FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[X] Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended May 8, 1999, 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	62-1482048
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

123 South Front Street
Memphis, Tennessee 38103
(Address of principal executive offices) (Zip Code)

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

(not applicable)
Former name, former address and former fiscal year, if changed since last report.

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 [X] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS

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

Common Stock, $.01 Par Value - 148,831,823 shares as of June 18, 1999.

PART I -- FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

AUTOZONE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	MAY 8, 1999 (UNAUDITED)	AUG. 29, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,754	$ 6,631
Accounts receivable	36,238	42,252
Merchandise inventories	1,091,521	966,560
Prepaid expenses	26,910	37,532
Deferred income taxes	76,454	61,964
Income tax receivable		2,151
Total current assets	1,236,877	1,117,090
Property and equipment:		
Property and equipment	1,997,466	1,778,485
Less accumulated depreciation and amortization	415,801	350,979

	1,581,665	1,427,506
Other assets:		
Cost in excess of net assets acquired	313,374	181,315
Deferred income taxes	91,515	3,510
Other assets	7,079	18,692
	411,968	203,517
	$ 3,230,510	$ 2,748,113

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$ 714,613	$ 683,372
Accrued expenses	234,270	176,457
Income taxes payable	28,722	
Total current liabilities	977,605	859,829
Long-term debt	845,717	545,067
Other liabilities	80,705	41,160
Stockholders' equity	1,326,483	1,302,057
	$ 3,230,510	$ 2,748,113

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

AUTOZONE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(in thousands, except per share amounts)

	TWELVE WEEKS ENDED		THIRTY-SIX WEEKS ENDED	
	MAY 8, 1999	MAY 9, 1998	MAY 8, 1999	MAY 9, 1998
Net sales	$ 970,236	$ 743,661	$2,723,723	$2,026,032
Cost of sales, including warehouse and delivery expenses	561,303	432,581	1,584,815	1,180,830
Operating, selling, general and administrative expenses	304,621	220,623	877,508	618,015
Operating profit	104,312	90,457	261,400	227,187
Interest expense, net	11,177	4,217	29,926	9,747
Income before income taxes	93,135	86,240	231,474	217,440
Income taxes	34,400	32,300	85,400	81,600
Net income	$ 58,735	$ 53,940	$ 146,074	$ 135,840
Weighted average shares for basic earnings per share	149,132	152,366	149,941	152,042
Effect of dilutive stock options	1,597	1,958	1,381	1,907
Adjusted weighted average shares for diluted earnings per share	150,729	154,324	151,322	153,949
Basic earnings per share	$0.39	$0.35	$0.97	$0.89
Diluted earnings per share	$0.39	$0.35	$0.97	$0.88

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SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AUTOZONE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	THIRTY-SIX WEEKS ENDED	
	MAY 8, 1999	MAY 9, 1998
Cash flows from operating activities:		
Net income	$ 146,074	$ 135,840
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	87,650	62,483
Net increase in merchandise inventories	(162,070)	(35,211)
Net increase in current liabilities	73,351	5,585
Other - net	1,251	(21,430)
Net cash provided by operating activities	146,256	147,267
Cash flows from investing activities:		
Cash outflows for property and equipment, net	(326,135)	(212,023)
Acquisitions of businesses, net of cash		(87,319)
Net cash used in investing activities	(326,135)	(299,342)
Cash flows from financing activities:		
Net proceeds from debt	300,650	139,600
Purchase of treasury stock	(131,020)	(5,311)
Proceeds from sale of Common Stock, including related tax benefit	9,372	18,987
Net cash provided by financing activities	179,002	153,276
Net increase (decrease) in cash and cash equivalents	(877)	1,201
Cash and cash equivalents at beginning of period	6,631	4,668
Cash and cash equivalents at end of period	$ 5,754	$ 5,869

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE A-BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the thirty-six weeks ended May 8, 1999, are not necessarily indicative of the results that may be expected for the fiscal year ending August 28, 1999. For further information, refer to the financial statements and footnotes included in the Company's annual report on Form 10-K for the year ended August 29, 1998.

NOTE B-INVENTORIES

Inventories are stated at the lower of cost or market using the last-in, first-out (LIFO) method. An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must necessarily be based on management's estimates of expected year-end inventory levels and costs.

