

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 OR 15(d) of
The Securities Exchange Act of 1934**

May 25, 2010

Date of Report
(Date of earliest event reported)

AutoZone, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction
of incorporation)

1-10714

(Commission File Number)

62-1482048

(IRS Employer Identification No.)

123 South Front Street, Memphis, Tennessee

(Address of principal executive offices)

38103

(Zip Code)

(901) 495-6500

Registrant's telephone number, including area code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On May 25, 2010, AutoZone, Inc. issued a press release announcing its earnings for the fiscal quarter ended May 8, 2010, which is furnished as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

The following exhibit is furnished with this Current Report pursuant to Item 2.02:

(d) Exhibits

99.1 Press Release dated May 25, 2010.

SIGNATURES

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

AutoZone, Inc.

By: /s/ WILLIAM T. GILES
William T. Giles
Chief Financial Officer, Executive
Vice President, Information
Technology and Store Development

Dated: May 25, 2010

EXHIBIT INDEX

99.1 Press Release dated May 25, 2010.

AutoZone 3rd Quarter Same Store Sales Increase 7.1%; EPS Increases 31.5% to \$4.12

MEMPHIS, Tenn., May 25, 2010 (GLOBE NEWSWIRE) -- AutoZone, Inc. (NYSE:AZO) today reported net sales of \$1.8 billion for its third quarter (12 weeks) ended May 8, 2010, an increase of 9.9% from the third quarter of fiscal 2009 (12 weeks). Domestic same store sales, or sales for stores open at least one year, increased 7.1% for the quarter.

Net income for the quarter increased \$29.1 million, or 16.7%, over the same period last year to \$202.7 million, while diluted earnings per share increased 31.5% to \$4.12 per share from \$3.13 per share in the year-ago quarter.

For the quarter, gross profit, as a percentage of sales, was 50.7% (versus 50.2% for last year's quarter). The improvement in gross margin benefited from higher merchandise margins and leveraging distribution costs due to higher sales. The merchandise margin improvement of 23 basis points was attributable to both a shift in mix to higher margin product and lower product acquisition costs. Operating expenses, as a percentage of sales, were 31.1% (versus 31.8% last year). The reduction in operating expenses, as a percentage of sales, reflected leverage of store operating expenses due to higher sales, partially offset by 17 basis points of expense from the continued investment in our hub store initiative and 16 basis points from higher pension expense.

Under its share repurchase program, AutoZone repurchased 1.5 million shares of its common stock for \$266 million during the third quarter, at an average price of \$172 per share. At quarter end, the Company had \$251 million remaining under its current share repurchase authorization.

The Company's inventory increased 2.1% over the same period last year, driven by new store openings. Inventory per store was \$506 thousand versus \$516 thousand last year. Net inventory, defined as merchandise inventories less accounts payable, decreased on a per store basis to \$12 thousand from \$33 thousand last year.

"We are pleased to report our 15th consecutive quarter of double digit EPS growth. I would like to thank our AutoZoners for their commitment to meeting or exceeding our customers' expectations. Their commitment to exceptional customer service defines our organization and enables our success. Our plan remains consistent, as we focus on improving parts coverage supported by our enhanced hub store model, hiring, retaining and training the best automotive parts professionals, and growing our Commercial business. Additionally, we reported a 26.5% trailing four-quarter return on invested capital ratio this past quarter, as we remained committed to our disciplined approach of growing operating earnings while utilizing our capital effectively," said Bill Rhodes, Chairman, President and Chief Executive Officer.

During the quarter ended May 8, 2010, AutoZone opened 21 new stores, closed one store and replaced one store in the U.S. and opened 10 new stores in Mexico. As of May 8, 2010, the Company had 4,309 stores in 48 states, the District of Columbia and Puerto Rico in the U.S. and 212 stores in Mexico.

AutoZone is the leading retailer and a leading distributor of automotive replacement parts and accessories in the United States. Each store carries an extensive product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories, and non-automotive products. Many stores also have a commercial sales program that provides commercial credit and prompt delivery of parts and other products to local, regional and national repair garages, dealers, service stations, and public sector accounts. AutoZone also sells the ALLDATA brand diagnostic and repair software. On the web, AutoZone sells diagnostic and repair information, and auto and light truck parts through www.autozone.com, and as part of our commercial sales program, through www.autozonepro.com. AutoZone does not derive revenue from automotive repair or installation.

