

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2007

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: 1-5690

GENUINE PARTS COMPANY

(Exact name of registrant as specified in its charter)

Georgia

(State or other jurisdiction of
incorporation or organization)

2999 Circle 75 Parkway, Atlanta, Georgia

(Address of principal executive offices)

58-0254510

(I.R.S. Employer
Identification No.)

30339

(Zip Code)

770-953-1700

(Registrant's telephone number, including area code)

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

Title of each class

Common Stock, \$1 par value per share

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 Exchange 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 period 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

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

As of June 30, 2007, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$8,167,294,000 based on the closing sale price as reported on the New York Stock Exchange.

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

Class

Common Stock, \$1 par value per share

165,305,021 shares

Specifically identified portions of the Company's 2007 Annual Report are incorporated by reference into Parts I and II of this Form 10-K and specifically identified portions of the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held on April 21, 2008 are incorporated by reference into Part III of this Form 10-K.

PART I

ITEM 1. BUSINESS.

Genuine Parts Company, a Georgia corporation incorporated on May 7, 1928, is a service organization engaged in the distribution of automotive replacement parts, industrial replacement parts, office products and electrical/electronic materials. In 2007, business was conducted throughout the United States, in Canada and in Mexico from approximately 2,000 locations. As used in this report, the “Company” refers to Genuine Parts Company and its subsidiaries, except as otherwise indicated by the context; and the terms “automotive parts” and “industrial parts” refer to replacement parts in each respective category.

Financial Information about Segments. For financial information regarding segments as well as our geographic areas of operation, refer to “Segment Data” and to Note 9 of Notes to Consolidated Financial Statements, both in the Company’s 2007 Annual Report filed as Exhibit 13 to this report and both incorporated herein by reference.

Competition — General. The distribution business, which includes all segments of the Company’s business, is highly competitive with the principal methods of competition being product quality, sufficiency of inventory, price and the ability to give the customer prompt and dependable service. The Company anticipates no decline in competition in any of its business segments in the foreseeable future.

Employees. As of December 31, 2007, the Company employed approximately 32,000 persons.

Available Information. The Company’s internet website can be found at www.genpt.com. The Company makes available, free of charge through its internet website, access to the Company’s annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statement and other reports, as amended, as soon as reasonably practicable after such material is filed with or furnished to the Securities and Exchange Commission (“SEC”). Additionally, our corporate governance guidelines, codes of conduct and ethics, and charters of the Audit Committee and the Compensation, Nominating and Governance Committee of our Board of Directors, as well as information regarding our director nominating process and our procedure for shareholders to communicate with our Board of Directors, are available on our website. We will furnish copies of all of the above information free of charge upon request to our Corporate Secretary.

In Part III of the Form 10-K, we incorporate certain information by reference to our proxy statement for our 2008 annual meeting of shareholders. We expect to file that proxy statement with the SEC on or about February 29, 2008, and we will make it available through our website as soon as reasonably practicable. Please refer to the proxy statement when it is available.

AUTOMOTIVE PARTS GROUP

The Automotive Parts Group, the largest division of the Company, distributes automotive replacement parts and accessory items. The Company is the largest member, with approximately 95% ownership, of the National Automotive Parts Association (“NAPA”), a voluntary trade association formed in 1925 to provide nationwide distribution of automotive parts. In addition to over 375,000 available part numbers, the Company, in conjunction with NAPA, offers complete inventory, cataloging, marketing, training and other programs in the automotive aftermarket.

During 2007, the Company’s Automotive Parts Group included NAPA automotive parts distribution centers and automotive parts stores (“auto parts stores” or “NAPA AUTO PARTS stores”) owned and operated in the United States by the Company; NAPA and TRACTION automotive parts distribution centers and auto parts stores in the United States and Canada owned and operated by the Company and NAPA Canada/UAP Inc. (“NAPA Canada/UAP”), a wholly-owned subsidiary of the Company; auto parts stores and distribution centers in the United States operated by corporations in which the Company owned either a minority or majority interest; auto parts stores in Canada operated by corporations in which UAP owns a 50% interest; distribution centers in the United States owned by Balkamp, Inc. (“Balkamp”), a majority-owned subsidiary of the Company; rebuilding plants in the United States owned by the Company and operated by its Rayloc division; and automotive parts distribution centers and automotive parts stores in Mexico, owned and operated by Grupo Auto Todo, S.A. de C.V. (“Auto Todo”), a wholly-owned subsidiary of the Company.

Subsequent to December 31, 2007, the Company sold the stock of Johnson Industries, including certain operations owned and operated by Johnson Industries, a wholly-owned subsidiary. Effective February 1, 2008, the Company operates one distribution center under the name JI Chicago, LLC.

The Company has a 15% interest in Mitchell Repair Information (“MRIC”), a subsidiary of Snap-on Incorporated. MRIC is a leading diagnostic and repair information company with over 40,000 North American subscribers linked to its services and information databases. MRIC’s core product, “Mitchell ON-DEMAND,” is a premier electronic repair information source in the automotive aftermarket.

In 2007, the Company was a participant in a joint venture with Altrom Group, an import automotive parts distributor headquartered in Vancouver, British Columbia, Canada. At December 31, 2007, the Company had a 45% interest in Altrom Canada Corp., with 15 Canadian locations. The Company’s interest in Altrom America Corp., with two locations in the United States, was 90%. Effective January 1, 2008, the Company increased its ownership interest in Altrom Canada Corp. and Altrom America Corp. to 100%.

The Company’s NAPA automotive parts distribution centers distribute replacement parts (other than body parts) for substantially all motor vehicle makes and models in service in the United States, including imported vehicles, trucks, SUVs, buses, motorcycles, recreational vehicles and farm vehicles. In addition, the Company distributes replacement parts for small engines, farm equipment and heavy duty equipment. The Company’s inventories also include accessory items for such vehicles and equipment, and supply items used by a wide variety of customers in the automotive aftermarket, such as repair shops, service stations, fleet operators, automobile and truck dealers, leasing companies, bus and truck lines, mass merchandisers, farms, industrial concerns and individuals who perform their own maintenance and parts installation. Although the Company’s domestic automotive operations purchase from more than 90 different suppliers, approximately 53% of 2007 automotive parts inventories were purchased from 10 major suppliers. Since 1931, the Company has had return privileges with most of its suppliers, which has protected the Company from inventory obsolescence.

Distribution System. In 2007, the Company operated 58 domestic NAPA automotive parts distribution centers located in 39 states and approximately 1,100 domestic company-owned NAPA AUTO PARTS stores located in 43 states. At December 31, 2007, Genuine Parts Company owned either a minority or majority interest in three corporations, which operated approximately 22 auto parts stores in three states, and a subsidiary corporation operating three distribution centers in three states.

NAPA Canada/UAP, founded in 1926, is a Canadian leader in the distribution and marketing of replacement parts and accessories for automobiles and trucks. NAPA Canada/UAP employs approximately 3,900 people. The Company operates a network of 12 distribution centers supplying approximately 582 NAPA stores and 94 TRACTION wholesalers. TRACTION is a supplier of parts to small and large fleet owners and operators and, together with NAPA stores, is a significant supplier to the mining and forestry industries. These include approximately 211 company owned stores, 19 joint venture or progressive owners in which NAPA Canada/UAP owns a 50% interest and approximately 446 independently owned stores. NAPA and TRACTION operations supply bannered installers and independent installers in all provinces of Canada, as well as networks of service station and repair shops operating under the banners of national accounts. UAP is a licensee of the NAPA® name in Canada.

In Mexico, Auto Todo owns and operates eight distribution centers, four auto parts stores and four tire centers. Auto Todo is a licensee of the NAPA® name in Mexico.

The Company’s domestic distribution centers serve approximately 4,700 independently owned NAPA AUTO PARTS stores located throughout the market areas served in the United States. NAPA AUTO PARTS stores, in turn, sell to a wide variety of customers in the automotive aftermarket. Collectively, these independent automotive parts stores account for approximately 24% of the Company’s total sales with no automotive parts store or group of automotive parts stores with individual or common ownership accounting for more than 0.25% of the total sales of the Company.

Products. Distribution centers have access to over 375,000 different parts and related supply items. Each item is cataloged and numbered for identification and accessibility. Significant inventories are carried to

provide for fast and frequent deliveries to customers. Most orders are filled and shipped the same day as received. The majority of sales are on terms that require payment within 30 days of the statement date. The Company does not manufacture any of the products it distributes. The majority of products are distributed under the NAPA® name, a mark licensed to the Company by NAPA.

Related Operations. Balkamp distributes a wide variety of replacement parts and accessory items for passenger cars, heavy-duty vehicles, motorcycles and farm equipment. In addition, Balkamp distributes service items such as testing equipment, lubricating equipment, gauges, cleaning supplies, chemicals and supply items used by repair shops, fleets, farms and institutions. Balkamp packages many of the 43,000 products, which constitute the “Balkamp” line of products that are distributed to the members of NAPA. These products are categorized into over 220 different product groups purchased from approximately 600 domestic suppliers and 100 foreign manufacturers. In addition, Balkamp operates two Redistribution Centers that provide NAPA with over 1,000 SKUs of oils, chemicals and procurement items. BALKAMP®, a federally registered trademark, is important to the sales and marketing promotions of the Balkamp organization. Balkamp has four distribution centers located in Indianapolis and Plainfield, Indiana, Greenwood, Mississippi and West Jordan, Utah.

The Company, through its Rayloc division, also operates four facilities where certain small automotive parts are rebuilt or distributed to the members of NAPA under the NAPA® brand name. Rayloc® is a mark licensed to the Company by NAPA.

The Company’s Heavy Vehicle Parts Group operates as TW Distribution, with one location in Atlanta, Georgia, and Traction Heavy Duty parts stores, with seven locations in the United States. This group distributes heavy vehicle parts through the NAPA system and direct to small fleet owners and operators.

Segment Data. In the years ended December 31, 2007 and 2006, sales from the Automotive Parts Group were approximately 49% of the Company’s net sales, as compared to 51% in 2005.

Service to NAPA AUTO PARTS Stores. The Company believes that the quality and the range of services provided to its automotive parts customers constitute a significant advantage for its automotive parts distribution system. Such services include fast and frequent delivery, obsolescence protection, parts cataloging (including the use of electronic NAPA AUTO PARTS catalogs) and stock adjustment through a continuing parts classification system which allows independent retailers (“jobbers”) to return certain merchandise on a scheduled basis. The Company offers its NAPA AUTO PARTS store customers various management aids, marketing aids and service on topics such as inventory control, cost analysis, accounting procedures, group insurance and retirement benefit plans, as well as marketing conferences and seminars, sales and advertising manuals and training programs. Point of sale/inventory management is available through TAMS® (Total Automotive Management Systems), a computer system designed and developed by the Company for the NAPA AUTO PARTS stores.

In association with NAPA, the Company has developed and refined an inventory classification system to determine optimum distribution center and auto parts store inventory levels for automotive parts stocking based on automotive registrations, usage rates, production statistics, technological advances and other similar factors. This system, which undergoes continuous analytical review, is an integral part of the Company’s inventory control procedures and comprises an important feature of the inventory management services that the Company makes available to its NAPA AUTO PARTS store customers. Over the last 10 years, losses to the Company from obsolescence have been insignificant and the Company attributes this to the successful operation of its classification system, which involves product return privileges with most of its suppliers.

Competition. In the distribution of automotive parts, the Company competes with automobile manufacturers (some of which sell replacement parts for vehicles built by other manufacturers as well as those that they build themselves), automobile dealers, warehouse clubs and large automotive parts retail chains. In addition, the Company competes with the distributing outlets of parts manufacturers, oil companies, mass merchandisers, including national retail chains, and with other parts distributors and retailers.

NAPA. The Company is a member of the National Automotive Parts Association, a voluntary association formed in 1925 to provide nationwide distribution of automotive replacement parts. NAPA, which neither buys nor sells automotive parts, functions as a trade association whose members in 2007 operated 64

distribution centers located throughout the United States, 58 of which were owned and operated by the Company. NAPA develops marketing concepts and programs that may be used by its members. It is not involved in the chain of distribution.

Among the automotive lines that each NAPA member purchases and distributes are certain lines designated, cataloged, advertised and promoted as “NAPA” lines. The members are not required to purchase any specific quantity of parts so designated and may, and do, purchase competitive lines from other supply sources.

The Company and the other NAPA members use the federally registered trademark NAPA[®] as part of the trade name of their distribution centers and parts stores. The Company contributes to NAPA’s national advertising program, which is designed to increase public recognition of the NAPA name and to promote NAPA product lines.

The Company is a party, together with other members of NAPA and NAPA itself, to a consent decree entered by the Federal District Court in Detroit, Michigan, on May 4, 1954. The consent decree enjoins certain practices under the federal antitrust laws, including the use of exclusive agreements with manufacturers of automotive parts, allocation or division of territories among several NAPA members, fixing of prices or terms of sale for such parts among such members, and agreements to adhere to any uniform policy in selecting parts customers or determining the number and location of, or arrangements with, auto parts customers.

INDUSTRIAL PARTS GROUP

The Industrial Parts Group distributes industrial replacement parts and related supplies throughout the United States and Canada. This group distributes bearings, mechanical power transmission, industrial automation, hose, hydraulic and pneumatic components, industrial products and material handling products. The Industrial Parts Group continues to enhance communication and process activities through three distinct programs. These programs include: motionindustries.com, an internet-based procurement system; MiSupplierConnect, a manufacturer communication and fulfillment system; and inMotion, an internal employee communication source and operational reporting system.

The Company distributes industrial parts in the United States through Motion Industries, Inc. (“Motion”), headquartered in Birmingham, Alabama. Motion is a wholly-owned subsidiary of the Company. In Canada, industrial parts are distributed by Motion Industries (Canada), Inc. (“Motion Canada”), an operating group in the Company’s North American structure.

During 2007, the Company acquired Jonesboro Bearing & Supply, with two locations; Canco Hose and Fittings, Inc., with one location; Gerrish Bearing Company, with two locations; Meier Transmission, with two locations; and Shuster Corporation, with one location. All of the acquired companies are suppliers of industrial parts and supplies in the United States, with the exception of Canco, which is located in British Columbia, Canada.

As of December 31, 2007, the Industrial Parts Group served more than 100,000 customers in all types of industries located throughout the United States and Canada, including the automotive, food, forest products, primary metal, paper, mining, petrochemical and pharmaceutical industries.

Distribution System. In North America, the Industrial Parts Group operates 470 branches, 10 distribution centers and 35 service centers as of December 31, 2007. The distribution centers stock and distribute more than 80,000 different items purchased from more than 250 different suppliers. The service centers provide hydraulic, hose and mechanical repairs for customers. Approximately 40% of 2007 total industrial product purchases were made from 10 major suppliers. Sales are generated from the Industrial Parts Group’s branches located in 47 states, Puerto Rico and nine provinces in Canada. Each branch has warehouse facilities that stock significant amounts of inventory representative of the lines of products used by customers in the respective market area served.

Motion Canada operates two distribution centers for the 48 Canadian branches serving industrial and agricultural markets.

Products. The Industrial Parts Group distributes a wide variety of products to its customers, primarily industrial concerns, to maintain and operate plants, machinery and equipment. Products include such items as hoses, belts, bearings, pulleys, pumps, valves, chains, gears, sprockets, speed reducers and electric motors. The nature of this group's business demands the maintenance of large inventories and the ability to promptly meet demanding delivery requirements. Virtually all of the products distributed are installed by the customer. Most orders are filled immediately from existing stock and deliveries are normally made within 24 hours of receipt of order. The majority of all sales are on open account.

Supply Agreements. Non-exclusive distributor agreements are in effect with most of the Industrial Parts Group's suppliers. The terms of these agreements vary; however, it has been the experience of the Industrial Parts Group that the custom of the trade is to treat such agreements as continuing until breached by one party or until terminated by mutual consent. The Company has return privileges with most of its suppliers, which has protected the Company from inventory obsolescence.

Segment Data. In the year ended December 31, 2007, sales from the Company's Industrial Parts Group approximated 31% of the Company's net sales, as compared to 30% in 2006 and 29% in 2005.

Competition. The Industrial Parts Group competes with other distributors specializing in the distribution of such items, general line distributors and others who provide similar services. To a lesser extent, the Industrial Parts Group competes with manufacturers that sell directly to the customer.

OFFICE PRODUCTS GROUP

The Office Products Group, operated through S. P. Richards Company ("S. P. Richards"), a wholly owned subsidiary of the Company, is headquartered in Atlanta, Georgia. S. P. Richards is engaged in the wholesale distribution of a broad line of office and other business related products that are used in the daily operation of businesses, schools, offices and institutions. Office products fall into the general categories of computer supplies, imaging products, office furniture, office machines, general office products, school supplies, cleaning and breakroom supplies, and healthcare products.

The Office Products Group is represented in Canada through S. P. Richards Canada, a wholly-owned subsidiary of the Company, and is headquartered near Toronto, Ontario. S. P. Richards Canada services office product resellers throughout Canada from locations in Vancouver, Toronto, Calgary, Edmonton and Winnipeg.

Distribution System. The Office Products Group distributes more than 40,000 items to over 7,000 business product resellers throughout the United States and Canada from a network of 44 distribution centers. This network of strategically located distribution centers provides overnight delivery of the Company's comprehensive product offering. Approximately 55% of the Company's 2007 total office products purchases were made from 10 major suppliers.

The Office Products Group sells strictly to resellers of office products. These resellers include independently owned office product dealers, national office product superstores and mass merchants, large contract stationers, mail order companies, Internet resellers and college bookstores. Resellers are offered comprehensive marketing programs, which include print catalogs and flyers, electronic content for reseller websites, and education and training resources.

Products. The Office Products Group distributes computer supplies including storage media, printer supplies and computer accessories; office furniture including desks, credenzas, chairs, chair mats, partitions, files and computer furniture; office machines including telephones, answering machines, calculators, fax machines, multi-function copiers, printers, digital cameras, laminators and shredders; general office supplies including desk accessories, business forms, accounting supplies, binders, filing supplies, report covers, writing instruments, envelopes, note pads, copy paper, mailroom supplies, drafting supplies and audiovisual supplies; school supplies including bulletin boards, teaching aids and art supplies; healthcare products; janitorial supplies including cleaning supplies, paper towels and trash can liners; and breakroom supplies including napkins, utensils, snacks and beverages. S. P. Richards has return privileges with most of its suppliers, which has protected the Company from inventory obsolescence.

While the Company's inventory includes products from over 400 of the industry's leading manufacturers worldwide, S. P. Richards also markets nine proprietary brands of items. These brands include: SPARCO®, an economical line of office supply basics; Compucessory™, a line of computer accessories; Lorell, a line of office furniture; NATURE SAVER®, an offering of recycled products; Elite Image™, a line of new and remanufactured toner cartridges, specialty paper and labels; Integra, a line of writing instruments; Genuine Joe, a line of cleaning and breakroom products; and Atlantic Breeze and Heat Runner, two lines of climate control products.

Segment Data. In the year ended December 31, 2007, sales from the Company's Office Products Group were approximately 16% of the Company's net sales, as compared to 17% in 2006 and 2005.

Competition. In the distribution of office supplies to retail dealers, S. P. Richards competes with many other wholesale distributors as well as with certain manufacturers of office products.

ELECTRICAL/ELECTRONIC MATERIALS GROUP

The Electrical/Electronic Materials Group was formed on July 1, 1998 through the acquisition of EIS, Inc. ("EIS") headquartered in Atlanta, Georgia. This Group distributes materials to more than 20,000 electrical and electronic manufacturers in North America. With 31 branch locations in the United States, Puerto Rico, the Dominican Republic, Mexico and Canada, this Group distributes over 100,000 items, from insulating and conductive materials to assembly tools and test equipment. EIS also has three manufacturing facilities that provide custom fabricated parts.

Distribution System. The Electrical/Electronic Materials Group provides distribution services to original equipment manufacturers, motor repair shops and assembly markets. EIS actively utilizes its E-commerce Internet site to present its products to customers while allowing these on-line visitors to conveniently purchase from a large product assortment.

Electrical and electronic products are distributed from warehouse locations in major user markets throughout the United States, as well as in Mexico and Canada. The Company has return privileges with some of its suppliers, which has protected the Company from inventory obsolescence.

Products. The Electrical/Electronic Materials Group distributes a wide variety of products to customers from over 350 vendors. These products include custom fabricated flexible materials that are used as components within a customer's manufactured finished product in a variety of market segments. Among the products distributed and fabricated are such items as magnet wire, conductive materials, insulating and shielding materials, assembly tools, test equipment, adhesives and chemicals, pressure sensitive tapes, solder, anti-static products and thermal management products. To meet the prompt delivery demands of its customers, this Group maintains large inventories. The majority of sales are on open account. Approximately 45% of 2007 total Electrical/Electronic Materials Group purchases were made from 10 major suppliers.

Integrated Supply. The Electrical/Electronic Materials Group's integrated supply programs are a part of the marketing strategy, as a greater number of customers—especially national accounts—are given the opportunity to participate in this low-cost, high-service capability. The Group developed AIMS (Advanced Inventory Management System), a totally integrated, highly automated solution for inventory management. The Group's Integrated Supply offering also includes SupplyPro, an electronic vending dispenser used to eliminate costly tool cribs, or in-house stores, at customer warehouse facilities.

Segment Data. In the years ended December 31, 2007 and 2006, sales from the Company's Electrical/Electronic Materials Group approximated 4% of the Company's sales, as compared to 3% in 2005.

Competition. The Electrical/Electronic Materials Group competes with other distributors specializing in the distribution of electrical and electronic products, general line distributors and, to a lesser extent, manufacturers that sell directly to customers.

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ITEM 1A. RISK FACTORS.

Forward-Looking Statements

Some statements in this report, as well as in other materials we file with the SEC or otherwise release to the public and in materials that we make available on our website, constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Senior officers may also make verbal statements to analysts, investors, the media and others that are forward-looking. Forward-looking statements may relate, for example, to our future operations, prospects, strategies, financial condition, economic performance (including growth and earnings), industry conditions and demand for our products and services. The Company cautions that its forward-looking statements involve risks and uncertainties, and while we believe that our expectations for the future are reasonable in view of currently available information, you are cautioned not to place undue reliance on our forward-looking statements. Actual results or events may differ materially from those indicated as a result of various important factors. Such factors include, but are not limited to, those set forth below and in other documents that we file with the SEC.

Forward-looking statements are only as of the date they are made, and the Company undertakes no duty to update its forward-looking statements except as required by law. You are advised, however, to review any further disclosures we make on related subjects in our Form 10-Q, Form 8-K and other reports to the SEC.

Risks Relating to Our Company

We Depend on Our Relationships with Our Vendors.

As a distributor of automotive replacement parts, industrial parts, office products and electrical/electronic materials, our business depends on developing and maintaining close and productive relationships with our vendors. We depend on our vendors to sell us quality products at favorable prices. Many factors outside our control may harm these relationships. For example, financial or operational difficulties with a vendor could cause that vendor to increase the cost of the products we purchase from it. Vendor consolidation could also limit the number of suppliers from which we may purchase products and could materially affect the prices we pay for these products. Also, consolidation among automotive parts or industrial parts and office product suppliers could disrupt our relationship with some vendors. A disruption of our vendor relationships or a disruption in our vendors' operations could have a material adverse effect on our business and results of operations.

Our Business and Results of Operations Could Be Impacted by Certain Laws.

