

[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ Annual Report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended August 31, 2024.

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)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on which Registered
Common Stock (\$0.01 par value)	AZO	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to \$240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was \$46,251,857,027.

The number of shares of Common Stock outstanding as of October 21, 2024, was 16,904,289.

Documents Incorporated By Reference

Portions of the definitive Proxy Statement to be filed within 120 days of August 31, 2024, pursuant to Regulation 14A under the Securities Exchange Act of 1934 for the Annual Meeting of Stockholders to be held December 18, 2024, are incorporated by reference into Part III.

[Table of Contents](#)

TABLE OF CONTENTS

PART I	4
Item 1. Business	4
Introduction	4
Human Capital Resources	4
Store Operations	6
Commercial	7
Store Development	8
Marketing and Merchandising Strategy	8
Purchasing and Supply Chain	10
Competition	10
Government Relations	10
Trademarks and Patents	10
Seasonality	11
AutoZone Websites	11
Information about our Executive Officers	11
Item 1A. Risk Factors	13
Item 1B. Unresolved Staff Comments	22
Item 1C. Cybersecurity	22
Item 2. Properties	24
Item 3. Legal Proceedings	24
Item 4. Mine Safety Disclosures	24
PART II	25
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	25
Item 6. Reserved	26
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	27
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	39
Item 8. Financial Statements and Supplementary Data	41
Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure	74
Item 9A. Controls and Procedures	75
Item 9B. Other Information	75
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	75
PART III	76
Item 10. Directors, Executive Officers and Corporate Governance	76
Item 11. Executive Compensation	76
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	76
Item 13. Certain Relationships and Related Transactions, and Director Independence	76
Item 14. Principal Accounting Fees and Services	77
PART IV	78
Item 15. Exhibits and Financial Statement Schedules	78
Item 16. Form 10-K Summary	84

Forward-Looking Statements

Certain statements herein constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and typically use words such as “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expect,” “estimate,” “project,” “positioned,” “strategy,” “seek,” “may,” “could” and similar expressions, although not all forward-looking statements contain such identifying words. These statements are based on assumptions and assessments made by our management in light of experience, historical trends, current conditions, expected future developments and other factors that we believe appropriate. These forward-looking statements are subject to a number of risks and uncertainties, including without limitation: product demand, due to changes in fuel prices, miles driven or otherwise; energy prices; weather, including extreme temperatures and natural disasters; competition; credit market conditions; cash flows; access to financing on favorable terms; future stock repurchases; the impact of recessionary conditions; consumer debt levels; changes in laws or regulations; risks associated with self-insurance; war and the prospect of war, including terrorist activity; public health issues; inflation, including wage inflation; exchange rates; the ability to hire, train and retain qualified employees, including members of management; construction delays; failure or interruption of our information technology systems; issues relating to the confidentiality, integrity or availability of information, including due to cyber-attacks; historic growth rate sustainability; downgrade of our credit ratings; damage to our reputation; challenges associated with doing business in and expanding into international markets; origin and raw material costs of suppliers; inventory availability; disruption in our supply chain; tariffs; new accounting standards; our ability to execute our growth initiatives; and other business interruptions. These and other risks and uncertainties could materially and adversely affect our business and are discussed in more detail in the “Risk Factors” section contained in Item 1A under Part 1 of this Annual Report on Form 10-K for the year ended August 31, 2024. Forward-looking statements are not guarantees of future performance and actual results may differ materially from those contemplated by such forward-looking statements. Events described above and in the “Risk Factors” section could materially and adversely affect our business. However, it is not possible to identify or predict all such risks and other factors that could affect these forward-looking statements. 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.

PART I

Item 1. Business

Introduction

AutoZone, Inc. (“AutoZone,” the “Company,” “we,” “our” or “us”) is the leading retailer and distributor of automotive replacement parts and accessories in the Americas. We began operations in 1979 and at August 31, 2024, operated 6,432 stores in the United States (“U.S.”), 794 stores in Mexico and 127 stores in Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light duty trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products. At August 31, 2024, in 5,898 of our domestic stores as well as the vast majority of our stores in Mexico and Brazil, we had a commercial sales program that provides prompt delivery of parts and other products and commercial credit to local, regional and national repair garages, dealers, service stations, fleet owners and other accounts. We also sell automotive hard parts, maintenance items, accessories and non-automotive products through www.autozone.com, and our commercial customers can make purchases through www.autozonepro.com. Additionally, we sell the ALLDATA brand of automotive diagnostic, repair, collision and shop management software through www.alldata.com. We also provide product information on our Duralast branded products through www.duralastparts.com. We do not derive revenue from automotive repair or installation services. Our websites and the information contained therein or linked thereto are not intended to be incorporated into this report.

Human Capital Resources

We believe the foundation of our success is our culture, which is rooted in our Pledge and Values and defines how our employees (“AutoZoners”) take care of customers and fellow AutoZoners. Each AutoZoner works hard to Live the Pledge, share their passion for WOW! Customer Service and Go the Extra Mile every day to continue building and growing AutoZone for our customers.

We seek to be the employer of choice as we compete for talent in our retail stores, field supervision, distribution centers, and store support functions. We focus heavily on retention by offering competitive compensation and benefits packages, extensive training and development opportunities and by leveraging our business resource groups (“BRGs”) to support AutoZoners across the organization contribute their voices, time, and talent to helping other AutoZoners succeed in their careers.

As of August 31, 2024, we employed approximately 126,000 AutoZoners, approximately 60 percent of whom were employed full-time and the remaining 40 percent were employed part-time. About 90 percent of our AutoZoners were employed in stores or in direct field supervision, approximately 6 percent in distribution centers and approximately 4 percent in store support and other functions. Included in the above numbers are approximately 17,500 AutoZoners employed in our international operations. We have never experienced any material labor disruption, do not have any collective bargaining agreements in the U.S. and believe that relations with our AutoZoners are good.

Training & Development

We have a number of different types of jobs and career opportunities. While many of our AutoZoners follow more traditional career paths (e.g., part-time to full-time sales, store manager, district manager, regional manager, vice president), we encourage cross-functional development and support of AutoZoners as they expand their career into other departments and fields of interest within the Company. Many members of our senior leadership team have held positions in multiple areas of the business. We also invest in advanced leadership training to deepen our bench strength and support succession planning. For additional information, see “Store Operations—Store Personnel Training and Incentives” below. We believe these opportunities are important to attract, motivate and retain high quality AutoZoners.

[Table of Contents](#)

Recognition

The AutoZone Pledge and Values drive our success and foster a strong, unique culture of teamwork and customer service. We encourage the recognition of AutoZoners for a variety of accomplishments, such as going above and beyond to deliver Trustworthy Advice and WOW! Customer Service, taking initiative to prevent incidents and injuries, making contributions to help detect or report internal or external theft or providing significant service to help others. Whether they work in our stores, distribution centers, support centers or travel to support our customers and business, we believe AutoZoners everywhere should be recognized for their efforts and outstanding performance. We also recognize AutoZoners for their years of service to the organization and our customers.

Diversity, Equity and Inclusion (“DEI”)

“Embraces Diversity” is one of our Values, and we believe a diverse workforce has made meaningful contributions to our success. Our DEI efforts influence and inform many parts of our human capital management efforts including talent acquisition, retention, professional development and workforce management. Our first BRG was established in 2014 (AutoZone Women’s Initiative). Since then, five other BRGs now exist to help AutoZoners across the organization grow and succeed in their careers. The BRGs are open to all AutoZoners.

Health and Safety

We are committed to providing a safe working and shopping environment for our AutoZoners and customers. Aligned with our values, we strive to continually monitor our working and shopping environment to keep our AutoZoners and customers as safe as possible.

Additional information about our human capital resources can be found in our most recent Environmental, Social & Governance (“ESG”) Report, which is available on our website. Our ESG Report is not, and will not be deemed to be, a part of this Annual Report on Form 10-K or incorporated by reference into this or any of our other filings with the Securities and Exchange Commission (“the SEC”).

[Table of Contents](#)

Store Operations

At August 31, 2024 our stores were in the following locations:

	Store Count
Alabama	124
Alaska	8
Arizona	172
Arkansas	75
California	670
Colorado	102
Connecticut	59
Delaware	22
Florida	441
Georgia	217
Hawaii	12
Idaho	33
Illinois	249
Indiana	165
Iowa	37
Kansas	56
Kentucky	107
Louisiana	134
Maine	14
Maryland	97
Massachusetts	90
Michigan	223
Minnesota	68
Mississippi	99
Missouri	123
Montana	15
Nebraska	25
Nevada	73
New Hampshire	23
New Jersey	127
New Mexico	64
New York	224
North Carolina	244
North Dakota	7
Ohio	289
Oklahoma	90
Oregon	58
Pennsylvania	241
Puerto Rico	56
Rhode Island	19
Saint Thomas	1
South Carolina	108
South Dakota	10
Tennessee	184
Texas	709
Utah	72
Vermont	2
Virginia	156
Washington	100
Washington, DC	5
West Virginia	45
Wisconsin	79
Wyoming	9
Total Domestic stores	6,432
Mexico	794
Brazil	127
Total stores	7,353

[Table of Contents](#)

Store Formats

Substantially all stores are based on standard store formats, resulting in generally consistent appearance, merchandising and product mix with approximately 90% to 99% of each store's square footage used as selling space. Most of our stores carry approximately 20,000 to 25,000 unique SKUs with 40% to 50% of the space dedicated to hard parts inventory. Hub stores carry approximately 40,000 to 50,000 unique SKUs and mega hub stores carry approximately 80,000 to 110,000 unique SKUs with 70% to 85% of their space utilized for hard parts. The hard parts inventory area is generally fronted by counters or pods that run the depth or length of the store, dividing the hard parts area from the remainder of the store. The remaining selling space contains displays of maintenance, accessories and non-automotive items.

Stores are replenished primarily by the nearest distribution center but also typically have same-day access to one of our 327 domestic and 46 international hub stores' expanded inventory assortment. As a subset of our domestic hub stores, we ended fiscal 2024 with 109 mega hub stores, an increase of 11 since the end of fiscal 2023. Additionally, we have three mega hub stores in Mexico. Hub and mega hub stores work in concert with other stores to drive customer satisfaction through improved local parts availability and expanded product assortments.

Store Personnel Training and Incentives

We provide on-the-job training as well as formal training programs, including an annual national sales meeting with related cascading meetings at our distribution centers, regional offices and stores; store meetings on specific sales and product topics; standardized computer-based training to support culture, safety, salesmanship, compliance and product and job knowledge; and several specialist, vendor and third-party programs to support learning and development in areas requiring technical expertise and specific job knowledge. All domestic AutoZoners are encouraged to complete our in-house product knowledge program and Parts Expert certification, which is developed in partnership with our key suppliers. Training is supplemented with frequent store visits by management. Additionally, store managers, commercial sales managers and managers at various levels across the organization receive financial incentives through performance-based bonuses.

Store Support Centers

All store support functions are centralized in our store support centers located in Memphis, Tennessee; Monterrey, Mexico; Chihuahua, Mexico; Sao Paulo, Brazil; and Gurugram, India. We believe that this centralization enhances consistent execution of our merchandising and marketing strategies at the store level, while reducing expenses and cost of sales. In addition, we have offices in Shanghai, China and Istanbul, Turkey that provide sourcing or other support functions.

Store Automation

All of our stores have Z-net, our proprietary electronic catalog that enables our AutoZoners to efficiently look up the parts that our customers need and provide complete job solutions, advice and information for customer vehicles. Z-net provides parts information based on year, make, model and engine type of a vehicle and also tracks inventory availability at the store, at other nearby stores and through special order. The Z-net display screens are placed on the hard parts counter or pods, where both the AutoZoner and customer can view the screen.

Our stores utilize our computerized proprietary Point-of-Sale System, which includes bar code scanning and point-of-sale data collection terminals. Our proprietary Store Management System provides administrative assistance, as well as enhanced merchandising information and improved inventory control. We believe the Point-of-Sale System also enhances customer service, while the Store Management System provides simplified warranty and product return procedures.

Commercial

Our commercial sales program operates in a highly fragmented market, and we are a leading distributor of automotive parts and other products to local, regional and national repair garages, dealers, service stations, fleet owners and other accounts in the Americas. As part of our program, we offer credit and delivery to our customers, as well as online ordering through www.autozonepro.com or through the AutoZone Pro mobile application. Through our hub and mega hub stores, we offer a greater range than our satellite stores of parts and products desired by



[Table of Contents](#)

professional technicians. We have dedicated sales teams focused on independent repair shops as well as national, regional and fleet commercial accounts.

Store Development

The following table reflects our store development during the past five fiscal years:

	Fiscal Year				
	2024	2023	2022	2021	2020
Stores:					
Beginning	7,140	6,943	6,767	6,549	6,411
New	217	198	177	219	138
Closed	4	1	1	1	—
Net new	213	197	176	218	138
Relocated	6	12	13	12	5
Ending	7,353	7,140	6,943	6,767	6,549

We believe expansion opportunities exist in markets we do not currently serve, as well as in markets where we can achieve a larger presence. We undertake substantial research prior to entering new markets. The most important criteria for opening a new store are the projected future profitability and the ability to achieve our required investment hurdle rate. Key factors in selecting new site and market locations for stores include population, demographics, vehicle profile, customer buying trends, commercial businesses, number and strength of competitors' stores and the cost of real estate. In reviewing the vehicle profile, we also consider the number of vehicles that are seven years old and older, or "our kind of vehicles"; these vehicles are generally no longer under the original manufacturers' warranties and require more maintenance and repair than newer vehicles. We seek to open new stores in high visibility sites in high traffic locations within or contiguous to existing market areas and attempt to cluster development in markets in a relatively short period of time. We believe our stores are "destination stores," generating their own traffic, therefore we situate most stores on major thoroughfares with easy access and good parking. In addition to continuing to lease or develop our own locations, we evaluate and may make strategic acquisitions.

Marketing and Merchandising Strategy

We are dedicated to providing customers with superior service and trustworthy advice as well as quality automotive parts and products at a great value in our conveniently located, well-designed stores and through our online platforms. Key elements of this strategy are:

Customer Service

Customer service is the most important element in our marketing and merchandising strategy, which is based upon consumer marketing research. We emphasize that our AutoZoners should always put customers first by providing prompt, courteous service and trustworthy advice. Our electronic parts catalog assists in the selection of parts as well as identifying any associated warranties offered by us or our vendors. In addition to our in-store offerings, we sell our full suite of automotive hard parts, maintenance items, accessories and non-automotive parts through www.autozone.com, for pick-up in store or to be shipped directly to a customer's home or business, with next day or same day delivery programs in most of our U.S. markets. Additionally, we offer a mobile application that provides customers with store locations, driving directions, operating hours, product availability, the ability to purchase products and other information.

We also provide access to specialty tools as one of our free services. Through our Loan-A-Tool program customers can borrow a specialty tool, such as a steering wheel puller, for which a do-it-yourself ("DIY") customer or a repair shop would have little or no subsequent use beyond a single job. AutoZoners also provide free diagnostic and related services, including check engine and anti-lock braking system light readings through our AutoZone Fix Finder service, testing of starters, alternators and batteries, battery charging and the collection of used oil for recycling.

[Table of Contents](#)

Merchandising

The following tables show some of the types of products we sell by major category of items:

Failure	Maintenance	Discretionary
A/C Compressors	Antifreeze & Windshield Washer Fluid	Air Fresheners
Batteries & Accessories	Brake Drums, Rotors, Shoes & Pads	Cell Phone Accessories
Bearings	Chemicals, including Brake & Power	Drinks & Snacks
Belts & Hoses	Steering Fluid, Oil & Fuel Additives	Floor Mats & Seat Covers
Calipers	Oil & Transmission Fluid	Interior & Exterior Accessories
Chassis	Oil, Cabin, Air, Fuel & Transmission	Mirrors
Clutches	Filters	Performance Products
CV Axles	Oxygen Sensors	Protectants & Cleaners
Engines	Paint & Accessories	Sealants & Adhesives
Fuel Pumps	Refrigerant & Accessories	Steering Wheel Covers
Fuses	Shock Absorbers & Struts	Tools
Ignition	Spark Plugs & Wires	Towing
Lighting	Windshield Wipers	Vehicle Entertainment Systems
Mufflers		Wash & Wax
Radiators		
Starters & Alternators		
Thermostats		
Tire Repair		
Water Pumps		

We believe customer satisfaction is often impacted by our ability to promptly provide specific automotive products as requested. Each store carries the same basic products, but we tailor our hard parts inventory to the makes and models of the vehicles in each store's trade area and tailor the remaining store's assortment to the local demographics. Our hub stores (including mega hub stores, which carry an even broader assortment) carry a larger assortment of products that are available to customers of the surrounding local stores. We are continuously updating the products we offer to ensure our inventory matches the products our customers need or desire.

Pricing

We want to be the value leader in our industry, by consistently providing quality merchandise at the right price, backed by a satisfactory warranty and outstanding customer service. For many of our products, we offer multiple value choices in a good/better/best assortment, with appropriate price and quality differences from the "good" products to the "better" and "best" products. A key differentiating component versus our competitors is our exclusive line of in-house brands, which includes Duralast and the family of Duralast brands, Econocraft, ProElite, ShopPro, SureBilt, TotalPro, TruGrade and Valucraft. We believe that our overall value compares favorably to that of our competitors.

Brand Marketing: Marketing and Loyalty

We believe that targeted advertising and promotions play important roles in succeeding in today's environment. We are constantly working to understand our customers' wants and needs so we can build long-lasting, loyal relationships. We utilize advertising, direct marketing, loyalty programs and promotions primarily to highlight our great value, the availability of high quality parts and develop a relationship with an expanding base of customers. Digital and broadcast media are our primary advertising methods of driving retail traffic, while we leverage a dedicated sales force and our ProVantage loyalty program to drive commercial sales.

Store Design, Visual Merchandising and Promotional Execution

We design and build stores for high visual impact. The typical store utilizes colorful exterior and interior signage, exposed beams and ductwork, finished floors and brightly lit interiors. Batteries, maintenance products, accessories and non-automotive items are attractively displayed for easy browsing by customers. In-store signage and special displays promote products on floor displays, end caps and shelves. We utilize in-store signage, creative product placement and promotions to help educate customers about products that they may need.

[Table of Contents](#)

Purchasing and Supply Chain

Merchandise is selected and purchased for all stores through our store support centers located in Memphis, Tennessee; Monterrey, Mexico; Sao Paulo, Brazil and Gurugram, India. Additionally, we have offices in Shanghai, China and Istanbul, Turkey to support our global sourcing efforts. In fiscal 2024, one class of similar products accounted for approximately 15 percent of our total revenues and one individual vendor provided 12 percent of our total purchases. No other class of similar products accounted for 10 percent or more of our total revenues, and no other individual vendor provided more than 10 percent of our total purchases. We believe alternative sources of supply exist, at similar costs, for most types of product sold. Most of our merchandise flows through our distribution centers to our stores by our fleet of tractors and trailers or by third-party transportation firms. The distribution centers replenish our stores up to multiple times per week depending on store sales volumes.

Competition

The sale of automotive parts, accessories and maintenance items is highly competitive. AutoZone competes on the basis of customer service, including the knowledge and expertise of our AutoZoners and our ability to provide prompt delivery to commercial customers; merchandise quality, selection and availability; product warranty; store layouts, location and convenience; price; and the strength of our AutoZone brand name, trademarks and service marks.

Our competitors include national, regional and local auto parts chains, independently owned parts stores, online automotive parts stores or marketplaces, wholesale distributors, jobbers, repair shops, car washes and auto dealers, in addition to discount and mass merchandise stores, hardware stores, supermarkets, drugstores, convenience stores, home stores and other retailers that sell aftermarket vehicle parts and supplies, chemicals, accessories and tools.

Government Relations

We are subject to numerous federal, state, and local laws and regulations, many of which are complex, frequently changing and subject to varying interpretations. These laws and regulations relate to, among other things, the marketing and sale of products; proper handling and disposal of hazardous materials, particularly in connection with our used oil, oil filter and battery recycling programs; occupational health and safety; environmental matters; labor and employment; employee wages and benefits; information security and data privacy; real property; financial reporting and disclosure; antitrust and fair competition; international trade and transportation, logistics and delivery operations.

While compliance with the numerous laws and regulations applicable to our business, including environmental regulations, has not had a material adverse effect on capital expenditures, earnings or our competitive position to date, we can make no assurances as to the future costs of compliance. For more information, see the Risk Factors titled *“Legal and Regulatory Risks”* and *“Information Technology, Cybersecurity and Data Privacy Risks”* in “Part I. Item 1A, Risk Factors” in this report.

Trademarks and Patents

We regard our trademarks, service marks, patents, domain names, trade dress, trade secrets and other intellectual property as critical to our success and important components of our marketing and merchandising strategies. We have registered several trademarks and service marks in the U.S. Patent and Trademark Office as well as in certain other countries, including without limitation: “AutoZone,” “Get in the Zone,” “Duralast,” “Econocraft,” “ProElite,” “ShopPro,” “SureBilt,” “TotalPro,” “TruGrade,” “Valucraft,” and “ALLDATA,” along with variations of these trademarks. Our trademark registrations have various expiration dates; however, assuming that the trademarks are properly maintained and in use, such registrations may typically be renewed indefinitely.

[Table of Contents](#)

Seasonality

Our business is somewhat seasonal in nature, with the highest sales typically occurring in the spring and summer months of February through September, and the lowest sales in the months of December and January. During short periods of time, a store's sales can be affected by weather conditions. Extremely hot or extremely cold weather may enhance sales by causing parts to fail; thereby increasing sales of seasonal products. Mild or rainy weather tends to soften sales, as parts failure rates are lower in mild weather and elective maintenance is deferred during periods of rainy weather. Over the longer term, we believe the effects of weather balance out, as we have stores throughout the Americas.

AutoZone Websites

Our primary website is www.autozone.com. We make available on the Investor Relations section of our website, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements, registration statements and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended, as soon as reasonably feasible after filing or furnishing such documents with the SEC. Our websites and the information contained therein or linked thereto are not intended to be incorporated into this Annual Report on Form 10-K.

Information about our Executive Officers

The following list describes our executive officers, who are elected by and serve at the discretion of the Board of Directors. The title of each executive officer includes the words "Customer Satisfaction" which reflects our commitment to customer service.

William C. Rhodes, III, 59—Executive Chairman, Customer Satisfaction

William C. Rhodes, III was appointed Executive Chairman by the Board of Directors in January 2024 and has been Chairman since 2007. Prior to that, Mr. Rhodes served as AutoZone's President and Chief Executive Officer, and a director since 2005. Prior to his appointment as President and Chief Executive Officer, Mr. Rhodes served in various capacities within the Company since 1994. Prior to 1994, Mr. Rhodes was a manager with Ernst & Young LLP.

Philip B. Daniele III, 55—President and Chief Executive Officer, Customer Satisfaction

Philip B. Daniele III was appointed President and Chief Executive Officer and was also appointed to serve on the Board in January 2024. Prior to his appointment as President and Chief Executive Officer, Mr. Daniele was named CEO-Elect in June 2023. Prior to that, Mr. Daniele served as Executive Vice President - Merchandising, Marketing and Supply Chain from June 2021 to September 2023, Senior Vice President - Commercial from 2015 to 2021, Vice President - Commercial Support from 2013 to 2015 and Vice President - Merchandising from 2008 to 2013. Mr. Daniele was also a Divisional Vice President - Store Operations from 2005 to 2008. Prior to 2005, Mr. Daniele held several other key management positions with the Company.

Jamere Jackson, 55—Chief Financial Officer, Customer Satisfaction

Jamere Jackson was named Chief Financial Officer in September 2020 and, in that capacity, leads the Finance and Store Development teams. Prior to joining AutoZone, Mr. Jackson served as Executive Vice President and Chief Financial Officer of Hertz Global Holdings, Inc., a worldwide rental company, since 2018. From 2014 to 2018, Mr. Jackson served as Chief Financial Officer of Nielsen Holdings plc, an information, data and measurement company. Prior to 2014, Mr. Jackson held a variety of leadership roles at General Electric Company, including Vice President and Chief Financial Officer of a division of General Electric Oil and Gas. Mr. Jackson serves on the Board of Directors for Eli Lilly & Co.

Thomas B. Newbern, 62—Chief Operating Officer, Customer Satisfaction

Thomas B. Newbern was named Chief Operating Officer in September 2023. Since March 2023, Mr. Newbern served as Executive Vice President - Operations, Sales and Technology. From 2015 to March 2023, Mr. Newbern served as Executive Vice President overseeing Store Operations, Commercial, International, Information Technology, Loss Prevention and ALLDATA in different capacities. From 2007 to 2015, Mr. Newbern served as

[Table of Contents](#)

Senior Vice President – Store Operations, with additional oversight of Loss Prevention and Store Development. From 1998 to 2007, Mr. Newbern was Divisional Vice President – Store Operations. Mr. Newbern began his career with AutoZone in 1985.

William R. Hackney, 59—Executive Vice President – Merchandising, Marketing and Supply Chain, Customer Satisfaction

William R. Hackney was named Executive Vice President – Merchandising, Marketing and Supply Chain in September 2023. Prior to that, Mr. Hackney served as Senior Vice President – Merchandising, since rejoining the Company in October 2022 after a brief retirement. Mr. Hackney’s career with AutoZone began in 1983, and he has held several key management roles within the Company, including Senior Vice President – Merchandising, Vice President – Store Operations Support and Vice President – Merchandising.

Jennifer M. Bedsole, 53—Senior Vice President, General Counsel & Secretary, Customer Satisfaction

Jenna M. Bedsole was named Senior Vice President, General Counsel & Secretary in April 2023. Prior to joining AutoZone, Ms. Bedsole was a partner with the law firm of Baker, Donelson, Bearman, Caldwell and Berkowitz P.C. since 2011, where she chaired the Labor and Employment practice group.

K. Michelle Borninkhof, 50—Senior Vice President and Chief Information Officer, Customer Satisfaction

K. Michelle Borninkhof was named Senior Vice President and Chief Information Officer in April 2021. Prior to joining AutoZone, Ms. Borninkhof was Chief Information Officer and Vice President for U.S. Technology at McDonald’s since 2018. Prior to joining McDonald’s, Ms. Borninkhof spent 11 years with Walmart Stores holding various leadership roles including Vice President – International Technology Delivery. Throughout her career, Ms. Borninkhof held various roles in store retail, distribution center operations and process improvement.

