

WOW! **CUSTOMER SERVICE**

Dear Customers, AutoZoners and Stockholders,

I want to thank our approximate 96,000 AutoZoners across the company for their hard work, dedication, and commitment to Customer Satisfaction each and every day. And, on behalf of our incredible AutoZoners, I am honored to update you on our progress during fiscal 2019 and to review our opportunities for 2020 and beyond. The operating theme for AutoZone in 2020 is "40 Years of WOW! Customer Service!" and focuses on our top priority – the customer. And, as you'd expect, we plan on leveraging our unique and powerful culture to meet or exceed the expectations of our retail and commercial customers.

This past year we celebrated AutoZone's 40th anniversary. Over forty years ago, on July 4, 1979, our founder, Pitt Hyde, and his team, opened our very first store in Forrest City, Arkansas. Since then, we've grown from one store to now 6,411 stores in three countries – opening our milestone 600th store in Mexico and 35th store in Brazil this year. And, we've grown from a few faithful AutoZoners to over 96,000 of the very best people and professionals in any industry, our AutoZoners.

Our teams continue to make good progress on initiatives that are aimed at improving our ability to say YES to customers' requests for parts and products more frequently, drive traffic to our stores and websites, and

accelerate both our Retail and Commercial business. We continue to build upon the success of our highly innovative Next Day Delivery Program. Notably, we have gone from being able to serve 80% of U.S. consumers to now 85% of the U.S. population who can order up to 100,000 parts or products via autozone.com as late as 10 p.m. and have them delivered to their doorstep the very next day!

Also, we continue to double down on the very strong Duralast brand, sold exclusively at AutoZone. In fact, over half of our sales come from "our brands" and we continue to find opportunities to enhance coverage of Original Equipment (OE) or better quality products in the Duralast brand. We recently launched our new Duralast website at www.duralastparts.com. Please check it out and see why "More Technicians Choose Duralast Parts."

Much has changed since the opening of our first store in 1979. We have learned many lessons during our 40-year journey and are constantly making improvements to strengthen our founder's great vision. Our ability to maintain a relentless focus on the customer has, is, and will forever remain the key to our success. I am enthusiastic about the health of the consumer, our business and industry. I remain very optimistic about our present and future.

Summary of 2019 Results

The operating theme for 2019 was “Drive for Excellence” and we pushed for more focus on those things that matter most to our customers – exceptional service, fast deliveries, high quality parts and products, and absolutely flawless execution.

I am pleased to report that our performance for fiscal 2019 was very solid. We had many successes and met most of our goals. We reached a record \$11.9 billion in sales, with domestic same store sales up 3.0% over fiscal 2018, and the company delivered a record \$63.43 in earnings per share.

We opened 209 net new stores and 152 net new domestic Commercial programs. Now, 85% of our U.S. stores have a Commercial program and, every store in Mexico and Brazil services Commercial customers. We continue to enhance the local market inventory availability by building new and expanding existing facilities, and ended the year with 170 regular hub stores and 35 mega hubs.

Return on Invested Capital (ROIC) was a record 35.7% for fiscal 2019, \$2.1 billion was generated in Operating Cash Flow, and a record \$2 billion in company shares were repurchased.

During fiscal 2019, we continued to make significant investments in technology, maintenance, ecommerce, and benefits. We also increased our investments in labor, which were directly focused on increasing hourly wages for our most tenured store hourly AutoZoners. All in, we invested roughly \$100 million towards these efforts and in our AutoZoners.

While our largest and most “mature” business, U.S. Retail, is improving and grew for the year, our growth in Commercial was our biggest success story in fiscal 2019.

As a direct result of a tremendous “1 Team” effort by our AutoZoners, Commercial grew an impressive 13.4%, excluding the 53rd week, in fiscal 2019 versus 7.3% the year before. For fiscal 2019, we experienced double-digit percentage growth in every quarter in Commercial! Over an 11-year period, our Commercial sales have more than tripled from about \$750 million in 2008 to over \$2.5 billion in 2019. With only 3% market share in Commercial, it represents our single largest growth opportunity. I am very bullish about our Commercial growth and am so looking forward to 2020!

