

**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 February 15, 2014, 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company

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 – 33,226,051 shares outstanding as of March 20, 2014.

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements.**

AUTOZONE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(in thousands)</i>	February 15, 2014	August 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 139,755	\$ 142,191
Accounts receivable	191,115	171,638
Merchandise inventories	3,089,245	2,861,014
Other current assets	112,452	101,443
Deferred income taxes	5,931	1,727
Total current assets	<u>3,538,498</u>	<u>3,278,013</u>
Property and equipment:		
Property and equipment	5,225,310	5,058,525
Less: Accumulated depreciation and amortization	<u>(2,090,055)</u>	<u>(1,987,164)</u>
	3,135,255	3,071,361
Goodwill	367,829	367,829
Deferred income taxes	15,651	4,069
Other long-term assets	205,659	170,817
	<u>589,139</u>	<u>542,715</u>
	<u>\$ 7,262,892</u>	<u>\$ 6,892,089</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 3,477,697	\$ 3,307,535
Accrued expenses and other	459,227	467,831
Income taxes payable	104,628	17,129
Deferred income taxes	199,318	202,922
Short-term borrowings	158,440	173,733
Total current liabilities	<u>4,399,310</u>	<u>4,169,150</u>
Long-term debt	4,163,244	4,013,267
Other long-term liabilities	410,600	396,991
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; 33,759 shares issued and 33,355 shares outstanding as of February 15, 2014; 36,768 shares issued and 34,293 shares outstanding as of August 31, 2013	338	368
Additional paid-in capital	797,696	814,457
Retained deficit	(2,187,950)	(1,378,936)
Accumulated other comprehensive loss	(120,346)	(120,788)
Treasury stock, at cost	<u>(200,000)</u>	<u>(1,002,420)</u>
Total stockholders' deficit	<u>(1,710,262)</u>	<u>(1,687,319)</u>
	<u>\$ 7,262,892</u>	<u>\$ 6,892,089</u>

See Notes to Condensed Consolidated Financial Statements.

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

<i>(in thousands, except per share data)</i>	Twelve Weeks Ended		Twenty-Four Weeks Ended	
	February 15, 2014	February 9, 2013	February 15, 2014	February 9, 2013
Net sales	\$1,990,494	\$1,855,198	\$4,084,072	\$3,846,238
Cost of sales, including warehouse and delivery expenses	953,459	893,217	1,961,339	1,852,391
Gross profit	1,037,035	961,981	2,122,733	1,993,847
Operating, selling, general and administrative expenses	699,691	644,410	1,401,663	1,312,999
Operating profit	337,344	317,571	721,070	680,848
Interest expense, net	39,490	41,323	81,921	82,428
Income before income taxes	297,854	276,248	639,149	598,420
Income taxes	105,024	100,001	228,232	218,722
Net income	<u>\$ 192,830</u>	<u>\$ 176,247</u>	<u>\$ 410,917</u>	<u>\$ 379,698</u>
Weighted average shares for basic earnings per share	33,647	36,258	33,879	36,552
Effect of dilutive stock equivalents	614	646	589	694
Weighted average shares for diluted earnings per share	34,261	36,904	34,468	37,246
Basic earnings per share	<u>\$ 5.73</u>	<u>\$ 4.86</u>	<u>\$ 12.13</u>	<u>\$ 10.39</u>
Diluted earnings per share	<u>\$ 5.63</u>	<u>\$ 4.78</u>	<u>\$ 11.92</u>	<u>\$ 10.19</u>

See Notes to Condensed Consolidated Financial Statements.

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

<i>(in thousands)</i>	Twelve Weeks Ended		Twenty-Four Weeks Ended	
	February 15, 2014	February 9, 2013	February 15, 2014	February 9, 2013
Net income	\$ 192,830	\$ 176,247	\$ 410,917	\$ 379,698
Other comprehensive (loss) income:				
Pension liability adjustments, net of taxes (1)	955	2,038	1,907	3,473
Foreign currency translation adjustments	(9,196)	15,320	(1,689)	13,261
Unrealized (losses) gains on marketable securities, net of taxes (2)	(45)	(67)	171	(57)
Net derivative activities, net of taxes (3)	27	263	53	428
Total other comprehensive (loss) income	<u>(8,259)</u>	<u>17,554</u>	<u>442</u>	<u>17,105</u>
Comprehensive income	<u>\$ 184,571</u>	<u>\$ 193,801</u>	<u>\$ 411,359</u>	<u>\$ 396,803</u>

(1) Pension liability adjustments are presented net of taxes of \$632 in fiscal 2014 and \$1,295 in fiscal 2013 for the twelve weeks ended and \$1,268 in fiscal 2014 and \$3,193 in fiscal 2013 for the twenty-four weeks ended

(2) Unrealized (losses) gains on marketable securities are presented net of taxes of \$24 in fiscal 2014 and \$36 in fiscal 2013 for the twelve weeks ended and \$92 in fiscal 2014 and \$31 in fiscal 2013 for the twenty-four weeks ended

(3) Net derivative activities are presented net of taxes of \$15 in fiscal 2014 and \$155 in fiscal 2013 for the twelve weeks ended and \$31 in fiscal 2014 and \$258 in fiscal 2013 for the twenty-four weeks ended

See Notes to Condensed Consolidated Financial Statements.

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

<i>(in thousands)</i>	Twenty-Four Weeks Ended	
	February 15, 2014	February 9, 2013
Cash flows from operating activities:		
Net income	\$ 410,917	\$ 379,698
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment and intangibles	114,154	103,044
Amortization of debt origination fees	3,258	3,905
Income tax benefit from exercise of stock options	(11,146)	(33,706)
Deferred income taxes	(20,839)	(12,911)
Share-based compensation expense	20,716	16,616
Changes in operating assets and liabilities:		
Accounts receivable	(18,433)	4,369
Merchandise inventories	(228,664)	(123,177)
Accounts payable and accrued expenses	135,094	69,441
Income taxes payable	98,683	85,512
Other, net	4,232	18,052
Net cash provided by operating activities	<u>507,972</u>	<u>510,843</u>
Cash flows from investing activities:		
Capital expenditures	(159,961)	(169,613)
Acquisition of business	—	(115,000)
Purchase of intangibles	(11,112)	—
Purchase of marketable securities	(21,091)	(22,288)
Proceeds from sale of marketable securities	19,240	16,212
Disposal of capital assets and other, net	(871)	908
Net cash used in investing activities	<u>(173,795)</u>	<u>(289,781)</u>
Cash flows from financing activities:		
Net proceeds from commercial paper	234,684	234,400
Net payments of short-term borrowings	—	(4,883)
Proceeds from issuance of debt	400,000	300,000
Repayment of debt	(500,000)	(300,000)
Net proceeds from sale of common stock	27,601	53,423
Purchase of treasury stock	(491,538)	(502,348)
Income tax benefit from exercise of stock options	11,146	33,706
Payments of capital lease obligations	(16,327)	(14,728)
Other, net	(2,294)	(8,637)
Net cash used in financing activities	<u>(336,728)</u>	<u>(209,067)</u>
Effect of exchange rate changes on cash	115	460
Net (decrease) increase in cash and cash equivalents	(2,436)	12,455
Cash and cash equivalents at beginning of period	142,191	103,093
Cash and cash equivalents at end of period	<u>\$ 139,755</u>	<u>\$ 115,548</u>

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 U.S. generally accepted accounting principles for interim financial information and with instructions to 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. generally accepted accounting principles 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 31, 2013.

Operating results for the twelve and twenty-four weeks ended February 15, 2014, are not necessarily indicative of the results that may be expected for the fiscal year ending August 30, 2014. 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 for fiscal 2014 has 16 weeks and for fiscal 2013 had 17 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 July 2012, the FASB issued ASU 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*. The purpose of ASU 2012-02 is to simplify how an entity tests for impairment of indefinite-lived intangible assets. Entities will assess qualitative factors to determine whether it is more likely than not that a long-lived intangible asset's fair value is less than its carrying value. In instances where the fair value is determined to be less than the carrying value, entities will perform the two-step quantitative goodwill impairment test. The Company adopted this standard effective September 1, 2013, and it had no material impact on the consolidated financial statements.

In February 2013, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. Under ASU 2013-02, an entity is required to provide information about the amounts reclassified out of accumulated other comprehensive income ("AOCI") by component. In addition, an entity is required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. ASU 2013-02 does not change the current requirements for reporting net income or other comprehensive income in the financial statements. The Company adopted this standard effective September 1, 2013, and it had no material impact on the consolidated financial statements.

Note B – Share-Based Payments

AutoZone 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.

Total share-based compensation expense (a component of Operating, selling, general and administrative expenses) was \$11.5 million for the twelve week period ended February 15, 2014, and was \$8.5 million for the comparable prior year period. Share-based compensation expense was \$20.7 million for the twenty-four week period ended February 15, 2014, and was \$16.6 million for the comparable prior year period.

During the twenty-four week period ended February 15, 2014, 142,816 shares of stock options were exercised at a weighted average exercise price of \$192.70. In the comparable prior year period, 413,485 shares of stock options were exercised at a weighted average exercise price of \$129.00.

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The Company made stock option grants of 347,615 shares during the twenty-four week period ended February 15, 2014, and granted options to purchase 355,560 shares during the comparable prior year period. The weighted average fair value of the stock option awards granted during the twenty-four week periods ended February 15, 2014, and February 9, 2013, using the Black-Scholes-Merton multiple-option pricing valuation model, was \$96.92 and \$98.09 per share, respectively, using the following weighted average key assumptions:

	Twenty-Four Weeks Ended	
	February 15, 2014	February 9, 2013
Expected price volatility	23%	29%
Risk-free interest rate	1.0%	0.5%
Weighted average expected lives (in years)	5.2	5.2
Forfeiture rate	9%	10%
Dividend yield	0%	0%

See AutoZone's Annual Report on Form 10-K for the year ended August 31, 2013, 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 2011 Equity Incentive Award Plan and the 2011 Director Compensation Program.

For the twelve week period ended February 15, 2014, no stock options were excluded from the diluted earnings per share computation because they would have been anti-dilutive. For the comparable prior year period, 375,980 anti-dilutive shares were excluded from the diluted earnings per share computation. There were 5,830 anti-dilutive shares excluded from the diluted earnings per share computation for the twenty-four week period ended February 15, 2014, and 375,980 anti-dilutive shares excluded for the comparable prior year period.

During the second quarter of fiscal 2014, the Company adopted the 2014 Director Compensation Program (the "Program"), which states that non-employee directors will receive their compensation in awards of restricted stock units under the 2011 Equity Incentive Award Plan, with an option for a certain portion of a director's compensation to be paid in cash at the non-employee director's election. The Program replaces the former 2011 Director Compensation Program. Under the Program, restricted stock units are granted January 1 of each year (the "Grant Date"). The number of restricted stock units is determined by dividing the amount of the annual retainer by the fair market value of the shares of common stock as of the Grant Date. The restricted stock units are fully vested on January 1 of each year and are paid in shares of the Company's common stock on the earlier to occur of the fifth anniversary of the Grant Date or the date the non-employee director ceases to be a member of the Board ("Separation from Service"). Non-employee directors may elect to defer receipt of the restricted stock units until their Separation from Service. The cash portion of the award, if elected, is paid ratably over the remaining calendar quarters.

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. The Company uses a hierarchy of valuation inputs to measure fair value.

The hierarchy prioritizes the inputs into three broad levels:

Level 1 inputs—unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. An active market for the asset or liability is one in which transactions for the asset or liability occur with sufficient frequency and volume to provide ongoing pricing information.

Level 2 inputs—inputs other than quoted market prices included in Level 1 that are observable, either directly or indirectly, for the asset or liability. Level 2 inputs include, but are not limited to, quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, credit risk and default rates.

Level 3 inputs—unobservable inputs for the asset or liability.

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:

<i>(in thousands)</i>	February 15, 2014			Fair Value
	Level 1	Level 2	Level 3	
Other current assets	\$18,571	\$ 463	\$ —	\$ 19,034
Other long-term assets	47,798	17,442	—	65,240
	<u>\$66,369</u>	<u>\$17,905</u>	<u>\$ —</u>	<u>\$ 84,274</u>
Contingent consideration	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (242)</u>	<u>\$ (242)</u>

<i>(in thousands)</i>	August 31, 2013			Fair Value
	Level 1	Level 2	Level 3	
Other current assets	\$16,386	\$ 24	\$ —	\$ 16,410
Other long-term assets	49,011	16,740	—	65,751
	<u>\$65,397</u>	<u>\$16,764</u>	<u>\$ —</u>	<u>\$ 82,161</u>
Contingent consideration	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (242)</u>	<u>\$ (242)</u>

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At February 15, 2014, the fair value measurement amounts for assets and liabilities recorded in the accompanying Condensed Consolidated Balance Sheet consisted of short-term marketable securities of \$19.0 million, which are included within Other current assets, and long-term marketable securities of \$65.2 million, which are included in Other long-term assets. The Company's marketable 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 securities, by asset class, are described in "Note D – Marketable Securities."