Eric S. Gould, 55—Senior Vice President – Supply Chain, Customer Satisfaction

Eric S. Gould was named Senior Vice President – Supply Chain in February 2021. From 2017 to 2021, Mr. Gould served as Vice President – Supply Chain Replenishment. Prior to that, Mr. Gould held several key management positions with the Company, including Vice President – Commercial, Commercial Support and Merchandising Pricing & Analysis.

Domingo J. Hurtado, 63—Senior Vice President – International, Customer Satisfaction

Domingo J. Hurtado Rodríguez was named Senior Vice President – International in September 2018. Prior to that, Mr. Hurtado was President – AutoZone de México. Mr. Hurtado has served in various capacities within the Company since 2001, which included leading the Company’s expansion in Mexico. Prior to 2001, Mr. Hurtado held different positions with RadioShack including Director General in Mexico and General Manager in Venezuela.

Kenneth E. Jaycox, 56—Senior Vice President – Commercial, Customer Satisfaction

Kenneth E. Jaycox was named Senior Vice President – Commercial in July 2024. From 2020 to 2024, Mr. Jaycox served as Senior Vice President and Chief Commercial Officer for United States Steel Corporation where he was responsible for their commercial functions, customer value creation, pricing and revenue growth. Prior to that, Mr. Jaycox served as Vice President of Transformation at Sysco Corporation, where he led numerous sales, digital transformation and supply chain initiatives.

Lindsay W. Lehman, 46—Senior Vice President – Marketing, Customer Satisfaction

Lindsay Lehman was named Senior Vice President – Marketing in November 2023, where she leads the Marketing and E-commerce teams. Prior to that, Ms. Lehman held the role of Vice President – Marketing for AutoZone. Prior to joining AutoZone in 2020, Ms. Lehman served as Senior Vice President, Marketing at Norwegian Cruise Line Holdings, where she was responsible for global marketing, digital and analytics functions. Ms. Lehman previously held roles of increasing responsibility at Kraft Foods, Hearst Corporation and Goldman Sachs.

[Table of Contents](#)

Dennis W. LeRiche, 56—Senior Vice President - Store Operations, Customer Satisfaction

Dennis W. LeRiche was named Senior Vice President - Store Operations in June 2021. From 2015 to 2021, Mr. LeRiche was a Divisional Vice President - Store Operations. Prior to 2015, Mr. LeRiche held several other key management positions with the Company.

Richard C. Smith, 60—Senior Vice President - Human Resources, Customer Satisfaction

Richard C. Smith was named Senior Vice President - Human Resources in December 2015. Mr. Smith has been an AutoZoner since 1985, previously holding the position of Divisional Vice President - Store Operations since 1997. Prior to that, Mr. Smith served in various key positions within the Company.

Item 1A. Risk Factors

Our business is subject to a variety of risks and uncertainties. The risks and uncertainties described below could materially and adversely affect our business, financial condition, results of operations, liquidity and stock price. The following information should be read in conjunction with the other information contained in this report and other filings that we make with the SEC. These risks and uncertainties are not the only ones we face. Our business could also be materially affected by additional factors that are presently unknown to us or that we currently believe to be immaterial to our business.

Strategic and Operational Risks

If demand for our products slows, then our business may be materially adversely affected.

Demand for the products we sell may be affected by a number of factors we cannot control, including:

- the number of older vehicles in service. Vehicles seven years old or older are generally no longer under the original vehicle manufacturers' warranties and tend to need more maintenance and repair than newer vehicles.
- the number of miles vehicles are driven. Higher vehicle mileage increases the need for maintenance and repair. Mileage levels may be affected by gas prices, ride sharing, weather conditions, and other factors.
- rising fuel and energy prices. Increases in fuel and energy prices may cause our customers to defer purchases of certain of our products as they use a higher percentage of their income to pay for fuel and other energy costs and may drive their vehicles less, resulting in less wear and tear and lower demand for repairs and maintenance.
- the economy. In periods of declining economic conditions, including as a result of inflation, high levels of consumer debt, and/or high interest rates, consumers may reduce their discretionary spending by deferring vehicle maintenance or repair. Additionally, such conditions may affect our customers' ability to obtain credit. During periods of expansionary economic conditions, more of our DIY customers may pay others to repair and maintain their vehicles instead of working on their own vehicles, or they may purchase new vehicles.
- the weather. Milder weather conditions may lower the failure rates of automotive parts, while extremely hot or cold conditions may enhance demand for our products due to increased failure rates of our customers' automotive parts. However, extended periods of rain and winter precipitation may adversely impact store traffic, decreasing sales, or may cause our customers to defer maintenance and repair on their vehicles. Additionally, climate changes can create more variability in the short-term or lead to other weather conditions that could impact our business.
- technological advances. Advances in automotive technology, such as improved parts design, can result in cars needing maintenance less frequently and parts lasting longer.
- prevalence of electric vehicles. Increased prevalence of electric vehicles, whether due to changes in consumer preferences or regulatory actions incentivizing the purchase of electric vehicles, can result in less frequent parts failures and reduced need for parts.
- the quality of the vehicles manufactured by the original vehicle manufacturers and the length of the warranties or maintenance offered on new vehicles.



[Table of Contents](#)

- restrictions on access to telematics and diagnostic tools and repair information imposed by the original vehicle manufacturers or by governmental regulation. These restrictions may cause vehicle owners to rely on dealers to perform maintenance and repairs.

These factors could result in a decline in the demand for our products, which could materially adversely affect our business and overall financial condition.

If we are unable to compete successfully against other businesses that sell the products that we sell, we could lose customers and our sales and profits may decline.

The sale of automotive parts, accessories and maintenance items is highly competitive. See “Item 1. Business” above for additional information regarding our competitive environment.

Although we believe we compete effectively, our competitors may have greater financial resources allowing them to invest more in their business, greater sourcing capabilities allowing them to sell merchandise at lower prices, larger stores with more merchandise, longer operating histories with deeper customer relationships, more frequent customer visits, more effective advertising and more successful utilization of data analytics, artificial intelligence and other new and emerging technologies. Online and multi-channel retailers often have lower operating costs and focus on delivery services, thereby offering customers faster, guaranteed delivery times and low-price or free shipping. In addition, because our business strategy is based on offering superior levels of customer service to complement the products we offer, our cost structure is higher than some of our competitors, which also puts pressure on our margins.

With the increasing use of digital tools, our customers often begin their shopping experience online and are quickly able to compare prices, product assortment, product availability and feedback from other customers before purchasing products. We may be unable to differentiate ourselves or unable to anticipate and adapt to new or enhanced digital experiences offered by other retailers.

If we are unable to continue to manage in-stock inventory and costs, provide competitive delivery options, develop successful competitive strategies, including the maintenance of effective promotions, advertising and loyalty programs, develop and execute effective digital and omni-channel strategies or otherwise compete effectively, or if our competitors develop more effective strategies, we could lose customers and our sales and profits may decline.

We may not be able to sustain our historic rate of sales growth.

We have increased annual revenues in the past five fiscal years from \$11.9 billion in fiscal 2019 to \$18.5 billion in fiscal 2024, with a compounded annual growth rate of approximately nine percent. Annual revenue growth is driven by increases in same store sales, the opening of new stores and the development of new commercial programs. Same store sales are impacted both by customer demand levels and by the prices we are able to charge for our products, which can also be negatively impacted by economic pressures. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” for further discussion of same store sales.

Our ability to grow depends in part on new store openings, existing store remodels and expansions and effective utilization of our existing supply chain and hub network.

We have increased our store count in the past five fiscal years, growing from 6,411 stores at August 31, 2019 to 7,353 stores at August 31, 2024, a compounded annual growth rate of approximately three percent.

Achieving our store development and expansion goals will depend upon our ability to identify and obtain suitable sites for new and expanded stores in a timely manner and at acceptable costs, the hiring and training of qualified personnel and the integration of new stores into existing operations, among other factors. Furthermore, we open new stores only after evaluating customer buying trends and market demand/needs, all of which could be adversely affected by persistent unemployment, wage cuts, small business failures, microeconomic conditions unique to the automotive industry and our ability to expand into international markets. There can be no assurance we will be able



[Table of Contents](#)

to achieve our store expansion goals, manage our growth effectively, successfully integrate the planned new stores into our operations or operate our new, remodeled and expanded stores profitably.

If we cannot profitably increase our market share in the commercial auto parts business, our sales growth may be limited.

Although we are a leading distributor of automotive parts and other products in the commercial market, we must effectively compete against national, regional and local auto parts chains, independently owned parts stores, wholesalers, jobbers, repair shops, auto dealers, online retailers and others in order to increase our commercial market share. Although we believe we compete effectively in the commercial market on the basis of customer service, merchandise quality, selection and availability, price, delivery times, product warranty, distribution locations and the strength of our AutoZone brand, trademarks and service marks, some automotive aftermarket participants have been in business for substantially longer periods of time than we have, and as a result have developed long-term customer relationships, an experienced sales organization, considerable market presence and have large available inventories. If we are unable to profitably grow our sales with existing commercial customers, our sales growth may be limited.

Our business depends upon hiring, training and retaining qualified employees, including members of management and other key personnel.

We believe much of our brand value lies in the quality of the approximately 126,000 AutoZoners employed in our stores, distribution centers, store support centers and ALLDATA. Our workforce costs represent our largest operating expense, and our ability to meet our labor needs while controlling labor costs is subject to numerous external factors, including market pressures with respect to prevailing wage rates and unemployment levels. Our business is also subject to employment laws and regulations, including those related to minimum wage, benefits and scheduling requirements, and these laws are subject to change over time. In addition, the implementation of potential regulatory changes relating to overtime exemptions and benefits for certain employees under federal and state laws could result in increased labor costs to our business and negatively impact our operating results.

We compete with other retail businesses for many of our associates in hourly positions, and these positions have historically had high turnover rates, which can lead to increased training and retention costs, particularly in a competitive labor market. We cannot be assured that we can continue to hire, train and retain qualified employees at current wage rates since we operate in a competitive labor market, and there are currently significant inflationary and other pressures on wages.

In the U.S., over the last few years there has been an increase in workers exercising their right to form or join a union, both generally and in the retail industry. Further, the National Labor Relations Board (NLRB) has issued decisions making it easier for employees to organize. Although none of our domestic employees are covered by collective bargaining agreements, there can be no assurance that our domestic employees will not elect to be represented by labor unions in the future. If a significant portion of our work force were to become unionized, our culture and operating model could be challenged by inserting a third party into our current relationships between our leaders and hourly AutoZoners. Further, our labor costs could increase, and our business could be negatively affected by other requirements and expectations that could change our company culture, decrease our flexibility and disrupt our business. Further, our responses to any union organizing efforts could negatively impact how our brand is perceived by customers and AutoZoners and have material adverse effects on our business and financial results.

If we are unable to hire, properly train and retain qualified AutoZoners, we could experience higher employment costs, reduced sales, losses of customers and diminution of our brand or company culture, which could adversely affect our earnings. If we do not maintain competitive wages or benefit packages, our customer service could suffer from any resultant declining quality of our workforce, or, alternatively, our earnings could decrease if we increase our wage rates and resultant labor costs. A violation or change in employment and labor laws (including changes in existing employment benefit programs such as health insurance) could have a material adverse effect on our results of operations, financial condition and cash flows.



[Table of Contents](#)

Our future success depends on the skills and experience of our management and other key personnel. The unexpected loss of the services of any such persons could materially adversely affect our operations. There can be no assurance that our succession planning, retention or hiring efforts will be successful. Failure to attract and retain qualified personnel in key roles could materially adversely affect our operations.

Inability to acquire and provide quality merchandise at competitive prices could materially adversely affect our sales and results of operations.

We are dependent upon our domestic and international vendors continuing to supply us with quality merchandise at competitive prices and payment terms. If our merchandise offerings do not meet our customers' expectations, or our customers have a negative perception of our merchandise regarding quality, innovation and safety, we could experience lost sales, increased costs and exposure to legal and reputational risk. In those circumstances, it may be difficult and costly for us to rebuild our reputation and regain the confidence of our customers.

All of our vendors must comply with applicable product safety laws, and we are dependent on them to ensure that the products we buy comply with all safety and quality standards. Events that give rise to actual, potential or perceived product safety concerns could expose us to government enforcement action or private litigation, result in costly product recalls and other liabilities and lead to reputational harm and loss of customer confidence. To the extent our suppliers are subject to added government regulation of their product design and/or manufacturing processes, the cost of the merchandise we purchase may rise.

Furthermore, our vendors are impacted by global economic conditions which in turn impact our ability to source merchandise at competitive prices. For example, inflation, rising interest rates and disruption to the global supply chain have negatively impacted costs and inventory availability and may continue to have a negative impact on future results and profitability. Credit market and other macroeconomic conditions could also have a material adverse effect on the ability of our global and domestic suppliers to finance and operate their businesses.

If any of our significant vendors experience financial difficulties or business disruptions or are otherwise unable to deliver merchandise to us on a timely basis, or at all, we could have product shortages in our stores that could adversely affect customers' perceptions of us and cause us to lose customers and sales.

We are subject to risks associated with products sourced outside the U.S.

We directly imported approximately 13% of our purchases in fiscal 2024, but many of our domestic vendors directly import their products or components of their products. Changes to the price or flow of these goods for any reason, such as civil unrest or acts of war, currency fluctuations, disruptions in maritime lanes, port labor disputes and other issues, economic conditions and instability in the countries in which foreign suppliers are located, the financial instability of suppliers, suppliers' failure to meet our standards, issues with labor practices of our suppliers or labor problems they may experience (such as strikes, stoppages or slowdowns, which could also increase labor costs during and following the disruption), the availability and cost of raw materials to suppliers, increased import duties or tariffs, merchandise quality or safety issues, shipping and transport availability and cost, increases in wage rates and taxes, transport security, foreign trade policies, trade sanctions, import limitations on certain types of goods or of goods containing certain materials from other countries, inflation and other factors relating to the suppliers and the countries in which they are located or from which they import, often are beyond our control and could adversely affect our operations and profitability. Furthermore, these risks may be amplified if we are unable to diversify our supply chain or rely too heavily on a single country to source our or our vendors' products. These and other factors affecting our suppliers and our access to products could materially adversely affect our business and financial performance. As we or our domestic vendors increase the importation of merchandise or components from foreign vendors, these risks are likely to increase.

[Table of Contents](#)

Disruptions in our supply chain and other factors affecting the distribution of our merchandise could adversely impact our business.

A disruption to our supply chain or distribution network could adversely affect our ability to receive and distribute inventory in a timely manner, which could result in low inventory availability, lost sales, increased supply chain costs and loss of customer loyalty, among other things. Such disruptions may result from damage or destruction of our distribution centers, our ability to attract and retain qualified drivers, costs associated with maintaining or operating our fleet or macroeconomic conditions impacting the broader logistics or supply chain industry at large. For example, in recent years, ports, rails and domestic long-hauls in the U.S. and elsewhere have been negatively impacted by capacity constraints, congestion and delays, periodic labor disputes, security issues, weather-related events, and natural disasters, which were further exacerbated by the COVID-19 pandemic and other factors beyond our control. Our business and competitive position may be negatively impacted if we are unable to successfully mitigate the impacts of such disruption to our supply chain or if we are unable to manage such disruptions more effectively than our competitors.

In addition, we have made, and plan to continue to make, significant investments in our supply chain, such as the construction of multiple new distribution centers and the execution of various technology initiatives. These investments seek to improve product availability and assortment, fulfill evolving consumer product demands and keep up with our long-term store expansion goals. If we fail to effectively implement these changes, or if our investments in our supply chain initiatives do not provide the anticipated benefits, we could experience sub-optimal inventory levels in our stores or increases in our operating costs, which could adversely affect our sales volume and/or our margins.

Our success in international operations is dependent on our ability to manage the unique challenges presented by international markets.

The various risks we face in our U.S. operations generally also exist when conducting operations in and sourcing products and materials from outside of the U.S., in addition to the unique costs, risks and difficulties of managing international operations. Our expansion into international markets may be adversely affected by local laws and customs, U.S. laws applicable to foreign operations, and political and socio-economic conditions as well as our general ability to compete effectively and provide superior customer service regardless of distance, language and cultural differences.

Risks inherent in international operations also include potential adverse tax consequences, potential changes to trade policies and trade agreements, compliance with the Foreign Corrupt Practices Act and local anti-bribery and anti-corruption laws, greater difficulty in obtaining and enforcing intellectual property rights, challenges to identify and gain access to local suppliers, and possibly misjudging the response of consumers in foreign countries to our product assortment and marketing strategy.

In addition, our operations in international markets are conducted primarily in the local currency of those countries. Since our Consolidated Financial Statements are denominated in U.S. dollars, amounts of assets, liabilities, net sales, and other revenues and expenses denominated in local currencies must be translated into U.S. dollars using exchange rates for the current period. As a result, foreign currency exchange rates and fluctuations in those rates may adversely impact our financial performance.

Business interruptions may negatively impact our operating hours, operability of our computer and other systems, availability of merchandise and otherwise have a material adverse effect on our sales and our business.

Business interruptions including war or acts of terrorism, political or civil unrest, unusual or severe weather conditions such as hurricanes, tornadoes, windstorms, fires, earthquakes and floods, public health crises and other disasters or the threat of any of them, may negatively impact the hours and operations of our stores, distribution centers, store support centers or sourcing offices; may negatively impact our supply chain and distribution network; and may impede our ability to source quality merchandise domestically and outside of the U.S. on favorable terms.



[Table of Contents](#)

In the event commercial transportation is curtailed or substantially delayed, we may have difficulty transporting merchandise to our distribution centers and stores resulting in lost sales and/or a potential loss of customer loyalty. Transportation issues could also cause us to cancel purchase orders if we are unable to receive merchandise in our distribution centers.

It is not possible to predict all events or circumstances which may negatively disrupt our business in a significant manner, and the near-term and long-term impacts of such disruptions on our business, demand for our products and our growth initiatives will vary significantly based on the facts and circumstances of each such disruption. Furthermore, such business interruptions could cause additional negative impacts of which we are not currently aware or magnify other risks associated with our business and operations.

Our failure to protect our brand and reputation could have an adverse effect on our relationships with our customers, AutoZoners, suppliers, vendors and other stakeholders, thereby negatively impacting sales and profitability.

We believe our continued sales growth is driven in significant part by our AutoZone and private label brand names and our positive reputation with customers, AutoZoners, suppliers, vendors and other stakeholders. The value in our brand names and reputation, and their continued effectiveness in driving our sales growth is dependent to a significant degree on our ability to maintain our reputation for safety, high product quality, friendliness, WOW! Customer service, trustworthy advice, integrity and business ethics. Negative incidents can erode trust and confidence quickly, and adverse publicity about us, whether or not based in fact, could damage our brand and reputation, undermine our customers' confidence in us, reduce demand for our products and services, affect our ability to recruit and retain employees, attract regulatory scrutiny, and impact our relationships with suppliers and vendors. Further, our actual or perceived strategies, initiatives, responses or lack of response relating to social, political, environmental or other issues, whether or not based in fact, could damage our reputation, negatively impact our stock price or result in reduced demand for our merchandise. Customers are also increasingly using social media to provide feedback, criticism and other information about our Company, our products and our services in a manner that is rapidly and broadly disseminated. Our brand and reputation could be negatively impacted if negative sentiment about the Company, whether or not based on fact, is shared and distributed in such a manner.

Failure to comply with ethical, social, product, labor, environmental and anti-corruption standards could also jeopardize our reputation and potentially lead to various adverse actions by consumer or environmental groups, employees or regulatory bodies. Damage to our reputation or loss of consumer confidence for any of these or other reasons could have a material adverse effect on our results of operations and financial condition, as well as require additional resources to rebuild our reputation.

Information Technology, Cybersecurity and Data Privacy Risks

We rely heavily on information technology systems for our key business processes. Any damage to, failure of, or interruption in these systems or our inability to realize the anticipated benefits associated with investments in new or upgraded systems could have a material adverse effect on our business and operating results.

We rely extensively on information technology systems, some of which are managed or provided by third-party service providers, to collect, analyze, process, store, manage, transmit and protect key business processes, transactions and data, such as sales data, customer data, employee data, demand forecasting, merchandise ordering, inventory replenishment, supply chain management, payment processing, order fulfillment and more. Delays in the maintenance, updates, upgrading, or patching of these systems, applications or processes could adversely impact their effectiveness or could expose us to security and other risks. Our systems and the third-party systems with which we interact are subject to damage, failure or interruption due to various reasons such as: power or other critical infrastructure outages, facility damage, physical theft, telecommunications failures, malware, security incidents, malicious cyber-attacks, including the use of malicious codes, worms, phishing, spyware, denial of service attacks and ransomware, natural disasters and catastrophic events, inadequate or ineffective redundancy measures; and design or usage errors by AutoZoners, contractors or third-party service providers. Although we

seek to

[Table of Contents](#)

effectively maintain and safeguard our systems and our data and we seek to ensure our third-party service providers effectively maintain and safeguard their systems and our data, such efforts are not always successful. As a result, we or our service providers have experienced and are likely to again experience one or more errors, interruptions, delays or cessations of service impacting the integrity or availability of our information technology infrastructure. While such incidents have not been material to date, any future incident could significantly disrupt our operations and key business processes, result in the impairment or loss of critical data, be costly and resource-intensive to remedy; harm our reputation and relationship with customers, AutoZoners, vendors and other stakeholders; and have a material adverse impact on our business and operating results.

In addition, our information technology systems, infrastructure and personnel require substantial investments, such as replacing existing systems, some of which are older, legacy systems that are less flexible and efficient, with successor systems; making changes to existing systems, including the migration of applications to the cloud; maintaining or enhancing legacy systems that are not currently being replaced; or designing or cost-effectively acquiring and implementing new systems with new functionality. These efforts can result in significant potential risks, including failure of the systems to operate as designed, potential loss or corruption of data, cost overruns, or implementation delays or errors, and may result in operational challenges, security control failures, reputational harm, and increased costs that could adversely affect our business operations and results of operations.

Failure to maintain the security of sensitive personal information or other confidential information in our possession could subject us to litigation or regulatory enforcement action, cause reputational harm and cause us to incur substantial costs or have a material adverse impact on our business and financial condition.

Our business, like that of most retailers, involves the collection, processing, storage and transmission of large amounts of personal information relating to our customers, suppliers and AutoZoners and confidential business information relating to AutoZone or other parties with which we do business. This information is handled by us as well as third-party service providers and vendors that provide us with various technology, systems, services and other resources that we use in connection with the handling of this information and in furtherance of our business objectives. Furthermore, we accept payments using a variety of methods, including credit, debit, electronic payments and gift cards, which present information security risks, and we may offer new payment options in the future presenting new risks of which we are currently unaware.

While addressing vulnerabilities is a priority for us, the methods used to obtain unauthorized access are constantly evolving and increasing in frequency and sophistication, including through the use of evolving artificial intelligence tools to identify and exploit vulnerabilities. Attempts to gain unauthorized access can be difficult to anticipate or promptly detect. We cannot assure you that the security measures we or our third-party service providers and vendors have in place today will be successful in their efforts to prevent or mitigate the impact of a cyber incident or provide us with sufficient visibility to determine if a cyber incident has occurred, and there can be no assurance that such measures we introduce in the future will be sufficiently effective either. Failure to maintain the security of the personal and other confidential information to which we have access could lead to private litigation, regulatory enforcement actions and reputational harm, all of which would require extensive time and financial resources to resolve and could have a material adverse impact on our business and financial condition.

While we have not experienced a material breach of our information systems or data to date, unauthorized parties have in the past gained access and exfiltrated data, and will continue to attempt to do so as the result of a cyber-attack, employee misconduct, employee error, system vulnerabilities or compromises, fraud, hacking, phishing attempts, malware, ransomware, other malicious codes or other intentional or unintentional acts. Furthermore, hardware, software or other IT applications that we or a third party develop for our use have contained and may contain exploitable vulnerabilities, bugs or design defects or may involve other problems that could unexpectedly compromise information security.

The cost to remediate and respond to a cyber incident involving unauthorized use, access, damage or loss of systems, data or other information could be significant. To the extent any cyber incident involving our or one of our third-party service provider's information systems results in

the unauthorized access, loss, damage or misappropriation of information, we may be required by law to notify impacted individuals and face substantial

[Table of Contents](#)

liability due to claims arising from customers, financial institutions, AutoZoners, regulatory authorities, payment card issuers and others. We maintain insurance coverage that may protect us from losses or claims in connection with certain incidents; however, our insurance coverage may not be sufficient to cover significant losses in any particular situation.

We are subject to a complex and evolving body of laws and regulations regarding data privacy and may face increased costs as a result of changes in, enforcement of, or the adoption of new laws and regulations. These costs may have a material adverse impact on our business and results of operations.

The regulatory environment related to information security, data collection, processing and use, and data privacy is becoming increasingly rigorous and complex. Multiple states in the U.S. have passed, and continue to pass, data protection laws. The potential effects of the various laws regulating the collection, transfer, use and other types of processing of personal or protected information are far-reaching and may require significant time, resources and costs to comply, may require changes to our existing practices and processes that are not advantageous to our business, and otherwise limit our ability to use data to provide a more personalized customer experience or as otherwise desired. In addition, failure to comply with applicable requirements by us or our business partners or third-party service providers or vendors could subject us to fines, sanctions, governmental investigations, lawsuits or reputational damage.

Additionally, while we seek to comply with these various laws as they take effect, many of the concepts are novel. There can be no assurance that compliance efforts taken by us in good faith will be sufficient, and we may be the subject of an investigation or enforcement action instituted by a state agency or other regulatory body.

Indebtedness, Financial and Market Risks

We are self-insured for certain costs associated with our operations and an increase in our insurance claims and expenses may have a material negative impact on us.

We are self-insured up to certain limits for workers' compensation, employee group medical, general liability, product liability, property and automobile. The types and amounts of insurance may vary from time to time based on our decisions with respect to risk retention and regulatory requirements. Our reserves are established using historical trends and, where appropriate, using a third-party actuary to estimate costs to settle reported claims and claims incurred but not yet reported. Estimated costs are subject to a variety of assumptions and other factors including the severity, duration and frequency of claims, legal costs associated with claims, healthcare trends and projected inflation of related factors. Material increases in the number of insurance claims, changes to healthcare costs, accident frequency and severity, legal expenses and other factors could result in unfavorable difference between actual self-insurance costs and our reserve estimates. As a result, our self-insurance costs could increase which may adversely affect our business, results of operations, financial condition and cash flows.

A downgrade in our credit ratings or a general disruption in the credit markets could make it more difficult for us to access funds, refinance our debt, obtain new funding or issue debt securities.