We are subject to various federal, state, local and foreign laws and regulations relating to the operation of our business, such as laws and regulations relating to environmental and employment matters, as well as changes in accounting and taxation guidance. Because such laws and regulations are subject to change without notice, we cannot anticipate the potential costs of compliance. On the other hand, if we fail to comply with existing or future laws or regulations, we may be subject to governmental or judicial fines or sanctions. There can be no assurance that the cost of compliance, or a material failure by us to comply, with these laws and regulations will not have a material adverse effect on us in the future.

Risks Relating to Our Industry

Our Business May Be Impacted by General Economic Conditions and Local, National and Global Events.

Our business and results of operations also may be impacted by general economic conditions, conditions in local markets or other factors that we cannot control, including: job growth and unemployment conditions, industrial output and capacity and capital expenditures, reduction in manufacturing capacity in our targeted geographic markets due to consolidation and the transfer of manufacturing capacity to foreign countries, weather, terrorist acts, pricing pressures of our competitors and customers, shortages of fuel or interruptions in transportation systems, labor strikes, work stoppages, or other interruptions to or difficulties in the employment of labor in the major markets where we operate, changes in interest rates, inflation or currency exchange rates, changes in accounting policies and practices and changes in regulatory policies and practices.

Our Business May Be Materially Affected If Demand for Our Products Slows.

Our business depends on customer demand for the products that we distribute. Demand for these products depends on many factors. With respect to our automotive group, the primary factors are: the number of miles vehicles are driven annually, as higher vehicle mileage increases the need for maintenance and repair; the quality of the vehicles manufactured by the original vehicle manufacturers and the length of the warranty or maintenance offered on new vehicles; the number of vehicles in current service that are six years old and older, as these vehicles are typically no longer under the original vehicle manufacturers' warranty and will need more maintenance and repair than newer vehicles; restrictions on access to diagnostic tools and repair information imposed by the original vehicle manufacturers or by governmental regulation; and the economy generally.

We Face Substantial Competition in the Industries in Which We Do Business.

The industries in which we do business are highly competitive. The sale of automotive and industrial parts, office products and electronic materials is highly competitive and impacted by many factors including name recognition, product availability, customer service, anticipating changing customer preferences, store location, and pricing pressures. Increased competition among distributors of automotive and industrial parts, office products and electronic materials, including internet-related initiatives, could cause a material adverse effect on our results of operations.

In particular, the market for replacement automotive parts is highly competitive and subjects us to a wide variety of competitors. We compete primarily with national and regional auto parts chains, independently owned regional and local automotive parts and accessories stores, automobile dealers that supply manufacturer replacement parts and accessories, mass merchandisers and wholesale clubs that sell automotive products and regional and local full service automotive repair shops. If we are unable to continue to develop successful competitive strategies, including internet related initiatives, or if our competitors develop more effective strategies, we could lose customers and our sales and profits may decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

The Company's headquarters and Automotive Parts Group headquarters are located in two adjacent office buildings owned by the Company in Atlanta, Georgia.

The Company's Automotive Parts Group currently operates 58 NAPA Distribution Centers in the United States distributed among eight geographic divisions. Approximately 90% of the distribution center properties are owned by the Company. At December 31, 2007, the Company operated approximately 1,100 NAPA AUTO PARTS stores located in 43 states, and the Company owned either a minority or majority interest in approximately 22 additional auto parts stores and three distribution centers located in six states. Other than NAPA AUTO PARTS stores located within Company owned distribution centers, the majority of the automotive parts stores in which the Company has an ownership interest were operated in leased facilities. In addition, NAPA Canada/UAP operates 12 distribution centers and approximately 230 automotive parts and TRACTION stores in Canada, and Auto Todo operates eight distribution centers and eight stores and tire centers in Mexico. These operations were operated in leased facilities.

The Company's Automotive Parts Group also operates four Balkamp distribution centers, four Rayloc rebuilding and distribution facilities and one transfer and shipping facility. Finally, Altrom America operates two import parts distribution centers and the Heavy Vehicle Parts Group operates one TW distribution center and seven Traction stores. These operations were operated in leased facilities.

The Company's Industrial Parts Group, operating through Motion and Motion Canada, operates 10 distribution centers, 35 service centers and 470 branches. Approximately 90% of these branches are operated in leased facilities.

The Company's Office Products Group operates 39 facilities in the United States and five facilities in Canada distributed among the Group's five geographic divisions. Approximately 75% of these facilities are operated in leased buildings.

The Company's Electrical/Electronic Materials Group operates in 28 locations in the United States, one location in Puerto Rico, one location in the Dominican Republic, three locations in Mexico and one location in Canada. All of this Group's 34 facilities are operated in leased buildings except one facility, which is owned.

For additional information regarding rental expense on leased properties, see Note 4 of Notes to Consolidated Financial Statements on the Company's 2007 Annual Report.

ITEM 3. LEGAL PROCEEDINGS.

The Company is subject to various legal and governmental proceedings, many involving routine litigation incidental to the businesses, including approximately 1,300 product liability lawsuits resulting from its national distribution of automotive parts and supplies. Many of these involve claims of personal injury allegedly resulting from the use of automotive parts distributed by the Company. While litigation of any type contains an element of uncertainty, the Company believes that its defense and ultimate resolution of pending and reasonably anticipated claims will continue to occur within the ordinary course of the Company's business and that resolution of these claims will not have a material adverse effect on the Company's business, results of operations or financial condition.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

ITEM 4A. EXECUTIVE OFFICERS OF THE COMPANY.

Executive officers of the Company are elected by the Board of Directors and each serves at the pleasure of the Board of Directors until his successor has been elected and has qualified, or until his earlier death, resignation, removal, retirement or disqualification. The current executive officers of the Company are:

Thomas C. Gallagher, age 60, has been President of the Company since 1990, Chief Executive Officer since August 2004 and Chairman of the Board since February 2005. Mr. Gallagher served as Chief Operating Officer of the Company from 1990 until August 2004.

Jerry W. Nix, age 62, was appointed as a director of the Company and elected Vice-Chairman by the Board of Directors in November 2005. He is Executive Vice President-Finance and Chief Financial Officer of the Company, a position he has held since 2000. Previously, Mr. Nix held the position of Senior Vice President-Finance from 1990 to 2000.

Robert J. Susor, age 62, has been the Executive Vice President of the Company since 2003. Mr. Susor previously served as Senior Vice President-Market Development from 1991 to 2003.

Paul D. Donahue, age 51, was appointed Executive Vice President of the Company in August 2007. Previously, Mr. Donahue was President and Chief Operating Officer of S.P. Richards Company from 2004 to 2007 and was Executive Vice President — Sales and Marketing in 2003, the year he joined the Company. Prior to S. P. Richards, Mr. Donahue was President of Sanford North America, a division of Newell Rubbermaid, from 1999 to 2002.

Larry R. Samuelson, age 61, was appointed President of the Automotive Parts Group in January 2004. Mr. Samuelson previously served as President, Chief Operating Officer and Chief Executive Officer of NAPA Canada/UAP Inc. from February 2000 to January 2004.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information Regarding Common Stock

Certain information required by this item is set forth under the heading "Market Price and Dividend Information" in the Company's 2007 Annual Report and is incorporated herein by reference.

Sales of Unregistered Securities

All of our sales of securities in 2007 were registered under the Securities Act of 1933, as amended.

Issuer Purchases of Equity Securities

The following table provides information about the purchases of shares of the Company's common stock during the three month period ended December 31, 2007:

| Period | Total Number of Shares Purchased (1) | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2) | Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs |
|--|--|------------------------------------|--|---|
| October 1, 2007 through October 31, 2007 | 634,003 | \$48.53 | 624,000 | 11,553,976 |
| November 1, 2007 through November 30, 2007 | 745,308 | \$48.13 | 745,308 | 10,808,668 |
| December 1, 2007 through December 31, 2007 | 486,114 | \$47.39 | 483,553 | 10,325,115 |
| Totals | 1,865,425 | \$48.07 | 1,852,861 | 10,325,115 |

- (1) Includes shares surrendered by employees to the Company to satisfy tax withholding obligations in connection with the vesting of shares of restricted stock, the exercise of stock options and/or tax withholding obligations.
- (2) On August 21, 2006, the Board of Directors authorized the repurchase of 15 million shares, and such repurchase plan was announced August 21, 2006. The authorization for this repurchase plan continues until all such shares have been repurchased, or the repurchase plan is terminated by action of the Board of Directors.

ITEM 6. SELECTED FINANCIAL DATA.

Information required by this item is set forth under the heading "Selected Financial Data" in the Company's 2007 Annual Report and is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Information required by this item is set forth under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's 2007 Annual Report and is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Information related to this item is set forth under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in Note 3 of Notes to Consolidated Financial Statements in the Company’s 2007 Annual Report and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item is set forth in “Segment Data”, Consolidated Financial Statements, Notes to Consolidated Financial Statements, in “Report of Independent Registered Public Accounting Firm on the Financial Statements” and under the heading “Quarterly Results of Operations” in the Company’s 2007 Annual Report and is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE .

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Management’s conclusion regarding the effectiveness of disclosure controls and procedures

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of the Company’s management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the Company’s disclosure controls and procedures, as such term is defined in SEC Rule 13a-15(e). Based on that evaluation, the Company’s management, including the CEO and CFO, concluded that the Company’s disclosure controls and procedures were effective, as of the end of the period covered by this report, to provide reasonable assurance that information required to be disclosed in the Company’s reports under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Management’s report on internal control over financial reporting

A report of management’s assessment of our internal control over financial reporting as of December 31, 2007 is set forth under the heading “Management’s Report on Internal Control over Financial Reporting” in the Company’s 2007 Annual Report and is incorporated herein by reference.

Other control matters

There have been no changes in the Company’s internal control over financial reporting during the Company’s fourth fiscal quarter ended December 31, 2007 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information required by this item is set forth under the heading “Nominees for Director”, under the heading “Corporate Governance — Code of Conduct and Ethics”, under the heading “Corporate Governance -Board Committees”, and under the heading “Section 16(a) Beneficial Ownership Reporting Compliance” of the Proxy Statement and is incorporated herein by reference. Certain information required by this Item is

included in and incorporated by reference to Item “4A. Executive Officers of the Company” of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION.

Information required by this item is set forth under the headings “Executive Compensation”, “Additional Information Regarding Executive Compensation”, “2007 Grants of Plan-Based Awards”, “2007 Outstanding Equity Awards at Fiscal Year-End”, “2007 Option Exercises and Stock Vested”, “2007 Pension Benefits”, “2007 Nonqualified Deferred Compensation”, “Post Termination Payments and Benefits”, “Compensation, Nominating and Governance Committee Report”, “Compensation, Nominating and Governance Committee Interlocks and Insider Participation”, and “Audit Committee Report” of the Proxy Statement. All such information in the Proxy Statement is incorporated herein by reference, except that the information contained in the Proxy Statement under the heading “Compensation, Nominating and Governance Committee Report” or under the heading “Audit Committee Report” is specifically not so incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Certain information required by this item is set forth below. Additional information required by this item is set forth under the headings “Security Ownership of Certain Beneficial Owners” and “Security Ownership of Management” of the Proxy Statement and is incorporated herein by reference.

Equity Compensation Plan Information

The following table gives information as of December 31, 2007 about the common stock that may be issued under all of the Company’s existing equity compensation plans:

| Plan Category | (a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights | (b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights | (c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) |
|---|---|---|---|
| Equity Compensation Plans Approved by Shareholders: | 179,027(1) | \$ 30.28 | -0- |
| | 4,819,040(2) | \$ 36.03 | -0- |
| | 1,316,650(3) | \$ 45.73 | 6,636,350(5) |
| Equity Compensation Plans Not Approved by Shareholders: | <u>46,037(4)</u> | n/a | <u>944,543</u> |
| Total | 6,360,754 | — | 7,580,893 |

- (1) Genuine Parts Company 1992 Stock Option and Incentive Plan, as amended
- (2) Genuine Parts Company 1999 Long-Term Incentive Plan, as amended
- (3) Genuine Parts Company 2006 Long-Term Incentive Plan
- (4) Genuine Parts Company Director’s Deferred Compensation Plan, as amended
- (5) All of these shares are available for issuance pursuant to grants of full-value stock awards.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Information required by this item is set forth under the headings “Corporate Governance — Independent Directors” and “Transactions with Related Persons” of the Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Information required by this item is set forth under the heading “Proposal 2. Ratification of Selection of Independent Auditors” of the Proxy Statement and is incorporated herein by reference.

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Documents filed as part of this report

(1) Financial Statements

The following consolidated financial statements of Genuine Parts Company and subsidiaries, included in the Annual Report, are incorporated herein by reference on Form 10-K.

Consolidated balance sheets — December 31, 2007 and 2006

Consolidated statements of income — Years ended December 31, 2007, 2006 and 2005

Consolidated statements of shareholders’ equity — Years ended December 31, 2007, 2006 and 2005

Consolidated statements of cash flows — Years ended December 31, 2007, 2006 and 2005

Notes to consolidated financial statements — December 31, 2007

(2) Financial Statement Schedules.

The following consolidated financial statement schedule of Genuine Parts Company and subsidiaries, set forth immediately following the signature page of this report, is filed pursuant to Item 15(c):

Schedule II — Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(3) Exhibits. The following exhibits are filed as part of this report. The Company will furnish a copy of any exhibit upon request to the Company’s Corporate Secretary.

- | | |
|-------------|---|
| Exhibit 3.1 | Amended and Restated Articles of Incorporation of the Company, as amended April 23, 2007. (Incorporated herein by reference from the Company’s Current Report on Form 8-K, dated April 23, 2007.) |
| Exhibit 3.2 | By-laws of the Company, as amended and restated August 20, 2007. (Incorporated herein by reference from the Company’s Current Report on Form 8-K, dated August 20, 2007.) |
| Exhibit 4.2 | Specimen Common Stock Certificate. (Incorporated herein by reference from the Company’s Registration Statement on Form S-1, Registration No. 33-63874.) |
-

Exhibit 4.3 Note Purchase Agreement, dated November 30, 2001. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 7, 2002.)

Instruments with respect to long-term debt where the total amount of securities authorized thereunder does not exceed 10% of the total assets of the Registrant and its subsidiaries on a consolidated basis have not been filed. The Registrant agrees to furnish to the Commission a copy of each such instrument upon request.

Exhibit 10.1 * Form of Amendment to Deferred Compensation Agreement, adopted February 13, 1989, between the Company and certain executive officers of the Company. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 15, 1989.)

Exhibit 10.2 * 1992 Stock Option and Incentive Plan, effective April 20, 1992. (Incorporated herein by reference from the Company's Annual Meeting Proxy Statement, dated March 6, 1992.)

Exhibit 10.3 * The Genuine Parts Company Tax-Deferred Savings Plan, effective January 1, 1993. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 3, 1995.)

Exhibit 10.4 * Amendment No. 1 to the Genuine Parts Company Tax-Deferred Savings Plan, dated June 1, 1996, effective June 1, 1996. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 7, 2005.)

Exhibit 10.5 * Genuine Parts Company Death Benefit Plan, effective July 15, 1997. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 10, 1998.)

Exhibit 10.6 * Restricted Stock Agreement dated February 25, 1999, between the Company and Thomas C. Gallagher. (Incorporated herein by reference from the Company's Form 10-Q, dated May 3, 1999.)

Exhibit 10.7 * Amendment to the Genuine Parts Company 1992 Stock Option and Incentive Plan, dated April 19, 1999, effective April 19, 1999. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 10, 2000.)

Exhibit 10.8 * Amendment No. 2 to the Genuine Parts Company Tax-Deferred Savings Plan, dated April 19, 1999, effective April 19, 1999. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 10, 2000.)

Exhibit 10.9 * The Genuine Parts Company Original Deferred Compensation Plan, as amended and restated as of August 19, 1996. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 8, 2004.)

Exhibit 10.10 * Amendment to the Genuine Parts Company Original Deferred Compensation Plan, dated April 19, 1999, effective April 19, 1999. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 10, 2000.)

Exhibit 10.11 * Amendment No. 3 to the Genuine Parts Company Tax-Deferred Savings Plan, dated November 28, 2001, effective July 1, 2001. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 7, 2002.)

- Exhibit 10.12 * Genuine Parts Company 1999 Long-Term Incentive Plan, as amended and restated as of November 19, 2001. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 21, 2003.)
- Exhibit 10.13 * Amendment to the Genuine Parts Company 1992 Stock Option and Incentive Plan, dated November 19, 2001, effective November 19, 2001. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 21, 2003.)
- Exhibit 10.14 * Genuine Parts Company Supplemental Retirement Plan, as amended and restated effective January 1, 2003, and executed October 22, 2003. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 8, 2004.)
- Exhibit 10.15 * Amendment No. 1 to the Genuine Parts Company Supplemental Retirement Plan, dated October 27, 2003, effective January 1, 2003. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 8, 2004.)
- Exhibit 10.16 * Amendment No. 4 to the Genuine Parts Company Tax-Deferred Savings Plan, dated June 5, 2003, effective June 5, 2003. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 8, 2004.)
- Exhibit 10.17 * Genuine Parts Company Directors' Deferred Compensation Plan, as amended and restated effective January 1, 2003, and executed November 11, 2003. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 8, 2004.)
- Exhibit 10.18 * Genuine Parts Company 2004 Annual Incentive Bonus Plan, effective January 1, 2004. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 7, 2005.)
- Exhibit 10.19 * Description of Director Compensation. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 7, 2005.)
- Exhibit 10.20 * Genuine Parts Company Stock Appreciation Rights Agreement. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 7, 2005.)
- Exhibit 10.21 * Amendment No. 5 to the Genuine Parts Company Tax-Deferred Savings Plan, dated December 28, 2005, effective January 1, 2006. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 3, 2006.)
- Exhibit 10.22 * Amendment No. 2 to the Genuine Parts Company Supplemental Retirement Plan, dated November 9, 2005, effective January 1, 2006. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 3, 2006.)
- Exhibit 10.23 * Amendment No. 3 to the Genuine Parts Company Supplemental Retirement Plan, dated December 28, 2005, effective January 1, 2006. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 3, 2006.)
-

- Exhibit 10.24 * Amendment No. 2 to the Genuine Parts Company Death Benefit Plan, dated November 9, 2005, effective April 1, 2005. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 3, 2006.)
- Exhibit 10.25 * Genuine Parts Company 2006 Long-Term Incentive Plan, effective April 17, 2006. (Incorporated herein by reference from the Company's Current Report on Form 8-K, dated April 18, 2006.)
- Exhibit 10.26 * Amendment to the Genuine Parts Company 2006 Long-Term Incentive Plan, dated November 20, 2006, effective November 20, 2006. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 28, 2007.)
- Exhibit 10.27 * Amendment No. 4 to the Genuine Parts Company Supplemental Retirement Plan, dated November 28, 2007, effective January 1, 2008.
- Exhibit 10.28 * Amendment No. 1 to the Genuine Parts Company Directors' Deferred Compensation Plan, dated November 19, 2007, effective January 1, 2008.
- Exhibit 10.29 * Amendment No. 6 to the Genuine Parts Company Tax-Deferred Savings Plan, dated November 28, 2007, effective January 1, 2008.
- Exhibit 10.30 * Amendment to the Genuine Parts Company 2004 Annual Incentive Bonus Plan, dated March 27, 2007, effective March 27, 2007.
- Exhibit 10.31 * Amendment No. 2 to the Genuine Parts Company 2004 Annual Incentive Bonus Plan, dated November 19, 2007, effective November 19, 2007.
- Exhibit 10.32 * Amendment No. 2 to the Genuine Parts Company 2006 Long-Term Incentive Plan, dated November 19, 2007, effective November 19, 2007.
- Exhibit 10.33 * Genuine Parts Company Performance Restricted Stock Unit Award Agreement.
- Exhibit 10.34 * Genuine Parts Company Restricted Stock Unit Award Agreement.
- Exhibit 10.35 * Specimen Change in Control Agreement, as amended and restated as of November 19, 2007.

* Indicates management contracts and compensatory plans and arrangements.

Exhibit 13 The following sections and pages of the Company's Annual Report to Shareholders for the year ended December 31, 2007:

- Selected Financial Data on Page 13
 - Market and Dividend Information on Page 13
 - Segment Data on Page 15
 - Management's Discussion and Analysis of Financial Condition and Results of Operations on Pages 16-23
 - Quarterly Results of Operations on Page 23
 - Management's Report on Internal Control over Financial Reporting on Page 24
 - Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting on Page 25
 - Report of Independent Registered Public Accounting Firm on the Financial Statements on Page 25
 - Consolidated Financial Statements and Notes to Consolidated Financial Statements on Pages 26-41
-

- Exhibit 21 Subsidiaries of the Company.
- Exhibit 23 Consent of Independent Registered Public Accounting Firm.
- Exhibit 31.1 Certification signed by Chief Executive Officer pursuant to SEC Rule 13a-14(a).
- Exhibit 31.2 Certification signed by Chief Financial Officer pursuant to SEC Rule 13a-14(a).
- Exhibit 32.1 Statement of Chief Executive Officer of Genuine Parts Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002.
- Exhibit 32.2 Statement of Chief Financial Officer of Genuine Parts Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002.

(b) Exhibits

See the response to Item 15(a)(3) above.

(c) Financial Statement Schedules

See the response to Item 15(a)(2) above.

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.

