period commencing January 1 and ending on December 31 of each year.

(hh) "Retirement Date" means (i) with respect to amounts deferred in a Plan Year beginning prior to January 1, 2012, the date the Participant is eligible for and retires under any qualified retirement plan maintained by the Company (as such eligibility is in effect as of the date on which the applicable election was made); or (ii) with respect to amounts deferred in a Plan Year beginning on or after January 1, 2012, the date on which (A) the Participant has attained the age of 55, (B) the Participant has completed at least five years of full-time service with the Company, (C) the sum of the number of full-time years of service with the Company and the Participant's age equals at least 65 and (D) the Participant experiences a Termination of Employment.

(ii) "Specified Participant" means a "specified employee" of AutoZone, Inc. within the meaning given such term under Code Section 409A (and Treas. Reg. §1.409A-1(i)).

(jj) "Termination of Employment" means the Participant's "separation from service" (other than death) with the Company and affiliated entities within the meaning given such term under Code Section 409A and Treas. Reg. §1.409A-1(h) (without regard to any elective terms permitted thereunder).

(kk) "Transfer" means a partial Allocation Election with respect to a Participant's then existing subaccount where a Participant transfers a portion of the subaccount balance from one Investment Option to another.

(ll) "Valuation Date" means the date designated by the Administrative Committee.

2.2 Number and Gender.

Wherever appropriate herein, words used in the singular shall be considered to include the plural and words used in the plural shall be considered to include the singular. The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender.

2.3 Headings.

The headings of Articles and Sections herein are included solely for convenience, and if there is any conflict between such headings and the text of the Plan, the text shall control.

ARTICLE III
PARTICIPATION AND ELIGIBILITY

3.1 Participation.

Participants in the Plan are those Employees who satisfy all of the following conditions: (a) are subject to the income tax laws of the United States, (b) are determined by the Company to be members of a select group of highly compensated or management Employees of the Company, (c) are officers of AutoZone, Inc. with the title of Vice-President or higher, or such other individuals as may be selected by the Administrative Committee, in its sole discretion, as Participants. The Administrative Committee shall notify each Participant of his selection as a Participant. Subject to the provisions of Section 3.3, a Participant shall remain eligible to continue participation in the Plan for each Plan Year following his initial year of participation in the Plan, provided the Participant continues to satisfy Sections 3.1(a), (b) and (c) above.

3.2 Commencement of Participation.

An Employee shall become a Participant effective as of the date the Administrative Committee determines, which date shall be on or after the date his Executive Deferred Compensation Agreement becomes effective. Newly eligible employees must make deferral elections during the first 30 days after becoming eligible.

3.3 Cessation of Active Participation.

Notwithstanding any provision herein to the contrary, an individual who has become a Participant in the Plan shall cease to be a Participant hereunder effective as of any date the individual ceases to satisfy the requirements of Section 3.1, or as of such date as designated by the Administrative Committee.

ARTICLE IV
DEFINED CONTRIBUTION BENEFIT

4.1 Deferrals by Participants.

A Participant may file an Executive Deferred Compensation Agreement pursuant to which such Participant elects to make Base Salary Deferrals and/or Bonus Deferrals with respect to Compensation earned during a Plan Year.

(a) A Participant's Executive Deferred Compensation Agreement for a Plan Year must be submitted to the Company within the time period prescribed by the Administrative Committee, and in any event before the first day of such Plan Year. If an Employee initially becomes an eligible employee (determined in accordance with Code Section 409A) and does not make an initial Base Salary Deferral or Bonus Deferral election before the first day of such Plan Year, the Participant may file an Executive Deferred Compensation Agreement making a prospective Base Salary Deferral election (but not a Bonus Deferral election) either before or within the first 30 days after becoming eligible. Such election will apply to the Participant's Base Salary for services performed after the Executive Deferred Compensation Agreement is submitted, and will be effective beginning with the first paycheck for the first regular payroll period beginning after the date the Executive Deferred Compensation Agreement is submitted and becomes effective. A Participant may modify his Executive Deferred Compensation Agreement for a Plan Year at any time prior to the applicable deadline specified in this subsection, subject to any restrictions or procedures determined by the Administrative Committee.

(b) For each Plan Year, a Participant may elect to defer up to twenty-five percent (25%) of his Base Salary as a Base Salary Deferral and up to seventy-five percent (75%) of his Bonus Compensation as a Bonus Deferral. Subject to such limitation, a Bonus Deferral election may provide for deferral of a portion of a Participant's Bonus Compensation for a Plan Year described as a percentage of such Bonus Compensation only to the extent that such Bonus Compensation exceeds either: (i) a specified dollar amount of the Participant's Bonus Compensation, or (ii) the target amount of his Bonus Compensation for such Plan Year. Notwithstanding the foregoing, any Participant election shall be further subject to any maximum or minimum percentage or dollar amount limitations and to any other rules prescribed by the Administrative Committee in its sole discretion.

(c) Base Salary Deferrals and Bonus Deferrals will be credited to the Account of each Participant as of the day of the month in which such Compensation otherwise would have been paid to the Participant in cash, provided that the Participant has not had a Termination of Employment on or before the payment date.

