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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended November 17, 2018, 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)

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

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

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

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

Common Stock, $.01 Par Value – 25,205,125 shares outstanding as of December 13, 2018.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

AUTOZONE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in thousands)	November 17, 2018	August 25, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 252,086	$ 217,824
Accounts receivable	275,194	258,136
Merchandise inventories	4,090,376	3,943,670
Other current assets	196,673	216,239
Total current assets	4,814,329	4,635,869
Property and equipment:		
Property and equipment	7,324,008	7,291,623
Less: Accumulated depreciation and amortization	3,095,207	3,073,223
	4,228,801	4,218,400
Goodwill	302,645	302,645
Deferred income taxes	33,118	34,620
Other long-term assets	144,688	155,446
	480,451	492,711
	$ 9,523,581	$ 9,346,980
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 4,455,330	$ 4,409,372
Accrued expenses and other	637,274	606,894
Income taxes payable	75,568	12,415
Total current liabilities	5,168,172	5,028,681
Long-term debt	5,156,037	5,005,930
Deferred income taxes	288,438	285,204
Other long-term liabilities	569,550	547,520
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; 27,658 shares issued and 25,216 shares outstanding as of November 17, 2018; 27,530 shares issued and 25,742 shares outstanding as of August 25, 2018	277	275
Additional paid-in capital	1,209,851	1,155,426
Retained deficit	(864,191)	(1,208,824)
Accumulated other comprehensive loss	(276,066)	(235,805)
Treasury stock, at cost	(1,728,487)	(1,231,427)
Total stockholders' deficit	(1,658,616)	(1,520,355)
	$ 9,523,581	$ 9,346,980

See Notes to Condensed Consolidated Financial Statements.

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AUTOZONE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(in thousands, except per share data)	Twelve Weeks Ended November 17, 2018	Twelve Weeks Ended November 18, 2017
Net sales	$ 2,641,733	$ 2,589,131
Cost of sales, including warehouse and delivery expenses	1,224,259	1,223,283
Gross profit	1,417,474	1,365,848
Operating, selling, general and administrative expenses	929,656	897,094
Operating profit	487,818	468,754
Interest expense, net	39,006	38,889
Income before income taxes	448,812	429,865
Income tax expense	97,406	148,862
Net income	$ 351,406	$ 281,003
Weighted average shares for basic earnings per share	25,629	27,638
Effect of dilutive stock equivalents	468	458
Weighted average shares for diluted earnings per share	26,097	28,096
Basic earnings per share	$ 13.71	$ 10.17
Diluted earnings per share	$ 13.47	$ 10.00

See Notes to Condensed Consolidated Financial Statements.

AUTOZONE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(in thousands)	Twelve Weeks Ended November 17, 2018	Twelve Weeks Ended November 18, 2017
Net income	$ 351,406	$ 281,003
Other comprehensive loss:		
Pension liability adjustments, net of taxes(1)	–	1,316
Foreign currency translation adjustments	(40,573)	(43,217)
Unrealized (losses) on marketable debt securities, net of taxes(2)	(77)	(316)
Net derivative activities, net of taxes(3)	389	323
Total other comprehensive loss	(40,261)	(41,894)
Comprehensive income	$ 311,145	$ 239,109

(1) Pension liability adjustments are presented net of taxes of $1,161 in fiscal 2018.
(2) Unrealized gains on marketable debt securities are presented net of taxes of $20 in fiscal 2019 and $170 in fiscal 2018.
(3) Net derivative activities are presented net of taxes of $120 in fiscal 2019 and $186 in fiscal 2018.

See Notes to Condensed Consolidated Financial Statements.

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

(in thousands)	Twelve Weeks Ended November 17, 2018	Twelve Weeks Ended November 18, 2017
Cash flows from operating activities:		
Net income	$ 351,406	$ 281,003
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment and intangibles	82,452	77,986
Amortization of debt origination fees	1,864	1,999
Deferred income taxes	7,420	8,556
Share-based compensation expense	10,527	11,086
Changes in operating assets and liabilities:		
Accounts receivable	(16,338)	6,671
Merchandise inventories	(167,454)	(151,396)
Accounts payable and accrued expenses	67,762	185,009
Income taxes payable	63,774	123,292
Other, net	47,769	20,811
Net cash provided by operating activities	449,182	565,017
Cash flows from investing activities:		
Capital expenditures	(98,168)	(110,278)
Purchase of marketable debt securities	(7,480)	(61,505)
Proceeds from sale of marketable debt securities	13,116	36,776
Proceeds from disposal of capital assets and other, net	633	354
Net cash used in investing activities	(91,899)	(134,653)
Cash flows from financing activities:		
Net proceeds from (payments of) commercial paper	149,378	(99,000)
Net proceeds from sale of common stock	44,671	7,033
Purchase of treasury stock	(497,060)	(352,572)
Payments of capital lease obligations	(12,597)	(18,000)
Other, net	–	(1,165)
Net cash used in financing activities	(315,608)	(463,704)
Effect of exchange rate changes on cash	(7,413)	(2,253)
Net increase (decrease) in cash and cash equivalents	34,262	(35,593)
Cash and cash equivalents at beginning of period	217,824	293,270
Cash and cash equivalents at end of period	$ 252,086	$ 257,677

See Notes to Condensed Consolidated Financial Statements.

AUTOZONE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(Unaudited)

(in thousands)	Common Shares Issued	Common Stock	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at August 25, 2018	27,530	$ 275	$ 1,155,426	$ (1,208,824)	$ (235,805)	$ (1,231,427)	$ (1,520,355)
Cumulative effect of adoption of ASU 2014-09				(6,773)			(6,773)
Balance at August 25, 2018, as adjusted	27,530	$ 275	$ 1,155,426	$ (1,215,597)	$ (235,805)	$ (1,231,427)	$ (1,527,128)
Net income				351,406			351,406
Total other comprehensive loss					(40,261)		(40,261)
Purchase of 654 shares of treasury stock						(497,060)	(497,060)
Issuance of common stock under stock options and stock purchase plans	128	2	44,924				44,926
Share-based compensation expense			9,501				9,501
Balance at November 17, 2018	27,658	$ 277	$ 1,209,851	$ (864,191)	$ (276,066)	$ (1,728,487)	$ (1,658,616)
Balance at August 26, 2017	28,735	$ 287	$ 1,086,671	$ (1,642,387)	$ (254,557)	$ (618,391)	$ (1,428,377)
Net income				281,003			281,003
Total other comprehensive income					(41,894)		(41,894)
Purchase of 597 shares of treasury stock						(352,572)	(352,572)
Issuance of common stock under stock options and stock purchase plans	26	1	7,462				7,463
Share-based compensation expense			9,278				9,278
Balance at November 18, 2017	28,761	$ 288	$ 1,103,411	$ (1,361,384)	$ (296,451)	$ (970,963)	$ (1,525,099)

See Notes to Condensed Consolidated Financial Statements.

AUTOZONE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note A – General

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (“U.S. GAAP”) for interim financial information and are presented in accordance with the requirements of Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission’s (the “SEC”) rules and regulations. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments, including normal recurring accruals, considered necessary for a fair presentation have been included. For further information, refer to the consolidated financial statements and related notes included in the AutoZone, Inc. (“AutoZone” or the “Company”) Annual Report on Form 10-K for the year ended August 25, 2018.

Operating results for the twelve weeks ended November 17, 2018 are not necessarily indicative of the results that may be expected for the full fiscal year ending August 31, 2019. Each of the first three quarters of AutoZone’s fiscal year consists of 12 weeks, and the fourth quarter consists of 16 or 17 weeks. The fourth quarter of fiscal 2019 has 17 weeks and fiscal 2018 had 16 weeks. Additionally, the Company’s business is somewhat seasonal in nature, with the highest sales generally occurring during the months of February through September and the lowest sales generally occurring in the months of December and January.