Our short-term and long-term debt is rated investment grade by the major rating agencies. These investment-grade credit ratings have historically allowed us to take advantage of lower interest rates and other favorable terms on our short-term credit lines, in our senior debt offerings and in the commercial paper markets. To maintain our investment-grade ratings, we are required to meet certain financial performance ratios. A change by the rating agencies in these ratios, an increase in our debt, and/or a decline in our earnings could result in downgrades in our credit ratings. A downgrade in our credit ratings could limit our access to public debt markets, limit the institutions willing to provide credit facilities to us, result in more restrictive financial and other covenants in our public and private debt and would likely significantly increase our overall borrowing costs and adversely affect our earnings. Additionally, a downgrade in our credit or changes in the financial markets may limit financial institutions' willingness to participate in our supplier financing arrangements, which may result in vendors seeking to renegotiate their payment terms. Moreover, significant deterioration in the financial condition of large financial institutions could result in a severe loss of liquidity and availability of credit in global credit

markets and in more stringent

[Table of Contents](#)

borrowing terms. Conditions and events in the global credit markets could have a material adverse effect on our access to short-term and long-term debt and the terms and cost of that debt.

Legal and Regulatory Risks

Our business, results of operations, financial condition and cash flows may be adversely affected by the adoption of new laws, changes to existing laws, increased enforcement activity or other governmental actions.

We are subject to numerous federal, state and local laws and regulations, many of which are complex, frequently revised and subject to varying interpretations. These include laws governing employment and labor, wage and hour, environmental matters, proper handling and disposal of hazardous materials and waste, employee benefits, data privacy, cybersecurity, safety, the pricing and sale of goods, import and export compliance, transportation and logistics, consumer protection and advertising, among others. These laws may change over time and may differ substantially across the areas where we operate. Although we have implemented policies and procedures to help ensure compliance with these laws, there can be no certainty that our AutoZoners and third parties with whom we do business will not take actions in violation of our policies or applicable laws. If we fail to comply with these laws, rules and regulations, or the manner in which they are interpreted or applied, we may be subject to governmental enforcement action or private litigation resulting in restrictions on our business, monetary penalties, reputational harm and increased costs of regulatory compliance. Any changes in the enforcement or interpretation of existing laws and regulations or the enactment of any new laws and regulations, including tax legislation, could have a material adverse impact on our financial condition and results of operations. We may also be subject to investigations or audits by governmental authorities and regulatory agencies as a result of enforcing existing laws and regulations or changes in enforcement priorities, which can occur in the ordinary course of business or may result from increased scrutiny from a particular agency or toward a particular industry.

We may be adversely affected by legal, regulatory or market responses to global climate change.

Climate change resulting from increased concentrations of carbon dioxide and other greenhouse gases in the atmosphere could present risks to our operations. For example, we have significant operations in California, where serious drought has made water less available and more costly and has increased the risk of wildfires. Changes in climate patterns leading to extreme heat waves or unusual cold weather at some of our locations can lead to increased energy usage and costs, or otherwise adversely impact our facilities and operations and disrupt our supply chains and distribution systems. Growing concern over climate change has led policy makers in the U.S. to consider the enactment of legislative and regulatory proposals that would impose extensive mandatory reporting requirements as well as requirements for reductions of greenhouse gas (“GHG”) emissions. Such laws, if enacted, are likely to impact our business in a number of ways. For example, significant increases in fuel economy requirements, new federal or state restrictions on emissions of carbon dioxide or new federal or state incentive programs or other regulations that may be imposed on vehicles and automobile fuels could adversely affect demand for vehicles, annual miles driven or the products we sell. We may not be able to accurately predict, prepare for and effectively respond to new kinds of technological innovations with respect to electric vehicles and other technologies that minimize emissions. Compliance with any new or more stringent laws or regulations, or stricter interpretations of existing laws, could require additional expenditures by us or our suppliers. Our inability to appropriately respond to such changes could materially adversely impact our business, financial condition, results of operations or cash flows.

We may be unable to achieve the goals and aspirations set forth in our environmental, social and governance (ESG) report, particularly with respect to the reduction of GHG emissions, or otherwise meet the expectations of our stakeholders with respect to ESG matters.

Increasing governmental and societal attention to ESG matters, including expanding mandatory and voluntary reporting of GHG emissions and other sustainability metrics, and disclosure topics

such as climate change, sustainability, natural resources, waste reduction, energy, human capital, and risk oversight could expand the nature, scope, and complexity of matters that we are required to control, assess, and report. We strive to deliver shared value through our business and our diverse stakeholders expect us to make progress in certain ESG priority issue areas. A

[Table of Contents](#)

failure or perceived failure to meet these expectations could adversely affect public perception of our business, employee morale or customer or shareholder support.

We have announced certain aspirations and goals related to ESG matters, such as our intention to reduce certain GHG emissions over time. Achievement of these aspirations, plans and goals is subject to numerous risks and uncertainties, many of which are outside of our control. These risks and uncertainties include, but are not limited to: our ability to successfully identify and implement relevant strategies on a timely and cost-effective basis; our ability to achieve the anticipated benefits and cost savings of such strategies and actions; and the availability and cost of existing and future technologies, such as alternative fuel vehicles, off-site renewable energy, and other materials and components. It is possible that we may be unsuccessful in the achievement of our ESG goals, on a timely basis or at all, or that the costs to achieve those goals become prohibitively expensive. Furthermore, our stakeholders may not be satisfied with our efforts or the speed at which we are progressing towards any such aspirations and goals. In addition, some jurisdictions have adopted laws and other regulations that may subject companies operating in those jurisdictions to legal liability for failing to meet published goals. A delay, failure or perceived failure or delay to meet our goals and aspirations could adversely affect public perception of our business, cause us to lose shareholder support, and subject us to legal claims and liabilities with respect to such matters. Certain challenges we face in the achievement of our ESG objectives are also captured within our ESG reporting, which is not incorporated by reference into and does not form any part of this report.

Our business, financial condition, results of operations and cash flows may be affected by litigation.

We are involved in lawsuits, regulatory investigations, governmental and other legal proceedings arising out of the ordinary course of business. Such matters involve significant expense and divert management's attention and resources from other matters. The damages sought against us in these proceedings may be material and may adversely affect our business, results of operations, financial condition and cash flows.

General Risks

Significant changes in macroeconomic and geo-political factors could materially adversely affect our financial condition and results of operations.

Macroeconomic conditions impact both our customers and our suppliers. Moreover, the U.S. government continues to operate under historically large deficits and debt burden. Continued distress in global credit markets, business failures, civil unrest, inflation, rising interest rates, foreign exchange rate fluctuations, significant geo-political conflicts, proposed or additional tariffs, continued volatility in energy prices, the impact of a public health crisis or pandemic (such as the COVID-19 pandemic), constraints on the global supply chain and other factors continue to affect the global economy. Moreover, rising energy prices could impact our merchandise distribution, commercial delivery, utility and product costs. It is unclear how such factors could impact our business in the short term. Over a longer period of time, these macroeconomic and geo-political conditions could adversely affect our sales growth, margins and overhead. These could materially adversely affect our financial condition and operations.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

Program

We recognize the importance of assessing, identifying, and managing material risks from cybersecurity threats and have implemented various processes and safeguards to aid in such efforts. Our program encompasses people, processes, and technologies to safeguard our systems, data, and business from cybersecurity threats. Our program



[Table of Contents](#)

prioritizes threat mitigation and risk management, while focusing on maintaining the integrity and resilience of our systems.

Our program is informed by industry standards, including the National Institute of Standards and Technology (NIST) Cyber Security Framework (CSF), the American National Standards Institute encryption standards and the Payment Card Industry Data Security Standard. As part of our cybersecurity strategy, we regularly engage independent, outside expertise to assess and benchmark our overall program against these industry standards.

AutoZone, with the assistance of our managed security service provider, continuously monitors our threat intelligence and events within our digital environments. We employ a variety of methods designed to test and improve our controls, including vulnerability scanning, penetration testing, and attack simulation testing. We have an incident response plan which sets forth procedures to investigate, respond to, contain, and remediate incidents with the support of a cross-functional team. The incident response plan also outlines a process for escalating and communicating incidents to members of management.

During the contract review and vendor engagement process, we assess vendors' adherence to appropriate security practices, requirements, and expectations, including compliance with industry standards and applicable laws and regulations. We also engage a third-party to monitor certain service providers so that we may be alerted of important events that would impact such party's risk profile. We have an Information Security Awareness program which seeks to educate our employees on security risks and best practices through training, internal communications, and security awareness campaigns. We maintain cybersecurity insurance coverage that may protect us from losses in connection with certain cybersecurity incidents.

Cybersecurity Risks

While we have not experienced a material breach of our information systems or data to date, unauthorized parties have in the past gained access and exfiltrated data. Any future incident could significantly disrupt our operations and key business processes, result in the impairment, loss, unauthorized access of critical or sensitive data, be costly and resource-intensive to remedy; harm our reputation and relationship with customers, AutoZoners, vendors and other stakeholders; and have a material adverse impact on our business and operating results. See "Information Technology, Cybersecurity and Data Privacy Risks" in Item 1.A., Risk Factors for additional information related to cybersecurity risks.

Governance

The cybersecurity risk management program is integrated into our broader enterprise risk management framework, which allows our senior management team, with oversight of our Board, to develop a more holistic view of our risk exposure and prioritize and manage such risks accordingly.

AutoZone's Chief Information Security Officer (CISO) reports directly to our Chief Information Officer and Senior Vice President of Information Technology. Our CISO has over 25 years' experience in IT, with almost 20 years in dedicated Information Security leadership roles. He has experience across a broad range of industries and holds credentials including the Certified Information Systems Security Professional and the CERT Certificate in Cybersecurity Oversight from the National Association of Corporate Directors.

The Audit Committee is responsible for overseeing the company's enterprise risk management program, including cybersecurity risks. At its quarterly committee meetings, the Audit Committee reviews and discusses cybersecurity matters directly with our CISO, including relevant cybersecurity risks, changes to AutoZone's threat landscape, risk mitigation strategies, cybersecurity program assessments and results, and cybersecurity roadmap and progress.

[Table of Contents](#)

Item 2. Properties

The following table reflects the number of leased and owned properties and square footage of selling space for our stores as of August 31, 2024:

	No. of Stores	Store Square Footage⁽¹⁾
Leased	4,081	27,226,410
Owned	3,272	22,190,827
Total	<u>7,353</u>	<u>49,417,237</u>

(1) Square footage excludes store support centers, regional offices, distribution centers and the areas that hold the local mega hub and hub expanded assortment.

We have approximately 7.1 million square feet in distribution centers servicing our stores, of which approximately 2.1 million square feet is leased and the remainder is owned. We have 11 distribution centers located throughout the U.S., two in Mexico, and one in Brazil. Our primary store support center is located in Memphis, Tennessee, and consists of approximately 325,000 square feet. We also have four additional store support centers located in Monterrey, Mexico; Chihuahua, Mexico; Sao Paulo, Brazil; and Gurugram, India. Our primary International Sourcing Office is located in Shanghai, China. The ALLDATA headquarters in Elk Grove, California is leased, and we also own or lease other properties which are not material individually or in the aggregate.

Item 3. Legal Proceedings

We are involved in various legal proceedings incidental to the conduct of our business, including, but not limited to, claims and allegations related to wage and hour violations, unlawful termination, employment practices, product liability, privacy and cybersecurity, environmental matters, intellectual property rights or regulatory compliance. 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.

Additionally, we are not involved in any environmental proceeding in which a governmental authority is a party, and such proceeding involves potential monetary sanctions that we reasonably believe will exceed an applied threshold of \$1 million.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The principal market on which our common stock is traded is the New York Stock Exchange under the symbol “AZO.” On October 21, 2024, there were 1,603 stockholders of record, which does not include the number of beneficial owners whose shares were represented by security position listings.

We currently do not pay a dividend on our common stock. Any future payment of dividends would be dependent upon our financial condition, capital requirements, earnings and cash flow.

During 1998, the Company announced a program permitting the Company to repurchase a portion of its outstanding shares not to exceed a dollar maximum established by the Company’s Board of Directors. The Board voted to increase the repurchase authorization by \$2.0 billion on December 20, 2023 and \$1.5 billion on June 19, 2024, bringing the total value of authorized share repurchases to \$39.2 billion.

Shares of common stock repurchased by the Company during the quarter ended August 31, 2024 were as follows:

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
May 5, 2024 to June 1, 2024	65,636	\$ 2,891.87	65,636	\$ 1,184,718,249
June 2, 2024 to June 29, 2024	81,197	2,881.79	81,197	2,450,725,318
June 30, 2024 to July 27, 2024	84,860	2,936.78	84,860	2,201,510,545
July 28, 2024 to August 31, 2024	12,096	3,103.60	12,096	2,163,969,364
Total	243,789	\$ 2,914.65	243,789	\$ 2,163,969,364

The Company also repurchased, at market value, an additional 4,886 shares in fiscal year 2022 from employees electing to sell their stock under the Company’s Eighth Amended and Restated Employee Stock Purchase Plan (as amended from time to time, the “Employee Plan”), qualified under Section 423 of the Internal Revenue Code, under which all eligible employees may purchase AutoZone’s common stock at 85% of the lower of the market price of the common stock on the first day or last day of each calendar quarter through payroll deductions. Maximum permitted annual purchases are \$15,000 per employee or 10 percent of compensation, whichever is less. Under the Employee Plan, 5,000, 5,183 and 6,238 shares were sold to employees in fiscal 2024, 2023 and 2022, respectively. At August 31, 2024, 117,341 shares of common stock were reserved for future issuance under the Employee Plan.

Once executives have reached the maximum purchases under the Employee Plan, the Sixth Amended and Restated Executive Stock Purchase Plan (the “Executive Plan”) permits all eligible executives to purchase AutoZone’s common stock up to 25 percent of his or her annual salary and bonus. Purchases by executives under the Executive Plan were 540, 689 and 709 shares in fiscal 2024, 2023 and 2022, respectively. At August 31, 2024, 232,426 shares of common stock were reserved for future issuance under the Executive Plan.

[Table of Contents](#)

Stock Performance Graph

The graph below presents changes in the value of AutoZone's stock as compared to Standard & Poor's 500 Composite Index ("S&P 500") and to Standard & Poor's Retail Index ("S&P Retail Index") for the five-year period beginning August 31, 2019, and ending August 31, 2024.

Graphic



Item 6. Reserved

Not required.

[Table of Contents](#)

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

We are the leading retailer and distributor of automotive replacement parts and accessories in the Americas. We began operations in 1979 and at August 31, 2024, operated 6,432 stores in the U.S., 794 stores in Mexico and 127 stores in Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light duty trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products. At August 31, 2024, in 5,898 of our domestic stores as well as the vast majority of our stores in Mexico and Brazil, we had a commercial sales program that provided prompt delivery of parts and other products and commercial credit to local, regional and national repair garages, dealers, service stations, fleet owners and other accounts. We also sell automotive hard parts, maintenance items, accessories and non-automotive products through www.autozone.com, and our commercial customers can make purchases through www.autozonepro.com. Additionally, we sell the ALLDATA brand of automotive diagnostic, repair, collision and shop management software through www.alldata.com. We also provide product information on our Duralast branded products through www.duralastparts.com. We do not derive revenue from automotive repair or installation services.

Executive Summary

For fiscal 2024, net sales increased to \$18.5 billion, a 5.9% increase over the prior year. Our retail sales and commercial sales in our domestic and international markets grew as we continue to make progress on our growth initiatives aimed at improving parts availability and providing WOW! Customer Service. Operating profit increased 9.1% to \$3.8 billion, net income increased 5.3% to \$2.7 billion and diluted earnings per share increased 13.0% to \$149.55 for the year.

During fiscal 2024, failure and maintenance related categories represented the largest portion of our sales mix, at approximately 86% of total sales. While we have not experienced any fundamental shifts in our category sales mix as compared to previous years, in our domestic stores we see a decrease in mix of sales of the discretionary category and a slight increase in the maintenance and failure categories compared to last year.

Our business is impacted by various factors within the economy that affect both our consumer and our industry, including but not limited to inflation, interest rates, levels of consumer debt, fuel and energy costs, prevailing wage rates, foreign exchange rate fluctuations, supply chain disruptions, hiring and other economic conditions. Given the nature of these macroeconomic factors, which are generally outside of our control, we cannot predict whether or for how long certain trends will continue, nor can we predict to what degree these trends will impact us in the future.

The two statistics we believe have the closest correlation to our market growth over the long-term are miles driven and the number of seven-year-old or older vehicles on the road.

Miles Driven

We believe as the number of miles driven increases, consumers' vehicles are more likely to need service and maintenance, resulting in an increase in the need for automotive hard parts and maintenance items. Since the beginning of the fiscal year and through July 2024 miles driven in the U.S. increased 1.2% compared to the same period in the prior year based on the latest information available from the U.S. Department of Transportation.

Seven Year Old or Older Vehicles

As the number of seven-year-old or older vehicles on the road increases, we expect an increase in demand for the products we sell. We expect the aging vehicle population to continue to increase as consumers keep their cars longer. According to the latest data provided by S&P Global Mobility, the average age of light vehicles on the road was 12.6 years and these vehicles account for approximately 38% of U.S. vehicles.

According to the U.S. Department of Transportation - Federal Highway Administration, vehicles are driven an average of approximately 11,000 miles each year. In seven years, the average miles driven equates to approximately 77,000 miles. Our experience is that at this point in a vehicle's life, most vehicles are not covered by warranties and increased maintenance and repairs are needed to keep the vehicle operating.



[Table of Contents](#)

Results of Operations

The following table highlights selected financial information over the past five years:

(in thousands, except per share data, same store sales and selected operating data)	Fiscal Year Ended August				
	2024 ⁽¹⁾	2023	2022	2021 ⁽²⁾	2020 ⁽²⁾
Income Statement Data					
Net sales	\$18,490,268	\$17,457,209	\$16,252,230	\$14,629,585	\$12,631,967
Cost of sales, including warehouse and delivery expenses	8,673,216	8,386,787	7,779,580	6,911,800	5,861,214
Gross profit	9,817,052	9,070,422	8,472,650	7,717,785	6,770,753
Operating, selling, general and administrative expenses	6,028,344	5,596,436	5,201,921	4,773,258	4,353,074
Operating profit	3,788,708	3,473,986	3,270,729	2,944,527	2,417,679
Interest expense, net	451,578	306,372	191,638	195,337	201,165
Income before income taxes	3,337,130	3,167,614	3,079,091	2,749,190	2,216,514
Income tax expense ⁽³⁾	674,703	639,188	649,487	578,876	483,542
Net income ⁽³⁾	\$ 2,662,427	\$ 2,528,426	\$ 2,429,604	\$ 2,170,314	\$ 1,732,972
Diluted earnings per share ⁽³⁾	\$ 149.55	\$ 132.36	\$ 117.19	\$ 95.19	\$ 71.93
Weighted average shares for diluted earnings per share ⁽³⁾	17,803	19,103	20,733	22,799	24,093
Same Store Sales					
Increase in domestic comparable store net sales ⁽⁴⁾	0.4 %	3.4 %	8.4 %	13.6 %	7.4 %
Increase (decrease) in international comparable store net sales ⁽⁴⁾	16.1 %	29.3 %	19.1 %	22.5 %	(2.8)%
Increase in international comparable store net sales (constant currency) ⁽⁴⁾	10.2 %	17.5 %	19.2 %	20.7 %	4.7 %
Increase in total company comparable store net sales ⁽⁴⁾	2.1 %	5.6 %	9.2 %	14.3 %	6.6 %
Increase in total company comparable store net sales (constant currency) ⁽⁴⁾	1.4 %	4.6 %	9.2 %	14.1 %	7.2 %
Balance Sheet Data					
Current assets	\$ 7,306,759	\$ 6,779,426	\$ 6,627,984	\$ 6,415,303	\$ 6,811,872
Operating lease right-of-use assets	3,057,780	2,998,097	2,918,817	2,718,712	2,581,677
Working capital (deficit) ⁽⁵⁾	(1,407,484)	(1,732,430)	(1,960,409)	(954,451)	528,781
Total assets	17,176,538	15,985,878	15,275,043	14,516,199	14,423,872
Current liabilities	8,714,243	8,511,856	8,588,393	7,369,754	6,283,091
Debt	9,024,381	7,668,549	6,122,092	5,269,820	5,513,371
Finance lease liabilities, less current portion	283,882	200,702	217,428	186,122	155,855
Operating lease liabilities, less current portion	2,960,174	2,917,046	2,837,973	2,632,842	2,501,560
Stockholders' deficit	(4,749,614)	(4,349,894)	(3,538,913)	(1,797,536)	(877,977)
Selected Operating Data					
Number of stores at beginning of year	7,140	6,943	6,767	6,549	6,411
New stores	217	198	177	219	138
Closed stores	4	1	1	1	—
Net new stores	213	197	176	218	138
Relocated stores	6	12	13	12	5
Number of stores at end of year	7,353	7,140	6,943	6,767	6,549
AutoZone domestic commercial programs	5,898	5,682	5,342	5,179	5,007
Total Company Store Data					
Inventory per store (in thousands)	\$ 837	\$ 807	\$ 812	\$ 686	\$ 683
Total AutoZone store square footage (in thousands)	49,417	47,899	46,435	45,057	43,502
Average square footage per AutoZone store	6,721	6,709	6,688	6,658	6,643
Increase in AutoZone store square footage	3.2 %	3.2 %	3.1 %	3.6 %	2.3 %
Average net sales per AutoZone store (in thousands)	\$ 2,505	\$ 2,435	\$ 2,329	\$ 2,160	\$ 1,914
Net sales per AutoZone store average square foot	\$ 373	\$ 363	\$ 349	\$ 325	\$ 288
Total employees at end of year (in thousands)	126	119	112	105	100
Inventory turnover ⁽⁶⁾	1.5x	1.5x	1.5x	1.5x	1.3x
Accounts payable to inventory ratio	119.5 %	124.9 %	129.5 %	129.6 %	115.3 %
After-tax return on invested capital ⁽⁷⁾	49.7 %	55.4 %	52.9 %	41.0 %	35.7 %

Adjusted debt to EBITDAR ⁽⁸⁾	2.5	2.3	2.1	2.0	2.4
Net cash provided by operating activities (in thousands) ⁽³⁾	\$ 3,004,116	\$ 2,940,788	\$ 3,211,135	\$ 3,518,543	\$ 2,720,108
Cash flow before share repurchases and changes in debt (in thousands) ⁽⁹⁾	\$ 1,791,635	\$ 2,156,026	\$ 2,599,636	\$ 3,048,841	\$ 2,185,418
Share repurchases (in thousands) ⁽⁵⁾⁽¹⁰⁾	\$ 3,170,320	\$ 3,723,289	\$ 4,359,991	\$ 3,378,321	\$ 930,903
Number of shares repurchased (in thousands) ⁽⁵⁾	1,149	1,524	2,220	2,592	826

[Table of Contents](#)

- (1) The fiscal year ended August 31, 2024 consisted of 53 weeks.*
- (2) The 52 weeks ended August 28, 2021 and August 29, 2020 were negatively impacted by pandemic related expenses, including Emergency Time-Off of approximately \$43.0 million (pre-tax) and \$83.9 million (pre-tax), respectively.*
- (3) Fiscal 2024, 2023, 2022, 2021 and 2020 include excess tax benefits from stock option exercises of \$81.4 million, \$92.2 million, \$63.2 million, \$56.4 million, and \$20.9 million, respectively.*
- (4) The domestic and international comparable sales increases are based on sales for all AutoZone stores open at least one year. Constant currency same store sales exclude impacts from fluctuations of foreign exchange rates by converting both the current year and prior year international results at the prior year foreign currency exchange rate. Same store sales are computed on a 52-week basis. Relocated stores are included in the same store sales computation based on the year the original store was opened. Closed store sales are included in the same store sales computation up to the week it closes, and excluded from the computation for all periods subsequent to closing. All sales through our www.autozone.com website, including consumer direct ship-to-home sales, are also included in the computation.*
- (5) During the third quarter of fiscal 2020, the Company temporarily suspended share repurchases under the share repurchase program in response to the COVID-19 pandemic which was restarted beginning in the first quarter of fiscal 2021.*
- (6) Inventory turnover is calculated as cost of sales divided by the average merchandise inventory balance over the trailing 5 quarters.*
- (7) After-tax return on invested capital is defined as after-tax operating profit (excluding rent charges) divided by invested capital (which includes a factor to capitalize leases).*
- (8) Adjusted debt to EBITDAR is defined as the sum of total debt, finance lease obligations and annual rents times six; divided by net income plus interest, taxes, depreciation, amortization, rent and share-based compensation expense. See Reconciliation of Non-GAAP Financial Measures in Management's Discussion and Analysis of Financial Condition and Results of Operations.*
- (9) Cash flow before share repurchases and changes in debt is defined as the change in cash and cash equivalents less the change in debt plus treasury stock purchases. See Reconciliation of Non-GAAP Financial Measures in Management's Discussion and Analysis of Financial Condition and Results of Operations.*
- (10) Share repurchases are inclusive of excise tax in fiscal 2024 and 2023. The excise tax is assessed at one percent of the fair market value of net stock repurchases after December 31, 2022.*

[Table of Contents](#)

Fiscal 2024 Compared with Fiscal 2023

For the fiscal year ended August 31, 2024, we had net sales of \$18.5 billion compared with \$17.5 billion for the year ended August 26, 2023, an increase of 5.9%. This growth was driven primarily by the additional 53rd week sales of \$365.9 million, net sales of \$292.4 million from new domestic and international stores and an increase in total company same store sales of 1.4% on a constant currency basis. Domestic commercial sales increased \$284.3 million, or 6.2%, over domestic commercial sales for fiscal 2023, driven in part by the additional 53rd week sales of \$95.7 million.

Same store sales, or sales for our domestic and international stores open at least one year, are computed on a 52-week basis and are as follows:

	Fiscal Year Ended August			
	2024	2023	Constant Currency ⁽¹⁾	
			2024	2023
Domestic	0.4 %	3.4 %	0.4 %	3.4 %
International	16.1 %	29.3 %	10.2 %	17.5 %
Total Company	2.1 %	5.6 %	1.4 %	4.6 %

(1) Constant currency same store sales exclude impacts from fluctuations of foreign exchange rates by converting both the current year and prior year international results at the prior year foreign currency exchange rate.

At August 31, 2024, we operated 6,432 domestic stores, 794 in Mexico and 127 in Brazil, compared with 6,300 domestic stores, 740 in Mexico and 100 in Brazil at August 26, 2023. We reported a total auto parts segment (domestic, Mexico and Brazil) sales increase of 5.9% for fiscal 2024.