4.2 Matching Credits.

In addition to any Base Salary Deferrals and Bonus Deferrals, the Company shall credit to the Participant's Account an amount equal to the amount of matching contributions determined under (a) below minus the amount of matching contributions determined under (b) below:

(a) The matching contribution that would be made to the Participant using the 401(k) Plan's matching contribution formula and taking into account the Participant's Base Salary Deferrals, Bonus Deferrals, the maximum amount of deferrals permitted under the 401(k) Plan (regardless of the amount of deferrals the Participant actually makes to the 401(k) Plan), and the Participant's Compensation without regard to the limitation imposed by section 401(a)(17) of the Code.

(b) The amount of matching contributions that would have been made to the Participant's account under the 401(k) Plan assuming the Participant deferred the maximum amount permitted under the 401(k) Plan.

4.3 Effective Date of Executive Deferred Compensation Agreement.

A Participant's initial Executive Deferred Compensation Agreement shall be effective as of the first payroll period after the date the Participant commences participation in the Plan. Each subsequent Executive Deferred Compensation Agreement shall become effective on the first day of the Plan Year to which it relates. If a Participant fails to file a new Executive Deferred Compensation Agreement or revoke a prior Executive Deferred Compensation Agreement, the latest Executive Deferred Compensation Agreement on file with the Committee shall remain in effect for each Plan Year subsequent to its filing. If a Participant fails to complete an Executive Deferred Compensation Agreement on or before the date the Participant commences participation in the Plan or the first day of any Plan Year, and has no Executive Deferred Compensation Agreement in effect, the Participant shall be deemed to have elected not to make Base Salary Deferrals and/or Bonus Deferrals for such Plan Year (or remaining portion thereof if the Participant enters the Plan other than on the first day of a Plan Year).

4.4 Modification or Revocation of Election by Participant.

A Participant may not change the amount of his Base Salary Deferrals or Bonus Deferrals during a Plan Year. However, if a Participant receives a hardship withdrawal under Section 8.7, all of the Participant's Base Salary Deferrals and/or Bonus Deferrals shall be cancelled. Under no circumstances may a Participant's Executive Deferred Compensation Agreement be made, modified or revoked retroactively. A Participant's Executive Deferred Compensation Agreement shall remain in effect in the event of a Change In Control.

ARTICLE V
DEFINED BENEFIT ACCRUAL

Reserved.

ARTICLE VI
VESTING, DEFERRAL PERIODS

6.1 Vesting.

A Participant shall be 100% vested in his Account and his Defined Benefit Accrual at all times.

6.2 Deferral Periods.

A Deferral Period may be for any period of one (1) year or more after the Participant has completed one (1) year of participation, or more, and shall not end later than the year in which the Participant attains age 75. A Participant must specify on the Executive Deferred Compensation Agreement the Deferral Period for the Base Salary Deferrals and Bonus Deferrals, and/or Matching Credits, to be made to the Plan for the Plan Year (or the remaining portion thereof for a Participant who enters the Plan other than on the first day of a Plan Year) to which the Executive Deferred Compensation Agreement relates, subject to certain rules as determined by the Administrative Committee from time to time. A Participant may change an election of a Deferral Period to delay payment(s), provided that any such election to delay payment(s) will be effective only if the changes:

(a) may not accelerate the time or schedule of any distribution, except as provided in Code Section 409A;

(b) must be made at least twelve (12) months prior to the first scheduled distribution described in the Executive Deferred Compensation Agreement;

(c) must delay the commencement of distributions described in the Executive Deferred Compensation Agreement for a minimum of five (5) years from the date the first distribution was originally scheduled to be made;

(d) must take effect not less than twelve (12) months after the election is made; and

(e) may not cause the Deferral Period to end later than the year in which the Participant attains age 75.

ARTICLE VII
ACCOUNTS AND ACCOUNT VALUATION

7.1 Establishment of Bookkeeping Accounts.

A separate bookkeeping account shall be maintained for each Participant. Such account shall be credited with the Participant’s Base Salary Deferrals, Matching Credits and Bonus Deferrals, and earnings in accordance with Section 7.4. A separate bookkeeping account shall also be maintained for each Participant’s Defined Benefit Accrual, but shall not be adjusted for earnings.

7.2 Subaccounts.

Separate subaccounts shall be maintained to the extent necessary for the administration of the Plan. For example, it may be necessary to maintain separate subaccounts where the

Participant has specified different Deferral Periods, methods of payment or investment directions with respect to Base Salary Deferrals and Bonus Deferrals for different Plan Years.

7.3 Hypothetical Nature of Accounts.

The Accounts established under this Article VII shall be hypothetical in nature and shall be maintained for bookkeeping purposes only so that earnings on the Base Salary Deferrals, Matching Credits, and Bonus Deferrals made to the Plan can be credited. Neither the Plan nor any of the Accounts established hereunder shall hold any actual funds or assets. The right of any person to receive one or more payments under the Plan shall be an unsecured claim against the general assets of the Company. Any liability of the Company to any Participant, former Participant, or Beneficiary with respect to a right to payment shall be based solely upon contractual obligations created by the Plan. Neither the Company, the Directors, nor any other person shall be deemed to be a trustee of any amounts to be paid under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Company and a Participant or any other Person.

7.4 Account Valuation.

(a) A Participant shall elect Investment Options from a list of Investment Options provided by the Administrative Committee. The initial election shall be made on in such manner as approved by the Administrative Committee and shall specify the allocations among the Investment Options elected. A Participant's subaccounts shall be valued as the sum of the value of all Investment Options in which such subaccount is Deemed Invested minus any withdrawals or distributions from said subaccount. Investment Options shall be utilized to determine the earnings attributable to the subaccount. Election of Investment Options do not represent actual ownership of, or any ownership rights in or to, the actual funds to which the Investment Options refer, nor is the Company in any way bound or directed to make actual investments corresponding to Deemed Investments.