Recently Adopted Accounting Pronouncements:

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU, along with subsequent ASUs issued to clarify certain provisions of ASU 2014-09, is a comprehensive new revenue recognition model that expands disclosure requirements and requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration a company expects to receive in exchange for those goods or services. It also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Companies that transition to this new standard may either retrospectively restate each prior reporting period or follow the modified retrospective method, which reflects the cumulative effect of initially applying the updates with an adjustment to retained earnings at the date of adoption. The Company adopted this standard using the modified retrospective approach with its first quarter ended November 17, 2018. Results for the quarter ended November 17, 2018 were presented under ASU 2014-09, while prior period amounts were not adjusted and continue to be reported under the accounting standards in effect for the prior periods. The cumulative effect of the adoption of ASU 2014-09 did not have a material impact on the Company’s consolidated financial condition, results of operations, cash flows, business processes, controls or systems. Refer to “Note L – Revenue Recognition”.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other than Inventory*. ASU 2016-16 requires that an entity recognize the income tax consequences of an intra-entity transfer of assets other than inventory when the transfer occurs. The guidance must be applied using the modified retrospective approach. The Company adopted this standard with its first quarter ended November 17, 2018 and evaluated the effects from this adoption. The Company determined the provision of ASU 2016-16 did not have an impact on the Company’s consolidated financial statements.

On August 17, 2018, the SEC adopted a final rule that eliminates or amends certain disclosure requirements that were deemed redundant and outdated in light of changes in SEC requirements, U.S. GAAP or changes in technology or the business environment. The rule also requires registrants to include in their interim financial statements a reconciliation of changes in stockholders’ equity in the notes or as a separate statement. The analysis should reconcile the beginning balance to the ending balance of each caption in shareholders’ equity for each period for which an income statement is required to be filed. The final rule became effective November 5, 2018. Beginning in the first quarter of fiscal 2019, we have provided a reconciliation for the quarterly period as well as the comparable prior period in this Form 10-Q. The eliminated or amended disclosures did not have a material impact on the Company’s unaudited condensed consolidated financial statements.

Recently Issued Accounting Pronouncements:

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires a two-fold approach for lessee accounting, under which a lessee will account for leases as finance leases or operating leases. For all leases with terms greater than 12 months, both lease classifications will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on its balance sheet, with differing methodology for income statement recognition. This guidance also requires certain quantitative and qualitative disclosures about leasing arrangements. The amendment will be effective for the Company at the beginning of its fiscal 2020 year, and early adoption is permitted. As originally issued, this guidance required a modified retrospective approach for all leases existing or entered into after the beginning of the earliest comparative period in the consolidated financial statements. In July 2018, the FASB issued additional guidance, which allows companies to record the cumulative effect of applying the new standard as an adjustment to the opening balance of retained earnings in the year of adoption, which the Company intends to apply, as an alternative to the modified retrospective approach. The Company intends to elect transition practical expedients under which the Company will not be required to reassess (i) whether expired or existing contracts are or contain leases as defined by the new standard, (ii) the classification of such leases, and (iii) whether previously capitalized initial direct costs would qualify for capitalization under the new standard.

The Company established a cross-functional implementation team to evaluate and identify the impact of ASU 2016-02 on the Company's financial position, results of operations and cash flows. Based on the preliminary work completed, the Company has concluded its assessment on its leasing arrangements, evaluated the impact of applying the practical expedients and accounting policy elections and is working on implementing software to meet the reporting requirements of this standard. The Company is currently in the process of identifying changes to its business processes and controls to support the adoption of the new standard. The team is continuing to understand the full analysis of the adoption, but is unable to quantify the impact at this time. The Company anticipates the adoption of this new standard to result in a significant increase in lease-related assets and liabilities on the Company's consolidated balance sheets. The impact on the Company's Consolidated Statements of Income is currently being evaluated. As the impact of this standard is non-cash in nature, the Company does not anticipate its adoption to have an impact on the Company's Consolidated Statement of Cash Flows.

In June 2018, the FASB issued ASU 2018-07, *Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. ASU 2018-07 aims to simplify the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. The amendment will be effective for the Company at the beginning of its fiscal 2020 year, and early adoption is permitted. The Company does not expect the provisions of ASU 2018-07 to have a material impact on its consolidated financial statements.

Note B – Share-Based Payments

AutoZone maintains the Amended 2011 Equity Plan, which provides equity-based compensation to non-employee directors and eligible employees for their service to AutoZone, its subsidiaries or affiliates. The Company recognizes compensation expense for share-based payments based on the fair value of the awards at the grant date. Share-based payments include stock option grants, restricted stock grants, restricted stock unit grants and the discount on shares sold to employees under share purchase plans. Additionally, directors' fees are paid in restricted stock units with value equivalent to the value of shares of common stock as of the grant date. The change in fair value of liability-based stock awards is also recognized in share-based compensation expense.

Stock Options:
The Company made stock option grants of 171,293 shares during the twelve week period ended November 17, 2018, and granted options to purchase 282,820 shares during the comparable prior year period. The weighted average fair value of the stock option awards granted during the twelve week periods ended November 17, 2018 and November 18, 2017, using the Black-Scholes-Merton multiple-option pricing valuation model, was $208.31 and $128.93 per share, respectively, using the following weighted average key assumptions:

	Twelve Weeks Ended	
	November 17, 2018	November 18, 2017
Expected price volatility	21%	20%
Risk-free interest rate	3.1%	1.9%
Weighted average expected lives (in years)	5.6	5.1
Forfeiture rate	10%	10%
Dividend yield	0%	0%

During the twelve week period ended November 17, 2018, 129,559 stock options were exercised at a weighted average exercise price of $359.94. In the comparable prior year period, 24,761 stock options were exercised at a weighted average exercise price of $284.04.

Restricted Stock Units

The Company made restricted stock unit grants of 10,474 shares to eligible employees during the twelve week period ended November 17, 2018 and none in the comparable prior year period. The fair value of the restricted stock unit grants is the closing price of the Company's common stock on the grant date and the grants vest ratably on an annual basis over a four-year service period. Restricted stock unit awards 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 grant forfeiture assumptions.

The weighted average fair value per restricted stock unit granted was $772.80. As of November 17, 2018, total unrecognized stock-based compensation expense related to nonvested restricted stock unit awards, net of estimated forfeitures, was approximately $7.0 million, before income taxes, which we expect to recognize over an estimated weighted average period of 4.0 years. None of the restricted stock units vested as of November 17, 2018.

Total share-based compensation expense (a component of Operating, selling, general and administrative expenses) was $10.5 million for the twelve week period ended November 17, 2018, and $11.1 million for the comparable prior year period.

For the twelve week period ended November 17, 2018, 427,407 stock options were excluded from the diluted earnings per share computation because they would have been anti-dilutive. For the comparable prior year period, 802,195 anti-dilutive shares were excluded from the dilutive earnings per share computation.

See AutoZone's Annual Report on Form 10-K for the year ended August 25, 2018, for a discussion regarding the methodology used in developing AutoZone's assumptions to determine the fair value of the option awards and a description of AutoZone's Amended and Restated 2011 Equity Incentive Award Plan, the 2011 Director Compensation Program and the 2014 Director Compensation Plan.

Note C – 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.