/s/ Dr. Mary B. Bullock 2/18/08
Dr. Mary B. Bullock (Date)
Director

/s/ Jean Douville 2/18/08
Jean Douville (Date)
Director

/s/ George C. Guynn 2/18/08
George C. Guynn (Date)
Director

/s/ Michael M.E. Johns 2/18/08
Michael M. E. Johns (Date)
Director

/s/ Wendy B. Needham 2/18/08
Wendy B. Needham (Date)
Director

/s/ Larry L. Prince 2/18/08
Larry L. Prince (Date)
Director

/s/ Lawrence G. Steiner 2/18/08
Lawrence G. Steiner (Date)
Director

/s/ Richard W. Courts II 2/18/08
Richard W. Courts II (Date)
Director

/s/ Thomas C. Gallagher 2/18/08
Thomas C. Gallagher (Date)
Director

/s/ John D. Johns 2/18/08
John D. Johns (Date)
Director

/s/ J. Hicks Lanier 2/18/08
J. Hicks Lanier (Date)
Director

/s/ Jerry W. Nix 2/18/08
Jerry W. Nix (Date)
Director

/s/ Gary W. Rollins 2/18/08
Gary W. Rollins (Date)
Director

Annual Report on Form 10-K

Item 15(c)

Financial Statement Schedule II — Valuation and Qualifying Accounts

Genuine Parts Company and Subsidiaries

| | Balance at Beginning of Period | Charged to Costs and Expenses | Deductions | Balance at End of Period |
|---|--------------------------------------|-------------------------------------|------------------------------|--------------------------------|
| Year ended December 31, 2005: | | | | |
| Reserves and allowances deducted from asset accounts: | | | | |
| Allowance for uncollectible accounts | \$ 12,792,806 | \$ 16,355,525 | \$(17,762,647) ¹ | \$ 11,385,684 |
| Reserve for facility consolidations | \$ 2,300,000 | — | \$ (720,000) ² | \$ 1,580,000 |
| Year ended December 31, 2006: | | | | |
| Reserves and allowances deducted from asset accounts: | | | | |
| Allowance for uncollectible accounts | \$ 11,385,684 | \$ 16,472,494 | \$ (14,402,108) ¹ | \$ 13,456,070 |
| Reserve for facility consolidations | \$ 1,580,000 | — | \$ (1,580,000) ² | -0- |
| Year ended December 31, 2007: | | | | |
| Reserves and allowances deducted from asset accounts: | | | | |
| Allowance for uncollectible accounts | \$ 13,456,070 | \$ 13,513,715 | \$ (11,448,980) ¹ | \$ 15,520,805 |

1 Uncollectible accounts written off, net of recoveries.

2 Facility Consolidation expense paid.

ANNUAL REPORT ON FORM 10-K

INDEX OF EXHIBITS

The following Exhibits are filed herewith as a part of this Report:

- 10.27* Amendment No. 4 to the Genuine Parts Company Supplemental Retirement Plan, dated November 28, 2007, effective January 1, 2008.
- 10.28* Amendment No. 1 to the Genuine Parts Company Directors' Deferred Compensation Plan, dated November 19, 2007, effective January 1, 2008.
- 10.29* Amendment No. 6 to the Genuine Parts Company Tax-Deferred Savings Plan, dated November 28, 2007, effective January 1, 2008.
- 10.30* Amendment to the Genuine Parts Company 2004 Annual Incentive Bonus Plan, dated March 27, 2007, effective March 27, 2007.
- 10.31* Amendment No. 2 to the Genuine Parts Company 2004 Annual Incentive Bonus Plan, dated November 19, 2007, effective November 19, 2007.
- 10.32* Amendment No. 2 to the Genuine Parts Company 2006 Long-Term Incentive Plan, dated November 19, 2007, effective November 19, 2007.
- 10.33* Genuine Parts Company Performance Restricted Stock Unit Award Agreement.
- 10.34* Genuine Parts Company Restricted Stock Unit Award Agreement.
- 10.35* Specimen Change in Control Agreement, as amended and restated as of November 19, 2007.
- 13 The following sections and pages of the Company's Annual Report to Shareholders for the year ended December 31, 2007:
- Selected Financial Data on Page 13
 - Market and Dividend Information on Page 13
 - Segment Data on Page 15
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 - Management's Report on Internal Control over Financial Reporting on Page 24
 - Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting on Page 25
 - Report of Independent Registered Public Accounting Firm on the Financial Statements on Page 25
 - Consolidated Financial Statements and Notes to Consolidated Financial Statements on Pages 26-41
- 21 Subsidiaries of the Company.
- 23 Consent of Independent Registered Public Accounting Firm.
- 31.1 Certification signed by the Chief Executive Officer pursuant to SEC Rule 13a-14(a).
- 31.2 Certification signed by the Chief Financial Officer pursuant to SEC Rule 13a-14(a).
-

- 32.1 Statement of Chief Executive Officer of Genuine Parts Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Statement of Chief Financial Officer of Genuine Parts Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002.
-

The following Exhibits are incorporated by reference as set forth in Item 15 of this Form 10-K:

- 3.1 Amended and Restated Articles of Incorporation of the Company, amended April 23, 2007.
- 3.2 By-Laws of the Company as amended and restated August 20, 2007.
- 4.2 Specimen Common Stock Certificate.
- 4.3 Note Purchase Agreement dated November 30, 2001.

Instruments with respect to long-term debt where the total amount of securities authorized thereunder does not exceed 10% of the total assets of the Registrant and its subsidiaries on a consolidated basis have not been filed. The Registrant agrees to furnish to the Commission a copy of each such instrument upon request.

- 10.1* Form of Amendment to Deferred Compensation Agreement adopted February 13, 1989, between the Company and certain executive officers of the Company.
- 10.2* 1992 Stock Option and Incentive Plan, effective April 20, 1992.
- 10.3* The Genuine Parts Company Restated Tax-Deferred Savings Plan, effective January 1, 1993.
- 10.4* Amendment No. 1 to the Genuine Parts Company Tax-Deferred Savings Plan, dated June 1, 1996, effective June 1, 1996.
- 10.5* Genuine Parts Company Death Benefit Plan, effective July 15, 1997.
- 10.6* Restricted Stock Agreement dated February 25, 1999, between the Company and Thomas C. Gallagher.
- 10.7* Amendment to the Genuine Parts Company 1992 Stock Option and Incentive Plan, dated April 19, 1999, effective April 19, 1999.
- 10.8* Amendment to the Genuine Parts Company Tax-Deferred Savings Plan, dated April 19, 1999, effective April 19, 1999.
- 10.9* The Genuine Parts Company Original Deferred Compensation Plan, as amended and restated as of August 19, 1996.
- 10.10* Amendment to the Genuine Parts Company Original Deferred Compensation Plan, dated April 19, 1999, effective April 19, 1999.
- 10.11* Amendment No. 3 to the Genuine Parts Company Tax-Deferred Savings Plan, dated November 28, 2001, effective July 1, 2001.
- 10.12* Genuine Parts Company 1999 Long-Term Incentive Plan, as amended and restated as of November 19, 2001.
- 10.13* Amendment to the Genuine Parts Company 1992 Stock Option and Incentive Plan, dated November 19, 2001, effective November 19, 2001.
- 10.14* Genuine Parts Company Supplemental Retirement Plan, as amended and restated effective January 1, 2003, and executed October 22, 2003.
- 10.15* Amendment No. 1 to the Genuine Parts Company Supplemental Retirement Plan, dated October 27, 2003, effective January 1, 2003.
- 10.16* Amendment No. 4 to the Genuine Parts Company Tax-Deferred Savings Plan, dated June 5, 2003, effective June 5, 2003.
- 10.17* Genuine Parts Company Directors' Deferred Compensation Plan, as amended and restated effective January 1, 2003, and executed November 11, 2003.
- 10.18* Genuine Parts Company 2004 Annual Incentive Bonus Plan, effective January 1, 2004.
- 10.19* Description of Director Compensation.
- 10.20* Genuine Parts Company Stock Appreciation Rights Agreement.
- 10.21* Amendment No. 5 to the Genuine Parts Company Tax-Deferred Savings Plan.
- 10.22* Amendment No. 2 to the Genuine Parts Company Supplemental Retirement Plan.
- 10.23* Amendment No. 3 to the Genuine Parts Company Supplemental Retirement Plan.
- 10.24* Amendment No. 2 to the Genuine Parts Company Death Benefit Plan.

- 10.25* Genuine Parts Company 2006 Long-Term Incentive Plan, effective April 17, 2006.
- 10.26* Amendment to the Genuine Parts Company 2006 Long-Term Incentive Plan, dated November 20, 2006, effective November 20, 2006.

* Indicates management contracts and compensatory plans and arrangements.

EXHIBIT 10.27

**AMENDMENT FOUR TO THE
GENUINE PARTS COMPANY
SUPPLEMENTAL RETIREMENT PLAN**

This Amendment to the Genuine Parts Company Supplemental Retirement Plan is adopted by Genuine Parts Company (the "Company"), effective as of the date set forth herein.

WITNESSETH:

WHEREAS, the Company maintains The Genuine Parts Company Supplemental Retirement Plan (the "Plan"), and such Plan is currently in effect;

WHEREAS, the Company desires to amend the Plan; and

WHEREAS, pursuant to Section 6.08 of the Plan, the Company has reserved the right to amend the Plan through action of the Committee;

NOW, THEREFORE, BE IT RESOLVED that the Plan is hereby amended as follows:

1.

Effective January 1, 2006, Section 1.02 is deleted in its entirety and a new Section 1.02 is hereby substituted in lieu thereof as follows:

"1.02 Incorporation of Pension Plan.

The terms of the Genuine Parts Company Pension Plan, as amended and restated effective January 1, 2006 (the "Pension Plan") are hereby incorporated in this Plan by reference. Unless otherwise indicated herein, the provisions of any future amendments to the Pension Plan shall also be incorporated in this Plan by reference. Unless indicated otherwise, capitalized terms used in this Plan shall have the meaning given those terms in the Pension Plan."

2.

Effective January 1, 2008, Section 2.01 is deleted in its entirety and a new Section 2.01 is hereby substituted in lieu thereof as follows:

"2.01 Eligibility.

Except as provided in Section 2.02, any employee of the Employer ("Key Employee") whose annual, regular Earnings are expected to be equal to or greater than the compensation limits of Code Section 401(a)(17) (\$230,000 in 2008) shall participate in this Plan. Upon becoming eligible to participate, a Key Employee must complete and execute a Joinder Agreement in a form satisfactory to the Pension and Benefits Committee of Genuine Parts Company (the "Committee"). Such Joinder Agreement must be completed no later than January 30 following the calendar year in which the Key Employee first accrues a benefit under this Plan. If the Key Employee fails to timely complete the Joinder Agreement, the Key Employee shall not accrue benefits under this Plan until the first day of the calendar year after the completion of the Joinder Agreement. Even though a Key Employee may be a Participant in this Plan, he shall not be entitled to any benefit hereunder unless and until his benefits under the Pension Plan are reduced due to the application of either Section 401(a)(17) or Section 415 of the Code."

3.

Effective January 1, 2008, Section 2.02 is deleted in its entirety and a new Section 2.02 is hereby substituted in lieu thereof as follows:

“2.02 Additional Rules on Eligibility.

- (a) A Key Employee shall not accrue a benefit for any year in which the Key Employee’s annual, regular Earnings are less than the compensation limits of Code Section 401(a)(17). Nevertheless, the Key Employee shall continue to participate in the Plan and shall again accrue a benefit under this Plan during the calendar year in which the Key Employee’s Earnings exceed the Earnings limit in Section 2.01.
- (b) A Key Employee shall be notified in writing by the Committee (or its designee) of his or her initial eligibility to participate in the Plan no later than January 30 following the calendar year in which the Key Employee first accrues a benefit under the Plan. Unless notified in writing by the Committee (or its designee) as described in the preceding sentence, a Key Employee shall not be eligible to participate in the Plan and shall not accrue a benefit under this Plan. Furthermore, the Committee (or its designee) may prohibit any Key Employee from accruing future benefits under this Plan by notifying such Key Employee in writing that his or her accruals under this Plan shall cease. Such freezing of future accruals shall be effective for the next calendar year following the date the written notice is mailed or hand delivered to the Key Employee.”

4.

Effective January 1, 2008, Section 3.02(a) is deleted in its entirety and a new Section 3.02(a) is hereby substituted in lieu thereof as follows:

- “(a) The Employer shall commence payment of the Supplemental Retirement Income on the first day of the seventh month following the Participant’s separation from service with the Employer and such benefit shall continue on a monthly basis for the Participant’s lifetime and for any period thereafter provided for under the form of benefit elected by the Participant. The first payment shall equal to seven months of payments (representing the payment made to the Participant for that month plus the monthly payments for the six months following the Participant’s separation from service with the Employer). For example, if a Participant has a separation from service with the Employer on January 12, the first payment shall be made on August 1 (the first day of the seventh month following January 12). The August 1 payment shall include an amount equal to seven months of payments (representing payments for February, March, April, May, June and July).”

5.

Effective January 1, 2008, Section 3.02(d) is deleted in its entirety and a new Section 3.02(d) is hereby substituted in lieu thereof as follows:

- “(d) A Participant may elect among the following annuity payment options available under the Plan:
 - (i) Life Annuity Option — a monthly Retirement Income payable during the Participant’s lifetime, with payments ceasing upon the Participant’s death.
 - (ii) Joint and 50% Survivor Annuity — a monthly Retirement Income equal to the reduced Actuarial Equivalent of the Life Annuity Option. The Retirement Income shall be
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payable to the Participant for the Participant's life, and upon the Participant's death, 50% of such Retirement Income shall be payable to the Participant's Spouse for the Spouse's life. Such Retirement Income shall cease on the later of the death of the Participant or the death of the Participant's Spouse.

- (iii) Ten Years Certain and Life Option — a monthly Retirement Income equal to the reduced Actuarial Equivalent of the Life Annuity Option. The Retirement Income shall be payable to the Participant during the Participant's lifetime and, in the event of the Participant's death, within a period of ten years after the commencement of benefits, the same monthly amount shall be payable to the Participant's Beneficiary for the remainder of such ten-year period.
- (iv) Joint and Last Survivor Option — a monthly Retirement Income equal to the reduced Actuarial Equivalent of the Life Annuity Option. The Retirement Income shall be payable to the Participant for the Participant's life, and upon the Participant's death, a designated percentage (100%, 75% or 50%) of the Participant's Retirement Income shall be payable to the Participant's Beneficiary for the Beneficiary's life. Such Retirement Income shall cease on the later of the death of the Participant or the death of the Participant's Beneficiary.

The Participant may choose the annuity form of payment at any time prior to the commencement of benefits under the Plan. In the event that the Participant fails to elect a form of payment, then the Supplemental Retirement Income shall be paid in the form of a 50% joint and survivor annuity if the Participant has a Spouse on the separation from service date and in the form of a Life Annuity if the Participant does not have a Spouse on the separation from service date. If the Supplemental Retirement Income is paid in a form other than a Life Annuity, then the amount of such benefit shall be adjusted so that it is the Actuarial Equivalent of the Life Annuity described in Section 3.01."

6.

Effective January 1, 2008, Section 4.02 is deleted in its entirety and a new Section 4.02 is hereby substituted in lieu thereof as follows:

"If a Participant dies after Supplemental Retirement Income Payments have begun hereunder, then the Participant's Beneficiary shall be entitled to only that death benefit, if any, which is in effect at the time of the Participants' death in accordance with the benefit option elected by the Participant."

7.

Effective January 1, 2008, Sections 5.01(a), (b) and (c) are deleted in their entirety and new Sections 5.01(a), (b) and (c) are hereby substituted in lieu thereof as follows:

"5.01 Change of Control.

- (a) In the event there is a Change of Control of Genuine Parts (as defined in Section 5.01(d)), a Participant described below shall receive an immediate lump sum payment of the Participant's Supplemental Retirement Income in lieu of the Supplemental Retirement Income otherwise provided under this Plan.
 - (i) A Participant who terminates employment on account of the Change of Control (as defined below) must have attained age 55 with at least fifteen (15) years of Credited Service for vesting purposes under the Pension Plan on or prior to the Participant's termination of
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employment of account of the Change of Control. Such Participant's lump sum benefit shall be computed as described in Section 5.01(b) below.

- (ii) A Participant (or his or her Beneficiary if the Participant is not living) who does not satisfy the conditions of subparagraph (i) above but who terminated employment prior to the Change of Control and who is receiving or entitled to receive benefits under the Plan following the Change in Control shall receive a lump sum benefit computed as described in Section 5.01(c). However, this subparagraph (ii) shall apply only if both a "Code Section 409A Change in Control" occurs (as defined in Code Section 409A — see Treas. Reg. Section 1.409A-3(i)(5)) and a Change of Control occurs (as defined in Section 5.01(d)).
 - (iii) For purposes of this Section 5.01(a), a Participant's employment shall be considered to have "terminated on account of such Change of Control" if the Participant's employment with the Employer is terminated for any reason (e.g., resignation, involuntary termination, disability, death, etc.) that constitutes a separation from service as defined in Code Section 409A (see Treas. Reg. Section 1.409A-1(h)). Such termination of employment must occur during the two-year period beginning on the date on which the Change in Control occurred.
- (b) The lump sum payment for a Participant described in Section 5.01(a)(i) shall be determined by computing the present value of the Participant's monthly Supplemental Retirement Income as of the date of the Participant's termination of employment on account of the Change of Control (calculated pursuant to the formula set forth in Section 3.01(a)). The present value amount shall be determined using the Applicable Interest Rate and Applicable Mortality Table as defined in Section 4.10 of the Pension Plan (*i.e.*, the interest rate used to compute a lump sum payout from the Pension Plan following a change in control).
- (c) The lump sum payment for a Participant described in Section 5.01(a)(ii) shall be determined by computing the present value of the remaining unpaid monthly Supplemental Retirement Income payments under this Plan using the Applicable Interest Rate and Applicable Mortality Table as defined in Section 4.10 of the Pension Plan (*i.e.*, the interest rate used to compute a lump sum payout from the Pension Plan following a Change of Control) and by assuming such payments begin or continue (as the case may be) immediately following the Change of Control."

8.

Effective January 1, 2008, Section 6.03 is hereby deleted from the Plan and in lieu thereof, the following phrase shall be added:

"Reserved:"

9.

Effective January 1, 2008, a new Section 6.05(c) is hereby added to the Plan as follows:

"(c) Any payments that are not paid pursuant to subsections (a) or (b) above shall be irrevocably forfeited."

10.

Effective January 1, 2008, Section 6.08 is hereby deleted and a new Section 6.08 is hereby substituted in lieu thereof as follows:

6.08 Right to Amend and Terminate.

The Committee reserves the right to modify, alter, amend, or terminate the Plan, at any time and from time to time, without notice, to any extent deemed advisable; provided, however, that no such amendment or termination shall (without the written consent of the Participant, if living, and if not, the Participant's Beneficiary) adversely affect any benefit under the Plan which has accrued with respect to the Participant as of the date of such amendment or termination regardless of whether such benefit is vested or in pay status. Notwithstanding the foregoing, no amendment, modification, alteration, or termination of this Plan may be given effect with respect to any Participant without the consent of such Participant (if living, and if not, the Participant's Beneficiary) if such amendment, modification, alteration, or termination is adopted during the six-month period prior to a Change of Control or during the two-year period following a Change of Control. In addition, no termination shall result in an acceleration of any benefit under this Plan unless such termination complies with the termination and liquidation provisions of Code Section 409A (see Treas. Reg. Section 1.409A-3(j)(4)(ix)). Finally, the Committee may amend the Plan for any purpose to comply with Code Section 409A, including optional Code Section 409A provisions, and may amend the Plan to comply with other required changes in law without the consent of Participants or Beneficiaries and regardless of a prior or subsequent Change in Control.

11.

Effective January 1, 2008, the term "Contingent Annuitant" shall be replaced with the term "Beneficiary" throughout the Plan. As a matter of background, the terms "Contingent Annuitant" and "Beneficiary" were functionally identical for purposes of the Plan.

* * * * *

Except as amended herein, the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, the Pension and Benefits Committee has caused this Amendment to the Plan to be executed on the date shown below, but effective as of the date indicated above.

PENSION AND BENEFITS COMMITTEE

By: /s/ Frank M. Howard
Name Frank M. Howard
Title Chairman
Date: 11/28/07

Attest:
By: _____
Date: _____

EXHIBIT 10.28
AMENDMENT NUMBER ONE TO THE
GENUINE PARTS COMPANY
DIRECTORS' DEFERRED COMPENSATION PLAN

This Amendment to the Genuine Parts Company Directors' Deferred Compensation Plan is adopted by Genuine Parts Company (the "Company"), effective as of the date set forth herein.

WITNESSETH:

WHEREAS, the Company maintains The Genuine Parts Company Directors' Deferred Compensation Plan (the "Plan"), and such Plan is currently in effect;

WHEREAS, the Company desires to amend the Plan; and

WHEREAS, pursuant to Section 7.01 of the Plan, the Company has reserved the right to amend the Plan through action of the Executive Committee to the Board;

NOW, THEREFORE, BE IT RESOLVED that the Plan is hereby amended as follows:

1.

Effective January 1, 2008, Section 3.02 is deleted in its entirety and a new Section 3.02 is hereby substituted in lieu thereof as follows:

3.02 Voluntary Termination of Election Form. A Participant may not terminate his or her Election Form on or after January 1 of the calendar year to which the Election Form relates. On or after January 1, such Election Form shall be irrevocable for all of such calendar year.

2.

Effective January 1, 2008, Section 3.04 is hereby deleted in its entirety and a new Section 3.04 is substituted in lieu thereof as follows:

3.04 Automatic Termination of Election Form. A Participant's Election Form will automatically terminate at the earlier of (i) the Participant's Termination of Service, (ii) a Participant's unforeseeable emergency (as defined in Treas. Reg. 1.409A-3(i)(3)), or (iii) the termination of the Plan in accordance with Code Section 409A (see Treas. Reg. Section 1.409A-3(j)(4)(ix)).

3.

Effective January 1, 2008, Section 4.05(a) is hereby deleted in its entirety and a new Section 4.05(a) is substituted in lieu thereof as follows:

(a) Payment Election. Payment of a Participant's Plan benefits shall be made within ninety (90) days following the Participant's Termination of Service as determined by the Plan Administrator.

4.

Effective January 1, 2008, Section 4.05(b) is hereby deleted in its entirety and a new Section 4.05(b) is substituted in lieu thereof as follows:

- (b) Optional Forms of Payment. Distributions from Participant Accounts (either in cash or in Common Stock) may be paid to the Participant either in a lump sum or in a number of approximately equal annual installments designated by the Participant on the Participant's initial Election Form. Such annual installments may be for 5 years, 10 years or 15 years. The method of payment (*e.g.*, in lump sum or installments) elected on the Participant's initial Election Form will apply to all amounts (including future deferrals) held in both the Variable Rate Sub-Account and Stock Sub-Account. If a Participant elects to receive a distribution of his or her Account in cash installments, the Plan Administrator may purchase an annuity from an insurance company which annuity will pay the Participant the desired annual installments. If the Plan Administrator purchases an annuity contract, the Director will have no further rights to receive payments from the Company or the Plan with respect to the amounts subject to the annuity. If the Plan Administrator does not purchase an annuity contract, the value of the Account remaining unpaid shall continue to receive allocations of return as provided in Section 4.03 and Section 4.04. If the Participant fails to designate a payment method in the Participant's initial Election Form, the Participant's Account shall be distributed in a lump sum.

5.

Effective January 1, 2008, Section 4.05(d) is hereby deleted in its entirety and a new Section 4.05(d) is substituted in lieu thereof as follows:

- (d) Irrevocable Election. A Participant may not elect a different payment commencement date for each year's Fees deferred under the Plan. In addition, a Participant may not elect a different payment form for each year's Fees deferred under the Plan. The payment commencement date and payment form elected or deemed elected on the Participant's initial Election form shall be irrevocable.

6.

Effective January 1, 2008, Section 4.05(e) is hereby deleted in its entirety and a new Section 4.05(e) is substituted in lieu thereof as follows:

- (e) Acceleration of Payment. The Plan Administrator may involuntarily cash out a Participant's interest in this Plan in a single lump sum cash payment following the Participant's Termination of Service if the following criteria are satisfied:
- (i) The Plan Administrator determines in writing to involuntarily cash out the Participant (such writing must be completed before the payment is distributed);
 - (ii) The payment results in the termination and liquidation of the Participant's entire interest under this Plan as well as under any agreement, program, or arrangement that is aggregated with this Plan under Treas. Reg. Section 1.409A-1(c)(2); and
 - (iii) The lump sum cash payment is not greater than the applicable dollar amount under Section 402(g)(1)(B) (the maximum permissible 401(k) contribution — not including catch-up contributions).
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7.

Effective January 1, 2008, Section 4.05(f) is hereby deleted in its entirety and a new Section 4.05(f) is substituted in lieu thereof as follows:

- (f) Payment to Beneficiary. Upon the Participant's death, all unpaid amounts held in the Participant's Account shall be paid to the Participant's Beneficiary in the same benefit payment form the Participant elected on the Election Form and in accordance with the payment distribution rules set forth in the Plan. Such payment will commence to be paid no later than the ninetieth (90th) day following the Participant's death as determined by the Plan Administrator.

8.