AutoZone will host a conference call this morning, Tuesday, May 25, 2010, beginning at 10:00 a.m. (EDT) to discuss its third quarter results. Investors may listen to the conference call live and review supporting slides on the AutoZone corporate website, www.autozoneinc.com by clicking "Investor Relations," "Conference Calls." The call will also be available by dialing (210) 839-8923. A replay of the call and slides will be available on AutoZone's website. In addition, a replay of the call will be available by dialing (203) 369-1211 through Tuesday, June 1, 2010 at 11:59 p.m. (EDT).

This release includes certain financial information not derived in accordance with generally accepted accounting principles ("GAAP"). These non-GAAP measures include return on invested capital, adjusted debt, and adjusted debt/EBITDAR. The Company believes that the presentation of these non-GAAP measures provides information that is useful to investors as it indicates more clearly the Company's comparative year-to-year operating results, but this information should not be considered a substitute for any measures derived in accordance with GAAP. Management targets the Company's debt levels to a ratio of adjusted debt to EBITDAR in order to maintain its investment grade credit ratings and manages cash flows available for share repurchase by monitoring cash flows before share repurchases, as shown on the attached tables. The Company believes this is important information for the management of its debt levels and share repurchases. We have included a reconciliation of this additional information to the most comparable GAAP measures in the accompanying reconciliation tables.

Certain statements contained in this press release are forward-looking statements. Forward-looking statements typically use words such as "believe," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy" and similar expressions. These are based on 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: credit market

conditions; the impact of recessionary conditions; competition; product demand; the ability to hire and retain qualified employees; consumer debt levels; inflation; weather; raw material costs of our suppliers; energy prices; war and the prospect of war, including terrorist activity; construction delays; access to available and feasible financing; and changes in laws or regulations. Certain of these risks are discussed in more detail in the "Risk Factors" section contained in Item 1A under Part 1 of our Annual Report on Form 10-K for the year ended August 29, 2009, and these Risk Factors should be read carefully. Forward-looking statements are not guarantees of future performance and actual results; developments and business decisions may differ from those contemplated by such forward-looking statements, and events described above and in the "Risk Factors" could materially and adversely affect our business. Forward-looking statements speak only as of the date made. Except as required by applicable law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Actual results may materially differ from anticipated results.

AutoZone's 3rd Quarter Highlights - Fiscal 2010

Condensed Consolidated Statements of Operations

3rd Quarter

(in thousands, except per share data)

| | GAAP Results | |
|--------------------------------------|-----------------------|-----------------------|
| | 12 Weeks Ended | 12 Weeks Ended |
| | May 8, 2010 | May 9, 2009 |
| Net sales | \$ 1,821,990 | \$ 1,658,160 |
| Cost of sales | 898,869 | 825,253 |
| Gross profit | 923,121 | 832,907 |
| Operating, SG&A expenses | 567,256 | 527,675 |
| Operating profit (EBIT) | 355,865 | 305,232 |
| Interest expense, net | 36,833 | 31,482 |
| Income before taxes | 319,032 | 273,750 |
| Income taxes | 116,287 | 100,061 |
| Net income | <u>\$ 202,745</u> | <u>\$ 173,689</u> |
| Net income per share: | | |
| Basic | \$ 4.19 | \$ 3.18 |
| Diluted | \$ 4.12 | \$ 3.13 |
| Weighted average shares outstanding: | | |
| Basic | 48,377 | 54,652 |
| Diluted | 49,212 | 55,456 |

Year-to-date 3rd Quarter, FY2010

(in thousands, except per share data)

| | GAAP Results | |
|--------------------------------------|-----------------------|-----------------------|
| | 36 Weeks Ended | 36 Weeks Ended |
| | May 8, 2010 | May 9, 2009 |
| Net sales | \$ 4,917,459 | \$ 4,584,330 |
| Cost of sales | 2,440,678 | 2,290,934 |
| Gross profit | 2,476,781 | 2,293,396 |
| Operating, SG&A expenses | 1,630,106 | 1,534,930 |
| Operating profit (EBIT) | 846,675 | 758,466 |
| Interest expense, net | 109,483 | 94,554 |
| Income before taxes | 737,192 | 663,912 |
| Income taxes | 267,814 | 242,989 |
| Net income | <u>\$ 469,378</u> | <u>\$ 420,923</u> |
| Net income per share: | | |
| Basic | \$ 9.52 | \$ 7.45 |
| Diluted | \$ 9.37 | \$ 7.36 |
| Weighted Average Shares outstanding: | | |
| Basic | 49,309 | 56,498 |
| Diluted | 50,087 | 57,179 |