(b) The AutoZone, Inc. Investment Committee or such other person or committee as may be designated by the Administrative Committee, in its sole discretion shall be permitted to add or remove Investment Options provided that any such additions or removals of Investment Options shall not be effective with respect to any period prior to the effective date of such change. Any unallocated portion of a subaccount or any unallocated portion of new deferrals shall be Deemed Invested in an Investment Option referring to a money market based fund or subaccount.

(c) A Participant may make a new Allocation Election with respect to future Base Salary Deferrals, Matching Credits and Bonus Deferrals, and may Transfer funds in any of his or her subaccounts, provided that such new Allocation Elections or Transfers shall be in increments of one percent (1%) of such Account, and Transfers apply to the entire subaccount balance. New Allocation Elections, rebalances, and

Transfers may be made on any day, and will become effective as soon as administratively practicable.

(d) Notwithstanding anything in this Section to the contrary, the Company shall have the sole and exclusive authority to invest any or all amounts deferred under the Plan in any manner, regardless of any Allocation Elections by any Participant. A Participant's Allocation Election shall be used solely for purposes of determining the value of such Participant's subaccounts and the amount of the corresponding liability of the Company in accordance with this Plan.

ARTICLE VIII
PAYMENT OF ACCOUNT AND DEFINED BENEFIT ACCRUALS

8.1 Timing of Distribution of Benefits.

Distribution of a Participant's Account shall be made or commence as soon as practicable following the date the Deferral Period for such amounts ends. Notwithstanding the foregoing, the Participant's entire Account shall be distributed to him (or his Beneficiary in the event of his death) as soon as practicable following the earliest to occur of the following: (i) the Participant's death; (ii) the Participant's permanent disability as defined in the Company's long-term disability program for Grandfathered Benefits; (iii) the Participant's Disability for Non-Grandfathered Benefits; (iv) the termination of the Participant's employment for Grandfathered Benefits; or (v) the Participant's Termination of Employment for Non-Grandfathered Benefits.

8.2 Adjustment for Investment Gains and Losses Upon Distribution.

Upon a distribution pursuant to this Article VIII, the balance of a Participant's Account shall be determined as of the Valuation Date immediately preceding the date of the distribution to be made and shall be adjusted for investment gains and losses which have accrued to the date of distribution but which have not been credited to his Account.

8.3 Form of Payment or Payments.

The Participant's Account shall be distributed in accordance with the form of payment elected by the Participant on the Executive Deferred Compensation Agreement to which such amounts relate. The form of payment with respect to amounts and the earnings credited thereon may be in any of the following forms:

(a) In the event of distribution after the expiration of the Deferral Period, (i) for amounts in an Account attributable to Base Salary Deferrals and Bonus Deferrals, and Matching Credits, with respect to Plan Years commencing prior to January 1, 2013, distribution may be made in a lump sum or in installment payments for a period not to exceed fifteen (15) years, and (ii) for amounts in an Account attributable to Base Salary Deferrals and Bonus Deferrals, and Matching Credits, with respect to Plan Years commencing on or after January 1, 2013, distribution may be made in a lump sum or in installment payments for a period not to exceed five (5) years;

(b) In the event of distribution after the Participant's death, permanent disability for Grandfathered Benefits, Disability for Non-Grandfathered Benefits, the termination of the Participant's employment for Grandfathered Benefits, or Termination of Employment for Non-Grandfathered Benefits, distribution shall be made in a lump sum.

Installment payments shall be paid annually on the fifth business day of January of each Plan Year as elected by the Participant on the Executive Deferred Compensation Agreement. Each installment payment shall be determined by multiplying the amounts to be distributed by a fraction, the numerator of which is one and the denominator of which is the number of remaining installment payments to be made to Participant. Anything contained herein to the contrary notwithstanding, total distribution of a Participant's Account must be made by the date such Participant attains age 85.

Upon the termination of the Participant's employment for Grandfathered Benefits, or upon a Participant's Termination of Employment for Non-Grandfathered Benefits, following a Change In Control (unless elected as a Deferral Period in the Executive Deferred Compensation Agreement), a Participant's Account shall be distributed as described in 8.3(a) above in five (5) annual installments with the first installment payment commencing no later than ninety (90) days after the Participant's employment is terminated. However, such Participant or Beneficiary, as the case may be, may apply to the Administrative Committee for payment of installments over a shorter period of time, or for payment of the entire Account in a lump sum payment.

Notwithstanding the foregoing, in the event a Participant has a Termination of Employment following a Change In Control, the Participant's Non-Grandfathered Benefits shall be paid in a lump sum payment no later than ninety (90) days after the Participant's Termination of Employment.

8.4 Defined Benefit Accrual Payments.

Payment of Defined Benefit Accruals shall be in the form elected by the Participant for payment of benefits under the Pension Plan.

8.5 Designation of Beneficiaries.

Each Participant shall have the right to designate the Beneficiary or Beneficiaries to receive payment of his benefit in the event of his death. A beneficiary designation shall be made by executing the beneficiary designation form prescribed by the Administrative Committee and filing the same with the Administrative Committee. Any such designation may be changed at any time by execution of a new designation in accordance with this Section. If no such designation is on file with the Administrative Committee at the time of the death of the Participant or such designation is not effective for any reason as determined by the Administrative Committee, then the designated Beneficiary or Beneficiaries to receive such benefit shall be the Participant's surviving spouse, if any, or if none, the Participant's executor or administrator, or his heirs at law if there is no administration of such Participant's estate.