Gross profit for fiscal 2024 was \$9.8 billion, or 53.1% of net sales, a 114 basis point increase compared with \$9.1 billion, or 52.0% of net sales for fiscal 2023. The increase in gross margin was driven by higher merchandise margins and 47 basis points (\$84.0 million net) from non-cash LIFO favorability.

Operating, selling, general and administrative expenses for fiscal 2024 increased to \$6.0 billion, or 32.6% of net sales, from \$5.6 billion, or 32.1% of net sales for fiscal 2023. The increase in operating expenses as a percentage of sales was primarily driven by domestic store payroll.

Interest expense, net for fiscal 2024 was \$451.6 million compared with \$306.4 million during fiscal 2023. Average borrowings for fiscal 2024 were \$8.7 billion, compared with \$7.0 billion for fiscal 2023. Weighted average borrowing rates were 4.39% and 3.78% for fiscal 2024 and 2023, respectively.

Our effective income tax rate was 20.2% of pre-tax income for both fiscal 2024 and fiscal 2023. The benefit from stock options exercised in fiscal 2024 was \$81.4 million compared to \$92.2 million in fiscal 2023 (see "Note E - Income Taxes" in the Notes to Consolidated Financial Statements).

Net income for fiscal 2024 increased by 5.3% to \$2.7 billion, and diluted earnings per share increased 13.0% to \$149.55 from \$132.36 in fiscal 2023. The impact on the fiscal 2024 diluted earnings per share from stock repurchases was an increase of \$0.96.

Fiscal 2023 Compared with Fiscal 2022

A discussion of changes in our results of operations from fiscal 2023 to fiscal 2022 has been omitted from this Annual Report on Form 10-K, but may be found in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended August 26, 2023, filed with the SEC on October 24, 2023, which is available free of charge on the SECs website at www.sec.gov and at www.autozone.com, by clicking "Investor Relations" located at the bottom of the page.

[Table of Contents](#)

Quarterly Periods

Each of the first three quarters of our fiscal year consists of 12 weeks, and the fourth quarter consisted of 17 weeks in 2024 and 16 weeks in 2023 and 2022. Because the fourth quarter contains seasonally high sales volume and consists of 16 or 17 weeks, compared with 12 weeks for each of the first three quarters, our fourth quarter represents a disproportionate share of our annual net sales and net income. The fourth quarter of fiscal year 2024 represented 33.6% of annual sales and 33.9% of net income; the fourth quarter of fiscal year 2023 represented 32.6% of annual sales and 34.2% of net income; and the fourth quarter of fiscal year 2022 represented 32.9% of annual sales and 33.3% of net income.

Liquidity and Capital Resources

The primary source of our liquidity is our cash flows realized through the sale of automotive parts, products and accessories. We believe that our cash generated from operating activities, available cash reserves and available credit, supplemented with our long-term borrowings will provide ample liquidity to fund our operations while allowing us to make strategic investments to support growth initiatives and return excess cash to shareholders in the form of share repurchases. As of August 31, 2024, we held \$298.2 million of cash and cash equivalents, as well as \$2.2 billion in undrawn capacity on our revolving credit facility, without giving effect to commercial paper borrowings. We believe our sources of liquidity will continue to be adequate to fund our operations and investments to grow our business, repay our debt as it becomes due and fund our share repurchases over the short-term and long-term. In addition, we believe we have the ability to obtain alternative sources of financing, if necessary.

Net cash provided by operating activities was \$3.0 billion in 2024, \$2.9 billion in 2023 and \$3.2 billion in 2022. Cash flows from operations are favorable compared to last year primarily due to higher net income partially due to the additional week of sales in the current year.

Our net cash flows used in investing activities were \$1.3 billion, \$876.2 million and \$648.1 million in fiscal 2024, 2023 and 2022, respectively. The increase in net cash used in investing activities in fiscal 2024 was primarily due to an increase in capital expenditures. We invested \$1.1 billion, \$796.7 million and \$672.4 million in capital assets in fiscal 2024, 2023 and 2022, respectively. The increase in capital expenditures from fiscal 2023 to fiscal 2024 was primarily driven by our growth initiatives, including investments in new distribution centers and stores to be opened in subsequent periods as well as stores opened in the current year. We had net new store openings of 213, 197 and 176 for fiscal 2024, 2023 and 2022, respectively. We invest a portion of our assets held by our wholly owned insurance captive in marketable debt securities. We purchased marketable debt securities of \$38.8 million, \$66.9 million and \$56.0 million in fiscal 2024, 2023 and 2022, respectively. We had proceeds from the sale of marketable debt securities of \$40.8 million, \$58.4 million and \$53.9 million in fiscal 2024, 2023 and 2022, respectively. Our investment in tax credit equity investments was \$227.5 million, \$98.0 million and \$31.5 million in fiscal 2024, 2023 and 2022, respectively.

Net cash used in financing activities was \$1.7 billion, \$2.1 billion and \$3.5 billion in fiscal 2024, 2023 and 2022, respectively. The net cash used in financing activities reflected purchases of treasury stock, which totaled \$3.1 billion, \$3.7 billion and \$4.4 billion for fiscal 2024, 2023 and 2022, respectively. The treasury stock purchases in fiscal 2024, 2023 and 2022 were primarily funded by cash flows from operations and increased borrowings. During the year ended August 31, 2024, we repaid our \$300 million 3.125% Senior Notes due April 2024 and issued \$2.3 billion of new debt compared to \$1.8 billion in 2023 and \$750 million in 2022. In fiscal year 2024 the proceeds from the issuance of debt were used to repay a portion of our commercial paper borrowings and for general corporate purposes. In fiscal years 2023 and 2022 the proceeds from the issuance of debt were used for general corporate purposes.

The Company had net repayments of commercial paper and short-term borrowing of \$629.6 million during fiscal 2024, and net proceeds from the issuance of commercial paper and short-term borrowings of \$606.2 million and \$603.4 million during fiscal 2023 and 2022, respectively.

[Table of Contents](#)

During fiscal 2025, we expect to increase the investment in our business as compared to fiscal 2024. Our investments are expected to be directed primarily to our supply chain initiatives, which include new distribution centers and new stores, including expanded hub stores and mega hub stores. The amount of investments in our new stores is impacted by different factors, including whether the building and land are purchased (requiring higher investment) or leased (generally lower investment) and whether such buildings are located in the U.S., Mexico or Brazil, or located in urban or rural areas.

In addition to building and land costs, our new stores and distribution centers require working capital, predominantly for inventories. Historically, we have negotiated extended payment terms from suppliers, reducing the working capital required and resulting in a high accounts payable to inventory ratio. We plan to continue leveraging our inventory purchases; however, our ability to do so may be limited by our suppliers' ability to factor their receivables from us. The Company has arrangements with third-party financial institutions to confirm invoice balances owed by the Company to certain suppliers and pay the financial institutions the confirmed amounts on the invoice due dates. These arrangements allow the Company's inventory suppliers, at their sole discretion, to enter into agreements with these financial institutions to finance the Company's obligations to the suppliers at terms negotiated between the suppliers and the financial institutions. Supplier participation is optional and our obligations to our suppliers, including the amount and dates due, are not impacted by our suppliers' decision to enter into an agreement with a third-party financial institution. A downgrade in our credit ratings or changes in the financial markets could limit the financial institutions' and our suppliers' willingness to participate in these arrangements. We plan to continue negotiating extended terms with our suppliers, benefitting our working capital and resulting in a high accounts payable to inventory ratio. We had an accounts payable to inventory ratio of 119.5% at August 31, 2024 and 124.9% at August 26, 2023.

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

Our cash balances are held in various locations around the world. As of August 31, 2024, and August 26, 2023, cash and cash equivalents of \$99.8 million and \$108.5 million, respectively, were held outside of the U.S. and were generally utilized to support the liquidity needs in our foreign operations.

For the fiscal year ended August 31, 2024, our adjusted after-tax return on invested capital ("ROIC"), which is a non-GAAP measure, was 49.7% as compared to 55.4% for the prior year. Adjusted ROIC is calculated as after-tax operating profit (excluding rent charges) divided by invested capital (which includes a factor to capitalize operating leases). We use adjusted ROIC to evaluate whether we are effectively using our capital resources and believe it is an important indicator of our overall operating performance. Refer to the "Reconciliation of Non-GAAP Financial Measures" section for further details of our calculation.

Debt Facilities

On November 15, 2021, we amended and restated our existing revolving credit facility (as amended from time to time, the "Revolving Credit Agreement") pursuant to which our borrowing capacity under the Revolving Credit Agreement was increased from \$2.0 billion to \$2.25 billion, and the maximum borrowing under the Revolving Credit Agreement may, at our option, subject to lenders approval, be increased from \$2.25 billion to \$3.25 billion. On November 15, 2022, we amended the Revolving Credit Agreement, extending the termination date by one year. As amended, the Revolving Credit Agreement will terminate, and all amounts borrowed will be due and payable, on November 15, 2027, but we may make one additional request to extend the termination date for an additional period of one year. Revolving borrowings under the Revolving Credit Agreement may be base rate loans, Term Secured Overnight Financing Rate ("SOFR") loans, or a combination of both, at our election. The Revolving Credit Agreement includes (i) a \$75 million sublimit for swingline loans, (ii) a \$50 million individual issuer letter of credit sublimit and (iii) a \$250 million aggregate sublimit for all letters of credit.



[Table of Contents](#)

Under our Revolving Credit Agreement, covenants include restrictions on liens, a maximum debt to earnings ratio, a minimum fixed charge coverage ratio and a change of control provision that may require acceleration of the repayment obligations under certain circumstances.

As of August 31, 2024, we had no outstanding borrowings and \$1.8 million of outstanding letters of credit under the Revolving Credit Agreement.

The Revolving Credit Agreement requires that our consolidated interest coverage ratio as of the last day of each quarter shall be no less than 2.5:1. This ratio is defined as the ratio of (i) consolidated earnings before interest, taxes and rents to (ii) consolidated interest expense plus consolidated rents. Our consolidated interest coverage ratio as of August 31, 2024 was 5.4:1.

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 \$25 million. The letter of credit facility is in addition to the letters of credit that may be issued under the Revolving Credit Agreement and had an expiration in June 2022. On May 16, 2022, we amended and restated the letter of credit facility to, among other things, extend the facility through June 2025. As of August 31, 2024, we had no letters of credit outstanding under the letter of credit facility.

In addition to the outstanding letters of credit issued under the committed facility discussed above, we had \$141.6 million in letters of credit outstanding as of August 31, 2024. These letters of credit have various maturity dates and were issued on an uncommitted basis.

As of August 31, 2024, the \$580 million of commercial paper borrowings, the \$400 million 3.250% Senior Notes due April 2025 and the \$500 million 3.625% Senior Notes due April 2025 were classified as long-term in the Consolidated Balance Sheets as we have the current ability and intent to refinance them on a long-term basis through available capacity in our revolving credit facility. As of August 31, 2024, we had \$2.2 billion of availability under our Revolving Credit Agreement, without giving effect to commercial paper borrowings, which would allow us to replace these short-term obligations with a long-term financing facility.

On April 18, 2024, we repaid the \$300 million 3.125% Senior Notes due April 2024.

On July 17, 2023, we repaid the \$500 million 3.125% Senior Notes due July 2023.

On January 17, 2023, we repaid the \$300 million 2.875% Senior Notes due January 2023.

On January 18, 2022, we repaid the \$500 million 3.700% Senior Notes due April 2022, which were callable at par in January 2022.

On June 28, 2024, we issued \$600 million in 5.100% Senior Notes due July 2029 and \$700 million 5.400% Senior Notes due July 2034 under our automatic shelf registration statement on Form S-3, filed with the SEC on July 19, 2022 (File No. 333-266209) (the "2022 Shelf Registration Statement"). The 2022 Shelf Registration Statement 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 or distribution center openings, stock repurchases and acquisitions. Proceeds from the debt issuance were used to repay a portion of our outstanding commercial paper borrowings and for other general corporate purposes.

On October 25, 2023, we issued \$500 million in 6.250% Senior Notes due November 2028 and \$500 million 6.550% Senior Notes due November 2033 under the 2022 Shelf Registration Statement. Proceeds from the debt issuance were used for general corporate purposes.

On July 21, 2023, we issued \$450 million in 5.050% Senior Notes due July 2026 and \$300 million in 5.200% Senior Notes due August 2033 under the 2022 Shelf Registration Statement. Proceeds from the debt issuance were used for general corporate purposes.

[Table of Contents](#)

On January 27, 2023 we issued \$450 million in 4.500% Senior Notes due February 2028 and \$550 million in 4.750% Senior Notes due February 2033 under the 2022 Shelf Registration Statement. Proceeds from the debt issuance were used for general corporate purposes.

On August 1, 2022, we issued \$750 million in 4.750% Senior Notes due August 2032 under the 2022 Shelf Registration Statement. Proceeds from the debt issuance were used for general corporate purposes.

The Senior Notes contain a provision that repayment may be accelerated if we experience a change in control (as defined in the agreements). Our borrowings under our Senior Notes contain minimal covenants, primarily restrictions on liens, sale and leaseback transactions and consolidations, mergers and the sale of assets. All of the repayment obligations under our borrowing arrangements may be accelerated and come due prior to the applicable scheduled payment date if covenants are breached or an event of default occurs. Interest is paid on a semi-annual basis.

As of August 31, 2024, we were in compliance with all covenants and expect to remain in compliance with all covenants under our borrowing arrangements.

For the fiscal year ended August 31, 2024, our adjusted debt to earnings before interest, taxes, depreciation, amortization, rent and share-based compensation expense ("EBITDAR") ratio was 2.5:1 as compared to 2.3:1 as of the comparable prior year end. We calculate adjusted debt as the sum of total debt, finance lease liabilities and rent times six; and we calculate adjusted EBITDAR by adding interest, taxes, depreciation, amortization, rent and share-based compensation expense to net income. We target our debt levels to a specified ratio of adjusted debt to EBITDAR in order to maintain our investment grade credit ratings and believe this is important information for the management of our debt levels. To the extent adjusted EBITDAR increases, we expect our debt levels to increase; conversely, if adjusted EBITDAR decreases, we would expect our debt levels to decrease. Refer to the "Reconciliation of Non-GAAP Financial Measures" section for further details of our calculation.

Stock Repurchases

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 (the "Board"). The Board voted to increase the repurchase authorization by \$2.0 billion on December 20, 2023 and \$1.5 billion on June 19, 2024, bringing the total authorization to \$39.2 billion. Previously, the Board voted to increase the authorization by \$4.5 billion in fiscal 2023 and \$5.0 billion in fiscal 2022. From January 1998 to August 31, 2024, we have repurchased a total of 155.2 million shares at an aggregate cost of \$37.0 billion. We repurchased 1.1 million, 1.5 million and 2.2 million shares of common stock at an aggregate cost of \$3.2 billion, \$3.7 billion and \$4.4 billion during fiscal 2024, 2023 and 2022, respectively. Considering cumulative repurchases as of August 31, 2024 we had \$2.2 billion remaining under the Board's authorization to repurchase our common stock. We will continue to evaluate current and expected business conditions and adjust the level of share repurchases under our share repurchase program in a manner that is consistent with our capital allocation strategy or as we otherwise deem appropriate.

Cash flow before share repurchases and changes in debt was \$1.8 billion, \$2.2 billion and \$2.6 billion for the fiscal year ended August 31, 2024, August 26, 2023 and August 27, 2022, respectively. Cash flow before share repurchases and changes in debt is calculated as the net increase or decrease in cash and cash equivalents less net increases or decreases in debt (excluding deferred financing costs) plus share repurchases. We use cash flow before share repurchases and changes in debt to calculate the cash flows remaining and available. We believe this is important information regarding our allocation of available capital where we prioritize investments in the business and utilize the remaining funds to repurchase shares, while maintaining debt levels that support our investment grade credit ratings. Refer to the "Reconciliation of Non-GAAP Financial Measures" section for further details of our calculation.

Subsequent to August 31, 2024 and through October 21, 2024, we have repurchased 67,677 shares of common stock at an aggregate cost of \$212.0 million. Considering the cumulative repurchases through October 21, 2024, we have \$2.0 billion remaining under the Board's authorization to repurchase our common stock.



[Table of Contents](#)

Financial Commitments

The following table shows our significant contractual obligations as of August 31, 2024:

<i>(in thousands)</i>	Total Contractual Obligations	Payment Due by Period			
		Less than 1 year	Between 1-3 years	Between 3-5 years	Over 5 years
Debt ⁽¹⁾	\$ 9,080,000	\$1,480,000	\$1,450,000	\$2,000,000	\$4,150,000
Interest payments ⁽²⁾	2,198,888	375,625	653,775	527,550	641,938
Operating leases ⁽³⁾	4,157,877	391,901	828,934	719,996	2,217,046
Finance leases ⁽³⁾	461,654	116,999	209,841	92,389	42,425
Self-insurance reserves ⁽⁴⁾	267,779	82,976	97,736	42,585	44,482
Construction commitments	103,780	103,780	—	—	—
Other ⁽⁵⁾	49,259	49,259	—	—	—
	<u>\$16,319,237</u>	<u>\$2,600,540</u>	<u>\$3,240,286</u>	<u>\$3,382,520</u>	<u>\$7,095,891</u>

(1) Debt balances represent principal maturities, excluding interest, discounts, and debt issuance costs.

(2) Represents obligations for interest payments on long-term debt.

(3) Operating and finance lease obligations include related interest in accordance with ASU 2016-02, Leases (Topic 842).

(4) Self-insurance reserves reflect estimates based on actuarial calculations and are presented net of insurance receivables. Although these obligations do not have scheduled maturities, the timing of future payments are predictable based upon historical patterns. Accordingly, we reflect the net present value of these obligations in our Consolidated Balance Sheets.

(5) Represents commitments to make additional capital contributions to certain tax credit instruments upon achievement of project milestones.

Our tax liability for uncertain tax positions, including interest and penalties, was \$45.4 million at August 31, 2024. Approximately \$23.1 million is classified as current liabilities and \$22.3 million is classified as long-term liabilities. We did not reflect these obligations in the table above as we are unable to make an estimate of the timing of payments of the long-term liabilities due to uncertainties in the timing and amounts of the settlement of these tax positions.

Off-Balance Sheet Arrangements

The following table reflects outstanding letters of credit and surety bonds as of August 31, 2024:

<i>(in thousands)</i>	Total Other Commitments
Standby letters of credit	\$ 143,393
Surety bonds	48,868
	<u>\$ 192,261</u>

A substantial portion of the outstanding standby letters of credit (which are primarily renewed on an annual basis) and surety bonds are used to cover reimbursement obligations to our workers' compensation carriers.

There are no additional contingent liabilities associated with these instruments as the underlying liabilities are already reflected in our Consolidated Balance Sheets. The standby letters of credit and surety bond arrangements expire within one year but have automatic renewal clauses.

[Table of Contents](#)

Reconciliation of Non-GAAP Financial Measures

“Management’s Discussion and Analysis of Financial Condition and Results of Operations” includes certain financial measures not derived in accordance with 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 as it indicates more clearly our comparative year-to-year operating results. Furthermore, our management and Compensation Committee of the Board use the above-mentioned non-GAAP financial measures to analyze and compare our underlying operating results and use select measurements 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: Cash Flow Before Share Repurchases and Changes in Debt

The following table reconciles net increase (decrease) in cash and cash equivalents to cash flow before share repurchases and changes in debt, which is presented in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”:

(in thousands)	Fiscal Year Ended August				
	2024	2023	2022	2021	2020
Net cash provided by/(used in):					
Operating activities	\$ 3,004,116	\$ 2,940,788	\$ 3,211,135	\$ 3,518,543	\$2,720,108
Investing activities	(1,286,506)	(876,178)	(648,099)	(601,778)	(497,875)
Financing activities	(1,683,736)	(2,060,082)	(3,470,497)	(3,500,417)	(643,636)
Effect of exchange rate changes on cash	(12,756)	8,146	506	4,172	(4,082)
Net increase/(decrease) in cash and cash equivalents	21,118	12,674	(906,955)	(579,480)	1,574,515
Less: increase/(decrease) in debt, excluding deferred financing costs	1,370,400	1,556,200	853,400	(250,000)	320,000
Plus: Share repurchases	3,140,917	3,699,552	4,359,991	3,378,321	930,903
Cash flow before share repurchases and changes in debt	<u>\$ 1,791,635</u>	<u>\$ 2,156,026</u>	<u>\$ 2,599,636</u>	<u>\$ 3,048,841</u>	<u>\$2,185,418</u>

(1) During the third quarter of fiscal 2020, the Company temporarily suspended share repurchases under the share repurchase program in response to the COVID-19 pandemic.



[Table of Contents](#)

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

The following table calculates the percentage of ROIC. ROIC is calculated as after-tax operating profit (excluding rent) divided by invested capital (which includes a factor to capitalize operating leases). The ROIC percentages are presented in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”:

(in thousands, except percentage)	Fiscal Year Ended August				
	2024 ⁽¹⁾	2023	2022	2021	2020
Net income	\$ 2,662,427	\$ 2,528,426	\$ 2,429,604	\$ 2,170,314	\$ 1,732,972
Adjustments:					
Interest expense	451,578	306,372	191,638	195,337	201,165
Rent expense ⁽²⁾	447,693	406,398	373,278	345,380	329,783
Tax effect ⁽³⁾	(181,653)	(143,980)	(119,197)	(114,091)	(115,747)
Adjusted after-tax return	<u>\$ 3,380,045</u>	<u>\$ 3,097,216</u>	<u>\$ 2,875,323</u>	<u>\$ 2,596,940</u>	<u>\$ 2,148,173</u>
Average debt ⁽⁴⁾	\$ 8,580,659	\$ 6,900,354	\$ 5,712,301	\$ 5,416,471	\$ 5,375,356
Average stockholders’ deficit ⁽⁴⁾	(4,797,747)	(4,042,495)	(2,797,181)	(1,397,892)	(1,542,355)
Add: Rent x 6 ⁽²⁾⁽⁵⁾	2,686,158	2,438,388	2,239,668	2,072,280	1,978,696
Average finance lease liabilities ⁽⁴⁾	329,225	296,599	284,453	237,267	203,998
Invested capital	<u>\$ 6,798,295</u>	<u>\$ 5,592,846</u>	<u>\$ 5,439,241</u>	<u>\$ 6,328,126</u>	<u>\$ 6,015,695</u>
Adjusted after-tax ROIC	<u>49.7 %</u>	<u>55.4 %</u>	<u>52.9 %</u>	<u>41.0 %</u>	<u>35.7 %</u>

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

The following table calculates the ratio of adjusted debt to EBITDAR. Adjusted debt to EBITDAR is calculated as the sum of total debt, financing lease liabilities and annual rents times six; divided by net income plus interest, taxes, depreciation, amortization, rent and share-based compensation expense. The adjusted debt to EBITDAR ratios are presented in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”:

(in thousands, except ratio)	Fiscal Year Ended August				
	2024 ⁽¹⁾	2023	2022	2021	2020
Net income	\$ 2,662,427	\$ 2,528,426	\$ 2,429,604	\$ 2,170,314	\$ 1,732,972
Add: Interest expense	451,578	306,372	191,638	195,337	201,165
Income tax expense	674,703	639,188	649,487	578,876	483,542
EBIT	3,788,708	3,473,986	3,270,729	2,944,527	2,417,679
Add: Depreciation and amortization expense	549,755	497,577	442,223	407,683	397,466
Rent expense ⁽²⁾	447,693	406,398	373,278	345,380	329,783
Share-based expense	106,246	93,087	70,612	56,112	44,835
EBITDAR	<u>\$ 4,892,402</u>	<u>\$ 4,471,048</u>	<u>\$ 4,156,842</u>	<u>\$ 3,753,702</u>	<u>\$ 3,189,763</u>
Debt	\$ 9,024,381	\$ 7,668,549	\$ 6,122,092	\$ 5,269,820	\$ 5,513,371
Financing lease liabilities	399,441	287,618	310,305	276,054	223,353
Add: Rent x 6 ⁽²⁾⁽⁵⁾	2,686,158	2,438,388	2,239,668	2,072,280	1,978,696
Adjusted debt	<u>\$12,109,980</u>	<u>\$10,394,555</u>	<u>\$8,672,065</u>	<u>\$7,618,154</u>	<u>\$7,715,420</u>
Adjusted debt to EBITDAR	<u>2.5</u>	<u>2.3</u>	<u>2.1</u>	<u>2.0</u>	<u>2.4</u>

[Table of Contents](#)

- (1) The fiscal year ended August 31, 2024, consisted of 53 weeks.
- (2) The table below outlines the calculation of rent expense and reconciles rent expense to total lease cost, per ASC 842, the most directly comparable GAAP financial measure, for the 53 weeks ended, August 31, 2024, and the 52 weeks ended August 26, 2023, August 27, 2022, August 28, 2021 and August 29, 2020.

(in thousands)	For the year ended				
	August 31, 2024	August 26, 2023	August 27, 2022	August 28, 2021	August 29, 2020
Total lease cost, per ASC 842	\$ 588,835	\$ 524,283	\$ 470,563	\$ 427,443	\$ 415,505
Less: Finance lease interest and amortization	(103,670)	(86,521)	(69,564)	(56,334)	(60,275)
Less: Variable operating lease components, related to insurance and common area maintenance	(37,472)	(31,364)	(27,721)	(25,729)	(25,447)
Rent expense	<u>\$ 447,693</u>	<u>\$ 406,398</u>	<u>\$ 373,278</u>	<u>\$ 345,380</u>	<u>\$ 329,783</u>

- (3) For fiscal 2024, 2023, 2022, 2021 and 2020, the effective tax rate was 20.2%, 20.2%, 21.1%, 21.1% and 21.8%, respectively.
- (4) All averages are computed based on trailing five quarters.
- (5) Rent is multiplied by a factor of six to capitalize operating leases in the determination of pre-tax invested capital.

Reconciliation of Non-GAAP Financial Measure: Fiscal 2024 Results Excluding Impact of 53rd Week:

The following table summarizes the impact of the additional week to the 53 week fiscal year ended August 31, 2024.