NOTE C-FINANCING ARRANGEMENTS

The Company's long-term debt as of May 8, 1999, and August 29, 1998, consisted of the following:

	MAY 8, 1999	Aug. 29, 1998
6.5% Debentures due July 15, 2008	$ 200,000	$ 200,000
6% Notes due November 1, 2003	150,000	
Commercial paper, weighted average rate of 5% at May 8, 1999, and 5.7% at August 29, 1998	478,500	305,000
Unsecured bank loan, floating interest rate averaging 4.9% at May 8, 1999 and 5.8% at August 29,1998	11,750	34,050
Other	5,467	6,017
	$ 845,717	$ 545,067

In October 1998, the Company sold $150 million of 6% Notes due November 2003 at a discount. Interest on the Notes is payable semi-annually on May 1 and November 1 each year, beginning May 1, 1999. In July 1998, the Company sold $200 million of 6.5% Debentures due July 2008 at a discount. Interest on the Debentures is payable semi-annually on January 15 and July 15 of each year, beginning January 15, 1999. Proceeds from the Notes and Debentures were used to repay portions of the Company's long-term variable rate bank debt and for general corporate purposes.

The Company has a commercial paper program that allows borrowing up to $500 million. In connection with the program, the Company has a credit facility with a group of banks for up to $350 million which extends until 2001 and a 364-day $150 million credit facility with another group of banks. The 364-day facility includes a renewal feature as well as an option to extinguish the outstanding debt one year from the maturity date. Borrowings under the commercial paper program reduce availability under the credit facilities. Outstanding commercial paper and revolver borrowings at May 8, 1999, are classified as long-term debt as it is the Company's intention to refinance them on a long-term basis.

Additionally, the Company has a credit facility with a bank for up

to $100 million which extends until July 1999. The Company also has a negotiated rate unsecured revolving credit agreement totaling $25 million which extends until March 2000. At May 8, 1999, there were no amounts outstanding under these agreements.

The rate of interest payable under the revolving credit agreements is a function of the London Interbank Offered Rate (LIBOR) or the lending bank's base rate (as defined in the agreement) at the option of the Company. In addition, the $350 million credit facility contains a competitive bid rate option. All of the revolving credit facilities contain a covenant limiting the amount of debt the Company may incur relative to its total capitalization.

NOTE D-STOCKHOLDERS' EQUITY

The Company presents basic and diluted earnings per share (EPS) in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share". Basic EPS is computed as net earnings divided by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock-based compensation including stock options.

In June 1999, the Company announced Board approval to repurchase up to $150 million of common stock in the open market. This is in addition to the $100 million repurchase approved in January 1998 and the $150 million repurchase approved in October 1998. From January 1998 to May 8, 1999, the Company had repurchased approximately $160 million of common stock.

NOTE E-COMPREHENSIVE INCOME

As of August 30, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income". This statement establishes standards for reporting and display of comprehensive income and its components. Comprehensive income is net income, plus certain other items that are recorded directly to stockholders' equity, bypassing net income. There are no such items currently applicable to the Company and therefore comprehensive income for the periods presented equals net income.

The adoption of this Statement had no effect on the Company's results of operations or financial position.

NOTE F-BUSINESS COMBINATIONS

The Company continues to assess the fair value of the assets and liabilities acquired during fiscal 1998 and 1999. The adjustment during fiscal 1999,as a result of this analysis, is as follows (in thousands):

	INCREASE (DECREASE)
Inventory	$ (37,109)
Property and equipment	(88,193)
Goodwill	134,996
Other assets	(13,288)
Deferred income tax asset	92,746
Current liabilities	(46,576)
Other liabilities	(42,576)

The purchase price for Chief Auto Parts Inc. and the real estate and related assets and leases acquired from Pep Boys has been preliminarily allocated in the consolidated financial statements and the final adjustment may differ from the preliminary allocation.

NOTE G-CONTINGENCIES

AutoZone, Inc., and Chief Auto Parts Inc. are defendants in a purported class action lawsuit entitled "Paul D. Rusch, on behalf of all other similarly situated, v. Chief Auto Parts Inc. and AutoZone, Inc." filed in the Superior Court of California, County of Los Angeles, on May 4, 1999. The plaintiffs claim that the defendants have failed to pay their store managers overtime pay from March 1997 to the present. The plaintiffs are seeking back overtime pay, interest, an injunction against the defendants committing such practices in the future, costs, and attorneys' fees. The Company is unable to predict the outcome of this lawsuit at this time. The Company will vigorously defend against this action.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

TWELVE WEEKS ENDED MAY 8, 1999 COMPARED TO TWELVE WEEKS ENDED MAY 9, 1998

Net sales for the twelve weeks ended May 8, 1999 increased by $226.6 million, or 30.5%, over net sales for the comparable period of fiscal 1998. This increase was due to a comparable store sales increase of 3%, and increases in net sales for stores opened or acquired since the beginning of fiscal 1998. At May 8, 1999, the Company had 2,695 stores in operation compared with 2,001 stores at May 9, 1998.