Our Future

As I mentioned in the opening, our operating theme for 2020 is “40 Years of WOW! Customer Service!” and it’s all about us being intensely focused on leveraging our unique and powerful culture to provide Customer Satisfaction. In many ways, our operating theme is a statement about what our company is all about. Every customer interaction is an opportunity for us to “surprise and delight,” leading our customers to say “WOW!” or conversely, an opportunity for us to disappoint a customer – an unacceptable outcome. We are challenging ourselves in 2020 to continue to improve on our customer service efforts.

Fiscal 2020 is going to be a year of laser focus on growing both our U.S. Retail and Commercial business.

We are excited about U.S. Retail in FY 2020, with a renewed focus on driving sales at a faster rate. We will continue, and build upon the progress we made, to remove non-selling tasks for our store AutoZoners, to allow more time to serve our customers and focus on our tried and true customer service principles. This means performing GOTTCa (Going Out to the Customer’s Automobile), providing trustworthy advice, and absolutely doing WITTDJR (What It Takes To Do The Job Right). For fiscal 2020, we will also begin to launch an all-new point of sale system throughout our U.S. stores and increase sales training for our store AutoZoners.

For fiscal 2020, we will also continue to focus on accelerating the growth of our Commercial business. We believe that Commercial remains our company’s largest growth opportunity in FY 2020. Through expanding our inventory coverage, and continuing to invest in our AutoZoners and innovative technology, we are very optimistic about the future of Commercial for fiscal 2020 and beyond.

In regard to growing internationally in 2020, we are planning both system enhancements and inventory additions across our stores in Mexico and Brazil. We are also investing at an accelerated rate in information technology to allow our international stores access to the same or similar systems our U.S. stores enjoy, all while growing our store base an additional, approximate, 50 stores.

Through our Omni-channel efforts, we will continue to invest in our strategy to enhance the customers’ shopping experience by meeting them when, where, and how they want to shop. We believe these investments will pay dividends for our business and our shareholders for years to come.

We have a proven, time-tested, solid-business model that is built on delivering consistent results, and we are committed to a similar future. Fiscal 2019 was a year of significant investments and we achieved our goals of improving our competitive position, while driving increased market share. As we continue to invest prudently in our business for fiscal 2020, we believe our efforts will result in improved customer service and increased sales growth. While we're committed to continued investments in our business and our AutoZoners, we will prudently manage EBIT. Our focus for fiscal 2020 is to return to driving EBIT dollar growth closer to our historical growth rates as compared to this past year.

So, what else is new? Recently, we announced that our new target for mega hubs is to grow from 35 to between 70 and 90 across the United States, over the next few years. Our mega hubs have continued to outperform our expectations allowing us to add considerably more. We are also testing the boundaries of expanding our regular hub stores to substantially more locations.

I want to thank all AutoZoners for their dedication and hard work in 2019. Over the last 40 years, the company's success is entirely due to our AutoZoners helping our customers with their needs. I would also like to thank our vendors for their ongoing commitment to our success. Additionally, I would like to thank you, our stockholders, for the confidence you have placed in our team by your decision to invest in AutoZone. We remain committed to managing your capital wisely, achieving an appropriate return on incremental projects and returning excess cash through an orderly share repurchase program.

I would also like to take a moment to thank a few special people for their service on our Board and commitment to our success.

After many years of dedicated service on our Board of Directors, Andy McKenna and Lou Nieto have decided not to stand for re-election at the Company's Annual Meeting of Stockholders this December. AutoZone has truly benefited from the remarkable talents of both Andy and Lou. Their countless contributions and expertise have helped make AutoZone what it is today. We could not have achieved many of our past successes without their invaluable leadership, insightful guidance, focus on our customers and growing shareholder value. I thank them for their leadership and wish them well in their retirement.

We have a wonderful culture that has been built over the past 40 years. We remain passionate about our Pledge, Values, and Culture to earn our customers' business every day. I continue to believe our best days are ahead. Thank you for staying in the Zone with us for all these years!

Sincerely,

A handwritten signature in black ink that reads "Bill Rhodes". The signature is written in a cursive, flowing style.

Bill Rhodes
Chairman, President and CEO
Customer Satisfaction