

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

FORM 10-K

(Mark One)

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

For the fiscal year ended August 27, 2022.

OR

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

For the transition period from _____ to _____.

Commission file number 1-10714



AUTOZONE, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

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

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

38103
(Zip Code)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Documents Incorporated By Reference

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

TABLE OF CONTENTS

<u>PART I</u>		4
<u>Item 1.</u>	<u>Business</u>	4
	<u>Introduction</u>	4
	<u>Human Capital Resources</u>	4
	<u>Store Operations</u>	6
	<u>Commercial</u>	7
	<u>Store Development</u>	8
	<u>Marketing and Merchandising Strategy</u>	8
	<u>Purchasing and Supply Chain</u>	10
	<u>Competition</u>	10
	<u>Government Relations</u>	10
	<u>Trademarks and Patents</u>	11
	<u>Seasonality</u>	11
	<u>AutoZone Websites</u>	11
	<u>Information about our Executive Officers</u>	11
<u>Item 1A.</u>	<u>Risk Factors</u>	14
<u>Item 1B.</u>	<u>Unresolved Staff Comments</u>	23
<u>Item 2.</u>	<u>Properties</u>	23
<u>Item 3.</u>	<u>Legal Proceedings</u>	23
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	23
<u>PART II</u>		24
<u>Item 5.</u>	<u>Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	24
<u>Item 6.</u>	<u>Reserved</u>	25
<u>Item 7.</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	26
<u>Item 7A.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	40
<u>Item 8.</u>	<u>Financial Statements and Supplementary Data</u>	42
<u>Item 9.</u>	<u>Changes In and Disagreements with Accountants on Accounting and Financial Disclosure</u>	74
<u>Item 9A.</u>	<u>Controls and Procedures</u>	74
<u>Item 9B.</u>	<u>Other Information</u>	74
<u>Item 9C.</u>	<u>Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</u>	74
<u>PART III</u>		75
<u>Item 10.</u>	<u>Directors, Executive Officers and Corporate Governance</u>	75
<u>Item 11.</u>	<u>Executive Compensation</u>	75
<u>Item 12.</u>	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	75
<u>Item 13.</u>	<u>Certain Relationships and Related Transactions, and Director Independence</u>	75
<u>Item 14.</u>	<u>Principal Accounting Fees and Services</u>	75
<u>PART IV</u>		76
<u>Item 15.</u>	<u>Exhibits and Financial Statement Schedules</u>	76
<u>Item 16.</u>	<u>Form 10-K Summary</u>	81

Forward-Looking Statements

Certain statements contained in this annual report constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically use words such as “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expect,” “estimate,” “project,” “positioned,” “strategy,” “seek,” “may,” “could” and similar expressions. These are based on assumptions and assessments made by our management in light of experience and perception of historical trends, current conditions, expected future developments and other factors that we believe to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties, including without limitation: product demand, due to changes in fuel prices, miles driven or otherwise; energy prices; weather; competition; credit market conditions; cash flows; access to available and feasible financing; future stock repurchases; the impact of recessionary conditions; consumer debt levels; changes in laws or regulations; risks associated with self-insurance; war and the prospect of war, including terrorist activity; the impact of public health issues, such as the ongoing global coronavirus (“COVID-19”) pandemic; inflation; the ability to hire, train and retain qualified employees; construction delays; failure or interruption of our information technology systems; issues relating to the confidentiality, integrity or availability of information, including due to cyber-attacks; historic growth rate sustainability; downgrade of our credit ratings; damage to our reputation; challenges in international markets; origin and raw material costs of suppliers; inventory availability; disruption in our supply chain; impact of tariffs; impact of new accounting standards; and business interruptions. Certain of these risks and uncertainties are discussed in more detail in the “Risk Factors” section contained in Item 1A under Part 1 of this Annual Report on Form 10-K for the year ended August 27, 2022, and these Risk Factors should be read carefully. Forward-looking statements are not guarantees of future performance and actual results, developments and business decisions may differ from those contemplated by such forward-looking statements. Events described above and in the “Risk Factors” could materially and adversely affect our business. However, it should be understood that it is not possible to identify or predict all such risks and other factors that could affect these forward-looking statements. Forward-looking statements speak only as of the date made. Except as required by applicable law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

Item 1. Business

Introduction

AutoZone, Inc. (“AutoZone,” the “Company,” “we,” “our” or “us”) is the leading retailer and distributor of automotive replacement parts and accessories in the Americas. We began operations in 1979 and at August 27, 2022, operated 6,168 stores in the United States (“U.S.”), 703 stores in Mexico and 72 stores in Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products. At August 27, 2022, in 5,342 of our domestic stores we had a commercial sales program that provides commercial credit and prompt delivery of parts and other products to local, regional and national repair garages, dealers, service stations and public sector accounts. We also have commercial programs in all stores in Mexico and Brazil. We sell the ALLDATA brand automotive diagnostic, repair and shop management software through www.alldata.com. Additionally, we sell automotive hard parts, maintenance items, accessories and non-automotive products through www.autozone.com, and our commercial customers can make purchases through www.autozonepro.com. We also provide product information on our Duralast branded products through www.duralastparts.com. We do not derive revenue from automotive repair or installation services.

Human Capital Resources

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

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

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

Training & Development

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

Recognition

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

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

Diversity, Equity and Inclusion (“DEI”)

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

Health and Safety

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

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

Store Operations

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

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

Store Formats

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

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

Store Personnel and Training

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

Store Support Centers

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

Store Automation

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

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

Commercial

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

Store Development

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

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

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

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

Marketing and Merchandising Strategy

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

Customer Service

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

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

Merchandising

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

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

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

Pricing

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

Brand Marketing: Marketing and Loyalty

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

Store Design, Visual Merchandising and Promotional Execution

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

Purchasing and Supply Chain

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

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

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

Competition

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

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

Government Relations

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

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

Trademarks and Patents

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

Seasonality

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

AutoZone Websites

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

Information about our Executive Officers

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

William C. Rhodes, III, 57—Chairman, President and Chief Executive Officer; Customer Satisfaction

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 1A. Risk Factors

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

Strategic and Operational Risks

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks associated with products sourced outside the U.S.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Information Technology, Cybersecurity and Data Privacy Risks

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

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

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

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

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

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

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

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

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

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

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

Indebtedness, Financial and Market Risks

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

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

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

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

Legal and Regulatory Risks

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

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

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

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

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

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

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

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

General Risks

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

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

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

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

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

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

Item 3. Legal Proceedings

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

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

Item 4. Mine Safety Disclosures

Not applicable.

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

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

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

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

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

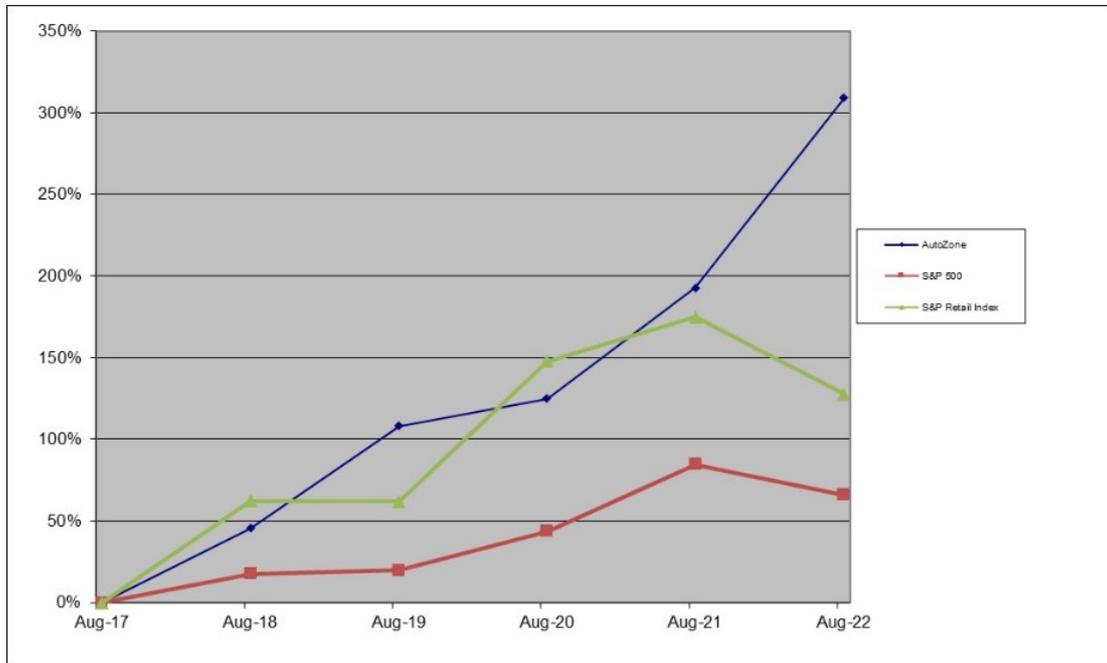
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value that May Yet Be Purchased Under the Plans or Programs
May 8, 2022 to June 4, 2022	104,375	\$ 1,950.47	104,375	\$ 1,853,994,652
June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

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

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

Stock Performance Graph

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



Item 6. Reserved

Not required.

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

We are the leading retailer and distributor of automotive replacement parts and accessories in the Americas. We began operations in 1979 and at August 27, 2022, operated 6,168 stores in the U.S., 703 stores in Mexico and 72 stores in Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products. At August 27, 2022, in 5,342 of our domestic stores, we also had a commercial sales program that provides commercial credit and prompt delivery of parts and other products to local, regional and national repair garages, dealers, service stations and public sector accounts. We also have commercial programs in all stores in Mexico and Brazil. We also sell the ALLDATA brand automotive diagnostic, repair and shop management software through www.alldata.com. Additionally, we sell automotive hard parts, maintenance items, accessories and non-automotive products through www.autozone.com, and our commercial customers can make purchases through www.autozonepro.com. We also provide product information on our Duralast branded products through www.duralastparts.com. We do not derive revenue from automotive repair or installation services.

Executive Summary

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

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

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

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

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

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

Miles Driven

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

Seven Year Old or Older Vehicles

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

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

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

Results of Operations

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

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

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

Fiscal 2022 Compared with Fiscal 2021

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

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

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

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

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

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

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

Fiscal 2021 Compared with Fiscal 2020

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

Quarterly Periods

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

Liquidity and Capital Resources

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

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

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

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

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

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

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

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

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

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

For the fiscal year ended August 27, 2022, our adjusted after-tax return on invested capital ("ROIC"), which is a non-GAAP measure, was 52.9% as compared to 41.0% for the comparable prior year period. Adjusted ROIC is calculated as after-tax operating profit (excluding rent charges) divided by invested capital (which includes a factor to capitalize operating leases). We use adjusted ROIC to evaluate whether we are effectively using our capital resources and believe it is an important indicator of our overall operating performance. Refer to the "Reconciliation of Non-GAAP Financial Measures" section for further details of our calculation.

Debt Facilities

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

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

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

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

[Table of Contents](#)

We also maintain a letter of credit facility that allows us to request the participating bank to issue letters of credit on our behalf up to an aggregate amount of \$25 million. The letter of credit facility is in addition to the letters of credit that may be issued under the Revolving Credit Agreement and had an expiration in June 2022. On May 16, 2022, we amended and restated the letter of credit facility to, among other things, extend the facility through June 2025. As of August 27, 2022, we had \$23.6 million in letters of credit outstanding under the letter of credit facility.

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

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

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

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

On August 1, 2022, we issued \$750 million in 4.750% Senior Notes due August 2032 under our automatic shelf registration statement on Form S-3, filed with the SEC on July 19, 2022 (File No. 333-266209) (the “2022 Shelf Registration Statement”). The 2022 Shelf Registration Statement allows us to sell an indeterminate amount in debt securities to fund general corporate purposes, including repaying, redeeming or repurchasing outstanding debt and for working capital, capital expenditures, new store or distribution center openings, stock repurchases and acquisitions. Proceeds from the debt issuance were used for general corporate purposes.

On August 14, 2020, we issued \$600 million in 1.650% Senior Notes due January 2031 under our automatic shelf registration statement on Form S-3, filed with the SEC on April 4, 2019 (File No. 333-230719) (the “2019 Shelf Registration Statement”). The 2019 Shelf Registration Statement allows us to sell an indeterminate amount in debt securities to fund general corporate purposes, including repaying, redeeming or repurchasing outstanding debt and for working capital, capital expenditures, new store openings, stock repurchases and acquisitions. Proceeds from the debt issuance were used for general corporate purposes, including the repayment of the \$500 million in 4.000% Senior Notes due in November 2020 that were callable at par in August 2020.

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

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

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

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

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

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

Stock Repurchases

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

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

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

Financial Commitments

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

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

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

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

Off-Balance Sheet Arrangements

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

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

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

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

Reconciliation of Non-GAAP Financial Measures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Recent Accounting Pronouncements

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

Critical Accounting Policies and Estimates

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

Self-Insurance Reserves

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

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

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

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

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

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

Income Taxes

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

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

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

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

Vendor Allowances

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

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

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

Interest Rate Risk

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

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

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

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

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

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

Foreign Currency Risk

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

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

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

Item 8. Financial Statements and Supplementary Data

Index

Management's Report on Internal Control Over Financial Reporting	43
Reports of Independent Registered Public Accounting Firm	44
Consolidated Statements of Income	47
Consolidated Statements of Comprehensive Income	47
Consolidated Balance Sheets	48
Consolidated Statements of Cash Flows	49
Consolidated Statements of Stockholders' Deficit	50
Notes to Consolidated Financial Statements	51

Management’s Report on Internal Control Over Financial Reporting

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

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

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

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

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

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

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

Basis for Opinion

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Memphis, Tennessee
October 24, 2022

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

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

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

Basis for Opinion

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

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

Critical Audit Matter

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

Valuation of Self-insurance Reserves

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

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

How We Addressed the Matter in Our Audit

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

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

/s/ Ernst & Young LLP

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

AutoZone, Inc. Consolidated Statements of Income

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

See Notes to Consolidated Financial Statements.

AutoZone, Inc. Consolidated Statements of Comprehensive Income

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

See Notes to Consolidated Financial Statements.

AutoZone, Inc. Consolidated Balance Sheets

<i>(in thousands)</i>	August 27, 2022	August 28, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 264,380	\$ 1,171,335
Accounts receivable	504,886	378,392
Merchandise inventories	5,638,004	4,639,813
Other current assets	220,714	225,763
Total current assets	<u>6,627,984</u>	<u>6,415,303</u>
Property and equipment:		
Land	1,299,981	1,261,509
Buildings and improvements	4,486,676	4,277,593
Equipment	2,650,831	2,407,046
Leasehold improvements	724,095	644,345
Construction in progress	291,588	216,685
Property and equipment	<u>9,453,171</u>	<u>8,807,178</u>
Less: Accumulated depreciation and amortization	<u>(4,282,752)</u>	<u>(3,950,287)</u>
	5,170,419	4,856,891
Operating lease right-of-use assets	2,918,817	2,718,712
Goodwill	302,645	302,645
Deferred income taxes	52,047	41,043
Other long-term assets	203,131	181,605
	<u>3,476,640</u>	<u>3,244,005</u>
Total assets	<u>\$ 15,275,043</u>	<u>\$ 14,516,199</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 7,301,347	\$ 6,013,924
Current portion of operating lease liabilities	243,407	236,568
Accrued expenses and other	1,008,701	1,039,788
Income taxes payable	34,938	79,474
Total current liabilities	<u>8,588,393</u>	<u>7,369,754</u>
Long-term debt	6,122,092	5,269,820
Operating lease liabilities, less current portion	2,837,973	2,632,842
Deferred income taxes	533,884	337,125
Other long-term liabilities	731,614	704,194
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, authorized 1,000 shares; no shares issued	—	—
Common stock, par value \$.01 per share, authorized 200,000 shares; 20,732 shares issued and 19,126 shares outstanding as of August 27, 2022; 23,007 shares issued and 21,138 shares outstanding as of August 28, 2021	207	230
Additional paid-in capital	1,354,252	1,465,669
Retained deficit	(1,330,067)	(419,829)
Accumulated other comprehensive loss	(300,536)	(307,986)
Treasury stock, at cost	<u>(3,262,769)</u>	<u>(2,535,620)</u>
Total stockholders' deficit	<u>(3,538,913)</u>	<u>(1,797,536)</u>
Total liabilities and stockholders' deficit	<u>\$ 15,275,043</u>	<u>\$ 14,516,199</u>

See Notes to Consolidated Financial Statements.

AutoZone, Inc. Consolidated Statements of Cash Flows

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

See Notes to Consolidated Financial Statements.

AutoZone, Inc. Consolidated Statements of Stockholders' Deficit

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

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Note A – Significant Accounting Policies

Business: AutoZone, Inc. (“AutoZone” or the “Company”) is the leading retailer and distributor of automotive replacement parts and accessories in the Americas. At the end of fiscal 2022, the Company operated 6,168 stores in the U.S., 703 stores in Mexico and 72 stores in Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products. At the end of fiscal 2022, 5,342 of the domestic stores had a commercial sales program that provides commercial credit and prompt delivery of parts and other products to local, regional and national repair garages, dealers, service stations and public sector accounts. The Company also had commercial programs in all stores in Mexico and Brazil. The Company sells the ALLDATA brand automotive diagnostic, repair and shop management software through www.alldata.com. Additionally, the Company sells automotive hard parts, maintenance items, accessories, and non-automotive products through www.autozone.com, and its commercial customers can make purchases through www.autozonepro.com. The Company also provides product information on its Duralast branded products through www.duralastparts.com. The Company does not derive revenue from automotive repair or installation services.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cost of Sales

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

Operating, Selling, General and Administrative Expenses

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

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

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

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

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

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

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

Recently Issued Accounting Pronouncements:

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

Note B – Share-Based Payments

Overview of Share-Based Payment Plans

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

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

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

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

AutoZone, Inc. 2020 Omnibus Incentive Award Plan

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

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

AutoZone, Inc. Director Compensation Program

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

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

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

Stock Options

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

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

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

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

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

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

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

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

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

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

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

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

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

Restricted Stock Units

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

[Table of Contents](#)

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

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

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

Stock Appreciation Rights

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

Employee Stock Purchase Plan and Executive Stock Purchase Plan

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

Note C – Accrued Expenses and Other

Accrued expenses and other consisted of the following:

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

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

Note D – Income Taxes

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

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

The provision for income tax expense consisted of the following:

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

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

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

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

[Table of Contents](#)

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

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

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

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

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

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

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

[Table of Contents](#)

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

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

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

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

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

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

Note E – Fair Value Measurements

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

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

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

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

Marketable Debt Securities Measured at Fair Value on a Recurring Basis

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

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

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

At August 27, 2022, the fair value measurement amounts for assets and liabilities recorded in the accompanying Consolidated Balance Sheet consisted of short-term marketable debt securities of \$49.8 million, which are included within Other current assets and long-term marketable debt securities of \$62.8 million, which are included in Other long-term assets. The Company’s marketable debt securities are typically valued at the closing price in the principal active market as of the last business day of the quarter or through the use of other market inputs relating to the debt securities, including benchmark yields and reported trades.