Selected Balance Sheet Information

(in thousands)

| <u>May 8, 2010</u> | <u>May 9, 2009</u> | <u>August 29, 2009</u> |
|--------------------|--------------------|------------------------|
|--------------------|--------------------|------------------------|

| | | | |
|--------------------------------|-----------|-----------|-----------|
| Cash and cash equivalents | \$ 95,762 | \$ 94,287 | \$ 92,706 |
| Merchandise inventories | 2,288,364 | 2,240,511 | 2,207,497 |
| Current assets | 2,578,948 | 2,607,984 | 2,561,730 |
| Property and equipment, net | 2,425,043 | 2,301,794 | 2,354,357 |
| Total assets | 5,452,770 | 5,296,176 | 5,318,405 |
| Accounts payable | 2,235,766 | 2,098,308 | 2,118,746 |
| Current liabilities* | 2,872,076 | 3,135,961 | 2,706,752 |
| Total debt | 2,698,500 | 2,405,900 | 2,726,900 |
| Stockholders' equity (deficit) | (461,950) | (45,119) | (433,074) |
| Working capital | (293,128) | (527,977) | (145,022) |

* Current liabilities at May 9, 2009 included \$456.6 million of short term debt obligations (\$300.0 million bank term loan and \$156.6 million in commercial paper borrowings). Subsequent to May 9, 2009, our short term debt obligations were classified as long-term as we had the ability and intent to replace these short term obligations with long-term financing under our \$800 million of revolving credit facilities, expiring in July 2012.

Adjusted Debt / EBITDAR (Trailing 4 Qtrs)

(in thousands, except adjusted debt to EBITDAR ratio)

| | May 8, 2010 | May 9, 2009 |
|---------------------------|--------------|--------------|
| Net income | \$ 705,504 | \$ 664,669 |
| Add: Interest | 157,245 | 129,319 |
| Taxes | 401,522 | 381,317 |
| EBIT | 1,264,271 | 1,175,305 |
| Add: Depreciation | 187,078 | 176,073 |
| Rent expense | 191,616 | 179,055 |
| Option expense | 18,858 | 19,250 |
| EBITDAR | \$ 1,661,823 | \$ 1,549,683 |
| Debt | \$ 2,698,500 | \$ 2,405,900 |
| Capital lease obligations | 63,337 | 57,227 |
| Add: rent x 6 | 1,149,700 | 1,074,322 |
| Adjusted debt | \$ 3,911,537 | \$ 3,537,449 |
| Adjusted debt to EBITDAR | 2.4 | 2.3 |

Selected Cash Flow Information

(in thousands)

| | 12 Weeks Ended May 8, 2010 | 12 Weeks Ended May 9, 2009 | 36 Weeks Ended May 8, 2010 | 36 Weeks Ended May 9, 2009 |
|------------------|----------------------------------|----------------------------------|----------------------------------|-------------------------------------|
| Depreciation | \$ 42,820 | \$ 41,309 | \$ 129,918 | \$ 123,273 |
| Capital spending | \$ 68,940 | \$ 61,941 | \$ 180,066 | \$ 160,087 |

Cash flow before share repurchases:

| | | | | |
|--|------------|-------------|------------|--------------|
| Net increase/(decrease) in cash and cash equivalents | \$ (9,399) | \$ (13,686) | \$ 3,056 | \$ (148,174) |
| Subtract increase in debt | (76,200) | (284,855) | (28,400) | 155,900 |
| Subtract share repurchases | (266,381) | (65,440) | (558,269) | (712,606) |
| Cash flow before share repurchases and changes in debt | \$ 333,182 | \$ 336,609 | \$ 589,725 | \$ 408,532 |

Other Selected Financial Information

(in thousands, except ROIC)

| | May 8, 2010 | May 9, 2009 |
|---|--------------|--------------|
| Cumulative share repurchases (\$ since fiscal 1998) | \$ 8,149,186 | \$ 7,003,520 |
| Remaining share authorization (\$) | \$ 250,814 | \$ 396,480 |
| Cumulative share repurchases (shares since fiscal 1998) | 118,902 | 111,558 |

Shares outstanding, end of quarter

47,648

54,567

| | Trailing 4 Quarters | |
|--|---------------------|--------------|
| | May 8, 2010 | May 9, 2009 |
| Net income | \$ 705,504 | \$ 664,669 |
| Adjustments: | | |
| Interest expense | 157,245 | 129,319 |
| Rent expense | 191,616 | 179,055 |
| Tax effect* | (126,531) | (112,418) |
| After-tax return | 927,834 | 860,625 |
| Average debt** | 2,669,100 | 2,309,371 |
| Average equity** | (369,156) | 102,618 |
| Add: Rent x 6 | 1,149,700 | 1,074,322 |
| Average capital lease obligations** | 56,009 | 62,537 |
| Pre-tax invested capital | \$ 3,505,653 | \$ 3,548,848 |
| Return on Invested Capital (ROIC) | 26.5% | 24.3% |

* Effective tax rate over trailing four quarters ended May 8, 2010 and May 9, 2009 is 36.3% and 36.5%, respectively.