8.6 Unclaimed Benefits.

In the case of a benefit payable on behalf of a Participant, if the Administrative Committee is unable to locate the Participant or Beneficiary to whom such benefit is payable, such benefit may be forfeited to the Company, upon the Administrative Committee's determination. Notwithstanding the foregoing, if subsequent to any such forfeiture the Participant or Beneficiary to whom such benefit is payable makes a valid claim for such benefit, such forfeited benefit shall be paid by the Company or restored to the Plan by the Company.

Notwithstanding the preceding paragraph, with respect to a Participant's Non-Grandfathered Benefit, in the event that: (i) the Participant dies without designating a Beneficiary; (ii) the Beneficiary designated by the Participant is not surviving when a payment is to be made to such person under the Plan, and no contingent Beneficiary has been designated; or (iii) the Beneficiary designated by the Participant cannot be located by the Administrative Committee within the latest date for payment to such Beneficiary under the Plan; then, in any of such events, the Beneficiary of such Participant with respect to any benefits that remain payable under the Plan will be the Participant's surviving spouse, if any, and if not, the estate of the Participant.

8.7 Hardship Withdrawals.

A Participant may apply in writing to the Administrative Committee for, and the Administrative Committee may permit, a hardship withdrawal of all or any part of a Participant's Account if the Administrative Committee, in its sole discretion, determines that the Participant has incurred a severe financial hardship resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in section 152(a) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, as determined by the Administrative Committee, in its sole and absolute discretion. The amount that may be withdrawn shall be limited to the amount reasonably necessary to relieve the hardship or financial emergency upon which the request is based, plus the federal and state taxes due on the withdrawal, as determined by the Administrative Committee. The Administrative Committee may require a Participant who requests a hardship withdrawal to submit such evidence as the Administrative Committee, in its sole discretion, deems necessary or appropriate to substantiate the circumstances upon which the request is based.

Notwithstanding the foregoing, a Participant may only receive a hardship withdrawal of Non-Grandfathered Benefits if the withdrawal complies with the following requirements. A hardship withdrawal:

(a) shall be permitted only for an "unforeseeable emergency" which is defined as a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary, or the Participant's dependent (as defined in section 152 of the Code, without regard to section 152(b)(1), (b)(2), and (d)(1)(B)); loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. Events that may constitute an unforeseeable emergency include the imminent foreclosure of or eviction from the Participant's primary residence; the need to pay for medical expenses, including non-refundable deductibles, as well as for the costs of prescription drug medication; and the need to pay for the funeral expenses of a Participant's spouse, beneficiary, or dependent. The purchase of a home and the payment of college tuition shall not be unforeseeable emergencies;

(b) shall be determined based on the relevant facts and circumstances of each case, but, in any case, a distribution on account of unforeseeable emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship, or by cessation of deferrals under the Plan; and

(c) shall be limited to the amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any Federal, state, local, or foreign income taxes or penalties reasonably anticipated to result from the distribution).

8.8 Restriction on Timing of Distributions.

Notwithstanding any provision of this Plan to the contrary, if the Participant is considered a Specified Participant at Termination of Employment under such procedures as established by the Company in accordance with Code Section 409A, benefit distributions that are made upon Termination of Employment may not commence earlier than six (6) months after the date of such Termination of Employment. Therefore, in the event this Section 8.8 is applicable to the Participant, any distribution which would otherwise be paid to the Participant within the first six months following the Termination of Employment shall be accumulated and paid to the Participant in a lump sum on the first day of the seventh month following the Termination of Employment. All subsequent distributions shall be paid in the manner specified.

8.9 Limited Cashouts.

(a) <u>Employee Deferral Cashout</u>. Except as provided in subsection 8.9(e) for a Specified Participant, if at any time a Participant's Non-Grandfathered Benefit attributable to the aggregate of his elective nonqualified deferral contributions does not exceed the applicable dollar amount under section 402(g)(1)(B) of the Code, the Administrative Committee may elect, in its sole discretion, to pay the Participant's entire Non-Grandfathered Benefit attributable to the aggregate of his elective nonqualified deferral contributions in an immediate single-sum payment. For purposes of determining the amount of elective nonqualified deferral contributions in a Participant's Non-Grandfathered Benefit in order to apply this provision and subsection 8.9(b), any deferrals of compensation that the Participant has elected, including Base Salary and Bonus Deferrals, under this or any other nonqualified deferred compensation plan maintained by the Company or any affiliate (as required under Code Section 409A) that is an “account balance plan” subject to Code Section 409A shall be considered as part of the Participant’s Non-Grandfathered Benefit attributable to elective nonqualified deferral contributions hereunder.

(b) Cashout of Employer Contributions. Except as provided in subsection 8.9(e) for a Specified Participant, if at any time a Participant’s Non-Grandfathered Benefit, other than amounts attributable to elective nonqualified deferral contributions, does not exceed the applicable dollar amount under section 402(g)(1)(B) of the Code, the Administrative Committee may elect, in its sole discretion, to pay such portion of the Participant’s Non-Grandfathered Benefit in an immediate single-sum payment. For purposes of determining the amount of a Participant’s Non-Grandfathered Benefit other than elective nonqualified deferral contributions in order to apply this provision, any deferrals of compensation other than elective nonqualified deferral contributions under this or any other nonqualified deferred compensation plan maintained by the Company or any affiliate (as required under Code Section 409A) that is an “account balance plan” subject to Code Section 409A shall be considered as part of the Participant’s Non-Grandfathered Benefit other than amounts attributable to elective nonqualified deferral contributions hereunder.