(in thousands, except per share)	Fiscal 2024 Results of Operations	Results of Operations for 53rd Week	Fiscal 2024 Results of Operations Excluding 53rd Week
Net sales	\$ 18,490,268	\$ (365,879)	\$ 18,124,389
Cost of sales	8,673,216	(176,855)	8,496,361
Gross profit	9,817,052	(189,024)	9,628,028
Operating, selling, general and administrative expenses	6,028,344	(102,278)	5,926,066
EBIT	3,788,708	(86,746)	3,701,962
Interest expense, net	451,578	(9,009)	442,569
Income before taxes	3,337,130	(77,737)	3,259,393
Income tax expense	674,703	(17,024)	657,679
Net income	<u>\$ 2,662,427</u>	<u>\$ (60,713)</u>	<u>\$ 2,601,714</u>
Diluted earnings per share	<u>\$ 149.55</u>	<u>\$ (3.41)</u>	<u>\$ 146.14</u>

Recent Accounting Pronouncements

See Note A of the Notes to Consolidated Financial Statements for a discussion on recent accounting pronouncements.

Critical Accounting Policies and Estimates

Preparation of our Consolidated Financial Statements requires us to make estimates and assumptions affecting the reported amounts of assets and liabilities at the date of the financial statements, reported amounts of revenues and expenses during the reporting period and related disclosures of contingent liabilities. In the Notes to our Consolidated Financial Statements, we describe our significant accounting policies used in preparing the Consolidated Financial Statements. Our policies are evaluated on an ongoing basis and 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 senior management has identified self-insurance reserves as a critical accounting estimate that is materially impacted by assumptions and has discussed this policy with the Audit Committee of our Board.



[Table of Contents](#)

Self-Insurance Reserves

We retain a significant portion of the risks associated with workers' compensation, general, product liability, property and vehicle liability; and we obtain third party insurance to limit the exposure related to certain of these risks. Our self-insurance reserve estimates totaled \$257.7 million at August 31, 2024, and \$268.8 million at August 26, 2023. Where estimates are possible, losses covered by insurance are recognized on a gross basis with a corresponding insurance receivable.

The assumptions made by management in estimating our self-insurance reserves include consideration of historical cost experience, judgments about the present and expected levels of cost per claim and retention levels. We utilize various methods, including analyses of historical trends and use of a specialist, to estimate the cost to settle reported claims and claims incurred but not yet reported. The actuarial methods develop estimates of the future ultimate claim costs based on the claims incurred as of the balance sheet date. When estimating these liabilities, we consider factors, such as the severity, duration and frequency of claims, legal costs associated with claims, healthcare trends and projected inflation of related factors. In recent history, our methods for determining our exposure have remained consistent, and our historical trends have been appropriately factored into our reserve estimates. As we obtain additional information and refine our methods regarding the assumptions and estimates we use to recognize liabilities incurred, we will adjust our reserves accordingly.

Management believes that the various assumptions developed and actuarial methods used to determine our self-insurance reserves are reasonable and provide meaningful data and information that management uses to make its best estimate of our exposure to these risks. Arriving at these estimates, however, requires a significant amount of subjective judgment by management, and as a result these estimates are uncertain and our actual exposure may be different from our estimates. For example, changes in our assumptions about healthcare costs, the severity of accidents and the incidence of illness, the average size of claims and other factors could cause actual claim costs to vary from our assumptions and estimates, causing our reserves to be overstated or understated. A 10% change in our self-insurance liability would have affected net income by approximately \$18.8 million for fiscal 2024.

Our liabilities for workers' compensation, general and product liability, property and vehicle claims do not have scheduled maturities; however, the timing of future payments is predictable based on historical patterns and is relied upon in determining the current portion of these liabilities. Accordingly, we reflect the net present value of the obligations we determine to be long-term using the risk-free interest rate as of the balance sheet date.

If the discount rate used to calculate the present value of these reserves changed by 25 basis points, net income would have been affected by approximately \$1.2 million for fiscal 2024.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk from, among other things, changes in interest rates, foreign exchange rates and fuel prices. From time to time, we use various derivative instruments to reduce interest rate and fuel price risks. To date, no derivative instruments have been utilized to reduce foreign exchange rate risk. All of our hedging activities are governed by guidelines that are authorized by the Board. Further, we do not buy or sell derivative instruments for trading purposes.

Interest Rate Risk

Our financial market risk results primarily from changes in interest rates. At times, we reduce our exposure to changes in interest rates by entering into various interest rate hedge instruments such as interest rate swap contracts, treasury lock agreements and forward-starting interest rate swaps.

We have historically utilized interest rate swaps to convert variable rate debt to fixed rate debt and to lock in fixed rates on future debt issuances. We reflect the current fair value of all interest rate hedge instruments as a component of either other current assets or accrued expenses and other. Our interest rate hedge instruments are designated as cash flow hedges. As of August 31, 2024 and August 26, 2023, no such interest rate swaps were outstanding.



[Table of Contents](#)

Unrealized gains and losses on interest rate hedges are deferred in stockholders' deficit as a component of Accumulated Other Comprehensive Loss. These deferred gains and losses are recognized in income as a decrease or increase to interest expense in the period in which the related cash flows being hedged are recognized in expense. However, to the extent that the change in value of an interest rate hedge instrument does not perfectly offset the change in the value of the cash flow being hedged, that ineffective portion is immediately recognized in earnings.

The fair value of our debt was estimated at \$9.0 billion as of August 31, 2024, and \$7.3 billion as of August 26, 2023, based on the quoted market prices for the same or similar debt issues or on the current rates available to us for debt having the same remaining maturities. Such fair value is greater than the carrying value of debt by \$3.5 million and less than the carrying value of debt by \$406.6 million at August 31, 2024 and August 26, 2023, respectively. This amount reflects face amount, adjusted for any unamortized debt issuance costs and discounts.

We had \$580.0 million in variable rate debt outstanding at August 31, 2024 and \$1.2 billion in August 26, 2023.

We had outstanding fixed rate debt of \$8.4 billion, net of unamortized debt issuance costs of \$55.6 million, at August 31, 2024, and \$6.5 billion, net of unamortized debt issuance costs of \$41.1 million, at August 26, 2023. A one percentage point increase in interest rates would have reduced the fair value of our fixed rate debt by approximately \$365.1 million at August 31, 2024.

Foreign Currency Risk

Foreign currency exposures arising from transactions include firm commitments and anticipated transactions denominated in a currency other than our entities' functional currencies. To minimize our risk, we generally enter into transactions denominated in the respective functional currencies. We are exposed to Brazilian reals, Canadian dollars, euros, Chinese yuan renminbi and British pounds, but our primary foreign currency exposure arises from Mexican peso-denominated revenues and profits and their translation into U.S. dollars. Foreign currency exposures arising from transactions denominated in currencies other than the functional currency are not material.

We view our investments in Mexican subsidiaries as long-term. As a result, we generally do not hedge these net investments. The net asset exposure in the Mexican subsidiaries translated into U.S. dollars using the year-end exchange rates was \$478.4 million at August 31, 2024 and \$409.8 million at August 26, 2023. The year-end exchange rates with respect to the Mexican peso decreased by 17.9% with respect to the U.S. dollar during fiscal 2024 and increased by 15.7% with respect to the U.S. dollar during fiscal 2023. The potential loss in value of our net assets in the Mexican subsidiaries resulting from a hypothetical 10 percent adverse change in quoted foreign currency exchange rates at August 31, 2024 and August 26, 2023, would have been approximately \$43.5 million and approximately \$37.3 million, respectively. Any changes in our net assets in the Mexican subsidiaries relating to foreign currency exchange rates would be reflected in the foreign currency translation component of Accumulated Other Comprehensive Loss, unless the Mexican subsidiaries are sold or otherwise disposed. A hypothetical 10 percent adverse change in average exchange rates would not have a material impact on our results of operations.

[Table of Contents](#)

Item 8. Financial Statements and Supplementary Data

Index

Management's Report on Internal Control Over Financial Reporting	42
Reports of Independent Registered Public Accounting Firm	43
Consolidated Statements of Income	46
Consolidated Statements of Comprehensive Income	46
Consolidated Balance Sheets	47
Consolidated Statements of Cash Flows	48
Consolidated Statements of Stockholders' Deficit	49
Notes to Consolidated Financial Statements	50

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended). Our internal control over financial reporting includes, among other things, defined policies and procedures for conducting and governing our business, sophisticated information systems for processing transactions and properly trained staff. Mechanisms are in place to monitor the effectiveness of our internal control over financial reporting, including regular testing performed by the Company's internal audit team. Actions are taken to correct deficiencies as they are identified. Our procedures for financial reporting include the active involvement of senior management, our Audit Committee and a staff of highly qualified financial and legal professionals.

Management, with the participation of our principal executive and financial officers, assessed our internal control over financial reporting as of August 31, 2024, the end of our fiscal year. Management based its assessment on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework.

Based on this assessment, management has concluded that our internal control over financial reporting was effective as of August 31, 2024.

Our independent registered public accounting firm, Ernst & Young LLP (PCAOB ID: 42), audited the effectiveness of our internal control over financial reporting. Ernst & Young LLP's attestation report on the Company's internal control over financial reporting as of August 31, 2024 is included in this Annual Report on Form 10-K.

[Table of Contents](#)

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of AutoZone, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited AutoZone, Inc.'s internal control over financial reporting as of August 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, AutoZone, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of August 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of August 31, 2024 and August 26, 2023, the related consolidated statements of income, comprehensive income, stockholders' deficit and cash flows for each of the three years in the period ended August 31, 2024, and the related notes and our report dated October 28, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Memphis, Tennessee
October 28, 2024

[Table of Contents](#)

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of AutoZone, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of AutoZone, Inc. (the Company) as of August 31, 2024, and August 26, 2023, the related consolidated statements of income, comprehensive income, stockholders' deficit and cash flows for each of the three years in the period ended August 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at August 31, 2024 and August 26, 2023, and the results of its operations and its cash flows for each of the three years in the period ended August 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of August 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated October 28, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

[Table of Contents](#)

Valuation of Self-insurance Reserves

Description of the Matter	<p>At August 31, 2024, the Company's self-insurance reserve estimate was \$257.7 million. As more fully described in Note A of the consolidated financial statements, the Company retains a significant portion of the risks associated with workers' compensation, general liability, product liability, property and vehicle insurance. Accordingly, the Company utilizes various methods, including analyses of historical trends and actuarial methods, to estimate the costs of these risks.</p> <p>Auditing the self-insurance reserve is complex and required the involvement of specialists due to the judgmental nature of estimating the costs to settle reported claims and claims incurred but not yet reported. There are a number of factors and/or assumptions (e.g., severity, duration and frequency of claims, projected inflation of related factors, and the risk-free rate) used in the measurement process which have a significant effect on the estimated self-insurance reserve.</p>
How We Addressed the Matter in Our Audit	<p>We evaluated the design and tested the operating effectiveness of the Company's controls over the self-insurance reserve process. For example, we tested controls over management's review of the self-insurance reserve calculations, the significant actuarial assumptions and the data inputs provided to the actuary.</p> <p>To evaluate the self-insurance reserve, our audit procedures included, among others, assessing the methodologies used, evaluating the significant actuarial assumptions discussed above and testing the completeness and the accuracy of the underlying claims data used by the Company. We compared the actuarial assumptions used by management to historical trends and evaluated the change in the self-insurance reserve from the prior year due to changes in these assumptions. In addition, we involved our actuarial specialists to assist in assessing the valuation methodologies and significant assumptions used in the valuation analysis, we evaluated management's methodology for determining the risk-free interest rate utilized in measuring the net present value of the long-term portion of the self-insurance reserve, we compared the significant assumptions used by management to industry accepted actuarial assumptions and we compared the Company's reserve to a range developed by our actuarial specialists based on assumptions developed by the specialists.</p>

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1988.

Memphis, Tennessee
October 28, 2024

[Table of Contents](#)

AutoZone, Inc. Consolidated Statements of Income

	Year Ended		
	August 31, 2024	August 26, 2023	August 27, 2022
<i>(in thousands, except per share data)</i>	(53 weeks)	(52 weeks)	(52 weeks)
Net sales	\$ 18,490,268	\$ 17,457,209	\$ 16,252,230
Cost of sales, including warehouse and delivery expenses	8,673,216	8,386,787	7,779,580
Gross profit	9,817,052	9,070,422	8,472,650
Operating, selling, general and administrative expenses	6,028,344	5,596,436	5,201,921
Operating profit	3,788,708	3,473,986	3,270,729
Interest expense, net	451,578	306,372	191,638
Income before income taxes	3,337,130	3,167,614	3,079,091
Income tax expense	674,703	639,188	649,487
Net income	<u>\$ 2,662,427</u>	<u>\$ 2,528,426</u>	<u>\$ 2,429,604</u>
Weighted average shares for basic earnings per share	17,309	18,510	20,107
Effect of dilutive stock equivalents	494	593	626
Weighted average shares for diluted earnings per share	<u>17,803</u>	<u>19,103</u>	<u>20,733</u>
Basic earnings per share	<u>\$ 153.82</u>	<u>\$ 136.60</u>	<u>\$ 120.83</u>
Diluted earnings per share	<u>\$ 149.55</u>	<u>\$ 132.36</u>	<u>\$ 117.19</u>

See Notes to Consolidated Financial Statements.

AutoZone, Inc. Consolidated Statements of Comprehensive Income

	Year Ended		
	August 31, 2024	August 26, 2023	August 27, 2022
<i>(in thousands)</i>	(53 weeks)	(52 weeks)	(52 weeks)
Net income	\$ 2,662,427	\$ 2,528,426	\$ 2,429,604
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(174,715)	103,633	7,448
Unrealized gains (losses) on marketable debt securities, net of taxes	2,151	320	(2,760)
Net derivative activities, net of taxes	1,782	5,747	2,762
Total other comprehensive (loss) income	<u>(170,782)</u>	<u>109,700</u>	<u>7,450</u>
Comprehensive income	<u>\$ 2,491,645</u>	<u>\$ 2,638,126</u>	<u>\$ 2,437,054</u>

See Notes to Consolidated Financial Statements.

[Table of Contents](#)

AutoZone, Inc. Consolidated Balance Sheets

<i>(in thousands)</i>	August 31, 2024	August 26, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 298,172	\$ 277,054
Accounts receivable	545,575	520,385
Merchandise inventories	6,155,218	5,764,143
Other current assets	307,794	217,844
Total current assets	7,306,759	6,779,426
Property and equipment:		
Land	1,390,713	1,367,391
Buildings and improvements	5,124,448	4,860,216
Equipment	3,308,967	2,972,879
Leasehold improvements	922,466	831,508
Construction in progress	558,531	305,896
Property and equipment	11,305,125	10,337,890
Less: Accumulated depreciation and amortization	(5,121,586)	(4,741,342)
	6,183,539	5,596,548
Operating lease right-of-use assets	3,057,780	2,998,097
Goodwill	302,645	302,645
Deferred income taxes	83,689	86,002
Other long-term assets	242,126	223,160
Total long-term assets	3,686,240	3,609,904
Total assets	<u>\$17,176,538</u>	<u>\$15,985,878</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 7,355,701	\$ 7,201,281
Current portion of operating lease liabilities	266,855	257,256
Accrued expenses and other	1,060,746	1,000,841
Income taxes payable	30,941	52,478
Total current liabilities	8,714,243	8,511,856
Long-term debt	9,024,381	7,668,549
Operating lease liabilities, less current portion	2,960,174	2,917,046
Deferred income taxes	447,067	536,278
Other long-term liabilities	780,287	702,043
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; 17,451 shares issued and 16,926 shares outstanding as of August 31, 2024; 18,936 shares issued and 17,857 shares outstanding as of August 26, 2023	175	189
Additional paid-in capital	1,621,553	1,484,992
Retained deficit	(4,424,982)	(2,959,278)
Accumulated other comprehensive loss	(361,618)	(190,836)
Treasury stock, at cost	(1,584,742)	(2,684,961)
Total stockholders' deficit	(4,749,614)	(4,349,894)
Total liabilities and stockholders' deficit	<u>\$17,176,538</u>	<u>\$15,985,878</u>

See Notes to Consolidated Financial Statements.

[Table of Contents](#)

AutoZone, Inc. Consolidated Statements of Cash Flows

	Year Ended		
	August 31, 2024	August 26, 2023	August 27, 2022
(in thousands)	(53 weeks)	(52 weeks)	(52 weeks)
Cash flows from operating activities:			
Net income	\$ 2,662,427	\$ 2,528,426	\$ 2,429,604
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	549,755	497,577	442,223
Other non-cash (income) charges	(40,000)	44,000	15,000
Amortization of debt origination fees	11,988	9,264	11,276
Deferred income taxes	(254,393)	(25,707)	185,594
Share-based compensation expense	106,246	93,087	70,612
Changes in operating assets and liabilities:			
Accounts receivable	(38,282)	(6,674)	(125,732)
Merchandise inventories	(453,101)	(89,180)	(1,005,686)
Accounts payable and accrued expenses	244,134	(183,679)	1,224,692
Income taxes	296,398	92,832	(10,517)
Other, net	(81,056)	(19,158)	(25,931)
Net cash provided by operating activities	<u>3,004,116</u>	<u>2,940,788</u>	<u>3,211,135</u>
Cash flows from investing activities:			
Capital expenditures	(1,072,696)	(796,657)	(672,391)
Purchase of marketable debt securities	(38,757)	(66,917)	(56,040)
Proceeds from sale of marketable debt securities	40,849	58,357	53,882
Investment in tax credit equity investments	(227,494)	(98,003)	(31,537)
Other, net	11,592	27,042	57,987
Net cash used in investing activities	<u>(1,286,506)</u>	<u>(876,178)</u>	<u>(648,099)</u>
Cash flows from financing activities:			
Net (payments of)/proceeds from commercial paper	(629,600)	606,200	603,400
Proceeds from issuance of debt	2,300,000	1,750,000	750,000
Repayment of debt	(300,000)	(800,000)	(500,000)
Net proceeds from sale of common stock	176,236	182,494	113,934
Purchase of treasury stock	(3,140,917)	(3,699,552)	(4,359,991)
Repayment of principal portion of finance lease liabilities	(85,258)	(81,055)	(67,182)
Other, net	(4,197)	(18,169)	(10,658)
Net cash used in financing activities	<u>(1,683,736)</u>	<u>(2,060,082)</u>	<u>(3,470,497)</u>
Effect of exchange rate changes on cash	<u>(12,756)</u>	<u>8,146</u>	<u>506</u>
Net increase (decrease) in cash and cash equivalents	21,118	12,674	(906,955)
Cash and cash equivalents at beginning of period	277,054	264,380	1,171,335
Cash and cash equivalents at end of period	<u>\$ 298,172</u>	<u>\$ 277,054</u>	<u>\$ 264,380</u>
Supplemental cash flow information:			
Interest paid, net of interest cost capitalized	\$ 353,819	\$ 260,866	\$ 178,561
Income taxes paid	\$ 437,552	\$ 570,250	\$ 461,232
Leased assets obtained in exchange for new finance lease liabilities	\$ 196,112	\$ 58,316	\$ 100,711
Leased assets obtained in exchange for new operating lease liabilities	\$ 415,212	\$ 428,150	\$ 527,966

See Notes to Consolidated Financial Statements.

[Table of Contents](#)
AutoZone, Inc. Consolidated Statements of Stockholders' Deficit

<i>(in thousands)</i>	Common Shares Issued	Common Stock	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at August 28, 2021	23,007	\$ 230	\$1,465,669	\$ (419,829)	\$ (307,986)	\$(2,535,620)	\$(1,797,536)
Net income	—	—	—	2,429,604	—	—	2,429,604
Total other comprehensive income	—	—	—	—	7,450	—	7,450
Purchase of 2,220 shares of treasury stock	—	—	—	—	—	(4,359,991)	(4,359,991)
Retirement of treasury shares	(2,484)	(25)	(292,975)	(3,339,842)	—	3,632,842	—
Issuance of common stock under stock options and stock purchase plans	209	2	113,932	—	—	—	113,934
Share-based compensation expense	—	—	67,626	—	—	—	67,626
Balance at August 27, 2022	20,732	207	1,354,252	(1,330,067)	(300,536)	(3,262,769)	(3,538,913)
Net income	—	—	—	2,528,426	—	—	2,528,426
Total other comprehensive income	—	—	—	—	109,700	—	109,700
Purchase of 1,524 shares of treasury stock	—	—	—	—	—	(3,723,289)	(3,723,289)
Retirement of treasury shares	(2,051)	(20)	(143,440)	(4,157,637)	—	4,301,097	—
Issuance of common stock under stock options and stock purchase plans	255	2	182,492	—	—	—	182,494
Share-based compensation expense	—	—	91,688	—	—	—	91,688
Balance at August 26, 2023	18,936	189	1,484,992	(2,959,278)	(190,836)	(2,684,961)	(4,349,894)
Net income	—	—	—	2,662,427	—	—	2,662,427
Total other comprehensive loss	—	—	—	—	(170,782)	—	(170,782)
Purchase of 1,149 shares of treasury stock	—	—	—	—	—	(3,170,320)	(3,170,320)
Retirement of treasury shares	(1,703)	(17)	(142,391)	(4,128,131)	—	4,270,539	—
Issuance of common stock under stock							

options and stock purchase plans	218	3	176,233	—	—	—	176,236
Share-based compensation expense	—	—	102,719	—	—	—	102,719
Balance at August 31, 2024	<u>17,451</u>	<u>\$ 175</u>	<u>\$1,621,553</u>	<u>\$(4,424,982)</u>	<u>\$ (361,618)</u>	<u>\$(1,584,742)</u>	<u>\$(4,749,614)</u>

See Notes to Consolidated Financial Statements.

[Table of Contents](#)

Notes to Consolidated Financial Statements

Note A - Significant Accounting Policies

Business: AutoZone, Inc. (“AutoZone” or the “Company”) is the leading retailer and distributor of automotive replacement parts and accessories in the Americas. At the end of fiscal 2024, the Company operated 6,432 stores in the U.S., 794 stores in Mexico and 127 stores in Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light duty trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products. At the end of fiscal 2024, in 5,898 of the domestic stores as well as the vast majority of our stores in Mexico and Brazil, we had a commercial sales program that provided prompt delivery of parts and other products and commercial credit to local, regional and national repair garages, dealers, service stations, fleet owners and other accounts. We also sell automotive hard parts, maintenance items, accessories and non-automotive products through www.autozone.com, and our commercial customers can make purchases through www.autozonepro.com. Additionally, the Company sells the ALLDATA brand automotive diagnostic, repair, collision and shop management software through www.alldata.com. The Company also provides product information on its Duralast branded products through www.duralastparts.com. The Company does not derive revenue from automotive repair or installation services.

Fiscal Year: The Company’s fiscal year consists of 52 or 53 weeks ending on the last Saturday in August. Fiscal 2024 represented 53 weeks. Fiscal 2023 and 2022 represented 52 weeks.

Basis of Presentation: The Consolidated Financial Statements include the accounts of AutoZone, Inc. and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Variable Interest Entities: The Company invests in certain tax credit funds that promote renewable energy and generate a return primarily through the realization of federal tax credits. The deferral method is used to account for the tax attributes of these investments.

The Company considers its investment in these tax credit funds as investments in variable interest entities (“VIEs”). The Company evaluates the investment in any VIE to determine whether it is the primary beneficiary. The Company considers a variety of factors in identifying the entity that holds the power to direct matters that most significantly impact the VIE’s economic performance including, but not limited to, the ability to direct financing, leasing, construction and other operating decisions and activities. As of August 31, 2024, the Company held tax credit equity investments that were deemed to be VIEs and determined that it was not the primary beneficiary of the entities, as it did not have the power to direct the activities that most significantly impacted the entity and accounted for this investment using the equity method. The Company’s maximum exposure to losses is generally limited to its net investment, which was \$53.9 million as of August 31, 2024 and \$29.6 million as of August 26, 2023 and was included within the Other long-term assets caption in the accompanying Consolidated Balance Sheets. As of August 31, 2024, the Company had commitments to make certain additional capital contributions to one of its tax credit funds totaling \$26.3 million.

Use of Estimates: Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities to prepare these financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash equivalents consist of investments with original maturities of 90 days or less. Cash equivalents include proceeds due from credit and debit card transactions with settlement terms of less than five days. Credit and debit card receivables included within cash and cash equivalents were \$91.5 million at August 31, 2024 and \$88.6 million at August 26, 2023.

Cash balances are held in various locations around the world. Cash and cash equivalents of \$99.8 million and \$108.5 million were held outside of the U.S. as of August 31, 2024, and August 26, 2023, respectively, and were generally utilized to support the liquidity needs in foreign operations.



[Table of Contents](#)

Accounts Receivable: In accordance with ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, the Company estimates all expected credit losses for financial assets measured at amortized cost basis, including trade receivables, based on historical experience, current market conditions and supportable forecasts. The Company's accounts receivable primarily consists of receivables from commercial customers. The Company routinely grants credit to certain commercial customers on a short-term basis consisting primarily of daily, weekly or monthly terms. The risk of credit loss in its trade receivables is substantially mitigated by the Company's credit evaluation process, short collection terms and diversification of customers, as well as the low dollar value for its typical sales transaction.

Receivables are presented net of an allowance for credit losses. Allowances for expected credit losses are determined based on historical experience, the current economic environment, our expectations of future economic conditions and the current evaluation of the composition of accounts receivable. The Company will apply adjustments for specific factors and current economic conditions as needed at each reporting date. The Company's allowance for credit losses is included in "Accounts receivable" on the accompanying Consolidated Balance Sheets as of August 31, 2024 and August 26, 2023. The balance of the allowance for credit losses was \$10.3 million at August 31, 2024, and \$7.7 million at August 26, 2023.

Vendor Receivables: The Company's vendor receivables primarily consist of balances arising from its vendors through a variety of programs and arrangements, including rebates, allowances, promotional funds and reimbursement of specific, incremental, identifiable costs incurred by the Company in selling the vendors' products. The amounts to be received are prescribed by the terms of the vendor agreements and therefore collection of such amounts is generally not at risk. The Company regularly reviews vendor receivables for collectability and assesses the need for an allowance for credit losses based on an evaluation of the vendors' financial positions and corresponding abilities to meet financial obligations. Management does not believe there is a reasonable likelihood that the Company will be unable to collect the receivables from vendors and did not record a reserve for expected credit losses from vendors in the Consolidated Financial Statements as of August 31, 2024 and August 26, 2023. Vendor receivables are included in "Accounts receivable" on the accompanying Consolidated Balance Sheets as of August 31, 2024 and August 26, 2023.