Gross profit for the twelve weeks ended May 8, 1999 was $408.9 million, or 42.1% of net sales, compared with $311.1 million, or 41.8% of net sales, during the comparable period for fiscal 1998. The increase in the gross profit percentage was due primarily to lower battery and commodity gross margins, in the prior year.

Operating, selling, general and administrative expenses for the twelve weeks ended May 8, 1999, increased by $84.0 million over such expenses for the comparable period for fiscal 1998, and increased as a percentage of net sales from 29.7% to 31.4%. The increase in the expense ratio was due primarily to higher payroll and occupancy costs, principally in recently acquired stores, and approximately $6 million in remodeling and remerchandising activities in acquired stores. Additionally, the Company incurred a $2 million pre-tax charge to reserve for certain under-performing stores and sites disposed that were under development.

Interest expense for the twelve weeks ended May 8, 1999 was $11.2 million compared with $4.2 million during the comparable period of 1998. The increase in interest expense was primarily due to higher levels of borrowings as a result of the acquisitions and stock repurchases.

The Company's effective income tax rate was 36.9% of pre-tax income for the twelve weeks ended May 8, 1999 and 37.5% for the twelve weeks ended May 9, 1998.

THIRTY-SIX WEEKS ENDED MAY 8, 1999, COMPARED TO THIRTY-SIX WEEKS ENDED MAY 9, 1998

Net sales for the thirty-six weeks ended May 8, 1999, increased by $697.7 million, or 34.4%, over net sales for the comparable period of fiscal 1998. This increase was due to a comparable store sales increase of 5%, and increases in net sales for stores opened or acquired since the beginning of fiscal 1998.

Gross profit for the thirty-six weeks ended May 8, 1999, was $1,138.9 million, or 41.8% of net sales, compared with $845.2 million, or 41.7% of net sales, during the comparable period for fiscal 1998.

Operating, selling, general and administrative expenses for the thirty-six weeks ended May 8, 1999, increased by $259.5 million over such expenses for the comparable period for fiscal 1998, and increased as a percentage of net sales from 30.5% to 32.2%. The increase in the expense ratio was due primarily to higher payroll and occupancy costs principally in recently acquired stores and integration costs associated with acquisitions.

The Company's effective income tax rate was 36.9% of pre-tax income for the thirty-six weeks ended May 8, 1999, and 37.5% for the thirty-six weeks ended May 9, 1998.

LIQUIDITY AND CAPITAL RESOURCES

For the thirty-six weeks ended May 8, 1999, net cash of $146.3 million was provided by the Company's operations versus $147.3 million for the comparable period of fiscal year 1998.

Capital expenditures for the thirty-six weeks ended May 8, 1999, were $326.1 million, including approximately $108 million for acquisition of real estate for 100 Express auto parts stores from Pep Boys. The Company anticipates that capital expenditures for fiscal 1999 will be approximately $400 to $425 million. Year to date, the Company opened 219 gross new AutoZone stores in the U.S. and 4 in Mexico, including 96 former Pep Boys Express stores. Additionally, the Company replaced 44 stores and closed 181 auto parts stores in conjunction with its acquisition integration activities. The Company expects to operate between 2,700 and 2,750 auto parts stores at the end of the fiscal year.

The Company anticipates that it will continue to generate significant operating cash flow. The Company foresees no difficulty in obtaining long-term financing in view of its credit rating and favorable experiences in the debt market in the past.

In October 1998, the Company sold $150 million of 6% Notes due November 2003 at a discount. Interest on the Notes is payable semi-annually on May 1 and November 1 each year, beginning May 1, 1999. In July 1998, the Company sold $200 million of 6.5% Debentures due July 2008 at a discount. Interest on the Debentures is payable semi-annually on January 15 and July 15 of each year, beginning January 15, 1999. Proceeds from the Notes and Debentures were used to repay portions of the Company's long-term variable rate bank debt and for general corporate purposes.

The Company has a commercial paper program that allows borrowing up to $500 million. In connection with the program, the Company has a credit facility with a group of banks for up to $350 million which extends until 2001 and a 364-day $150 million credit facility with another group of banks. The 364-day facility includes a renewal feature as well as an option to extinguish the outstanding debt one year from the maturity date. Borrowings under the commercial paper program reduce availability under the credit facilities. Outstanding commercial paper and revolver borrowings at May 8, 1999, of $490.3 million are classified as long-term debt as it is the Company's intention to refinance them on a long-term basis.