(c) Any exercise of the Administrative Committee’s discretion pursuant to subsection (a) shall be evidenced in writing no later than the date of the distribution.

(d) Notwithstanding anything in a Participant’s Executive Deferred Compensation Agreement to the contrary, with respect to amounts in a Participant’s Account attributable to Base Salary Deferrals and Bonus Deferrals, and Matching Credits, with respect to Plan Years commencing on or after January 1, 2013, (i) if such amount in the Participant’s Account is less than $50,000 at the end of a Deferral Period which a Participant elected to end on his Retirement Date, when distribution in installments would otherwise commence, or (ii) if such amount in the Participant’s Account is less than $100,000 at the time of the Participant’s death, when distribution in installments would otherwise continue, such amounts instead shall be distributed in a single lump sum payment when such installments otherwise would have commenced or continued.

(e) Notwithstanding the foregoing, to the extent provided by Code Section 409A, with respect to a Participant who is a Specified Participant on the date of his Termination of Employment, no payment under this Section made on account of such Participant’s Termination of Employment shall be made within 6 months after the date of the Participant’s Termination of Employment.

ARTICLE IX
ADMINISTRATION

9.1 Administrative Committee.

The Plan shall be administered by an Administrative Committee appointed by the Directors. The Administrative Committee shall be responsible for the general operation and administration of the Plan and for carrying out the provisions thereof. The Administrative Committee may delegate to others certain aspects of the management and operational responsibilities of the Plan including the employment of advisors and the delegation of ministerial duties to qualified individuals, provided that such delegation is in writing.

9.2 General Powers of Administration.

The Administrative Committee shall have all powers necessary or appropriate to enable it to carry out its administrative duties. Not in limitation, but in application of the foregoing, the Administrative Committee shall have the duty and power to interpret the Plan and determine all questions that may arise hereunder as to the status and rights of Employees, Participants, and Beneficiaries. The Administrative Committee may exercise the powers hereby granted in its sole and absolute discretion.

9.3 Indemnification of Administrative Committee.

The Company shall indemnify, hold harmless, and defend the members of the Administrative Committee against any and all claims, losses, damages, expenses, including attorney's fees, incurred by them, and any liability, including any amounts paid in settlement with their approval arising from their action or failure to act, except when the same is judicially determined to be attributable to their gross negligence or willful misconduct.

ARTICLE X
DETERMINATION OF BENEFITS, CLAIMS PROCEDURE AND ADMINISTRATION

10.1 Claims.

A person who believes that he is being denied a benefit to which he is entitled under the Plan (hereinafter referred to as a "Claimant") may file a written request for such benefit with the Administrative Committee, setting forth his claim. The request must be addressed to the Administrative Committee at the Company at its then principal place of business.

10.2 Claim Procedure.

(a) Initial Claim. Claims for benefits under the Plan may be filed in writing with the Administrative Committee on forms or in such other written documents as the Administrative Committee may prescribe.

(i) General Claims. Except as provided in subsection (ii), the Administrative Committee will furnish to the Claimant written notice of the disposition of a claim within 90 days after the application therefor is filed; provided, if special circumstances require an extension, the Administrative Committee may extend such 90-day period by up to an additional 90 days, by providing a notice of such extension to the Claimant before the end of the initial 90-

day period. In the event the claim is denied, the notice of the disposition of the claim will provide the specific reasons for the denial, citations of the pertinent provisions of the Plan, and, where appropriate, an explanation as to how the Claimant can perfect the claim and/or submit the claim for review (where appropriate), and a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse determination on review.

(ii) Claims Based on an Independent Determination of Disability. With respect to a claim for benefits under the Plan based on Disability, the Administrative Committee will furnish to the Claimant written notice of the disposition of a claim within 45 days after the application therefor is filed; provided, if matters beyond the control of the Administrative Committee require an extension of time for processing the claim, the Administrative Committee will furnish written notice of the extension to the Claimant prior to the end of the initial 45-day period, and such extension will not exceed one additional, consecutive 30-day period; and, provided further, if matters beyond the control of the Administrative Committee require an additional extension of time for processing the claim, the Administrative Committee will furnish written notice of the second extension to the Claimant prior to the end of the initial 30-day extension period, and such extension will not exceed an additional, consecutive 30-day period. Notice of any extension under this subsection will specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues. In the event the claim is denied, the notice of the disposition of the claim will provide the specific reasons for the denial, cites of the pertinent provisions of the Plan, an explanation as to how the Claimant can perfect the claim and/or submit the claim for review (where appropriate), and a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse determination on review.

(iii) Appeal. Any Claimant who has been denied a benefit, or his duly authorized representative, will be entitled, upon request to the Administrative Committee, to appeal the denial of his claim. The Claimant (or his duly authorized representative) may review pertinent documents related to the Plan and in the Administrative Committee's possession in order to prepare the appeal.