The change in the fair value of the contingent consideration liability is summarized as follows:

<i>(in thousands)</i>	Twelve Weeks Ended February 15, 2014	Twenty-Four Weeks Ended February 15, 2014
Fair value – beginning of period	\$ (242)	\$ (242)
Change in fair value	—	—
Fair value – end of period	<u>\$ (242)</u>	<u>\$ (242)</u>

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

Non-financial assets are required to be measured at fair value on a non-recurring basis in certain circumstances, including the event of impairment. The assets could include assets acquired in an acquisition as well as property, plant and equipment that are determined to be impaired. During the twenty-four week periods ended February 15, 2014 and February 9, 2013, the Company did not have any significant non-financial assets measured at fair value on a non-recurring basis in periods 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 H – Financing."

Note D – Marketable Securities

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

<i>(in thousands)</i>	February 15, 2014			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate securities	\$ 29,075	\$ 216	\$ (5)	\$ 29,286
Government bonds	25,514	29	(3)	25,540
Mortgage-backed securities	6,409	28	(101)	6,336
Asset-backed securities and other	23,051	61	—	23,112
	<u>\$ 84,049</u>	<u>\$ 334</u>	<u>\$ (109)</u>	<u>\$ 84,274</u>

<i>(in thousands)</i>	August 31, 2013			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate securities	\$ 27,803	\$ 148	\$ (67)	\$ 27,884
Government bonds	21,372	18	(67)	21,323
Mortgage-backed securities	7,198	24	(138)	7,084
Asset-backed securities and other	25,825	50	(5)	25,870
	<u>\$ 82,198</u>	<u>\$ 240</u>	<u>\$ (277)</u>	<u>\$ 82,161</u>

The debt securities held at February 15, 2014, had effective maturities ranging from less than one year to approximately 3 years. The Company did not realize any material gains or losses on its marketable securities during the twenty-four week period ended February 15, 2014.

The Company holds 14 securities that are in an unrealized loss position of approximately \$109 thousand at February 15, 2014. 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.

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During the twelve week period ended February 15, 2014, the Company's insurance captive transferred \$28.2 million of its marketable securities to a trust account to secure its obligations to an insurance company related to future workers compensation and casualty losses. These securities held by the trust account are included above in total marketable securities.

Note E – Derivative Financial Instruments

At February 15, 2014, the Company had \$11.7 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 twenty-four week period ended February 15, 2014, the Company reclassified \$84 thousand of net losses from Accumulated other comprehensive loss to Interest expense. In the comparable prior year period, the Company reclassified \$831 thousand of net losses from Accumulated other comprehensive loss to Interest expense. The Company expects to reclassify \$182 thousand of net losses from Accumulated other comprehensive loss to Interest expense over the next twelve months.

Note F – Merchandise Inventories

Inventories are stated at the lower of cost or market using the last-in, first-out ("LIFO") method for domestic inventories and the first-in, first-out ("FIFO") method for Mexico inventories. Included in inventories are related purchasing, storage and handling costs. Due to price deflation on the Company's merchandise purchases, the Company's domestic inventory balances are effectively maintained under the FIFO method. The Company's policy is not to write up inventory in excess of replacement cost. The cumulative balance of this unrecorded adjustment, which will be reduced upon experiencing price inflation on the Company's merchandise purchases, was \$296.2 million at February 15, 2014, and \$283.7 million at August 31, 2013.

Note G – Pension and Savings Plans

The components of net periodic pension expense related to the Company's pension plans consisted of the following:

<i>(in thousands)</i>	Twelve Weeks Ended		Twenty-Four Weeks Ended	
	February 15, 2014	February 9, 2013	February 15, 2014	February 9, 2013
Interest cost	\$ 3,016	\$ 2,659	\$ 6,032	\$ 5,318
Expected return on plan assets	(3,550)	(3,083)	(7,100)	(6,166)
Amortization of net loss	1,587	3,333	3,174	6,666
Net periodic pension expense	<u>\$ 1,053</u>	<u>\$ 2,909</u>	<u>\$ 2,106</u>	<u>\$ 5,818</u>

The Company makes contributions in amounts at least equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended by the Pension Protection Act of 2006. During the twenty-four week period ended February 15, 2014, the Company made contributions to its funded plan in the amount of \$1.7 million. The Company expects to contribute approximately \$18.4 million to the plan during the remainder of fiscal 2014; however, a change to the expected cash funding may be impacted by a change in interest rates or a change in the actual or expected return on plan assets.

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Note H – Financing

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

<i>(in thousands)</i>	February 15, 2014	August 31, 2013
6.500% Senior Notes due January 2014, effective interest rate of 6.63%	\$ —	\$ 500,000
5.750% Senior Notes due January 2015, effective interest rate of 5.89%	500,000	500,000
5.500% Senior Notes due November 2015, effective interest rate of 4.86%	300,000	300,000
6.950% Senior Notes due June 2016, effective interest rate of 7.09%	200,000	200,000
1.300% Senior Notes due January 2017, effective interest rate of 1.43%	400,000	—
7.125% Senior Notes due August 2018, effective interest rate of 7.28%	250,000	250,000
4.000% Senior Notes due November 2020, effective interest rate of 4.43%	500,000	500,000
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
Commercial paper, weighted average interest rate of 0.25% and 0.29% at February 15, 2014 and August 31, 2013, respectively	871,684	637,000
Total debt	4,321,684	4,187,000
Less: Short-term borrowings	158,440	173,733
Long-term debt	<u>\$4,163,244</u>	<u>\$4,013,267</u>

As of February 15, 2014, \$871.7 million of commercial paper borrowings and \$341.6 million of the 5.750% Senior Notes due January 2015 are classified as long-term in the accompanying Consolidated Balance Sheets as the Company has the ability and intent to refinance on a long-term basis through available capacity in its revolving credit facility. As of February 15, 2014, the Company had \$1.213 billion of availability under its \$1.25 billion revolving credit facility, expiring in September 2017, that would allow it to replace these short-term obligations with long-term financing.

On January 14, 2014, the Company issued \$400 million in 1.300% Senior Notes due January 2017 under its shelf registration statement filed with the SEC on April 17, 2012 (the "Shelf Registration"). The Shelf Registration allows the Company to sell an indeterminate amount in debt securities to fund general corporate purposes, including repaying, redeeming or repurchasing outstanding debt and for working capital, capital expenditures, new store openings, stock repurchases and acquisitions. Proceeds from the debt issuance on January 14, 2014, were used to repay a portion of the \$500 million in 6.500% Senior Notes due January 2014. The Company used commercial paper borrowings to repay the remainder of the 6.500% Senior Notes.

On April 29, 2013, the Company issued \$500 million in 3.125% Senior Notes due July 2023 under its Shelf Registration. Proceeds from the debt issuance on April 29, 2013, were used to repay a portion of the outstanding commercial paper borrowings, which were used to repay the \$200 million in 4.375% Senior Notes due in June 2013, and for general corporate purposes.

On November 13, 2012, the Company issued \$300 million in 2.875% Senior Notes due January 2023 under its Shelf Registration. Proceeds from the debt issuance on November 13, 2012, were used to repay a portion of the outstanding commercial paper borrowings, which were used to repay the \$300 million in 5.875% Senior Notes due in October 2012, and for general corporate purposes.

In December 2013, the Company amended and restated its revolving credit facility, increasing the capacity under the revolving credit facility to \$1.25 billion. This credit facility is available to primarily support commercial paper borrowings, letters of credit and other short-term unsecured bank loans. The capacity of the credit facility may be increased to \$1.5 billion prior to the maturity date at the Company's election and subject to bank credit capacity and approval, may include up to \$200 million in letters of credit and may include up to \$175 million in capital leases each fiscal year. Under the revolving credit facility, the Company may borrow funds consisting of Eurodollar loans or base rate loans. Interest accrues on Eurodollar loans at a defined Eurodollar rate, defined as LIBOR plus the applicable percentage, as defined in the revolving credit facility, depending upon the Company's senior, unsecured, (non-credit enhanced) long-term debt rating. Interest accrues on base rate loans as defined in the credit facility. The Company also has the option to borrow funds under the terms of a swingline loan subfacility. The revolving credit facility expires in September 2017.

The fair value of the Company's debt was estimated at \$4.443 billion as of February 15, 2014, and \$ 4.259 billion as of August 31, 2013, 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 greater than the carrying value of debt by \$120.9 million at February 15, 2014, and \$72.2 million at August 31, 2013.

Note I – Stock Repurchase Program

From January 1, 1998 to February 15, 2014, the Company has repurchased a total of 135.7 million shares at an aggregate cost of \$13.423 billion, including 1,082,135 shares of its common stock at an aggregate cost of \$491.5 million during twenty-four week period ended February 15, 2014. On December 17, 2013, the Board voted to increase the authorization by \$750 million to raise the cumulative share repurchase authorization from \$13.4 billion to \$14.15 billion. Considering the cumulative repurchases as of February 15, 2014, the Company had \$726.9 million remaining under the Board's authorization to repurchase its common stock. Subsequent to February 15, 2014, the Company has repurchased 252,845 shares of its common stock at an aggregate cost of \$136.0 million.

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During the twenty-four week period ended February 15, 2014, the Company retired 3.2 million shares of treasury stock which had previously been repurchased under the Company's share repurchase program. The retirement increased Retained deficit by \$1.220 billion and decreased Additional paid-in capital by \$74.0 million. During the comparable prior year period, the Company retired 3.9 million shares of treasury stock, which increased Retained deficit by \$1.362 billion and decreased Additional paid-in capital by \$75.7 million.

Note J – 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 February 15, 2014 and February 9, 2013, consisted of the following:

<i>(in thousands)</i>	<u>Pension Liability</u>	<u>Foreign Currency (3)</u>	<u>Net Unrealized Gain on Securities</u>	<u>Derivatives</u>	<u>Total</u>
Balance at November 23, 2013	<u>\$(49,909)</u>	<u>\$ (54,976)</u>	<u>\$ 191</u>	<u>\$ (7,393)</u>	<u>\$(112,087)</u>
Other comprehensive (loss) income before reclassifications	—	(9,196)	(25)	—	(9,221)
Amounts reclassified from Accumulated other comprehensive loss (1)	955(2)	—	(20)(4)	27(5)	962
Balance at February 15, 2014	<u>\$(48,954)</u>	<u>\$ (64,172)</u>	<u>\$ 146</u>	<u>\$ (7,366)</u>	<u>\$(120,346)</u>

<i>(in thousands)</i>	<u>Pension Liability</u>	<u>Foreign Currency (3)</u>	<u>Net Unrealized Gain on Securities</u>	<u>Derivatives</u>	<u>Total</u>
Balance at November 17, 2012	<u>\$(92,532)</u>	<u>\$ (52,326)</u>	<u>\$ 361</u>	<u>\$ (7,965)</u>	<u>\$(152,462)</u>
Other comprehensive income (loss) before reclassifications	—	15,320	(40)	—	15,280
Amounts reclassified from Accumulated other comprehensive loss (1)	2,038(2)	—	(27)(4)	263(5)	2,274
Balance at February 9, 2013	<u>\$(90,494)</u>	<u>\$ (37,006)</u>	<u>\$ 294</u>	<u>\$ (7,702)</u>	<u>\$(134,908)</u>

(1) Amounts in parentheses indicate debits to Accumulated other comprehensive loss.

(2) Represents amortization of pension liability adjustments, net of taxes of \$0.6 million for the twelve weeks ended February 15, 2014 and \$1.3 million for the twelve weeks ended February 9, 2013, which is recorded in Operating, selling, general and administrative expenses on the Condensed Consolidated Statements of Income. See "Note G – Pension and Savings Plans" for further discussion.

(3) Foreign currency is not shown net of tax as earnings of non-U.S. subsidiaries are intended to be permanently reinvested.

(4) Represents realized (losses) gains on marketable securities, net of taxes of \$11 thousand for the twelve weeks ended February 15, 2014 and \$14 thousand for the twelve weeks ended February 9, 2013, which is recorded in Operating, selling, general, and administrative expenses on the Condensed Consolidated Statements of Income. See "Note D – Marketable Securities" for further discussion.