Merchandise Inventories: Merchandise inventories include related purchasing, storage and handling costs. Inventory cost has been determined using the last-in, first-out ("LIFO") method stated at the lower of cost or market for domestic inventories and the weighted average cost method stated at the lower of cost or net realizable value for Mexico and Brazil inventories. The Company's policy is not to write up inventory in excess of replacement cost. Due to recent price changes on the Company's merchandise purchases, primarily driven by fluctuating freight costs, the Company's LIFO credit reserve balance was \$19.0 million at August 31, 2024 and \$59.0 million at August 26, 2023. Increases to the Company's LIFO credit reserve balance are recorded as a non-cash charge to cost of sales and decreases are recorded as a non-cash benefit to cost of sales.

Marketable Debt Securities: The Company invests a portion of its assets held by the Company's wholly owned insurance captive in marketable debt securities and classifies them as available-for-sale. The Company includes these marketable debt securities within the Other current assets and Other long-term assets captions in the accompanying Consolidated Balance Sheets and records the amounts at fair market value, which is determined using quoted market prices at the end of the reporting period. (Refer to "Note B - Fair Value Measurements" and "Note C - Marketable Debt Securities" for a discussion of marketable debt securities.)

Property and Equipment: Property and equipment is stated at cost. Property consists of land, which includes finance leases - real estate, buildings and improvements, equipment, which includes finance leases - vehicles, and construction in progress. Depreciation and amortization are computed principally using the straight-line method over the following estimated useful lives: buildings, 40 to 50 years; building improvements, 5 to 15 years; equipment, including software, 3 to 10 years; and leasehold improvements, over the shorter of the asset's estimated useful life or the remaining lease term, which includes any reasonably assured renewal periods. Depreciation and amortization include amortization of assets under finance leases.

[Table of Contents](#)

Impairment of Long-Lived Assets: The Company evaluates the recoverability of its long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When such an event occurs, the Company compares the sum of the undiscounted expected future cash flows of the asset (asset group) with the carrying amounts of the asset. If the undiscounted expected future cash flows are less than the carrying value of the assets, the Company measures the amount of impairment loss as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Goodwill: The cost in excess of fair value of identifiable net assets of businesses acquired is recorded as goodwill. Goodwill has not been amortized since fiscal 2001, but an analysis is performed at least annually to compare the fair value of the reporting unit to the carrying amount to determine if any impairment exists. The Company had approximately \$302.6 million of goodwill, which is allocated to the Domestic Auto Parts operating segment at August 31, 2024 and August 26, 2023. The Company performs its annual impairment assessment in the fourth quarter of each fiscal year, unless circumstances dictate more frequent assessments. In the fourth quarter of fiscal 2024 and 2023, the Company concluded its remaining goodwill was not impaired.

Derivative Instruments and Hedging Activities: AutoZone is exposed to market risk from, among other things, changes in interest rates, foreign exchange rates and fuel prices. From time to time, the Company uses various derivative instruments to reduce such risks. To date, based upon the Company's current level of foreign operations, no derivative instruments have been utilized to reduce foreign exchange rate risk. All of the Company's hedging activities are governed by guidelines that are authorized by AutoZone's Board of Directors (the "Board"). Further, the Company does not buy or sell derivative instruments for trading purposes.

AutoZone's financial market risk results primarily from changes in interest rates. At times, AutoZone reduces its exposure to changes in interest rates by entering into various interest rate hedge instruments such as interest rate swap contracts, treasury lock agreements and forward-starting interest rate swaps. All of the Company's interest rate hedge instruments are designated as cash flow hedges. (Refer to "Note L - Derivative Financial Instruments" for additional disclosures regarding the Company's derivative instruments and hedging activities.) Cash flows related to these instruments designated as qualifying hedges are reflected in the accompanying Consolidated Statements of Cash Flows in the same categories as the cash flows from the items being hedged. The resulting gain or loss from such settlement is deferred to Accumulated Other Comprehensive Loss and reclassified to interest expense over the term of the underlying debt. This reclassification of the deferred gains and losses impacts the interest expense recognized on the underlying debt that was hedged.

Foreign Currency: The Company accounts for its foreign operations using the local market currency and converts its financial statements from these currencies to U.S. dollars. The cumulative loss on currency translation is recorded as a component of Accumulated Other Comprehensive Loss (Refer to "Note M - Accumulated Other Comprehensive Loss" for additional information regarding the Company's Accumulated Other Comprehensive Loss.)

Self-Insurance Reserves: The Company retains a significant portion of the risks associated with workers' compensation, general liability, product liability, property and vehicle insurance. The Company obtains third party insurance to limit the exposure related to certain of these risks. The reserve for the Company's liability associated with these risks totaled \$257.7 million and \$268.8 million at August 31, 2024 and August 26, 2023, respectively.

The assumptions made by management in estimating its self-insurance reserves include consideration of historical cost experience, judgments about the present and expected levels of cost per claim and retention levels. The Company utilizes various methods, including analyses of historical trends and use of a specialist, to estimate the costs to settle reported claims and claims incurred but not yet reported. The actuarial methods develop estimates of the future ultimate claim costs based on claims incurred as of the balance sheet date. When estimating these liabilities, the Company considers factors, such as the severity, duration and frequency of claims, legal costs associated with claims, healthcare trends and projected inflation of related factors.

The Company's liabilities for workers' compensation, general and product liability, property and vehicle claims do not have scheduled maturities; however, the timing of future payments is predictable based on historical patterns and



[Table of Contents](#)

is relied upon in determining the current portion of these liabilities. Accordingly, the Company reflects the net present value of the obligations it determines to be long-term using the risk-free interest rate as of the balance sheet date.

Leases: The Company leases certain real estate and vehicles under various non-callable leases. Leases are recorded on their commencement date, which is the date the Company takes possession or control of the underlying asset. Most of the Company's leases are operating leases; however, certain land and vehicles are leased under finance leases. The leases have varying terms and expire at various dates through 2044. Real estate operating leases typically have initial terms between one and 20 years, and real estate finance leases typically have terms of 20 or more years, with multiple optional renewal periods of one to five years each. Vehicle finance leases typically have original terms between one and five years. The Company subleases certain properties that are not used in its operations. Sublease income was not significant for the periods presented.

Lease-related assets and liabilities are recognized for all leases with an initial term of 12 months or greater. The exercise of lease renewal options is at the Company's sole discretion. The Company evaluates renewal options at commencement and on an ongoing basis and includes options that are reasonably certain to exercise in its expected lease terms when classifying leases and measuring lease liabilities.

Certain lease agreements require variable payments based upon actual costs of common-area maintenance, real estate taxes and insurance. Lease components are not separated from the non-lease components (typically fixed common-area maintenance costs at its retail store locations) for all classes of leased assets, except vehicles which contain variable non-lease components that are expensed as incurred. The Company uses the stated borrowing rate in determining the present value of the lease payments over the lease term for vehicles. The Company's incremental borrowing rate is used to determine the present value of the lease payments over the lease term for substantially all the operating and financing leases for retail stores, distribution centers and other real estate, as these leases typically do not have a stated borrowing rate. For operating leases that commenced prior to the date of adoption of ASU 2016-02 - Leases (Topic 842), the Company used the incremental borrowing rate that corresponded to the remaining lease term as of the date of adoption. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. (Refer to "Note D - Leases" for additional disclosures regarding the Company's leases.)

Financial Instruments: 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. (Refer to "Note I - Financing" for a discussion of the carrying values and fair values of the Company's debt, "Note C - Marketable Debt Securities" for additional disclosures related to marketable debt securities and "Note L - Derivative Financial Instruments" for additional information regarding derivatives.)

Income Taxes: The Company accounts for income taxes under the liability method. Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Our effective tax rate is based on income by tax jurisdiction, statutory rates and tax saving initiatives available to the Company in the various jurisdictions in which we operate.

The Company recognizes liabilities for uncertain income tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires the Company to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. The Company reevaluates these uncertain tax positions on a quarterly basis or when new information becomes available to management. These reevaluations are based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, successfully settled issues under audit, expirations due to statutes and new audit activity. Such a change in recognition or measurement could result in the recognition of a tax benefit or an increase to the tax accrual.



[Table of Contents](#)

The Company classifies interest related to income tax liabilities, and if applicable, penalties, as a component of Income tax expense. The income tax liabilities and accrued interest and penalties are expected to be payable within one year of the balance sheet date are presented within the Accrued expenses and other caption in the accompanying Consolidated Balance Sheets. The remaining portion of the income tax liabilities and accrued interest and penalties are presented within the Other long-term liabilities caption in the accompanying Consolidated Balance Sheets because payment of cash is not anticipated within one year of the balance sheet date. (Refer to "Note E - Income Taxes" for additional disclosures regarding the Company's income taxes.)

Sales and Use Taxes: Governmental authorities assess sales and use taxes on the sale of goods and services. The Company excludes taxes collected from customers in its reported sales results; such amounts are included within the Accrued expenses and other caption until remitted to the taxing authorities.

Dividends: The Company currently does not pay a dividend on its common stock. The ability to pay dividends is subject to limitations imposed by Nevada law. Under Nevada law, any future payment of dividends would be dependent upon the Company's financial condition, capital requirements, earnings and cash flow.

Revenue Recognition: The Company's primary source of revenue is derived from the sale of automotive aftermarket parts and merchandise to its retail and commercial customers. Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied, in an amount representing the consideration the Company expects to receive in exchange for selling products to its customers. Shipping and handling activities are considered activities to fulfill the order, and therefore are not evaluated as a separate performance obligation. Sales are recorded net of variable consideration in the period incurred, including discounts, sales incentives and rebates, sales taxes and estimated sales returns. Sales returns are based on historical return rates. The Company may enter into contracts that include multiple combinations of products and services, which are accounted for as separate performance obligations and do not require significant judgment.

The Company's performance obligations are typically satisfied when the customer takes possession of the merchandise. Revenue from retail customers is recognized when the customer leaves our store with the purchased products, typically at the point of sale or for E-commerce orders when the product is shipped. Revenue from commercial customers is recognized upon delivery, typically same-day. Payment from retail customers is at the point of sale and payment terms for commercial customers are based on the Company's pre-established credit requirements and generally range from 1 to 30 days. Discounts, sales incentives and rebates are treated as separate performance obligations, and revenue allocated to these performance obligations is recognized as the obligations to the customer are satisfied. Additionally, the Company estimates and records gift card breakage as redemptions occur. The Company offers diagnostic, repair, collision and shop management information software used in the automotive repair industry through ALLDATA. This revenue is recognized as services are provided. Revenue from these services is recognized over the life of the contract.

A portion of the Company's transactions include the sale of auto parts that contain a core component. The core component represents the recyclable portion of the auto part. Customers are not charged for the core component of the new part if a used core is returned at the point of sale of the new part; otherwise the Company charges customers a specified amount for the core component. The Company refunds that same amount in the event the customer returns a used core to the store at a later date. The Company does not recognize sales or cost of sales for the core component of these transactions when a used part is returned or expected to be returned from the customer.

There were no material contract assets, liabilities or deferred costs recorded on the Consolidated Balance Sheet as of August 31, 2024 and August 26, 2023. Revenue related to unfulfilled performance obligations as of August 31, 2024 and August 26, 2023 is not significant. (Refer to "Note Q - Segment Reporting" for additional information related to revenue recognized during the period.)

Vendor Allowances and Advertising Costs: The Company receives various payments and allowances from its vendors through a variety of programs and arrangements. Monies received from vendors include rebates, allowances and promotional funds. The amounts to be received are

subject to the terms of the vendor agreements, which generally do not state an expiration date, but are subject to ongoing negotiations that may be impacted in the future

[Table of Contents](#)

based on changes in market conditions, vendor marketing strategies and changes in the profitability or sell-through of the related merchandise.

Rebates and other miscellaneous incentives are earned based on purchases or product sales and are accrued ratably over the purchase or sale of the related product. These monies are generally recorded as a reduction of merchandise inventories and are recognized as a reduction to cost of sales as the related inventories are sold.

For arrangements that provide for reimbursement of specific, incremental, identifiable costs incurred by the Company in selling the vendors' products, the vendor funds are recorded as a reduction to Operating, selling, general and administrative expenses in the period in which the specific costs were incurred.

The Company expenses advertising costs as incurred. Advertising expense, net of vendor promotional funds, was \$102.7 million in fiscal 2024, \$99.5 million in fiscal 2023 and \$97.1 million in fiscal 2022. Vendor promotional funds, which reduced advertising expense, amounted to \$67.8 million in fiscal 2024, \$62.4 million in fiscal 2023 and \$52.1 million in fiscal 2022.

Cost of Sales and Operating, Selling, General and Administrative Expenses: The following illustrates the primary costs classified in each major expense category:

Cost of Sales

- Total cost of merchandise sold, including:
 - Freight expenses associated with moving merchandise inventories from the Company's vendors to the distribution centers;
 - Vendor allowances that are not reimbursements for specific, incremental and identifiable costs
- Costs associated with operating the Company's supply chain, including payroll and benefits, warehouse occupancy, transportation and depreciation; and
- Inventory shrinkage

Operating, Selling, General and Administrative Expenses

- Payroll and benefits for store, field leadership and store support employees;
- Occupancy of store and store support facilities;
- Depreciation and amortization related to store and store support assets;
- Transportation associated with field leadership, commercial sales force and deliveries from stores;
- Advertising;
- Self-insurance;
- Technology; and
- Other administrative costs, such as credit card transaction fees, legal costs, supplies and travel and lodging

Warranty Costs: The Company or the vendors supplying its products provides the Company's customers limited warranties on certain products that range from 30 days to lifetime. In most cases, the Company's vendors are primarily responsible for warranty claims. Warranty costs relating to merchandise sold under warranty not covered by vendors are estimated and recorded as warranty obligations at the time of sale based on each product's historical return rate. These obligations, which are often funded by vendor allowances, are recorded within the Accrued expenses and other caption in the Consolidated Balance Sheets. For vendor allowances in excess of the related estimated warranty expense for the vendor's products, the excess is recorded in inventory and recognized as a reduction to cost of sales as the related inventory is sold.

Pre-opening Expenses: Pre-opening expenses, which consist primarily of payroll and occupancy costs, are expensed as incurred.

Earnings per Share: Basic earnings per share is based on the weighted average outstanding common shares. Diluted earnings per share is based on the weighted average outstanding common shares adjusted for the effect of common stock equivalents, which are primarily stock options. There were 118,771, 140,071 and 142,887 stock

[Table of Contents](#)

options excluded for the year ended August 31, 2024, August 26, 2023 and August 27, 2022, respectively, because they would have been anti-dilutive.

Share-Based Payments: Share-based payments include stock option grants, restricted stock, restricted stock units, stock appreciation rights and other transactions under the Company's equity incentive plans. The Company recognizes compensation expense for its share-based payments over the requisite service period based on the fair value of the awards. The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options. The value of restricted stock is based on the stock price of the award on the grant date. (Refer to "Note O - Share-Based Payments" for further discussion.)

Risk and Uncertainties: In fiscal 2024, one class of similar products accounted for approximately 15 percent of the Company's total revenues and one individual vendor provided 12 percent of our total purchases. No other class of similar products accounted for 10 percent or more of total revenues, and no other individual vendor provided more than 10 percent of total purchases.

Recently Adopted Accounting Pronouncements

In September 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-04, *Liabilities - Supplier Finance Programs (Subtopic 405-50)*. This ASU requires buyers in a supplier finance program to disclose sufficient qualitative and quantitative information about the program to allow a reader of the financial statements to understand the program's nature, activity during the period, changes from period to period and the program's potential magnitude. This ASU is effective for all companies for fiscal years beginning after December 15, 2022, including interim periods within those years, and requires retrospective adoption. The Company adopted this standard on a retrospective basis beginning with its first quarter ended November 18, 2023. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements and related disclosures. Refer to "Note F - Supplier Financing Programs."

Recently Issued Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280)*. The amendments in this ASU require disclosures, on an annual and interim basis, of significant segment expenses that are regularly provided to the chief operating decision maker (CODM), as well as the aggregate amount of other segment items included in the reported measure of segment profit or loss. This ASU requires that a public entity disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss. Public entities will be required to provide all annual disclosures currently required by Topic 280 in interim periods, and entities with a single reportable segment are required to provide all the disclosures required by the amendments in the update and existing segment disclosures in Topic 280. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and requires retrospective adoption. Early adoption is permitted. The Company will adopt this standard with our fiscal 2025 annual filing. The Company is currently evaluating these new disclosure requirements and the impact of adoption.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740)*. The amendments in this ASU are intended to enhance the transparency of income tax information by updating income tax disclosure requirements. The guidance is effective for public entities for annual periods beginning after December 15, 2024, and early adoption is permitted. The amendments in this ASU should be applied on a prospective basis; however, retrospective application is permitted. The Company will adopt this standard with our fiscal 2026 annual filing. The Company is currently evaluating these new disclosure requirements and does not expect the adoption to have a material impact.

Note B - Fair Value Measurements

The Company defines fair value as the price received to transfer an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with ASC 820, *Fair Value Measurements and Disclosures*, the Company uses the fair value hierarchy, which prioritizes the inputs used to



[Table of Contents](#)

measure fair value. The hierarchy, as defined below, gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are set forth below:

Level 1 inputs — unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs — inputs other than quoted market prices included within Level 1 that are observable, either directly or indirectly, for the asset or liability.

Level 3 inputs — unobservable inputs for the asset or liability, which are based on the Company's own assumptions as there is little, if any, observable activity in identical assets or liabilities.

Marketable Debt Securities Measured at Fair Value on a Recurring Basis

The Company's marketable debt securities measured at fair value on a recurring basis were as follows:

<i>(in thousands)</i>	August 31, 2024			
	Level 1	Level 2	Level 3	Fair Value
Other current assets	\$ 26,697	\$ 11,734	\$ —	\$ 38,431
Other long-term assets	27,031	56,696	—	83,727
	<u>\$ 53,728</u>	<u>\$ 68,430</u>	<u>\$ —</u>	<u>\$ 122,158</u>

<i>(in thousands)</i>	August 26, 2023			
	Level 1	Level 2	Level 3	Fair Value
Other current assets	\$ 35,349	\$ 4,290	\$ —	\$ 39,639
Other long-term assets	71,028	10,846	—	81,874
	<u>\$ 106,377</u>	<u>\$ 15,136</u>	<u>\$ —</u>	<u>\$ 121,513</u>

At August 31, 2024, the fair value measurement amounts for assets and liabilities recorded in the accompanying Consolidated Balance Sheet consisted of short-term marketable debt securities of \$38.4 million, which are included within Other current assets and long-term marketable debt securities of \$83.7 million, which are included within Other long-term assets. The Company's marketable debt securities are typically valued at the closing price in the principal active market as of the last business day of the quarter or through the use of other market inputs relating to the debt securities, including benchmark yields and reported trades.

A discussion on how the Company's cash flow hedges are valued is included in "Note L - Derivative Financial Instruments," while the fair values of the marketable debt securities by asset class are described in "Note C - Marketable Debt Securities."

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

Certain non-financial assets and liabilities are required to be measured at fair value on a non-recurring basis in certain circumstances, including the event of impairment. These non-financial assets and liabilities could include assets and liabilities acquired in an acquisition as well as goodwill, intangible assets and property, plant and equipment that are determined to be impaired. At August 31, 2024, the Company did not have any other significant non-financial assets or liabilities that had been measured at fair value on a non-recurring basis subsequent to initial recognition.

Financial Instruments not Recognized at Fair Value

The Company has financial instruments, including cash and cash equivalents, accounts receivable, other current assets and accounts payable. The carrying amounts of these financial instruments approximate fair value because of their short maturities. A discussion of the carrying values and fair values of the Company's debt is included in "Note I - Financing."

Note C - Marketable Debt Securities

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

<i>(in thousands)</i>	August 31, 2024			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt securities	\$ 32,355	\$ 183	\$ (78)	\$ 32,460
Government bonds	50,251	483	(493)	50,241
Mortgage-backed securities	22,859	326	(95)	23,090
Asset-backed securities and other	16,327	66	(26)	16,367
	<u>\$121,792</u>	<u>\$ 1,058</u>	<u>\$ (692)</u>	<u>\$122,158</u>

<i>(in thousands)</i>	August 26, 2023			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt securities	\$ 31,683	\$ 17	\$ (504)	\$ 31,196
Government bonds	63,747	—	(1,440)	62,307
Mortgage-backed securities	3,215	—	(213)	3,002
Asset-backed securities and other	25,242	—	(234)	25,008
	<u>\$123,887</u>	<u>\$ 17</u>	<u>\$ (2,391)</u>	<u>\$121,513</u>

The marketable debt securities held at August 31, 2024, had effective maturities ranging from less than one year to approximately twenty-nine years. At August 31, 2024, the Company held 45 securities that are in an unrealized loss position of approximately \$0.7 million. In evaluating whether a credit loss exists for the securities, the Company considers factors such as the 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. An allowance for credit losses was deemed unnecessary given consideration of the factors above. The Company did not realize any material gains or losses on its marketable debt securities during fiscal 2024, 2023 or 2022.

Included above in total marketable debt securities are \$111.5 million and \$105.0 million of marketable debt securities transferred by the Company's insurance captive to a trust account to secure its obligations to an insurance company related to future workers' compensation and casualty losses as of August 31, 2024 and August 26, 2023, respectively.

[Table of Contents](#)

Note D - Leases

Lease-related assets and liabilities recorded on the Consolidated Balance Sheets are as follows:

<i>(in thousands)</i>	Classification	August 31, 2024	August 26, 2023
Assets:			
Operating	Operating lease right-of-use assets	\$ 3,057,780	\$ 2,998,097
Finance	Property and equipment	528,482	419,247
Total lease assets		<u>\$ 3,586,262</u>	<u>\$ 3,417,344</u>
Liabilities:			
Current:			
Operating	Current portion of operating lease liabilities	\$ 266,855	\$ 257,256
Finance	Accrued expenses and other	115,559	86,916
Noncurrent:			
Operating	Operating lease liabilities, less current portion	2,960,174	2,917,046
Finance	Other long-term liabilities	283,882	200,702
Total lease liabilities		<u>\$ 3,626,470</u>	<u>\$ 3,461,920</u>

Accumulated amortization related to finance lease assets was \$132.1 million as of August 31, 2024 and \$132.5 million as of August 26, 2023.

Lease costs for finance and operating leases for the 53 weeks ended August 31, 2024 and 52 weeks ended August 26, 2023 are as follows:

<i>(in thousands)</i>	Statement of Income Location	For the year ended	
		August 31, 2024	August 26, 2023
Finance lease cost:			
Amortization of lease assets	Depreciation and amortization	\$ 84,392	\$ 71,913
Interest on lease liabilities	Interest expense, net	19,279	14,608
Operating lease cost ⁽¹⁾	Selling, general and administrative expenses	485,164	437,762
Total lease cost		<u>\$ 588,835</u>	<u>\$ 524,283</u>

(1) Includes short-term leases, variable lease costs and sublease income, which are immaterial.

[Table of Contents](#)

The future rental payments, inclusive of renewal options that have been included in defining the expected lease term, of our operating and finance lease obligations as of August 31, 2024 having initial or remaining lease terms in excess of one year are as follows:

<i>(in thousands)</i>	Finance Leases	Operating Leases	Total
2025	\$116,999	\$ 391,901	\$ 508,900
2026	117,426	424,859	542,285
2027	92,415	404,075	496,490
2028	61,692	375,799	437,491
2029	30,697	344,197	374,894
Thereafter	42,425	2,217,046	2,259,471
Total lease payments	461,654	4,157,877	4,619,531
Less: Interest	(62,213)	(930,848)	(993,061)
Present value of lease liabilities	<u>\$399,441</u>	<u>\$3,227,029</u>	<u>\$3,626,470</u>

The following table summarizes the Company's lease term and discount rate assumptions:

	August 31, 2024
Weighted-average remaining lease term in years, inclusive of renewal options that are reasonably certain to be exercised:	
Finance leases - real estate	21
Finance leases - vehicles	4
Operating leases	12
Weighted-average discount rate:	
Finance leases - real estate	3.90 %
Finance leases - vehicles	5.17 %
Operating leases	4.13 %

Cash paid for amounts included in the measurement of operating lease liabilities of \$362.5 million and \$335.2 million was reflected in cash flows from operating activities in the consolidated statement of cash flows for fiscal years 2024 and 2023, respectively.

As of August 31, 2024, the Company has entered into additional leases which have not yet commenced and are therefore not part of the right-of-use asset and liability. These leases have undiscounted future payments of approximately \$58.9 million and \$26.0 million for real estate and vehicles, respectively, and will commence when the Company obtains possession of the underlying leased asset. Commencement dates are expected to be from fiscal 2025 to fiscal 2026.

Note E - Income Taxes

The components of operating income before income taxes are as follows:

	Year Ended		
<i>(in thousands)</i>	August 31, 2024	August 26, 2023	August 27, 2022
Domestic	\$2,663,148	\$2,621,714	\$2,429,262
International	673,982	545,900	649,829
	<u>\$3,337,130</u>	<u>\$3,167,614</u>	<u>\$3,079,091</u>

[Table of Contents](#)

The provision for income tax expense consisted of the following:

<i>(in thousands)</i>	Year Ended		
	August 31, 2024	August 26, 2023	August 27, 2022
Current tax provision (benefit):			
Federal	\$ 846,176	\$491,338	\$341,462
State	54,837	86,687	48,490
International	193,794	154,907	122,381
Purchased tax credits	(368,870)	(68,037)	(48,440)
	725,937	664,895	463,893
Deferred tax provision (benefit):			
Federal	(163,775)	26,858	157,807
State	12,264	(21,847)	34,564
International	(10,616)	(24,126)	(9,719)
Purchased tax credits	110,893	(6,592)	2,942
	(51,234)	(25,707)	185,594
Income tax expense	<u>\$ 674,703</u>	<u>\$639,188</u>	<u>\$649,487</u>

A reconciliation of the provision for income taxes to the amount computed by applying the federal statutory tax rate to income before income taxes is as follows:

<i>(in thousands)</i>	Year Ended		
	August 31, 2024	August 26, 2023	August 27, 2022
Federal tax at statutory U.S. income tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net	1.6 %	1.6 %	2.1 %
Share-based compensation	(1.9)%	(2.3)%	(1.6)%
US Tax on Non-U.S. Income (Subpart F)	2.9 %	2.5 %	2.3 %
US Tax on Non-U.S. Income (GILTI)	1.2 %	0.8 %	0.8 %
Non-U.S. Permanent Differences	(1.3)%	(1.4)%	(1.5)%
Non-US Rate Differences	1.1 %	0.4 %	1.0 %
Foreign Tax Credits	(2.9)%	(2.3)%	(1.9)%
Other	(1.5)%	(0.1)%	(1.1)%
Effective tax rate	<u>20.2 %</u>	<u>20.2 %</u>	<u>21.1 %</u>

For the year ended August 31, 2024, August 26, 2023, and August 27, 2022, the Company recognized excess tax benefits from stock option exercises of \$81.4 million, \$92.2 million, and \$63.2 million, respectively.