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

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

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

Financial Instruments not Recognized at Fair Value

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

Note F – Marketable Debt Securities

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

<i>(in thousands)</i>	August 27, 2022			
	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
	<u>\$ 115,327</u>	<u>\$ 1</u>	<u>\$ (2,783)</u>	<u>\$ 112,545</u>

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

The marketable debt securities held at August 27, 2022, had effective maturities ranging from less than one year to approximately three years. The Company did not realize any material gains or losses on its marketable debt securities during fiscal 2022, 2021 or 2020.

In evaluating whether a credit loss exists for the marketable debt securities, the Company considers factors such as the severity of the loss position, the credit worthiness of the investee, the term to maturity and the intent and ability to hold the investments until maturity or recovery of fair value. An allowance for credit losses was deemed unnecessary given consideration of the factors above.

Included above in total marketable debt securities are \$91.1 million and \$62.5 million of marketable debt securities transferred by the Company’s insurance captive to a trust account to secure its obligations to an insurance company related to future workers’ compensation and casualty losses as of August 27, 2022 and August 28, 2021, respectively.

Note G – Accumulated Other Comprehensive Loss

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

<i>(in thousands)</i>	Foreign Currency ⁽¹⁾	Net Unrealized Gain (Loss) on Securities	Derivatives	Total
Balance at August 29, 2020	\$ (332,321)	1,845	(23,776)	\$ (354,252)
Other Comprehensive Income (Loss) before reclassifications	44,683	(1,379)	—	43,304
Amounts reclassified from Accumulated Other Comprehensive Income ⁽²⁾	—	123	2,839	2,962
Balance at August 28, 2021	(287,638)	589	(20,937)	(307,986)
Other Comprehensive Income (Loss) before reclassifications	7,448	(2,760)	—	4,688
Amounts reclassified from Accumulated Other Comprehensive Income ⁽²⁾	—	—	2,762	2,762
Balance at August 27, 2022	<u>\$ (280,190)</u>	<u>\$ (2,171)</u>	<u>\$ (18,175)</u>	<u>\$ (300,536)</u>

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

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

Note H – Derivative Financial Instruments

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

At August 27, 2022, the Company had \$23.9 million recorded in Accumulated Other Comprehensive Loss related to net realized losses associated with terminated interest rate swap and treasury rate lock derivatives which were designated as hedging instruments. Net losses are amortized into Interest expense over the remaining life of the associated debt. During fiscal 2022, the Company reclassified \$3.6 million of net losses from Accumulated Other Comprehensive Loss to Interest expense. During fiscal 2021, the Company reclassified \$3.7 million of net losses from Accumulated Other Comprehensive Loss to Interest expense. The Company expects to reclassify \$3.2 million of net losses from Accumulated Other Comprehensive Loss to Interest expense over the next 12 months.

Note I – Financing

The Company’s debt consisted of the following:

<i>(in thousands)</i>	August 27, 2022	August 28, 2021
3.700% Senior Notes due April 2022, effective interest rate of 3.85%	\$ —	\$ 500,000
2.875% Senior Notes due January 2023, effective interest rate of 3.21%	300,000	300,000
3.125% Senior Notes due July 2023, effective interest rate of 3.26%	500,000	500,000
3.125% Senior Notes due April 2024, effective interest rate 3.32%	300,000	300,000
3.250% Senior Notes due April 2025, effective interest rate 3.36%	400,000	400,000
3.625% Senior Notes due April 2025, effective interest rate 3.78%	500,000	500,000
3.125% Senior Notes due April 2026, effective interest rate of 3.28%	400,000	400,000
3.750% Senior Notes due June 2027, effective interest rate of 3.83%	600,000	600,000
3.750% Senior Notes due April 2029, effective interest rate of 3.86%	450,000	450,000
4.000% Senior Notes due April 2030, effective interest rate 4.09%	750,000	750,000
1.650% Senior Notes due January 2031, effective interest rate of 2.19%	600,000	600,000
4.750% Senior Notes due August 2032, effective interest rate of 4.76%	750,000	—
Commercial paper, weighted average interest rate of 2.43% at August 27, 2022	603,400	—
Total debt before discounts and debt issuance costs	6,153,400	5,300,000
Less: Discounts and debt issuance costs	31,308	30,180
Long-term Debt	<u>\$ 6,122,092</u>	<u>\$ 5,269,820</u>

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

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

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

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

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

[Table of Contents](#)

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

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

On August 1, 2022, the Company issued \$750 million in 4.750% Senior Notes due August 2032 under its automatic shelf registration statement on Form S-3, filed with the SEC on July 19, 2022 (File No. 333-266209) (the “2022 Shelf Registration Statement”). The 2022 Shelf Registration Statement allows the Company to sell an indeterminate amount in debt securities to fund general corporate purposes, including repaying, redeeming or repurchasing outstanding debt and for working capital, capital expenditures, new store or distribution center openings, stock repurchases and acquisitions. Proceeds from the debt issuance were used to repay a portion of the outstanding commercial paper borrowings and for other general corporate purposes.

On August 14, 2020, the Company issued \$600 million in 1.650% Senior Notes due January 2031 under its automatic shelf registration statement on Form S-3, filed with the SEC on April 4, 2019 (File No. 333-230719) (the “2019 Shelf Registration Statement”). The 2019 Shelf Registration Statement allowed the Company to sell an indeterminate amount in debt securities to fund general corporate purposes, including repaying, redeeming or repurchasing outstanding debt and for working capital, capital expenditures, new store openings, stock repurchases and acquisitions. Proceeds from the debt issuance were used for general corporate purposes, including the repayment of the \$500 million in 4.000% Senior Notes due in November 2020 that were callable at par in August 2020.

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

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

The Company also maintains a letter of credit facility that allows it to request the participating bank to issue letters of credit on its behalf up to an aggregate amount of \$25 million. The letter of credit facility is in addition to the letters of credit that may be issued under the Revolving Credit Agreement and expired in June 2022. On May 16, 2022, the Company amended and restated the letter of credit facility to, among other things, extend the facility through June 2025. As of August 27, 2022, the Company had \$23.6 million in letters of credit outstanding under the letter of credit facility.

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

As of August 27, 2022, the Company was in compliance with all covenants related to its borrowing arrangements.

The fair value of the Company’s debt was estimated at \$5.9 billion as of August 27, 2022, and \$5.7 billion as of August 28, 2021, based on the quoted market prices for the same or similar issues or on the current rates available to the Company for debt of the same terms (Level 2). Such fair value is less than the carrying value of debt by \$182.8 million and greater than the carrying value of debt by \$413.1 million at August 27, 2022 and August 28, 2021, respectively. This amount reflects face amount, adjusted for any unamortized debt issuance costs and discounts.

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

<i>(in thousands)</i>	Scheduled Maturities
2023	\$ 1,403,400
2024	300,000
2025	900,000
2026	400,000
2027	600,000
Thereafter	2,550,000
Subtotal	6,153,400
Discount and debt issuance costs	31,308
Total Debt	<u>\$ 6,122,092</u>

Note J – Interest Expense

Net interest expense consisted of the following:

<i>(in thousands)</i>	Year Ended		
	August 27, 2022	August 28, 2021	August 29, 2020
Interest expense	\$ 198,883	\$ 202,326	\$ 208,021
Interest income	(6,048)	(5,417)	(5,689)
Capitalized interest	(1,197)	(1,572)	(1,167)
	<u>\$ 191,638</u>	<u>\$ 195,337</u>	<u>\$ 201,165</u>

Note K – Stock Repurchase Program

During 1998, the Company announced a program permitting the Company to repurchase a portion of its outstanding shares not to exceed a dollar maximum established by the Company's Board of Directors. On March 23, 2021, the Board voted to increase the repurchase authorization from \$24.7 to \$26.2 billion. The Board voted to increase the repurchase authorization by \$1.5 billion on October 5, 2021, \$1.5 billion on December 15, 2021 and \$2.0 billion on March 22, 2022, bringing the total authorization to \$31.2 billion. The Company has \$1.1 billion remaining under the Board's authorization to repurchase its common stock.

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

<i>(in thousands)</i>	Year Ended		
	August 27, 2022	August 28, 2021	August 29, 2020
Amount	\$ 4,359,991	\$ 3,378,321	\$ 930,903
Shares	2,220	2,592	826

During fiscal year 2022, the Company retired 2.5 million shares of treasury stock which had previously been repurchased under the Company's share repurchase program. The retirement increased Retained deficit by \$3.3 billion and decreased Additional paid-in capital by \$293.0 million. During the comparable prior year period, the Company retired 1.0 million shares of treasury stock, which increased Retained deficit by \$1.1 billion and decreased Additional paid-in capital by \$60.0 million.

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

Note L – 401(k) Savings Plan

The Company has a 401(k) plan that covers all domestic employees who meet the plan's participation requirements. The plan features include Company matching contributions, immediate 100% vesting of Company contributions and a savings option up to 25% of qualified earnings. The Company makes matching contributions, per pay period, up to a specified percentage of employees' contributions as approved by the Board. The Company made matching contributions to employee accounts in connection with the 401(k) plan of \$37.9 million in fiscal 2022, \$34.1 million in fiscal 2021 and \$29.8 million in fiscal 2020.

Note M – Leases

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

<i>(in thousands)</i>	Classification	August 27, 2022	August 28, 2021
Assets:			
Operating	Operating lease right-of-use assets	\$ 2,918,817	\$ 2,718,712
Finance	Property and equipment	404,442	383,736
Total lease assets		<u>\$ 3,323,259</u>	<u>\$ 3,102,448</u>
Liabilities:			
Current:			
Operating	Current portion of operating lease liabilities	\$ 243,407	\$ 236,568
Finance	Accrued expenses and other	92,877	89,932
Noncurrent:			
Operating	Operating lease liabilities, less current portion	2,837,973	2,632,842
Finance	Other long-term liabilities	217,428	186,122
Total lease liabilities		<u>\$ 3,391,685</u>	<u>\$ 3,145,464</u>

Accumulated amortization related to finance lease assets was \$97.2 million as of August 27, 2022 and \$107.0 million as of August 28, 2021.

Lease costs for finance and operating leases for the 52 weeks ended August 27, 2022 and August 28, 2021 are as follows:

<i>(in thousands)</i>	Statement of Income Location	For the year ended	
		August 27, 2022	August 28, 2021
Finance lease cost:			
Amortization of lease assets	Depreciation and amortization	\$ 65,212	\$ 53,377
Interest on lease liabilities	Interest expense, net	4,351	2,957
Operating lease cost ⁽¹⁾	Selling, general and administrative expenses	401,000	371,109
Total lease cost		<u>\$ 470,563</u>	<u>\$ 427,443</u>

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

[Table of Contents](#)

The future rental payments, inclusive of renewal options that have been included in defining the expected lease term, of our operating and finance lease obligations as of August 27, 2022 having initial or remaining lease terms in excess of one year are as follows:

<i>(in thousands)</i>	Finance Leases	Operating Leases	Total
2023	\$ 94,226	\$ 344,900	\$ 439,126
2024	73,476	376,444	449,920
2025	64,033	356,757	420,790
2026	45,023	330,200	375,223
2027	15,258	305,640	320,898
Thereafter	44,693	2,236,418	2,281,111
Total lease payments	336,709	3,950,359	4,287,068
Less: Interest	(26,404)	(868,979)	(895,383)
Present value of lease liabilities	\$ 310,305	\$ 3,081,380	\$ 3,391,685

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

	August 27, 2022
Weighted-average remaining lease term in years, inclusive of renewal options that are reasonably certain to be exercised:	
Finance leases – real estate	24
Finance leases – vehicles	4
Operating leases	13
Weighted-average discount rate:	
Finance leases – real estate	3.76 %
Finance leases – vehicles	1.17 %
Operating leases	3.57 %

Cash paid for amounts included in the measurement of operating lease liabilities of \$316.0 million and \$300.6 million was reflected in cash flows from operating activities in the consolidated statement of cash flows for fiscal years 2022 and 2021, respectively.

As of August 27, 2022, the Company has entered into additional leases which have not yet commenced and are therefore not part of the right-of-use asset and liability. These leases have undiscounted future payments of approximately \$27.2 million and \$48.1 million for real estate and vehicles, respectively, and will commence when the Company obtains possession of the underlying leased asset. Commencement dates are expected to be from fiscal 2023 to fiscal 2024.

Note N – Commitments and Contingencies

Construction commitments, primarily for new stores, totaled approximately \$91.5 million at August 27, 2022.

The Company had \$130.5 million in outstanding standby letters of credit and \$46.0 million in surety bonds as of August 27, 2022, which all have expiration periods of less than one year. A substantial portion of the outstanding standby letters of credit (which are primarily renewed on an annual basis) and surety bonds are used to cover reimbursement obligations to our workers' compensation carriers. There are no additional contingent liabilities associated with these instruments as the underlying liabilities are already reflected in the Consolidated Balance Sheets. The standby letters of credit and surety bonds arrangements have automatic renewal clauses.

Note O – Litigation

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

Note P – Segment Reporting

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

The Auto Parts Stores segment is the leading retailer and distributor of automotive parts and accessories through the Company's 6,943 stores in the U.S., Mexico and Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products.

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

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

<i>(in thousands)</i>	Year Ended		
	August 27, 2022	August 28, 2021	August 29, 2020
Net Sales			
Auto Parts Stores	\$ 15,963,196	\$ 14,381,712	\$ 12,405,929
Other	289,034	247,873	226,038
Total	<u>\$ 16,252,230</u>	<u>\$ 14,629,585</u>	<u>\$ 12,631,967</u>
Segment Profit			
Auto Parts Stores	\$ 8,301,234	\$ 7,556,889	\$ 6,617,508
Other	171,416	160,896	153,245
Gross profit	8,472,650	7,717,785	6,770,753
Operating, selling, general and administrative expenses	(5,201,921)	(4,773,258)	(4,353,074)
Interest expense, net	(191,638)	(195,337)	(201,165)
Income before income taxes	<u>\$ 3,079,091</u>	<u>\$ 2,749,190</u>	<u>\$ 2,216,514</u>
Segment Assets:			
Auto Parts Stores	\$ 15,060,704	\$ 14,398,581	\$ 14,303,427
Other	214,339	117,618	120,445
Total	<u>\$ 15,275,043</u>	<u>\$ 14,516,199</u>	<u>\$ 14,423,872</u>
Capital Expenditures:			
Auto Parts Stores	\$ 650,495	\$ 602,329	\$ 432,067
Other	21,896	19,438	25,669
Total	<u>\$ 672,391</u>	<u>\$ 621,767</u>	<u>\$ 457,736</u>
Auto Parts Stores Sales by Product Grouping:			
Failure	\$ 7,801,155	\$ 7,048,700	\$ 6,088,859
Maintenance items	5,670,278	4,888,763	4,284,913
Discretionary	2,491,763	2,444,249	2,032,157
Auto Parts Stores net sales	<u>\$ 15,963,196</u>	<u>\$ 14,381,712</u>	<u>\$ 12,405,929</u>

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

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of August 27, 2022, an evaluation was performed under the supervision and with the participation of AutoZone's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as amended. Based on that evaluation, our management, including the Chief Executive Officer and the Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of August 27, 2022.

Internal Control Over Financial Reporting

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

Changes in Internal Control Over Financial Reportings

There were no changes in our internal control over financial reporting that occurred during the quarter ended August 27, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Attestation Report of Registered Public Accounting Firm

Our internal control over financial reporting as of August 27, 2022 has been audited by Ernst & Young, LLP, an independent registered public accounting firm, which also audited our Consolidated Financial Statements for the year ended August 27, 2022, as stated in their report included herein, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of August 27, 2022.

Item 9B. Other Information

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information set forth in Part I, Item 1 of this document in the section entitled “Information about our Executive Officers,” is incorporated herein by reference in response to this item. Additionally, the information contained in AutoZone, Inc.’s Proxy Statement dated October 24, 2022, in the sections entitled “Corporate Governance Matters,” “Proposal 1 – Election of Directors” and “Delinquent Section 16(a) Reports,” is incorporated herein by reference in response to this item.

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

Item 11. Executive Compensation

The information contained in AutoZone, Inc.’s Proxy Statement dated October 24, 2022, in the section entitled “Executive Compensation,” is incorporated herein by reference in response to this item.

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

The information contained in AutoZone, Inc.’s Proxy Statement dated October 24, 2022, in the sections entitled “Security Ownership of Management and Board of Directors,” “Security Ownership of Certain Beneficial Owners” and “Equity Compensation Plans” is incorporated herein by reference in response to this item.

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

The information contained in AutoZone, Inc.’s Proxy Statement dated October 24, 2022, in the sections entitled “Related Party Transactions” and “Corporate Governance Matters – Independence” is incorporated herein by reference in response to this item.

Item 14. Principal Accounting Fees and Services

The information contained in AutoZone, Inc.’s Proxy Statement dated October 24, 2022, in the section entitled “Proposal 2 – Ratification of Independent Registered Public Accounting Firm,” is incorporated herein by reference in response to this item.