(5) Represents gains and losses on derivatives, net of taxes of \$15 thousand for the twelve weeks ended February 15, 2014 and \$155 thousand for the twelve weeks ended February 9, 2013, which is recorded in Interest expense, net, on the Condensed Consolidated Statements of Income. See "Note E – Derivative Financial Instruments" for further discussion.

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Changes in Accumulated other comprehensive loss for the twenty-four week periods ended February 15, 2014 and February 9, 2013, consisted of the following:

<i>(in thousands)</i>	<u>Pension Liability</u>	<u>Foreign Currency (3)</u>	<u>Net Unrealized Gain on Securities</u>	<u>Derivatives</u>	<u>Total</u>
Balance at August 31, 2013	\$(50,861)	\$ (62,483)	\$ (25)	\$ (7,419)	\$(120,788)
Other comprehensive income (loss) before reclassifications	—	(1,689)	194	—	(1,495)
Amounts reclassified from Accumulated other comprehensive loss (1)	1,907(2)	—	(23)(4)	53(5)	1,937
Balance at February 15, 2014	<u>\$(48,954)</u>	<u>\$ (64,172)</u>	<u>\$ 146</u>	<u>\$ (7,366)</u>	<u>\$(120,346)</u>

<i>(in thousands)</i>	<u>Pension Liability</u>	<u>Foreign Currency (3)</u>	<u>Net Unrealized Gain on Securities</u>	<u>Derivatives</u>	<u>Total</u>
Balance at August 25, 2012	\$(93,967)	\$ (50,267)	\$ 351	\$ (8,130)	\$(152,013)
Other comprehensive (loss) income before reclassifications	—	13,261	(7)	—	13,254
Amounts reclassified from Accumulated other comprehensive loss (1)	3,473(2)	—	(50)(4)	428(5)	3,851
Balance at February 9, 2013	<u>\$(90,494)</u>	<u>\$ (37,006)</u>	<u>\$ 294</u>	<u>\$ (7,702)</u>	<u>\$(134,908)</u>

- (1) Amounts in parentheses indicate debits to Accumulated other comprehensive loss.
- (2) Represents amortization of pension liability adjustments, net of taxes of \$1.3 million in fiscal 2014 and \$3.2 million in fiscal 2013, which is recorded in Operating, selling, general and administrative expenses on the Condensed Consolidated Statements of Income. See "Note G – Pension and Savings Plans" for further discussion.
- (3) Foreign currency is not shown net of tax as earnings of non-U.S. subsidiaries are intended to be permanently reinvested.
- (4) Represents realized (losses) gains on marketable securities, net of taxes of \$13 thousand in fiscal 2014 and \$27 thousand in fiscal 2013, which is recorded in Operating, selling, general, and administrative expenses on the Condensed Consolidated Statements of Income. See "Note D – Marketable Securities" for further discussion.
- (5) Represents gains and losses on derivatives, net of taxes of \$31 thousand in fiscal 2014 and \$258 thousand in fiscal 2013, which is recorded in Interest expense, net, on the Condensed Consolidated Statements of Income. See "Note E – Derivative Financial Instruments" for further discussion.

Note K – Goodwill and Intangibles

The changes in the carrying amount of goodwill are as follows:

<i>(in thousands)</i>	<u>Auto Parts Stores</u>	<u>Other</u>	<u>Total</u>
Net balance as of August 31, 2013	\$302,645	\$65,184	\$367,829
Goodwill adjustments	—	—	—
Net balance as of February 15, 2014	<u>\$302,645</u>	<u>\$65,184</u>	<u>\$367,829</u>

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The Company recorded an increase to intangible assets of \$30.2 million during the twenty-four weeks ended February 15, 2014. During fiscal year 2014, the Company purchased the rights to certain customer relationships and technology assets relating to its ALLDATA operations. The carrying amounts of intangible assets are included in Other long-term assets as follows:

<i>(in thousands)</i>	<u>Estimated Useful Life</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Amortizing intangible assets:				
Technology	3-5 years	\$10,570	\$ (2,327)	\$ 8,243
Noncompete agreements	5 years	1,300	(303)	997
Customer relationships	3-10 years	48,376	(2,707)	45,669
		<u>\$60,246</u>	<u>\$ (5,337)</u>	<u>54,909</u>
Non-amortizing intangible asset:				
Trade name				<u>24,600</u>
Total intangible assets other than goodwill				<u>\$79,509</u>

Amortization expense of intangible assets for the twelve and twenty-four week period ended February, 15, 2014, was \$1.5 million and \$2.5 million, respectively. Amortization expense of intangible assets was \$0.6 million in the twelve and twenty-four week periods ended February 9, 2013.

Total future amortization expense for intangible assets that have finite lives, based on the existing intangible assets and their current estimated useful lives as of February 15, 2014, is estimated as follows:

<i>(in thousands)</i>	<u>Total</u>
Remainder of fiscal 2014	<u>\$ 4,641</u>
2015	8,618
2016	8,618
2017	8,352
2018	6,725
Thereafter	17,955
	<u>\$54,909</u>

Note L – Litigation

In 2004, the Company 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, the Company voluntarily reported the groundwater contamination issue to the New Jersey Department of Environmental Protection and entered into a Voluntary Remediation Agreement providing for the remediation of the contamination associated with the property. The Company has conducted and paid for (at an immaterial cost to the Company) remediation of contamination on the property. The Company is also investigating, and will be addressing, potential vapor intrusion impacts in downgradient residences and businesses. The New Jersey Department of Environmental Protection 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 the Company is liable for the downgradient impacts under a joint and severable liability theory. The Company has contested any such assertions due to the existence of other entities/sources of contamination, some of which are named in the Directives, in the area of the property. Pursuant to the Voluntary Remediation Agreement, upon completion of all remediation required by the agreement, the Company believes it should be eligible to be reimbursed up to 75 percent of qualified remediation costs by the State of New Jersey. The Company has asked the state for clarification that the agreement applies to off-site work, and the state is considering the request. Although the aggregate amount of additional costs that the Company may incur pursuant to the remediation cannot currently be ascertained, the Company does not currently believe that fulfillment of its obligations under the agreement or otherwise will result in costs that are material to its financial condition, results of operations or cash flow.

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

Note M – Segment Reporting

The Company's three operating segments (Domestic Auto Parts, Mexico, and Brazil) are aggregated as one reportable segment: Auto Parts Stores. The criteria the Company used to identify the reportable segment are primarily the nature of the products the Company sells and the operating results that are regularly reviewed by the Company's chief operating decision maker to make decisions about the resources to be allocated to the business units and to assess performance. The accounting policies of the Company's reportable segment are the same as those described in Note A in its Annual Report on Form 10-K for the year ended August 31, 2013.

The Auto Parts Stores segment is a retailer and distributor of automotive parts and accessories through the Company's 5,242 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; E-commerce, which includes direct sales to customers through www.autozone.com; and AutoAnything, which includes direct sales to customers through www.autoanything.com.

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:

<i>(in thousands)</i>	Twelve Weeks Ended		Twenty-Four Weeks Ended	
	February 15, 2014	February 9, 2013	February 15, 2014	February 9, 2013
Net Sales				
Auto Parts Stores	\$ 1,913,591	\$ 1,796,280	\$ 3,933,161	\$ 3,745,003
Other	76,903	58,918	150,911	101,235
Total	<u>\$ 1,990,494</u>	<u>\$ 1,855,198</u>	<u>\$ 4,084,072</u>	<u>\$ 3,846,238</u>
Segment Profit				
Auto Parts Stores	\$ 994,971	\$ 924,704	\$ 2,038,986	\$ 1,924,039
Other	42,064	37,277	83,747	69,808
Gross profit	1,037,035	961,981	2,122,733	1,993,847
Operating, selling, general and administrative expenses	(699,691)	(644,410)	(1,401,663)	(1,312,999)
Interest expense, net	(39,490)	(41,323)	(81,921)	(82,428)
Income before income taxes	<u>\$ 297,854</u>	<u>\$ 276,248</u>	<u>\$ 639,149</u>	<u>\$ 598,420</u>

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
AutoZone, Inc.

We have reviewed the condensed consolidated balance sheet of AutoZone, Inc. as of February 15, 2014, the related condensed consolidated statements of income for the twelve and twenty-four week periods ended February 15, 2014 and February 9, 2013, the condensed consolidated statements of comprehensive income for the twelve and twenty-four week periods ended February 15, 2014 and February 9, 2013, and the condensed consolidated statements of cash flows for the twenty-four week periods ended February 15, 2014 and February 9, 2013. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information 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 Public Company Accounting Oversight Board, 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.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above 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), the consolidated balance sheet of AutoZone, Inc. as of August 31, 2013, and the related consolidated statements of income, comprehensive income, stockholders' deficit, and cash flows for the year then ended, not presented herein, and, in our report dated October 28, 2013, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of August 31, 2013, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

Memphis, Tennessee
March 25, 2014

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

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 February 15, 2014, operated 4,871 stores in the United States, including Puerto Rico; 367 in Mexico; and four in Brazil. Each of our stores 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 February 15, 2014, in 3,595 of our domestic stores, we also have a commercial sales program that provides commercial credit and prompt delivery of parts and other products to local, regional and national repair garages, dealers, service stations and public sector accounts. We have commercial programs in select stores in Mexico and Brazil as well. 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 www.autoanything.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 and twenty-four weeks ended February 15, 2014, are not necessarily indicative of the results that may be expected for the fiscal year ending August 30, 2014. 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 for fiscal 2013 had 17 weeks and for fiscal 2014 has 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 7.3% for the quarter, driven by domestic same store sales (sales for stores open at least one year) growth of 4.3%, new store growth and increased number of commercial programs and, to a lesser extent, AutoAnything sales. Earnings per share increased 17.8% for the quarter.

Over the past several years, various factors have occurred within the economy that affect both our consumer and our industry, including the impact of the recession, continued high unemployment and other challenging economic conditions. Although new vehicle sales have increased over recent months, we believe our consumers' cash flows continue to be challenged due to these factors. Given the nature of these macroeconomic factors, we cannot predict whether or for how long these trends will continue, nor can we predict to what degree these trends will impact us in the future. We remain focused on refining and expanding our product assortment to ensure that we have the best merchandise at the right price in our stores. Our primary responses to fluctuations in the demand for the products we sell are to adjust our inventory levels, store staffing, and advertising level and messages. We continue to believe we are well positioned to help our customers save money and meet their needs in a challenging macro environment.

During the second quarter of fiscal 2014, the price per gallon of unleaded gasoline in the United States began the quarter at \$3.29 per gallon and ended the quarter at \$3.38 per gallon, a \$0.09 increase. During the comparable prior year period, gas prices increased by \$0.18 per gallon, beginning at \$3.43 per gallon and ending at \$3.61 per gallon. While the price per gallon has decreased over the comparable prior year quarter, gas prices remain at overall high levels. We continue to believe gas prices have an impact on our customers' abilities to maintain their vehicles, allowing us to communicate through our marketing messages the steps needed to improve their gas mileage. Given the unpredictability of gas prices, we cannot predict whether gas prices will increase or decrease, nor can we predict how any future changes in gas prices will impact our sales in future periods.

During the second quarter of fiscal 2014, colder weather impacted much of the United States. This weather drove increased traffic in our stores, specifically, in our failure related categories. Failure and maintenance related categories represented the largest portion of our sales mix, at approximately 85% of total sales, with failure related categories continuing to be our strongest performers. While we have not experienced any fundamental shifts in our category sales mix as compared to previous years, we did experience a slight increase in mix of sales of the failure related categories. We believe the increase in failure related products is largely due to weather related impacts in various regions of the U.S.

Historically, the two statistics that we believed had the closest correlation to our market growth over the long-term were miles driven and the number of seven year old or older vehicles on the road. While over the long-term, we have seen a close correlation between our net sales and the number of miles driven, we have also seen certain time frames of minimal correlation in sales performance and miles driven. During the periods of minimal correlation between net sales and miles driven, we believe net sales have been positively impacted by other factors, including the number of seven year old or older vehicles on the road. From January 2013 through November 2013, miles driven have increased by 0.6% over last year. The average age of the U.S. light vehicle fleet continues to trend in our industry's favor. We believe that annual miles driven will improve to a low single digit growth rate over time and that the number of seven year old or older vehicles will continue to increase; however, we are unable to predict the impact, if any, these indicators will have on future results.