The Company is subject to a tax on global intangible low-taxed income ("GILTI") which is imposed on foreign earnings. The Company has made the election to record this tax as a period cost, thus has not adjusted the deferred tax assets or liabilities of its foreign subsidiaries for this tax.

[Table of Contents](#)

Significant components of the Company's deferred tax assets and liabilities were as follows:

<i>(in thousands)</i>	August 31, 2024	August 26, 2023
Deferred tax assets:		
Net operating loss and credit carryforwards	\$ 47,030	\$ 45,081
Accrued benefits	86,119	82,318
Operating lease liabilities	722,156	698,728
Federal credit carryforwards	131,895	—
Other	102,820	90,897
Total deferred tax assets	1,090,020	917,024
Valuation allowances	(26,922)	(24,940)
Net deferred tax assets	1,063,098	892,084
Deferred tax liabilities:		
Property and equipment	(228,184)	(194,686)
Inventory	(499,022)	(451,360)
Operating lease assets	(660,949)	(652,652)
Other	(38,320)	(43,662)
Deferred tax liabilities	(1,426,475)	(1,342,360)
Net deferred tax liabilities	\$ (363,377)	\$ (450,276)

For the year ended August 31, 2024, the Company asserts indefinite reinvestment for basis differences and accumulated earnings through fiscal 2020 with respect to its foreign subsidiaries. The Company does not assert permanent reinvestment of fiscal 2021 through current year earnings with respect to its Mexican subsidiaries while maintaining its assertion of indefinite reinvestment of fiscal 2021 through current year earnings of other foreign subsidiaries. Where necessary, taxes resulting from foreign distributions of current and accumulated earnings (e.g., withholding taxes) have been considered in the Company's provision for income taxes.

As of August 31, 2024, we have not recorded incremental income taxes for outside basis differences of \$386.7 million in our investments in foreign subsidiaries, as these amounts are indefinitely reinvested in foreign operations. Determining the amount of unrecognized deferred tax liability related to the outside basis differences in these entities is not practicable.

The Organization for Economic Co-operation and Development has issued Pillar Two model rules introducing a new global minimum tax of 15% intended to be effective for our tax periods ending August 30, 2025 and forward. While the U.S. has not yet adopted the Pillar Two rules, various other governments around the world are enacting similar legislation. As currently designed, Pillar Two will ultimately apply to our worldwide operations. There remains uncertainty as to the final Pillar Two model rules. We are continuing to evaluate the Pillar Two rules and their potential impact on future periods, but we do not expect the rules to have a material impact on our effective tax rate.

At August 31, 2024 and August 26, 2023, the Company had net operating loss ("NOL") carryforwards totaling approximately \$309.8 million (\$37.2 million tax effected) and \$314.6 million (\$37.2 million tax effected), respectively. Certain NOLs have no expiration date and others will expire, if not utilized, in various years from fiscal 2025 through 2043. At August 31, 2024 and August 26, 2023, the Company had deferred tax assets for income tax credit carryforwards of \$141.7 million and \$7.9 million, respectively. Income tax credit carryforwards will expire, if not utilized, in various years from fiscal 2025 through 2051.

Pursuant to provisions under the Inflation Reduction Act, enacted in August of 2022, the Company purchased transferable federal tax credits during fiscal year 2024 from various counterparties. Such federal tax credits were purchased at negotiated discounts, resulting in an income tax benefit recorded during the year ended August 31,

[Table of Contents](#)

2024. Receivables associated with transferable federal tax credits are recorded (netted) within taxes payable and deferred tax liabilities

At August 31, 2024 and August 26, 2023, the Company had a valuation allowance of \$26.9 million and \$24.9 million, respectively, on deferred tax assets associated with NOL and tax credit carryforwards for which management has determined it is more likely than not that the deferred tax asset will not be realized. Management believes it is more likely than not that the remaining deferred tax assets will be fully realized given the extended carryforward periods referenced.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

<i>(in thousands)</i>	August 31, 2024	August 26, 2023
Beginning balance	\$ 49,487	\$ 49,316
Additions based on tax positions related to the current year	5,386	9,416
Additions for tax positions of prior years	5,373	8,012
Reductions for tax positions of prior years	(8,595)	(5,336)
Reductions due to settlements	(8,600)	(6,800)
Reductions due to statute of limitations	(5,065)	(5,121)
Ending balance	<u>\$ 37,986</u>	<u>\$ 49,487</u>

Included in the August 31, 2024 and the August 26, 2023 balances are \$32.1 million and \$37.0 million, respectively, of unrecognized tax benefits that, if recognized, would reduce the Company's effective tax rate. The balances above also include amounts of \$3.8 million and \$8.6 million for August 31, 2024 and August 26, 2023, respectively, that are accounted for as reductions to deferred tax assets for NOL carryforwards and tax credit carryforwards. It is anticipated that in the event the associated uncertain tax positions are disallowed, the NOL carryforwards and tax credit carryforwards would be utilized to settle the liability.

The Company accrues interest on unrecognized tax benefits as a component of income tax expense. Penalties, if incurred, would be recognized as a component of income tax expense. The Company had \$11.2 million and \$10.1 million accrued for the payment of interest and penalties associated with unrecognized tax benefits at August 31, 2024 and August 26, 2023, respectively.

The Company files U.S. federal, U.S. state and local, and international income tax returns. With few exceptions, the Company is no longer subject to U.S. federal, U.S. state and local, or Non-U.S. examinations by tax authorities for fiscal year 2020 and prior. The Company is typically engaged in various tax examinations at any given time by U.S. federal, U.S. state and local, and Non-U.S. taxing jurisdictions. As of August 31, 2024, the Company estimates that the amount of unrecognized tax benefits could be reduced by approximately \$13.1 million over the next twelve months as a result of tax audit settlements. While the Company believes that it is adequately accrued for possible audit adjustments, the final resolution of these examinations cannot be determined at this time and could result in final settlements that differ from current estimates.

Note F - Supplier Financing Programs

The Company has arrangements with third-party financial institutions to confirm invoice balances owed by the Company to certain suppliers and pay the financial institutions the confirmed amounts on the invoice due dates. These arrangements allow the Company's inventory suppliers, at their sole discretion, to enter into agreements directly with these financial institutions to finance the Company's obligations to the suppliers at terms negotiated between the suppliers and the financial institutions. Supplier participation is optional and our obligations to our suppliers, including the amount and dates due, are not impacted by our suppliers' decision to enter into an agreement with a third-party financial institution. As of August 31, 2024 and August 26, 2023, the Company had supplier obligations outstanding that had been confirmed under these arrangements of \$4.9 billion and \$4.8 billion, respectively, which are included in Accounts payable and \$226.7 million and \$224.8 million, respectively, which are included in Other long-term liabilities in the Condensed Consolidated Balance Sheets.

[Table of Contents](#)

Note G - Accrued Expenses and Other

Accrued expenses and other consisted of the following:

<i>(in thousands)</i>	August 31, 2024	August 26, 2023
Accrued compensation, related payroll taxes and benefits	\$ 291,728	\$ 343,379
Property, sales and other taxes	190,317	165,731
Finance lease liabilities	115,559	86,916
Medical and casualty insurance claims (current portion)	107,877	127,624
Accrued interest	88,590	54,493
Accrued gift cards	58,529	59,254
Accrued sales and warranty returns	46,794	43,355
Other	161,352	120,089
	<u>\$ 1,060,746</u>	<u>\$ 1,000,841</u>

The Company retains a significant portion of the insurance risks associated with workers' compensation, general, product liability, property and vehicle insurance. A portion of these self-insured losses is managed through a wholly owned insurance captive. The Company maintains certain levels for stop-loss coverage for each self-insured plan in order to limit its liability for large claims. The retained limits per claim type are \$2.0 million for workers' compensation, \$7.5 million for auto liability, \$21.5 million for property and \$2.0 million for general and product liability.

Note H - Litigation

The Company is involved in various legal proceedings incidental to the conduct of its business, including, but not limited to, claims and allegations related to wage and hour violations, unlawful termination, employment practices, product liability, privacy and cybersecurity, environmental matters, intellectual property rights or regulatory compliance. 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.

[Table of Contents](#)

Note I - Financing

The Company's debt consisted of the following:

<i>(in thousands)</i>	August 31, 2024	August 26, 2023
3.125% Senior Notes due April 2024, effective interest rate 3.32%	\$ —	\$ 300,000
3.250% Senior Notes due April 2025, effective interest rate 3.36%	400,000	400,000
3.625% Senior Notes due April 2025, effective interest rate 3.78%	500,000	500,000
3.125% Senior Notes due April 2026, effective interest rate 3.28%	400,000	400,000
5.050% Senior Notes due July 2026, effective interest rate 5.09%	450,000	450,000
3.750% Senior Notes due June 2027, effective interest rate 3.83%	600,000	600,000
4.500% Senior Notes due February 2028, effective interest rate 4.43%	450,000	450,000
6.250% Senior Notes due November 2028, effective interest rate 6.46%	500,000	—
3.750% Senior Notes due April 2029, effective interest rate 3.86%	450,000	450,000
5.100% Senior Notes due July 2029, effective interest rate 5.30%	600,000	—
4.000% Senior Notes due April 2030, effective interest rate 4.09%	750,000	750,000
1.650% Senior Notes due January 2031, effective interest rate 2.19%	600,000	600,000
4.750% Senior Notes due August 2032, effective interest rate 4.76%	750,000	750,000
4.750% Senior Notes due February 2033, effective interest rate 4.70%	550,000	550,000
5.200% Senior Notes due August 2033, effective interest rate 5.22%	300,000	300,000
6.550% Senior Notes due November 2033, effective interest rate 6.71%	500,000	—
5.400% Senior Notes due July 2034, effective interest rate 5.54%	700,000	—
Commercial paper, weighted average interest rate 5.40% at August 31, 2024 and 5.43% at August 26, 2023	580,000	1,209,600
Total debt before discounts and debt issuance costs	9,080,000	7,709,600
Less: Discounts and debt issuance costs	55,619	41,051
Long-term debt	\$9,024,381	\$7,668,549

On November 15, 2021, the Company amended and restated its existing revolving credit facility (the "Revolving Credit Agreement") pursuant to which the Company's borrowing capacity was increased from \$2.0 billion to \$2.25 billion and the maximum borrowing under the Revolving Credit Agreement may, at the Company's option, subject to lenders approval, be increased from \$2.25 billion to \$3.25 billion. On November 15, 2022, the Company amended the Revolving Credit Agreement, extending the termination date by one year. As amended, the Revolving Credit Agreement will terminate, and all amounts borrowed will be due and payable, on November 15, 2027, but the Company may make one additional request to extend the termination date for an additional period of one year. Revolving borrowings under the Revolving Credit Agreement may be base rate loans, SOFR loans, or a combination of both, at AutoZone's election. The Revolving Credit Agreement includes (i) a \$75 million sublimit for swingline loans, (ii) a \$50 million individual issuer letter of credit sublimit and (iii) a \$250 million aggregate sublimit for all letters of credit.

Under the Company's Revolving Credit Agreement, covenants include restrictions on liens, a maximum debt to earnings ratio, a minimum fixed charge coverage ratio and a change of control provision that may require acceleration of the repayment obligations under certain circumstances.

As of August 31, 2024, the Company had no outstanding borrowings and \$1.8 million of outstanding letters of credit under the Revolving Credit Agreement.

The Revolving Credit Agreement requires that the Company's consolidated interest coverage ratio as of the last day of each quarter shall be no less than 2.5:1. This ratio is defined as the ratio of (i) consolidated earnings before interest, taxes and rents to (ii) consolidated interest expense plus consolidated rents. The Company's consolidated interest coverage ratio as of August 31, 2024 was 5.4:1.



[Table of Contents](#)

As of August 31, 2024, the \$580 million of commercial paper borrowings, the \$400 million 3.250% Senior Notes due April 2025 and the \$500 million 3.625% Senior Notes due April 2025 were classified as long-term in the accompanying Consolidated Balance Sheets as the Company currently has the ability and intent to refinance them on a long-term basis through available capacity in its Revolving Credit Agreement. As of August 31, 2024, the Company had \$2.2 billion of availability under its Revolving Credit Agreement, without giving effect to commercial paper borrowings, which would allow the Company to replace these short-term obligations with a long-term financing facility.

On April 18, 2024, the Company repaid its outstanding \$300 million 3.125% Senior Notes due April 2024.

On July 17, 2023, the Company repaid its outstanding \$500 million 3.125% Senior Notes due July 2023.

On January 17, 2023, the Company repaid its outstanding \$300 million 2.875% Senior Notes due January 2023.

On January 18, 2022, the Company repaid the \$500 million 3.700% Senior Notes due April 2022, which were callable at par in January 2022.

On June 28, 2024, the Company issued \$600 million in 5.100% Senior Notes due July 2029 and \$700 million 5.400% Senior Notes due July 2034 under the automatic shelf registration statement on Form S-3, filed with the SEC on July 19, 2022 (File No. 333-266209) (the "2022 Shelf Registration Statement"). The 2022 Shelf Registration Statement 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 or distribution center openings, stock repurchases and acquisitions. Proceeds from the debt issuance were used to repay a portion of our outstanding commercial paper borrowings and for other general corporate purposes.

On October 25, 2023, the Company issued \$500 million in 6.250% Senior Notes due November 2028 and \$500 million 6.550% Senior Notes due November 2033 under the 2022 Shelf Registration Statement. Proceeds from the debt issuance were used for general corporate purposes.

On July 21, 2023, the Company issued \$450 million in 5.050% Senior Notes due July 2026 and \$300 million in 5.200% Senior Notes due August 2033 under the 2022 Shelf Registration Statement. Proceeds from the debt issuance were used for general corporate purposes.

On January 27, 2023, the Company issued \$450 million in 4.500% Senior Notes due February 2028 and \$550 million in 4.750% Senior Notes due February 2033 under the 2022 Shelf Registration Statement. Proceeds from the debt issuance were used to repay a portion of the Company's outstanding commercial paper borrowings and for other general corporate purposes.

On August 1, 2022, the Company issued \$750 million in 4.750% Senior Notes due August 2032 under the 2022 Shelf Registration Statement. Proceeds from the debt issuance were used to repay a portion of the outstanding commercial paper borrowings and for other general corporate purposes.

The Senior Notes contain a provision that repayment of the Senior Notes may be accelerated if the Company experiences a change in control (as defined in the agreements). The Company's borrowings under its senior notes contain minimal covenants, primarily restrictions on liens. All of the repayment obligations under its borrowing arrangements may be accelerated and come due prior to the scheduled payment date if covenants are breached or an event of default occurs. Interest for Senior Notes is paid on a semi-annual basis.

The Company also maintains a letter of credit facility that allows it to request the participating bank to issue letters of credit on its behalf up to an aggregate amount of \$25 million. The letter of credit facility is in addition to the letters of credit that may be issued under the Revolving Credit Agreement and expired in June 2022. On May 16, 2022, the Company amended and restated the letter of credit facility to, among other things, extend the facility



[Table of Contents](#)

through June 2025. As of August 31, 2024, the Company had no letters of credit outstanding under the letter of credit facility.

In addition to the outstanding letters of credit issued under the committed facility discussed above, the Company had \$141.6 million in letters of credit outstanding as of August 31, 2024. These letters of credit have various maturity dates and were issued on an uncommitted basis. As of August 31, 2024, the Company was in compliance with all covenants related to its borrowing arrangements.

The fair value of the Company's debt was estimated at \$9.0 billion as of August 31, 2024, and \$7.3 billion as of August 26, 2023, 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 \$3.5 million and less than the carrying value of debt by \$406.6 million at August 31, 2024 and August 26, 2023, respectively. This amount reflects face amount, adjusted for any unamortized debt issuance costs and discounts.

All of the Company's debt is unsecured. Scheduled maturities of debt are as follows:

<i>(in thousands)</i>	Scheduled Maturities
2025	\$ 1,480,000
2026	850,000
2027	600,000
2028	450,000
2029	1,550,000
Thereafter	4,150,000
Subtotal	9,080,000
Discount and debt issuance costs	55,619
Total Debt	<u>\$ 9,024,381</u>

Note J - Interest Expense

Net interest expense consisted of the following:

<i>(in thousands)</i>	Year Ended		
	August 31, 2024	August 26, 2023	August 27, 2022
Interest expense	\$465,191	\$320,121	\$198,883
Interest income	(11,312)	(12,054)	(6,048)
Capitalized interest	(2,301)	(1,695)	(1,197)
	<u>\$451,578</u>	<u>\$306,372</u>	<u>\$191,638</u>

Note K - Stock Repurchase Program

During 1998, the Company announced a program permitting the Company to repurchase a portion of its outstanding shares not to exceed a dollar maximum established by the Company's Board of Directors. The Board voted to increase the repurchase authorization by \$2.0 billion on December 20, 2023 and \$1.5 billion on June 19, 2024, bringing the total authorization to \$39.2 billion. Previously, the Board voted to increase the authorization by \$4.5 billion in fiscal 2023 and \$5.0 billion in fiscal 2022. The Company has \$2.2 billion remaining under the Board's authorization to repurchase its common stock.

[Table of Contents](#)

The Company's share repurchase activity consisted of the following:

(in thousands)	Year Ended		
	August 31, 2024	August 26, 2023	August 27, 2022
Amount	\$3,170,320	\$3,723,289	\$4,359,991
Shares	1,149	1,524	2,220

During fiscal year 2024, the Company retired 1.7 million shares of treasury stock which had previously been repurchased under the Company's share repurchase program. The retirement increased Retained deficit by \$4.1 billion and decreased Additional paid-in capital by \$142.4 million. During the comparable prior year period, the Company retired 2.1 million shares of treasury stock, which increased Retained deficit by \$4.2 billion and decreased Additional paid-in capital by \$143.4 million.

Subsequent to August 31, 2024 and through October 21, 2024, the Company has repurchased 67,677 shares of common stock at an aggregate cost of \$212.0 million. Considering the cumulative repurchases through October 21, 2024, the Company has \$2.0 billion remaining under the Board's authorization to repurchase its common stock.

Note L - Derivative Financial Instruments

The Company periodically uses derivatives to hedge exposures to interest rates. The Company does not hold or issue financial instruments for trading purposes. For transactions that meet the hedge accounting criteria, the Company formally designates and documents the instrument as a hedge at inception and quarterly thereafter assesses the hedges to ensure they are effective in offsetting changes in the cash flows of the underlying exposures. Derivatives are recorded in the Company's Consolidated Balance Sheet at fair value, determined using available market information or other appropriate valuation methodologies. In accordance with ASC Topic 815, *Derivatives and Hedging*, to the extent our derivatives are effective in offsetting the variability of the hedged cash flows, changes in the derivatives' fair value are not included in current earnings but are included in Accumulated Other Comprehensive Loss, net of tax.

At August 31, 2024, the Company had \$10.6 million (excluding the impact of deferred taxes) recorded in Accumulated Other Comprehensive Loss related to net 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 fiscal 2024 and 2023, the Company reclassified \$2.3 million and \$2.8 million of net losses from Accumulated Other Comprehensive Loss to Interest expense, respectively. The Company expects to reclassify \$2.3 million of net losses from Accumulated Other Comprehensive Loss to Interest expense over the next 12 months.

[Table of Contents](#)

Note M - Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss includes certain adjustments to 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 marketable debt securities. Changes in Accumulated Other Comprehensive Loss consisted of the following:

<i>(in thousands)</i>	Foreign Currency⁽¹⁾	Net Unrealized Gain (Loss) on Securities	Derivatives	Total
Balance at August 27, 2022	\$(280,190)	\$ (2,171)	\$ (18,175)	\$(300,536)
Other Comprehensive Income before reclassifications	103,633	472	3,635	107,740
Amounts reclassified from Accumulated Other Comprehensive Loss ⁽²⁾	—	(152)	2,112	1,960
Balance at August 26, 2023	(176,557)	(1,851)	(12,428)	(190,836)
Other Comprehensive (Loss) Income before reclassifications	(174,715)	2,179	—	(172,536)
Amounts reclassified from Accumulated Other Comprehensive Loss ⁽²⁾	—	(28)	1,782	1,754
Balance at August 31, 2024	<u>\$(351,272)</u>	<u>\$ 300</u>	<u>\$ (10,646)</u>	<u>\$(361,618)</u>

(1) Foreign currency is shown net of U.S. tax to account for foreign currency impacts of certain undistributed non-U.S. subsidiaries earnings. Other foreign currency is not shown net of additional U.S. tax as other basis differences of non-U.S. subsidiaries are intended to be permanently reinvested.

(2) Amounts shown are net of taxes/tax benefits.

Note N - 401(k) Savings Plan

The Company has a 401(k) plan that covers all domestic employees who meet the plan's participation requirements. The plan features include Company matching contributions, immediate 100% vesting of Company contributions and a savings option up to 25% of qualified earnings. The Company makes matching contributions, per pay period, up to a specified percentage of employees' contributions as approved by the Board. The Company made matching contributions to employee accounts in connection with the 401(k) plan of \$39.0 million in fiscal 2024, \$37.3 million in fiscal 2023 and \$37.9 million in fiscal 2022.

Note O - Share-Based Plans

The Company has several active and inactive equity incentive plans under which the Company has been authorized to grant share-based awards to key employees and non-employee directors. Awards under these plans have been in the form of restricted stock, restricted stock units, stock options, stock appreciation rights and other awards as defined by the plans. The Company also has an Employee Stock Purchase Plan that allows employees to purchase Company shares at a discount subject to certain limitations. The Company also has an Executive Stock Purchase Plan which permits all eligible executives to purchase AutoZone's common stock using up to twenty-five percent of his or her annual salary and bonus.

Amended and Restated AutoZone, Inc. 2011 Equity Incentive Award Plan

On December 15, 2010, the Company's stockholders approved the 2011 Equity Incentive Award Plan (the "2011 Plan"), allowing the Company to provide equity-based compensation to non-employee directors and employees for their service to AutoZone or its subsidiaries or affiliates. Prior to the Company's adoption of the 2011 Plan, equity-based compensation was provided to employees under the 2006 Stock Option Plan and to non-employee directors under the 2003 Director Compensation Plan (the "2003 Comp Plan").

During fiscal 2016, the Company's stockholders approved the Amended and Restated AutoZone, Inc. 2011 Equity Incentive Award Plan (the "Amended 2011 Equity Plan"). The Amended 2011 Equity Plan imposes a maximum limit on the compensation, measured as the sum of any cash compensation and the aggregate grant date fair value of



[Table of Contents](#)

awards granted under the Amended 2011 Equity Plan, which may be paid to non-employee directors for such service during any calendar year. The Amended 2011 Equity Plan also applies a ten-year term on the Amended 2011 Equity Plan through December 16, 2025 and extends the Company's ability to grant incentive stock options under the Amended 2011 Equity Plan through October 7, 2025.

AutoZone, Inc. 2020 Omnibus Incentive Award Plan

On December 16, 2020, the Company's stockholders approved the AutoZone, Inc. 2020 Omnibus Incentive Award Plan (the "2020 Omnibus Plan"), which serves as the successor to the Amended 2011 Equity Plan. The 2020 Omnibus Plan provides equity-based compensation to our non-employee directors and employees for their service to AutoZone or our subsidiaries or affiliates. Under the 2020 Omnibus Plan, participants may receive equity-based compensation in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents, deferred stock, stock payments, performance based awards, cash based awards and other incentive awards structured by the Compensation Committee and the Board within parameters set forth in the 2020 Omnibus Plan.

AutoZone, Inc. Director Compensation Program

Under the Company's Director Compensation Program (the "Program"), non-employee directors will receive their compensation in awards of restricted stock units under the 2020 Omnibus 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. Under the Program, restricted stock units are granted on 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 the date of grant and are paid in shares of the Company's common stock on the first or the fifth anniversary of the Grant Date (at the Director's election) or if sooner, the date the non-employee director ceases to be a member of the Board ("Separation from Service"). The cash portion of the award, if elected, is paid ratably over each calendar quarter.

Total share-based compensation expense (a component of Operating, selling, general and administrative expenses) was \$106.2 million, \$93.1 million and \$70.6 million for fiscal 2024, 2023 and 2022, respectively.

General terms and methods of valuation for the Company's share-based awards are as follows:

Stock Options

The Company grants options to purchase common stock to certain of its employees under the 2020 Omnibus Plan at prices equal to the market value of the stock on the date of grant. Options have a term of ten years from grant date. Option-vesting periods range from four to five years, with the vast majority of options vesting ratably over four years. Options generally have 90 days after the service relationship ends, or one year after death, to exercise all vested options, unless retirement provisions are met. The fair value of each option grant is separately estimated for each vesting date. The fair value of each option is amortized into compensation expense on a straight-line basis over the requisite service period, less estimated forfeitures. Employees who meet the qualified retirement provisions under the 2020 Omnibus Plan are assumed to have a 0% forfeiture rate. All other employee grants assume a 10% forfeiture rate, which is based on historical experience.

The Company has estimated the fair value of all stock option awards as of the date of the grant by applying the Black-Scholes-Merton multiple-option pricing valuation model. The following table presents the weighted average

[Table of Contents](#)

for key assumptions used in determining the fair value of options granted and the related share-based compensation expense:

	Year Ended		
	August 31, 2024	August 26, 2023	August 27, 2022
Expected price volatility	29 %	29 %	28 %
Risk-free interest rate	4.7 %	3.8 %	1.1 %
Weighted average expected lives (in years)	5.5	5.5	5.6
Forfeiture rate	7 %	10 %	10 %
Dividend yield	0 %	0 %	0 %

The following methodologies were applied in developing the assumptions used in determining the fair value of options granted:

Expected price volatility - This is a measure of the amount by which a price has fluctuated or is expected to fluctuate. The Company uses actual historical changes in the market value of its stock to calculate the volatility assumption as it is management's belief that this is the best indicator of future volatility. The Company calculates daily market value changes from the date of grant over a past period representative of the expected life of the options to determine volatility. An increase in the expected volatility will increase compensation expense.

Risk-free interest rate - This is the U.S. Treasury rate for the week of the grant having a term equal to the expected life of the option. An increase in the risk-free interest rate will increase compensation expense.

Expected lives - This is the period of time over which the options granted are expected to remain outstanding and is based on historical experience. Separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. Options granted have a maximum term of ten years. An increase in the expected life will increase compensation expense.