Effective January 1, 2008, Section 4.06 is hereby deleted in its entirety and a new Section 4.06 is substituted in lieu thereof as follows:

- 4.06 Unforeseeable Emergency. The Plan Administrator may, in its sole discretion, accelerate the making of payment to a Participant of an amount reasonably necessary to handle an unforeseeable emergency (as defined in Treas. Reg. Section 1.409A-3(i)(3)). Such payment may be made even if the Participant has not incurred a Termination of Service. All unforeseeable emergency distributions shall be made in cash in a lump sum. Such payments will be made on a first-in, first-out basis so that the oldest Fees deferred under the Plan shall be deemed distributed first in an unforeseeable emergency.

9.

Effective January 1, 2008, the following is added to the end of Section 4.07 as follows:

"In no event shall this Section 4.07 delay the payment of benefits or alter the form of benefits otherwise provided under this Plan."

10.

Effective January 1, 2008, Section 4.08 is hereby deleted in its entirety and a new Section 4.08 is substituted in lieu thereof as follows:

- 4.08 Application for Benefits. The Plan Administrator may require a Participant or Beneficiary to complete and file certain forms as a condition precedent to receiving the payment of benefits. The Plan Administrator may rely upon all such information given to it, including the Participant's current mailing address. It is the responsibility of all persons interest in receiving a distribution pursuant to the Plan to keep the Plan Administrator informed of their current mailing addresses. In no event shall this Section 4.08 delay the payment of benefits or alter the form of benefits otherwise provided under this Plan.

11.

Effective January 1, 2008, Section 7.01 is hereby deleted in its entirety and a new Section 7.01 is substituted in lieu thereof as follows:

7.01 Amendment and Termination. The Committee reserves the right to modify, alter, amend, or terminate the Plan, at any time and from time to time, without notice, to any extent deemed advisable; provided, however, that no such amendment or termination shall (without the written consent of the Participant, if living, and if not, the Participant's Beneficiary) adversely affect any benefit under the Plan which has accrued with respect to the Participant or Beneficiary as of the date of such amendment or termination regardless of whether such benefit is in pay status. Notwithstanding the foregoing, no amendment (other than an amendment to increase the number of Common Stock units available under the Plan — see Section 4.03(b)), modification, alternation, or termination of the Plan may be given effect with respect to any Participant without the consent of such Participant if such amendment, modification, alteration, or termination is adopted during the six-month period prior to a Change of Control or during the two-year period following a Change in Control. In addition, no termination shall result in an acceleration of any benefit under this Plan unless such termination complies with the termination and liquidation provisions of Code Section 409A (see Treas. Reg. Section 1.409A-3(j)(4)(ix)). Finally, the Committee or the Plan Administrator may amend the Plan for any purpose to comply with Code Section 409A, including optional Code Section 409A provisions, and may amend the Plan to comply with other required changes in law without the consent of Participants or Beneficiaries and regardless of a prior or subsequent Change in Control.

12.

Effective January 1, 2008, Section 8.01 is hereby deleted in its entirety and a new Section 8.01 is substituted in lieu thereof as follows:

8.01 Immediate Payment upon Change of Control. Notwithstanding any other provisions in the Plan, in the event there is a Change of Control of the Company as defined in Section 8.03, any Participant whose service is terminated on account of such Change of Control shall receive an immediate lump sum payment of the Participant's Account balances. For purposes of this Section 8.01, a Participant's service shall be considered to have "terminated on account of such Change of Control" only if the Participant's service on the Board is terminated without cause during the two-year period following the Change of Control.

13.

Effective January 1, 2008, Section 8.02 is hereby deleted in its entirety and a new Section 8.02 is substituted in lieu thereof as follows:

8.02 Acceleration of Installment Distributions. Notwithstanding any other provisions in the Plan, in the event there is a Change of Control as defined in Section 8.03 and a Code Section 409A Change of Control of the Company as defined in Code Section 409A (see Treas. Reg. Section 1.409A-3(i)(5)), any Participant who has commenced receiving installment distributions from the Company (other than from an annuity contract purchased from an insurance company) shall immediately receive a lump sum payment in an amount equal to the unpaid balance of the Participant's Accounts.

14.

Effective January 1, 2008, the following is added to the end of Section 9.03 as follows:

However, such rights shall not be greater than those rights held by the Company immediately prior to such transaction.

15.

Effective January 1, 2008, Section 9.04 is hereby deleted in its entirety and a new Section 9.04 is substituted in lieu thereof as follows:

9.04 Release. Any payment to Participant or Beneficiary, or to their legal representatives, in accordance with the provisions of the Plan, shall to the extent thereof be in full satisfaction of all claims hereunder against the Committee, the Plan Administrator and the Company, any of whom may require such Participant, Beneficiary, or legal representative, as a condition precedent to such payment, to execute a receipt and release therefor in such form as shall be determined by the Plan Administrator, the Committee, or the Company, as the case may be. If the Plan Administrator, Committee or the Company request that a Participant, Beneficiary or legal representative sign a release and such individual fails to sign such release within 60 days of the Participant's Termination of Service, all payments under this Plan shall be deemed forfeited.

16.

Effective January 1, 2008, Section 9.06 is hereby deleted from the Plan and in lieu thereof, the following phrase shall be added:

"9.06 Six Month Wait for Specified Employees. In the extremely rare circumstance in which a Participant is also a "specified employee" (as defined in Treas. Reg. Section 1.409A-1(i)), the payment of any benefit under this Plan shall not be made until the first day of the seventh month following the Participant's Termination of Service with the Company."

Except as amended herein, the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, the Company has caused this Amendment to the Plan to be executed by its duly authorized officer as of the date first above written.

GENUINE PARTS COMPANY

By: /s/ Carol B. Yancey
Name _____
Title Senior VP-Finance and Corp Sec.

EXHIBIT 10.29
AMENDMENT NUMBER SIX TO THE
GENUINE PARTS COMPANY
TAX-DEFERRED SAVINGS PLAN

This Amendment to the Genuine Parts Company Tax-Deferred Savings Plan is adopted by Genuine Parts Company (the "Company"), effective as of the date set forth herein.

WITNESSETH:

WHEREAS, the Company maintains The Genuine Parts Company Tax-Deferred Savings Plan (the "Plan"), and such Plan is currently in effect;

WHEREAS, the Company desires to amend the Plan; and

WHEREAS, pursuant to Section 7.01 of the Plan, the Company has reserved the right to amend the Plan through action of the Committee;

NOW, THEREFORE, BE IT RESOLVED that the Plan is hereby amended as follows:

1.

Effective January 1, 2008, the definition of Bonus as set forth in Article 2 is deleted in its entirety and a new definition of Bonus is hereby substituted in lieu thereof as follows:

"Bonus. Bonus means compensation pursuant to a Company bonus program for executives and other key employees. The amount of the bonus or the entitlement to the bonus must be contingent on the satisfaction of preestablished organizational or individual performance criteria relating to a performance period of at least 12 consecutive months. Organizational or individual performance criteria are considered preestablished if they are set forth in writing not later than 90 days after January 1 of the calendar year the Bonus is earned (i.e., ninety days after the first day of the performance period). The outcome of the organizational or individual performance criteria must be substantially uncertain at the time the criteria are established.

The term Bonus does not include extraordinary payments to a Participant and does not include a Participant's wages or salary."

2.

Effective January 1, 2008, the definition of Termination of Service as set forth in Article 2 is deleted in its entirety and a new definition of Termination of Service is hereby substituted in lieu thereof as follows:

"Termination of Service. A Key Employee who has ceased to serve as an employee of the Company for any reason and that constitutes a separation from service as defined in Code Section 409A (see Treas. Reg. Section 1.409A-1(h))."

3.

Effective January 1, 2008, Section 3.01(c) is deleted in its entirety and a new Section 3.01(c) is hereby substituted in lieu thereof as follows:

- (c) Requirement of Continuous Employment Prior to Completion of Election Form. Notwithstanding paragraph (b), to be eligible to complete an Election Form, a Key Employee
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must be continuously employed by the Company beginning January 1 of the calendar year in which the Bonus is deferred and continuing until the Key Employee completes an irrevocable Election Form.

4.

Effective January 1, 2008, Section 3.01(d) is deleted in its entirety and a new Section 3.01(d) is hereby substituted in lieu thereof as follows:

“(d) Voluntary Termination of Election Form. A Participant may not terminate his or her Election Form. Such Election Form shall be irrevocable.”

5.

Effective January 1, 1993, Section 3.01(e) is deleted in its entirety and a new Section 3.01(e) is hereby substituted in lieu thereof as follows:

“(e) No Continuation of Election Form. An Election Form shall be irrevocable. However, each calendar year a Participant must complete a new Election Form pursuant to the rules of this Article 3 to defer a Bonus for such calendar year. An Election Form in place for one calendar year shall not apply to a different calendar year.”

6.

Effective January 1, 2008, Section 3.01(f) is deleted in its entirety and a new Section 3.01(f) is hereby substituted in lieu thereof as follows:

“(f) Automatic Termination of Election Form. The Participant’s Election Form will automatically terminate at the earliest of (i) the Participant’s Termination of Service, (ii) a Participant’s hardship distribution pursuant to Treas. Reg. Section 1.401(k)-1(d)(3), or (iii) the termination of the Plan in accordance with Code Section 409A (See Treas. Reg. Section 1.409A-3(j)(4)(ix).

For example, if a Participant receives a hardship distribution under the terms of the Genuine Partnership Plan (a plan subject to Code Section 401(k)), the Participant’s Election Form for the calendar year in which the hardship occurred shall automatically terminate. Following such a hardship, a Participant may not make a new Election Form under this Plan for six months following the hardship distribution. Accordingly, a hardship distribution received on April 1, 2008 would terminate the 2008 Election Form and a new Election Form could not be made until October 1, 2008 (for the 2009 calendar year).”

7.

Effective January 1, 2008, Section 4.01 is deleted in its entirety and a new Section 4.01 is hereby substituted in lieu thereof as follows:

“4.01 Deferred Bonus. A Key Employee may elect to defer any dollar amount or percentage of his or her Bonus in accordance with the terms of the Plan and the Election Form. For bookkeeping purposes, the amount of the Bonus which the Key Employee elects to defer pursuant to this Plan shall be transferred to and held in individual Accounts.”

8.

Effective January 1, 2007, Section 4.03(a) is deleted in its entirety and a new Section 4.03(a) is hereby substituted in lieu thereof as follows:

“(a) Commencement of Payments. Payment of Plan benefits shall commence to be distributed on the first day of the seventh month following the Participant’s Termination of Service with the Company. For example, if a Participant has a Termination of Service on January 12, payment of plan benefits shall commence on August 1 (the first day of the seventh month following January 12).”

9.

Effective January 1, 2007, Section 4.03(c) is deleted in its entirety and a new Section 4.03(c) is hereby substituted in lieu thereof as follows:

“(c) Payment Form Election.

- (i) General Rule. A Participant may elect one payment form for all amounts deferred under this Plan. Such election shall be made on the Participant’s initial Election Form and is irrevocable for all subsequent deferrals and Election Forms.
- (ii) Payment Form Elections Prior to January 1, 2007. Prior to January 1, 2007, a Participant could elect a different payment form for each Bonus deferred under this Plan. The Committee shall establish sub-accounts within a Participant’s Account (to the extent necessary) to identify the portion of a Participant’s Account that will be distributed in the form the Participant designated in the Election Form.
- (iii) 2007 Payment Form Election. During 2007, Participants in the Plan were permitted to change a prior Payment Form pursuant to a transition rule in Code Section 409A. Such elections were irrevocable. The most recent Payment Form in effect for such Participants for the 2007 calendar year shall apply to all subsequent deferrals under this Plan.”

10.

Effective January 1, 2008, Section 4.03(d) is deleted in its entirety and a new Section 4.03(d) is hereby substituted in lieu thereof as follows

“(d) Acceleration of Payment. The Committee may involuntarily cash out a Participant’s interest in this Plan in a single lump sum following the Participant’s Termination of Service if the following criteria are satisfied:

- (i) The Committee determines in writing to involuntarily cash out the Participant (such writing must be completed before the payment is distributed).
 - (ii) The payment results in the termination and liquidation of the Participant’s entire interest under this Plan as well as under any agreement, program, or arrangement that is aggregated with this Plan under Treas. Reg. Section 1.409A-1(c)(2); and
 - (iii) The lump sum payment is not greater than the applicable dollar amount under section 402(g)(1)(B) (the maximum permissible 401(k) contribution — not including catch-up contributions).”
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11.

Effective January 1, 2008, Section 4.04 is deleted in its entirety and a new Section 4.04 is hereby substituted in lieu thereof as follows:

"4.04 Financial Hardship. The Committee may, in its sole discretion, accelerate the making of payment to a Participant of an amount reasonably necessary to handle an unforeseeable emergency (as defined in Treas. Reg. Section 1.409A-3(i)(3)). Such payment may be made even if the Participant has not incurred a Termination of Service. All financial hardship distributions shall be made in a lump sum. Such payments will be made on a first-in, first-out basis so that the oldest Bonus deferred under the Plan shall be deemed distributed first in a financial hardship."

12.

Effective January 1, 2008, the following is added to the end of Section 4.05 as follows:

"In no event shall this Section 4.05 delay the payment of benefits or alter the form of benefits otherwise provided under this Plan."

13.

Effective January 1, 2008, Section 4.06 is deleted in its entirety and a new Section 4.06 is hereby substituted in lieu thereof as follows:

"4.06 Application for Benefits. The Committee may require a Participant or Beneficiary to complete and file certain forms as a condition precedent to receiving the payment of benefits. The Committee may rely upon all such information given to it, including the Participant's current mailing address. It is the responsibility of all persons interested in receiving a distribution pursuant to the Plan to keep the Committee informed of their current mailing addresses. In no event shall this Section 4.06 delay the payment of benefits or alter the form of benefits otherwise provided under this Plan."

14.

Effective January 1, 2008, the following is added to the end of Section 4.07 as follows:

"See definition of "Beneficiary" in Article 2"

15.

Effective January 1, 2008, Section 7.01 is deleted in its entirety and a new Section 7.01 is hereby substituted in lieu thereof as follows:

"7.01 The Committee reserves the right to modify, alter, amend, or terminate the Plan, at any time and from time to time, without notice, to any extent deemed advisable; provided, however, that no such amendment or termination shall (without the written consent of the Participant, if living, and if not, the Participant's Beneficiary) adversely affect any benefit under the Plan which has accrued with respect to the Participant or Beneficiary as of the date of such amendment or termination regardless of whether such benefit is in pay status. Notwithstanding the foregoing, no amendment, modification, alteration, or termination of this Plan may be given effect with respect to any Participant without the consent of such Participant if such amendment, modification, alteration, or termination is adopted during the six-month period prior to a Change of Control or during the two-year period following a Change of Control. In addition, no termination shall result in an acceleration of any benefit under this Plan unless such termination complies with the termination and liquidation provisions of Code

Section 409A (see Treas. Reg. Section 1.409A-3(j)(4)(ix)). Finally, the Committee may amend the Plan for any purpose to comply with Code Section 409A, including optional Code Section 409A provisions, and may amend the Plan to comply with other changes in law without the consent of Participants or Beneficiaries and regardless of a prior or subsequent Change in Control.”

16.

Effective January 1, 2008, Section 8.01(a) and Section 8.01(b) are deleted in its entirety and a new Section 8.01(a) and Section 8.01(b) are hereby substituted in lieu thereof as follows:

- “(a) Notwithstanding any other provision in this Plan, in the event there is a Change of Control of the Company as defined in subsection (c) of this Section 8.01, any Participant who has a Termination of Service during the two-year period beginning on the date on which the Change of Control occurs, shall receive an immediate lump sum payment of the Participant’s Account balance.
- (b) Notwithstanding any other provisions in this Plan, in the event there is both (i) a Change of Control of the Company as defined in subsection (c) of this Section 8.01 and a Code Section 409A Change of Control of the Company as defined in Code Section 409A (see Treas. Reg. Section 1.409A-3(i)(5)), any Participant who has commenced receiving installment distributions from the Company (other than from an annuity contract purchased from an insurance company) shall immediately receive a lump sum payment in an amount equal to the unpaid balance of the Participant’s Account.”

17.

Effective January 1, 2008, the following is added to the end of Section 9.03 as follows:

“However, such rights shall not be greater than those rights held by the Company immediately prior to such transaction.”

18.

Effective January 1, 2008, Section 9.04 is hereby deleted in its entirety and a new Section 9.04 is substituted in lieu thereof as follows:

“9.04 Release. Any payment to Participant or Beneficiary, or to their legal representatives, in accordance with the provisions of the Plan, shall to the extent thereof be in full satisfaction of all claims hereunder against the Committee and the Company, any of whom may require such Participant, Beneficiary, or legal representative, as a condition precedent to such payment, to execute a receipt and release therefor in such form as shall be determined by the Committee, or the Company, as the case may be. If the Committee or the Company request that a Participant, Beneficiary or legal representative sign a release and such individual fails to sign such release within 60 days of the Participant’s Termination of Service, all payments under this Plan shall be deemed forfeited.”

19.

Effective January 1, 2008, Section 9.06 is hereby deleted from the Plan and in lieu thereof, the following phrase shall be added:

“Reserved.”

EXHIBIT 10.30
AMENDMENT TO
THE GENUINE PARTS COMPANY
2004 ANNUAL INCENTIVE BONUS PLAN

This Amendment to the 2004 Annual Incentive Bonus Plan (the "Plan") is made and entered into this 27th day of March 2007, by Genuine Parts Company (the "Company").

Pursuant to a resolution of the Compensation, Nominating and Governance Committee of the Board of Directors of the Company, in accordance with Article 6 of the Plan, the Plan is hereby amended as follows:

1. By deleting the definition of "Retirement" in Section 2.1 and replacing it with the following:
"Retirement. A Participant's voluntary termination of employment with the Company or a Subsidiary after attaining age 65."
2. Except as specifically set forth herein, the terms of the Plan shall remain in full force and effect as prior to this amendment.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized officer as of the date first above written.

GENUINE PARTS COMPANY

By: /s/ Carol B. Yancey
Name: Carol B. Yancey
Title: Senior VP Finance and Corporate Secretary

EXHIBIT 10.31

**SECOND AMENDMENT TO THE GENUINE PARTS COMPANY
2004 ANNUAL INCENTIVE BONUS PLAN**

This Second Amendment to the 2004 Annual Incentive Bonus Plan (the "Plan") was adopted on November 19, 2007 by the Compensation, Nominating and Governance Committee of the Board of Directors of Genuine Parts Company (the "Company").

The Plan is hereby amended, effective as of November 19, 2007, as follows:

1. By deleting Section 5.6 in its entirety and replacing it with the following:
"5.6 PAYOUT FORM AND TIMING. Incentive Bonuses will be made not later than March 15 of the calendar year following the Plan Year, and as soon as possible after the audited results for the Company are available for the Plan Year. Notwithstanding the above, the Committee may, in its discretion, reduce the amount of an Incentive Bonus otherwise payable to one or more Participants under the Plan."
2. Except as specifically set forth herein, the terms of the Plan shall remain in full force and effect as prior to this amendment.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized officer as of the date first above written.

GENUINE PARTS COMPANY

By: /s/ Carol B. Yancey
Name: Carol B. Yancey
Title: Senior VP Finance and Corporate Secretary

EXHIBIT 10.32

**SECOND AMENDMENT TO THE GENUINE PARTS COMPANY
2006 LONG-TERM INCENTIVE PLAN**

This Second Amendment to the 2006 Long-Term Incentive Plan (the "Plan") was adopted on November 19, 2007 by the Compensation, Nominating and Governance Committee of the Board of Directors of Genuine Parts Company (the "Company").

The Plan is hereby amended, effective as of November 19, 2007, as follows:

1. By adding the following parenthetical to the end of the first sentence of Section 14.7 and 14.8:

"(unless a later date is required by Section 17.4 hereof),"

2. By deleting Section 17.4 in its entirety and replacing it with the following:

(a) Notwithstanding anything in the Plan or in any Award Certificate to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable or distributable under the Plan or any Award Certificate by reason of the occurrence of a Change in Control, or the Participant's Disability or separation from service, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless (i) the circumstances giving rise to such Change in Control, Disability or separation from service meet any description or definition of "change in control event", "disability" or "separation from service", as the case may be, in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition), or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A of the Code by reason of the short-term deferral exemption or otherwise. This provision does not prohibit the *vesting* of any Award upon a Change in Control, Disability or separation from service, however defined. If this provision prevents the payment or distribution of any amount or benefit, such payment or distribution shall be made on the next earliest payment or distribution date or event specified in the Award Certificate that is permissible under Section 409A.

(b) If any one or more Awards granted under the Plan to a Participant could qualify for any separation pay exemption described in Treas. Reg. Section 1.409A-1(b)(9), but such Awards in the aggregate exceed the dollar limit permitted for the separation pay exemptions, the Company (acting through the Committee or the Head of Human Resources) shall determine which Awards or portions thereof will be subject to such exemptions.

(c) Notwithstanding anything in the Plan or in any Award Certificate to the contrary, if any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable or distributable under this Plan or any Award Certificate by reason of a Participant's separation from service during a period in which the Participant is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Committee under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes):

(i) if the payment or distribution is payable in a lump sum, the Participant's right to receive payment or distribution of such non-exempt deferred compensation will be delayed until the earlier of the Participant's death or the first day of the seventh month following the Participant's separation from service; and

(ii) if the payment or distribution is payable over time, the amount of such non-exempt

deferred compensation that would otherwise be payable during the six-month period immediately following the Participant's separation from service will be accumulated and the Participant's right to receive payment or distribution of such accumulated amount will be delayed until the earlier of the Participant's death or the first day of the seventh month following the Participant's separation from service, whereupon the accumulated amount will be paid or distributed to the Participant and the normal payment or distribution schedule for any remaining payments or distributions will resume.

For purposes of this Plan, the term "Specified Employee" has the meaning given such term in Code Section 409A and the final regulations thereunder, *provided, however*, that, as permitted in such final regulations, the Company's Specified Employees and its application of the six-month delay rule of Code Section 409A(a)(2)(B)(i) shall be determined in accordance with rules adopted by the Board or any committee of the Board, which shall be applied consistently with respect to all nonqualified deferred compensation arrangements of the Company, including this Plan.

(d) Eligible Participants who are service providers to an Affiliate may be granted Options or SARs under this Plan only if the Affiliate qualifies as an "eligible issuer of service recipient stock" within the meaning of §1.409A-1(b)(5)(iii)(E) of the final regulations under Code Section 409A.

3. Except as specifically set forth herein, the terms of the Plan shall remain in full force and effect as prior to this amendment.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized officer as of the date first above written.

GENUINE PARTS COMPANY

By: _____ /s/ Carol B. Yancey
Name: Carol B. Yancey
Title: Senior VP Finance and Corporate Secretary

EXHIBIT 10.33

PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT

Non-transferable

GRANT TO

("Grantee")

by Genuine Parts Company (the "Company") of

Performance Restricted Stock Units

convertible into shares of its Stock, par value \$1.00 per share (the "Units").

pursuant to and subject to the provisions of the Genuine Parts Company 2006 Long-Term Incentive Plan (the "Plan") and to the terms and conditions set forth on the following page (the "Terms and Conditions").