PART IV

Item 15. Exhibits and Financial Statement Schedules

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

(a) Financial Statements

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

[Reports of Independent Registered Public Accounting Firm](#)

[Consolidated Statements of Income for the fiscal years ended August 27, 2022, August 28, 2021 and August 29, 2020](#)

[Consolidated Statements of Comprehensive Income for the fiscal years ended August 27, 2022, August 28, 2021 and August 29, 2020](#)

[Consolidated Balance Sheets as of August 27, 2022 and August 28, 2021](#)

[Consolidated Statements of Cash Flows for the fiscal years ended August 27, 2022, August 28, 2021 and August 29, 2020](#)

[Consolidated Statements of Stockholders' Deficit for the fiscal years ended August 27, 2022, August 28, 2021 and August 29, 2020](#)

[Notes to Consolidated Financial Statements](#)

(b) Exhibits

The following exhibits are being filed herewith:

- 3.1 [Restated Articles of Incorporation of AutoZone, Inc. Incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q for the quarter ended February 13, 1999.](#)
- 3.2 [Seventh Amended and Restated By-Laws of AutoZone, Inc. Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K dated March 19, 2018.](#)
- 4.1 [Indenture dated as of August 8, 2003, between AutoZone, Inc. and Bank One Trust Company, N.A. Incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-3 \(No. 333-107828\) filed August 11, 2003.](#)
- 4.2 [Agreement of Resignation, Appointment and Acceptance by and among AutoZone, Inc., The Bank of New York Mellon Trust Company, N.A., as prior Trustee, and Regions Bank, as successor Trustee, dated January 29, 2019. Incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-3 \(No. 333-230719\), filed April 4, 2019\).](#)
- 4.3 [Officers' Certificate dated November 13, 2012, pursuant to Section 3.2 of the indenture dated August 8, 2003, setting forth the terms of the 2.875% Senior Notes due 2023. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated November 13, 2012.](#)
- 4.4 [Form of 2.875% Senior Notes due 2023. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated November 13, 2012.](#)
- 4.5 [Officers' Certificate dated April 29, 2013, pursuant to Section 3.2 of the indenture dated August 8, 2003, setting forth the terms of the 3.125% Senior Notes due 2023. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated April 29, 2013.](#)

- 4.6 [Form of 3.125% Senior Notes due 2023. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 29, 2013.](#)
- 4.7 [Officers' Certificate dated April 29, 2015, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.250% Senior Notes due 2025. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 29, 2015.](#)
- 4.8 [Form of 3.250% Senior Notes due 2025. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated April 29, 2015.](#)
- 4.9 [Officers' Certificate dated April 21, 2016, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.125% Senior Notes due 2026. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 21, 2016.](#)
- 4.10 [Form 3.125% Senior Notes due 2026. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated April 21, 2016.](#)
- 4.11 [Officers' Certificate dated April 18, 2017, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.750% Senior Notes due 2027. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated April 18, 2017.](#)
- 4.12 [Form of 3.750% Senior Notes due 2027. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 18, 2017.](#)
- 4.13 [Officers' Certificate dated April 18, 2019, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.125% Senior Notes due 2024. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated April 18, 2019.](#)
- 4.14 [Officers' Certificate dated April 18, 2019, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.750% Senior Notes due 2029. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 18, 2019.](#)
- 4.15 [Form of 3.125% Senior Notes due 2024. Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K dated April 18, 2019.](#)
- 4.16 [Form of 3.750% Senior Notes due 2029. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated April 18, 2019.](#)
- 4.17 [Officers' Certificate dated March 30, 2020, pursuant to Section 3.2 of the Indenture, dated August 8, 2003, setting forth the terms of the 3.625% Senior Notes due 2025. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated March 30, 2020.](#)
- 4.18 [Officers' Certificate dated March 30, 2020, pursuant to Section 3.2 of the Indenture, dated August 8, 2003, setting forth the terms of the 4.000% Senior Notes due 2030. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated March 30, 2020.](#)
- 4.19 [Form of 3.625% Senior Notes due 2025. Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K dated March 30, 2020.](#)
- 4.20 [Form of 4.000% Senior Notes due 2030. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated March 30, 2020.](#)
- 4.21 [Form of 4.000% Senior Notes due 2030. Incorporated by reference to Exhibit 4.5 to the Current Report on Form 8-K dated March 30, 2020.](#)

[Table of Contents](#)

- 4.22 [Form of 1.650% Senior Notes due 2031. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated August 14, 2020.](#)
- 4.23 [Form of 1.650% Senior Notes due 2031. Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K dated August 14, 2020.](#)
- 4.24 [Officers' Certificate dated August 14, 2020, pursuant to Section 3.2 of the Indenture, dated August 8, 2003, setting forth the terms of the 1.650% Senior Notes due 2031. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated August 14, 2020.](#)
- 4.25 [Officers' Certificate dated August 1, 2022, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 4.750% Senior Notes due 2032. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated August 1, 2022.](#)
- 4.26 [Form of 4.750% Senior Notes due 2032. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated August 1, 2022.](#)
- 4.27 [Description of Securities of AutoZone, Inc. Incorporated by reference to Exhibit 4.24 to the Annual Report on Form 10-K dated October 28, 2019.](#)
- *10.1 [Second Amended and Restated 1998 Director Compensation Plan. Incorporated by reference to Exhibit 10.2 to the Annual Report on Form 10-K for the fiscal year ended August 26, 2000.](#)
- *10.2 [AutoZone, Inc. 2003 Director Compensation Plan. Incorporated by reference to Appendix D to the definitive proxy statement dated November 1, 2002, for the Annual Meeting of Stockholders held December 12, 2002.](#)
- *10.3 [Third Amendment to the AutoZone, Inc. Executive Deferred Compensation Plan. Incorporated by reference to Exhibit 10.1 to the Form 8-K dated December 12, 2012.](#)
- *10.4 [Amended and Restated AutoZone, Inc. 2003 Director Compensation Plan. Incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K dated January 4, 2008.](#)
- *10.5 [Form of non-compete and non-solicitation agreement for Section 16 executive officers and by AutoZone, Inc.](#)
- *10.6 [Agreement dated February 14, 2008, between AutoZone, Inc. and William C. Rhodes, III. Incorporated by reference to Exhibit 99.4 to the Current Report on Form 8-K dated February 15, 2008.](#)
- *10.7 [AutoZone, Inc. 2015 Executive Incentive Compensation Plan incorporated by reference to Exhibit A to the definitive proxy statement dated October 27, 2014, for the Annual Meeting of Stockholders held December 18, 2014.](#)
- *10.8 [AutoZone, Inc. 2011 Equity Incentive Award Plan, incorporated by reference to Exhibit A to the definitive proxy statement dated October 25, 2010, for the Annual Meeting of Stockholders held December 15, 2010.](#)

[Table of Contents](#)

- *10.9 [Form of Letter Agreement dated as of December 14, 2010, amending certain Stock Option Agreements of executive officers. Incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q dated December 16, 2010.](#)
- *10.10 [Form of Stock Option Agreement under the 2011 Equity Incentive Award Plan. Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q dated March 17, 2011.](#)
- *10.11 [Form of Stock Option Agreement under the 2011 Equity Incentive Award Plan for officers effective September 27, 2011. Incorporated by reference to Exhibit 10.37 to the Annual Report on Form 10-K for the fiscal year ended August 27, 2011.](#)
- *10.12 [AutoZone, Inc. Enhanced Severance Pay Plan.](#)
- *10.13 [Form of Stock Option Agreement under the 2011 Equity Incentive Award Plan for certain executive officers effective September 27, 2011. Incorporated by reference to Exhibit 10.38 to the Annual Report on Form 10-K for the fiscal year ended August 27, 2011.](#)
- *10.14 [Second Amendment to the AutoZone, Inc. Executive Deferred Compensation Plan. Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated December 14, 2011.](#)
- *10.15 [Offer letter dated August 5, 2020, to Jamere Jackson. Incorporated by reference to Exhibit 10.1 on Form 8-K dated September 14, 2020.](#)
- *10.16 [Amended and Restated AutoZone, Inc. Executive Deferred Compensation Plan dated December 17, 2013. Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q dated March 25, 2014.](#)
- *10.17 [AutoZone, Inc. Director Compensation Program effective January 1, 2022.](#)
- *10.18 [Amended and Restated AutoZone, Inc. 2011 Equity Incentive Award Plan dated December 16, 2015. Incorporated by reference to Exhibit A to the definitive proxy statement dated October 26, 2015, for the Annual Meeting of Stockholders held December 16, 2015.](#)
- *10.19 [AutoZone, Inc. Sixth Amended and Restated Executive Stock Purchase Plan. Incorporated by reference to Exhibit A to the definitive proxy statement dated October 24, 2016, for the Annual Meeting of Stockholders held December 14, 2016.](#)
- *10.20 [Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under the 2011 Equity Incentive Award Plan for officers effective September 27, 2011. Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q dated December 17, 2018.](#)
- *10.21 [AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated December 17, 2020.](#)
- *10.22 [Form of Grant Notice and Award Agreement for Stock Options granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K dated December 17, 2020.](#)
- *10.23 [Form of Grant Notice and Award Agreement for Restricted Stock Units granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K dated December 17, 2020.](#)

[Table of Contents](#)

*10.24	Form of Grant Notice and Award Agreement for Restricted Stock Units granted to Directors under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K dated December 17, 2020.
*10.25	Fourth Amended and Restated Credit Agreement dated as of November 15, 2021, among AutoZone, Inc. as Borrower, the lenders party thereto and Bank of America, N.A. as Administrative Agent, incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K dated November 16, 2021.
*10.26	Amendment No. 1 to the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.34 to the Annual Report on Form 10-K for the fiscal year ended August 28, 2021.
*10.27	Form of Grant Notice and Award Agreement for Stock Options granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan.
*10.28	Form of Grant Notice and Award Agreement for Restricted Stock Units granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Document
101.LAB	Inline XBRL Taxonomy Extension Labels Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Document
101.DEF	Inline XBRL Taxonomy Extension Definition Document
104	Cover Page Inline XBRL File

* Management contract or compensatory plan or arrangement.

(c) Financial Statement Schedules

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

Item 16. Form 10-K Summary

None.

SIGNATURES

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

AUTOZONE, INC.

By: /s/ WILLIAM C. RHODES, III

William C. Rhodes, III
Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

Dated: October 24, 2022

[Table of Contents](#)

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

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ WILLIAM C. RHODES, III</u> William C. Rhodes, III	Chairman, President and Chief Executive Officer (Principal Executive Officer)	October 24, 2022
<u>/s/ JAMERE JACKSON</u> Jamere Jackson	Executive Vice President, Chief Financial Officer and Store Development (Principal Financial Officer)	October 24, 2022
<u>/s/ J. SCOTT MURPHY</u> J Scott Murphy	Vice President and Controller (Principal Accounting Officer)	October 24, 2022
<u>/s/ DOUGLAS H. BROOKS</u> Douglas H. Brooks	Director	October 24, 2022
<u>/s/ MICHAEL A. GEORGE</u> Michael A. GEORGE	Director	October 24, 2022
<u>/s/ LINDA A. GOODSPEED</u> Linda A. Goodspeed	Director	October 24, 2022
<u>/s/ EARL G. GRAVES, JR.</u> Earl, G. Graves, Jr.	Director	October 24, 2022
<u>/s/ ENDERSON GUIMARAES</u> Enderson Guimaraes	Director	October 24, 2022
<u>/s/ BRIAN HANNASCH</u> Brian Hannasch	Director	October 24, 2022
<u>/s/ D. BRYAN JORDAN</u> D. Bryan Jordan	Director	October 24, 2022
<u>/s/ GALE V. KING</u> Gale V. King	Director	October 24, 2022
<u>/s/ GEORGE R. MRKONIC, JR.</u> George R. Mrkonic, Jr.	Director	October 24, 2022
<u>/s/ JILL A. SOLTAU</u> Jill A. Soltau	Director	October 24, 2022

**NON-COMPETITION, NON-SOLICITATION,
NON-DISCLOSURE & ASSIGNMENT OF INVENTIONS AGREEMENT**

This Non-Competition, Non-Solicitation, and Non-Disclosure Agreement (hereinafter “Agreement”) is made by and between AutoZone, Inc. (hereinafter “AutoZone”) and _____ (hereinafter “Executive”) (collectively “the Parties”).

1. Employment. Executive is employed by a subsidiary of AutoZone. Executive acknowledges that Executive’s employment is at will.

2. Severance. In the event that Executive’s employment is terminated by AutoZone without Cause (defined below), and provided that at that time, Executive executes a release of all claims against AutoZone accrued as of the date of such release in a form acceptable to AutoZone and such release has become irrevocable, Executive will be entitled to the severance benefits set forth in **Exhibit A** to this Agreement (the “Enhanced Severance”). Executive acknowledges that the Enhanced Severance benefits are greater than those to which Executive would be entitled under AutoZone’s standard severance policy, and that Executive is not eligible for severance under AutoZone’s standard severance policy. Executive (or Executive’s estate) will not be entitled to the Enhanced Severance in the event of (i) Executive’s termination for Cause (defined below); (ii) Executive’s voluntary resignation, including retirement; (iii) Executive’s death; or (iv) a determination by AutoZone that Executive is “totally disabled,” as that term is defined in AutoZone’s long term disability plan.

3. Definitions.

(a) “Confidential Information” means any data, know-how or any other proprietary or confidential information that is valuable to AutoZone and not generally known to the public or to competitors of AutoZone and that is disclosed by AutoZone to Executive, either directly or indirectly, or which otherwise comes into the knowledge or possession of Executive, prior to or during Executive’s employment with AutoZone (whether in writing, by observation, or in oral, graphic, electronic or any other form) including non-public information of customers, suppliers, and officers; product, pricing and purchasing strategies; marketing plans; management changes; financial projections and data; sales strategies; customer, supplier and officer assessments and data; business and operational methodologies and strategies; risk assessments and strategies; information technology applications, programs and systems; and intellectual property. “Confidential Information” also includes, without limitation, (i) third-party confidential information that AutoZone is obligated to keep confidential; (ii) any and all information which contains or otherwise reflects or is derived, directly or indirectly, from any information described in this paragraph, as well as any and all notes, analyses, compilations, studies or other documents prepared by Executive that contain or otherwise reflect or are derived, directly or indirectly, from such Confidential Information; and (iii) “Trade Secrets” (defined below).

(b) “Customer(s)” means any firm, partnership, corporation and/or any other entity and/or person that purchased or purchases goods, products or services from AutoZone and/or its subsidiaries.

(c) “Prospective Customer(s)” means any firm, partnership, corporation and/or any other entity and/or person reasonably expected by AutoZone to purchase goods, products or services from AutoZone and/or its subsidiaries.

(d) “Trade Secrets” means any information, including without limitation, any technical or non-technical data, works of authorship, formulas, patterns, improvements, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, technology, software design, code, list of actual or potential customers or suppliers or other information similar to any of the foregoing, that (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can derive economic value from its disclosure or use, and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

4. Covenants. In consideration of Executive’s employment, continued employment, or promotion, and the Enhanced Severance benefits provided herein, Executive and AutoZone hereby agree as follows:

(a) Non-Competition. AutoZone competes vigorously, but fairly. Executive acknowledges that because of Executive’s skills, Executive’s position with AutoZone, and the customer/vendor relationships and/or confidential information to which Executive shall have access on account of such employment with AutoZone, competition by Executive with AutoZone would damage AutoZone in a manner which could not be adequately compensated by damages or an action at law. In view of such circumstances, Executive agrees that, during Executive’s employment with AutoZone and for a period of **two (2) years** thereafter (the “Non-Compete Term”), Executive shall not, directly or indirectly, own, manage, operate, control, be employed by, consult for, participate in or be connected in any manner with the ownership, management, operation or control of any business that derives revenues from the retail, wholesale, or commercial sale, manufacture, or distribution of aftermarket automobile parts and accessories, motor oil or related chemicals in any state, province, territory or foreign country in which AutoZone operates during the Non-Compete Term, including, but not limited to, Advance Auto Parts, Inc., General Parts, Inc. (CARQUEST Auto Parts), Genuine Parts Corporation (NAPA), O’Reilly Automotive, Inc., The Pep Boys – Manny, Moe & Jack, Wal-Mart Stores, Inc., XL Parts, Amazon.com, Inc., SSF Imported Auto Parts LLC, WORLD PAC, Inc., Identifix, Inc., Solera Holdings, Inc., Fisher Auto Parts, Parts Authority, Factory Motor Parts and Auto Parts Warehouse. Other than those companies specifically referenced in this Subsection 4(a), nothing in this subsection shall preclude Executive from accepting employment with a company that derives less than five percent (5%) of its annual gross revenues from the retail, wholesale or commercial sale, manufacture or distribution of aftermarket automobile parts and accessories, motor oil or related chemicals, automotive repair software or automotive diagnostic services, provided that Executive does not provide advice and consultation to

such company concerning the retail, wholesale or commercial sale, manufacture or distribution of aftermarket automobile parts and accessories, motor oil or related chemicals, automotive repair software or automotive diagnostic services. Further, Executive agrees that during the Non-Compete Term, Executive shall not, directly or indirectly operate, control, be employed by, consult for, participate in or be connected in any manner with the ownership, management, operation or control of any vendors or suppliers of AutoZone (or its subsidiaries) with whom Executive had personal contact or supervised the efforts of those who had personal contact with such vendors or suppliers in the 12 months preceding Executive's separation from AutoZone.

(b) Non-Solicitation (Employees). Executive agrees that during Executive's Employment with AutoZone and for a period of **two (2) years** immediately following termination thereof, regardless of the reason for termination, Executive will not, directly or indirectly, on Executive's own behalf or on behalf of or in conjunction with any person or legal entity, recruit, solicit or induce, or attempt to recruit, solicit, or induce, any non-clerical employees of AutoZone to terminate their employment relationship with AutoZone. The scope of this Subsection 4(b) is limited to those AutoZone employees whose employment, in whole or in part, overlapped with Executive's employment.

(c) Non-Solicitation (Customers). Executive agrees that during Executive's Employment with AutoZone and for a period of **two (2) years** immediately following termination thereof, regardless of the reason for termination, Executive will not, directly or indirectly, solicit or attempt to solicit business from any Customer or Prospective Customer with whom Executive had personal contact or supervised the efforts of those who had personal contact with such Customers or Prospective Customers in the 12 months preceding Executive's separation from AutoZone.