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Twelve Weeks Ended February 15, 2014, Compared with Twelve Weeks Ended February 9, 2013

Net sales for the twelve weeks ended February 15, 2014, increased \$135.3 million to \$1.990 billion, or 7.3%, over net sales of \$1.855 billion for the comparable prior year period. Total auto parts sales increased by 6.5%, primarily driven by domestic same store sales increase of 4.3%, net sales of \$42.9 million from new stores and increased commercial programs, and, to a lesser extent, AutoAnything sales.

Gross profit for the twelve weeks ended February 15, 2014, was \$1.037 billion, or 52.1% of net sales, compared with \$962.0 million, or 51.9% of net sales, during the comparable prior year period. The improvement in gross margin was attributable to higher merchandise margins and lower shrink expense, partially offset by the inclusion of the recent acquisition of AutoAnything (20 basis points).

Operating, selling, general and administrative expenses for the twelve weeks ended February 15, 2014, were \$699.7 million, or 35.2% of net sales, compared with \$644.4 million, or 34.7% of net sales, during the comparable prior year period. The increase in operating expenses, as a percentage of sales was primarily due to the timing of advertising costs (22 basis points).

Net interest expense for the twelve weeks ended February 15, 2014, was \$39.5 million compared with \$41.3 million during the comparable prior year period. The decrease was primarily due to a decrease in borrowing rates, partially offset by an increase in debt over the comparable prior year period. Average borrowings for the twelve weeks ended February 15, 2014, were \$4.275 billion, compared with \$3.948 billion for the comparable prior year period. Weighted average borrowing rates were 3.7% for the twelve weeks ended February 15, 2014, and 4.3% for the twelve weeks ended February 9, 2013.

Our effective income tax rate was 35.3% of pretax income for the twelve weeks ended February 15, 2014, and 36.2% for the comparable prior year period.

Net income for the twelve week period ended February 15, 2014, increased by \$16.6 million to \$192.8 million, and diluted earnings per share increased by 17.8% to \$5.63 from \$4.78 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 \$0.43.

Twenty-Four Weeks Ended February 15, 2014, Compared with Twenty-Four Weeks Ended February 9, 2013

Net sales for the twenty-four weeks ended February 15, 2014, increased \$237.8 million to \$4.084 billion, or 6.2%, over net sales of \$3.846 billion for the comparable prior year period. Total auto parts sales increased by 5.0%, primarily driven by net sales of \$92.0 million from new stores and increased commercial programs, domestic same store sales increase of 2.5%, and, to a lesser extent, AutoAnything sales.

Gross profit for the twenty-four weeks ended February 15, 2014, was \$2.123 billion, or 52.0% of net sales, compared with \$1.994 billion, or 51.8% of net sales, during the comparable prior year period. The improvement in gross margin was attributable to lower acquisition costs and shrink expense, partially offset by the inclusion of the recent acquisition of AutoAnything (29 basis points).

Operating, selling, general and administrative expenses for the twenty-four weeks ended February 15, 2014, were \$1.402 billion, or 34.3% of net sales, compared with \$1.313 billion, or 34.1% of net sales, during the comparable prior year period. Operating expenses, as a percentage of sales, increased primarily due to store payroll and higher advertising costs.

Net interest expense for the twenty-four weeks ended February 15, 2014, was \$81.9 million compared with \$82.4 million during the comparable prior year period. The decrease was primarily due to a decrease in borrowing rates, partially offset by an increase in debt over the comparable prior year period. Average borrowings for the twenty-four weeks ended February 15, 2014, were \$4.206 billion, compared with \$3.845 billion for the comparable prior year period. Weighted average borrowing rates were 3.9% for the twenty-four weeks ended February 15, 2014, and 4.4% for the twenty-four weeks ended February 9, 2013.

Our effective income tax rate was 35.7% of pretax income for the twenty-four weeks ended February 15, 2014, and 36.5% for the comparable prior year period.

Net income for the twenty-four week period ended February 15, 2014, increased by \$31.2 million to \$410.9 million, and diluted earnings per share increased by 17.0% to \$11.92 from \$10.19 in the comparable prior year period. The impact on year to date diluted earnings per share from stock repurchases since the end of the comparable prior year period was an increase of \$0.83.

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 twenty-four weeks ended February 15, 2014, our net cash flows from operating activities provided \$508.0 million as compared with \$510.8 million provided during the comparable prior year period.

Our net cash flows used in investing activities for the twenty-four weeks ended February 15, 2014, was \$173.8 million as compared with \$289.8 million in the comparable prior year period. Capital expenditures for the twenty-four weeks ended February 15, 2014, were \$160.0 million compared to \$169.6 million for the comparable prior year period. The decrease is primarily driven by the timing of new store openings. During the twenty-four week period ended February 15, 2014, we opened 41 net new stores. In the comparable prior year period,

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we opened 64 net new stores. Investing cash flows for the purchase of intangibles were \$11.1 million for the twenty-four weeks ended February 15, 2014, as compared with \$115.0 million used in the acquisition of AutoAnything in the comparable prior year period. Investing cash flows were also impacted by our wholly owned captive, which purchased \$21.1 million and sold \$19.2 million in marketable securities during the twenty-four weeks ended February 15, 2014. During the comparable prior year period, the captive purchased \$22.3 million in marketable securities and sold \$16.2 million in marketable securities. Capital asset disposals and other used \$0.9 million during the twenty-four week period ended February 15, 2014, and provided \$0.9 million in the comparable prior year period.

Our net cash flows used in financing activities for the twenty-four weeks ended February 15, 2014, was \$336.7 million compared to \$209.1 million in the comparable prior year period. During the twenty-four weeks ended February 15, 2014, we received \$400 million in proceeds from the issuance of debt compared to \$300 million in proceeds from the issuance of debt during the comparable prior year period. During the twenty-four weeks ended February 15, 2014, we repaid our \$500 million of Senior Notes due in January 2014 using proceeds from the \$400 million bond issuance in fiscal 2014 and commercial paper borrowings. During the comparable prior year period we repaid our \$300 million Senior Note due in October 2012 using commercial paper borrowings. For the twenty-four weeks ended February 15, 2014, there were \$234.7 million net proceeds from commercial paper, as compared to \$229.5 million net proceeds from commercial paper and short-term borrowings in the comparable prior year period. Stock repurchases were \$491.5 million in the current twenty-four week period as compared with \$502.3 million in the comparable prior year period. For the twenty-four weeks ended February 15, 2014, proceeds from the sale of common stock and exercises of stock options provided \$38.7 million, including \$11.1 million in related tax benefits. In the comparable prior year period, proceeds from the sale of common stock and exercises of stock options provided \$87.1 million, including \$33.7 million in related tax benefits.

During fiscal 2014, we expect to invest in our business at an increased rate as compared to fiscal 2013. Our investment is expected to be directed primarily to our new-store development program, enhancements to existing stores and infrastructure. The amount of our investments in our new-store program 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, Puerto Rico, Mexico, or Brazil, or located in urban or rural areas. Our mix of store openings has moved away from build-to-suit leases (lower initial capital investment) to ground leases and land purchases (higher initial capital investment), resulting in increased capital expenditures per store during recent years. We expect this trend to continue during the remainder of the fiscal year ending August 30, 2014.

In addition to the building and land costs, our new-store development program requires 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. Accounts payable, as a percent of gross inventory, was 112.6% compared to 110.0% last year. 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.

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 February 15, 2014, our after-tax return on invested capital ("ROIC") was 32.3% as compared to 32.4% for the comparable prior year period. ROIC is calculated as after-tax operating profit (excluding rent charges) divided by average invested capital (which includes a factor to capitalize operating leases). ROIC increased primarily due to increased after-tax operating profit. We use ROIC to evaluate whether we are effectively using our capital resources and believe it is an important indicator of our overall operating performance.

Debt Facilities

In December 2013, we amended and restated our revolving credit facility, increasing the capacity under the revolving credit facility to \$1.25 billion. This credit facility is available to primarily support commercial paper borrowings, letters of credit and other short-term, unsecured bank loans. The capacity of the credit facility may be increased to \$1.5 billion prior to the maturity date at our election and subject to bank credit capacity and approval, may include up to \$200 million in letters of credit, and may include up to \$175 million in capital leases each fiscal year. Under the revolving credit facility, we may borrow funds consisting of Eurodollar loans or base rate loans. Interest accrues on Eurodollar loans at a defined Eurodollar rate, defined as the London InterBank Offered Rate ("LIBOR") plus the applicable percentage, as defined in the revolving credit facility, depending upon our senior, unsecured, (non-credit enhanced) long-term debt rating. Interest accrues on base rate loans as defined in the revolving credit facility. We also have the option to borrow funds under the terms of a swingline loan subfacility. The revolving credit facility expires in September 2017.

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 \$100 million. The letter of credit facility is in addition to the letters of credit that may be issued under the revolving credit facility. As of February 15, 2014, we have \$100.0 million in letters of credit outstanding under the letter of credit facility, which expires in June 2016.

In addition to the outstanding letters of credit issued under the committed facilities discussed above, we had \$36.6 million in letters of credit outstanding as of February 15, 2014. These letters of credit have various maturity dates and were issued on an uncommitted basis.

As of February 15, 2014, \$871.7 million of commercial paper borrowings and \$341.6 million of the 5.750% Senior Notes due January 2015 are classified as long-term in the Consolidated Balance Sheets as we have the ability and intent to refinance on a long-term basis through available capacity in our revolving credit facility. As of February 15, 2014, we had \$1.213 billion of availability under our \$1.25 billion revolving credit facility, expiring in September 2017 that would allow us to replace these short-term obligations with long-term financing.

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On January 14, 2014, we issued \$400 million in 1.300% Notes due January 2017 under our shelf registration statement filed with the SEC on April 17, 2012 (the "Shelf Registration"). The Shelf Registration allows us to sell an indeterminate amount in debt securities to fund general corporate purposes, including repaying, redeeming or repurchasing outstanding debt and for working capital, capital expenditures, new store openings, stock repurchases and acquisitions. Proceeds from the debt issuance on January 14, 2014, were used to repay a portion of the \$500 million in 6.500% Senior Notes due January 2014. We used commercial paper borrowings to repay the remainder of the 6.500% Senior Notes.

On April 29, 2013, the Company issued \$500 million in 3.125% Senior Notes due July 2023 under its Shelf Registration. Proceeds from the debt issuance on April 29, 2013, were used to repay a portion of the outstanding commercial paper borrowings, which were used to repay the \$200 million in 4.375% Senior Notes due in June 2013, and for general corporate purposes.

On November 13, 2012, the Company issued \$300 million in 2.875% Senior Notes due January 2023 under its Shelf Registration. Proceeds from the debt issuance on November 13, 2012, were used to repay a portion of the outstanding commercial paper borrowings, which were used to repay the \$300 million in 5.875% Senior Notes due in October 2012, and for general corporate purposes.

The 5.750% Senior Notes issued in July 2009 and the 6.500% and 7.125% Senior Notes issued during August 2008, are subject to an interest rate adjustment if the debt ratings assigned to these notes are downgraded. Further, all senior notes issued since August 2008 contain a provision that repayment of the notes may be accelerated if we experience a change in control (as defined in the agreements). Our borrowings under our other senior notes contain minimal covenants, primarily restrictions on liens. Under our other borrowing arrangements, covenants include limitations on total indebtedness, restrictions on liens, 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 scheduled payment date if covenants are breached or an event of default occurs. As of February 15, 2014, we were in compliance with all covenants and expect to remain in compliance with all covenants.

Our adjusted debt to earnings before interest, taxes, depreciation, amortization, rent and share-based expense ("EBITDAR") ratio was 2.5:1 as of February 15, 2014, and was 2.6:1 as of February 9, 2013. We calculate adjusted debt as the sum of total debt, capital lease obligations and rent times six; and we calculate EBITDAR by adding 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.

Stock Repurchases

From January 1, 1998 to February 15, 2014, we have repurchased a total of 135.7 million shares at an aggregate cost of \$13.423 billion, including 1,082,135 shares of our common stock at an aggregate cost of \$491.5 million during the twenty-four week period ended February 15, 2014. On December 17, 2013, the Board voted to increase the authorization by \$750 million to raise the cumulative share repurchase authorization from \$13.4 billion to \$14.15 billion. Considering cumulative repurchases as of February 15, 2014, we have \$726.9 million remaining under the Board's authorization to repurchase our common stock. Subsequent to February 15, 2014, we have repurchased 252,845 shares of our common stock at an aggregate cost of \$136.0 million.