Financial Assets & Liabilities Measured at Fair Value on a Recurring Basis
The Company's assets and liabilities measured at fair value on a recurring basis were as follows:

	November 17, 2018			
(in thousands)	Level 1	Level 2	Level 3	Fair Value
Other current assets	$ 53,889	$ 3,308	$ –	$ 57,197
Other long-term assets	57,214	14,531	–	71,745
	$ 111,103	$ 17,839	$ –	$ 128,942

	August 25, 2018			
(in thousands)	Level 1	Level 2	Level 3	Fair Value
Other current assets	$ 55,711	$ 3,733	$ –	$ 59,444
Other long-term assets	58,973	16,259	–	75,232
	$ 114,684	$ 19,992	$ –	$ 134,676

At November 17, 2018, the fair value measurement amounts for assets and liabilities recorded in the accompanying Condensed Consolidated Balance Sheets consisted of short-term marketable debt securities of $57.2 million, which are included within Other current assets, and long-term marketable debt securities of $71.7 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 securities, including benchmark yields and reported trades. The fair values of the marketable debt securities, by asset class, are described in "Note D – Marketable Debt Securities."

Non-Financial Assets and Liabilities 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 in 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. As of November 17, 2018 and August 25, 2018, 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 G – Financing."

Note D – 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:

	November 17, 2018			
(in thousands)	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt securities	$ 46,378	$ –	$ (751)	$ 45,627
Government bonds	30,376	4	(219)	30,161
Mortgage-backed securities	2,902	–	(81)	2,821
Asset-backed securities and other	50,484	–	(151)	50,333
	$ 130,140	$ 4	$ (1,202)	$ 128,942

	August 25, 2018			
(in thousands)	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt securities	$ 50,306	$ –	$ (684)	$ 49,622
Government bonds	28,777	–	(173)	28,604
Mortgage-backed securities	3,248	–	(90)	3,158
Asset-backed securities and other	53,445	–	(153)	53,292
	$ 135,776	$ –	$ (1,100)	$ 134,676

The debt securities held at November 17, 2018, 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 the twelve week period ended November 17, 2018.

The Company holds 111 securities that are in an unrealized loss position of approximately $1.2 million at November 17, 2018. The Company has the intent and ability to hold these investments until recovery of fair value or maturity, and does not deem the investments to be impaired on an other than temporary basis. In evaluating whether the securities are deemed to be impaired on an other than temporary basis, the Company considers factors such as the duration and severity of the loss position, the credit worthiness of the investee, the term to maturity and the intent and ability to hold the investments until maturity or until recovery of fair value.

Included above in total marketable debt securities are $85.9 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.

Note E – Derivative Financial Instruments

At November 17, 2018, the Company had $7.3 million recorded in Accumulated other comprehensive loss related to 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 the twelve week period ended November 17, 2018 and the comparable prior year period, the Company reclassified $509 thousand of net losses from Accumulated other comprehensive loss to Interest expense. The Company expects to reclassify $2.2 million of net losses from Accumulated other comprehensive loss to Interest expense over the next 12 months.

Note F – Merchandise Inventories

Merchandise inventories are stated at the lower of cost or market. Merchandise inventories include related purchasing, storage and handling costs. Inventory cost has been determined using the last-in, first-out ("LIFO") method for domestic inventories and the weighted average cost method for Mexico and Brazil inventories. Due to price deflation on the Company's merchandise purchases, the Company has exhausted its LIFO reserve balance. The Company's policy is not to write up inventory in excess of replacement cost, which is based on average cost. The difference between LIFO cost and replacement cost, which will be reduced upon experiencing price inflation on the Company's merchandise purchases, was $458.4 million at November 17, 2018 and $452.4 million at August 25, 2018.

Note G – Financing

The Company's long-term debt consisted of the following:

(in thousands)	November 17, 2018	August 25, 2018
1.625% Senior Notes due April 2019, effective interest rate of 1.77%	$ 250,000	$ 250,000
4.000% Senior Notes due November 2020, effective interest rate of 4.43%	500,000	500,000
2.500% Senior Notes due April 2021, effective interest rate of 2.62%	250,000	250,000
3.700% Senior Notes due April 2022, effective interest rate of 3.85%	500,000	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
3.250% Senior Notes due April 2025, effective interest rate 3.36%	400,000	400,000
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
Commercial paper, weighted average interest rate of 2.55% and 2.29% at November 17, 2018 and August 25, 2018, respectively	1,474,678	1,325,300
Total debt before discounts and debt issuance costs	5,174,678	5,025,300
Less: Discounts and debt issuance costs	18,641	19,370
Long-term debt	$ 5,156,037	$ 5,005,930

As of November 17, 2018, the commercial paper borrowings and the $250 million 1.625% Senior Notes due April 2019 are classified as long-term in the accompanying Consolidated Balance Sheets as the Company has the ability and intent to refinance them on a long-term basis through available capacity in its revolving credit facilities. As of November 17, 2018, the Company had $1.997 billion of availability under its $2.0 billion revolving credit facility, which would allow it to replace these short-term obligations with long-term financing facilities.

The Company entered into a Master Extension, New Commitment and Amendment Agreement dated as of November 18, 2017 (the "Extension Amendment") to the Third Amended and Restated Credit Agreement dated as of November 18, 2016, as amended, modified, extended or restated from time to time (the "Revolving Credit Agreement"). Under the Extension Amendment: (i) the Company's borrowing capacity under the Revolving Credit Agreement was increased from $1.6 billion to $2.0 billion; (ii) the Company's option to increase its borrowing capacity under the Revolving Credit Agreement was "refreshed" and the amount of such option remained at $400 million; the maximum borrowing under the Revolving Credit Agreement may, at the Company's option, subject to lenders approval, be increased from $2.0 billion to $2.4 billion; (iii) the termination date of the Revolving Credit Agreement was extended from November 18, 2021 until November 18, 2022; and (iv) the Company has the option to make one additional written request of the lenders to extend the termination date then in effect for an additional year.

Under the Revolving Credit Agreement, the Company may borrow funds consisting of Eurodollar loans, base rate loans or a combination of both. Interest accrues on Eurodollar loans at a defined Eurodollar rate, defined as LIBOR plus the applicable percentage, as defined in the Revolving Credit Agreement, depending upon the Company's senior, unsecured, (non-credit enhanced) long-term debt ratings. Interest accrues on base rate loans as defined in the Revolving Credit Agreement. As of November 17, 2018, the Company had $3.3 million of outstanding letters of credit under the Revolving Credit Agreement.

The fair value of the Company's debt was estimated at $5.065 billion as of November 17, 2018, and $4.948 billion as of August 25, 2018, 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 the carrying value of debt by $90.6 million at November 17, 2018, which reflects their face amount, adjusted for any unamortized debt issuance costs and discounts. At August 25, 2018, the fair value was less than the carrying value of debt by $57.5 million.

All senior notes are subject to an interest rate adjustment if the debt ratings assigned to the senior notes are downgraded (as defined in the agreements). Further, 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. Under its revolving credit facilities, 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. All of the repayment obligations under its 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. As of November 17, 2018, the Company was in compliance with all covenants and expect to remain in compliance with all covenants under its borrowing arrangements.

Note H – Stock Repurchase Program

From January 1, 1998 to November 17, 2018, the Company has repurchased a total of 145.3 million shares of its common stock at an aggregate cost of $19.915 billion, including 654,070 shares of its common stock at an aggregate cost of $497.1 million during the twelve week period ended November 17, 2018. On September 26, 2018, the Board voted to increase the authorization by $1.25 billion. This raised the total value of shares authorized to be repurchased to $20.9 billion. Considering the cumulative repurchases as of November 17, 2018, the Company had $984.6 million remaining under the Board's authorization to repurchase its common stock.

Subsequent to November 17, 2018, the Company has repurchased 97,113 shares of its common stock at an aggregate cost of $79.8 million.