Unless accelerated in accordance with the Plan or in the discretion of the Committee, the Units will be earned on December 31, 20__ in accordance with the following schedule:

| Actual Pre-Tax Profit as a Percent of Target* | Actual Pre-Tax Profit* | Actual Units Earned** | Percent of Units Earned** |
|---|------------------------|-----------------------|---------------------------|
| less than 95% | \$XXX | 0 | 0% |
| 95% | \$XXX | XXX | 50% |
| 100% or above | \$XXX | XXX | 100% |

* Pre-tax profit target for the year ending December 31, 20__ is \$XXX

** Straight line interpolation is used to determine percent of Units earned when actual level is between two points.

IN WITNESS WHEREOF, Genuine Parts Company has caused this Agreement to be executed as of the Grant Date, as indicated below.

GENUINE PARTS COMPANY

By: _____
Carol B. Yancey
Sr. Vice President - Finance and Corporate Secretary

Grant Date: _____

Accepted by Grantee: _____

TERMS AND CONDITIONS

1. Grant of Units. Genuine Parts Company (the "Company") hereby grants to the Grantee named on page 1 hereof ("Grantee"), subject to the restrictions and the other terms and conditions set forth in the Genuine Parts Company 2006 Long-Term Incentive Plan (the "Plan") and in this award agreement (this "Agreement"), the right to earn on December 31, 2007 the maximum number of restricted stock units indicated on page 1 hereof which, if and to the extent earned (the "Units"), will represent the right to receive an equal number of shares of the Company's \$1.00 par value Stock ("Stock") on the terms set forth in this Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

2. Vesting of Units. The Units will be credited to a bookkeeping account on behalf of Grantee. The Units will vest and become non-forfeitable on the earliest to occur of the following (the "Vesting Date"):

- (a) December 31, 2011,
- (b) The date of Grantee's Retirement* after December 31, 2007, or
- (c) The date of Grantee's termination of employment due to death or Disability, or
- (d) The effective date of a Change in Control.

If Grantee's employment terminates prior to the Vesting Date for any reason other than as described in (b) or (c) above, Grantee shall forfeit all right, title and interest in and to the then unvested Units as of the date of such termination and the unvested Units will be reconveyed to the Company without further consideration or any act or action by Grantee.

3. Conversion to Stock. Unless the Units are forfeited prior to the Vesting Date as provided in Paragraph 2 above or deferred pursuant to Paragraph 4 below, the Units will be converted to actual shares of Stock on the earlier of the date set forth in Section 2(a) above or the effective date of a "change in control event" as defined in §1.409A-3(i)(5) of the final regulations under Code Section 409A (the "Conversion Date"). Stock certificates evidencing the conversion of Units into shares of Stock will be registered on the books of the Company in Grantee's name as of the Conversion Date and delivered to Grantee as soon as practical thereafter.

4. Deferral Election. At any time prior to the date that is twelve (12) months prior to the date set forth in Section 2(a) above, Grantee may elect, with respect to any or all of the Units, to defer delivery of the shares of Stock that would otherwise be due on the Conversion Date until the fifth anniversary of the date set forth in Section 2(a), or such later date as may be permitted by the Committee, *provided, however*, that such election will not be effective until the twelve month anniversary of the date such election is made. If such deferral election is made, the Committee shall, in its sole discretion, establish the rules and procedures for such payment deferrals.

5. Limitation of Rights. The Units do not confer to Grantee or Grantee's beneficiary any rights of a shareholder of the Company unless and until Shares are in fact issued to such person in connection with the Units. Nothing in this Agreement shall interfere with or limit in any way the right of the Company or any affiliate to terminate Grantee's service at any time, nor confer upon Grantee any right to continue in the service of the Company or any affiliate.

6. Dividend Equivalents. If any dividends or other distributions are paid with respect to the Company's Stock while the earned Units are outstanding, the dollar amount or fair market value of such dividends or distributions with respect to the number of shares of Stock then underlying the Units shall be converted into additional Units in Grantee's name, based on the Fair Market Value of the Stock as of the date such dividends or distributions were payable, and such additional Units shall be subject to the same forfeiture and transfer restrictions and deferral terms as apply to the Units with respect to which they relate. Upon conversion of the Units into shares of Stock at the Conversion Date or any applicable deferral termination date, Grantee will obtain full voting and other rights as a shareholder of the Company.

7. Restrictions on Transfer. No right or interest of Grantee in the Units may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or an affiliate, or shall be subject to any lien, obligation, or liability of Grantee to any other party other than the Company or an affiliate. The Units are not assignable or transferable by Grantee other than by will or the laws of descent and distribution or pursuant to a domestic relations order that would satisfy Section 414(p)(1)(A) of the Code; but the Committee may permit other transfers.

8. Payment of Taxes. Grantee will, no later than the date as of which any amount related to the Units first becomes includable in Grantee's gross income for federal income tax purposes, pay to the Company, or make other arrangements satisfactory to the Committee regarding payment of, any federal, state and local taxes of any kind (including Grantee's FICA obligation) required by law to be withheld with respect to such amount. The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company, and, where applicable, its subsidiaries will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Grantee.

9. Amendment. The Committee may amend, modify or terminate this Agreement without approval of Grantee; provided, however, that such amendment, modification or termination shall not, without Grantee's consent, reduce or diminish the value of this award determined as if it had been fully vested (i.e., as if all restrictions on the Units hereunder had expired) on the date of such amendment or termination.

10. Plan Controls. The terms contained in the Plan are incorporated into and made a part of this Agreement and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall be controlling and determinative.

11. Successors. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan.

12. Severability. If any one or more of the provisions contained in this Agreement are invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

13. Notice. Notices and communications under this Agreement must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to:

Genuine Parts Company
2999 Circle 75 Parkway

Atlanta, Georgia 30339

Attn: Secretary

or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

*Grantee must have attained the age of 65 to qualify for retirement provision

EXHIBIT 10.34
RESTRICTED STOCK UNIT AWARD AGREEMENT

Non-transferable

GRANT TO

GRANTEE
("Grantee")

by Genuine Parts Company (the "Company") of

1,500 Restricted Stock Units

convertible into shares of its Stock, par value \$1.00 per share (the "Units").

pursuant to and subject to the provisions of the Genuine Parts Company 2006 Long-Term Incentive Plan (the "Plan") and to the terms and conditions set forth on the following page (the "Terms and Conditions").

Unless accelerated in accordance with the Plan or in the discretion of the Committee or further deferred by Grantee, the Units will be converted to shares of Stock on March 27, 2012.

IN WITNESS WHEREOF, Genuine Parts Company has caused this Agreement to be executed as of the Grant Date, as indicated below.

GENUINE PARTS COMPANY

By: _____

Carol B. Yancey
Sr. Vice President -- Finance and Corporate Secretary

Grant Date: March 27, 2007

Accepted by Grantee: _____

TERMS AND CONDITIONS

1. Grant of Units. Genuine Parts Company (the "Company") hereby grants to the Grantee named on page 1 hereof ("Grantee"), subject to the terms and conditions set forth in the Genuine Parts Company 2006 Long-Term Incentive Plan (the "Plan") and in this award agreement (this "Agreement"), the number of restricted stock units (the "Units") indicated on page 1 hereof which represent the right to receive an equal number of shares of the Company's \$1.00 par value Stock ("Stock") on the terms set forth in this Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.
2. Vesting of Units. The Units have been credited to a bookkeeping account on behalf of Grantee. The Units are fully vested and non-forfeitable as of March 27, 2007.
3. Conversion to Stock. Unless the Units are forfeited prior to the Vesting Date as provided in Paragraph 2 above or deferred pursuant to Paragraph 4 below, the Units will be converted to actual shares of Stock on the earlier of the date set forth in Section 2(a) above or the effective date of a "change in control event" as defined in §1.409A-3(i)(5) of the final regulations under Code Section 409A (the "Conversion Date"). Stock certificates evidencing the conversion of Units into shares of Stock will be registered on the books of the Company in Grantee's name as of the Conversion Date and delivered to Grantee as soon as practical thereafter.
4. Limitation of Rights. The Units do not confer to Grantee or Grantee's beneficiary any rights of a shareholder of the Company unless and until Shares are in fact issued to such person in connection with the Units. Nothing in this Agreement shall interfere with or limit in any way the right of the Company or any affiliate to terminate Grantee's service at any time, nor confer upon Grantee any right to continue in the service of the Company or any affiliate.
5. Dividend Equivalents. If any dividends or other distributions are paid with respect to the Company's Stock while the Units are outstanding, the dollar amount or fair market value of such dividends or distributions with respect to the number of shares of Stock then underlying the Units shall be converted into additional Units in Grantee's name, based on the Fair Market Value of the Stock as of the date such dividends or distributions were payable, and such additional Units shall be subject to the same deferral terms as apply to the Units with respect to which they relate. Upon conversion of the Units into shares of Stock at the Conversion Date or any applicable deferral termination date, Grantee will obtain full voting and other rights as a shareholder of the Company.
6. Restrictions on Transfer. No right or interest of Grantee in the Units may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or an affiliate, or shall be subject to any lien, obligation, or liability of Grantee to any other party other than the Company or an affiliate. The Units are not assignable or transferable by Grantee other than by will or the laws of descent and distribution or pursuant to a domestic relations order that would satisfy Section 414(p)(1)(A) of the Code; but the Committee may permit other transfers.
7. Amendment. The Committee may amend, modify or terminate this Agreement without approval of Grantee; provided, however, that such amendment, modification or termination shall not, without Grantee's consent, reduce or diminish the value of this award determined as of the date of such amendment or termination.
8. Plan Controls. The terms contained in the Plan are incorporated into and made a part of this Agreement and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall be controlling and determinative.
9. Successors. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan.
10. Severability. If any one or more of the provisions contained in this Agreement are invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.
11. Notice. Notices and communications under this Agreement must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to:

Genuine Parts Company
2999 Circle 75 Parkway
Atlanta, Georgia 30339
Attn: Secretary

or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

EXHIBIT 10.35

**AMENDED AND RESTATED
CHANGE IN CONTROL AGREEMENT
BETWEEN**

**AND
GENUINE PARTS COMPANY**

CHANGE IN CONTROL AGREEMENT

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CHANGE IN CONTROL AGREEMENT

THIS AMENDED AND RESTATED CHANGE IN CONTROL AGREEMENT (the "Agreement") amends and restates in its entirety as of the 19th day of November, 2007, the Change in Control Agreement by and between Genuine Parts Company, a Georgia corporation (the "Company") and _____ ("Executive"), originally dated as of the ___ day of _____ 2006.

The Board of Directors of the Company (the "Board"), has determined that it is in the best interests of the Company and its shareowners to assure that the Company will have the continued dedication of Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of Executive by virtue of the personal uncertainties and risks created by a threatened or pending Change of Control and to encourage Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control, and to provide Executive with compensation and benefits arrangements upon a Change of Control which ensure that the compensation and benefits expectations of Executive will be satisfied. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Certain Definitions.

(a) The "Effective Date" shall mean the first date during the Change of Control Period (as defined in Section I(b)) on which a Change of Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if Executive's employment with the Company is terminated (either by the Company without Cause or by Executive for Good Reason, as provided later in this Agreement) within six (6) months prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or anticipation of a Change of Control, then for all purposes of this Agreement the "Effective Date" shall mean the date immediately prior to the date of such termination of employment.

(b) The "Change of Control Period" shall mean the period commencing on the original date of this Agreement and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to Executive that the Change of Control Period shall not be so extended.

(c) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and includes a reference to the underlying proposed or final regulations.

2. Change of Control. For the purposes of this Agreement, a "Change of Control" shall mean the occurrence of any of the following events:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the 1934 Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 20% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition by a Person who is on the Effective Date the beneficial owner of 20% or more of the Outstanding Company Voting Securities, (ii) any acquisition directly from the Company, (iii) any acquisition by the Company, (iv) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (v) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this definition; or

(b) individuals who, as of immediately prior to the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) consummation of a reorganization, merger, consolidation or share exchange or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Voting Securities, and (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

3. Employment Period. The Company hereby agrees to continue Executive in its employ, and Executive hereby agrees to remain in the employ of the Company subject to the

terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the second anniversary of such date (the "Employment Period").

4. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, (A) Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date, and (B) Executive's services shall be performed at the location where Executive was employed immediately preceding the Effective Date or any office or location less than 50 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which Executive is entitled, Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to Executive hereunder, to use Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of Executive's responsibilities to the Company.

(b) Compensation.

(i) Base Salary. During the Employment Period, Executive shall receive an annual base salary ("Annual Base Salary") at a rate at least equal to the rate of base salary in effect on the date of this Agreement or, if greater, on the Effective Date, paid or payable (including any base salary which has been earned but deferred) to Executive by the Company and its affiliated companies. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as used in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, Executive shall be awarded for each fiscal year ending during the Employment Period an annual target bonus opportunity in cash at least equal (expressed as a percentage of salary) to Executive's target bonus opportunity for the last full fiscal year prior to the Effective Date (annualized in the event

that Executive was not employed by the Company for the whole of such fiscal year) (the “Target Annual Bonus”).

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide Executive with incentive opportunities, savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) Welfare Benefit Plans. During the Employment Period, Executive and/or Executive’s eligible dependents, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death, vision, employee assistance program, flexible spending accounts and business travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies. Notwithstanding the foregoing, the Company reserves the right to limit the Executive’s participation in any welfare benefit plan and to take any action it deems appropriate under rules uniformly applicable to similarly situated Executives who are also participants in such plans, to ensure compliance with the nondiscrimination requirements imposed by the Code.

(v) Expenses, Fringe Benefits and Paid Time Off. During the Employment Period, Executive shall be entitled to expense reimbursement, fringe benefits and paid time off in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

5. Termination of Employment.

(a) Death or Disability. Executive’s employment shall terminate automatically upon Executive’s death during the Employment Period. If the Company determines in good faith that the Disability of Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to Executive written notice of its intention to terminate Executive’s employment. In such event, Executive’s employment with the Company shall terminate effective on the 30th day after receipt of such written notice by Executive (the “Disability Effective Date”), provided that, within the 30 days after such receipt, Executive shall not have returned to full-time performance of Executive’s

duties. For purposes of this Agreement, "Disability" has the meaning assigned such term in the Company's long-term disability plan, from time to time in effect. At the request of Executive or his personal representative, the Board's determination that the Disability of Executive has occurred shall be certified by two physicians mutually agreed upon by Executive, or his personal representative, and the Company. Failing such independent certification (if so requested by Executive), Executive's termination shall be deemed a termination by the Company without Cause and not a termination by reason of his Disability.

(b) Cause. The Company may terminate Executive's employment during the Employment Period for Cause or without Cause. For purposes of this Agreement, a termination shall be considered to be for "Cause" if it occurs in conjunction with a determination by the Board that Executive has committed or engaged in either (i) any act that constitutes, on the part of Executive, fraud, dishonesty, breach of fiduciary duty, misappropriation, embezzlement or gross misfeasance of duty; (ii) willful disregard of published Company policies and procedures or codes of ethics; or (iii) conduct by Executive in his office with the Company that is grossly inappropriate and demonstrably likely to lead to material injury to the Company, as determined by the Board acting reasonably and in good faith; provided, that in the case of (ii) or (iii) above, such conduct shall not constitute "Cause" unless the Board shall have delivered to Executive notice setting forth with specificity (A) the conduct deemed to qualify as "Cause"; (B) reasonable action that would remedy such objection, and (C) a reasonable time (not less than 30 days) within which Executive may take such remedial action, and Executive shall not have taken such specified remedial action within the specified time.

(c) Good Reason. Executive's employment may be terminated by Executive for Good Reason or without Good Reason. For purposes of this Agreement, "Good Reason" shall mean, without the written consent of Executive:

(i) the assignment to Executive of any duties materially inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect immediately prior to the Effective Date, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by Executive;

(ii) a material reduction by the Company in Executive's Base Salary or Target Annual Bonus, as in effect immediately prior to the Effective Date, as the same may be increased from time to time;

(iii) any failure by the Company to comply with any of the other provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by Executive;

(iv) the Company's requiring Executive to be based at any office or location other than as provided in Section 4(a)(i)(B) hereof;

(v) any failure by the Company to comply with and satisfy Section 13(c) of this Agreement; or

(vi) the material breach by the Company of any other provision of this Agreement;

Good Reason shall not include Executive's death or Disability. Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder. A termination by Executive shall not constitute termination for Good Reason unless Executive shall first have delivered to the Company, within 90 days of the occurrence of the event giving rise to Good Reason, written notice setting forth with specificity the occurrence deemed to give rise to a right to terminate for Good Reason, and there shall have passed a reasonable time (not less than 60 days) within which the Company may take action to correct, rescind or otherwise substantially reverse the occurrence supporting termination for Good Reason as identified by Executive.

(d) Notice of Termination. Any termination by the Company or Executive shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 14(d) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date. The failure by Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company, respectively, hereunder or preclude Executive or the Company, respectively, from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, which may not be less than 60 days after the date of delivery of the Notice of Termination; provided that the Company may specify any earlier Date of Termination, (ii) if the Executive's employment is terminated by the Company for Cause, the date specified in the Notice of Termination, which in the case of a termination for Cause as defined in Section 5(b)(iii) may not be less than 30 days after the date of delivery of the Notice of Termination, (iii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination or any later date specified in such notice, and (iv) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death or the Disability Effective Date, as the case may be.

6. Obligations of the Company upon Termination.

(a) Termination by Executive for Good Reason; Termination by the Company other than for Cause or Disability. If, during the Employment Period the Company shall terminate Executive's employment other than for Cause or Disability, or Executive shall terminate employment for Good Reason, then and, with respect to the payments and benefits described in clauses (i)(B) and (ii) below, only if Executive executes a Release in substantially the form of Exhibit A hereto (the "Release"):

(i) the Company shall pay to Executive in a single lump sum cash payment within 30 days after the Date of Termination (or any later date that may be required pursuant to Section 15 hereof), the aggregate of the following amounts:

A. the sum of (1) Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the Executive's Target Annual Bonus for the year in which the Date of Termination occurs, and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365, and (3) any accrued vacation pay to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2) and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

B. a severance payment (the "Severance Payment") equal to [three][two] times the sum of (x) Executive's Annual Base Salary as in effect immediately prior to the Date of Termination, and (y) the average of the annual bonuses paid to Executive for the three years prior to the year in which the Date of Termination occurs, or any lesser number of years if Executive has been employed by the Company for less than three full years; and

(ii) the Company shall continue to provide the same level of group health coverage maintained by the Executive on the Date of Termination for up to 24 months from the Date of Termination (the "Welfare Benefits Continuation Period") provided the Executive makes a timely COBRA election. For purposes of this section 6(a)(ii), group health coverage means any of the following coverages maintained by the Executive on the Date of Termination: medical, dental, vision, or employee assistance benefits under the group health plan(s) sponsored by the Company covering the Executive and his dependents. Such group health coverage is subject to any modifications made to the same group health coverage provided to similarly situated employees, including but not limited to termination of the group health plans sponsored by the Company.

During the first 18-months of the Welfare Benefits Continuation Period (the "COBRA Period"), the Company shall be responsible for the employer-portion of such group health coverage that is self-funded, and the Executive shall be responsible for any required participant contributions, each determined in the same manner as contributions for similarly situated active employees. During the last six months of the Welfare Benefits Continuation Period (the "Extension Period"), the Executive shall pay the full cost of any self-funded group health coverage, and the Company shall pay to the Executive on the first day of each month during the Extension Period, a payment equal to the monthly cost of such self-funded group health coverage minus the monthly contribution required from similarly situated active employees. The cost of the self-funded group health coverage will be the monthly cost as determined by the Company in accordance with reasonably acceptable means, which shall equal the "applicable premium" under COBRA for such benefits for the applicable year. All payments by the Company during the Extension Period shall be considered taxable income to the Executive.

The Welfare Benefits Continuation Period shall run concurrently with the applicable COBRA period. If the Executive exhausts his maximum COBRA coverage prior to the end of Welfare Benefits Continuation Period, the Company shall provide the Executive with access to employer-sponsored coverage for the remainder of the 24-month period. The Company, in its sole discretion, may terminate such group health coverage before the end of the 24-months if: (1) the Executive's or dependent's coverage would otherwise end before the maximum COBRA continuation period under COBRA; or (2) the Executive's or dependent's coverage would be

terminated if the Executive were an active employee. Notwithstanding anything in this Agreement to the contrary, all payments by the Company for such extended group health coverage during the first 18-months of the Welfare Benefits Continuation Period shall be imputed as income to Executive and any contributions from the Executive will be made on an after-tax basis.

(iii) the terms and conditions of the Company's long-term incentive plans and any applicable award agreements thereunder shall control with respect to the vesting of any equity or long-term cash incentive awards thereunder then held by Executive; and

(iv) To the extent not theretofore paid or provided, the Company shall timely pay or provide to Executive any other amounts or benefits required to be paid or provided or which Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Death or Disability. If Executive's employment is terminated by reason of Executive's death or Disability during the Employment Period, this Agreement shall terminate without further obligations to Executive or Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to Executive or Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as used in this Section 6(b) shall include without limitation, and Executive or Executive's estate and/or beneficiaries shall be entitled to receive, benefits under such plans, programs, practices and policies relating to death or disability benefits, if any, as are applicable to Executive on the Date of Termination.

(c) Cause: Other than for Good Reason. If Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to Executive other than the obligation to pay to Executive (i) his Annual Base Salary through the Date of Termination and any accrued vacation pay to the extent then unpaid, and (ii) any Other Benefits, in each case to the extent then unpaid. If Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In each such case, all Accrued Obligations shall be paid to Executive in a lump sum in cash within 30 days of the Date of Termination.

(d) Expiration of Employment Period. If Executive's employment shall be terminated due to the normal expiration of the Employment Period, this Agreement shall terminate without further obligations to Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to Executive in a lump sum in cash within 30 days of the Date of Termination. If Executive's employment is not terminated upon the normal expiration of the Employment Period, he shall continue as an at-will employee of the Company and this Agreement shall be of no further force or effect.

7. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which Executive may qualify, nor, subject to Section 14(j), shall anything herein limit or otherwise affect such rights as Executive

may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement; No Mitigation. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Executive obtains other employment.

9. Costs of Enforcement.

(a) The Company shall reimburse Executive, on a current basis, for all reasonable legal fees and related expenses incurred by Executive in contesting or disputing any termination of Executive's employment after the Effective Date, or Executive's seeking to obtain or enforce any right or benefit provided by this Agreement, in each case, regardless of whether or not Executive's claim is upheld by an arbitral panel or a court of competent jurisdiction; provided, however, Executive shall be required to repay to the Company any such amounts to the extent that an arbitral panel or a court issues a final and non-appealable order, judgment, decree or award setting forth the determination that the position taken by Executive was frivolous or advanced by Executive in bad faith. All such payments shall be made within five (5) business days after delivery of Executive's respective written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require, but in any event no later than December 31 of the year following the calendar year in which the expense was incurred.

(b) In addition, Executive shall be entitled to be paid all reasonable legal fees and expenses, if any, incurred in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any payment or benefit hereunder. Such reimbursement of expenses shall be made on a current basis, as incurred, and in no event later than December 31 of the year following the calendar year in which the taxes that are the subject of the audit or proceeding are remitted to the taxing authority, or where as a result of such audit or proceeding no taxes are remitted, December 31 of the year following the calendar year in which the audit is completed or there is a final and non-appealable settlement or other resolution of the proceeding.

(c) The amount reimbursable by the Company under this Section 9 in any one calendar year shall not affect the amount reimbursable in any other calendar year. Executive's rights pursuant to this Section 9 shall expire at the end of five years after the date of termination and shall not be subject to liquidation or exchange for another benefit.

10. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment or distribution by the

Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 10) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

Notwithstanding the foregoing provisions of this Section 10(a), if the Parachute Value (as defined below) of all Payments does not exceed 110% of Executive's Safe Harbor Amount (as defined below), then the Company shall not pay Executive a Gross-Up Payment, and the Payments due under this Agreement shall be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount; provided, that if even after all Payments due under this Agreement are reduced to zero, the Parachute Value of all Payments would still exceed the Safe Harbor Amount, then no reduction of any Payments shall be made and the Gross -Up Payment shall be made. The reduction of the Payments due hereunder, if applicable, shall be made by first reducing the Severance Payment under Section 6(a)(i), unless an alternative method of reduction is elected by Executive, and in any event shall be made in such a manner as to maximize the economic present value of all Payments actually made to Executive, determined by the Accounting Firm (as defined in Section 10(b) below) as of the date of the change of control for purposes of Section 280G of the Code using the discount rate required by Section 280G(d)(4) of the Code. For purposes of this Section 10, the "Parachute Value" of a Payment means the present value as of the date of the change of control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the Accounting Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment. For purposes of this Section 10, Executive's "Safe Harbor Amount" means one dollar less than three times Executive's "base amount" within the meaning of Section 280G(b)(3) of the Code.

(b) Subject to the provisions of Section 10(c), all determinations required to be made under this Section 10, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be used in arriving at such determination, shall be made by the firm serving as independent auditors of the Company immediately prior to the Effective Date (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and Executive within 15 business days of the receipt of notice from Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 10, shall be paid by the Company to Executive within five days of the receipt of the Accounting Firm's determination, but in no event later than December 31 of the year after the year in which Executive remits taxes to the applicable taxing authorities. Any determination by the Accounting Firm shall be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the

initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 10(c) and Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of Executive, but no later than December 31 of the year after the year in which the Underpayment is determined to exist.

(c) Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive shall:

- (i) give the Company any information reasonably requested by the Company relating to such claim,
- (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
- (iii) cooperate with the Company in good faith in order effectively to contest such claim, and
- (iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation of the foregoing provisions of this Section 10(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to Executive, on an interest-free basis and shall indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment

of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by Executive of an amount advanced by the Company pursuant to Section 10(c), Executive becomes entitled to receive any refund with respect to such claim, Executive shall (subject to the Company's complying with the requirements of Section 10(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by Executive of an amount advanced by the Company pursuant to Section 10(c), a determination is made that Executive shall not be entitled to any refund with respect to such claim and the Company does not notify Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

11. Confidential Information. Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by Executive during Executive's employment by the Company or any of its affiliated companies. After termination of Executive's employment with the Company, Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. It is understood, however, that the obligations of this Section 11 shall not apply to the extent that the aforesaid matters (i) are disclosed in circumstances where Executive is legally required to do so or (ii) become generally known to and available for use by the public other than by acts by Executive or representatives of Executive in violation of this Agreement.

12. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the State of Georgia by three arbitrators in accordance with the rules of the Employment Dispute Rules of the American Arbitration Association and the Federal Arbitration Act, 9 U.S.C. §1, et. seq. Judgment may be entered on the arbitrators' award in any court having jurisdiction. Except as provided in Section 9, the Company shall bear all costs and expenses arising in connection with any arbitration proceeding pursuant to this Section 12.

13. Successors.

(a) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

14. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia, without reference to principles of conflict of laws.

(b) Captions. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(c) Amendments. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(d) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive: the address set forth below under Executive's signature

If to the Company: Genuine Parts Company
2999 Circle 75 Parkway
Atlanta, Georgia 30339
Attention: Chairman of the Board
Copy to: Corporate Secretary

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and the Agreement shall be construed in all respects as if the invalid or unenforceable provision were omitted.

(f) Withholding. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) Waivers. Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right Executive or the Company may have hereunder, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) Status Before and After Effective Date. Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between Executive and the Company, the employment of Executive by the Company is “at will” and, subject to Section 1(a) hereof, Executive’s employment and/or this Agreement may be terminated by either Executive or the Company at any time prior to the Effective Date, in which case Executive shall have no further rights under this Agreement. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

(i) Indemnification. Executive shall be entitled to the benefits of the indemnity provided by the Company’s certificate of incorporation, bylaws, or otherwise immediately prior to Effective Date, or any greater rights to indemnification thereafter provided to executive officers of the Company, and any subsequent changes to the certificate of incorporation, bylaws, or otherwise reducing the indemnity granted to such Executive shall not affect the rights granted hereunder. The Company may not reduce these indemnity benefits confirmed to Executive hereunder without the written consent of Executive.

(j) Related Agreements. To the extent that any provision of any other agreement between the Company and Executive shall limit, qualify or be inconsistent with any provision of this Agreement, then for purposes of this Agreement, while the same shall remain in force, the provisions of this Agreement shall control and such provision of such other agreement shall be deemed to have been superseded, and to be of no force and effect, as if such other agreement had been formally amended to the extent necessary to accomplish such purpose.

(k) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

15. Code Section 409A.

(a) Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt “deferred compensation” for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) would otherwise be payable or distributable hereunder by reason of Executive’s termination of employment, such amount or benefit will not be payable or distributable to Executive by reason of such circumstance unless (i) the circumstances giving rise to such termination of employment meet any description or definition of “separation from service” in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition), or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A of the Code by reason of the short-term deferral exemption or otherwise. This provision does not prohibit the *vesting* of any amount upon a termination of employment, however defined. If this provision prevents the payment or distribution of any amount or benefit, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a Section 409A-compliant “separation from service” or such later date as may be required by Subsection 15(b) below.

(b) Notwithstanding anything in this Agreement to the contrary, if any amount or benefit that would constitute non-exempt “deferred compensation” for purposes of Section 409A of the Code would otherwise be payable or distributable under this Agreement by

reason of Executive's separation from service during a period in which he is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Company under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes):

(i) if the payment or distribution is payable in a lump sum, Executive's right to receive payment or distribution of such non-exempt deferred compensation will be delayed until the earlier of Executive's death or the first day of the seventh month following Executive's separation from service; and

(ii) if the payment or distribution is payable over time, the amount of such non-exempt deferred compensation that would otherwise be payable during the six-month period immediately following Executive's separation from service will be accumulated and Executive's right to receive payment or distribution of such accumulated amount will be delayed until the earlier of Executive's death or the first day of the seventh month following Executive's separation from service, whereupon the accumulated amount will be paid or distributed to Executive and the normal payment or distribution schedule for any remaining payments or distributions will resume.

For purposes of this Agreement, the term "Specified Employee" has the meaning given such term in Code Section 409A and the final regulations thereunder ("Final 409A Regulations"), *provided, however*, that, as permitted in the Final 409A Regulations, the Company's Specified Employees and its application of the six-month delay rule of Code Section 409A(a)(2)(B)(i) shall be determined in accordance with rules adopted by the Board of Directors or a committee thereof, which shall be applied consistently with respect to all nonqualified deferred compensation arrangements of the Company, including this Agreement.

IN WITNESS WHEREOF, Executive has hereunto set Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

[Executive]

Address:

GENUINE PARTS COMPANY

By: _____

EXHIBIT A
Form of Release

This Release is granted effective as of the ___ day of ___, 20___, by _____ (“Executive”) in favor of Genuine Parts Company (the “Company”). This is the Release referred to that certain Employment Agreement effective as of _____, 20___ by and between the Company and Executive (the “Employment Agreement”). Executive gives this Release in consideration of the Company’s promises and covenants as recited in the Employment Agreement, with respect to which this Release is an integral part.

1. Release of the Company. Executive, for himself, his successors, assigns, attorneys, and all those entitled to assert his rights, now and forever hereby releases and discharges the Company and its respective officers, directors, stockholders, trustees, employees, agents, parent corporations, subsidiaries, affiliates, estates, successors, assigns and attorneys (“the Released Parties”), from any and all claims, actions, causes of action, sums of money due, suits, debts, liens, covenants, contracts, obligations, costs, expenses, damages, judgments, agreements, promises, demands, claims for attorney’s fees and costs, or liabilities whatsoever, in law or in equity, which Executive ever had or now has against the Released Parties, including, without limitation, any claims arising by reason of or in any way connected with any employment relationship which existed between the Company or any of its parents, subsidiaries, affiliates, or predecessors, and Executive. It is understood and agreed that this Release is intended to cover all actions, causes of action, claims or demands for any damage, loss or injury, whether known or unknown, of any nature whatsoever, including those which may be traced either directly or indirectly to the aforesaid employment relationship, or the termination of that relationship, that Executive has, had or purports to have, from the beginning of time to the date of this Release, and including but not limited to claims for employment discrimination under federal or state law, except as provided in Paragraph 2; claims arising under the Age Discrimination in Employment Act, 29 U.S.C. § 621, et seq., Title VII of the Civil Rights Act, 42 U.S.C. § 2000(e), et seq. or the Americans With Disabilities Act, 42 U.S.C. § 12101 et seq.; claims for statutory or common law wrongful discharge, claims arising under the Fair Labor Standards Act, 29 U.S.C. § 201 et seq.; claims for attorney’s fees, expenses and costs; claims for defamation; claims for emotional distress; claims for wages or vacation pay; claims for benefits, including any claims arising under the Executive Retirement Income Security Act, 29 U.S.C. § 1001, et seq.; and claims under any other applicable federal, state or local laws or legal concepts; provided, however, that nothing herein shall release the Company of any indemnification obligations to Executive under the Company’s bylaws, certificate of incorporation, Delaware law or otherwise.

2. Release of Claims Under Age Discrimination in Employment Act. Without limiting the generality of the foregoing, Executive agrees that by executing this Release, he has released and waived any and all claims he has or may have as of the date of this Release for age discrimination under the Age Discrimination in Employment Act, 29 U.S.C. § 621, et seq. Executive acknowledges and agrees that he has been, and hereby is, advised by the Company to consult with an attorney prior to executing this Release. Executive further acknowledges and agrees that the Company has offered Executive the opportunity, before executing this Release, to consider this Release for a period of twenty-one (21) calendar days; and that the consideration he receives for this Release is in addition to amounts to which he was already entitled. It is further understood that this Release is not effective until seven (7) calendar days after the execution of this Release and that Executive may revoke this Release within seven (7) calendar days from the date of execution hereof.

3. Non-Admission. It is understood and agreed by Executive that the payment made to him is not to be construed as an admission of any liability whatsoever on the part of the Company or any of the other Releasees, by whom liability is expressly denied.

4. Acknowledgement and Revocation Period. Executive agrees that he has carefully read this Release and is signing it voluntarily. Executive acknowledges that he has had twenty one (21) days from receipt of this Release to review it prior to signing or that, if Executive is signing this Release prior to the

expiration of such 21-day period, Executive is waiving his right to review the Release for such full 21-day period prior to signing it. Executive has the right to revoke this release within seven (7) days following the date of its execution by him. In order to revoke this Release, Executive must deliver notice of the revocation in writing to Company's General Counsel before the expiration of the seven (7) day period. However, if Executive revokes this Release within such seven (7) day period, no severance benefit will be payable to him under the Employment Agreement and he shall return to the Company any such payment received prior to that date.

5. No Revocation After Seven Days. Executive acknowledges and agrees that this Release may not be revoked at any time after the expiration of the seven (7) day revocation period and that he/she will not institute any suit, action, or proceeding, whether at law or equity, challenging the enforceability of this Release. Executive further acknowledges and agrees that, with the exception of an action to challenge the waiver of claims under the ADEA, Executive shall not ever attempt to challenge the terms of this Release, attempt to obtain an order declaring this Release to be null and void, or institute litigation against the Company or any other Releasee based upon a claim that is covered by the terms of the release contained herein, without first repaying all monies paid to him/her under Section 8 of the Employment Agreement. Furthermore, with the exception of an action to challenge his waiver of claims under the ADEA, if Executive does not prevail in an action to challenge this Release, to obtain an order declaring this Release to be null and void, or in any action against the Company or any other Releasee based upon a claim that is covered by the release set forth herein, Executive shall pay to the Company and/or the appropriate Releasee all their costs and attorneys' fees incurred in their defense of Executive's action.

6. Governing Law and Severability. This Release and the rights and obligations of the parties hereto shall be governed and construed in accordance with the laws of the State of Georgia. If any provision hereof is unenforceable or is held to be unenforceable, such provision shall be fully severable, and this document and its terms shall be construed and enforced as if such unenforceable provision had never comprised a part hereof, the remaining provisions hereof shall remain in full force and effect, and the court or tribunal construing the provisions shall add as a part hereof a provision as similar in terms and effect to such unenforceable provision as may be enforceable, in lieu of the unenforceable provision.

EXECUTIVE HAS CAREFULLY READ THIS RELEASE AND ACKNOWLEDGES THAT IT CONSTITUTES A GENERAL RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS AGAINST THE COMPANY UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT. EXECUTIVE ACKNOWLEDGES THAT HE HAS HAD A FULL OPPORTUNITY TO CONSULT WITH AN ATTORNEY OR OTHER ADVISOR OF HIS CHOOSING CONCERNING HIS EXECUTION OF THIS RELEASE AND THAT HE IS SIGNING THIS RELEASE VOLUNTARILY AND WITH THE FULL INTENT OF RELEASING THE COMPANY FROM ALL SUCH CLAIMS.

SELECTED FINANCIAL DATA

(in thousands, except per share data)

| <i>Year ended December 31,</i> | 2007 | 2006 | 2005 | 2004 | 2003 |
|--|--------------|--------------|--------------|--------------|--------------|
| Net sales | \$10,843,195 | \$10,457,942 | \$9,783,050 | \$9,097,267 | \$8,449,300 |
| Cost of goods sold* | 7,625,972 | 7,353,447 | 6,884,964 | 6,439,544 | 5,992,684 |
| Operating and non-operating expenses, net* | 2,400,478 | 2,333,579 | 2,189,022 | 2,021,804 | 1,884,873 |
| Income before taxes and accounting change | 816,745 | 770,916 | 709,064 | 635,919 | 571,743 |
| Income taxes | 310,406 | 295,511 | 271,630 | 240,367 | 218,101 |
| Income before cumulative effect of a change in accounting principle | 506,339 | 475,405 | 437,434 | 395,552 | 353,642 |
| Cumulative effect of a change in accounting principle** | — | — | — | — | 19,541 |
| Net income | \$ 506,339 | \$ 475,405 | \$ 437,434 | \$ 395,552 | \$ 334,101 |
| Weighted average common shares outstanding during year — assuming dilution | 170,135 | 172,486 | 175,007 | 175,660 | 174,480 |
| Per common share: | | | | | |
| Diluted net income, excluding cumulative effect | \$ 2.98 | \$ 2.76 | \$ 2.50 | \$ 2.25 | \$ 2.03 |
| Diluted net income | 2.98 | 2.76 | 2.50 | 2.25 | 1.91 |
| Dividends declared | 1.46 | 1.35 | 1.25 | 1.20 | 1.18 |
| December 31 closing stock price | 46.30 | 47.43 | 43.92 | 44.06 | 33.20 |
| Long-term debt, less current maturities | 250,000 | 500,000 | 500,000 | 500,000 | 625,108 |
| Shareholders' equity | 2,716,716 | 2,549,991 | 2,693,957 | 2,544,377 | 2,312,283 |
| Total assets | \$ 4,774,069 | \$ 4,496,984 | \$ 4,771,538 | \$ 4,455,247 | \$ 4,127,956 |

* The Company reclassified certain warehousing, distribution and handling costs from operating expenses to cost of goods sold for all periods presented. These costs amount to \$176 million, \$171 million, \$166 million, \$172 million and \$166 million for fiscal years 2007, 2006, 2005, 2004 and 2003, respectively. The reclassification had no effect on net sales, operating margins, or net income.

** The cumulative effect of a change in accounting principle in 2003 represents a non-cash charge related to cash consideration received from vendors in conjunction with the Financial Accounting Standards Board's EITF 02-16.

MARKET PRICE AND DIVIDEND INFORMATION

High and Low Sales Price and Dividends per Common Share Traded on the New York Stock Exchange

| Quarter | Sales Price of Common Shares | | | | |
|---------|------------------------------|-----------|----------|----------|--|
| | 2007 | | 2006 | | |
| | High | Low | High | Low | |
| First | \$ 50.75 | \$ 46.19 | \$ 45.74 | \$ 41.41 | |
| Second | 51.65 | 48.39 | 46.16 | 40.00 | |
| Third | 51.68 | 46.00 | 43.90 | 40.09 | |
| Fourth | 50.97 | 46.30 | 48.34 | 42.60 | |
| | Dividends Declared Per Share | | | | |
| | 2007 | | 2006 | | |
| First | \$ 0.3650 | \$ 0.3375 | | | |
| Second | 0.3650 | 0.3375 | | | |
| Third | 0.3650 | 0.3375 | | | |
| Fourth | 0.3650 | 0.3375 | | | |

Number of Record Holders of Common Stock as of December 31, 2007: 6,538

SEGMENT DATA

(in thousands) Year ended December 31,

| | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net sales: | | | | | |
| Automotive | \$ 5,311,873 | \$ 5,185,080 | \$ 5,013,460 | \$ 4,739,261 | \$ 4,477,508 |
| Industrial | 3,350,954 | 3,107,593 | 2,795,699 | 2,511,597 | 2,253,947 |
| Office products | 1,765,055 | 1,779,832 | 1,662,393 | 1,540,878 | 1,457,149 |
| Electrical/electronic materials | 436,318 | 408,138 | 341,513 | 335,605 | 297,618 |
| Other | (21,005) | (22,701) | (30,015) | (30,074) | (36,922) |
| Total net sales | \$10,843,195 | \$10,457,942 | \$ 9,783,050 | \$ 9,097,267 | \$ 8,449,300 |
| Operating profit: | | | | | |
| Automotive | \$ 413,180 | \$ 399,931 | \$ 398,494 | \$ 396,015 | \$ 363,022 |
| Industrial | 281,762 | 257,022 | 214,222 | 173,760 | 151,109 |
| Office products | 156,781 | 166,573 | 157,408 | 150,817 | 143,263 |
| Electrical/electronic materials | 30,435 | 22,630 | 17,470 | 14,611 | 7,112 |
| Total operating profit | 882,158 | 846,156 | 787,594 | 735,203 | 664,506 |
| Interest expense, net | (21,056) | (26,445) | (29,564) | (37,260) | (51,538) |
| Corporate expense | (38,300) | (44,341) | (45,299) | (58,980) | (37,121) |
| Intangible asset amortization | (1,118) | (463) | (396) | (356) | (1,539) |
| Minority interests | (4,939) | (3,991) | (3,271) | (2,688) | (2,565) |
| Income before income taxes and accounting change | \$ 816,745 | \$ 770,916 | \$ 709,064 | \$ 635,919 | \$ 571,743 |
| Assets: | | | | | |
| Automotive | \$ 2,785,619 | \$ 2,625,846 | \$ 2,711,620 | \$ 2,521,906 | \$ 2,369,969 |
| Industrial | 969,666 | 910,734 | 976,903 | 955,029 | 957,735 |
| Office products | 659,838 | 669,303 | 722,813 | 681,992 | 621,523 |
| Electrical/electronic materials | 101,419 | 105,623 | 113,913 | 104,918 | 97,195 |
| Corporate | 175,074 | 123,224 | 183,572 | 133,730 | 23,506 |
| Goodwill and intangible assets | 82,453 | 62,254 | 62,717 | 57,672 | 58,028 |
| Total assets | \$ 4,774,069 | \$ 4,496,984 | \$ 4,771,538 | \$ 4,455,247 | \$ 4,127,956 |
| Depreciation and amortization: | | | | | |
| Automotive | \$ 65,810 | \$ 52,565 | \$ 44,102 | \$ 39,222 | \$ 42,681 |
| Industrial | 8,565 | 7,941 | 8,345 | 8,972 | 10,265 |
| Office products | 9,159 | 9,518 | 9,551 | 10,245 | 10,639 |
| Electrical/electronic materials | 1,566 | 1,394 | 1,612 | 2,011 | 2,729 |
| Corporate | 1,484 | 1,542 | 1,523 | 1,401 | 1,160 |
| Intangible asset amortization | 1,118 | 463 | 396 | 356 | 1,539 |
| Total depreciation and amortization | \$ 87,702 | \$ 73,423 | \$ 65,529 | \$ 62,207 | \$ 69,013 |
| Capital expenditures: | | | | | |
| Automotive | \$ 91,359 | \$ 111,644 | \$ 68,062 | \$ 52,263 | \$ 58,754 |
| Industrial | 8,340 | 6,187 | 5,695 | 3,922 | 6,824 |
| Office products | 13,294 | 6,002 | 8,893 | 12,354 | 7,211 |
| Electrical/electronic materials | 2,340 | 904 | 1,550 | 1,552 | 394 |
| Corporate | 315 | 1,307 | 1,514 | 1,986 | 721 |
| Total capital expenditures | \$ 115,648 | \$ 126,044 | \$ 85,714 | \$ 72,077 | \$ 73,904 |
| Net sales: | | | | | |
| United States | \$ 9,609,225 | \$ 9,314,970 | \$ 8,768,737 | \$ 8,198,368 | \$ 7,666,389 |
| Canada | 1,158,515 | 1,071,095 | 954,317 | 845,563 | 731,200 |
| Mexico | 96,460 | 94,578 | 90,011 | 83,410 | 88,633 |
| Other | (21,005) | (22,701) | (30,015) | (30,074) | (36,922) |
| Total net sales | \$10,843,195 | \$10,457,942 | \$ 9,783,050 | \$ 9,097,267 | \$ 8,449,300 |
| Net long-lived assets: | | | | | |
| United States | \$ 419,289 | \$ 415,569 | \$ 388,916 | \$ 368,345 | \$ 339,020 |
| Canada | 85,532 | 72,556 | 62,842 | 65,649 | 57,906 |
| Mexico | 3,621 | 3,389 | 3,254 | 3,066 | 4,094 |
| Total net long-lived assets | \$ 508,442 | \$ 491,514 | \$ 455,012 | \$ 437,060 | \$ 401,020 |

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

2007

Overview

Genuine Parts Company is a service organization engaged in the distribution of automotive replacement parts, industrial replacement parts, office products and electrical/electronic materials. The Company has a long tradition of growth dating back to 1928, the year we were founded in Atlanta, Georgia. 2007 was the Company's 80th year of operations. We have increased sales in 57 of the last 58 years and increased profits in 45 of the last 47 years. In 2007, business was conducted throughout the United States, in Puerto Rico, in Canada and in Mexico from approximately 2,000 locations.

We recorded consolidated net sales of \$10.8 billion for the year ended December 31, 2007, an increase of 4% compared to \$10.5 billion in 2006. Consolidated net income for the year ended December 31, 2007, was \$506 million, up 7% from \$475 million in 2006. Our two business segments serving the manufacturing sector of the economy recorded the strongest results among our four groups in 2007. These businesses have participated in the continued strength of their end markets and provided us the opportunity to achieve another year of record sales and earnings. Our automotive and office products businesses encountered more difficult market circumstances in 2007.

Our progress in 2007 follows a 7% and 8% increase in revenues in 2006 and 2005, respectively. Likewise, our improved earnings in 2007 follow three consecutive years of double-digit growth in earnings per share. During these periods, the Company has implemented a variety of initiatives to grow sales and earnings, including the introduction of new and expanded product lines, geographic expansion, sales to new markets, enhanced customer marketing programs and cost savings initiatives. Each of our business segments participated in developing these initiatives, as discussed further below.