During the twenty-four week period ended February 15, 2014, we retired 3.2 million shares of treasury stock which had previously been repurchased under our share repurchase program. The retirement increased Retained deficit by \$1.220 billion and decreased Additional paid-in capital by \$74.0 million. During the comparable prior year period, we retired 3.9 million shares of treasury stock, which increased Retained deficit by \$1.362 billion and decreased Additional paid-in capital by \$75.7 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 February 15, 2014, was \$140.7 million compared with \$145.4 million at August 31, 2013, and our total surety bonds commitment at February 15, 2014, was \$26.6 million compared with \$30.7 million at August 31, 2013.

Financial Commitments

As of February 15, 2014, there were no significant changes to our contractual obligations as described in our Annual Report on Form 10-K for the year ended August 31, 2013.

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Reconciliation of Non-GAAP Financial Measures

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

Non-GAAP financial measures should not be used as a substitute for GAAP financial measures, or considered in isolation, for the purpose of analyzing our operating performance, financial position or cash flows. However, we have presented the non-GAAP financial measures, as we believe they provide additional information that is useful to investors. Furthermore, our management and the Compensation Committee of the Board use the abovementioned 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.

Reconciliation of Non-GAAP Financial Measure: After-Tax Return on Invested Capital "ROIC"

The following tables calculate the percentages of ROIC for the trailing four quarters ended February 15, 2014 and February 9, 2013.

	A	B	A-B=C	D	C+D
	Fiscal Year Ended August 31, 2013 (6)	Twenty-Four Weeks Ended February 9, 2013	Twenty-Nine Weeks Ended August 31, 2013 (6)	Twenty-Four Weeks Ended February 15, 2014	Trailing Four Quarters Ended February 15, 2014 (6)
<i>(in thousands, except percentage)</i>					
Net income	\$ 1,016,480	\$ 379,698	\$ 636,782	\$ 410,917	\$ 1,047,699
Adjustments:					
Interest expense	185,415	82,428	102,987	81,921	184,908
Rent expense	246,340	109,915	136,425	115,505	251,930
Tax effect (1)	(155,432)	(68,666)	(86,766)	(70,481)	(157,247)
After-tax return	<u>\$ 1,292,803</u>	<u>\$ 503,375</u>	<u>\$ 789,428</u>	<u>\$ 537,862</u>	<u>\$ 1,327,290</u>
Average debt (2)					\$ 4,136,218
Average deficit (3)					(1,640,250)
Rent x 6 (4)					1,511,580
Average capital lease obligations (5)					104,127
Pre-tax invested capital					<u>\$ 4,111,675</u>
ROIC					<u>32.3%</u>

	A	B	A-B=C	D	C+D
	Fiscal Year Ended August 25, 2012	Twenty-Four Weeks Ended February 11, 2012	Twenty-Eight Weeks Ended August 25, 2012	Twenty-Four Weeks Ended February 9, 2013	Trailing Four Quarters Ended February 9, 2013
<i>(in thousands, except percentage)</i>					
Net income	\$ 930,373	\$ 358,055	\$ 572,318	\$ 379,698	\$ 952,016
Adjustments:					
Interest expense	175,905	78,017	97,888	82,428	180,316
Rent expense	229,417	103,721	125,696	109,915	235,611
Tax effect (1)	(145,916)	(65,426)	(80,490)	(69,243)	(149,733)
After-tax return	<u>\$ 1,189,779</u>	<u>\$ 474,367</u>	<u>\$ 715,412</u>	<u>\$ 502,798</u>	<u>\$ 1,218,210</u>
Average debt (2)					\$ 3,727,872
Average deficit (3)					(1,480,371)
Rent x 6 (4)					1,413,666
Average capital lease obligations (5)					101,446
Pre-tax invested capital					<u>\$ 3,762,613</u>
ROIC					<u>32.4%</u>

- (1) The effective tax rate was 35.7% and 36.0% over the trailing four quarters ended February 15, 2014 and February 9, 2013 respectively.
- (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.
- (6) The fiscal year ended August 31, 2013 consisted of 53 weeks resulting in an additional week for the trailing four quarters ended February 15, 2014.

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Reconciliation of Non-GAAP Financial Measure: Adjusted Debt to Earnings before Interest, Taxes, Depreciation, Rent and Share-Based Expense

The following tables calculate the ratio of adjusted debt to EBITDAR for the trailing four quarters ended February 15, 2014 and February 9, 2013.

	A	B	A-B=C	D	C+D
	Fiscal Year Ended August 31, 2013 (2)	Twenty-Four Weeks Ended February 9, 2013	Twenty-Nine Weeks Ended August 31, 2013 (2)	Twenty-Four Weeks Ended February 15, 2014	Trailing Four Quarters Ended February 15, 2014 (2)
<i>(in thousands, except ratio)</i>					
Net income	\$1,016,480	\$ 379,698	\$ 636,782	\$ 410,917	\$ 1,047,699
Add: Interest expense	185,415	82,428	102,987	81,921	184,908
Income tax expense	571,203	218,722	352,481	228,232	580,713
EBIT	1,773,098	680,848	1,092,250	721,070	1,813,320
Add: Depreciation expense	227,251	103,044	124,207	114,154	238,361
Rent expense	246,340	109,915	136,425	115,505	251,930
Share-based expense	37,307	16,616	20,691	20,716	41,407
EBITDAR	<u>\$2,283,996</u>	<u>\$ 910,423</u>	<u>\$ 1,373,573</u>	<u>\$ 971,445</u>	<u>\$ 2,345,018</u>
Debt					\$ 4,321,684
Capital lease obligations					107,224
Add: Rent x 6 (1)					1,511,580
Adjusted debt					<u>\$ 5,940,488</u>
Adjusted debt / EBITDAR					<u>2.5</u>

	A	B	A-B=C	D	C+D
	Fiscal Year Ended August 25, 2012	Twenty-Four Weeks Ended February 11, 2012	Twenty-Eight Weeks Ended August 25, 2012	Twenty-Four Weeks Ended February 9, 2013	Trailing Four Quarters Ended February 9, 2013
<i>(in thousands, except ratio)</i>					
Net income	\$ 930,373	\$ 358,055	\$ 572,318	\$ 379,698	\$ 952,016
Add: Interest expense	175,905	78,017	97,888	82,428	180,316
Income tax expense	522,613	205,513	317,100	218,722	535,822
EBIT	1,628,891	641,585	987,306	680,848	1,668,154
Add: Depreciation expense	211,831	96,170	115,661	103,044	218,705
Rent expense	229,417	103,721	125,696	109,915	235,611
Share-based expense	33,363	15,045	18,318	16,616	34,934
EBITDAR	<u>\$2,103,502</u>	<u>\$ 856,521</u>	<u>\$ 1,246,981</u>	<u>\$ 910,423</u>	<u>\$ 2,157,404</u>
Debt					\$ 3,997,806
Capital lease obligations					99,369
Add: Rent x 6 (1)					1,413,666
Adjusted debt					<u>\$ 5,510,841</u>
Adjusted debt / EBITDAR					<u>2.6</u>

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

(2) The fiscal year ended August 31, 2013 consisted of 53 weeks resulting in an additional week for the trailing four quarters ended February 15, 2014.

Recently Adopted Accounting Pronouncements:

Refer to Note A of the Notes to Condensed Consolidated Financial Statements for the discussion of recently adopted accounting pronouncements.

Critical Accounting Policies

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 31, 2013. Our critical accounting policies have not changed since the filing of our Annual Report on Form 10-K for the year ended August 31, 2013.

Forward-Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q are forward-looking statements. Forward-looking statements typically use words such as "believe," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy" and similar expressions. These are based on assumptions and assessments made by our management in light of experience and perception of historical trends, current conditions, expected future developments and other factors that we believe to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties, including without limitation: credit market conditions; the impact of recessionary conditions; competition; product demand; the ability to hire and retain qualified employees; consumer debt levels; inflation; weather; raw material costs of our suppliers; energy prices; war and the prospect of war, including terrorist activity; construction delays; access to available and feasible financing; and changes in laws or regulations. Certain of these risks are discussed in more detail in the "Risk Factors" section contained in Item 1A under Part 1 of our Annual Report on Form 10-K for the year ended August 31, 2013, and these Risk Factors should be read carefully. Forward-looking statements are not guarantees of future performance and actual results; developments and business decisions may differ from those contemplated by such forward-looking statements, and events described above and in the "Risk Factors" could materially and adversely affect our business. Forward-looking statements speak only as of the date made. Except as required by applicable law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Actual results may materially differ from anticipated results.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

At February 15, 2014, there have been no material changes to our instruments and positions that are sensitive to market risk since the disclosures in our Annual Report on Form 10-K for the year ended August 31, 2013, except as described below.

The fair value of our debt was estimated at \$4.443 billion as of February 15, 2014, and \$4.259 billion as of August 31, 2013, 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 is greater than the carrying value of debt by \$120.9 million at February 15, 2014 and \$ 72.2 million at August 31, 2013. We had \$871.7 million of variable rate debt outstanding at February 15, 2014, and \$637.0 million of variable rate debt outstanding at August 31, 2013. 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 \$8.7 million in fiscal 2014. The primary interest rate exposure on variable rate debt is based on LIBOR. We had outstanding fixed rate debt of \$3.450 billion at February 15, 2014 and \$3.550 billion at August 31, 2013. A one percentage point increase in interest rates would reduce the fair value of our fixed rate debt by \$158.6 million at February 15, 2014.

Item 4. Controls and Procedures.

As of February 15, 2014, 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 February 15, 2014. During or subsequent to the quarter ended February 15, 2014, there were no changes in our internal controls that have materially affected or are reasonably likely to materially affect, internal controls over financial reporting.

During the twenty-four weeks ended February 15, 2014, we implemented several modules of a new accounting system, including a general ledger, accounts payable and fixed assets module. The internal controls over financial reporting affected by this implementation were evaluated for design and found to be effective. Prior to implementation of the modules, user acceptance testing was performed to ensure the system was functioning as designed. Post-implementation reviews have been and will continue to be conducted by management to ensure that the internal controls surrounding the system implementation processes, key applications and the financial close process are properly designed and are operating effectively. We expect to implement additional modules during the remainder of fiscal 2014 and will apply the same methodology to those implementations.

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Item 4T. Controls and Procedures.

Not applicable.

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 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 are also investigating, and will be addressing, potential vapor intrusion impacts in downgradient residences and businesses. The New Jersey Department of Environmental Protection 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. We have contested any such assertions due to the existence of other entities/sources of contamination, some of which are also named in the Directives, in the area of the property. Pursuant to the Voluntary Remediation Agreement, upon completion of all remediation required by the agreement, we believe we are eligible to be reimbursed up to 75 percent 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, and the state is considering the request. 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 flow.

We are involved in various other legal proceedings incidental to the conduct of our business, including 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 31, 2013.

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

Shares of common stock repurchased by the Company during the quarter ended February 15, 2014, 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
November 24, 2013 to December 21, 2013	—	\$ —	—	\$ 926,904,342
December 22, 2013 to January 18, 2014	118,112	489.46	118,112	869,093,123
January 19, 2014 to February 15, 2014	285,880	497.37	285,880	726,904,425
Total	<u>403,992</u>	<u>\$ 495.06</u>	<u>403,992</u>	<u>\$ 726,904,425</u>

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 December 17, 2013, to increase the repurchase authorization to \$14.15 billion from \$13.4 billion and does not have an expiration date. All of the above repurchases were part of this program. Subsequent to February 15, 2014, we have repurchased 252,845 shares of our common stock at an aggregate cost of \$136.0 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 filed as part of this report:

- 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 Fifth Amended and Restated By-laws of AutoZone, Inc. incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K dated September 28, 2011.
- 4.1 Officer's Certificate dated January 14, 2014, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 1.300% Senior Notes due 2017. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated January 14, 2014.
- 4.2 Form of 1.300% Note due 2017. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated January 14, 2014.
- 10.1 Underwriting Agreement, dated January 7, 2014, among AutoZone, Inc., J.P. Morgan Securities LLC, U.S. Bancorp Investments, Inc. and Wells Fargo Securities, LLC, as representatives of the several underwriters named therein. Incorporated by reference to the Current Report on Form 8-K dated January 8, 2014.
- *10.2 Amended and Restated AutoZone, Inc. AutoZone, Inc. Executive Deferred Compensation Plan dated December 17, 2013.
- *10.3 AutoZone, Inc. Director Compensation Program effective January 1, 2014.
- 12.1 Computation of Ratio of Earnings to Fixed Charges.
- 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, Information Technology and ALLDATA

(Principal Financial Officer)

By: /s/ CHARLIE PLEAS, III

Charlie Pleas, III

Senior Vice President, Controller

(Principal Accounting Officer)

Dated: March 25, 2014

EXHIBIT INDEX

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- 4.1 Officer's Certificate dated January 14, 2014, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 1.300% Senior Notes due 2017. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated January 14, 2014.
- 4.2 Form of 1.300% Note due 2017. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated January 14, 2014.
- 10.1 Underwriting Agreement, dated January 7, 2014, among AutoZone, Inc., J.P. Morgan Securities LLC, U.S. Bancorp Investments, Inc. and Wells Fargo Securities, LLC, as representatives of the several underwriters named therein. Incorporated by reference to the Current Report on Form 8-K dated January 8, 2014.
- *10.2 Amended and Restated AutoZone, Inc. AutoZone, Inc. Executive Deferred Compensation Plan dated December 17, 2013.
- *10.3 AutoZone, Inc. Director Compensation Program effective January 1, 2014.
- 12.1 Computation of Ratio of Earnings to Fixed Charges.
- 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.