Note I – Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss includes certain adjustments to pension liabilities, 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 securities. Changes in Accumulated other comprehensive loss for the twelve week periods ended November 17, 2018 and November 18, 2017 consisted of the following:

(in thousands)	Pension Liability(6)	Foreign Currency and Other(3)	Net Unrealized Gain (Loss) on Securities	Derivatives	Total
Balance at August 25, 2018	$ –	$ (228,899)	$ (873)	$ (6,033)	$ (235,805)
Other comprehensive loss before reclassifications(1)	–	(40,573)	(77)	–	(40,650)
Amounts reclassified from Accumulated other comprehensive loss(1)	–	–	–	389(5)	389
Balance at November 17, 2018	$ –	$ (269,472)	$ (950)	$ (5,644)	$ (276,066)

(in thousands)	Pension Liability	Foreign Currency and Other(3)	Net Unrealized Gain (Loss) on Securities	Derivatives	Total
Balance at August 26, 2017	$ (72,376)	$ (175,814)	$ (11)	$ (6,356)	$ (254,557)
Other comprehensive loss before reclassifications(1)	–	(43,217)	(314)	–	(43,531)
Amounts reclassified from Accumulated other comprehensive loss(1)	1,316(2)	–	(2)(4)	323(5)	1,637
Balance at November 18, 2017	$ (71,060)	$ (219,031)	$ (327)	$ (6,033)	$ (296,451)

(1) *Amounts in parentheses indicate debits to Accumulated other comprehensive loss.*
(2) *Represents amortization of pension liability adjustments, net of taxes of $1,161 in fiscal 2018, which is recorded in Operating, selling, general and administrative expenses on the Condensed Consolidated Statements of Income.*
(3) *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.*
(4) *Represents realized losses on marketable debt securities, net of taxes of $1 in fiscal 2018, which is recorded in Operating, selling, general and administrative expenses on the Condensed Consolidated Statements of Income. See "Note D – Marketable Debt Securities" for further discussion.*
(5) *Represents losses on derivatives, net of taxes of $120 in fiscal 2019 and $186 in fiscal 2018, which is recorded in Interest expense, net, on the Condensed Consolidated Statements of Income. See "Note E – Derivative Financial Instruments" for further discussion.*
(6) *On December 19, 2017, the Board of Directors approved a resolution to terminate both of the Company's pension plans, effective March 15, 2018. During the fourth quarter of 2018, the Company completed the termination and no longer has any remaining defined pension benefit obligation.*

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Note J – Goodwill and Intangibles

As of November 17, 2018, there were no changes to the carrying amount of goodwill as described in our Annual Report on Form 10-K for the year ended August 25, 2018.

The carrying amounts of intangible assets are included in Other long-term assets as follows:

(in thousands)	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizing intangible assets:				
Technology	3-5 years	$ 870	$ (870)	$ –
Customer relationships	3-10 years	29,376	(20,549)	8,827
		$ 30,246	$ (21,419)	8,827
Total intangible assets other than goodwill				$ 8,827

Amortization expense of intangible assets for the twelve week periods ended November 17, 2018 and November 18, 2017 was $1.0 million and $1.4 million, respectively.

Note K – Litigation

In July 2014, the Company received a subpoena from the District Attorney of the County of Alameda, along with other environmental prosecutorial offices in the state of California, seeking documents and information related to the handling, storage and disposal of hazardous waste. The Company received notice that the District Attorney will seek injunctive and monetary relief. The Company is cooperating fully with the request and cannot predict the ultimate outcome of these efforts, although the Company has accrued all amounts it believes to be probable and reasonably estimable. The Company does not believe the ultimate resolution of this matter will have a material adverse effect on its consolidated financial position, results of operations or cash flows.

The Company is involved in various other 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 its consolidated financial condition, results of operations or cash flows.

Note L – Revenue Recognition

The Company adopted ASU 2014-09, *Revenue from Contracts with Customers* using the modified retrospective method beginning with our first quarter ending November 17, 2018. The cumulative effect of initially applying ASU 2014-09 resulted in an increase to the opening retained deficit balance of $6.8 million, net of taxes at August 26, 2018, and a related adjustment to accounts receivable, other current assets, other long-term assets, other current liabilities and deferred income taxes as of that date. Revenue for periods prior to August 26, 2018 were not adjusted and continue to be reported under the accounting standards in effect for the prior periods.

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. 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.

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 for merchandise sold under warranty not covered by vendors are estimated and recorded at the time of sale based on the historical return rate for each individual product line. Differences between vendor allowances received, in lieu of warranty obligations and estimated warranty expense for the vendor's products, are recorded as an adjustment to cost of sales.

There were no material contract assets, contract liabilities or deferred contract costs recorded on the Condensed Consolidated Balance Sheet as of November 17, 2018. Revenue related to unfulfilled performance obligations as of November 17, 2018 is not significant. Refer to "Note M – Segment Reporting" in the Condensed Consolidated Financial Statements for additional information related to revenue recognized during the period.

Note M – Segment Reporting

The Company's operating segments (Domestic Auto Parts, Mexico and Brazil; and IMC through April 4, 2018) are aggregated as one reportable segment: Auto Parts Locations. 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 in its Annual Report on Form 10-K for the year ended August 25, 2018.

The Auto Parts Locations segment is a retailer and distributor of automotive parts and accessories through the Company's 6,218 stores in the United States, Puerto Rico, 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 three 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 and repair information software used in the automotive repair industry; sales through www.autozone.com that are not fulfilled by an AutoZone store; and AutoAnything, which includes direct sales to customers through www.autoanything.com, prior to the Company's sale of substantially all of AutoAnything's assets on February 26, 2018.

The Company evaluates its reportable segment primarily on the basis of net sales and segment profit, which is defined as gross profit. Segment results for the periods presented were as follows:

	Twelve Weeks Ended	
(in thousands)	**November 17, 2018**	**November 18, 2017**
Net Sales		
Auto Parts Locations	$ 2,593,440	$ 2,510,128
Other	48,293	79,003
Total	$ 2,641,733	$ 2,589,131
Segment Profit		
Auto Parts Locations	$ 1,383,564	$ 1,322,444
Other	33,910	43,404
Gross profit	1,417,474	1,365,848
Operating, selling, general and administrative expenses	(929,656)	(897,094)
Interest expense, net	(39,006)	(38,889)
Income before income taxes	$ 448,812	$ 429,865

Note N – Income Taxes

The Company's effective income tax rate on pretax income for the twelve weeks ended November 17, 2018, was 21.7% compared to 34.6% for the prior year period. The decrease in the tax rate was primarily due to the reduction in the Company's Federal statutory tax rate from 35% to 21% upon enactment of Tax Reform, which resulted in a tax benefit of $52.6 million in addition to $9.0 million excess tax benefits from option exercises versus the prior year period.

The Company's effective tax rate for the twelve weeks ended November 17, 2018 of 21.7% was slightly higher than the U.S. statutory federal rate of 21% primarily due to state income taxes offset by $11.2 million of tax benefits associated with stock option accounting, compared to $2.2 million in the prior year period.

The SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of GAAP in situations where a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of Tax Reform. To the extent that a company's accounting for certain income tax effects of Tax Reform is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of Tax Reform. The ultimate impact may differ from provisional amounts recorded, possibly materially, due to, among other things, additional analysis, changes in interpretations and assumptions the Company has made, and additional regulatory guidance that may be issued. The accounting is expected to be completed within one year from the enactment date of Tax Reform.