The major categories on the December 31, 2007 consolidated balance sheet were relatively consistent with the December 31, 2006 balance sheet categories, subject to certain exceptions explained below. Our cash balances increased \$96 million or 71% from December 31, 2006, due primarily to improved earnings and working capital management. In addition, the Company received \$56 million in net proceeds on a sale-leaseback transaction in the fourth quarter of 2007, discussed further under Contractual and Other Obligations. Accounts receivable decreased by approximately 1%, which is significantly favorable to our increase in revenues, and inventory was up 4%. Accounts Payable increased \$80 million or 9% from the prior year, due primarily to increased purchases related to sales growth, extended terms with certain suppliers and the increased utilization of procurement cards during 2007. The current portion of debt was \$250 million at December 31, 2007, due to the reclassification of long-term debt maturing November 2008. Total debt outstanding at December 31, 2007 was unchanged from December 31, 2006.

Results of Operations

Our results of operations are summarized for the three years ended December 31, 2007, 2006 and 2005, as follows:

| <i>(in thousands, except per share data)</i> | 2007 | Year ended December 31, 2006 | 2005 |
|--|---------------------|---------------------------------|--------------|
| Net Sales | \$10,843,195 | \$ 10,457,942 | \$ 9,783,050 |
| Gross Profit* | 3,217,223 | 3,104,495 | 2,898,086 |
| Net Income | 506,339 | 475,405 | 437,434 |
| Diluted Earnings Per Share | 2.98 | 2.76 | 2.50 |

* The Company reclassified certain warehousing, distribution and handling costs from operating expenses to cost of goods sold for the prior periods to conform with current period presentation. These costs amount to \$171 million and \$166 million for fiscal years 2006 and 2005, respectively. The reclassification had no effect on net sales, net income or diluted earnings per share.

Net Sales

Consolidated net sales for the year ended December 31, 2007 totaled \$10.8 billion, another record sales level for the Company and a 4% increase from 2006. In 2007, the Industrial and Electrical business segments showed the strongest sales improvement among our operations. The Automotive and Office segments encountered more difficult market circumstances, with Automotive showing slight progress in revenue growth and Office reporting a slight decrease in revenues for the year. For the year, prices were up approximately 2% in the Automotive segment, 5% in the Industrial and Electrical segments and 3% in the Office segment.

Net sales for the year ended December 31, 2006 totaled \$10.5 billion, a 7% increase from 2005. All of the business segments contributed to our sales growth in 2006, as our internal initiatives, healthy economy and positive trends in the industries we serve enhanced the sales volume in each of our four groups. Prices were up approximately 2% in the Automotive segment, 3% in the Industrial and Office segments and 7% in the Electrical segment in 2006.

Automotive Group

Net sales for the Automotive Group ("Automotive") were \$5.3 billion in 2007, an increase of 2% from 2006. Our sales growth was relatively consistent during the year, ranging from 2% to 3% by quarter, as the more challenging market conditions we began to see in the last half of 2006 continued throughout 2007 without any significant change. We observed the ongoing pressure of high gas prices on miles driven and consumer spending, which negatively impact aftermarket demand. The continued effectiveness of our growth initiatives, such as our major accounts programs, served to offset these conditions and, as a result,

Automotive reported progress in 2007. While this level of growth does not meet our expectations for the longer term, we remain encouraged by this group's drive to generate positive and consistent sales growth in the year ahead.

Automotive sales increased by 3% to \$5.2 billion in 2006. After achieving sales increases of 5% in both the first and second quarters of 2006, our sales growth slowed to 1% growth in the third quarter, followed by a 2% increase in the fourth quarter. Automotive's sales initiatives, including the addition of 64 net new NAPA AUTO PARTS stores and the continued expansion of NAPA AutoCare programs, were somewhat impacted by the effect of higher gasoline prices on vehicle miles driven and aftermarket product demand. Both of these factors influenced our sales trends for the year. Additionally, our core NAPA sales increase of 5% was offset by a sales decrease at Johnson Industries, which was downsized in 2005.

Industrial Group

Net sales for Motion Industries, our Industrial Group ("Industrial"), were \$3.4 billion in 2007, an increase of 8% compared to 2006. In 2007, this group recorded strong and consistent sales growth, with revenues increasing from 7% to 9% in each quarter of the year. Industrial has participated in the continued strength of the markets it serves through initiatives such as product line expansion, targeted industry programs, branch expansion and acquisitions. This year, Industrial expanded its distribution network by opening four new locations and by adding another eight locations via five acquisitions. Industrial's growth plans, combined with ongoing steady demand from its manufacturing customer base, should allow this group to generate more strong results in 2008.

Net sales in 2006 were \$3.1 billion, representing the third consecutive year of 11% sales growth. In 2006, this group recorded steady progress throughout the year, with double-digit growth in each quarter. In addition, Industrial expanded its distribution network in 2006 by opening 10 new locations and by adding another 31 locations via two acquisitions.

Office Group

Net sales for S.P. Richards, our Office Products Group ("Office"), were \$1.8 billion, down 1% compared to the prior year. Office is commonly recognized as our most steady performer from year to year, but weak demand in the overall office products industry, which we began to see in 2006, negatively impacted our results in 2007. Primarily, the depressed sales activity with our national accounts customer base offset the steady sales growth to independent dealers during the year. After a 3% sales decrease in the first quarter, sales increased 1% in the second quarter, were flat in the third quarter and decreased 1% in the fourth quarter. A gradual strengthening in the industry combined with product and customer expansion efforts and the continued development of effective marketing programs and dealer services should support growth for Office in the year ahead.

Net sales in 2006 were \$1.8 billion, up 7% over 2005. This represented a solid increase for the Office group and reflects the success of its ongoing business expansion strategy. Among the quarters, however, the rate of sales growth decreased as market conditions became more difficult during the year. Sales increased 13% in the first quarter, 6% in the second quarter, 5% in the third quarter and 4% in the fourth quarter.

Electrical Group

Net sales for EIS, our Electrical and Electronic Group ("Electrical"), increased by 7% to \$436 million in 2007. The sales progress at Electrical reflects favorable market conditions, as evident through continued manufacturing expansion in the U.S. Also, this group's focus on new products and markets, geographic expansion and strategic customer and supplier relationships serve as key sales initiatives at Electrical. During 2007, sales were up 12% in the first quarter, 7% in the second quarter, 4% in the third quarter and 6% in the fourth quarter. We expect the strategic initiatives in place at Electrical as well as stable market conditions to drive additional sales progress for Electrical in 2008.

Net sales were up 20% to \$408 million in 2006 compared to the prior year. This strong growth reflected the continued manufacturing expansion in the U.S. during the year, as well as this group's commitment to ongoing sales initiatives. During 2006, sales were up 13% in the first quarter, 24% in the second quarter, 23% in the third quarter and 17% in the fourth quarter.

Cost of Goods Sold

Cost of goods sold was \$7.6 billion, \$7.4 billion and \$6.9 billion in 2007, 2006 and 2005, respectively, representing 70.3% of net sales in 2007 and 2006, down slightly from 70.4% of net sales in 2005. Over these periods, ongoing gross margin initiatives to enhance our pricing strategies, promote and sell higher margin products and minimize material acquisition costs were offset by increasing competitive pricing pressures in the markets we serve.

In 2005, 2006 and 2007, each of our four business segments experienced vendor price increases, and by working with our customers we were able to pass some of these along to them, particularly in Industrial.

Operating Expenses

Selling, administrative and other expenses ("SG&A") increased to \$2.3 billion in 2007, representing 21.0% of net sales and down slightly from 21.2% of net sales in 2006. SG&A expenses as a percentage of net sales reflect the benefits of our ongoing cost control initiatives. Our cost management initiatives continue

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

2007

to emphasize continuous improvement programs designed to optimize our utilization of people and systems. We were pleased with the success of our initiatives in 2007 and expect our SG&A expenses as a percentage of sales to show additional progress in the foreseeable future. Depreciation and amortization expense in 2007 was \$88 million, up 19% from 2006, and relates to an increased level of capital expenditures in 2006 and 2007 relative to 2005. The provision for doubtful accounts was \$14 million in 2007, down from a \$16 million bad debt expense in 2006.

In 2006, SG&A increased slightly to \$2.2 billion, or 21.2% of net sales, consistent with SG&A as a percent of net sales in 2005. Depreciation and amortization expense in 2006 was \$73 million, up 12% from 2005, and corresponds to the increase in capital expenditures in 2006 relative to the prior year. The provision for doubtful accounts was \$16 million in 2006, consistent with our bad debt expense in 2005.

Non-Operating Expenses and Income

Non-operating expenses consist primarily of interest. Interest expense was \$31 million, \$32 million and \$34 million in 2007, 2006 and 2005, respectively. The decrease in interest expense in 2006 compared to 2005 was primarily due to the termination of an interest rate swap agreement in 2006.

In "Other", interest income net of minority interests increased in 2007 from the prior two years due to the change in interest income earned on the Company's improved cash balances during the year.

Income Before Income Taxes

Income before income taxes was \$817 million in 2007, an increase of 5.9% from \$771 million in 2006. As a percentage of net sales, income before income taxes was 7.5% in 2007, reflecting a slight increase from 7.4% in 2006. The improvement in 2007 represents a continuing trend for the Company. In 2006, income before income taxes of \$771 million was up 8.7% from \$709 million in 2005 and as a percentage of net sales was 7.4%, up from 7.2% in 2005.

Automotive Group

Automotive operating profit as a percentage of net sales, which we refer to as operating margin, increased to 7.8% in 2007 from 7.7% in 2006. Our progress in 2007 primarily related to certain non-recurring costs incurred in 2006 for certain closing and consolidation expenses at Johnson Industries and our re-manufacturing operations. Based on our initiatives to grow sales and control costs in 2008, we expect Automotive operating margins to show improvement in the year ahead.

Automotive operating margins decreased to 7.7% in 2006 from 7.9% in 2005. During 2006, the Company recorded non-recurring costs associated with certain closing and consolidation expenses at Johnson Industries and our re-manufacturing operations. At Johnson Industries, we sold or closed eight of twelve locations during 2005, resulting in selling and closure costs in that year, and we incurred additional closing costs to downsize these operations in 2006. At our re-manufacturing operations, we incurred costs during the year related to certain facility consolidations.

Industrial Group

Industrial operating margins increased to 8.4% in 2007 from 8.3% in 2006 and 7.7% in 2005. This ongoing margin improvement for Industrial reflects the effectiveness of our sales and operating initiatives, as well as the relative strength of the industries served by Industrial over these periods. We expect to show more progress in Industrial in 2008.

Office Group

Operating margins in Office were 8.9% in 2007, down from 9.4% in 2006 and 9.5% in 2005. Office continues to generate industry leading operating margins, but the impact of weakening demand in the office products industry experienced over the last half of 2006 and in 2007 has negatively influenced this trend. In addition, competitive pricing pressures over these periods have affected the margins at Office. These pressures are partially offset by ongoing product and customer expansion efforts and the continued development of effective marketing programs and dealer services. Through these initiatives, we believe Office will show progress in 2008.

Electrical Group

Operating margins in Electrical increased to 7.0% in 2007 from 5.5% in 2006. This represents the fourth consecutive year of margin improvement for Electrical and reflects the continued strength in the manufacturing sector of the economy in 2007, combined with Electrical's successful growth strategy during this period. Operating margins in Electrical increased to 5.5% in 2006 from 5.1% in 2005. We are encouraged by the ongoing progress we see in Electrical.

Income Taxes

The effective income tax rate decreased to 38.0% in 2007 from 38.3% in 2006. The decrease in the effective rate in 2007 was primarily due to lower state taxes and favorable tax rate changes in Canada. The effective income tax rate of 38.3% in 2006 was unchanged from the effective income tax rate in 2005.

Net Income

Net income was \$506 million in 2007, an increase of 7% from \$475 million in 2006. On a per share diluted basis, net income was \$2.98 in 2007 compared to \$2.76 in 2006, up 8%. This increase follows two consecutive years of double-digit growth in diluted earnings per share. Net income in 2007 was 4.7% of net sales compared to 4.5% of net sales in 2006.

Net income was \$475 million in 2006, up 9% from \$437 million in 2005, and on a per share diluted basis, net income was \$2.76 in 2006 compared to \$2.50 in 2005. Net income in 2006 and 2005 was 4.5% of net sales.

Share-Based Compensation

Effective January 1, 2006 the Company adopted Statement of Financial Accounting Standards (“SFAS”) No. 123(R) choosing the “modified prospective” method. Compensation cost recognized for the year ended December 31, 2006 includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant date fair value estimated with the provisions of SFAS No. 123(R). Results for prior periods have not been restated. Most options may be exercised not earlier than twelve months nor later than ten years from the date of grant. As of January 1, 2006, there was approximately \$1.2 million of unrecognized compensation cost for all awards granted prior to January 1, 2003 to employees that remained unvested prior to the effective date of SFAS No. 123(R). This compensation cost is being recognized over a weighted-average period of approximately four years. For the year ended December 31, 2007, total compensation cost related to nonvested awards not yet recognized was approximately \$21.7 million. The weighted-average period over which this compensation cost is expected to be recognized is approximately three years. For the years ended December 31, 2007, 2006 and 2005, \$14.3 million, \$11.9 million and \$6.9 million of share-based compensation cost was recorded, respectively. There have been no modifications to valuation methodologies or methods subsequent to the adoption of SFAS No. 123(R).

Financial Condition

The major consolidated balance sheet categories at December 31, 2007, with the exception of the accounts discussed below, were relatively consistent with the December 31, 2006 balance sheet categories. The Company’s cash balances increased \$96 million or 71% from December 31, 2006, due primarily to improved earnings and working capital management. The Company also received \$56 million in net proceeds on a sale-leaseback transaction in the fourth quarter of 2007, discussed further under Contractual and Other Obligations. Our accounts receivable balance at December 31, 2007 decreased 1% compared to the prior year, which is considerably favorable to our increase in revenues for the fourth quarter and year. Inventory at December 31, 2007, was up 4% from December 31, 2006, in line with our increase in revenues for the year. Prepaid expenses and other current assets increased \$34 million or 15% from December 31, 2006, reflecting the increase in receivables due from vendors. Accounts payable at December 31, 2007 increased \$80 million or 9% from the prior year, due primarily to increased purchases related to sales growth, extended terms with certain suppliers and the increased utilization of procurement cards in 2007.

Liquidity and Capital Resources

The ratio of current assets to current liabilities was 2.6 to 1 at December 31, 2007 compared to 3.2 to 1 at December 31, 2006. The change in current ratio was primarily due to the reclassification of \$250 million in long-term debt maturing November 2008. Our cash position remains strong. The Company had \$500 million in total debt outstanding at December 31, 2007 and 2006.

A summary of the Company’s consolidated statements of cash flows is as follows:

| Net Cash Provided by (Used in): | Year Ended December 31, (in thousands) | | | Percent Change | |
|---------------------------------------|---|------------|------------|------------------|------------------|
| | 2007 | 2006 | 2005 | 2007 vs. 2006 | 2006 vs. 2005 |
| Operating Activities | \$641,471 | \$ 433,500 | \$ 440,517 | 48% | -2% |
| Investing Activities | (87,598) | (145,599) | (70,174) | -40% | 107% |
| Financing Activities | (469,496) | (340,729) | (317,469) | 38% | 7% |

Net Cash Provided by Operating Activities:

The Company continues to generate excellent cash flows and 2007 was an especially strong year, with net cash provided by operating activities increasing 48% to \$641 million. The 7% increase in net income and working capital gains during the year resulted in a significant increase in cash from operations compared to 2006. In 2006, the Company generated \$434 million in cash from operations, a slight decrease from 2005 primarily due to the use of cash for working capital requirements during the year, which offset the 9% increase in net income compared to 2005. The Company believes existing credit facilities and cash generated from operations will be sufficient to fund its future operations, and to meet its cash requirements.

Net Cash Used in Investing Activities:

Cash flow used in investing activities was \$88 million in 2007 compared to \$146 million in 2006, a decrease of 40%. Primarily, the decrease in investing activities was due to the sale-leaseback transaction for certain real properties, which closed during the year. This transaction provided the Company \$56 million in cash proceeds. The decrease in capital expenditures and increase in cash used for acquisitions relative to 2006 were offsetting investing activities in 2007. In 2006, cash flow used in investing activities increased substantially from 2005, as capital expenditures increased to \$126 million in 2006 compared to approximately \$86 million in 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)
2007

Net Cash Used in Financing Activities:

The Company used \$469 million of cash in financing activities in 2007, primarily for dividends to shareholders and the repurchase of the Company's common stock. Dividends and share repurchases were also the primary financing activities in 2006 and 2005. The Company paid dividends to shareholders of \$243 million, \$228 million, and \$216 million during 2007, 2006, and 2005, respectively. The Company expects this trend of increasing dividends to continue in the foreseeable future. During 2007, 2006 and 2005, the Company repurchased \$241 million, \$123 million and \$119 million, respectively, in the Company's common stock. We plan to remain active in our share repurchase program, but the amount and value of shares repurchased will vary annually.

Total debt of \$500 million at December 31, 2007 is comprised of two \$250 million term notes with a consortium of financial and insurance institutions due in 2008 and 2011. The term note due in 2008 was classified as a current liability at December 31, 2007. The Company does not anticipate repaying these notes prior to their scheduled expiration.

Notes and Other Borrowings

The Company maintains a \$350 million unsecured revolving line of credit with a consortium of financial institutions, which matures in December 2012 and bears interest at LIBOR plus .23% (5.08% at December 31, 2007). At December 31, 2007 and 2006, no amounts were outstanding under the line of credit. Due to the workers compensation and insurance reserve requirements in certain states, the Company also had unused letters of credit of \$56,453,000 and \$58,955,000 outstanding at December 31, 2007 and 2006, respectively.

At December 31, 2007, the Company had unsecured Senior Notes outstanding under a \$500 million financing arrangement as follows: \$250 million, Series A, 5.86% fixed, due 2008; and \$250 million, Series B, 6.23% fixed, due 2011. Certain borrowings contain covenants related to a maximum debt-to-capitalization ratio and certain limitations on additional borrowings. At December 31, 2007, the Company was in compliance with all such covenants. The weighted average interest rate on the Company's outstanding borrowings was approximately 6.05% at December 31, 2007 and 2006. Total interest expense, net of interest income, for all borrowings was \$21.1 million, \$26.4 million and \$29.6 million in 2007, 2006 and 2005, respectively.

Construction and Lease Agreement

The Company also has an \$85 million construction and lease agreement with an unaffiliated third party. Properties acquired by the lessor are constructed and then leased to the Company under operating lease agreements. The total amount advanced and outstanding under this agreement at December 31, 2007 was approximately \$72 million. Since the resulting leases are operating leases, no debt obligation is recorded on the Company's consolidated balance sheet. This construction and lease agreement expires in 2009 and no additional properties are being added to this agreement, as the construction term has ended. Lease payments fluctuate based upon current interest rates and are generally based upon LIBOR plus .50%. The lease agreement contains residual value guarantee provisions and guarantees under events of default. Although management believes the likelihood of funding to be remote, the maximum guarantee obligation, which represents our residual value guarantee, under the construction and lease agreement is approximately \$63 million at December 31, 2007. Refer to Notes 4 and 8 to the Consolidated Financial Statements for further information regarding this arrangement.

Contractual and Other Obligations

In October 2007, the Company entered into a sale-leaseback transaction with a financial institution. In connection with the transaction, the Company sold certain automotive retail store properties and immediately leased the properties back over a lease term of twenty years. The lease was classified as an operating lease. Net proceeds from the transaction amounted to approximately \$56 million. The Company realized a net gain of approximately \$20 million, which was deferred and will be amortized over the lease term.

The following table shows the Company's approximate obligations and commitments, including interest due on credit facilities, to make future payments under contractual obligations as of December 31, 2007:

| <i>(in thousands)</i> | Total | Payment Due by Period | | | |
|---|--------------------|-----------------------|-------------------|-------------------|-------------------|
| | | Less than 1 year | 1-3 yrs | 4-5 yrs | Over 5 years |
| Credit facilities | \$ 574,427 | \$ 279,000 | \$ 31,150 | \$ 264,277 | \$ — |
| Capital leases | 11,106 | 2,344 | 3,918 | 2,005 | 2,839 |
| Operating leases | 584,077 | 131,659 | 171,938 | 97,861 | 182,619 |
| Total contractual cash obligations | \$1,169,610 | \$ 413,003 | \$ 207,006 | \$ 364,143 | \$ 185,458 |

Due to the uncertainty of the timing of future cash flows associated with the Company's unrecognized tax benefits at December 31, 2007, the Company is unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authorities. Therefore, \$32 million of unrecognized tax benefits have been excluded from the contractual obligations table above. Refer to Note 6 to the Consolidated Financial Statements for a discussion on income taxes.

Purchase orders or contracts for the purchase of inventory and other goods and services are not included in our estimates. We are not able to determine the aggregate amount of such purchase orders that represent contractual obligations, as purchase orders may represent authorizations to purchase rather than binding agreements. Our purchase orders are based on our current

distribution needs and are fulfilled by our vendors within short time horizons. The Company does not have significant agreements for the purchase of inventory or other goods specifying minimum quantities or set prices that exceed our expected requirements.

As discussed in 'Construction and Lease Agreement' above, the Company has approximately \$72 million outstanding under a construction and lease agreement which expires in 2009. In addition, the Company guarantees the borrowings of certain independently controlled automotive parts stores (independents) and certain other affiliates in which the Company has a minority equity ownership interest (affiliates). The Company's maximum exposure to loss as a result of its involvement with these independents and affiliates is equal to the total borrowings subject to the Company's guarantee. To date, the Company has had no significant losses in connection with guarantees of independents' and affiliates' borrowings. The following table shows the Company's approximate commercial commitments under these two arrangements as of December 31, 2007:

| (in thousands) | Total Amounts Committed | Amount of Commitment Expiration per Period | | | |
|--|-------------------------------|--|------------------|-----------------|------------------|
| | | Less than 1 year | 1-3 yrs | 4-5 yrs | Over 5 years |
| Line of credit | — | — | — | — | — |
| Standby letters of credit | \$ 56,453 | \$ 56,453 | \$ — | \$ — | \$ — |
| Guaranteed borrowings of independents and affiliates | 173,928 | 48,669 | 19,343 | 12,895 | 93,021 |
| Residual value guarantee under operating leases | 62,678 | — | 62,678 | — | — |
| Total commercial commitments | \$293,059 | \$105,122 | \$ 82,021 | \$12,895 | \$ 93,021 |

In addition, the Company sponsors defined benefit pension plans that may obligate us to make contributions to the plans from time to time. Contributions in 2007 were \$35 million. We expect to make a cash contribution to our qualified defined benefit plans in 2008, and contributions required for 2009 and future years will depend on a number of unpredictable factors including the market performance of the plans' assets and future changes in interest rates that affect the actuarial measurement of the plans' obligations.

Share Repurchases

On April 19, 1999, our Board of Directors authorized the repurchase of 15 million shares of our common stock, and on August 21, 2006, the Board authorized the repurchase of an additional 15 million shares. Such repurchase plans were announced on April 20, 1999 and August 21, 2006, respectively. The authorization for these repurchase plans continues until all such shares have been repurchased, or the repurchase plan is terminated by action of the Board of Directors. In 2007, the Company repurchased the approximately 300,000 remaining shares under the 1999 authorization and this authorization is closed. Through December 31, 2007, approximately 4.7 million shares have been repurchased under the August 21, 2006 authorization.