(d) Confidentiality Obligations. Executive shall: (a) hold in strict confidence and, except to the extent specifically necessary to perform Executive's duties and obligations to AutoZone, not disclose, reproduce, publish, distribute, transmit or use any Confidential Information of AutoZone, including, without limitation, Confidential Information that is received by or for AutoZone, that Executive develops, learns or obtains, or that otherwise comes into Executive's knowledge during Executive's employment with AutoZone, without the prior written consent of AutoZone; (b) take security precautions using not less than reasonable care to keep confidential the Confidential Information of AutoZone and avoid disclosure, loss or misuse of the Confidential Information; (c) refrain from forwarding Confidential Information to personal or third party emails or transmitting Confidential Information by thumb drive, external hard drive, web based file sharing accounts (Dropbox, OneDrive, etc.), or any other digital medium without the express written consent of the Company; and (d) refrain from modifying, adapting, transmitting, reverse engineering, decompiling or disassembling any Confidential Information and from using any of the Confidential Information for any purpose other than in the performance of Executive's duties to AutoZone (including without limitation for Executive's own benefit). Executive shall notify AutoZone immediately upon discovery of any unauthorized disclosure of Confidential Information or use of Confidential Information other than as permitted hereunder. Executive shall cooperate with AutoZone in every way to help

AutoZone regain possession of its Confidential Information and prevent further unauthorized use. Without limiting the foregoing, Executive agrees not to use any Confidential Information of AutoZone to design, develop, provide or market any software, product or service that would compete with any software, product or service of AutoZone. Executive further agrees that upon the termination of Executive's employment Executive will execute the Termination Certificate attached hereto as **Exhibit B**.

(e) Ownership of Confidential Information and Trade Secrets. All Confidential Information is and shall remain the exclusive property of AutoZone. AutoZone retains all rights and remedies afforded it under patent, copyright, trade secret, trademark, and any other applicable laws of the United States and the states thereof, or any applicable foreign countries, including without limitation, any laws designed to protect proprietary or confidential information. Any Trade Secrets of AutoZone will also be entitled to all of the protections and benefits of applicable trade secret laws and any other applicable laws; provided, however, that AutoZone shall not, in order to be entitled to such protections and benefits, be subject to, and Executive hereby waives, any requirement that AutoZone submit proof of the economic value of any Trade Secret or post a bond or other security. For avoidance of doubt, the parties acknowledge and agree that, in the event a court of competent jurisdiction determines that information that AutoZone deems to be a Trade Secret is not a trade secret under applicable law, such information will nevertheless be deemed to be Confidential Information for purposes hereunder. No license to Executive under any trademark, patent, copyright, or any other intellectual property right, now existing or hereafter acquired or created, is either granted or implied by the disclosure of Confidential Information to Executive.

(f) Assignment of Inventions. AutoZone shall own all rights, title and interests (including all patent, copyright, trademark, trade secret, database rights, and all other rights of any sort throughout the world) in and to any and all Inventions. Executive agrees to promptly disclose all Inventions to AutoZone, and Executive agrees to hold in confidence and not disclose any Invention to any third party. Executive further agrees that all Inventions are "works made for hire" within the meaning of the Copyright Act of 1976, as amended, are the sole and exclusive property of AutoZone, and Executive shall have no right to exercise any economic rights to any Invention. Executive hereby assigns, and agrees to automatically assign, without further consideration, to AutoZone any and all rights, title, and interest in and to all Inventions, including, without limitation: (a) all copyrights, trade secrets, patents, and other intellectual property rights, and all other rights that may hereafter be vested relating to the Inventions, arising under United States or any other law, together with all national, foreign, state, provincial and common law registrations, applications for registration and renewals and extensions thereof, (b) all goodwill associated with the Inventions; and (c) all benefits, privileges, causes of action and remedies relating to any of the foregoing, whether before or hereafter accrued (including, without limitation, the exclusive rights to apply for such registrations, renewals, and/or extensions, to sue for all past infringements or violations of any of the foregoing, and to settle and retain proceeds from any such actions); provided however, that this Section shall not apply to any Invention for which no equipment, supplies, facilities, intellectual property, Trade Secrets or Confidential Information of AutoZone were used

and that was developed entirely on Executive's own time, unless the Invention (i) relates to AutoZone's current or contemplated business or activities, (ii) relates to AutoZone's actual or demonstrably anticipated research or development or (iii) results from any work performed by Executive for AutoZone.

(g) Defense Trade Secrets Act of 2016. AutoZone employees, contractors, and consultants may disclose trade secrets in confidence, either directly or indirectly, to a government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, AutoZone Executives, contractors, and consultants who file retaliation lawsuits for reporting a suspected violation of law may disclose related trade secrets to their attorney and use them in related court proceedings, as long as the individual files documents containing the trade secret under seal and does not otherwise disclose the trade secret except pursuant to court order.

(h) Protected Rights. Employee understands that nothing contained in this Agreement limits Employee's ability to file a charge or complaint with the Securities and Exchange Commission (SEC). Employee further understands that nothing in this Agreement limits Employee's ability to communicate with the SEC or otherwise participate in or fully cooperate with any investigation or proceeding that may be conducted by the SEC, including providing documents or other information, without notice to or approval from the Company. Employee can provide confidential information to the SEC without risk of being held liable by the Company for liquidated damages or other financial penalties.

5. Reasonable Limitations. Given the nature of the position Executive holds with AutoZone, the nature of AutoZone's business, and the sensitive nature of the information and duties Executive will have with AutoZone, the parties acknowledge that the limitations provided for herein, including but not limited to, the scope of activities prohibited, the geographic area covered, and the time limitations, are reasonable and have been specifically negotiated by sophisticated commercial parties.

6. Remedies for Breach. In the event of an actual or threatened breach by Executive of any of the covenants of this Agreement, AutoZone, in addition to any other rights and remedies existing in its favor, shall be entitled to obtain, without the necessity for any bond or other security, specific performance and/or injunctive relief in order to enforce or prevent the breach of any of the covenants of this Agreement. Further, if Executive violates any of the covenants of this Agreement, Executive's entitlement to the severance benefits set forth on Exhibit A shall immediately cease, and the term and covenant violated shall be automatically extended to a like period of time from the date on which Executive ceases such violation or from the date of the entry by a court of competent jurisdiction of an order or judgment enforcing such covenants, whichever period is later. In the event Executive is found by a court of competent jurisdiction to be in breach of any of the covenants of this Agreement, AutoZone shall be entitled to its costs, expert fees, and reasonable attorney's fees associated with enforcing such covenant or covenants.

7. Reaffirmation of Scope or Duration. The parties hereto intend that this Agreement be enforced as written. However, if any provision, or any part thereof, is held to be unenforceable because of the duration of such provision or the area covered thereby, the parties hereto agree that the court making such determination shall have the power to reduce the duration and/or area of such provision and/or delete specific words or phrases and in its reduced or revised form, such provision shall then be enforceable and shall be enforced.

8. Definition of Cause. For purposes of this Agreement, "Cause" shall be defined as the willful engagement in conduct which is demonstrably or materially injurious to AutoZone, monetarily or otherwise; provided, however, no act or failure to act will be considered "willful" unless done, or omitted to be done, by Executive not in good faith and without reasonable belief that Executive's action or omission was in the best interest of AutoZone.

9. Compliance with Section 409A. For purposes of this Agreement and the Enhanced Severance described in Exhibit A, in the event that Executive is terminated by AutoZone without Cause, AutoZone and Executive reasonably anticipate that Executive will either (i) perform no further services for AutoZone, whether as an employee, independent contractor, or otherwise, after the effective date of such termination, or (ii) after the effective date of such termination, permanently decrease the level of services performed by Executive for AutoZone to no more than twenty percent (20%) of the average level of services performed for AutoZone in any capacity, whether as an employee, independent contractor or otherwise, over the immediately preceding 36-month period (or the full period of services if Executive has been providing services to AutoZone for less than thirty-six (36) months).

10. Governing Law. The Executive and Company acknowledge that AutoZone's principle place of business is in Shelby County, Tennessee and the Company and Executive wish to have uniformity among Executives with respect to the subject matters of this Agreement in order to protect both the Company and its employees. Therefore, this Agreement shall be construed in accordance with and governed by the laws of the state of Tennessee, without regard to its choice of law provisions. Executive agrees that the exclusive venue for any disputes arising out of or related to this Agreement shall be the state or federal courts located in Shelby County, Tennessee. The Executive also consents to personal jurisdiction in Shelby County, Tennessee.

11. Entire Agreement; Amendment. This Agreement, with Exhibits A and B, contains the entire agreement of the parties and supersedes any prior understandings and agreements between them respecting the subject matter of this Agreement. It may not be changed orally, but only by agreement in writing signed by the parties hereto. The Executive shall be subject to all other AutoZone employment policies, but to the extent those policies conflict with the terms of this Agreement, the terms of this Agreement shall control.

12. Waiver of Breach; Severability. The waiver by AutoZone of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach. In the event any provision of this Agreement is found to be invalid or unenforceable, it may be severed from the Agreement and the remaining provisions of the Agreement shall continue to be binding and effective.

13. Non-Assignability. This Agreement and the benefits hereunder are personal to AutoZone and are not assignable or transferable by Executive, nor may the services to be performed hereunder be assigned by AutoZone to any person, firm or corporation, except a parent or affiliate of AutoZone; provided, however, that this Agreement and the benefits hereunder may be assigned by AutoZone to any person, firm or corporation acquiring all or substantially all of the assets of AutoZone or its subsidiary or to any corporation or other entity into which AutoZone or its subsidiary may be merged or consolidated and this Agreement and the benefits hereunder will be deemed automatically assigned to any such corporation or entity.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year stated below.

Executive

Printed Name

Signature

Date

AutoZone, Inc.

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT A

1. General.

The benefits afforded to Executive hereunder will be in lieu of benefits under any other plan, program or agreement, including without limitation, AutoZone's standard severance policy.

2. Commencement of Benefits.

Enhanced Severance benefits will commence as of the date of termination of employment unless Executive is deemed by AutoZone to be or have been a "specified Executive" within the meaning of Internal Revenue Code Section 409A at any relevant time, in which case payment of all or a portion of the Enhanced Severance benefits will be delayed until the date that is at least six months and one day after the date of Executive's termination. All amounts that would otherwise have been paid during such six-month period shall instead be paid in a lump sum on the first pay day following such six-month period.

Except as otherwise provided in the Agreement, all compensation and benefits end upon termination of employment.

3. Severance Payments.

Periodic severance will be paid to Executive in accordance with AutoZone's Enhanced Severance Policy (the "Policy") in effect as of the date of execution of this Agreement, as applicable to Executive's position at the time of termination of employment. The Policy is hereby incorporated by reference into the Agreement, and a copy of the Policy has been provided to Executive.

Pursuant to the Policy, Executive will receive the periodic severance paid bi-weekly in the same amount and manner as Executive's base salary prior to termination for the following time periods ("Severance Period"):

Years of Service	Duration of Periodic Severance
0 - 1	12 months
1 - 5	18 months
5+	24 months

4. Medical, Vision and Dental Benefits

Medical, vision and dental insurance coverage may be continued during the Severance Period, up to a maximum of 18 months, if Executive makes a COBRA election. The cost to Executive for this coverage during the lesser of the Severance Period or 18 months will be the same as Executive was paying immediately prior to termination, subject to increases affecting plan participants generally. AutoZone will pay the difference between Executive's cost and the

amount of the COBRA premiums during the lesser of the Severance Period or 18 months; thereafter, COBRA premium payments, if any, will be the sole responsibility of Executive.

5. Stock Options.

The terms of the applicable Stock Option Agreements govern treatment of stock options upon termination of employment. Stock Option Agreements generally provide that options remain exercisable for 90 days from the date of termination without Cause, and that stock options that are unvested as of the termination date will be forfeited.

6. Bonus Incentives.

A lump-sum, prorated share of any bonus incentives earned during the period prior to Executive's termination will be paid to Executive when incentives are paid generally to similarly-situated Executives. Eligibility for additional bonuses ceases upon termination. See individual plan documentation for detailed information about eligibility and when incentives are earned.

7. Other Benefits.

An appropriate level of outplacement services, as determined by AutoZone in its discretion, will be provided to Executive based on Executive's individual circumstances.

Some optional life and disability insurance policies may have portability features which allow Executive to continue the coverage at Executive's cost.

8. Internal Revenue Code Section 409A.

To the extent applicable, this Program shall be interpreted in accordance with Internal Revenue Code Section 409A. AutoZone may, in its sole discretion, take any actions it deems necessary or appropriate, including without limitation, amendment or termination of this Program, to (a) exempt these payments and benefits from the application of Code Section 409A, or (b) comply with the requirements of Code Section 409A.

9. Amendments and Administration.

AutoZone reserves the right to terminate, suspend, withdraw, amend or modify the benefits contained in the Policy, but any such action will not affect the benefits for Executive under the Agreement. The plan administrator has sole authority to interpret the provisions of the Policy and otherwise construe AutoZone's intent in case of any dispute.

EXHIBIT B
Termination Certification

This is to certify that I do not have in my possession, nor have I failed to return, any software, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, materials, equipment, other documents or property, or copies or reproductions of any of the foregoing belonging to AutoZone, Inc., its subsidiaries, affiliates, successors or assigns.

I further certify that I have complied with all of the terms of AutoZone's Non-Competition, Non-Solicitation and Non-Disclosure Agreement signed by me (the "Agreement"), including the reporting of all Inventions (as defined therein) conceived or made by me (solely or jointly with others) covered by the Agreement.

I further agree that, in compliance with the Agreement, I will preserve as confidential all Confidential Information (both as defined therein) pertaining to any business of AutoZone or any of its officers, customers or vendors.

_____ [For Example] _____
Executive Signature

_____ [For Example] _____
Print Name

_____ [For Example] _____
Date

AUTOZONE, INC. ENHANCED SEVERANCE PAY PLAN
(A part of the AutoZone, Inc. Welfare Benefit Plan)

AutoZone, Inc. (hereinafter the "Company") hereby adopts the AutoZone, Inc. Enhanced Severance Pay Plan (this "Plan"), effective upon the date of its execution.

Section 1: Purpose; Definitions

1.1 ***Purpose; Controlling Document.*** This Plan, as part of the AutoZone, Inc. Welfare Benefit Plan document, provides severance pay to Eligible Employees (as defined below) of AutoZone and its Affiliates (as defined below) in the circumstances and on the conditions specified in this document. This Plan is an "employee welfare benefit plan" within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended "ERISA").

1.2 ***Replacement of Existing Severance Policies and Plans.*** Except to the extent that AutoZone (or one of its Affiliates) has entered into an individual severance agreement with an Eligible Employee or an Eligible Employee is in the class of employees eligible for the Standard Severance Pay Plan, this Plan replaces and supersedes any severance policy or plan in which an Eligible Employee might otherwise be entitled to participate. All such other severance policies or severance plans are hereby terminated with respect to Eligible Employees.

1.3 ***Participating Companies.*** This Plan generally provides severance benefits for the Eligible Employees of AutoZone and its Affiliates. However, the Plan Administrator (as defined below) may designate any Affiliate of AutoZone as a company that does not, and the employees of which do not, participate in this Plan.

1.4 ***Definitions.***

a. ***Affiliate.*** A U.S. entity with employees in the U.S. that is a member of the Controlled Group of companies with AutoZone.

b. ***Cause.*** With respect to any Participant, Cause will have the meaning set forth in the noncompete or nonsolicitation agreement between or among the Company and the Participant, as applicable.

c. ***Code.*** The Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.

d. ***Company.*** Collectively, AutoZone and all of its Affiliates that participate in this Plan.

e. *Controlled Group*. A group of companies that are sufficiently related (generally with 80% common ownership) within the terms of Code Section 414(b) or 414(c). For purposes of determining whether an Eligible Employee has a Separation from Service, “Controlled Group” will have the same meaning, except that 50% will be substituted for 80% in applying the terms of Code Sections 414(b) and 414(c).

f. *Eligible Employee*. An individual designated by the Plan Administrator who (i) has executed a noncompete agreement in a form acceptable to the Company; (ii) is not eligible for severance benefits under any other plan, program, policy, procedure or agreement of or with the Company; (iii) incurs a termination of employment, which is also a Separation from Service, without Cause by action of the Company, other than as a result of death, total disability as contemplated by a long-term disability plan of the Company, or any voluntary resignation or termination, and (iv) executes a Release at the time of Separation from Service.

g. *Last Day Worked*. The day a Participant’s active employment ends and the Participant has a Separation from Service, all due to a termination without Cause by action of the Company, other than as a result of death, total disability as contemplated by a long-term disability plan of the Company, or any voluntary resignation or termination.

h. *Other Key Employees*. Any Eligible Employee other than a Senior Officer or a Vice President.

i. *Participant*. Each Eligible Employee.

j. *Plan Administrator*. The Senior Human Resources Officer of AutoZone, unless the AutoZone Board of Directors or Chief Executive Officer names another person to serve in this capacity under this Plan. The Plan Administrator may delegate its authority under this Plan to such person(s) as it deems necessary, helpful or appropriate from time to time, and, to the extent provided by the Plan Administrator, any such delegation will carry with it the Plan Administrator’s discretionary authority.

k. *Plan Year*. This Plan Year is the 12-month period beginning each January 1 and ending the next following December 31.

l. *Release*. A general release effective between or among the Company and the Participant, which contains any terms specified by the Company for the Participant’s release of the Company and related persons from all claims arising from the Participant’s employment or termination.

m. *Senior Officer*. An officer of AutoZone above the level of Vice President, including, without limitation, the President, Senior Vice Presidents, Executive Vice Presidents, the Chief Operating Officer and the Chief Executive Officer; or as determined by the Plan Administrator in its sole discretion, an officer of an Affiliate who holds a title or position that would qualify that employee as an officer above the level of Vice President at AutoZone.

n. *Separation from Service.* A “separation from service” within the meaning given to such term in Code Section 409A. In general, an Eligible Employee will have a Separation from Service under this Plan if (i) he or she ceases to perform all services for AutoZone and its Affiliates (*i.e.*, terminates employment with AutoZone and all of its Affiliates and does not thereupon commence performing services as an independent contractor for AutoZone or any of its Affiliates); or (ii) the Company and the Eligible Employee reasonably anticipate that his or her future level of bona fide services, whether as a continuing employee or upon the Eligible Employee becoming an independent contractor of AutoZone or any of its Affiliates, will decrease to 20% or less of his or her average level of services over the preceding 36-month period. An Eligible Employee will not have a Separation from Service as an employee if, upon his or her termination of employment, he or she continues to provide services as an independent contractor at a level of service that the Company and the individual reasonably anticipate will be more than 20% of his or her average level of services over the preceding 36-month period.

o. *Specified Employee.* A “specified employee” within the meaning given to such term in Code Section 409A. In general, a “Specified Employee” means any of the 50 officers of the Company with the highest compensation. Officer status and compensation is determined during each calendar year, which then is used to determine Specified Employee status for the 12-month period commencing on the next succeeding April 1.

p. *Standard Severance Pay Plan.* The AutoZone, Inc. Standard Severance Pay Plan.

q. *Vice President.* A Vice President of AutoZone; or as determined by the Plan Administrator in its sole discretion, an officer of an Affiliate who holds a title or position that would qualify that employee as a Vice President at AutoZone.

r. *Year of Employment.* A 12-month period commencing on an Eligible Employee’s date of hire and each anniversary thereof during which the Eligible Employee is continuously employed by the Company.