(iv) General Claims. The request for review, together with a written statement of the Claimant's position, must be filed with the Administrative Committee no later than 60 days after receipt of the written notification of denial of a claim provided for in subsection (a). The Administrative Committee's decision will be made within 60 days following the filing of the request for review; provided, if special circumstances require an extension, the Administrative Committee may extend such 60-day period by up to an additional 60 days, by providing a notice of such extension to the Claimant before the end of the initial 60-day period. If unfavorable, the notice of decision will explain the reasons for denial, indicate the provisions of the Plan or other documents used to arrive at the decision, and state the Claimant's right to bring a civil action under ERISA Section 502(a).

(v) Claims Based on an Independent Determination of Disability. With respect to an appeal of a denial of benefits under the Plan based on Disability, the form containing the request for review, together with a written statement of the Claimant's position, must be filed with the Administrative Committee no later than 180 days after receipt of the written notification of denial of a claim provided for in subsection (a) hereof. The Administrative Committee's decision will be made within 45 days following the filing of the request for review and will be communicated in writing to the Claimant; provided, if special circumstances require an extension of time for processing the appeal, the Administrative Committee will furnish written notice to the Claimant prior to the end of the initial 45-day period, and such an extension will not exceed one additional 45-day period. The Administrative Committee's review will not afford deference to the initial adverse benefit determination and will be conducted by an individual who is neither the individual who made the adverse benefit determination that is the subject of the appeal, nor the subordinate of such individual. In deciding an appeal of any adverse benefit determination that is based in whole or in part on a medical judgment, the Administrative Committee will consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment and who is neither an individual who was consulted in connection with the adverse benefit determination that is the subject of the appeal, nor the subordinate of any such individual. If unfavorable, the notice of decision will explain the reason or reasons for denial, indicate the provisions of the Plan or other documents used to arrive at the decision, state the Claimant's right to bring a civil action under ERISA Section 502(a), and identify all medical or vocational experts whose advice was obtained by the Administrative Committee in connection with a Claimant's adverse benefit determination.

(b) Satisfaction of Claims. Any payment to a Participant or beneficiary will to the extent thereof be in full satisfaction of all claims hereunder against the Administrative Committee and the Company, any of whom may require such Participant or beneficiary, as a condition to such payment, to execute a receipt and release therefor in such form as determined by the Administrative Committee or the Company. If receipt and release is required but the Participant or beneficiary (as applicable) does not provide such receipt and release in a timely enough manner to permit a distribution in accordance with the general timing of distribution provisions in the Plan, such payment will be forfeited.

ARTICLE XI
MISCELLANEOUS

11.1 Not Contract of Employment.

The adoption and maintenance of the Plan shall not be deemed to be a contract between the Company and any person for the employment of such person, or to be consideration for any such contract.

Nothing herein contained shall be deemed to give any person the right to be retained in the employ of the Company or to restrict the right of the Company to discharge any person at any time nor shall the Plan be deemed to give the Company the right to require any person to remain in the employ of the Company or to restrict any person's right to terminate his employment at any time.

11.2 Non-Assignability of Benefits.

No Participant, Beneficiary or distributee of benefits under the Plan shall have any power or right to transfer, assign, anticipate, hypothecate or otherwise encumber any part or all of the amounts payable hereunder, which are expressly declared to be unassignable and nontransferable. Any such attempted assignment or transfer shall be void. No amount payable hereunder shall, prior to actual payment thereof, be subject to seizure by any creditor of any such Participant, Beneficiary or other distributee for the payment of any debt judgment or other obligation, by a proceeding at law or in equity, nor transferable by operation of law in the event of the bankruptcy, insolvency or death of such Participant, Beneficiary or other distributee hereunder.

11.3 Withholding.

All deferrals and payments provided for hereunder shall be subject to applicable withholding and other deductions as shall be required of the Company under any applicable local, state or federal law.

11.4 Amendment and Termination.

The Administrative Committee may from time to time, in its discretion, amend, in whole or in part, any or all of the provisions of the Plan; provided, however, that no amendment may be made that would impair the rights of a Participant with respect to amounts already allocated to his Account, or reduce the Participant's Defined Benefit Accruals accrued to the date of such amendment. The Administrative Committee may terminate the Plan at any time. In the event that the Plan is terminated, the balance in a Participant's Account shall be paid to such Participant or his Beneficiary in a single cash lump sum, in full satisfaction of all such Participant's or Beneficiary's benefits hereunder. The Participant's Defined Benefit Accruals shall be paid commencing coincident with the commencement of payment of benefits to the Participant, or the Participant's Beneficiary, by the Pension Plan.

Effective January 1, 2008, the Plan will only permit an acceleration of the time and form of payment of Non-Grandfathered Benefits where the right to the payment arises in accordance with the following:

(a) Within thirty (30) days before or twelve (12) months after a Change in Control, as such is defined under Code Section 409A and the regulations promulgated thereunder, provided that all distributions are made no later than twelve (12) months following such termination of the Plan and further provided that all the Company's arrangements which are substantially similar to the Plan are terminated so the Participant and all participants in the similar arrangements are required to receive all amounts of compensation deferred under the terminated arrangements within twelve (12) months of the termination of the arrangements;

(b) Upon the Company's dissolution or with the approval of a bankruptcy court provided that the amounts deferred under the Plan are included in the Participant's gross income in the latest of (i) the calendar year in which the Plan terminates; (ii) the calendar year in which the amount is no longer subject to a substantial risk of forfeiture; or (iii) the first calendar year in which the distribution is administratively practical; or

(c) Upon the Company's termination of this and all other arrangements that would be aggregated with this Plan pursuant to Treasury Regulations §1.409A-1(c) if the Participant participated in such arrangements ("Similar Arrangements"), provided that (i) the termination and liquidation does not occur proximate to a downturn in the financial health of the Company, (ii) all termination distributions are made no earlier than twelve (12) months and no later than twenty-four (24) months following such termination, and (iii) the Company does not adopt any new arrangement that would be a Similar Arrangement for a minimum of three (3) years following the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan.