For the twelve weeks ended November 17, 2018, the Company has not recorded additional provisional adjustments in the Condensed Consolidated Financial Statements. During the preceding year ended August 25, 2018, the Company was able to determine a reasonable estimate for the mandatory one-time transition tax as an increase to tax expense of $25.8 million, and for the re-measurement of its net U.S. federal deferred tax liability at the lower rate, a reduction to tax expense of $157.3 million. Additional provisions from Tax Reform are effective for FY19 and while immaterial, the Company's analysis of these items is incomplete at this time. The Company will complete the accounting for these items during the measurement period, which will end during the Company's twenty-four week period ending February 9, 2019.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
AutoZone, Inc.

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of AutoZone, Inc. (the Company) as of November 17, 2018, the related condensed consolidated statements of income, comprehensive income, stockholders' deficit and cash flows for the twelve week periods ended November 17, 2018 and November 18, 2017, and the related notes (collectively referred to as the "condensed consolidated interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of August 25, 2018, the related consolidated statements of income, comprehensive income, stockholders' deficit and cash flows for the year then ended, and the related notes (not presented herein); and in our report dated October 24, 2018, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of August 25, 2018, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These financial statements are the responsibility of the Company's management. 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 SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Ernst & Young LLP

Memphis, Tennessee

December 17, 2018

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

In Management's Discussion and Analysis ("MD&A"), we provide a historical and prospective narrative of our general financial condition, results of operations, liquidity and certain other factors that may affect our future results. The following MD&A discussion should be read in conjunction with our Condensed Consolidated Financial Statements, related notes to those statements and other financial information, including forward-looking statements and other risk factors, that appear elsewhere in this Quarterly Report, and our Annual Report on Form 10-K for the year ended August 25, 2018.

Forward-Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q 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; energy prices; weather; competition; credit market conditions; access to available and feasible financing; the impact of recessionary conditions; consumer debt levels; changes in laws or regulations; war and the prospect of war, including terrorist activity; inflation; the ability to hire and retain qualified employees; construction delays; the compromising of confidentiality, availability, or integrity of information, including cyber attacks; and raw material costs of suppliers. 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 25, 2018, 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 "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.

Overview

We are the nation's leading retailer, and a leading distributor, of automotive replacement parts and accessories in the United States. We began operations in 1979 and at November 17, 2018, operated 5,631 stores in the United States, including Puerto Rico; 567 stores in Mexico; and 20 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 November 17, 2018, in 4,766 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 stores in Mexico and Brazil. We also sell the ALLDATA brand automotive diagnostic and repair software through www.alldata.com and www.alldatadiy.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 do not derive revenue from automotive repair or installation services.

Operating results for the twelve weeks ended November 17, 2018 are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 2019. Each of the first three quarters of our fiscal year consists of 12 weeks, and the fourth quarter consists of 16 or 17 weeks. The fourth quarter of fiscal 2019 has 17 weeks and fiscal 2018 had 16 weeks. Our business is somewhat seasonal in nature, with the highest sales generally occurring during the months of February through September and the lowest sales generally occurring in the months of December and January.

Executive Summary

Net sales were up 2.0% for the quarter driven by new domestic AutoZone stores and an increase in domestic commercial sales, partially offset by the sale of two businesses in the prior year. Earnings per share increased 34.7% for the quarter and benefitted from a lower effective tax rate, primarily due to Tax Reform.

Our business is impacted by various factors within the economy that affect both our consumer and our industry, including but not limited to fuel costs, unemployment rates, foreign exchange and interest rates, 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.

During the first quarter of fiscal 2019, failure and maintenance related categories represented the largest portion of our sales mix, at approximately 85% of total sales, which is consistent to the comparable prior year period, with failure related categories continuing to be our largest set of categories. We did not experience any fundamental shifts in our category sales mix as compared to the previous year. Our sales mix can be impacted by severe or unusual weather over a short-term period. Over the long-term, we believe the impact of the weather on our sales mix is not significant.

The two statistics we believe have the most positive 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. While over the long-term we have seen a positive correlation between our net sales and the number of miles driven, we have also seen 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 the number of seven year old or older vehicles on the road. The average age of the United States light vehicle fleet continues to trend in our industry's favor. According to the latest data provided by the Auto Care Association as of January 1, 2018, for the 7th consecutive year, the average age of vehicles on the road has exceeded 11 years. Since the beginning of 2018 and through September 2018 (latest publicly available information), miles driven have been essentially flat.

Twelve Weeks Ended November 17, 2018
Compared with Twelve Weeks Ended November 18, 2017

Net sales for the twelve weeks ended November 17, 2018 increased $52.6 million to $2.642 billion, or 2.0%, over net sales of $2.589 billion for the comparable prior year period. Total auto parts sales increased by 3.3%, primarily driven by net sales of $53.8 million from new domestic AutoZone stores and an increase in domestic same store sales of 2.7%. These increases in net sales were partially offset by the sale of two businesses in the prior year. Domestic commercial sales increased $55.7 million, or 11.3%, over the comparable prior year period.

Gross profit for the twelve weeks ended November 17, 2018 was $1.417 billion, or 53.7% of net sales, compared with $1.366 billion, or 52.8% of net sales, during the comparable prior year period. The increase in gross margin was primarily attributable to the impact of the sale of two businesses completed in the prior year (65 bps) and higher merchandise margins.

Operating, selling, general and administrative expenses for the twelve weeks ended November 17, 2018 were $929.7 million, or 35.2% of net sales, compared with $897.1 million, or 34.6% of net sales, during the comparable prior year period. Operating expenses, as a percentage of sales, were higher than last year with deleverage primarily driven by domestic store payroll (56 bps).

Net interest expense for the twelve weeks ended November 17, 2018 was $39.0 million compared with $38.9 million during the comparable prior year period. The increase was primarily due to a slight increase in borrowing levels over the comparable prior year period. Average borrowings for the twelve weeks ended November 17, 2018 were $4.972 billion, compared with $4.946 billion for the comparable prior year period. Weighted average borrowing rates were 3.1% for each of the twelve week periods ended November 17, 2018 and November 18, 2017.

Our effective income tax rate was 21.7% of pretax income for the twelve weeks ended November 17, 2018 and 34.6% for the comparable prior year period. The decrease in the tax rate was primarily due to Tax Reform and additional excess tax benefit from option exercises (see "Note N – Income Taxes" in the Notes to the Condensed Consolidated Financial Statements).

Net income for the twelve week period ended November 17, 2018 increased by $70.4 million to $351.4 million due to the factors set forth above, and diluted earnings per share increased by 34.7% to $13.47 from $10.00 in the comparable prior year period. The impact on current quarter diluted earnings per share from stock repurchases since the end of the comparable prior year period was an increase of $0.73.

Liquidity and Capital Resources

The primary source of our liquidity is our cash flows realized through the sale of automotive parts, products and accessories. For the twelve weeks ended November 17, 2018, our net cash flows from operating activities provided $449.2 million as compared with $565.0 million provided during the comparable prior year period. The decrease is primarily due to the timing of accrued payments.

Our net cash flows used in investing activities for the twelve weeks ended November 17, 2018 was $91.9 million as compared with $134.7 million in the comparable prior year period. Capital expenditures for the twelve weeks ended November 17, 2018 were $98.2 million compared to $110.3 million for the comparable prior year period. The decrease is primarily driven by the reduction of capital expenditures related to the construction of a new distribution center in fiscal 2018. During the twelve week period ended November 17, 2018, we opened 16 net new stores. In the comparable prior year period, we opened 20 net new stores. Investing cash flows were impacted by our wholly owned captive, which purchased $7.5 million and sold $13.1 million in marketable debt securities during the twelve weeks ended November 17, 2018. During the comparable prior year period, the captive purchased $61.5 million in marketable debt securities and sold $36.8 million in marketable debt securities.