Additionally, the Company has a credit facility with a bank for up to $100 million which extends until July 1999. The Company also has a negotiated rate unsecured revolving credit agreement totaling $25 million which extends until March 2000. At May 8, 1999, there were no amounts outstanding under these agreements.

Accounting Pronouncements

In March 1998, the Accounting Standards Executive Committee (AcSEC) issued Statement of Position (SOP) 98-1, "Accounting For the Costs of Computer Software Developed For or Obtained For Internal-Use". The Company adopted this SOP beginning August 30, 1998. The SOP requires the capitalization of certain costs incurred in connection with developing or obtaining software for internal-use. The adoption of SOP 98-1 did not have a material impact on the Company's results of operations or financial position.

YEAR 2000 READINESS DISCLOSURE

The Company began addressing the Year 2000 issue in June 1996 and implemented a formal Year 2000 project office in May 1997. As of May 8, 1999, the Company anticipates completing the conversion and testing of all known programs by July 31, 1999.

The total estimated cost of the Year 2000 project is $12 million, which is being expensed as incurred. All of the related costs are being funded through operating cash flows. These costs are an immaterial part of the overall information technology budget. No major information technology projects or programs have been deferred.

In addition to internal activities, the Company is addressing Year 2000 issues which do not normally fall under information technology such as embedded chip equipment and the compliance status of business partners. Although the Company believes that the ongoing assessment and testing will minimize the Company's risks, there is no guarantee that there will not be an adverse effect on the Company if third parties, such as merchandise vendors, service providers, or utility companies, are not Year 2000 compliant.

Although the Company does not anticipate any major business disruptions as a result of Year 2000 issues, it is possible that certain disruptions may occur including loss of communications with stores, distribution centers, or business partners, inability to process transactions in a timely manner or loss of power. The Company is currently developing contingency plans which should be finalized by July 31, 1999. Elements of the Company's contingency plans may include: switching vendors, implementing back-up systems or manual processes, and the stockpiling of certain products prior to the Year 2000.

The cost of conversion and the completion date are based on management's best estimates and may be updated as additional information becomes available.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q are forward-looking statements. These statements discuss, among other things, expected growth, domestic and international development and expansion strategy, and future performance. The forward-looking statements are subject to risks, uncertainties and assumptions including, without limitation, competition, product demand, domestic and international economies, government approvals, inflation, the ability to hire and retain qualified employees, the ability to convert acquired stores in a profitable and timely manner, consumer debt levels and the weather. Actual results may materially differ from anticipated results. Please refer to the Risk Factors section in the Annual Report on Form 10-K for fiscal year ended August 29, 1998, for more details.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

AutoZone, Inc., and Chief Auto Parts Inc. are defendants in a purported class action lawsuit entitled "Paul D. Rusch, on behalf of all other similarly situated, v. Chief Auto Parts Inc. and AutoZone, Inc." filed in the Superior Court of California, County of Los Angeles, on May 4, 1999. The plaintiffs claim that the defendants have failed to pay their store managers overtime pay from March 1997 to the present. The plaintiffs are seeking back overtime pay, interest, an injunction against the defendants committing such practices in the future, costs, and attorneys' fees. The Company is unable to predict the outcome of this lawsuit at this time. The Company will vigorously defend against this action.

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are filed as part of this report:

1.1 Restated Articles of Incorporation of AutoZone, Inc. Incorporated by reference to Exhibit 3.1 to the Form 10-Q for the quarter ended February 13, 1999.

3.2 Amended and Restated By-laws of AutoZone, Inc. Incorporated by reference to Exhibit 3.3 to the Form 10-K for the fiscal year ended August 29, 1998.

27.1 Financial Data Schedule (SEC Use Only).

(b) On March 4, 1999 AutoZone, Inc., filed a Current Report on Form 8-K to announce its sales and earnings for the quarter ended February 13, 1999.

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/ Robert J. Hunt

Robert J. Hunt
Executive Vice President and
Chief Financial Officer-Customer Satisfaction
(Principal Financial Officer)

By: /s/ William C. Rhodes, III

William C. Rhodes, III
Vice President, Finance-Customer Satisfaction
(Chief Accounting Officer)

Dated: June 22, 1999

EXHIBIT INDEX

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3.2 Amended and Restated By-laws of AutoZone, Inc. Incorporated by reference to Exhibit 3.3 to the Form 10-K for the fiscal year ended August 29, 1998.

27.1 Financial Data Schedule (SEC Use Only).

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This schedule contains summary financial information extracted from the consolidated financial statements dated May 8, 1999, and is qualified in its entirety by reference to such financial statements.

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MAY-8-1999
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