Forfeiture rate - This is the estimated percentage of options granted that are expected to be forfeited or canceled before becoming fully vested. This estimate is based on historical experience at the time of valuation and reduces expense ratably over the vesting period. An increase in the forfeiture rate will decrease compensation expense. This estimate is evaluated periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate.

Dividend yield - The Company has not made any dividend payments nor does it have plans to pay dividends in the foreseeable future. An increase in the dividend yield will decrease compensation expense.

The weighted average grant date fair value per share of options granted was \$922.10, \$764.68 and \$463.45 during fiscal 2024, 2023 and 2022, respectively. The intrinsic value of options exercised was \$424.5 million, \$424.6 million and \$282.7 million in fiscal 2024, 2023 and 2022, respectively. The total fair value of options vested was \$67.0 million, \$47.9 million and \$39.3 million in fiscal 2024, 2023 and 2022, respectively.

[Table of Contents](#)

The Company generally issues new shares when options are exercised. The following table summarizes information about stock option activity for the year ended August 31, 2024:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding - August 26, 2023	1,027,588	\$ 1,180.39		
Granted	139,534	2,577.52		
Exercised	(209,829)	799.06		
Forfeited/Cancelled	(33,450)	1,884.80		
Outstanding - August 31, 2024	<u>923,843</u>	1,452.52	5.96	\$ 1,597,289
Exercisable	589,743	1,054.66	4.73	1,254,276
Expected to vest	321,772	2,148.75	8.13	332,305
Available for future grants	722,644			

As of August 31, 2024, total unrecognized share-based compensation expense related to stock options, net of estimated forfeitures, was approximately \$103.6 million, before income taxes, and will be recognized over an estimated weighted average period of 2.9 years.

Restricted Stock Units

Restricted stock unit awards are valued at the market price of a share of the Company's stock on the date of grant and vest ratably on an annual basis over a four-year service period and are payable in shares of common stock on the vesting date. Compensation expense for grants of employee restricted stock units is recognized on a straight-line basis over the four-year service period, less estimated forfeitures, which are consistent with stock option forfeiture assumptions.

As of August 31, 2024, total unrecognized stock-based compensation expense related to nonvested restricted stock unit awards, net of estimated forfeitures, was approximately \$6.8 million, before income taxes, which we expect to recognize over an estimated weighted average period of 2.4 years.

Transactions related to restricted stock units for the fiscal year ended August 31, 2024 are as follows:

	Number of Shares	Weighted- Average Grant Date Fair Value
Nonvested at August 26, 2023	8,133	\$ 1,572.87
Granted	3,173	2,560.56
Vested	(4,781)	1,614.94
Forfeited	(1,015)	2,144.26
Nonvested at August 31, 2024	<u>5,510</u>	\$ 1,999.92

Stock Appreciation Rights

At August 31, 2024 and August 26, 2023, the Company had \$15.3 million and \$11.8 million, respectively of accrued compensation expense. There were 4,822 outstanding units issued under the 2003 Comp Plan and prior plans. As directors retire, this balance will be reduced. No additional shares of stock or units will be issued in future years under the 2003 Comp Plan or prior plans.

[Table of Contents](#)

Employee Stock Purchase Plan and Executive Stock Purchase Plan

The Company recognized \$3.1 million, \$2.5 million and \$3.2 million in compensation expense related to the discount on the selling of shares to employees and executives under the various share purchase plans in fiscal 2024, 2023 and 2022, respectively. Under the Employee Plan, 5,000, 5,183 and 6,238 shares were sold to employees in fiscal 2024, 2023 and 2022, respectively. The Company repurchased 4,886 shares in fiscal 2022 at market value from employees electing to sell their stock. Purchases under the Executive Plan were 540, 689 and 709 shares in fiscal 2024, 2023 and 2022, respectively. Issuances of shares under the Employee Plan are netted against repurchases and such repurchases are not included in share repurchases disclosed in "Note K – Stock Repurchase Program." At August 31, 2024, 117,341 shares of common stock were reserved for future issuance under the Employee Plan, and 232,426 shares of common stock were reserved for future issuance under the Executive Plan.

Note P - Commitments and Contingencies

Construction commitments, primarily for new stores, totaled approximately \$103.8 million at August 31, 2024.

The Company had \$143.4 million in outstanding standby letters of credit and \$48.9 million in surety bonds as of August 31, 2024, which all have expiration periods of less than one year. A substantial portion of the outstanding standby letters of credit (which are primarily renewed on an annual basis) and surety bonds are used to cover reimbursement obligations to our workers' compensation carriers. There are no additional contingent liabilities associated with these instruments as the underlying liabilities are already reflected in the Consolidated Balance Sheets. The standby letters of credit and surety bonds arrangements have automatic renewal clauses.

The Company has entered into agreements to make capital contributions to certain tax credit instruments upon the completion of project milestones. As of August 31, 2024, the Company had commitments to make certain additional capital contributions to these tax credit instruments totaling \$49.3 million in fiscal 2025.

Note Q - Segment Reporting

The Company's primary 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 – Significant Accounting Policies."

The Auto Parts Stores segment is the leading retailer and distributor of automotive parts and accessories through the Company's 7,353 stores in the U.S., Mexico and Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light duty trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products.

The Other category reflects business activities of two 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, repair, collision and shop management software used in the automotive repair industry and E-commerce, which includes direct sales to customers through www.autozone.com for sales that are not fulfilled by local stores.

[Table of Contents](#)

The Company evaluates its reportable segment primarily on the basis of net sales and segment profit, which is defined as gross profit. The following table shows segment results for the following fiscal years:

<i>(in thousands)</i>	Year Ended		
	August 31, 2024	August 26, 2023	August 27, 2022
Net Sales			
Auto Parts Stores	\$ 18,151,276	\$ 17,145,137	\$ 15,963,196
Other	338,992	312,072	289,034
Total	<u>\$ 18,490,268</u>	<u>\$ 17,457,209</u>	<u>\$ 16,252,230</u>
Segment Profit			
Auto Parts Stores	\$ 9,616,098	\$ 8,885,403	\$ 8,301,234
Other	200,954	185,019	171,416
Gross profit	9,817,052	9,070,422	8,472,650
Operating, selling, general and administrative expenses	(6,028,344)	(5,596,436)	(5,201,921)
Interest expense, net	(451,578)	(306,372)	(191,638)
Income before income taxes	<u>\$ 3,337,130</u>	<u>\$ 3,167,614</u>	<u>\$ 3,079,091</u>
Segment Assets:			
Auto Parts Stores	\$ 16,829,351	\$ 15,664,891	\$ 15,060,704
Other	347,187	320,987	214,339
Total	<u>\$ 17,176,538</u>	<u>\$ 15,985,878</u>	<u>\$ 15,275,043</u>
Capital Expenditures:			
Auto Parts Stores	\$ 1,048,952	\$ 775,601	\$ 650,495
Other	23,744	21,056	21,896
Total	<u>\$ 1,072,696</u>	<u>\$ 796,657</u>	<u>\$ 672,391</u>
Auto Parts Stores Sales by Product Grouping:			
Failure	\$ 8,979,152	\$ 8,407,690	\$ 7,801,155
Maintenance items	6,618,494	6,223,620	5,670,278
Discretionary	2,553,630	2,513,827	2,491,763
Auto Parts Stores net sales	<u>\$ 18,151,276</u>	<u>\$ 17,145,137</u>	<u>\$ 15,963,196</u>

The following table presents the Company's net sales disaggregated by geographical area:

	Year Ended		
	August 31, 2024	August 26, 2023	August 27, 2022
United States	88 %	89 %	92 %
Mexico	11 %	10 %	8 %
Brazil	1 %	1 %	— %
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The Company's long-lived assets, consisting primarily of property and equipment, net and operating lease right-of-use assets, within the United States were 89%, 88% and 91% in fiscal years 2024, 2023 and 2022, respectively. No individual country outside of the United States had long-lived assets that were material to the consolidated totals.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

[Table of Contents](#)

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of August 31, 2024, an evaluation was performed under the supervision and with the participation of AutoZone's management, including the Chief Executive Officer and the 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 the Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of August 31, 2024.

Internal Control Over Financial Reporting

A report of AutoZone's management on our internal control over financial reporting (as such term defined in Rule 13a-15(f) under the Exchange Act) and a report of Ernst & Young, LLP, an independent registered public accounting firm, on the effectiveness of AutoZone's internal control over financial reporting are included in Part I, Item 8 of this document and is incorporated herein by reference.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended August 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Attestation Report of Registered Public Accounting Firm

Our internal control over financial reporting as of August 31, 2024 has been audited by Ernst & Young, LLP, an independent registered public accounting firm, which also audited our Consolidated Financial Statements for the year ended August 31, 2024, as stated in their report included herein, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of August 31, 2024.

Item 9B. Other Information

None. Without limiting the generality of the foregoing, during the quarterly period ended August 31, 2024, no officer or director of the Company adopted or terminated any "Rule 10b5-1 trading agreement" or any "non-Rule 10b5-1 trading arrangement," as each item is defined in Item 408 of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Certain information required by Part III is incorporated by reference from AutoZone's definitive Proxy Statement for the 2024 Annual Meeting of Shareholders to be held on December 18, 2024 (our "Proxy Statement"). Except for those portions specifically incorporated in this Annual Report on Form 10-K by reference to the Proxy Statement, no other portions of the Proxy Statement are deemed to be filed as part of this Annual Report on Form 10-K.

Item 10. Directors, Executive Officers and Corporate Governance

The information set forth in Part I, Item 1 of this document in the section entitled "Information about our Executive Officers," is incorporated herein by reference in response to this item. Additionally, the information contained in AutoZone, Inc.'s Proxy Statement relating to our 2024 Annual Meeting of Shareholders, in the sections entitled "Corporate Governance Matters," "Proposal 1 - Election of Directors" and "Delinquent Section 16(a) Reports," is incorporated herein by reference in response to this item.

The Company has adopted a Code of Ethical Conduct for Financial Executives that applies to its chief executive officer, chief financial officer, chief accounting officer and other financial executives. The Company has made the Code of Ethical Conduct available at www.autozone.com, which can be accessed by clicking "Investor Relations" located at the bottom of the page.

We have adopted insider trading policies and procedures that we believe are reasonably designed to promote compliance with insider trading laws, rules and regulations and applicable listing standards. Our Insider Trading Policy states that our directors, officers, and employees are prohibited from trading in securities of AutoZone and other companies while in possession of material, nonpublic information and also that our employees are prohibited from disclosing material, nonpublic information of AutoZone or another publicly traded company to others who may trade on the basis of that information. Additionally, our policy also describes the Company's procedures relating to quarterly and non-routine quiet periods during which time directors, officers and designated employees are prohibited from entering into certain transactions involving AutoZone securities. In addition, directors and officers of the company are required, in all circumstances, to obtain prior approval of transactions involving AutoZone securities. The foregoing summary of our insider trading policies and procedures does not purport to be complete and is qualified by reference to our Insider Trading Policy filed as an exhibit to this Annual Report on Form 10-K.

Item 11. Executive Compensation

The information contained in AutoZone, Inc.'s Proxy Statement relating to our 2024 Annual Meeting of Shareholders, in the section entitled "Executive Compensation," is incorporated herein by reference in response to this item.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information contained in AutoZone, Inc.'s Proxy Statement relating to our 2024 Annual Meeting of Shareholders, in the sections entitled "Security Ownership of Management and Board of Directors," "Security Ownership of Certain Beneficial Owners" and "Equity Compensation Plans" is incorporated herein by reference in response to this item.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information contained in AutoZone, Inc.'s Proxy Statement relating to our 2024 Annual Meeting of Shareholders, in the sections entitled "Related Party Transactions" and "Corporate Governance Matters - Independence" is incorporated herein by reference in response to this item.

[Table of Contents](#)

Item 14. Principal Accounting Fees and Services

The information contained in AutoZone, Inc.'s Proxy Statement relating to our 2024 Annual Meeting of Shareholders, in the section entitled "Proposal 2 - Ratification of Independent Registered Public Accounting Firm," is incorporated herein by reference in response to this item.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following information required under this item is filed as part of this report.

(a) Financial Statements

The following financial statements, related notes and reports of independent registered public accounting firm are filed with this Annual Report on Form 10-K in Part II, Item 8:

[Reports of Independent Registered Public Accounting Firm](#)
[Consolidated Statements of Income for the fiscal years ended August 31, 2024, August 26, 2023 and August 27, 2022](#)
[Consolidated Statements of Comprehensive Income for the fiscal years ended August 31, 2024, August 26, 2023 and August 27, 2022](#)
[Consolidated Balance Sheets as of August 31, 2024 and August 26, 2023](#)
[Consolidated Statements of Cash Flows for the fiscal years ended August 31, 2024, August 26, 2023 and August 27, 2022](#)
[Consolidated Statements of Stockholders' Deficit for the fiscal years ended August 31, 2024, August 26, 2023 and August 27, 2022](#)
[Notes to Consolidated Financial Statements](#)

(b) Exhibits

The following exhibits are being filed herewith:

- 3.1 [Restated Articles of Incorporation of AutoZone, Inc. Incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q for the quarter ended February 13, 1999.](#)
- 3.2 [Eighth Amended and Restated By-Laws of AutoZone, Inc. Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K dated March 23, 2023.](#)
- 4.1 [Indenture dated as of August 8, 2003, between AutoZone, Inc. and Bank One Trust Company, N.A. Incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-3 \(No. 333-107828\) filed August 11, 2003.](#)
- 4.2 [Agreement of Resignation, Appointment and Acceptance by and among AutoZone, Inc., The Bank of New York Mellon Trust Company, N.A., as prior Trustee, and Regions Bank, as successor Trustee, dated January 29, 2019. Incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-3 \(No. 333-230719\), filed April 4, 2019\).](#)
- 4.3 [Officers' Certificate dated April 29, 2015, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.250% Senior Notes due 2025. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 29, 2015.](#)
- 4.4 [Form of 3.250% Senior Notes due 2025. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated April 29, 2015.](#)
- 4.5 [Officers' Certificate dated April 21, 2016, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.125% Senior Notes due 2026. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 21, 2016.](#)

Table of Contents

- 4.6 [Form 3.125% Senior Notes due 2026. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated April 21, 2016.](#)
- 4.7 [Officers' Certificate dated April 18, 2017, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.750% Senior Notes due 2027. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated April 18, 2017.](#)
- 4.8 [Form of 3.750% Senior Notes due 2027. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 18, 2017.](#)
- 4.9 [Officers' Certificate dated April 18, 2019, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.125% Senior Notes due 2024. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated April 18, 2019.](#)
- 4.10 [Officers' Certificate dated April 18, 2019, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 3.750% Senior Notes due 2029. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated April 18, 2019.](#)
- 4.11 [Form of 3.125% Senior Notes due 2024. Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K dated April 18, 2019.](#)
- 4.12 [Form of 3.750% Senior Notes due 2029. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated April 18, 2019.](#)
- 4.13 [Officers' Certificate dated March 30, 2020, pursuant to Section 3.2 of the Indenture, dated August 8, 2003, setting forth the terms of the 3.625% Senior Notes due 2025. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated March 30, 2020.](#)
- 4.14 [Officers' Certificate dated March 30, 2020, pursuant to Section 3.2 of the Indenture, dated August 8, 2003, setting forth the terms of the 4.000% Senior Notes due 2030. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated March 30, 2020.](#)
- 4.15 [Form of 3.625% Senior Notes due 2025. Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K dated March 30, 2020.](#)
- 4.16 [Form of 4.000% Senior Notes due 2030. Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K dated March 30, 2020.](#)
- 4.17 [Form of 4.000% Senior Notes due 2030. Incorporated by reference to Exhibit 4.5 to the Current Report on Form 8-K dated March 30, 2020.](#)
- 4.18 [Form of 1.650% Senior Notes due 2031. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated August 14, 2020.](#)
- 4.19 [Form of 1.650% Senior Notes due 2031. Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K dated August 14, 2020.](#)
- 4.20 [Officers' Certificate dated August 14, 2020, pursuant to Section 3.2 of the Indenture, dated August 8, 2003, setting forth the terms of the 1.650% Senior Notes due 2031. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated August 14, 2020.](#)

[Table of Contents](#)

- 4.21 [Officers' Certificate dated August 1, 2022, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 4.750% Senior Notes due 2032. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated August 1, 2022.](#)
- 4.22 [Form of 4.750% Senior Notes due 2032. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated August 1, 2022.](#)
- 4.23 [Officers' Certificate dated January 27, 2023, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 4.500% Senior Notes due 2028. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated January 27, 2023.](#)
- 4.24 [Officers' Certificate dated January 27, 2023, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 4.750% Senior Notes due 2033. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated January 27, 2023.](#)
- 4.25 [Form of 4.500% Senior Notes due 2028. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated January 27, 2023.](#)
- 4.26 [Form of 4.750% Senior Notes due 2033. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated January 27, 2023.](#)
- 4.27 [Officers' Certificate dated July 21, 2023, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 5.050% Senior Notes due 2026. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated July 21, 2023.](#)
- 4.28 [Officers' Certificate dated July 21, 2023, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 5.200% Senior Notes due 2033. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated July 21, 2023.](#)
- 4.29 [Form of 5.050% Note due 2026. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated July 21, 2023.](#)
- 4.30 [Form of 5.200% Note due 2033. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated July 21, 2023.](#)
- 4.31 [Officers' Certificate dated October 25, 2023, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 6.250% Senior Notes due 2028. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated October 25, 2023.](#)
- 4.32 [Officers' Certificate dated October 25, 2023, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 6.550% Senior Notes due 2033. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated October 25, 2023.](#)
- 4.33 [Form of 6.250% Note due 2028. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated October 25, 2023.](#)
- 4.34 [Form of 6.550% Note due 2033. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated October 25, 2023.](#)

Table of Contents

- 4.35 [Officers' Certificate dated June 28, 2024, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 5.100% Senior Notes due 2029. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated June 28, 2024.](#)
- 4.36 [Officers' Certificate dated June 28, 2024, pursuant to Section 3.2 of the Indenture dated August 8, 2003, setting forth the terms of the 5.400% Senior Notes due 2034. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated June 28, 2024.](#)
- 4.37 [Form of 5.100% Note due 2029. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated June 28, 2024.](#)
- 4.38 [Form of 5.400% Note due 2034. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated June 28, 2024.](#)
- 4.39 [Description of Securities of AutoZone, Inc. Incorporated by reference to Exhibit 4.24 to the Annual Report on Form 10-K dated October 28, 2019.](#)
- *10.1 [Second Amended and Restated 1998 Director Compensation Plan. Incorporated by reference to Exhibit 10.2 to the Annual Report on Form 10-K for the fiscal year ended August 26, 2000.](#)
- *10.2 [AutoZone, Inc. 2003 Director Compensation Plan. Incorporated by reference to Appendix D to the definitive proxy statement dated November 1, 2002, for the Annual Meeting of Stockholders held December 12, 2002.](#)
- *10.3 [Amended and Restated AutoZone, Inc. 2003 Director Compensation Plan. Incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K dated January 4, 2008.](#)
- *10.4 [Form of non-compete and non-solicitation agreement for Section 16 executive officers and by AutoZone, Inc. Incorporated by reference to Exhibit 10.5 to the Annual Report on Form 10-K for the fiscal year ended August 26, 2023.](#)
- *10.5 [Agreement dated February 14, 2008, between AutoZone, Inc. and William C. Rhodes, III. Incorporated by reference to Exhibit 99.4 to the Current Report on Form 8-K dated February 15, 2008.](#)
- *10.6 [AutoZone, Inc. 2011 Equity Incentive Award Plan. Incorporated by reference to Exhibit A to the definitive proxy statement dated October 25, 2010, for the Annual Meeting of Stockholders held December 15, 2010.](#)
- *10.7 [Form of Letter Agreement dated as of December 14, 2010, amending certain Stock Option Agreements of executive officers. Incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q dated December 16, 2010.](#)
- *10.8 [Form of Stock Option Agreement under the 2011 Equity Incentive Award Plan. Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q dated March 17, 2011.](#)
- *10.9 [Form of Stock Option Agreement under the 2011 Equity Incentive Award Plan for officers effective September 27, 2011. Incorporated by reference to Exhibit 10.37 to the Annual Report on Form 10-K for the fiscal year ended August 27, 2011.](#)

[Table of Contents](#)

- *10.10 [AutoZone, Inc. Enhanced Severance Pay Plan. Incorporated by reference to Exhibit 10.12 to the Annual Report on Form 10-K for the fiscal year ended August 27, 2022.](#)
- *10.11 [Form of Stock Option Agreement under the 2011 Equity Incentive Award Plan for certain executive officers effective September 27, 2011. Incorporated by reference to Exhibit 10.38 to the Annual Report on Form 10-K for the fiscal year ended August 27, 2011.](#)
- *10.12 [Agreement dated January 2, 2024 with Philip B. Daniele, III. Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated January 3, 2024.](#)
- *10.13 [Amended and Restated AutoZone, Inc. Executive Deferred Compensation Plan dated June 13, 2023. Incorporated by reference to Exhibit 10.13 to the Annual Report on Form 10-K for the Fiscal year ended August 26, 2023.](#)
- *10.14 [AutoZone, Inc. Director Compensation Program effective January 1, 2022. Incorporated by reference to Exhibit 10.17 to the Annual Report on Form 10-K for the fiscal year ended August 26, 2023.](#)
- *10.15 [AutoZone, Inc. Director Compensation Program effective January 1, 2024. Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q dated March 15, 2024.](#)
- *10.16 [Amended and Restated AutoZone, Inc. 2011 Equity Incentive Award Plan dated December 16, 2015. Incorporated by reference to Exhibit A to the definitive proxy statement dated October 26, 2015, for the Annual Meeting of Stockholders held December 16, 2015.](#)
- *10.17 [AutoZone, Inc. Sixth Amended and Restated Executive Stock Purchase Plan. Incorporated by reference to Exhibit A to the definitive proxy statement dated October 24, 2016, for the Annual Meeting of Stockholders held December 14, 2016.](#)
- *10.18 [Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under the 2011 Equity Incentive Award Plan for officers effective September 27, 2011. Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q dated December 17, 2018.](#)
- *10.19 [AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated December 17, 2020.](#)
- *10.20 [Form of Grant Notice and Award Agreement for Stock Options granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K dated December 17, 2020.](#)
- *10.21 [Form of Grant Notice and Award Agreement for Restricted Stock Units granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K dated December 17, 2020.](#)
- *10.22 [Form of Grant Notice and Award Agreement for Restricted Stock Units granted to Directors under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K dated December 17, 2020.](#)

[Table of Contents](#)

10.23	<u>Fourth Amended and Restated Credit Agreement dated as of November 15, 2021, among AutoZone, Inc. as Borrower, the lenders party thereto and Bank of America, N.A. as Administrative Agent, incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K dated November 16, 2021.</u>
10.24	<u>First Amendment to Credit Agreement, dated as of November 15, 2022, among AutoZone, Inc. as borrower, the lenders party thereto, Bank of America, N.A., as administrative agent, and JPMorgan Chase Bank, N.A., as syndication agent, incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the fiscal quarter ended November 19, 2022.</u>
*10.25	<u>Amendment No. 1 to the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.34 to the Annual Report on Form 10-K for the fiscal year ended August 28, 2021.</u>
*10.26	<u>Form of Grant Notice and Award Agreement for Stock Options granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.27 to the Annual Report on Form 10-K for the fiscal year ended August 26, 2023.</u>
*10.27	<u>Form of Grant Notice and Award Agreement for Restricted Stock Units granted to Officers under the AutoZone, Inc. 2020 Omnibus Incentive Award Plan. Incorporated by reference to Exhibit 10.28 to the Annual Report on Form 10-K for the fiscal year ended August 26, 2023.</u>
19.1	<u>AutoZone, Inc. Insider Trading Policy.</u>
21.1	<u>Subsidiaries of the Registrant.</u>
23.1	<u>Consent of Independent Registered Public Accounting Firm.</u>
31.1	<u>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.</u>
31.2	<u>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.</u>
**32.1	<u>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.</u>
**32.2	<u>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.</u>
97	<u>AutoZone, Inc. Clawback Policy. Incorporated by reference to Exhibit 97 to the Annual Report on Form 10-K for the fiscal year ended August 26, 2023.</u>
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Document

[Table of Contents](#)

101.LAB	Inline XBRL Taxonomy Extension Labels Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Document
101.DEF	Inline XBRL Taxonomy Extension Definition Document
104	Cover Page Inline XBRL File

* Management contract or compensatory plan or arrangement.

** Certificate of Principal Executive Officer furnished pursuant to Item 601(b)(32)(ii) of Regulation S-K.

c) Financial Statement Schedules

Schedules are omitted because the information is not required or because the information required is included in the financial statements or notes thereto.

Item 16. Form 10-K Summary

None.

[Table of Contents](#)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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/ Philip B. Daniele, III

Philip B. Daniele, III
President and Chief Executive Officer
(Principal Executive Officer)

Dated: October 28, 2024

[Table of Contents](#)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
<u>/s/ PHILIP B. DANIELE, III</u> Philip B. Daniele, III	President and Chief Executive Officer (Principal Executive Officer)	October 28, 2024
<u>/s/ JAMERE JACKSON</u> Jamere Jackson	Chief Financial Officer (Principal Financial Officer)	October 28, 2024
<u>/s/ J. SCOTT MURPHY</u> J. Scott Murphy	Vice President and Controller (Principal Accounting Officer)	October 28, 2024
<u>/s/ WILLIAM C. RHODES, III</u> William C. Rhodes, III	Executive Chairman	October 28, 2024
<u>/s/ MICHAEL A. GEORGE</u> Michael A. George	Director	October 28, 2024
<u>/s/ LINDA A. GOODSPEED</u> Linda A. Goodspeed	Director	October 28, 2024
<u>/s/ EARL G. GRAVES, JR.</u> Earl, G. Graves, Jr.	Director	October 28, 2024
<u>/s/ ENDERSON GUIMARAES</u> Enderson Guimaraes	Director	October 28, 2024
<u>/s/ BRIAN HANNASCH</u> Brian Hannasch	Director	October 28, 2024
<u>/s/ D. BRYAN JORDAN</u> D. Bryan Jordan	Director	October 28, 2024
<u>/s/ GALE V. KING</u> Gale V. King	Director	October 28, 2024
<u>/s/ GEORGE R. MRKONIC, JR.</u> George R. Mrkonic, Jr.	Director	October 28, 2024
<u>/s/ JILL A. SOLTAU</u> Jill A. Soltau	Director	October 28, 2024