Section 2: Eligibility

Each individual is a Participant in this Plan as of the date the individual satisfies all elements of the definition of an “Eligible Employee”. No other persons have any rights under this Plan or to receive any benefit under this Plan.

Section 3: Plan Benefits & Severance Pay Guidelines

3.1 *Process for Determining Severance Pay Amount.* As an Eligible Employee who has incurred an involuntary termination of employment, which also is a Separation from Service, without Cause by action of the Company, the Participant may be eligible for a certain amount of severance pay under this Plan. In order to receive severance pay, the Participant must first sign and not revoke a Release; provided, if the Participant does not sign and return the Release by the latest date permitted in the Release, or if the Participant revokes the Release

as permitted in the Release and Section 4 below, the Participant will forfeit his or her severance pay, and no amount will be due or payable to the Participant under this Plan.

The general guidelines for severance pay (described in Section 3.2 below) may be used to determine the amount of severance pay that may be available under this Plan. However, in all cases, the Plan Administrator will have complete discretionary authority to award greater or lesser amounts of severance pay, including no severance pay. The Plan Administrator, or a designee, will communicate to the Participant the level of severance pay, if any, the Participant will be offered under this Plan before the Participant signs a Release.

3.2 ***Guidelines for Severance Pay Amount.*** As guidelines only, subject to coordination described in Section 6 below, following the Participant's Last Day Worked, the number of months of base salary that may be paid to the Participant as severance will be determined based on (i) the Participant's position, (ii) the Participant's base monthly salary level in effect as of his Last Day Worked, and (iii) the Participant's completed Years of Employment, all applied to the following schedules:

Senior Officers:

Years of Service	Duration of Periodic Severance
0 - 1	12 months
1 - 5	18 months
5+	24 months

Vice Presidents:

Years of Service	Duration of Periodic Severance
0 - 2	6 months
2 - 5	9 months
5+	12 months

Other Key Employees:

Years of Service	Duration of Periodic Severance
0 - 5	6 months
5+	9 months

3.3 **Payment of Benefits.** The amount of severance pay determined above (if any) will be paid to the Participant in substantially equal installments as salary continuation for the period of base pay that is payable to the Participant as severance (*e.g.*, as determined in the charts above; the “Severance Period”), beginning upon the applicable pay date that coincides with or immediately follows the date of the Participant’s Separation from Service. These installment payments will be paid in accordance with the Company’s regular payroll procedures for other similarly-situated, active employees. Notwithstanding the foregoing, (i) any payment of severance pay will be delayed until after the expiration of the 7-day revocation period required for an effective age-based release; provided, any amounts of severance pay that would have been paid before the end of such revocation period will be accumulated and paid on the first pay date that occurs after the end of such revocation period; (ii) in the case of any Specified Employee, any payment of severance pay that is deferred compensation under, and is not exempt from, Code Section 409A, which would otherwise be made within the 6-month period commencing on the date of the Participant’s Separation from Service, will be accumulated and paid on the first pay date that occurs after the expiration of such 6-month period; and (iii) once the accumulated amount of severance pay in clause (i) or (ii) above has been paid, the remaining severance payments will begin on the Company payment date (based on normal payroll cycles) next following the payment date of the accumulated payment amount.

Section 4: General Release

As a condition to a Participant receiving any severance pay or continued benefits (as described above), the Participant must sign and not revoke a written Release. If the Participant does not sign and return the Release by the latest date permitted in the Release or if the Participant revokes the Release as permitted in the Release and this section, the Participant will forfeit his or her severance pay; and no amount will be due or payable to the Participant under this Plan. The Participant must sign the Release after the Participant’s last day worked and within the time period specified by the Plan Administrator in order to be eligible for any benefits under this Plan.

Section 5: Financing Plan Benefits

All Plan benefits will be paid directly by the Company out of its general assets. All Plan benefits are unfunded and unsecured until paid.

Section 6: Coordination of Severance Pay with Various Benefits

The amount of any severance pay payable will be reduced on a dollar-for-dollar basis by any severance, separation or termination pay or benefits that the Company pays or is required to pay to the Participant through insurance or otherwise under any plan or contract of the Company or under any federal or state law. The provisions in the two bullets below are illustrative only:

- **Withholding.** The Company will withhold from severance pay any amounts required to be withheld pursuant to applicable federal, state or local law; any applicable insurance premiums; and any other amounts authorized or required by Company policy including, but not limited to, withholding for garnishments, judgments or other court orders.
- **WARN Benefits.** The Worker Adjustment and Retraining Notification Act and similar state laws (collectively, “WARN”) generally require employers to provide certain pay and benefits to employees in the event that required notification procedures are not followed in advance of a plant closing or mass layoff. If the Company incurs any such liability under WARN with respect to the Participant’s termination, the amount of severance pay otherwise payable to the Participant under this Plan will be reduced by the Company’s legally-required payments and benefits provided to him.

Section 7: 409A Compliance

The Company intends the severance pay and benefits described above to be exempt from Code Section 409A under the separation pay exemption to the full extent available under Section 409A, and such provisions will be interpreted accordingly. Notwithstanding the foregoing, to the extent that such exemptions do not apply to some or all severance pay, this Plan is intended to satisfy Section 409A and will be interpreted accordingly. To the extent any payments of severance pay are not exempt or in compliance with Code Section 409A, the Company will not be liable to the Participant for any taxes or penalties imposed under Code Section 409A.

Section 8: Administration

8.1 **Interpretation.** The Plan Administrator (as defined in **Section 1.2j** above) has the exclusive authority and discretion to interpret this Plan with respect to any question arising under this Plan, including eligibility for benefits and the amount, term and duration of benefits.

Any variation in the amount, term or duration of an individual's severance pay from the amount, term or duration described in the guidelines above will affect only the individual(s) to whom the variation applies. The interpretations, decisions and determinations of the Plan Administrator are conclusive and binding on the Company and all of its employees, including the applicable Eligible Employees.

8.2 **Employment Rights.** This Plan does not constitute a contract of employment, nor does it confer any vested rights in any individual. Participation does not give any person the right to be rehired or retained. In addition, this Plan does not affect the right of the Company to conduct its business affairs, including laying off or terminating the employment of any employee.

8.3 **Authority of the Plan Administrator.** The Plan Administrator will have the sole and final power, duty, discretion, authority and responsibility of directing and administering the Plan. All directions by the Plan Administrator will be conclusive on all parties concerned. The Plan Administrator will have the sole, absolute and final right and power to construe, interpret and administer the provisions of this Plan including, but not limited to, the power (i) to construe any ambiguity and interpret any provision of this Plan or supply any omission or reconcile any inconsistencies in such manner as it deems proper, (ii) to determine eligibility to become a Participant in this Plan in accordance with its terms, (iii) to decide all questions of eligibility for, and determine the amount, manner, and time of payment of, any benefits hereunder, and (iv) to establish uniform rules and procedures to be followed in any matters required to administer this Plan.

8.4 **Amendment and Termination.** AutoZone reserves the right, in its sole discretion, to amend this Plan from time to time or to terminate this Plan, all without prior notice.

8.5 **Controlling Law.** ERISA will be controlling in all matters relating to this Plan.

8.6 **Interests Not Transferable.** The interests of persons entitled to benefits under this Plan may not be sold, transferred, alienated, assigned nor encumbered; provided, upon the death of a Participant in pay status under this Plan, the sum of any remaining scheduled benefit payments will be paid in a lump sum to the surviving spouse of the Participant, if any, or if none then to the estate of the Participant.

8.7 **Severability.** If any provision of this Plan is held to be illegal or invalid for any reason, such illegality or invalidity will not affect the remaining parts of this Plan, and this

Plan will be construed and enforced as if such illegal or invalid provision had never been contained in this Plan.

Section 9: Supplemental Information

9.1 *Severance Pay Claims.*

- *Claims.* If a Participant does not receive severance pay or if a Participant disagrees with the amount or length of payments, the Participant may file a claim in writing with the Plan Administrator; provided such claim must be filed within 6 months of the date payment of the Participant's Separation from Service. A response to the claim will be provided to the Participant within 90 days (180 days if the Plan Administrator notifies the Participant of an extension). If the claim is denied, the Plan Administrator will provide written notice to the Participant setting forth the specific reasons for denial and the provisions in this Plan or other documents used to arrive at the decision.
- *Appeals.* The Participant may appeal any denial of benefits and may review pertinent Plan documents to help him or her prepare for the appeal. The Participant's appeal must be filed with the Plan Administrator in writing within 60 days after the Participant receives written notice of denial the claim. The Plan Administrator then will consider the appeal and will notify the Participant of its decision within 60 days (120 days if the Participant notifies the Participant of an extension) after the filing of the appeal for review. If the Plan Administrator's decision is unfavorable, the notification the Participant receives will explain the reasons for the denial and the provisions in this Plan or other documents used to arrive at the decision.
- *Law Suit.* If the Participant's appeal is denied, he or she may file a law suit in federal court under ERISA. However, any such law suit must be filed within 6 months after the date the Participant receives the denial to his appeal. Otherwise, the law suit will not be timely.

9.2 *Participant Rights Under ERISA.* Each Participant in this Plan is entitled to certain rights and protections under ERISA. ERISA provides that all Participants will be entitled to:

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites, all Plan documents and copies of all documents filed by this Plan with the U.S. Department of Labor, such as detailed annual reports.
- Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. For example, a Participant may request a

current list of participating companies under this Plan. The Plan Administrator may make a reasonable charge for the copies.

- Receive a summary of this Plan's annual financial report. The Plan Administrator is required by law to furnish each Participant under this Plan with a copy of this summary annual report.

In addition to creating rights for Participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate this Plan, called "fiduciaries" of this Plan, have a duty to do so prudently and in the interest of all Participants and beneficiaries. No one, including the Company or any other person, may fire a Participant or otherwise discriminate against him or her in any way solely in order to prevent the Participant from obtaining a benefit or for exercising his or her rights under ERISA.

If a Participant's claim for a benefit is denied, in whole or in part, the Participant must receive a written explanation of the reason for the denial. The Participant has the right to have this Plan reviewed and reconsider his or her claim. Under ERISA, there are steps a Participant can take to enforce the above rights. For instance, if a Participant requests materials regarding operation of this Plan from the Plan Administrator and does not receive them within 30 days, the Participant may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay the Participant up to \$110 a day until he receives the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If the Participant has a claim for benefits which is denied or ignored, in whole or in part, he or she may file suit in a state or federal court (although the court may refuse to consider the claim if the Participant has not completed this Plan's appeals process as described above). If the Participant is discriminated against for asserting his or her rights, he or she may seek assistance from the U.S. Department of Labor. If Participant has any questions about this Plan, he or she should contact the Plan Administrator. The Participant should contact the nearest Area Office of the U.S. Employee Benefits Security Administration, Department of Labor, if he or she has any questions about this document or about his or her rights under ERISA.

9.3 *General Information.*

- Name, Address, and Telephone Number of this Plan Sponsor:

AutoZone, Inc.

c/o Senior Human Resources Officer

123 South Front Street

Memphis, TN 38103

1-844-396-1089

- Name, Address, and Telephone Number of the Plan Administrator:
Senior Human Resources Officer
AutoZone, Inc.
123 South Front Street
Memphis, TN 38103
1-844-396-1089

- Plan Name: The AutoZone, Inc. Enhanced Severance Pay Plan (as described herein) is a benefit provided under, and a part of, the AutoZone, Inc. Welfare Benefit Plan.
- Type of Plan: The AutoZone, Inc. Enhanced Severance Pay Plan provides severance benefits, and the remainder of the Welfare Plan provides other welfare benefits.
- Plan Number Assigned to this Plan: 550
- Plan Year: January 1 – December 31
- Type of Administration: Self-Administration
- Employer Identification Number of Plan Sponsor: 62-1482048
- Agent for Legal Process: Legal process regarding any matter related to this Plan may be served on the Company's registered agent, CT Corporation System, 800 S. Gay St., Ste. 2021, Knoxville, TN 37929-9710.
- Funding Medium: Benefits are payable solely from the general assets of the Company.

IN WITNESS WHEREOF, AutoZone, Inc., has caused this Plan to be executed this 9TH day of March, 2018.

AUTOZONE, INC.

By: _____

Title: _____

By: _____

Title: _____

APPROVED AS TO LEGAL FORM
Paul R. Babin



AUTOZONE, INC.
DIRECTOR COMPENSATION PROGRAM
(Effective January 1, 2022)

ARTICLE 1.

PURPOSE

The purpose of this document is to set forth the general terms and conditions applicable to the AutoZone, Inc. Director Compensation Program (the "Program") established by the Board of Directors of AutoZone Inc. (the "Company") pursuant to the Company's Amended and Restated 2011 Equity Incentive Award Plan (the "Plan"). The Program is intended to carry out the purposes of the Plan and provide a means to reinforce objectives for sustained long-term performance and value creation by awarding each Non-Employee Director of the Company with stock awards, subject to the restrictions and other provisions of the Program and the Plan. The Program shall be effective as of January 1, 2022 (the "Effective Date").

ARTICLE 2.

DEFINITIONS

2.1 Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to such terms in the Plan.

2.3 "Award" shall mean a Restricted Stock Unit granted to a Non-Employee Director pursuant to the Program.

2.4 "Plan Year" shall mean a calendar year. The first Plan Year shall be calendar year 2022.

2.5 "Restricted Stock Units" shall mean Restricted Stock Units granted under Section 9.4 of the Plan, and as defined under Section 2.44 of the Plan.

ARTICLE 3.

RETAINERS; RESTRICTED STOCK UNITS

3.1 Retainers.

(a) Subject to Section 3.1(d), effective as of January 1, 2022, Non-Employee Directors will become entitled to receive annual retainers in the following amounts, pro-rated for any partial fiscal year:

(i) With respect to each Non-Employee Director, \$250,000 (the "Annual Retainer");

- (ii) With respect to the Lead Director, \$35,000;
- (iii) With respect to the Audit Committee Chairman, \$30,000;
- (iv) With respect to the Compensation Committee Chairman, \$25,000;
- (v) With respect to the Nominating/Corporate Governance Committee Chairman, \$20,000; and
- (vi) With respect to each Audit Committee member who is not the Audit Committee Chairman, \$15,000.

Each of (ii) - (vi) is referred to as an “Additional Fee” and, together with the Annual Retainer, the “Director Compensation”.

(b) Subject to Sections 3.1(c) and 3.1(d) hereof, the Director Compensation shall be payable in the form of Restricted Stock Units, which shall be granted, without further action by the Company, the Board, or the Company’s stockholders, on January 1 of the applicable Plan Year (each such date, a “Retainer Date”). The number of Restricted Stock Units payable to a Non-Employee Director on a Retainer Date shall be determined by dividing the Director Compensation by the closing market price of a share of Common Stock on the Retainer Date (rounded to two (2) decimal places).

(c) For each Plan Year, a Non-Employee Director may elect, in writing by December 31 of the year preceding the applicable Plan Year, to receive the Director Compensation payable as follows: (i) \$100,000 of the Annual Retainer and any Additional Fees payable in cash quarterly (on January 1, April 1, July 1 and October 1 of the applicable Plan Year) and (ii) \$150,000 of the Annual Retainer payable in the form of Restricted Stock Units in accordance with Section 3.1(b) above. If a Non-Employee Director does not affirmatively make an election (or fails to make a timely election) with respect to the Director Compensation, then all of such Director Compensation will be payable in the form of Restricted Stock Units (and no portion of such Director Compensation will be payable in cash).

(d) Notwithstanding anything to the contrary contained herein, each Non-Employee Director elected to the Board and/or assuming a position described in Sections 3.1(a)(ii) through (vi) above after the Effective Date shall receive (i) on the date of election to the Board or assumption of position, as applicable, a Restricted Stock Unit award covering a number of Restricted Stock Units equal to the Annual Retainer, pro-rated based on the number of days remaining in the Plan Year in which the date of Board election or assumption of position, as applicable, occurs, divided by the closing market price of a share of Common Stock on the date on which the Board election or assumption of position occurs (rounded to two (2) decimal places) and (ii) any Additional Fee described in Sections 3.1(a)(ii) through (vi) above, as applicable, payable in cash quarterly on January 1, April 1, July 1 and October 1 of the applicable Plan Year (as applicable).

3.2 Terms of Restricted Stock Units.

(a) *General.* Each Restricted Stock Unit granted pursuant to this Program shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate. The provisions of separate Restricted Stock Units need not be identical, but each Restricted Stock Unit shall include (through incorporation of provisions hereof by reference in the Restricted Stock Unit agreement or otherwise) the substance of each of the following provisions as set forth this Section 3.2 and Section 9.4 of the Plan. Shares of Common Stock issued in respect of a Restricted Stock Unit shall be deemed to be issued in consideration for past services actually rendered to the Company or for its benefit, by the Non-Employee Director, which the Committee deems to have a value not less than the par value of a share of Common Stock.

(b) *Vesting.* Each grant of Restricted Stock Units made to a Non-Employee Director shall be fully vested on the date of grant.

(c) *Payment Election.* A Non-Employee Director shall timely file an election form instructing that Restricted Stock Units shall be paid by the Company in shares of Common Stock (on a one-to-one basis) either

(i) on the earlier to occur of (A) the first (1st) anniversary of the Retainer Date or the fifth (5th) anniversary of the Retainer Date, as elected by the Non-Employee Director (the “Anniversary Date”) or (B) the date on which such Non-Employee Director ceases to be a Director for any reason, provided such Non-Employee Director incurs a “separation from service” from the Company (within the meaning of Section 409A(a)(2)(A)(i) of the Code and Treasury Regulation Section 1.409A-1(h)) (“Separation from Service”) (such earlier date, the “Payment Date”); or

(ii) solely on the date of such Non-Employee Director’s Separation from Service.