AutoZone, Inc.

Executive Deferred Compensation Plan

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**ARTICLE I
INTRODUCTION**

1.1 Name of Plan.

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

1.2 Purposes of Plan.

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

1.3 "Top Hat" Pension Benefit Plan.

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

1.4 Code Section 409A.

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

1.5 Funding.

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

1.6 Effective Date.

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

1.7 Administration.

The Plan shall be administered by the Administrative Committee.

ARTICLE II
DEFINITIONS AND CONSTRUCTION

2.1 Definitions.

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

- (a) "Account" means the bookkeeping account maintained by the Company on behalf of each Participant pursuant to Article VII that is credited with Base Salary Deferrals, Bonus Deferrals and Matching Credits on behalf of each Participant pursuant to Article IV, and adjustments to such amounts as determined in accordance with Article VII. As of any Valuation Date, a Participant's Defined Contribution Benefit under the Plan shall be equal to the amount credited to his Account as of such date.
- (b) "Administrative Committee" means the Compensation Committee of the Directors.
- (c) "Allocation Election" means a choice by a Participant of one or more Investment Options, and the allocation among them, in which future Participant deferrals, matching contributions and/or existing Account balances are Deemed Invested for purposes of determining earnings in a particular subaccount.
- (d) "Allocation Election Form" means the medium approved by the Administrative Committee by which the Participant makes an Allocation Election, rebalances a subaccount, or elects a Transfer.
- (e) "Base Salary" means the base rate of cash compensation paid by the Company to or for the benefit of a Participant for services rendered or labor performed while a Participant, including base pay a Participant could have received in cash in lieu of (A) deferrals pursuant to Section 4.1 and (B) contributions made on his behalf to any qualified plan maintained by the Company or to any cafeteria plan under section 125 of the Code maintained by the Company.
- (f) "Base Salary Deferral" means the amount of a Participant's Base Salary which the Participant elects to have withheld on a pre-tax basis from his Base Salary and credited to his Account pursuant to Section 4.1.
- (g) "Beneficiary" means the person or persons designated by the Participant in accordance with Section 8.5.
- (h) "Bonus Compensation" means the amount awarded to a Participant for a Plan Year under any bonus plan maintained by the Company, including any such amount a Participant could have received in cash in lieu of (A) deferrals pursuant to Section 4.1 and (B) contributions made on his behalf to any qualified plan maintained by the Company or to any cafeteria plan under section 125 of the Code maintained by the Company.

- (i) “Bonus Deferral” means the amount of a Participant’s Bonus Compensation which the Participant elects to have withheld on a pre-tax basis from his Bonus Compensation and credited to his account pursuant to Section 4.1.
- (j) “Change In Control” means the happening of any of the following events:
 - (i) An acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13 d-3 promulgated under the Exchange Act) of 50% or more of either (1) the then outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that the following acquisitions shall not constitute a Change In Control: (A) any acquisition directly from the Company (excluding an acquisition by virtue of the exercise of a conversion privilege), (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its affiliated companies or (D) any acquisition of the Company by any corporation pursuant to a reorganization, merger, consolidation, if, following such reorganization, merger or consolidation, the conditions described in clauses (1) and (2) of subsection (iii) of this Section 2.1(j) are satisfied; or
 - (ii) Individuals who, as of the date hereof, constitute the Directors (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or
 - (iii) Approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, unless, following such reorganization, merger or consolidation, (1) all or substantially all of the individuals and entities who were beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting

power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, and (2) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

- (iv) The approval by the shareholders of the Company of (1) a complete liquidation or dissolution of the Company or (2) the sale or other disposition of all or substantially all of the assets of the Company; excluding, however, such a sale or other disposition to a corporation, with respect to which following such sale or other disposition, (A) more than 60% of, respectively, the outstanding shares of common stock of such corporation and the combined voting power of the outstanding voting securities of such corporation entitled to vote generally in the election of directors will be beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportions as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, and (B) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of such corporation.
- (k) “Code” means the Internal Revenue Code of 1986, as amended.
- (l) “Code Section 409A” means section 409A of the Code and all applicable regulations and other guidance issued thereunder.
- (m) “Company” means AutoZone, Inc. and its direct and indirect subsidiaries, as designated from time to time by the Compensation Committee of the Directors.
- (n) “Compensation” shall include only a Participant’s Base Salary and Bonus Compensation. Severance pay, expense reimbursements and non-cash compensation shall not be included. Compensation shall not be limited by section 401(a)(17) of the Code.
- (o) “Deemed Investment” or “Deemed Invested” shall mean the notional conversion of a dollar amount of deferred Compensation credited to a Participant’s Accounts into shares or units (or a fraction of such measures of ownership, if applicable) of a designated investment (e.g., mutual fund or other investment) which is referred to by the Investment Option(s) selected by the Participant. The conversion shall

occur as if shares (or units) of the designated investment were being purchased (or sold, for a distribution) at the purchase price as of the close of business of the day on which the Deemed Investment occurs. At no time shall a Participant have any real or beneficial ownership in the actual investment vehicle to which the Investment Option refers, irrespective of whether such a Deemed Investment is mirrored by an actual identical investment by the Company or a trustee acting on behalf of the Company.

- (p) “Deferral Period” means the period of time for which a Participant elects to defer receipt of the Base Salary Deferrals, and Bonus Deferrals credited to such Participant’s Account and shall be either the Retirement Date or a period of years as specified in Section 6.2. Deferral Periods shall be measured on the basis of Plan Years, beginning with the Plan Year that commences immediately following the Plan Year for which the applicable Base Salary Deferrals, and Bonus Deferrals are credited to the Participant’s Account.
- (q) “Defined Benefit Accrual” means the amounts accrued to a Participant pursuant to Article V.
- (r) “Defined Contribution Benefit” means the amounts accrued to a Participant pursuant to Article IV and adjustments to such amounts as determined in accordance with Article VII.
- (s) “Directors” means the Board of Directors of AutoZone, Inc.
- (t) “Disability” means the Participant: (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company. Medical determination of Disability may be made by either the Social Security Administration or by the provider of an accident or health plan covering employees of the Company provided that the definition of “disability” applied under such disability insurance program complies with the requirements of the preceding sentence. Upon the request of the Administrative Committee, the Participant must submit proof to the Administrative Committee of the Social Security Administration’s or the provider’s determination.
- (u) “Effective Date” means December 17, 2013.
- (v) “Employee” means any common-law employee of the Company.
- (w) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

- (x) "Executive Deferred Compensation Agreement" means the written agreement entered into between the Company and a Participant pursuant to which the Participant elects the amount of Base Salary and/or his Bonus Compensation to be deferred into the Plan and the Deferral Period, and the form of payment for amounts in his Account.
- (y) "401(k) Plan" means the AutoZone, Inc. 401(k) Plan.
- (z) "Grandfathered Benefit" shall mean the portion of a Participant's vested Account and all other vested accrued benefits under the Plan as of December 31, 2004, and that is treated as grandfathered for purposes of Code Section 409A.
- (aa) "Investment Option" shall mean an investment such as a mutual fund, life insurance subaccount, or other security approved by the Administrative Committee for use in the Plan as part of an Investment Option menu, which a Participant may elect as a measuring device to determine Deemed Investment earnings (positive or negative) to be valued in the Participant's Account or subaccount. The Participant has no real or beneficial ownership in any investment indicated by the elected Investment Options.
- (bb) "Matching Credits" means the amount credited to a Participant's account as a Company matching contribution pursuant to Section 4.2.
- (cc) "Non-Grandfathered Benefit" shall mean the portion of a Participant's Account under the Plan which is either accrued or ceases to be subject to a substantial risk of forfeiture after 2004, *i.e.*, any Plan benefit other than a Grandfathered Benefit.
- (dd) "Participant" means each Employee who has been selected for participation in the Plan and who has become a Participant pursuant to Article III.
- (ee) "Pension Plan" means the AutoZone, Inc. Associates' Pension Plan.
- (ff) "Plan" means the AutoZone, Inc. Executive Deferred Compensation Plan, as amended from time to time.
- (gg) "Plan Year" means the twelve-consecutive month period commencing January 1 and ending on December 31 of each year.
- (hh) "Retirement Date" means (i) with respect to amounts deferred in a Plan Year beginning prior to January 1, 2012, the date the Participant is eligible for and retires under any qualified retirement plan maintained by the Company (as such eligibility is in effect as of the date on which the applicable election was made); or (ii) with respect to amounts deferred in a Plan Year beginning on or after January 1, 2012, the date on which (A) the Participant has attained the age of 55, (B) the Participant has completed at least five years of full-time service with the Company, (C) the sum of the number of full-time years of service with the Company and the Participant's age equals at least 65 and (D) the Participant experiences a Termination of Employment.

- (ii) "Specified Participant" means a "specified employee" of AutoZone, Inc. within the meaning given such term under Code Section 409A (and Treas. Reg. §1.409A-1(i)).
- (jj) "Termination of Employment" means the Participant's "separation from service" (other than death) with the Company and affiliated entities within the meaning given such term under Code Section 409A and Treas. Reg. §1.409A-1(h) (without regard to any elective terms permitted thereunder).
- (kk) "Transfer" means a partial Allocation Election with respect to a Participant's then existing subaccount where a Participant transfers a portion of the subaccount balance from one Investment Option to another.
- (ll) "Valuation Date" means the date designated by the Administrative Committee.

2.2 Number and Gender.

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

2.3 Headings.

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

ARTICLE III PARTICIPATION AND ELIGIBILITY

3.1 Participation.

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

3.2 Commencement of Participation.

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

3.3 Cessation of Active Participation.

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

ARTICLE IV DEFINED CONTRIBUTION BENEFIT

4.1 Deferrals by Participants.

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

- (a) A Participant's Executive Deferred Compensation Agreement for a Plan Year must be submitted to the Company within the time period prescribed by the Administrative Committee, and in any event before the first day of such Plan Year. If an Employee initially becomes an eligible employee (determined in accordance with Code Section 409A) and does not make an initial Base Salary Deferral or Bonus Deferral election before the first day of such Plan Year, the Participant may file an Executive Deferred Compensation Agreement making a prospective Base Salary Deferral election (but not a Bonus Deferral election) either before or within the first 30 days after becoming eligible. Such election will apply to the Participant's Base Salary for services performed after the Executive Deferred Compensation Agreement is submitted, and will be effective beginning with the first paycheck for the first regular payroll period beginning after the date the Executive Deferred Compensation Agreement is submitted and becomes effective. A Participant may modify his Executive Deferred Compensation Agreement for a Plan Year at any time prior to the applicable deadline specified in this subsection, subject to any restrictions or procedures determined by the Administrative Committee.
- (b) For each Plan Year, a Participant may elect to defer up to twenty-five percent (25%) of his Base Salary as a Base Salary Deferral and up to seventy-five percent (75%) of his Bonus Compensation as a Bonus Deferral. Subject to such limitation, a Bonus Deferral election may provide for deferral of a portion of a Participant's Bonus Compensation for a Plan Year described as a percentage of such Bonus Compensation only to the extent that such Bonus Compensation exceeds either: (i) a specified dollar amount of the Participant's Bonus Compensation, or (ii) the target amount of his Bonus Compensation for such Plan Year. Notwithstanding the foregoing, any Participant election shall be further subject to any maximum or minimum percentage or dollar amount limitations and to any other rules prescribed by the Administrative Committee in its sole discretion.
- (c) Base Salary Deferrals and Bonus Deferrals will be credited to the Account of each Participant as of the day of the month in which such Compensation otherwise would have been paid to the Participant in cash, provided that the Participant has not had a Termination of Employment on or before the payment date.