In the event of an occurrence described in (a), (b), or (c) above, the Company may distribute a Non-Grandfathered Benefit to the Participant in a lump sum subject to the above terms.

11.5 No Trust Created.

Nothing contained in this Agreement, and no action taken pursuant to its provisions by either party hereto, shall create, nor be construed to create, a trust of any kind or a fiduciary relationship between the Company and the Participant, his Beneficiary, or any other person.

11.6 Unsecured General Creditor Status Of Employee.

The payments to Participant, his Beneficiary or any other distributee hereunder shall he made from assets which shall continue, for all purposes, to be a part of the, general, unrestricted assets of the Company; no person shall have nor acquire any interest in any such assets by virtue of the provisions of this Plan. The Company's obligation hereunder shall be an unfunded and unsecured promise to pay money in the future. To the extent that the Participant Beneficiary or other distributee acquires a right to receive payments from the Company under the provisions hereof, such right shall be no greater than the right of any unsecured general creditor of the Company; no such person shall have nor require any legal or equitable right, interest or claim in or to any property or assets of the Company.

In the event that, in its discretion, the Company purchases an insurance policy, or policies insuring the life of the Participant (or any other property) to allow the Company to recover the cost of providing the benefits, in whole, or in part, hereunder, neither the Participant, Beneficiary or other distributee shall have nor acquire any rights whatsoever therein or in the proceeds therefrom. The Company shall be the sole owner and beneficiary of any such policy or policies and, as such, shall possess and, may exercise all incidents of ownership therein. No such policy, policies or other property shall be held in any trust for a Participant, Beneficiary or other distributee or held as collateral security for any obligation of the Company hereunder.

11.7 Severability.

If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions hereof; instead, each provision shall be fully severable and the Plan shall be construed and enforced as if said illegal or invalid provision had never been included herein.

11.8 Governing Laws.

All provisions of the Plan shall be construed and enforced in accordance with the laws of the State of Tennessee except to the extent superseded by federal law, and in the courts situated in that State.

11.9 Binding Effect.

This Plan shall be binding on each Participant and his heirs and legal representatives and on the Company and its successors and assigns.

11.10 Entire Agreement.

This document and any amendments contain all the terms and provisions of the Plan and shall constitute the entire Plan, any other alleged terms or provisions being of no effect.

11.11 Code Section 409A.

This Plan is intended to comply with the requirements of Code Section 409A and shall be construed accordingly. Payments and benefits described in this Plan are intended to be provided to Participants in a manner that will not cause the acceleration of taxation, or the imposition of penalty taxes or interest, under Code Section 409A. Except to the extent required by or permitted under Code Section 409A, no benefit or payment described in this Plan may be accelerated or delayed. No assets will be set aside with respect to payment of any amounts of non-qualified deferred compensation described in this Plan if doing so would be treated as a transfer of property pursuant to Code Section 409A(b). Nothing in this Plan shall be construed as a guarantee or indemnity by the Company for the tax consequences of the payments and benefits described in this Plan, including any tax consequences under Code Section 409A, and each Participant shall be responsible for paying all taxes due with respect to such payments made and benefits provided to such Participant.

ARTICLE XII
CHANGE IN CONTROL

12.1 Change of Trustee.

Upon a Change In Control, as defined herein, trustee may not be removed by Company for a period of five (5) Plan Year(s), and the composition of the Administrative Committee shall not be changed during such period.

12.2 Amendment.

This Plan and Section(s) 2, 3, 9 and 10 of the trust agreement may not be amended by Company for five (5) year(s) following a Change In Control.

12.3 Funding.

The Company shall fully fund the AutoZone, Inc. Executive Deferred Compensation Trust upon a Change In Control.

IN WITNESS WHEREOF, the Company has caused this Plan to be properly executed on this 13th day of June 2023.

AUTOZONE, INC.

By: Jenna M. Bedsole

Title: Senior Vice President, General Counsel & Secretary

By: Rick Smith

Title: Senior Vice President, Human Resources

Exhibit 21.1

SUBSIDIARIES OF THE REGISTRANT

NAME	STATE OR COUNTRY OF ORGANIZATION OR INCORPORATION
ALLDATA LLC	Nevada
AutoZone de México, S. de R.L. de C.V.	Mexico
AutoZone Development LLC	Nevada
AutoZone International Holdings, Inc.	Nevada
AutoZone IP LLC	Nevada
AutoZone Latin America Holdings LLC	Nevada
AutoZone Northeast LLC	Nevada
AutoZone Parts, Inc.	Nevada
AutoZone Southeast, L.P.	Nevada
AutoZone Stores LLC	Nevada
AutoZone Texas LLC	Nevada
AutoZone West LLC	Nevada
AutoZoners, LLC	Nevada
Riverside Captive Insurance Company	Arizona

In addition, 34 subsidiaries organized in the United States and 26 subsidiaries organized outside of the United States have been omitted as they would not, considered in the aggregate as a single subsidiary, constitute a significant subsidiary as defined by Rule 1-02(w) of Regulation S-X.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

Registration Statement (Form S-8 No. 333-139559) pertaining to the AutoZone, Inc. 2006 Stock Option Plan

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

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

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

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

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

Registration Statement (Form S-8 No. 333-251506) pertaining to the AutoZone, Inc. 2020 Omnibus Incentive Award Plan

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

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

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

Registration Statement (Form S-3 ASR No. 333-266209) pertaining to a shelf registration to sell debt securities;

of our reports dated October 24, 2023, with respect to the consolidated financial statements of AutoZone, Inc. and the effectiveness of internal control over financial reporting of AutoZone, Inc., included in this Annual Report (Form 10-K) of AutoZone, Inc. for the year ended August 26, 2023.