Our net cash flows used in financing activities for the twelve weeks ended November 17, 2018 were $315.6 million compared to $463.7 million in the comparable prior year period. For the twelve week period ended November 17, 2018, our commercial paper activity resulted in $149.4 million in net proceeds from commercial paper, as compared to $99.0 million of net repayments of commercial paper in the comparable prior year period. For the twelve weeks ended November 17, 2018, proceeds from the sale of common stock and exercises of stock options provided $44.7 million. In the comparable prior year period, proceeds from the sale of common stock and exercises of stock options provided $7.0 million.

During fiscal 2019, we expect to increase the investment in our business as compared to fiscal 2018. Our investments continue to be directed primarily to new stores, supply chain infrastructure, enhancements to existing stores and investments in technology. The amount of our investments in our new stores is impacted by different factors, including such factors as whether the building and land are purchased (requiring higher investment) or leased (generally lower investment), located in the United States, Mexico or Brazil, or located in urban or rural areas.

In addition to the 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 financing arrangements with financial institutions whereby they factor their receivables from us, allowing them to receive payment on our invoices at a discounted rate. Extended payment terms from our vendors have allowed us to continue our high accounts payable to inventory ratio. Accounts payable, as a percentage of gross inventory, was 108.9% at November 17, 2018, compared to 107.8% at November 18, 2017. The increase was primarily due to the impact of the sale of one of the businesses sold during the prior year.

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

For the trailing four quarters ended November 17, 2018, our adjusted after-tax return on invested capital ("ROIC") was 33.7% as compared to 29.6% for the comparable prior year period. 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

We entered into a Master Extension, New Commitment and Amendment Agreement dated as of November 18, 2017 (the "Extension Amendment") to the Third Amended and Restated Credit Agreement dated as of November 18, 2016, as amended, modified, extended or restated from time to time (the "Revolving Credit Agreement"). Under the Extension Amendment: (i) our borrowing capacity under the Revolving Credit Agreement was increased from $1.6 billion to $2.0 billion; (ii) our option to increase the borrowing capacity under the Revolving Credit Agreement was "refreshed" and the amount of such option remained at $400 million; the maximum borrowing under the Revolving Credit Agreement may, at our option, subject to lenders approval, be increased from $2.0 billion to $2.4 billion; (iii) the termination date of the Revolving Credit Agreement was extended from November 18, 2021 until November 18, 2022; and (iv) we have the option to make one additional written request of the lenders to extend the termination date then in effect for an additional year. Under the Revolving Credit Agreement, we may borrow funds consisting of Eurodollar loans, base rate loans or a combination of both. Interest accrues on Eurodollar loans at a defined Eurodollar rate, defined as LIBOR plus the applicable percentage, as defined in the Revolving Credit Agreement, depending upon our senior, unsecured, (non-credit enhanced) long-term debt ratings. Interest accrues on base rate loans as defined in the Revolving Credit Agreement. As of November 17, 2018, we had $3.3 million of outstanding letters of credit under the Revolving Credit Agreement.

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 $75 million. The letter of credit facility is in addition to the letters of credit that may be issued under the Revolving Credit Agreement. As of November 17, 2018, we had $75.0 million in letters of credit outstanding under the letter of credit facility, which expires in June 2019.

In addition to the outstanding letters of credit issued under the committed facilities discussed above, we had $23.3 million in letters of credit outstanding as of November 17, 2018. These letters of credit have various maturity dates and were issued on an uncommitted basis.

All senior notes are subject to an interest rate adjustment if the debt ratings assigned to the senior notes are downgraded (as defined in the agreements). Further, the senior notes contain a provision that repayment of the senior notes 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. Under our revolving credit facilities, 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. 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. As of November 17, 2018, we were in compliance with all covenants and expect to remain in compliance with all covenants under our borrowing arrangements.

As of November 17, 2018, the $1.475 billion of commercial paper borrowings and the $250 million 1.625% Senior Notes due April 2019 were classified as long-term in the Consolidated Balance Sheets as we had the ability and intent to refinance them on a long-term basis through available capacity in our revolving credit facilities. As of November 17, 2018, we had $1.997 billion of availability under our $2.0 billion revolving credit facilities, which would allow us to replace these short-term obligations with long-term financing facilities.

Our adjusted debt to earnings before impairment before tax, pension termination charges before tax, interest, taxes, depreciation, amortization, rent and share-based expense ("EBITDAR") ratio was 2.5:1 as of November 17, 2018, and was 2.5:1 as of November 18, 2017. We calculate adjusted debt as the sum of total debt, capital lease obligations and rent times six; and we calculate adjusted EBITDAR by adding impairment before tax, pension termination charges before tax, interest, taxes, depreciation, amortization, rent and share-based expenses to net income. Adjusted debt to EBITDAR is calculated on a trailing four quarter basis. We target our debt levels to a ratio of adjusted debt to EBITDAR in order to maintain our investment grade credit ratings. We believe this is important information for the management of our debt levels. To the extent EBITDAR continues to grow in future years, we expect our debt levels to increase; conversely, if EBITDAR declines, 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

From January 1, 1998 to November 17, 2018, we have repurchased a total of 145.3 million shares of our common stock at an aggregate cost of $19.915 billion, including 654,070 shares of our common stock at an aggregate cost of $497.1 million during the twelve week period ended November 17, 2018. On September 26, 2018, the Board voted to increase the authorization by $1.25 billion. This raised the total value of shares authorized to be repurchased to $20.9 billion. Considering cumulative repurchases as of November 17, 2018, we had $984.6 million remaining under the Board's authorization to repurchase our common stock.

Subsequent to November 17, 2018, we have repurchased 97,113 shares of our common stock at an aggregate cost of $79.8 million.

Off-Balance Sheet Arrangements

Since our fiscal year end, we have cancelled, issued and modified stand-by letters of credit that are primarily renewed on an annual basis to cover deductible payments to our casualty insurance carriers. Our total stand-by letters of credit commitment at November 17, 2018, was $101.6 million, compared with $106.8 million at August 25, 2018, and our total surety bonds commitment at November 17, 2018, was $27.6 million, compared with $23.6 million at August 25, 2018.

Financial Commitments

As of November 17, 2018, there were no significant changes to our contractual obligations as described in our Annual Report on Form 10-K for the year ended August 25, 2018.

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 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 non-GAAP financial measures, as we believe they provide additional information that is useful to investors. Furthermore, our management and the Compensation Committee of the Board use the above mentioned non-GAAP financial measures to analyze and compare our underlying operating results and 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.

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

The following tables calculate the percentages of adjusted ROIC for the trailing four quarters ended November 17, 2018 and November 18, 2017.