4.2 Matching Credits.

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

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

4.3 Effective Date of Executive Deferred Compensation Agreement.

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

4.4 Modification or Revocation of Election by Participant.

A Participant may not change the amount of his Base Salary Deferrals or Bonus Deferrals during a Plan Year. However, if a Participant receives a hardship withdrawal under Section 8.7, all of the Participant's Base Salary Deferrals and/or Bonus Deferrals shall be

cancelled. Under no circumstances may a Participant's Executive Deferred Compensation Agreement be made, modified or revoked retroactively. A Participant's Executive Deferred Compensation Agreement shall remain in effect in the event of a Change In Control.

**ARTICLE V
DEFINED BENEFIT ACCRUAL**

5.1 Defined Benefit Accruals.

A Participant's Defined Benefit Accrual earned prior to January 1, 2003 shall be preserved. No additional Defined Benefit Accrual shall be earned after December 31, 2002.

5.2 Service Credit.

The Administrative Committee shall determine the service to be credited to the Participant for purposes of calculating the Defined Benefit Accrual provided by Section 5.1. Such service may only include service for the Company, service for a prior employer that is related or formerly related to the Company, or service for such other prior employer as may be determined by the Administrative Committee.

**ARTICLE VI
VESTING, DEFERRAL PERIODS**

6.1 Vesting.

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

6.2 Deferral Periods.

A Deferral Period may be for any period of five (5) years, or ten (10) years or any period of one (1) year or more after the Participant has completed one (1) year of participation, or more, and shall not end later than the year in which the Participant attains age 75. A Participant must specify on the Executive Deferred Compensation Agreement the Deferral Period for the Base Salary Deferrals and Bonus Deferrals, and/or Matching Credits, to be made to the Plan for the Plan Year (or the remaining portion thereof for a Participant who enters the Plan other than on the first day of a Plan Year) to which the Executive Deferred Compensation Agreement relates, subject to certain rules as determined by the Administrative Committee from time to time. A Participant may change an election of a Deferral Period to delay payment(s), provided that any such election to delay payment(s) will be effective only if the changes:

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

- (b) must be made at least twelve (12) months prior to the first scheduled distribution described in the Executive Deferred Compensation Agreement;
- (c) must delay the commencement of distributions described in the Executive Deferred Compensation Agreement for a minimum of five (5) years from the date the first distribution was originally scheduled to be made;
- (d) must take effect not less than twelve (12) months after the election is made; and
- (e) may not cause the Deferral Period to end later than the year in which the Participant attains age 75.

ARTICLE VII ACCOUNTS AND ACCOUNT VALUATION

7.1 Establishment of Bookkeeping Accounts.

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

7.2 Subaccounts.

Separate subaccounts shall be maintained to the extent necessary for the administration of the Plan. For example, it may be necessary to maintain separate subaccounts where the Participant has specified different Deferral Periods, methods of payment or investment directions with respect to Base Salary Deferrals and Bonus Deferrals for different Plan Years.

7.3 Hypothetical Nature of Accounts.

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

7.4 Account Valuation.

- (a) A Participant shall elect Investment Options from a list of Investment Options provided by the Administrative Committee. The initial election shall be made on in such manner as approved by the Administrative Committee and shall specify the allocations among the Investment Options elected. A Participant's subaccounts shall be valued as the sum of the value of all Investment Options in which such subaccount is Deemed Invested minus any withdrawals or distributions from said subaccount. Investment Options shall be utilized to determine the earnings attributable to the subaccount. Election of Investment Options do not represent actual ownership of, or any ownership rights in or to, the actual funds to which the Investment Options refer, nor is the Company in any way bound or directed to make actual investments corresponding to Deemed Investments.
- (b) The AutoZone, Inc. Investment Committee or such other person or committee as may be designated by the Administrative Committee, in its sole discretion shall be permitted to add or remove Investment Options provided that any such additions or removals of Investment Options shall not be effective with respect to any period prior to the effective date of such change. Any unallocated portion of a subaccount or any unallocated portion of new deferrals shall be Deemed Invested in an Investment Option referring to a money market based fund or subaccount.
- (c) A Participant may make a new Allocation Election with respect to future Base Salary Deferrals, Matching Credits and Bonus Deferrals, and may Transfer funds in any of his or her subaccounts, provided that such new Allocation Elections or Transfers shall be in increments of one percent (1%) of such Account, and Transfers apply to the entire subaccount balance. New Allocation Elections, rebalances, and Transfers may be made on any day, and will become effective as soon as administratively practicable.
- (d) Notwithstanding anything in this Section to the contrary, the Company shall have the sole and exclusive authority to invest any or all amounts deferred under the Plan in any manner, regardless of any Allocation Elections by any Participant. A Participant's Allocation Election shall be used solely for purposes of determining the value of such Participant's subaccounts and the amount of the corresponding liability of the Company in accordance with this Plan.

**ARTICLE VIII
PAYMENT OF ACCOUNT AND DEFINED BENEFIT ACCRUALS**

8.1 Timing of Distribution of Benefits.

Distribution of a Participant's Account shall be made or commence as soon as practicable following the date the Deferral Period for such amounts ends. Notwithstanding the foregoing, the Participant's entire Account shall be distributed to him (or his Beneficiary in the event of his death) as soon as practicable following the earliest to occur of the

following: (i) the Participant's death; (ii) the Participant's permanent disability as defined in the Company's long-term disability program for Grandfathered Benefits; (iii) the Participant's Disability for Non-Grandfathered Benefits; (iv) the termination of the Participant's employment for Grandfathered Benefits; or (v) the Participant's Termination of Employment for Non-Grandfathered Benefits.

8.2 Adjustment for Investment Gains and Losses Upon Distribution.

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

8.3 Form of Payment or Payments.

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

- (a) In the event of distribution after the expiration of the Deferral Period, (i) for amounts in an Account attributable to Base Salary Deferrals and Bonus Deferrals, and Matching Credits, with respect to Plan Years commencing prior to January 1, 2013, distribution may be made in a lump sum or in installment payments for a period not to exceed fifteen (15) years, and (ii) for amounts in an Account attributable to Base Salary Deferrals and Bonus Deferrals, and Matching Credits, with respect to Plan Years commencing on or after January 1, 2013, distribution may be made in a lump sum or in installment payments for a period not to exceed five (5) years;
- (b) In the event of distribution after the Participant's death, permanent disability for Grandfathered Benefits, Disability for Non-Grandfathered Benefits, the termination of the Participant's employment for Grandfathered Benefits, or Termination of Employment for Non-Grandfathered Benefits, distribution shall be made in a lump sum.

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

Upon the termination of the Participant's employment for Grandfathered Benefits, or upon a Participant's Termination of Employment for Non-Grandfathered Benefits, following a Change In Control (unless elected as a Deferral Period in the Executive Deferred Compensation Agreement), a Participant's Account shall be distributed as

described in 8.3(a) above in five (5) annual installments with the first installment payment commencing no later than ninety (90) days after the Participant's employment is terminated. However, such Participant or Beneficiary, as the case may be, may apply to the Administrative Committee for payment of installments over a shorter period of time, or for payment of the entire Account in a lump sum payment.

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

8.4 Defined Benefit Accrual Payments.

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

8.5 Designation of Beneficiaries.

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

8.6 Unclaimed Benefits.

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

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

8.7 Hardship Withdrawals.

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

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

- (a) shall be permitted only for an "unforeseeable emergency" which is defined as a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary, or the Participant's dependent (as defined in section 152 of the Code, without regard to section 152(b)(1), (b)(2), and (d)(1)(B)); loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. Events that may constitute an unforeseeable emergency include the imminent foreclosure of or eviction from the Participant's primary residence; the need to pay for medical expenses, including non-refundable deductibles, as well as for the costs of prescription drug medication; and the need to pay for the funeral expenses of a Participant's spouse, beneficiary, or dependent. The purchase of a home and the payment of college tuition shall not be unforeseeable emergencies;
- (b) shall be determined based on the relevant facts and circumstances of each case, but, in any case, a distribution on account of unforeseeable emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship, or by cessation of deferrals under the Plan; and
- (c) shall be limited to the amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any Federal, state, local, or foreign income taxes or penalties reasonably anticipated to result from the distribution).

8.8 Restriction on Timing of Distributions.

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

8.9 Limited Cashouts.

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

Code Section 409A) that is an “account balance plan” subject to Code Section 409A shall be considered as part of the Participant’s Non-Grandfathered Benefit other than amounts attributable to elective nonqualified deferral contributions hereunder.

- (c) Any exercise of the Administrative Committee’s discretion pursuant to subsection (a) shall be evidenced in writing no later than the date of the distribution.
- (d) Notwithstanding anything in a Participant’s Executive Deferred Compensation Agreement to the contrary, with respect to amounts in a Participant’s Account attributable to Base Salary Deferrals and Bonus Deferrals, and Matching Credits, with respect to Plan Years commencing on or after January 1, 2013, (i) if such amount in the Participant’s Account is less than \$25,000 at the end of a Deferral Period, other than a Deferral Period which the Participant elected to end on his Retirement Date, when distribution in installments would otherwise commence, (ii) if such amount in the Participant’s Account is less than \$50,000 at the end of a Deferral Period which a Participant elected to end on his Retirement Date, when distribution in installments would otherwise commence, or (iii) if such amount in the Participant’s Account is less than \$100,000 at the time of the Participant’s death, when distribution in installments would otherwise continue, such amounts instead shall be distributed in a single lump sum payment when such installments otherwise would have commenced or continued.
- (e) Notwithstanding the foregoing, to the extent provided by Code Section 409A, with respect to a Participant who is a Specified Participant on the date of his Termination of Employment, no payment under this Section made on account of such Participant’s Termination of Employment shall be made within 6 months after the date of the Participant’s Termination of Employment.

ARTICLE IX ADMINISTRATION

9.1 Administrative Committee.

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

9.2 General Powers of Administration.

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

9.3 Indemnification of Administrative Committee.

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

ARTICLE X DETERMINATION OF BENEFITS, CLAIMS PROCEDURE AND ADMINISTRATION

10.1 Claims.

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

10.2 Claim Procedure.

- (a) Initial Claim. Claims for benefits under the Plan may be filed in writing with the Administrative Committee on forms or in such other written documents as the Administrative Committee may prescribe.
- (i) General Claims. Except as provided in subsection (ii), the Administrative Committee will furnish to the Claimant written notice of the disposition of a claim within 90 days after the application therefor is filed; provided, if special circumstances require an extension, the Administrative Committee may extend such 90-day period by up to an additional 90 days, by providing a notice of such extension to the Claimant before the end of the initial 90-day period. In the event the claim is denied, the notice of the disposition of the claim will provide the specific reasons for the denial, citations of the pertinent provisions of the Plan, and, where appropriate, an explanation as to how the Claimant can perfect the claim and/or submit the claim for review (where appropriate), and a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse determination on review.
- (ii) Claims Based on an Independent Determination of Disability. With respect to a claim for benefits under the Plan based on Disability, the Administrative Committee will furnish to the Claimant written notice of the disposition of a claim within 45 days after the application therefor is filed; provided, if matters beyond the control of the Administrative

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

- (iii) Appeal. Any Claimant who has been denied a benefit, or his duly authorized representative, will be entitled, upon request to the Administrative Committee, to appeal the denial of his claim. The Claimant (or his duly authorized representative) may review pertinent documents related to the Plan and in the Administrative Committee's possession in order to prepare the appeal.
- (iv) General Claims. The request for review, together with a written statement of the Claimant's position, must be filed with the Administrative Committee no later than 60 days after receipt of the written notification of denial of a claim provided for in subsection (a). The Administrative Committee's decision will be made within 60 days following the filing of the request for review; provided, if special circumstances require an extension, the Administrative Committee may extend such 60-day period by up to an additional 60 days, by providing a notice of such extension to the Claimant before the end of the initial 60-day period. If unfavorable, the notice of decision will explain the reasons for denial, indicate the provisions of the Plan or other documents used to arrive at the decision, and state the Claimant's right to bring a civil action under ERISA Section 502(a).
- (v) Claims Based on an Independent Determination of Disability. With respect to an appeal of a denial of benefits under the Plan based on Disability, the form containing the request for review, together with a written statement of the Claimant's position, must be filed with the Administrative Committee no later than 180 days after receipt of the written notification of denial of a claim provided for in subsection (a)

hereof. The Administrative Committee's decision will be made within 45 days following the filing of the request for review and will be communicated in writing to the Claimant; provided, if special circumstances require an extension of time for processing the appeal, the Administrative Committee will furnish written notice to the Claimant prior to the end of the initial 45-day period, and such an extension will not exceed one additional 45-day period. The Administrative Committee's review will not afford deference to the initial adverse benefit determination and will be conducted by an individual who is neither the individual who made the adverse benefit determination that is the subject of the appeal, nor the subordinate of such individual. In deciding an appeal of any adverse benefit determination that is based in whole or in part on a medical judgment, the Administrative Committee will consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment and who is neither an individual who was consulted in connection with the adverse benefit determination that is the subject of the appeal, nor the subordinate of any such individual. If unfavorable, the notice of decision will explain the reason or reasons for denial, indicate the provisions of the Plan or other documents used to arrive at the decision, state the Claimant's right to bring a civil action under ERISA Section 502(a), and identify all medical or vocational experts whose advice was obtained by the Administrative Committee in connection with a Claimant's adverse benefit determination.