/s/ Ernst & Young LLP

Memphis, Tennessee
October 24, 2023

Exhibit 31.1

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

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

1. I have reviewed this Annual Report on Form 10-K of AutoZone, Inc. ("registrant");

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

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

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

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

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

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

October 24, 2023

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

Exhibit 31.2

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

I, Jamere Jackson, certify that:

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

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

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

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

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

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

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

October 24, 2023

/s/ JAMERE JACKSON
Jamere Jackson
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Annual Report of AutoZone, Inc. (the “Company”) on Form 10-K for the fiscal year ended August 26, 2023 as filed with the SEC on the date hereof (the “Report”), I, William C. Rhodes, III, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

October 24, 2023

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

Exhibit 32.2

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

In connection with the Annual Report of AutoZone, Inc. (the “Company”) on Form 10-K for the fiscal year ended August 26, 2023, as filed with the SEC on the date hereof (the “Report”), I, Jamere Jackson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

October 24, 2023

/s/ JAMERE JACKSON
Jamere Jackson
Chief Financial Officer
(Principal Financial Officer)

AUTOZONE, INC.
CLAWBACK POLICY
(Effective October 3, 2023)

Purpose

The Board of Directors (the "***Board***") of AutoZone, Inc., a Nevada corporation (together with its subsidiaries, the "***Company***") has adopted this policy to ensure that executive officers do not retain the benefits of certain erroneously awarded compensation and also to further incent conduct intended to improve the overall quality and reliability of financial reporting.

Definitions

For purposes of this policy, the following definitions shall apply:

- "***Accounting Restatement***" means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

- "***Erroneously Awarded Compensation***" means the amount of Incentive-Based Compensation Received by an Executive Officer that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had it been determined based on the restated amounts, which amount must be computed without regard to any taxes paid by such Executive Officer.

- "***Executive Officer***" means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the issuer in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the issuers. Executive officers of the Company's subsidiaries are deemed executive officers of the Company if they perform such policy making functions. Executive Officers for purposes of this policy includes, at a minimum, such executive officers identified as such in the Company's Annual Report on Form 10-K.

- "***Financial Reporting Measure***" are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the U.S. Securities and Exchange Commission.

- "***Incentive-Based Compensation***" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of any Financial Reporting Measure.

- "***Received***" with respect to Incentive-Based Compensation means the fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

- “***Recovery Period***” means the three (3) completed fiscal years immediately preceding the date that the Company is required to prepare an Accounting Restatement, which date is the earlier to occur of (a) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement or (b) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement. In addition to these last three (3) completed fiscal years, the Recovery Period also applies to any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three (3) completed fiscal years. However, a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine (9) to twelve (12) months would be deemed a completed fiscal year.

Policy Statement

In the event the Company is required to prepare an Accounting Restatement, then the Company will recover reasonably promptly the amount of Erroneously Awarded Compensation that is Received by any current or former Executive Officer during the Recovery Period.

Additionally, the Board, in its sole discretion and subject to applicable law, may seek to recover Incentive-Based Compensation or discretionary compensation Received by any current or former Executive Officer during the Recovery Period in the event that such Executive Officer’s willful engagement in conduct which is demonstrably or materially injurious to the Company, monetarily or otherwise.

Exceptions

The Company will not be required to enforce this policy to the extent that the Compensation Committee (the “***Committee***”) of the Board determines that (i) recovery would be impracticable and (ii) one of the conditions of (A), (B), or (C) are satisfied:

(A) The direct expense paid to a third party to assist in enforcing this policy would exceed the amount to be recovered; provided, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company has made a reasonable attempt to recover such amounts, documented such reasonable attempt(s) to recover, and provided that documentation to the New York Stock Exchange (the “***NYSE***”).

(B) Recovery would violate home country law where that law was adopted prior to November 28, 2022; provided, that before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the NYSE, that recovery would result in such a violation, and must provide such opinion to the NYSE.

(C) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to the Company’s employees, to fail to meet the requirements of the Internal Revenue Code of 1986, as amended.

Prohibition on Indemnity or Reimbursement

The Company is prohibited from indemnifying any current or former Executive Officer against the loss of any Erroneously Awarded Compensation or paying or reimbursing such Executive Officers for insurance premiums to recover losses incurred under this policy.

Administration of Policy

This policy is intended to comply with Section 303A.14 of the NYSE Listed Company Manual, as required by Section 10D of the Securities Exchange Act of 1934, as amended, and Rule 10D-1 promulgated thereunder (collectively, the "***Applicable Rules***"). The Committee shall have authority to interpret and administer this policy in a manner consistent with the Applicable Rules and to make all determinations with respect to this policy in its sole discretion which shall be final and binding on all parties; provided, however, that, as further described above, the Board shall retain discretion to determine whether amounts shall be recovered in the absence of an Accounting Restatement.