	A	B	A-B=C	D	C+D
(in thousands, except percentage)	Fiscal Year Ended August 25, 2018	Twelve Weeks Ended November 18, 2017	Forty Weeks Ended August 25, 2018	Twelve Weeks Ended November 17, 2018	Trailing Four Quarters Ended November 17, 2018
Net income	$ 1,337,536	$ 281,003	$ 1,056,533	$ 351,406	$ 1,407,939
Adjustments:					
Impairment before tax	193,162	–	193,162	–	193,162
Pension termination charges before tax	130,263	–	130,263	–	130,263
Interest expense	174,527	38,889	135,638	39,006	174,644
Rent expense	315,580	69,655	245,925	71,216	317,141
Tax effect(1)	(211,806)	(36,362)	(175,444)	(25,773)	(201,217)
Deferred tax liabilities, net of repatriation tax	(132,113)	–	(132,113)	–	(132,113)
Adjusted after-tax return	$ 1,807,149	$ 353,185	$ 1,453,964	$ 435,855	$ 1,889,819
Average debt(2)					$ 5,028,638
Average deficit(3)					(1,479,244)
Rent x 6(4)					1,902,846
Average capital lease obligations(5)					157,763
Invested capital					$ 5,610,003
Adjusted after-tax ROIC					33.7%

	A	B	A-B=C	D	C+D
(in thousands, except percentage)	Fiscal Year Ended August 26, 2017	Twelve Weeks Ended November 19, 2016	Forty Weeks Ended August 26, 2017	Twelve Weeks Ended November 18, 2017	Trailing Four Quarters Ended November 18, 2017
Net income	$ 1,280,869	$ 278,125	$ 1,002,744	$ 281,003	$ 1,283,747
Adjustments:					
Interest expense	154,580	33,306	121,274	38,889	160,163
Rent expense	302,928	66,981	235,947	69,655	305,602
Tax effect(1)	(153,265)	(34,900)	(118,365)	(36,362)	(154,727)
After-tax return	$ 1,585,112	$ 343,512	$ 1,241,600	$ 353,185	$ 1,594,785
Average debt(2)					$ 5,073,275
Average deficit(3)					(1,678,071)
Rent x 6(4)					1,833,612
Average capital lease obligations(5)					152,517
Invested capital					$ 5,381,333
ROIC					29.6%

(1) Effective tax rate over trailing four quarters ended November 17, 2018 is 24.2% for impairment, 28.1% for pension termination and 23.4% for interest and rent expense. Effective tax rate over trailing four quarters ended November 18, 2017 was 33.5%.

(2) Average debt is equal to the average of our debt measured as of the previous five quarters.

(3) Average equity is equal to the average of our stockholders' deficit measured as of the previous five quarters.

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

(5) Average capital lease obligations are equal to the average of our capital lease obligations measured as of the previous five quarters.

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

The following tables calculate the ratio of adjusted debt to EBITDAR for the trailing four quarters ended November 17, 2018 and November 18, 2017.

	A	B	A-B=C	D	C+D
(in thousands, except ratio)	**Fiscal Year Ended August 25, 2018**	**Twelve Weeks Ended November 18, 2017**	**Forty Weeks Ended August 25, 2018**	**Twelve Weeks Ended November 17, 2018**	**Trailing Four Quarters Ended November 17, 2018**
Net income	$ 1,337,536	$ 281,003	$ 1,056,533	$ 351,406	$ 1,407,939
Add: Impairment before tax	193,162	–	193,162	–	193,162
Pension termination charges before tax	130,263	–	130,263	–	130,263
Interest expense	174,527	38,889	135,638	39,006	174,644
Income tax expense	298,793	148,862	149,931	97,406	247,337
Adjusted EBIT	2,134,281	468,754	1,665,527	487,818	2,153,345
Add: Depreciation expense	345,084	77,986	267,098	82,452	349,550
Rent expense	315,580	69,655	245,925	71,216	317,141
Share-based expense	43,674	11,086	32,588	10,527	43,115
Adjusted EBITDAR	$ 2,838,619	$ 627,481	$ 2,211,138	$ 652,013	$ 2,863,151
Debt					$ 5,156,037
Capital lease obligations					158,284
Rent x 6[(1)]					1,902,846
Adjusted debt					$ 7,217,167
Adjusted debt to EBITDAR					2.5

	A	B	A-B=C	D	C+D
(in thousands, except ratio)	**Fiscal Year Ended August 26, 2017**	**Twelve Weeks Ended November 19, 2016**	**Forty Weeks Ended August 26, 2017**	**Twelve Weeks Ended November 18, 2017**	**Trailing Four Quarters Ended November 18, 2017**
Net income	$ 1,280,869	$ 278,125	$ 1,002,744	$ 281,003	$ 1,283,747
Add: Interest expense	154,580	33,306	121,274	38,889	160,163
Income tax expense	644,620	147,471	497,149	148,862	646,011
EBIT	2,080,069	458,902	1,621,167	468,754	2,089,921
Add: Depreciation expense	323,051	71,812	251,239	77,986	329,225
Rent expense	302,928	66,981	235,947	69,655	305,602
Share-based expense	38,244	9,787	28,457	11,086	39,543
EBITDAR	$ 2,744,292	$ 607,482	$ 2,136,810	$ 627,481	$ 2,764,291
Debt					$ 4,982,984
Capital lease obligations					159,540
Rent x 6[(1)]					1,833,612
Adjusted debt					$ 6,976,136
Adjusted debt to EBITDAR					2.5

(1) Rent is multiplied by a factor of six to capitalize operating leases in the determination of adjusted debt.

Recent Accounting Pronouncements

Refer to Note A of the Notes to Condensed Consolidated Financial Statements for the discussion of 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. Our policies are evaluated on an ongoing basis, and our significant judgments and estimates 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 critical accounting policies are described in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended August 25, 2018. Our critical accounting policies have not changed since the filing of our Annual Report on Form 10-K for the year ended August 25, 2018.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

At November 17, 2018, the only material change to our instruments and positions that are sensitive to market risk since the disclosures in our 2018 Annual Report to Stockholders was the $149.4 million net increase in commercial paper.

The fair value of our debt was estimated at $5.065 billion as of November 17, 2018 and $4.948 billion as of August 25, 2018, based on the quoted market prices for the same or similar debt issues or on the current rates available to AutoZone for debt of the same terms. Such fair value was less than the carrying value of debt by $90.6 million at November 17, 2018 and less than the carrying value by $57.5 million at August 25, 2018. We had $1.475 billion of variable rate debt outstanding at November 17, 2018 and $1.325 billion of variable rate debt outstanding at August 25, 2018. At these borrowing levels for variable rate debt, a one percentage point increase in interest rates would have had an unfavorable annual impact on our pre-tax earnings and cash flows of $14.7 million in fiscal 2019. The primary interest rate exposure on variable rate debt is based on LIBOR. We had outstanding fixed rate debt of $3.681 billion, net of unamortized debt issuance costs of $18.6 million at November 17, 2018 and $3.681 billion, net of unamortized debt issuance costs of $19.4 million at August 25, 2018. A one percentage point increase in interest rates would reduce the fair value of our fixed rate debt by $146.0 million at November 17, 2018.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of November 17, 2018, an evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, 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 Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of November 17, 2018.

Changes in Internal Controls

There were no changes in our internal control over financial reporting that occurred during the quarter ended November 17, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In 2004, we acquired a store site in Mount Ephraim, New Jersey that had previously been the site of a gasoline service station and contained evidence of groundwater contamination. Upon acquisition, we voluntarily reported the groundwater contamination issue to the New Jersey Department of Environmental Protection ("NJDEP") and entered into a Voluntary Remediation Agreement providing for the remediation of the contamination associated with the property. We have conducted and paid for (at an immaterial cost to us) remediation of contamination on the property. We have also voluntarily investigated and addressed potential vapor intrusion impacts in downgradient residences and businesses. The NJDEP has asserted, in a Directive and Notice to Insurers dated February 19, 2013 and again in an Amended Directive and Notice to Insurers dated January 13, 2014 (collectively the "Directives"), that we are liable for the downgradient impacts under a joint and severable liability theory. By letter dated April 23, 2015, NJDEP has demanded payment from us, and other parties, in the amount of approximately $296 thousand for costs incurred by NJDEP in connection with contamination downgradient of the property. By letter dated January 29, 2016, we were informed that NJDEP has filed a lien against the property in connection with approximately $355 thousand in costs incurred by NJDEP in connection with contamination downgradient of the property. We have contested, and will continue to contest, any such assertions due to the existence of other entities/sources of contamination, some of which are named in the Directives and the April 23, 2015 Demand, in the area of the property. Pursuant to the Voluntary Remediation Agreement, upon completion of all remediation required by the agreement, we believe we should be eligible to be reimbursed up to 75% of qualified remediation costs by the State of New Jersey. We have asked the state for clarification that the agreement applies to off-site work. Although the aggregate amount of additional costs that we may incur pursuant to the remediation cannot currently be ascertained, we do not currently believe that fulfillment of our obligations under the agreement or otherwise will result in costs that are material to our financial condition, results of operations or cash flows.