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

ARTICLE XI MISCELLANEOUS

11.1 Not Contract of Employment.

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

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

11.2 Non-Assignability of Benefits.

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

11.3 Withholding.

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

11.4 Amendment and Termination.

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

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

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

- (b) Upon the Company's dissolution or with the approval of a bankruptcy court provided that the amounts deferred under the Plan are included in the Participant's gross income in the latest of (i) the calendar year in which the Plan terminates; (ii) the calendar year in which the amount is no longer subject to a substantial risk of forfeiture; or (iii) the first calendar year in which the distribution is administratively practical; or
- (c) Upon the Company's termination of this and all other arrangements that would be aggregated with this Plan pursuant to Treasury Regulations §1.409A-1(c) if the Participant participated in such arrangements ("Similar Arrangements"), provided that (i) the termination and liquidation does not occur proximate to a downturn in the financial health of the Company, (ii) all termination distributions are made no earlier than twelve (12) months and no later than twenty-four (24) months following such termination, and (iii) the Company does not adopt any new arrangement that would be a Similar Arrangement for a minimum of three (3) years following the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan.

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

11.5 No Trust Created.

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

11.6 Unsecured General Creditor Status Of Employee.

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

In the event that, in its discretion, the Company purchases an insurance policy, or policies insuring the life of the Participant (or any other property) to allow the Company to recover the cost of providing the benefits, in whole, or in part, hereunder, neither the Participant, Beneficiary or other distributee shall have nor acquire any rights whatsoever therein or in the proceeds therefrom. The Company shall be the sole owner and

beneficiary of any such policy or policies and, as such, shall possess and, may exercise all incidents of ownership therein. No such policy, policies or other property shall be held in any trust for a Participant, Beneficiary or other distributee or held as collateral security for any obligation of the Company hereunder.

11.7 Severability.

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

11.8 Governing Laws.

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

11.9 Binding Effect.

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

11.10 Entire Agreement.

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

11.11 Code Section 409A.

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

**ARTICLE XII
CHANGE IN CONTROL**

12.1 Change of Trustee.

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

12.2 Amendment.

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

12.3 Funding.

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

IN WITNESS WHEREOF, the Company has caused this Plan to be properly executed on this 17th day of February, 2014.

AUTOZONE, INC.

By: /s/ Kristen C. Wright

Title: Kristen C. Wright
Sr. Vice President,
General Counsel & Secretary

By: /s/ Michael A. Womack

Title: SVP, HR

AUTOZONE, INC.
DIRECTOR COMPENSATION PROGRAM
(Effective January 1, 2014)

ARTICLE 1.

PURPOSE

The purpose of this document is to set forth the general terms and conditions applicable to the AutoZone, Inc. Director Compensation Program (the "Program") established by the Board of Directors of AutoZone Inc. (the "Company") pursuant to the Company's 2011 Equity Incentive Award Plan (the "Plan"). The Program is intended to carry out the purposes of the Plan and provide a means to reinforce objectives for sustained long-term performance and value creation by awarding each Non-Employee Director of the Company with stock awards, subject to the restrictions and other provisions of the Program and the Plan. The Program shall be effective as of January 1, 2014 (the "Effective Date").

ARTICLE 2.

DEFINITIONS

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

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

2.4 "Plan Year" shall mean a calendar year. The first Plan Year shall be calendar year 2014.

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

ARTICLE 3.

RETAINERS; RESTRICTED STOCK UNITS

3.1 Retainers.

(a) Subject to Section 3.1(d), effective as of January 1, 2014, Non-Employee Directors will become entitled to receive annual retainers in the following amounts, pro-rated for any partial fiscal year:

(i) With respect to each Non-Employee Director, \$200,000 (the "Annual Retainer");

(ii) With respect to the Lead Director, \$20,000;

(iii) With respect to the Audit Committee Chairman, \$20,000;

(iv) With respect to the Compensation Committee Chairman, \$5,000;

(v) With respect to the Nominating/Corporate Governance Committee Chairman, \$5,000; and

(vi) With respect to each Audit Committee member who is not the Audit Committee Chairman, \$5,000.

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

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

(c) For each Plan Year, a Non-Employee Director may elect, in writing by December 31 of the year preceding the applicable Plan Year, to receive the Director Compensation payable as follows: (i) \$75,000 of the Annual Retainer and any Additional Fees payable in cash quarterly (on January 1, April 1, July 1 and October 1 of the applicable Plan Year) and (ii) \$125,000 of the Annual Retainer payable in the form of Restricted Stock Units in accordance with Section 3.1(b) above.

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

3.2 Terms of Restricted Stock Units.

(a) *General.* Each Restricted Stock Unit granted pursuant to this Program shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate. The provisions of separate Restricted Stock Units need not be identical, but each Restricted Stock Unit shall include (through incorporation of provisions hereof by reference in the Restricted Stock Unit agreement or otherwise) the substance of each of the following provisions as set forth this Section 3.2 and Section 9.4 of the Plan. Shares of Common Stock

issued in respect of a Restricted Stock Unit shall be deemed to be issued in consideration for past services actually rendered to the Company or for its benefit, by the Non-Employee Director, which the Committee deems to have a value not less than the par value of a share of Common Stock.

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

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

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

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

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

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

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

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

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

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

3.3 Dividend Equivalents. If a Non-Employee Director elects to defer payment of his or her vested Restricted Stock Units as provided in Section 3.2(d) above and the Company pays

any dividends with respect to the Common Stock at any time during the period between the Anniversary Date and the Deferred Payment Date, the holder of such vested Restricted Stock Units shall be credited, as of the dividend payment date, with dividend equivalents equal to the amount of the dividends which would have been payable to such holder if the holder held a number of shares of Common Stock equal to the number of vested Restricted Stock Units so deferred. Such dividend equivalents shall be deemed reinvested in the Common Stock on the dividend payment date and shall be paid by the Company in shares of Common Stock on the Deferred Payment Date. Such dividend equivalents shall constitute Dividend Equivalents under Section 9.1 of the Plan.

ARTICLE 4.

MISCELLANEOUS

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

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

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

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

4.5 Nontransferability.

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

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

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

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

4.8 Code Section 409A. To the extent that this Program constitutes a "non-qualified deferred compensation plan" within the meaning of with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date, this Program shall be interpreted and operated in accordance with Code Section 409A. Notwithstanding any provision of this Program to the contrary, in the event that following the grant of any Restricted Stock Units, the Committee determines that any Award does or may violate any of the requirements of Code Section 409A, the Committee may adopt such amendments to the Program and any affected Award or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Program

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

Computation of Ratio of Earnings to Fixed Charges
(Unaudited)
(in thousands, except ratios)

	Twenty-Four Weeks Ended	
	February 15, 2014	February 9, 2013
Earnings:		
Income before income taxes	\$ 639,149	\$ 598,420
Fixed charges	119,037	117,947
Less: Capitalized interest	(440)	(524)
Adjusted earnings	<u>\$ 757,746</u>	<u>\$ 715,843</u>
Fixed charges:		
Gross interest expense	\$ 79,776	\$ 79,781
Amortization of debt origination fees	3,258	3,905
Interest portion of rent expense	36,003	34,261
Fixed charges	<u>\$ 119,037</u>	<u>\$ 117,947</u>
Ratio of earnings to fixed charges	<u>6.4</u>	<u>6.1</u>

	Fiscal Year Ended August				
	2013 (53 weeks)	2012 (52 weeks)	2011 (52 weeks)	2010 (52 weeks)	2009 (52 weeks)
Earnings:					
Income before income taxes	\$1,587,683	\$1,452,986	\$1,324,246	\$1,160,505	\$1,033,746
Fixed charges	265,108	250,056	240,329	223,608	204,017
Less: Capitalized interest	(1,303)	(1,245)	(1,059)	(1,093)	(1,301)
Adjusted earnings	<u>\$1,851,488</u>	<u>\$1,701,797</u>	<u>\$1,563,516</u>	<u>\$1,383,020</u>	<u>\$1,236,462</u>
Fixed charges:					
Gross interest expense	\$ 180,085	\$ 170,481	\$ 164,712	\$ 156,135	\$ 143,860
Amortization of debt origination fees	8,239	8,066	8,962	6,495	3,644
Interest portion of rent expense	76,784	71,509	66,655	60,978	56,513
Fixed charges	<u>\$ 265,108</u>	<u>\$ 250,056</u>	<u>\$ 240,329</u>	<u>\$ 223,608</u>	<u>\$ 204,017</u>
Ratio of earnings to fixed charges	<u>7.0</u>	<u>6.8</u>	<u>6.5</u>	<u>6.2</u>	<u>6.1</u>

The Board of Directors and Stockholders
AutoZone, Inc.

We are aware of the incorporation by reference in the following Registration Statements of AutoZone, Inc. and in the related Prospectuses of our report dated March 25, 2014, related to the unaudited condensed consolidated financial statements of AutoZone, Inc. that are included in its Quarterly Report on Form 10-Q for the quarter ended February 15, 2014:

Registration Statement (Form S-8 No. 333-19561) pertaining to the AutoZone, Inc. 1996 Stock Option Plan
Registration Statement (Form S-8 No. 333-42797) pertaining to the AutoZone, Inc. Amended and Restated Employee Stock Purchase Plan
Registration Statement (Form S-8 No. 333-48981) pertaining to the AutoZone, Inc. 1998 Director Stock Option Plan
Registration Statement (Form S-8 No. 333-48979) pertaining to the AutoZone, Inc. 1998 Director Compensation Plan
Registration Statement (Form S-8 No. 333-88245) pertaining to the AutoZone, Inc. Second Amended and Restated 1996 Stock Option Plan
Registration Statement (Form S-8 No. 333-88243) pertaining to the AutoZone, Inc. Amended and Restated 1998 Director Stock Option 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. 333-75142) pertaining to the AutoZone, Inc. Third Amended and Restated 1998 Director Stock Option Plan
Registration Statement (Form S-8 No. 333-75140) pertaining to the AutoZone, Inc. Executive Stock Purchase Plan
Registration Statement (Form S-3 No. 333-83436) pertaining to a shelf registration to sell 15,000,000 shares of common stock owned by certain selling stockholders
Registration Statement (Form S-8 No. 333-103665) pertaining to the AutoZone, Inc. 2003 Director Compensation Plan
Registration Statement (Form S-8 No. 333-103666) pertaining to the AutoZone, Inc. 2003 Director Stock Option Plan
Registration Statement (Form S-8 No. 333-139559) pertaining to the AutoZone, Inc. 2006 Stock Option Plan
Registration Statement (Form S-8 No. 333-171186) pertaining to the AutoZone, Inc. 2011 Equity Incentive Award Plan
Registration Statement (Form S-3 No. 333-180768) pertaining to a shelf registration to sell debt securities

/s/ Ernst & Young LLP

Memphis, Tennessee
March 25, 2014

**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.

March 25, 2014

/s/ WILLIAM C. RHODES, III

William C. Rhodes, III

Chairman, President and Chief Executive Officer

(Principal Executive Officer)

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

I, 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.

March 25, 2014

/s/ WILLIAM T. GILES

William T. Giles
Chief Financial Officer and Executive Vice President
Finance, Information Technology and ALLDATA
(Principal Financial Officer)

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

In connection with the Quarterly Report of AutoZone, Inc. (the "Company") on Form 10-Q for the period ended February 15, 2014, 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.

March 25, 2014

/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 February 15, 2014, 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.

March 25, 2014

/s/ WILLIAM T. GILES

William T. Giles
Chief Financial Officer and Executive Vice President
Finance, Information Technology and ALLDATA
(Principal Financial Officer)