If a Non-Employee Director does not affirmatively make a payment election (or fails to make a timely election) with respect to the Restricted Stock Units, then such Restricted Stock Units will be settled in Common Stock on the earlier to occur of the Anniversary Date or the date of the Non-Employee Director’s Separation from Service.

(d) *Subsequent Deferral Elections.* Any subsequent election made with respect to Restricted Stock Units that provides for a delay in a distribution or payment of any Restricted Stock Units shall satisfy the requirements of Section 409A(a)(4)(C) of the Code, and:

(i) such subsequent election may apply only to a payment election originally made pursuant to Section 3.2(c)(i) above;

(ii) such subsequent election may not take effect until at least twelve (12) months after the date on which the election is made;

(iii) the first payment with respect to such subsequent election may be deferred for a period of not less than five (5) years from the date such distribution or payment otherwise would have been made; and

(iv) such election may not be made less than twelve (12) months prior to the date of the first scheduled distribution or payment under Section 3.2(c).

Any date on which a Non-Employee Director timely elects to defer payment of the Restricted Stock Units, in accordance with Section 409A of the Code and this Section 3.2(d), is referred to as a “Deferred Payment Date.”

3.3 Dividend Equivalents. If a Non-Employee Director elects to defer payment of his or her vested Restricted Stock Units as provided in Section 3.2(d) above and the Company pays any dividends with respect to the Common Stock at any time during the period between the Anniversary Date and the Deferred Payment Date, the holder of such vested Restricted Stock Units shall be credited, as of the dividend payment date, with dividend equivalents equal to the amount of the dividends which would have been payable to such holder if the holder held a number of shares of Common Stock equal to the number of vested Restricted Stock Units so deferred. Such dividend equivalents shall be deemed reinvested in the Common Stock on the dividend payment date and shall be paid by the Company in shares of Common Stock on the Deferred Payment Date. Such dividend equivalents shall constitute Dividend Equivalents under Section 9.1 of the Plan.

ARTICLE 4.

MISCELLANEOUS

4.1 Administration of the Program. The Program shall be administered by the Committee.

4.2 Application of Plan. The Program is subject to all the provisions of the Plan, including Section 13.2 thereof (relating to adjustments upon changes in the Common Stock), and its provisions are hereby made a part of the Program, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of this Program and those of the Plan, the provisions of the Plan shall control.

4.3 Amendment and Termination. Notwithstanding anything herein to the contrary, the Committee may, at any time, terminate, modify or suspend the Program; *provided, however*, that, without the prior consent of the Non-Employee Directors affected, no such action may adversely affect any rights or obligations with respect to any Awards theretofore earned but unpaid, whether or not the amounts of such Awards have been computed and whether or not such Awards are then payable. Any amendment of this Program may, in the sole discretion of the Committee, be accomplished in a manner calculated to cause such amendment not to constitute an “extension,” “renewal” or “modification” (each within the meaning of Code Section 409A) of any Restricted Stock Units that would cause such Restricted Stock Units to be considered “nonqualified deferred compensation” (within the meaning of Code Section 409A).

4.4 No Contract for Service. Nothing contained in the Program or in any document related to the Program or to any Award shall confer upon any Non-Employee Director any right to continue as a Director or in the service of the Company or an Affiliate or constitute any contract or agreement of service for a specific term or interfere in any way with the right of the Company or an Affiliate to reduce such person's compensation, to change the position held by such person or to terminate the service of such person, with or without Cause.

4.5 Nontransferability.

(a) No benefit payable under, or interest in, this Program shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge and any such attempted action shall be void and no such benefit or interest shall be, in any manner, liable for, or subject to, debts, contracts, liabilities or torts of any Non-Employee Director or beneficiary; provided, however, that, nothing in this Section 4.5 shall prevent transfer (i) by will, (ii) by applicable laws of descent and distribution, (iii) pursuant to a DRO.

(b) The transfer to a Permitted Transferee of an Award pursuant to a DRO shall not be treated as having caused a new grant. If an Award is so transferred, the Permitted Transferee generally has the same rights as the Non-Employee Director under the terms of the Program; *provided however*, that (i) the Award shall be subject to the same terms and conditions, including the vesting terms, option termination provisions and exercise period, as if the Award were still held by the Non-Employee Director, and (ii) such Permitted Transferee may not transfer an Award. In the event of the Administrator's receipt of a DRO or other notice of adverse claim by a Permitted Transferee of a Non-Employee Director of an Award, transfer of the proceeds of the exercise of such Award, whether in the form of cash, stock or other property, may be suspended. Such proceeds shall thereafter be transferred pursuant to the terms of a DRO or other agreement between the Non-Employee Director and Permitted Transferee. A Non-Employee Director's ability to exercise an Award may be barred if the Administrator receives a court order directing the Administrator not to permit exercise.

4.6 Nature of Program. No Non-Employee Director, beneficiary or other person shall have any right, title or interest in any fund or in any specific asset of the Company or any Affiliate by reason of any award hereunder. There shall be no funding of any benefits which may become payable hereunder. Nothing contained in this Program (or in any document related thereto), nor the creation or adoption of this Program, nor any action taken pursuant to the provisions of this Program shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or an Affiliate and any Non-Employee Director, beneficiary or other person. To the extent that a Non-Employee Director, beneficiary or other person acquires a right to receive payment with respect to an award hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company or other employing entity, as applicable. All amounts payable under this Program shall be paid from the general assets of the Company or employing entity, as applicable, and no special or separate fund or deposit shall be established and no segregation of assets shall be made to assure payment of such amounts. Nothing in this Program shall be deemed to give any person any right to participate in this Program except in accordance herewith.

4.7 Governing Law. This Program shall be construed in accordance with the laws of the State of Nevada, without giving effect to the principles of conflicts of law thereof.

4.8 Code Section 409A. To the extent that this Program constitutes a “non-qualified deferred compensation plan” within the meaning of with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date, this Program shall be interpreted and operated in accordance with Code Section 409A.

Notwithstanding any provision of this Program to the contrary, in the event that following the grant of any Restricted Stock Units, the Committee determines that any Award does or may violate any of the requirements of Code Section 409A, the Committee may adopt such amendments to the Program and any affected Award or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Program and any such Award from the application of Code Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Code Section 409A; provided, however, that this paragraph shall not create an obligation on the part of the Committee to adopt any such amendment, policy or procedure or take any such other action. Notwithstanding anything in this Program or any deferral election form to the contrary, with respect to any Non-Employee Director who is a “specified employee” at the time of such Non-Employee Director’s Separation from Service, the payment of such Non-Employee Director’s Restricted Stock Units upon such Separation from Service shall, to the extent that such distribution upon a Separation from Service would be a prohibited distribution under Section 409A(a)(2)(b)(i) of the Code, be delayed until the date which is six months and one day after the date on which such Separation from Service occurs (or, if earlier, the date of the Non-Employee Director’s death).

AUTOZONE, INC. 2020 OMNIBUS INCENTIVE AWARD PLAN

**STOCK OPTION GRANT NOTICE AND
STOCK OPTION AGREEMENT**

AUTOZONE, INC., A NEVADA CORPORATION (THE “*COMPANY*”), PURSUANT TO ITS **2020 OMNIBUS INCENTIVE AWARD PLAN**, AS AMENDED FROM TIME TO TIME (THE “*PLAN*”), HEREBY GRANTS TO THE INDIVIDUAL LISTED BELOW (THE “*PARTICIPANT*”), AN OPTION TO PURCHASE THE NUMBER OF SHARES OF THE COMMON STOCK OF THE COMPANY (“*COMMON STOCK*”) SET FORTH BELOW (THE “*OPTION*”). THIS OPTION IS SUBJECT TO ALL OF THE TERMS AND CONDITIONS SET FORTH HEREIN AND IN THE STOCK OPTION AGREEMENT ATTACHED HERETO AS **EXHIBIT A** (THE “*STOCK OPTION AGREEMENT*”) AND THE **PLAN**, WHICH ARE INCORPORATED HEREIN BY REFERENCE. ALL CAPITALIZED TERMS USED HEREIN AND NOT OTHERWISE DEFINED SHALL HAVE THE MEANINGS SET FORTH IN THE **STOCK OPTION AGREEMENT AND THE PLAN**.

- Participant:**
- Employee ID#:**
- Grant Date:**
- Exercise Price per Share:**
- Total Number of Shares**
- Subject to the Option:**
- Vesting Commencement Date:**
- Expiration Date:**
- Type of Option:**

Vesting Schedule: The shares subject to the Option shall vest and become exercisable in four equal annual installments on the first, second, third, and fourth anniversary of the Vesting Commencement Date, except as otherwise set forth in the Stock Option Agreement or Plan.

Termination The Option shall terminate on the Expiration Date set forth above or, if earlier, in accordance with the terms of the Stock Option Agreement and the Plan.

By his or her signature, the Participant agrees to be bound by the terms and conditions of the Plan, the Stock Option Agreement and this Grant Notice (collectively, the “Stock Option Governing Terms”). The Participant has reviewed the Stock Option Governing Terms in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Stock Option Governing Terms. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Stock Option Governing Terms.

AUTOZONE, INC.

PARTICIPANT

EXHIBIT A

TO STOCK OPTION GRANT NOTICE

STOCK OPTION AGREEMENT

Pursuant to the Stock Option Grant Notice (the “*Grant Notice*”) to which this Stock Option Agreement (this “*Agreement*”) is attached, AutoZone, Inc., a Nevada corporation (the “*Company*”), has granted to the Participant an option under the Company’s 2020 Omnibus Incentive Award Plan, as amended from time to time (the “*Plan*”) to purchase the number of Shares indicated in the Grant Notice (the “*Option*”). All capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Grant Notice and the Plan.

ARTICLE I.

GENERAL

1.1 Incorporation of Terms of Plan. The Option is subject to the terms and conditions of the Plan which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

1.2 Definitions.

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

(b) “*Disability*” shall mean a determination by the Company that Participant is “totally disabled,” within its meaning in the Company’s long term disability plan as in effect from time to time.

(c) “*Downgrading Event*” shall mean any event that results in the Participant’s employment position with the Company (1) changing from a “full time” position to a “part-time” position (whether at the Participant’s request or the Company’s direction), or (2) changing to an Ineligible Position (whether at the Participant’s request or the Company’s direction) that is at least four salary or pay grade levels below such Participant’s employment position at the time such Participant changes his or her employment position with the Company, in all cases as determined by the Administrator in its sole discretion. Notwithstanding the foregoing, a bona fide leave of absence and a temporary change in a Participant’s position following a bona fide leave of absence (in all cases, approved by the Company in writing) shall not be considered a Downgrading Event.

(d) “*Ineligible Position*” means an employment position or classification within the Company where Persons who hold such a position or classification generally are ineligible under the Company’s grant policies to receive grants of awards pursuant to the Plan as of the Grant Date.

(e) “*Qualified Retirement*” shall mean Participant’s Termination of Service (other than by the Company) at or after the date on which the Participant has (i) attained age 55; (ii) completed at least 15 years of service with the Company; (iii) provided at least 12 months prior written notice (or such shorter period as the Administrator may permit) to the Company of Participant’s intent to retire; and (iv) continues to be in compliance with, the Restrictive Covenant.

(f) “**Restrictive Covenant**” shall mean the following: AutoZone competes vigorously, but fairly. Participant acknowledges that because of Participant’s skills, Participant’s position with AutoZone, and the customer/vendor relationships and/or confidential information to which Participant shall have access on account of such employment with AutoZone, competition by Participant with AutoZone would damage AutoZone in a manner which could not be adequately compensated by damages or an action at law. In view of such circumstances, Participant agrees that for a period of **three (3) years** after Participant’s Termination of Service (the “Non-Compete Term”), Participant shall not, directly or indirectly, own, manage, operate, control, be employed by, consult for, serve on the Board of, participate in or be connected in any manner with the ownership, management, operation or control of any business that derives revenues from the retail, wholesale, or commercial sale, manufacture, or distribution of aftermarket automobile parts and accessories, motor oil or related chemicals in any state, province, territory or foreign country in which AutoZone operates during the Non-Compete Term, including, but not limited to, Advance Auto Parts, Inc., General Parts, Inc. (CARQUEST Auto Parts), Genuine Parts Corporation (NAPA), O’Reilly Automotive, Inc., The Pep Boys – Manny, Moe & Jack, Wal-Mart Stores, Inc., XL Parts, Amazon.com, Inc., SSF Imported Auto Parts LLC, WORLDPAC, Inc., Identifix, Inc., Solera Holdings, Inc., Fisher Auto Parts, Parts Authority, Factory Motor Parts and Auto Parts Warehouse. Other than those companies specifically referenced in this Subsection 4(a), nothing in this subsection shall preclude Participant from accepting employment with a company that derives less than five percent (5%) of its annual gross revenues from the retail, wholesale or commercial sale, manufacture or distribution of aftermarket automobile parts and accessories, motor oil or related chemicals, automotive repair software or automotive diagnostic services, provided that Participant does not provide advice and consultation to such company concerning the retail, wholesale or commercial sale, manufacture or distribution of aftermarket automobile parts and accessories, motor oil or related chemicals, automotive repair software or automotive diagnostic services. Further, Participant agrees that during the Non-Compete Term, Participant shall not, directly or indirectly operate, control, be employed by, consult for, participate in or be connected in any manner with the ownership, management, operation or control of any vendors or suppliers of AutoZone (or its subsidiaries) with whom Participant had personal contact or supervised the efforts of those who had personal contact with such vendors or suppliers in the 12 months preceding Participant’s separation from AutoZone. The parties agree that this provision shall not be deemed to amend, modify, supersede or otherwise alter the terms of the Non-Competition, Non-Solicitation, Non-Disclosure & Assignment of Inventions Agreement that the Participant has signed as a condition of employment or continued employment.

(g) “**Retirement**” shall mean Participant’s Termination of Service at or after the date on which the Participant (i) has attained age 55, (ii) has completed at least 5 years of service with the Company, and (iii) the sum of the number of years of service and Participant’s age equals at least 65.

ARTICLE II.

GRANT OF OPTION

2.1 Grant of Option. In consideration of the Participant’s past and/or continued employment with or service to the Company or any of its Affiliates, the Participant’s compliance with the Restrictive Covenant, and for other good and valuable consideration, effective as of the Grant Date set forth in the Grant Notice (the “**Grant Date**”), the Company irrevocably grants to the Participant the Option to purchase any part or all of an aggregate of the number of Shares set forth in the Grant Notice, upon the terms and conditions set forth in the Plan and this Agreement. Unless designated as a Non-Qualified Stock Option in the Grant Notice, the Option shall be an Incentive Stock Option to the maximum extent permitted by law.

2.2 Exercise Price. The exercise price of the Shares subject to the Option shall be as set forth in the Grant Notice, without commission or other charge; *provided, however*, that the price per Share of the Shares subject to the Option shall not be less than 100% of the Fair Market Value of a Share on the Grant Date. Notwithstanding the foregoing, if this Option is designated as an Incentive Stock Option and the

Participant is a Greater Than 10% Stockholder as of the Grant Date, the price per share of the Shares subject to the Option shall not be less than 110% of the Fair Market Value of a Share on the Grant Date.

ARTICLE III.

PERIOD OF EXERCISABILITY

3.1 Commencement of Exercisability.

(a) Subject to Articles 3.2, 3.3, 5.10 and 5.13 hereof, the Option shall become vested and exercisable in such amounts and at such times as are set forth in the Grant Notice.

(b) Except as may be otherwise set forth herein, as may be provided by the Administrator or as set forth in a written agreement between the Company and the Participant, any portion of this Option that is not exercisable at the date of the Participant's Termination of Service shall terminate immediately and be of no further force or effect.

(c) Notwithstanding anything herein to the contrary, the Option shall become vested and exercisable in full upon the Participant's Termination of Service by reason of the Participant's death or Disability.

(d) Notwithstanding anything herein to the contrary, in the event of a Participant's Qualified Retirement, the portion of the Participant's Option which has not become vested and exercisable at the date of the Participant's Termination of Service shall continue to vest and become exercisable according to its terms until the Expiration Date set forth in the Grant Notice, provided that Participant continues to satisfy the requirements for a Qualified Termination (as determined by the Administrator in its sole discretion). For the avoidance of doubt, Participant acknowledges that the continued compliance with the Restrictive Covenant is a condition of continued vesting. If the Participant fails at any time to comply with the Restrictive Covenant, any portion of the Option which has not vested and become exercisable as of that time shall terminate immediately and be of no further force or effect.

(e) Solely for purposes of this Agreement, upon the occurrence of a Downgrading Event, the Participant shall be deemed to have experienced a Termination of Service.

3.2 Duration of Exercisability. The installments provided for in the vesting schedule set forth in the Grant Notice are cumulative. Each such installment which becomes vested and exercisable pursuant to the vesting schedule set forth in the Grant Notice shall remain vested and exercisable until it becomes unexercisable pursuant to the terms of this Agreement and the Plan.

3.3 Expiration of Option. The Option will terminate and may not be exercised to any extent by anyone after the first to occur of the following events:

(a) The Expiration Date set forth in the Grant Notice, including in the event of a Termination of Service due to Participant's death, Disability, Retirement or Qualified Retirement;

(b) If this Option is designated as an Incentive Stock Option and the Participant is a Greater Than 10% Stockholder as of the Grant Date, the expiration of five (5) years from the Grant Date;

(c) Except for those Participants who enter into a Severance Agreement or experience a Termination of Service due to (i) Disability, (ii) death, (iii) Retirement, (iv) Qualified Retirement or (v) by the Company for Cause, the expiration of ninety (90) days from the date of the Participant's Termination of Service;

(d) The commencement of business on the date of the Participant's Termination of Service by the Company for Cause; or

(e) In the event of the Participant's Termination of Service by the Company other than for Cause, the expiration of the "**Severance Period**" as defined in the Non-Compete and Severance Agreement entered into between the Participant and the Company, if any ("**Severance Agreement**"), *provided, however*, that no portion of the Option which has not vested and become exercisable as of the date of the Participant's Termination of Service shall thereafter vest and become exercisable).