** All averages are computed based on trailing 5 quarter balances.

AutoZone's 3rd Quarter Fiscal 2010

Selected Operating Highlights

Store Count & Square Footage

| | 12 Weeks Ended | 12 Weeks Ended | 36 Weeks Ended | 36 Weeks Ended |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | May 8, 2010 | May 9, 2009 | May 8, 2010 | May 9, 2009 |
| Domestic stores: | | | | |
| Store count: | | | | |
| Stores opened | 21 | 32 | 83 | 82 |
| Stores closed | 1 | 1 | 3 | 2 |
| Replacement stores | 1 | 4 | 2 | 6 |
| Total domestic stores | 4,309 | 4,172 | 4,309 | 4,172 |
| Stores with commercial programs | 2,340 | 2,276 | 2,340 | 2,276 |
| Square footage (in thousands): | 27,744 | 26,805 | 27,744 | 26,805 |
| Mexico stores: | | | | |
| Stores opened | 10 | 10 | 24 | 20 |
| Total stores in Mexico | 212 | 168 | 212 | 168 |
| Total stores chainwide | 4,521 | 4,340 | 4,521 | 4,340 |
| Square footage (in thousands): | 29,280 | 28,012 | 29,280 | 28,012 |
| Square footage per store | 6,476 | 6,454 | 6,476 | 6,454 |

Sales Statistics

(\$ in thousands, except sales per average square foot and percentages)

| | 12 Weeks Ended | 12 Weeks Ended | Trailing 4 quarters | Trailing 4 quarters |
|---|----------------|----------------|---------------------|---------------------|
| | May 8, 2010 | May 9, 2009 | May 8, 2010 | May 9, 2009 |
| Total Auto Parts (Domestic and Mexico) | | | | |
| Total auto parts sales | \$ 1,787,069 | \$ 1,624,806 | \$ 7,002,970 | \$ 6,649,892 |
| % Increase vs. LY | 10.0% | 9.4% | 5.3% | 7.6% |
| % Increase vs. LY (excl 53rd week) | | | 7.3% | 5.6% |
| Sales per average store | \$ 397 | \$ 376 | \$ 1,581 | \$ 1,564 |
| Sales per average square foot | \$ 61 | \$ 58 | \$ 244 | \$ 243 |

Domestic Commercial

| | | | | |
|------------------------------------|------------|------------|------------|------------|
| Total domestic commercial sales | \$ 217,811 | \$ 188,636 | \$ 829,220 | \$ 772,296 |
| % Increase vs. LY | 15.5% | 4.9% | 7.4% | 6.1% |
| % Increase vs. LY (excl 53rd week) | | | 9.2% | 4.3% |

All Other (ALLDATA and E-Commerce)

| | | | | |
|------------------------------------|-----------|-----------|------------|------------|
| All other sales | \$ 34,921 | \$ 33,355 | \$ 146,984 | \$ 144,951 |
| % Increase vs. LY | 4.7% | 4.9% | 1.4% | 8.8% |
| % Increase vs. LY (excl 53rd week) | | | 3.3% | 6.8% |

| | <u>12 Weeks Ended</u> <u>May 8, 2010</u> | <u>12 Weeks Ended</u> <u>May 9, 2009</u> | <u>36 Weeks</u> <u>Ended</u> <u>May 8, 2010</u> | <u>36 Weeks</u> <u>Ended</u> <u>May 9, 2009</u> |
|---------------------------|---|---|---|---|
| Domestic same store sales | 7.1% | 7.4% | 4.7% | 3.9% |

Inventory Statistics (Total Stores)

| | <u>as of</u> <u>May 8, 2010</u> | <u>as of</u> <u>May 9, 2009</u> |
|---------------------------------|------------------------------------|------------------------------------|
| Accounts payable/inventory | 97.7% | 93.7% |
| (\$ in thousands) | | |
| Inventory | \$ 2,288,364 | \$ 2,240,511 |
| Inventory per store | \$ 506 | \$ 516 |
| Net inventory (net of payables) | \$ 52,598 | \$ 142,203 |
| Net inventory / per store | \$ 12 | \$ 33 |

| | <u>Trailing 4 Quarters</u> | |
|-----------------|----------------------------|--------------------|
| | <u>May 8, 2010</u> | <u>May 9, 2009</u> |
| Inventory turns | 1.6 x | 1.6 x |

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