In July 2014, we received a subpoena from the District Attorney of the County of Alameda, along with other environmental prosecutorial offices in the state of California, seeking documents and information related to the handling, storage and disposal of hazardous waste. We received notice that the District Attorney will seek injunctive and monetary relief. We are cooperating fully with the request and cannot predict the ultimate outcome of these efforts, although we have accrued all amounts we believe to be probable and reasonably estimable. We do not believe the ultimate resolution of this matter will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

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 1A. Risk Factors

As of the date of this filing, there have been no material changes in our risk factors from those disclosed in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended August 25, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Shares of common stock repurchased by the Company during the quarter ended November 17, 2018 were as follows:

Issuer Repurchases of Equity Securities

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
August 26, 2018 to September 22, 2018	–	$ –	–	$ 231,688,900
September 23, 2018 to October 20, 2018	278,514	766.20	278,514	1,268,290,630
October 21, 2018 to November 17, 2018	375,556	755.31	375,556	984,628,814
Total	654,070	$ 759.95	654,070	$ 984,628,814

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. This program was most recently amended on September 26, 2018 to increase the repurchase authorization by $1.25 billion. This brings the total value of shares to be repurchased to $20.9 billion. All of the above repurchases were part of this program. Subsequent to November 17, 2018, we have repurchased 97,113 shares of our common stock at an aggregate cost of $79.8 million.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

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Item 6. 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.
*10.1	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under the Amended and Restated AutoZone, Inc. 2011 Equity Incentive Award Plan.
15.1	Letter Regarding Unaudited Interim Financial Statements.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101. INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Document
101.LAB	XBRL Taxonomy Extension Labels Document
101.PRE	XBRL Taxonomy Extension Presentation Document
101.DEF	XBRL Taxonomy Extension Definition Document

* Management contract or compensatory plan or arrangement.

SIGNATURES

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

AUTOZONE, INC.

By: /s/ WILLIAM T. GILES
William T. Giles
Chief Financial Officer and Executive Vice President
Finance and Information Technology
(Principal Financial Officer)

By: /s/ CHARLIE PLEAS, III
Charlie Pleas, III
Senior Vice President, Controller
(Principal Accounting Officer)

Dated: December 17, 2018

Exhibit 10.1

AMENDED AND RESTATED
AUTOZONE, INC. 2011 EQUITY INCENTIVE AWARD PLAN

RESTRICTED STOCK UNIT GRANT NOTICE AND
RESTRICTED STOCK UNIT AWARD AGREEMENT

AutoZone, Inc., a Nevada corporation, (the "***Company***"), pursuant to its Amended and Restated 2011 Equity 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. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Restricted Stock Unit Grant Notice (the "***Grant Notice***") and the Restricted Stock Unit Award Agreement.

Participant:	[__________________]
Grant Date:	[__________________]
Total RSUs:	[__________________]
Vesting Commencement Date:	October 1, [___]
Dividend Equivalent Rights:	None (unless otherwise determined by the Committee)
Vesting Schedule:	Twenty-five percent (25%) of the total number of RSUs set forth above shall vest on each of the first, second, third and fourth anniversary of the Vesting Commencement Date stated above, subject to the Participant's continued service through the applicable vesting date. Notwithstanding anything contained herein to the contrary, if the Participant experiences a Termination of Service (i) by the Company without Cause (as defined below) or (ii) by reason of the Participant's death or Disability (as defined below), then all of the RSUs subject to this Award shall vest on the date of such Termination of Service.

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. The Participant has reviewed the Restricted Stock Unit Award Agreement, the Plan and this Grant Notice 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 this Grant Notice, the Restricted Stock Unit Award Agreement and the Plan. 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 Plan, this Grant Notice and/or the Restricted Stock Unit Award Agreement.

AUTOZONE, INC.:		**PARTICIPANT:**	
HOLDER:			
By:	____________________	By:	____________________
Title:	____________________	Title:	____________________
By:	____________________		
Title:	____________________		

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 (the "***RSUs***") under the AutoZone, Inc. 2011 Equity Incentive Award Plan, as amended from time to time (the "***Plan***"), as set forth in the Grant Notice.

ARTICLE I.

GENERAL

1.1 Incorporation of Terms of Plan. The Award 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.

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, 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 (as defined below) may be settled, as of the Grant Date, the Company issues to the Participant the Award described in this Agreement (the "***Award***"). The number of RSUs subject to the Award is set forth in the Grant Notice. 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 Section 2.2 hereof. This Award 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) Forfeiture. Any Award which is not vested as of the date of the Participant's Termination of Service (after taking into consideration any accelerated vesting which may occur in connection with such Termination of Service as set forth in the Grant Notice (if any)) 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.

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

(c) Acceleration of Vesting. Notwithstanding Sections 2.2(a) and 2.2(b) hereof, the vesting of the Award may be accelerated pursuant to Section 13.2 of the Plan, as provided therein. In addition, the Company and Participant acknowledge that the vesting of the Award may be subject to acceleration in the event of a Termination of Service under certain circumstances as set forth in the Grant Notice.

(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 Section 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). Any settlement of RSUs granted pursuant to this Award 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 (as defined below) that may have accrued pursuant to Section 3.1 hereof; provided, that any cash-based dividend equivalent rights granted pursuant to Section 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 Section 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 Award hereunder. In satisfaction of the foregoing requirement with respect to the grant, vesting or settlement of the Award 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 Award or the issuance of Shares hereunder.

(f) Conditions to Delivery of Shares. Subject to Section 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.

2.3 Consideration to the Company. In consideration of the grant of the Award by the Company, the Participant agrees to render faithful and efficient services to the Company or its Affiliates.

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 Section 3.1 in the event that any dividend equivalent rights or other applicable adjustments pursuant to Section 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.

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 Section 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 Section 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. 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.

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 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. 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 of common stock 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 of common stock 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 of common stock acquired under the Plan. The Participant may, at any time, view such Data or require any necessary amendments to it.

3.14 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.

Exhibit 15.1

The Board of Directors and Stockholders
AutoZone, Inc.

We are aware of the incorporation by reference in the following Registration Statements:

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. 333-152592) pertaining to a shelf registration to sell debt securities

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

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

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

and in the related Prospectuses of our report dated December 17, 2018 relating to the unaudited condensed consolidated interim financial statements of AutoZone, Inc. that are included in its Form 10-Q for the quarter ended November 17, 2018.

/s/ Ernst & Young LLP

Memphis, Tennessee
December 17, 2018

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 Quarterly Report on Form 10-Q 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.

December 17, 2018

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

Exhibit 31.2

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

I, William T. Giles, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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.

December 17, 2018

/s/ WILLIAM T. GILES
William T. Giles
Chief Financial Officer and Executive Vice President
Finance and Information Technology
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of AutoZone, Inc. (the "Company") on Form 10-Q for the period ended November 17, 2018, as filed with the Securities and Exchange Commission 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.

December 17, 2018

/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 Quarterly Report of AutoZone, Inc. (the “Company”) on Form 10-Q for the period ended November 17, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William T. Giles, 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.

December 17, 2018

/s/ WILLIAM T. GILES
William T. Giles
Chief Financial Officer and Executive Vice President
Finance and Information Technology
(Principal Financial Officer)