The Participant acknowledges that an Incentive Stock Option exercised more than three (3) months after the Participant's Termination of Employment, other than by reason of death or Disability, will be taxed as a Non-Qualified Stock Option. Participant further acknowledges that Participant is responsible for keeping track of the exercise periods following Participant's Termination of Service for any reason. The Company will not provide further notice of such periods.

3.4 Special Tax Consequences. The Participant acknowledges that, to the extent that the aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Stock Options, including the Option, are exercisable for the first time by the Participant in any calendar year exceeds \$100,000, the Option and such other options shall be Non-Qualified Stock Options to the extent necessary to comply with the limitations imposed by Section 422(d) of the Code. The Participant further acknowledges that the rule set forth in the preceding sentence shall be applied by taking the Option and other "incentive stock options" into account in the order in which they were granted, as determined under Section 422(d) of the Code and the Treasury Regulations thereunder.

ARTICLE IV.

EXERCISE OF OPTION

4.1 Person Eligible to Exercise. Except as provided in Articles 5.2(c) and 5.2(d) hereof, during the lifetime of the Participant, only the Participant may exercise the Option or any portion thereof. After the death of the Participant, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Article 3.3 hereof, be exercised by the Participant's personal representative or by any person empowered to do so under the deceased Participant's will or under the then-applicable laws of descent and distribution.

4.2 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Article 3.3 hereof. However, the Option shall not be exercisable with respect to fractional shares.

4.3 Manner of Exercise. The Option, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary of the Company (or any third party administrator or other person or entity designated by the Company) of all of the following prior to the time when the Option or such portion thereof becomes unexercisable under Article 3.3 hereof:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Participant or other person then entitled to exercise the Option or such portion of the Option;

(b) Full payment of the exercise price and applicable withholding taxes to the stock administrator of the Company for the Shares with respect to which the Option, or portion thereof, is exercised, in a manner permitted by Article 4.4 hereof;

(c) Any other written representations or documents as may be required in the Administrator's sole discretion to effect compliance with all applicable provisions of the Securities Act, the Exchange Act, any other federal, state or foreign securities laws or regulations, the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded or any other applicable law; and

(d) In the event the Option or portion thereof shall be exercised pursuant to Article 4.1 hereof by any person or persons other than the Participant, appropriate proof of the right of such person or persons to exercise the Option.

Notwithstanding any of the foregoing, the Company shall have the right to specify all conditions of the manner of exercise, which conditions may vary by country and which may be subject to change from time to time.

4.4 Method of Payment. Payment of the exercise price shall be by any of the following, or a combination thereof, at the election of the Participant:

(a) Cash;

(b) Check;

(c) With the consent of the Administrator, delivery of a written or electronic notice that the Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate exercise price; *provided*, that payment of such proceeds is then made to the Company upon settlement of such sale;

(d) With the consent of the Administrator, surrender of other Shares which have been owned by the Participant for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares with respect to which the Option or portion thereof is being exercised;

(e) With the consent of the Administrator, surrendered Shares issuable upon the exercise of the Option having a Fair Market Value on the date of exercise equal to the aggregate exercise price of the Shares with respect to which the Option or portion thereof is being exercised; or

(f) With the consent of the Administrator, such other form of legal consideration as may be acceptable to the Administrator.

4.5 Conditions to Issuance of Stock Certificates. The Shares deliverable upon the exercise of the Option, or any portion thereof, may be either previously authorized but unissued Shares, treasury Shares or issued Shares which have then been reacquired by the Company. Such Shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any certificates or make any book entries evidencing Shares purchased upon the exercise of the Option or portion thereof prior to fulfillment of the conditions set forth in Article 11.4 of the Plan.

4.6 Rights as Stockholder. The holder of the Option shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any Shares purchasable upon the exercise of any part of the Option unless and until such Shares shall have been issued by the Company to such holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Article 13.2 of the Plan.

4.7 Acceleration of Vesting. The vesting of the Award may be accelerated pursuant to the Plan, as provided therein. In addition, the Company and Participant acknowledge that the vesting of the Option may be subject to acceleration in the event of a Termination of Service or certain other circumstances as set forth in a contractual agreement between the Company and the Participant.

4.8 Tax Withholding. The Participant shall, not later than the date as of which the exercise of the Option becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, local, and/or foreign taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the minimum required tax withholding obligation to be satisfied, in whole or in part, by withholding from Shares to be issued to the Participant a number of Shares with an aggregate Fair Market Value that would satisfy the minimum withholding amount due.

ARTICLE V.

OTHER PROVISIONS

5.1 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator shall be final and binding upon the Participant, the Company and all other interested persons. No member of the Administrator or the Board shall be personally liable for any action, determination or interpretation made with respect to the Plan, this Agreement or the Option.

5.2 Transferability of Option. Except as otherwise set forth in the Plan:

(a) The Option may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO, unless and until the Option has been exercised and the Shares underlying the Option have been issued, and all restrictions applicable to such Shares have lapsed;

(b) The Option shall not be liable for the debts, contracts or engagements of the Participant or the Participant's successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy) unless and until the Option has been exercised, and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by Article 5.2(a) hereof; and

(c) During the lifetime of the Participant, only the Participant may exercise the Option (or any portion thereof), unless it has been disposed of pursuant to a DRO; after the death of the Participant, any exercisable portion of the Option may, prior to the time when such portion becomes unexercisable under the Plan or this Agreement, be exercised by the Participant's personal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

(d) Notwithstanding any other provision in this Agreement, the Participant may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to the Option upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and this Agreement, except to the extent the Plan and this Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Administrator. If the

Participant is married or a domestic partner in a domestic partnership qualified under applicable law and resides in a community property state, a designation of a person other than the Participant's spouse or domestic partner, as applicable, as his or her beneficiary with respect to more than 50% of the Participant's interest in the Option shall not be effective without the prior written consent of the Participant's spouse or domestic partner. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by the Participant at any time provided the change or revocation is filed with the Administrator prior to the Participant's death.

5.3 Tax Consultation. Participant understands that Participant may suffer adverse tax consequences as a result of the grant, vesting and/or exercise of the Option, and/or with the purchase or disposition of the Shares subject to the Option. Participant represents that Participant has consulted with any tax consultants Participant deems advisable in connection with the purchase or disposition of such Shares and that Participant is not relying on the Company for any tax advice.

5.4 Adjustments. The Participant acknowledges that the Option and the Shares subject to the Option are subject to modification, adjustment and termination in certain events as provided in this Agreement and Article 13 of the Plan.

5.5 Notices. Any notice to be given by the Participant under the terms of this Agreement shall be addressed to the Secretary of the Company (or, in the event that the Participant is the Secretary of the Company, then to the Company's non-executive Chairman of the Board or Lead Director). Any notice to be given to the Participant shall be addressed to him at his home address on record with the Company. By a notice given pursuant to this Article 5.5, either party may hereafter designate a different address for notices to be given to him. Any notice which is required to be given to the Participant shall, if Participant is then deceased, be given to the Participant's personal representative if such representative has previously informed the Company of his or her status and address by written notice under this Article 5.5. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed as set forth above or upon confirmation of delivery by a nationally recognized overnight delivery service.

5.6 Participant's Representations. If the Shares purchasable pursuant to the exercise of this Option have not been registered under the Securities Act or any applicable state laws on an effective registration statement at the time this Option is exercised, the Participant shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, make such written representations as are deemed necessary or appropriate by the Company and/or its counsel.

5.7 Captions. Captions are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

5.8 Governing Law; Venue. The laws of the State of Nevada shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of Memphis, Tennessee, or the federal courts for the United States for the Western District of Tennessee.

5.9 Conformity to Securities Laws. The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Option is granted and may be exercised, only in such a

manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

5.10 Amendments, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee or the Board, *provided, however*, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Option in any material way without the prior written consent of the Participant.

5.11 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in this Article 5, this Agreement shall be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

5.12 Notification of Disposition. If this Option is designated as an Incentive Stock Option, the Participant shall give prompt notice to the Company of any disposition or other transfer of any Shares acquired under this Agreement if such disposition or transfer is made (a) within two years from the Grant Date with respect to such Shares or (b) within one year after the transfer of such Shares to the Participant. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer.

5.13 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, the Plan, the Option and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

5.14 Not a Contract of Service. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue to serve as an employee or other service provider of the Company or any of its Affiliates or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of the Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or any of its Affiliates and the Participant.

5.15 Entire Agreement. The Plan, the Grant Notice and this Agreement (including all Exhibits thereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and its Affiliates and the Participant with respect to the subject matter hereof.

5.16 Section 409A. The Option is subject to Article 13.10 of the Plan. The Participant agrees and acknowledges that the Company does not warrant the Option will qualify for favorable tax treatment under Section 409A or any other provision of federal, state, local, or foreign law, and that the Company shall not be liable for any tax, interest, or penalty that the Participant might owe as a result of the grant, holding vesting, or exercise of the Option.

5.17 Severability. The provisions of this Agreement and the Grant Notice are severable and if any one or more of the provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions will nevertheless be binding and enforceable.

5.18 Data Privacy Consent. As a condition of the grant of the Option, the Participant hereby consents to the collection, use and transfer of personal data as described in this paragraph and in the Plan. The Participant understands that the Company and its subsidiaries hold certain personal information about the Participant, including name, home address and telephone number, date of birth, social security number, salary, nationality, job title, ownership interests or directorships held in the Company or its subsidiaries, and details of all restricted units or other equity awards or other entitlements to Shares awarded, cancelled, exercised, vested or unvested (“*Data*”). The Participant further understands that the Company and its subsidiaries will transfer Data among themselves as necessary for the purposes of implementation, administration and management of the Participant’s participation in the Plan, and that the Company and any of its subsidiaries may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. The Participant understands that these recipients may be located in the European economic area or elsewhere, such as the United States. The Participant hereby authorizes them to receive, possess, use, retain and transfer such Data as may be required for the administration of the Plan or the subsequent holding of Shares on the Participant’s behalf, in electronic or other form, for the purposes of implementing, administering and managing the Participant’s participation in the Plan, including any requisite transfer to a broker or other third party with whom the Participant may elect to deposit any Shares acquired under the Plan. The Participant may, at any time, view such Data or require any necessary amendments to it.

5.19 Consent to Electronic Delivery of All Plan Documents and Disclosures. Participant and the Company agree that the Option is granted under and governed by the terms and conditions of the Plan, the Grant Notice and the Agreement. Participant has reviewed the Plan, the Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Grant Notice and Agreement, and fully understands all provisions of the Plan, the Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan, the Grant Notice and the Agreement. Participant further agrees to notify the Company upon any change in the residence address. By acceptance of this Option, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company and consents to the electronic delivery of the Grant Notice, the Agreement, the Plan, account statements, Plan prospectuses required by applicable law, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the Option and current or future participation in the Plan. Electronic delivery may include the delivery of a link to the Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company’s discretion. Participant acknowledges that Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service or electronic mail to the Committee. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant’s consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail to the Committee.

5.20 No Right to Future Grants; Extraordinary Item of Compensation. By accepting this Agreement and the grant of the Option contemplated hereunder, the Participant expressly acknowledges that (a) the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (b) the grant of the Option is a one-time benefit that does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units; (c) all determinations with respect to future grants of restricted stock units, if any, including the grant date, the number of Shares granted and the restricted period, will be at the sole discretion of the Company; (d) the Participant’s

participation in the Plan is voluntary; (e) the value of the Option is an extraordinary item of compensation that is outside the scope of the Participant's employment contract, if any, and nothing can or must automatically be inferred from such employment contract or its consequences; (f) grants of restricted stock units are not part of normal or expected compensation for any purpose and are not to be used for calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and the Participant waives any claim on such basis; and (g) the future value of the underlying Shares is unknown and cannot be predicted with certainty. In addition, the Participant understands, acknowledges and agrees that the Participant will have no rights to compensation or damages related to restricted stock unit proceeds in consequence of the termination of the Participant's employment for any reason whatsoever and whether or not in breach of contract.

5.21 Subject to Clawback. The Option and any Shares acquired upon exercise of the Option shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's service that is applicable to Participant. In addition to any other remedies available under such policy, applicable law may require the cancellation of Participant's Option (whether vested or unvested) and the recoupment of any gains realized with respect to Participant's Option.

AUTOZONE, INC. 2020 OMNIBUS INCENTIVE AWARD PLAN

**RESTRICTED STOCK UNIT GRANT NOTICE AND
RESTRICTED STOCK UNIT AWARD AGREEMENT**

AutoZone, Inc., a Nevada corporation, (the “*Company*”), pursuant to its 2020 Omnibus Incentive Award Plan, as amended from time to time (the “*Plan*”), hereby grants to the individual listed below (the “*Participant*”), in consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the number of Restricted Stock Units set forth below (the “*RSUs*”). This Restricted Stock Unit award is subject to all of the terms and conditions as set forth herein and in the Restricted Stock Unit Award Agreement attached hereto as Exhibit A (the “*Restricted Stock Unit Award Agreement*”) and the Plan, each of which are incorporated herein by reference. All capitalized terms used in this Restricted Stock Unit Grant Notice (the “*Grant Notice*”) and not otherwise defined shall have the meanings set forth in the Restricted Stock Unit Award Agreement and the Plan.

Participant:
Employee ID#:
Grant Date:
Total RSUs:
Vesting Commencement Date:

Dividend Equivalent Rights: None (unless otherwise determined by the Committee)
Vesting Schedule: Twenty-five percent (25%) of the RSUs shall vest on each of the first, second, third and fourth anniversary of the Vesting Commencement Date (each, a “*Vesting Date*”), except as otherwise set forth in the Restricted Stock Unit Award Agreement or Plan.

By his or her signature and the Company’s signature below, the Participant agrees to be bound by the terms and conditions of the Plan, the Restricted Stock Unit Award Agreement and this Grant Notice (collectively, the “RSU Governing Terms”). The Participant has reviewed the RSU Governing Terms in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the RSU Governing Terms. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator of the Plan upon any questions arising under the RSU Governing Terms.

AUTOZONE, INC.

PARTICIPANT

**EXHIBIT A
TO RESTRICTED STOCK UNIT GRANT NOTICE**

AUTOZONE, INC. RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Restricted Stock Unit Grant Notice (the “**Grant Notice**”) to which this Restricted Stock Unit Award Agreement (the “**Agreement**”) is attached, AutoZone, Inc., a Nevada corporation (the “**Company**”) has granted to the Participant the number of Restricted Stock Units set forth in the Grant Notice (the “**RSUs**”) under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan, as amended from time to time (the “**Plan**”). All capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Grant Notice and the Plan.

ARTICLE I.

GENERAL

1.1 Incorporation of Terms of Plan. The Award (as defined below) is subject to the terms and conditions of the Plan, which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

1.2 Definitions.

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

(b) “**Disability**” shall mean a determination by the Company that the Participant is “totally disabled,” within its meaning in the Company’s long term disability plan as in effect from time to time.

(c) “**Downgrading Event**” shall mean any event that results in the Participant’s employment position with the Company (1) changing from a “full time” position to a “part-time” position (whether at the Participant’s request or the Company’s direction), each as determined by the Company in accordance with its policies, or (2) changing to an Ineligible Position (whether at the Participant’s request or the Company’s direction) that is at least four salary or pay grade levels below such Participant’s employment position at the time such Participant changes his or her employment position with the Company. Notwithstanding the foregoing, a bona fide leave of absence and a temporary change in a Participant’s position following a bona fide leave of absence (in all cases, approved by the Company in writing) shall not be considered a Downgrading Event.

(d) “**Ineligible Position**” means an employment position or classification within the Company where Persons who hold such a position or classification generally are ineligible under the Company’s grant policies to receive grants of awards pursuant to the Plan as of the Grant Date.

(e) “**Qualified Retirement**” shall mean Participant’s Termination of Service (other than by the Company) at or after the date on which the Participant has (i) attained age 55; (ii) completed at least 15 years of service with the Company; (iii) provided at least 12 months prior written notice (or such shorter period as the Administrator may permit) to the Company of Participant’s intent to retire; and (iv) continues to be in compliance with, the Restrictive Covenant.

(f) “**Restrictive Covenant**” shall mean the following: AutoZone competes vigorously, but fairly. Participant acknowledges that because of Participant’s skills, Participant’s position with AutoZone, and the customer/vendor relationships and/or confidential information to which Participant shall have access on account of such employment with AutoZone, competition by Participant with AutoZone would damage AutoZone in a manner which could not be adequately compensated by damages or an action at law. In view of such circumstances, Participant agrees that for a period of **three (3) years** after Participant’s Termination of Service (the “Non-Compete Term”), Participant shall not, directly or indirectly, own, manage, operate, control, be employed by, consult for, serve on the Board of, participate in or be connected in any manner with the ownership, management, operation or control of any business that derives revenues from the retail, wholesale, or commercial sale, manufacture, or distribution of aftermarket automobile parts and accessories, motor oil or related chemicals in any state, province, territory or foreign country in which AutoZone operates during the Non-Compete Term, including, but not limited to, Advance Auto Parts, Inc., General Parts, Inc. (CARQUEST Auto Parts), Genuine Parts Corporation (NAPA), O’Reilly Automotive, Inc., The Pep Boys – Manny, Moe & Jack, Wal-Mart Stores, Inc., XL Parts, Amazon.com, Inc., SSF Imported Auto Parts LLC, WORLDPAC, Inc., Identifix, Inc., Solera Holdings, Inc., Fisher Auto Parts, Parts Authority, Factory Motor Parts and Auto Parts Warehouse. Other than those companies specifically referenced in this Subsection 4(a), nothing in this subsection shall preclude Participant from accepting employment with a company that derives less than five percent (5%) of its annual gross revenues from the retail, wholesale or commercial sale, manufacture or distribution of aftermarket automobile parts and accessories, motor oil or related chemicals, automotive repair software or automotive diagnostic services, provided that Participant does not provide advice and consultation to such company concerning the retail, wholesale or commercial sale, manufacture or distribution of aftermarket automobile parts and accessories, motor oil or related chemicals, automotive repair software or automotive diagnostic services. Further, Participant agrees that during the Non-Compete Term, Participant shall not, directly or indirectly operate, control, be employed by, consult for, participate in or be connected in any manner with the ownership, management, operation or control of any vendors or suppliers of AutoZone (or its subsidiaries) with whom Participant had personal contact or supervised the efforts of those who had personal contact with such vendors or suppliers in the 12 months preceding Participant’s separation from AutoZone. The parties agree that this provision shall not be deemed to amend, modify, supersede or otherwise alter the terms of the Non-Competition, Non-Solicitation, Non-Disclosure & Assignment of Inventions Agreement that the Participant has signed as a condition of employment or continued employment.

ARTICLE II.

AWARD OF RESTRICTED STOCK UNITS

2.1 Award of Restricted Stock Units. In consideration of the Participant’s past and/or continued employment with or service to the Company or its Affiliates, the Participant’s compliance with the Restrictive Covenant, and for other good and valuable consideration which the Administrator has determined exceeds the aggregate par value of the Common Stock into which this Award may be settled, as of the Grant Date, the Company issues to the Participant the Award described in this Agreement (the “**Award**”). The Participant is an Employee or Director of the Company or one of its Affiliates. The Participant’s rights with respect to the Award shall remain forfeitable at all times prior to the dates on which the RSUs shall vest in accordance with Article 2.2 hereof. This Award and the RSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or the laws of descent and distribution.

2.2 Vesting; Settlement.

(a) Vesting. Subject to Article 2.2(b), the RSUs shall vest in accordance with the vesting schedule set forth in the Grant Notice (including fractional numbers of restricted stock units).

(b) Forfeiture. Except as may be otherwise set forth herein, as may be provided by the Administrator or as set forth in a written agreement between the Company and the Participant, any RSUs which are not vested as of the date of the Participant's Termination of Service shall thereupon be forfeited immediately and without any further action by the Company. For purposes of this Agreement, in the event that the Participant is both an Employee and a Director, the Participant shall not be deemed to have incurred a Termination of Service unless and until his or her status as both an Employee and Director has terminated. Solely for purposes of this Agreement, upon the occurrence of a Downgrading Event, the Participant shall be deemed to have experienced a Termination of Service.

(c) Acceleration or Continuation of Vesting. Notwithstanding anything herein or the Grant Notice to the contrary: (i) the vesting of the RSUs may be accelerated pursuant to the Plan, as provided therein, or in the event of a Termination of Service or certain other circumstances as set forth in a written agreement between the Company and the Participant; (ii) the RSUs will become immediately vested upon the Participant's Termination of Service by reason of the Participant's death or Disability; and (iii) in the event of a Participant's Qualified Retirement, the portion of the Participant's RSUs which have not become vested at the date of the Participant's Termination of Service shall remain outstanding and continue to vest according to their terms on each applicable Vesting Date, provided that the Participant continues to satisfy the requirements for a Qualified Termination (as determined by the Administrator in its sole discretion). For the avoidance of doubt, Participant acknowledges that the continued compliance with the Restrictive Covenant is a condition of continued vesting. If the Participant fails at any time to comply with the Restrictive Covenant, any portion of the RSUs which have not vested or been settled as of that time shall terminate immediately and be of no further force or effect.

(d) Settlement. The Participant shall be entitled to settlement of the RSUs subject to this Award at the time that such RSUs vest pursuant to this Article 2.2. Such settlement shall be made as promptly as practicable thereafter (but in no event after the thirtieth day following the applicable Vesting Date); provided, however, that in the case of a Termination of Service due to a Downgrading Event or a Qualified Retirement, any settlement of the RSUs and any associated dividends or Dividend Equivalents (as defined below) shall not occur until such time as would be permitted under Section 409A of the Code if the Award is subject to Section 409A of the Code. For the avoidance of doubt, any RSUs that have become vested in connection with and following a Participant's Qualified Retirement will be settled as promptly as practicable after the applicable annual Vesting Date (but in no event after the thirtieth day following the applicable Vesting Date). Any settlement of RSUs shall be made in Shares through the issuance to the Participant of a stock certificate (or evidence such Shares have been registered in the name of the Participant with the relevant stock agent) for a number of Shares equal to the number of such vested RSUs and Dividend Equivalent Units that may have accrued pursuant to Article 3.1 hereof; provided, that any cash-based dividend equivalent rights granted pursuant to Article 3.1 hereof and any fractional Dividend Equivalent Units shall be paid in cash when (and only if) the RSUs to which they relate are settled.

(e) Tax Withholding. The Company or its Affiliates shall be entitled to require a cash payment (or to elect, or permit the Participant to elect, such other form of payment determined in accordance with Article 11.2 of the Plan) by or on behalf of the Participant and/or to deduct from other compensation payable to the Participant any sums required by federal, state or local tax law to be withheld with respect to the grant, vesting or settlement of the RSUs hereunder. In satisfaction of the foregoing requirement with respect to the grant, vesting or settlement of the RSUs hereunder, unless otherwise determined by the Company, the Company or its Affiliates shall withhold Shares otherwise issuable under the Award having

a fair market value equal to the sums required to be withheld by federal, state and/or local tax law. The number of Shares which shall be so withheld in order to satisfy such federal, state and/or local withholding tax liabilities shall be limited to the number of Shares which have a fair market value on the date of withholding equal to the aggregate amount of such liabilities based on the such statutory withholding rates for federal, state and/or local tax purposes determined by the Administrator (but in no event to exceed the maximum statutory withholding rates that are applicable to such supplemental taxable income). Notwithstanding any other provision of this Agreement, the Company shall not be obligated to deliver any new certificate representing Shares to the Participant or the Participant's legal representative or to enter any such Shares in book entry form unless and until the Participant or the Participant's legal representative shall have paid or otherwise satisfied in full the amount of all federal, state and local taxes applicable to the taxable income of the Participant resulting from the grant, vesting or settlement of the RSUs or the issuance of Shares hereunder.

(f) Conditions to Delivery of Shares. Subject to Article 2.1 above, the Shares deliverable under this Award may be either previously authorized but unissued Shares, treasury Shares or Shares purchased on the open market. Such Shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any Shares under this Award prior to fulfillment of all of the following conditions:

(i) The admission of such Shares to listing on all stock exchanges on which the Common Stock is then listed;

(ii) The completion of any registration or other qualification of such Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or of any other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable;

(iii) The obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable; and

(iv) The receipt by the Company or its Affiliates of full payment of any applicable withholding tax.

ARTICLE III.

OTHER PROVISIONS

3.1 Dividend Rights. If so provided in the Grant Notice or as otherwise determined by the Committee in its sole discretion (by resolution or otherwise) the Participant may receive dividend equivalent rights in respect of the RSUs covered by this Award at the time of any payment of dividends to stockholders on Shares. If so provided, at the Company's option, the RSUs will be credited with either (a) additional Restricted Stock Units (the "Dividend Equivalent Units") (including fractional units) for cash dividends paid on Shares by (i) multiplying the cash dividend paid per Share by the number of RSUs (and previously credited Dividend Equivalent Units) outstanding and unpaid, and (ii) dividing the product determined above by the Fair Market Value of a Share, in each case, on the dividend record date, or (b) a cash amount equal to the amount that would be payable to the Participant as a stockholder in respect of a number of Shares equal to the number of RSUs (and previously credited Dividend Equivalent Units) outstanding and unpaid as of the dividend record date; provided, that cash-based dividend equivalents shall be credited unless the Administrator affirmatively elects to credit Dividend Equivalent Units. If applicable, the RSUs will be credited with Dividend Equivalent Units for stock dividends paid on Shares by multiplying

the stock dividend paid per Share by the number of RSUs (and previously credited Dividend Equivalent Units) outstanding and unpaid on the dividend record date. Each Dividend Equivalent Unit has a value equal to one Share. Each Dividend Equivalent Unit or cash dividend equivalent right will vest and be settled or payable at the same time as the RSU to which such dividend equivalent right relates. For the avoidance of doubt, no dividend equivalent rights shall accrue under this Article 3.1 in the event that any dividend equivalent rights or other applicable adjustments pursuant to Article 13.2 of the Plan provide similar benefits.

3.2 Rights as Stockholder. Except as otherwise provided herein the Participant shall have no rights of a stockholder with respect to the Shares subject to the RSUs until the RSUs vest and such Shares are issued pursuant to the terms hereof.

3.3 Not a Contract of Service. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue to serve as an employee or other service provider of the Company or any of its Affiliates or shall interfere with or restrict in any way the rights of the Company and its Affiliates, which rights are hereby expressly reserved, to discharge or terminate the services of the Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or an Affiliate and the Participant.

3.4 Governing Law. The laws of the State of Nevada shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of Memphis, Tennessee, or the federal courts for the United States for the Western District of Tennessee.

3.5 Conformity to Securities Laws. The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Award is granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

3.6 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee or the Board, *provided, however,* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Award in any material way without the prior written consent of the Participant.

3.7 Notices. Any notice to be given by the Participant under the terms of this Agreement shall be addressed to the Secretary of the Company (or, in the event that the Participant is the Secretary of the Company, then to the Company's non-executive Chairman of the Board or Lead Director). Any notice to be given to the Participant shall be addressed to him at his home address on record with the Company. By a notice given pursuant to this Article 3.7, either party may hereafter designate a different address for notices to be given to him. Any notice which is required to be given to the Participant shall, if Participant is then deceased, be given to the Participant's personal representative if such representative has previously informed the Company of his or her status and address by written notice under this Article 3.7. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid,

addressed as set forth above or upon confirmation of delivery by a nationally recognized overnight delivery service.

3.8 Section 409A. This Agreement shall be interpreted and administered in accordance with Section 409A of the Code. Notwithstanding anything herein to the contrary, to the maximum extent permitted by applicable law, the settlement of the RSUs (including any dividend equivalent rights) to be made to the Participant pursuant to this Agreement is intended to qualify as a “short-term deferral” pursuant to Section 1.409A-1(b)(4) of the Regulations and this Agreement shall be interpreted consistently therewith. However, under certain circumstances, settlement of the RSUs or any dividend equivalent rights may not so qualify, and in that case, the Administrator shall administer the grant and settlement of such RSUs and any dividend equivalent rights in strict compliance with Section 409A of the Code. Further, notwithstanding anything herein to the contrary, if at the time of a Participant’s termination of employment with the Company and its Affiliates, the Participant is a “specified employee” as defined in Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of service is necessary in order to prevent the imposition of any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Participant) to the minimum extent necessary to satisfy Section 409A of the Code until the date that is six months and one day following the Participant’s termination of employment with the Company and its Affiliates (or the earliest date as is permitted under Section 409A of the Code), if such payment or benefit is payable upon a termination of employment. For purposes of this Agreement, a “termination of employment” shall have the same meaning as “separation from service” under Section 409A of the Code and the Participant shall be deemed to have remained employed so long the Participant has not “separated from service” with the Company, its Affiliates or any of their Successors. Each payment of RSUs (and related dividend equivalent rights) constitutes a “separate payment” for purposes of Section 409A of the Code. The Participant agrees and acknowledges that the Company does not warrant the RSUs will qualify for favorable tax treatment under Section 409A or any other provision of federal, state, local, or foreign law, and that the Company shall not be liable for any tax, interest, or penalty that the Participant might owe as a result of the RSUs.

3.9 Successors and Assigns. The Company or any Affiliate may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company and its Affiliates. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

3.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, the Plan, the Award and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.11 Entire Agreement. The Plan, the Grant Notice and this Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and its Affiliates and the Participant with respect to the subject matter hereof.

3.12 Limitation on the Participant’s Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. The Plan, in and of itself, has no assets. The Participant shall have only the rights of a general unsecured creditor of the Company

and its Affiliates with respect to amounts credited and benefits payable, if any, with respect to the Shares issuable hereunder.

3.13 Severability. The provisions of this Agreement and the Grant Notice are severable and if any one or more of the provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions will nevertheless be binding and enforceable.

3.14 Data Privacy Consent. As a condition of the grant of the RSUs, the Participant hereby consents to the collection, use and transfer of personal data as described in this paragraph and in the Plan. The Participant understands that the Company and its subsidiaries hold certain personal information about the Participant, including name, home address and telephone number, date of birth, social security number, salary, nationality, job title, ownership interests or directorships held in the Company or its subsidiaries, and details of all restricted units or other equity awards or other entitlements to Shares awarded, cancelled, exercised, vested or unvested (“*Data*”). The Participant further understands that the Company and its subsidiaries will transfer Data among themselves as necessary for the purposes of implementation, administration and management of the Participant’s participation in the Plan, and that the Company and any of its subsidiaries may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. The Participant understands that these recipients may be located in the European economic area or elsewhere, such as the United States. The Participant hereby authorizes them to receive, possess, use, retain and transfer such Data as may be required for the administration of the Plan or the subsequent holding of Shares on the Participant’s behalf, in electronic or other form, for the purposes of implementing, administering and managing the Participant’s participation in the Plan, including any requisite transfer to a broker or other third party with whom the Participant may elect to deposit any Shares acquired under the Plan. The Participant may, at any time, view such Data or require any necessary amendments to it.

3.15 No Right to Future Grants; Extraordinary Item of Compensation. By accepting this Agreement and the grant of the RSUs contemplated hereunder, the Participant expressly acknowledges that (a) the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (b) the grant of RSUs is a one-time benefit that does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units; (c) all determinations with respect to future grants of restricted stock units, if any, including the grant date, the number of Shares granted and the restricted period, will be at the sole discretion of the Company; (d) the Participant’s participation in the Plan is voluntary; (e) the value of the RSUs is an extraordinary item of compensation that is outside the scope of the Participant’s employment contract, if any, and nothing can or must automatically be inferred from such employment contract or its consequences; (f) grants of restricted stock units are not part of normal or expected compensation for any purpose and are not to be used for calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and the Participant waives any claim on such basis; and (g) the future value of the underlying Shares is unknown and cannot be predicted with certainty. In addition, the Participant understands, acknowledges and agrees that the Participant will have no rights to compensation or damages related to restricted stock unit proceeds in consequence of the termination of the Participant’s employment for any reason whatsoever and whether or not in breach of contract.

3.16 Consent to Electronic Delivery of All Plan Documents and Disclosures. Participant and the Company agree that the RSUs granted under and governed by the terms and conditions of the Plan, the Grant Notice and the Agreement. Participant has reviewed the Plan, the Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Grant Notice and Agreement, and fully understands all provisions of the Plan, the Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan, the Grant Notice and the Agreement. Participant

further agrees to notify the Company upon any change in the residence address. By acceptance of the RSUs, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company and consents to the electronic delivery of the Grant Notice, the Agreement, the Plan, account statements, Plan prospectuses required by applicable law, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSUs and current or future participation in the Plan.

Electronic delivery may include the delivery of a link to the Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. Participant acknowledges that Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service or electronic mail to the Committee. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail to the Committee.

3.17 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator in shall be final and binding upon the Participant, the Company and all other interested persons. No member of the Administrator or the Board shall be personally liable for any action, determination or interpretation made with respect to the Plan, this Agreement or the RSUs.

3.18 Tax Consultation. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant acknowledges, understands and agrees he or she should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

3.19 Adjustments. The Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to modification, adjustment and termination in certain events as provided in this Agreement and Article 13 of the Plan.

3.20 Subject to Clawback. The RSUs shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's service that is applicable to Participant. In addition to any other remedies available under such policy, applicable law may require the cancellation of Participant's RSUs (whether vested or unvested) and the recoupment of any compensation realized with respect to the RSUs.

SUBSIDIARIES OF THE REGISTRANT

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

In addition, 32 subsidiaries organized in the United States and 24 subsidiaries organized outside of the United States have been omitted as they would not, considered in the aggregate as a single subsidiary, constitute a significant subsidiary as defined by Rule 1-02(w) of Regulation S-X.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

- Registration Statement (Form S-8 No. 333-139559) pertaining to the AutoZone, Inc. 2006 Stock Option Plan
- Registration Statement (Form S-8 No. 333-103665) pertaining to the AutoZone, Inc. 2003 Director Compensation Award Plan
- Registration Statement (Form S-8 No. 333-42797) pertaining to the AutoZone, Inc. Amended and Restated Employee Stock Purchase Plan
- Registration Statement (Form S-8 No. 333-88241) pertaining to the AutoZone, Inc. Amended and Restated Director Compensation Plan
- Registration Statement (Form S-8 No. 333-75140) pertaining to the AutoZone, Inc. Executive Stock Purchase Plan
- Registration Statement (Form S-3ASR No. 333-230719) pertaining to a shelf registration to sell debt securities
- Registration Statement (Form S-8 No. 333-251506) pertaining to the AutoZone, Inc. 2020 Omnibus Incentive Award Plan
- Registration Statement (Form S-8 No. 333-171186) pertaining to the AutoZone, Inc. 2011 Equity Incentive Award Plan
- Registration Statement (Form S-3 ASR No. 333-180768) pertaining to a shelf registration to sell debt securities
- Registration Statement (Form S-3 ASR No. 333-203439) pertaining to a shelf registration to sell debt securities
- Registration Statement (Form S-3 ASR No. 333-266209) pertaining to a shelf registration to sell debt securities;

of our reports dated October 24, 2022, with respect to the consolidated financial statements of AutoZone, Inc. and the effectiveness of internal control over financial reporting of AutoZone, Inc., included in this Annual Report (Form 10-K) of AutoZone, Inc. for the year ended August 27, 2022.

/s/ Ernst & Young LLP

Memphis, Tennessee
October 24, 2022

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

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

1. I have reviewed this Annual Report on Form 10-K of AutoZone, Inc. (“registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

October 24, 2022

/s/ WILLIAM C. RHODES, III

William C. Rhodes, III
Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

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

I, Jamere Jackson, certify that:

1. I have reviewed this Annual Report on Form 10-K of AutoZone, Inc. (“registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

October 24, 2022

/s/ JAMERE JACKSON

Jamere Jackson
Executive Vice President, Chief Financial
Officer and Store Development
(Principal Financial Officer)

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

In connection with the Annual Report of AutoZone, Inc. (the "Company") on Form 10-K for the fiscal year ended August 27, 2022 as filed with the SEC on the date hereof (the "Report"), I, William C. Rhodes, III, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

October 24, 2022

/s/ WILLIAM C. RHODES, III

William C. Rhodes, III
Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

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

In connection with the Annual Report of AutoZone, Inc. (the "Company") on Form 10-K for the fiscal year ended August 27, 2022, as filed with the SEC on the date hereof (the "Report"), I, Jamere Jackson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

October 24, 2022

/s/ JAMERE JACKSON

Jamere Jackson
Executive Vice President, Chief Financial
Officer and Store Development
(Principal Financial Officer)