Critical Accounting Estimates

General

Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales and expenses and related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are uncertain at the time the estimate is made and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements. Management believes the following critical accounting policies reflect its most significant estimates and assumptions used in the preparation of the consolidated financial statements. For further information on the critical accounting policies, see Note 1 of the notes to our consolidated financial statements.

Inventories — Provisions for Slow Moving and Obsolescence

The Company identifies slow moving or obsolete inventories and estimates appropriate loss provisions related thereto. Historically, these loss provisions have not been significant as the vast majority of the Company's inventories are not highly susceptible to obsolescence and are eligible for return under various vendor return programs. While the Company has no reason to believe its inventory return privileges will be discontinued in the future, its risk of loss associated with obsolete or slow moving inventories would increase if such were to occur.

Allowance for Doubtful Accounts — Methodology

The Company evaluates the collectibility of accounts receivable based on a combination of factors. Initially, the Company estimates an allowance for doubtful accounts as a percentage of net

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

2007

sales based on historical bad debt experience. This initial estimate is periodically adjusted when the Company becomes aware of a specific customer's inability to meet its financial obligations (e.g., bankruptcy filing) or as a result of changes in the overall aging of accounts receivable. While the Company has a large customer base that is geographically dispersed, a general economic downturn in any of the industry segments in which the Company operates could result in higher than expected defaults and, therefore, the need to revise estimates for bad debts. For the years ended December 31, 2007, 2006 and 2005, the Company recorded provisions for bad debts of \$13.5 million, \$16.5 million and \$16.4 million, respectively.

Consideration Received from Vendors

The Company enters into agreements at the beginning of each year with many of its vendors providing for inventory purchase incentives and advertising allowances. Generally, the Company earns inventory purchase incentives upon achieving specified volume purchasing levels and advertising allowances upon fulfilling its obligations related to cooperative advertising programs. The Company accrues for the receipt of inventory purchase incentives as part of its inventory cost based on cumulative purchases of inventory to date and projected inventory purchases through the end of the year and, in the case of advertising allowances, upon completion of the Company's obligations related thereto. While management believes the Company will continue to receive such amounts in 2008 and beyond, there can be no assurance that vendors will continue to provide comparable amounts of incentives and allowances in the future.

Impairment of Property, Plant and Equipment and Goodwill and Other Intangible Assets

At least annually, the Company evaluates property, plant and equipment, goodwill and other intangible assets for potential impairment indicators. The Company's judgments regarding the existence of impairment indicators are based on market conditions and operational performance, among other factors. Future events could cause the Company to conclude that impairment indicators exist and that assets associated with a particular operation are impaired. Evaluating the impairment also requires the Company to estimate future operating results and cash flows which require judgment by management. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations.

Employee Benefit Plans

The Company's benefit plan committees in the U.S. and Canada establish investment policies and strategies and regularly monitor the performance of the Company's pension plan assets. The pension plan investment strategy implemented by the Company's management is to achieve long-term objectives and invest the pension assets in accordance with the applicable pension legislation in the U.S. and Canada and fiduciary standards. The long-term primary objectives for the pension plan funds are to provide for a reasonable amount of long-term growth of capital without undue exposure to risk, protect the assets from erosion of purchasing power and provide investment results that meet or exceed the pension plan's actuarially assumed long term rate of return.

Based on the investment policy for the U.S. pension plan, as well as an asset study that was performed based on the Company's asset allocations and future expectations, the Company's expected rate of return on plan assets for measuring 2008 pension expense or income is 8.25% for the U.S. plan. The asset study forecasted expected rates of return for the approximate duration of the Company's benefit obligations, using capital market data and historical relationships.

The discount rate is chosen as the rate at which pension obligations could be effectively settled and is based on capital market conditions as of the measurement date. We have matched the timing and duration of the expected cash flows of our pension obligations to a yield curve generated from a broad portfolio of high-quality fixed income debt instruments to select our discount rate. Based upon this cash flow matching analysis, we selected a weighted average discount rate for the U.S. plans of 6.49% at December 31, 2007.

Net periodic cost for our defined benefit pension plans was \$51.2 million, \$48.2 million and \$32.4 million for the years ended December 31, 2007, 2006 and 2005, respectively. The increasing trend in pension cost over these periods was primarily due to the change in assumptions for the rate of return on plan assets, the discount rate and the rate of compensation increases. Refer to Note 7 to the Consolidated Financial Statements for more information regarding employee benefit plans.

On September 29, 2006, the Financial Accounting Standards Board issued SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans. SFAS No. 158 was effective for public companies for fiscal years ending after December 15, 2006. The Company adopted the balance sheet recognition provisions of SFAS No. 158 at the end of fiscal year 2006.

The Company has evaluated the potential impact of the Pension Protection Act ("the Act"), which was passed into law on August 17, 2006, on future U.S. pension plan funding requirements based on current market conditions. The Act is not anticipated to have a material effect on the level of future funding requirements or on the Company's liquidity and capital resources.

Quarterly Results of Operations

The preparation of interim consolidated financial statements requires management to make estimates and assumptions for the amounts reported in the interim condensed consolidated financial statements. Specifically, the Company makes certain estimates in its interim consolidated financial statements for the accrual of bad debts, inventory adjustments and discounts and volume incentives earned. Bad debts are accrued based on a percentage of sales, and volume incentives are estimated based upon cumulative and projected purchasing levels. Inventory adjustments are accrued on an interim basis and adjusted in the fourth quarter based on the annual October 31 book-to-physical inventory adjustment. The methodology and practices used in deriving estimates for interim reporting typically result in adjustments upon accurate determination at year-end. The effect of these adjustments in 2007 and 2006 was not significant.

The following is a summary of the quarterly results of operations for the years ended December 31, 2007 and 2006:

| | March 31, | Three Months Ended | | Dec. 31, |
|---------------------|--------------|---|--------------|--------------|
| | | June 30, | Sept. 30, | |
| | | <i>(in thousands except per share data)</i> | | |
| 2007 | | | | |
| Net Sales | \$ 2,648,843 | \$ 2,769,527 | \$ 2,797,556 | \$ 2,627,269 |
| Gross Profit* | 789,944 | 824,585 | 824,488 | 778,206 |
| Net Income | 121,553 | 130,121 | 128,580 | 126,085 |
| Earnings Per Share: | | | | |
| Basic | .71 | .76 | .76 | .76 |
| Diluted | .71 | .76 | .76 | .75 |
| 2006 | | | | |
| Net Sales | \$2,553,552 | \$2,661,805 | \$2,699,641 | \$2,542,944 |
| Gross Profit* | 760,477 | 782,182 | 787,295 | 774,541 |
| Net Income | 113,925 | 120,680 | 121,333 | 119,467 |
| Earnings Per Share: | | | | |
| Basic | .66 | .70 | .71 | .70 |
| Diluted | .66 | .70 | .71 | .70 |

* The Company reclassified certain warehousing, distribution and handling costs from operating expenses to cost of goods sold, resulting in a reduction to gross profit for the periods presented. These costs amount to \$42 million, \$45 million, \$46 million and \$43 million in the first, second, third and fourth quarters of fiscal 2007, respectively, and \$43 million, \$43 million, \$44 million and \$41 million in the first, second, third and fourth quarters of fiscal 2006, respectively. The reclassification had no effect on net sales, net income, basic earnings per share or diluted earnings per share.

We recorded the quarterly earnings per share amounts as if each quarter was a discrete period. As a result, the sum of the basic and diluted earnings per share by quarter will not necessarily total the annual basic and diluted earnings per share.

Forward-Looking Statements

Some statements in this report, as well as in other materials we file with the SEC or otherwise release to the public and in materials that we make available on our website, constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Senior officers may also make verbal statements to analysts, investors, the media and others that are forward-looking. Forward-looking statements may relate, for example, to future operations, prospects, strategies, financial condition, economic performance (including growth and earnings), industry conditions and demand for our products and services. The Company cautions that its forward-looking statements involve risks and uncertainties, and while we believe that our expectations for the future are reasonable in view of currently available information, you are cautioned not to place undue reliance on our forward-looking statements. Actual results or events may differ materially from those indicated as a result of various important factors. Such factors include, but are not limited to, changes in general economic conditions, the growth rate of the market for the Company's products and services, the ability to maintain favorable supplier arrangements and relationships, competitive product and pricing pressures, including internet related initiatives, the effectiveness of the Company's promotional, marketing and advertising programs, changes in laws and regulations, including changes in accounting and taxation guidance, the uncertainties of litigation, as well as other risks and uncertainties discussed from time to time in the Company's filings with the SEC.

Forward-looking statements are only as of the date they are made, and the Company undertakes no duty to update its forward-looking statements except as required by law. You are advised, however, to review any further disclosures we make on related subjects in our Form 10-Q, Form 8-K and other reports to the SEC.

REPORT OF MANAGEMENT

Genuine Parts Company

Management's Responsibility for the Financial Statements

We have prepared the accompanying consolidated financial statements and related information included herein for the years ended December 31, 2007, 2006 and 2005. The opinion of Ernst & Young LLP, the Company's independent registered public accounting firm, on those consolidated financial statements is included herein. The primary responsibility for the integrity of the financial information included in this annual report rests with management. Such information was prepared in accordance with generally accepted accounting principles appropriate in the circumstances based on our best estimates and judgments and giving due consideration to materiality.

Management's Report on Internal Control over Financial Reporting

The management of Genuine Parts Company and its subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934.

The Company's internal control system was designed to provide reasonable assurance to the Company's management and to the board of directors regarding the preparation and fair presentation of the Company's published consolidated financial statements. The Company's internal control over financial reporting includes those policies and procedures that:

- i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. 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
- iii. 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.

All internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. 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.

The Company's management, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2007.

In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control-Integrated Framework." Based on this assessment, management concluded that, as of December 31, 2007, the Company's internal control over financial reporting was effective.

Ernst & Young LLP has issued an audit report on the Company's operating effectiveness of internal control over financial reporting as of December 31, 2007. This report appears on page 25.

Audit Committee Responsibility

The Audit Committee of Genuine Parts Company's Board of Directors is responsible for reviewing and monitoring the Company's financial reports and accounting practices to ascertain that they are within acceptable limits of sound practice in such matters. The membership of the Committee consists of non-employee Directors. At periodic meetings, the Audit Committee discusses audit and financial reporting matters and the internal audit function with representatives of financial management and with representatives from Ernst & Young LLP.



JERRY W. NIX
Vice Chairman and Chief Financial Officer
February 26, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Shareholders of Genuine Parts Company

We have audited Genuine Parts Company's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Genuine Parts 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 Report of Management. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

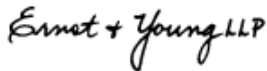
We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material 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.

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.

In our opinion, Genuine Parts Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Genuine Parts Company as of December 31, 2007 and 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2007 of Genuine Parts Company and our report dated February 26, 2008 expressed an unqualified opinion thereon.



Atlanta, Georgia
February 26, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON THE FINANCIAL STATEMENTS

The Board of Directors and Shareholders of Genuine Parts Company

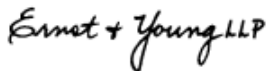
We have audited the accompanying consolidated balance sheets of Genuine Parts Company as of December 31, 2007 and 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Genuine Parts Company at December 31, 2007 and 2006, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 7, effective December 31, 2006, the Company adopted Statement of Financial Accounting Standards No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Genuine Parts Company's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2008 expressed an unqualified opinion thereon.



Atlanta, Georgia
February 26, 2008



CONSOLIDATED BALANCE SHEETS

(in thousands, except share data and per share amounts) December 31,

| | 2007 | 2006 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 231,837 | \$ 135,973 |
| Trade accounts receivable, net | 1,216,220 | 1,227,805 |
| Merchandise inventories, net | 2,335,716 | 2,236,368 |
| Prepaid expenses and other current assets | 269,239 | 234,981 |
| Total current assets | <u>4,053,012</u> | <u>3,835,127</u> |
| Goodwill and intangible assets, less accumulated amortization | 82,453 | 62,254 |
| Other assets | 212,615 | 170,343 |
| Property, plant, and equipment: | | |
| Land | 47,415 | 50,726 |
| Buildings, less allowance for depreciation (2007 — \$153,869; 2006 — \$142,324) | 143,685 | 162,679 |
| Machinery and equipment, less allowance for depreciation (2007 — \$469,909; 2006 — \$418,815) | 234,889 | 215,855 |
| Net property, plant, and equipment | <u>425,989</u> | <u>429,260</u> |
| | <u>\$ 4,774,069</u> | <u>\$ 4,496,984</u> |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Trade accounts payable | \$ 989,816 | \$ 910,263 |
| Current portion of debt | 250,000 | — |
| Accrued compensation | 102,027 | 95,770 |
| Other accrued expenses | 99,766 | 97,284 |
| Dividends payable | 60,789 | 57,552 |
| Income taxes payable | 45,578 | 37,899 |
| Total current liabilities | <u>1,547,976</u> | <u>1,198,768</u> |
| Long-term debt | 250,000 | 500,000 |
| Minority interests in subsidiaries | 66,230 | 60,716 |
| Other long-term liabilities | 193,147 | 187,509 |
| Shareholders' equity: | | |
| Preferred stock, par value \$1 per share — authorized 10,000,000 shares; none issued | — | — |
| Common stock, par value \$1 per share — authorized 450,000,000 shares; issued and outstanding 166,065,250 in 2007 and 170,530,874 shares in 2006 | 166,065 | 170,531 |
| Accumulated other comprehensive (loss) income | (123,715) | (242,534) |
| Retained earnings | 2,674,366 | 2,621,994 |
| Total shareholders' equity | <u>2,716,716</u> | <u>2,549,991</u> |
| | <u>\$ 4,774,069</u> | <u>\$ 4,496,984</u> |

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts) Year ended December 31,

| | 2007 | 2006 | 2005 |
|---|---------------------|---------------|--------------|
| Net sales | \$10,843,195 | \$ 10,457,942 | \$ 9,783,050 |
| Cost of goods sold | 7,625,972 | 7,353,447 | 6,884,964 |
| Gross margin | 3,217,223 | 3,104,495 | 2,898,086 |
| Operating expenses: | | | |
| Selling, administrative, and other expenses | 2,278,155 | 2,217,882 | 2,078,308 |
| Depreciation and amortization | 87,702 | 73,423 | 65,529 |
| Provision for doubtful accounts | 13,514 | 16,472 | 16,356 |
| Total operating expenses | 2,379,371 | 2,307,777 | 2,160,193 |
| Non-operating expenses (income): | | | |
| Interest expense | 31,327 | 31,576 | 34,024 |
| Other | (10,220) | (5,774) | (5,195) |
| Total non-operating expenses | 21,107 | 25,802 | 28,829 |
| Income before income taxes | 816,745 | 770,916 | 709,064 |
| Income taxes | 310,406 | 295,511 | 271,630 |
| Net income | \$ 506,339 | \$ 475,405 | \$ 437,434 |
| Basic net income per common share | \$ 2.99 | \$ 2.77 | \$ 2.51 |
| Diluted net income per common share | \$ 2.98 | \$ 2.76 | \$ 2.50 |
| Weighted average common shares outstanding | 169,129 | 171,576 | 174,054 |
| Dilutive effect of stock options and non-vested restricted stock awards | 1,006 | 910 | 953 |
| Weighted average common shares outstanding — assuming dilution | 170,135 | 172,486 | 175,007 |

See accompanying notes.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

| <i>(in thousands, except share and per share amounts)</i> | Common Stock | | Additional | Accumulated | Retained | Total |
|--|--------------------|-------------------|--------------------|---|---------------------|-------------------------|
| | Shares | Amount | Paid-In Capital | Other Comprehensive Income (Loss) | Earnings | Shareholders' Equity |
| Balance at January 1, 2005 | 174,964,884 | \$ 174,965 | \$ 56,571 | \$ 26,478 | \$ 2,286,363 | \$ 2,544,377 |
| Net income | — | — | — | — | 437,434 | 437,434 |
| Foreign currency translation adjustment | — | — | — | 14,351 | — | 14,351 |
| Changes in fair value of derivative instruments, net of income taxes of \$2,041 | — | — | — | 3,372 | — | 3,372 |
| Change in minimum pension liability, net of income taxes of \$(258) | — | — | — | 1,334 | — | 1,334 |
| Comprehensive income | | | | | | <u>456,491</u> |
| Cash dividends declared, \$1.25 per share | — | — | — | — | (217,523) | (217,523) |
| Stock options exercised, including tax benefit of \$5,242 | 852,745 | 853 | 22,114 | — | — | 22,967 |
| Stock-based compensation | — | — | 6,884 | — | — | 6,884 |
| Purchase of stock | (2,784,932) | (2,785) | (85,569) | — | (30,885) | (119,239) |
| Balance at December 31, 2005 | 173,032,697 | 173,033 | — | 45,535 | 2,475,389 | 2,693,957 |
| Net income | — | — | — | — | 475,405 | 475,405 |
| Foreign currency translation adjustment | — | — | — | (2,341) | — | (2,341) |
| Changes in fair value of derivative instruments, net of income taxes of \$201 | — | — | — | 322 | — | 322 |
| Change in minimum pension liability, net of income taxes of \$922 | — | — | — | (1,265) | — | (1,265) |
| Comprehensive income | | | | | | <u>472,121</u> |
| Pension and postretirement benefit adjustment, net of income taxes of \$187,371 ⁽¹⁾ | — | — | — | (284,785) | — | (284,785) |
| Cash dividends declared, \$1.35 per share | — | — | — | — | (231,454) | (231,454) |
| Stock options exercised, including tax benefit of \$3,005 | 432,694 | 433 | 11,249 | — | — | 11,682 |
| Stock-based compensation | — | — | 11,948 | — | — | 11,948 |
| Purchase of stock | (2,934,517) | (2,935) | (23,197) | — | (97,346) | (123,478) |
| Balance at December 31, 2006 | 170,530,874 | 170,531 | — | (242,534) | 2,621,994 | 2,549,991 |
| Net income | — | — | — | — | 506,339 | 506,339 |
| Foreign currency translation adjustment | — | — | — | 78,877 | — | 78,877 |
| Changes in fair value of derivative instruments, net of income taxes of \$184 | — | — | — | 296 | — | 296 |
| Pension and postretirement benefit adjustment, net of income taxes of \$24,278 | — | — | — | 39,646 | — | 39,646 |
| Comprehensive income | | | | | | <u>625,158</u> |
| Cash dividends declared, \$1.46 per share | — | — | — | — | (246,481) | (246,481) |
| Stock options exercised, including tax benefit of \$4,438 | 530,262 | 530 | 14,438 | — | — | 14,968 |
| Stock-based compensation | — | — | 14,300 | — | — | 14,300 |
| Purchase of stock | (4,995,886) | (4,996) | (28,738) | — | (207,486) | (241,220) |
| Balance at December 31, 2007 | <u>166,065,250</u> | <u>\$ 166,065</u> | <u>\$ —</u> | <u>\$ (123,715)</u> | <u>\$ 2,674,366</u> | <u>\$ 2,716,716</u> |

See accompanying notes.

(1) The pension and postretirement benefit adjustment relates to the adoption of SFAS No. 158 as described further in Note 7.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands) Year ended December 31,

| | 2007 | 2006 | 2005 |
|---|-------------------|-------------------|-------------------|
| Operating activities | | | |
| Net income | \$ 506,339 | \$ 475,405 | \$ 437,434 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 87,702 | 73,423 | 65,529 |
| Excess tax benefits from share-based compensation | (4,438) | (3,005) | — |
| (Gain) loss on sale of property, plant, and equipment | (2,214) | 509 | (2,675) |
| Deferred income taxes | (8,066) | (5,481) | 43,935 |
| Minority interests | 4,939 | 3,991 | 3,271 |
| Stock-based compensation | 14,300 | 11,948 | 12,126 |
| Changes in operating assets and liabilities: | | | |
| Trade accounts receivable, net | 38,330 | (31,821) | (59,949) |
| Merchandise inventories, net | (42,087) | (7,240) | (19,869) |
| Trade accounts payable | 65,103 | (66,116) | 112,087 |
| Other long-term assets | (11,806) | (7,052) | (118,358) |
| Other, net | (6,631) | (11,061) | (33,014) |
| | <u>135,132</u> | <u>(41,905)</u> | <u>3,083</u> |
| Net cash provided by operating activities | <u>641,471</u> | <u>433,500</u> | <u>440,517</u> |
| Investing activities | | | |
| Purchases of property, plant and equipment | (115,648) | (126,044) | (85,714) |
| Proceeds from sale of property, plant, and equipment | 67,656 | 4,452 | 7,110 |
| Acquisition of businesses and other investments | (44,855) | (29,007) | (27,518) |
| Proceeds from disposal of businesses | 5,249 | — | 35,948 |
| Other | — | 5,000 | — |
| Net cash used in investing activities | <u>(87,598)</u> | <u>(145,599)</u> | <u>(70,174)</u> |
| Financing activities | | | |
| Proceeds from credit facilities | — | 160,000 | 113,432 |
| Payments on credit facilities | — | (160,881) | (113,519) |
| Stock options exercised | 10,530 | 8,677 | 17,725 |
| Excess tax benefits from share-based compensation | 4,438 | 3,005 | — |
| Dividends paid | (243,244) | (228,052) | (215,868) |
| Purchase of stock | (241,220) | (123,478) | (119,239) |
| Net cash used in financing activities | <u>(469,496)</u> | <u>(340,729)</u> | <u>(317,469)</u> |
| Effect of exchange rate changes on cash | 11,487 | (110) | 1,097 |
| Net increase (decrease) in cash and cash equivalents | <u>95,864</u> | <u>(52,938)</u> | <u>53,971</u> |
| Cash and cash equivalents at beginning of year | <u>135,973</u> | <u>188,911</u> | <u>134,940</u> |
| Cash and cash equivalents at end of year | <u>\$ 231,837</u> | <u>\$ 135,973</u> | <u>\$ 188,911</u> |
| Supplemental disclosures of cash flow information | | | |
| Cash paid during the year for: | | | |
| Income taxes | <u>\$ 324,399</u> | <u>\$ 285,696</u> | <u>\$ 235,384</u> |
| Interest | <u>\$ 31,540</u> | <u>\$ 32,521</u> | <u>\$ 33,544</u> |

See accompanying notes.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007**

1. Summary of Significant Accounting Policies

Business

Genuine Parts Company and all of its majority-owned subsidiaries (the Company) is a distributor of automotive replacement parts, industrial replacement parts, office products, and electrical/electronic materials. The Company serves a diverse customer base through more than 2,000 locations in North America and, therefore, has limited exposure from credit losses to any particular customer, region, or industry segment. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral.

Principles of Consolidation

The consolidated financial statements include all of the accounts of the Company. Income applicable to minority interests is included in other non-operating expenses (income). Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements, in conformity with U. S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from those estimates and the differences could be material.

Revenue Recognition

The Company recognizes revenues from product sales upon shipment to its customers.

Foreign Currency Translation

The consolidated balance sheets and statements of income of the Company's foreign subsidiaries have been translated into U.S. dollars at the current and average exchange rates, respectively. The foreign currency translation adjustment is included as a component of accumulated other comprehensive (loss) income.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

**Trade Accounts Receivable
and the Allowance for Doubtful Accounts**

The Company evaluates the collectability of trade accounts receivable based on a combination of factors. Initially, the Company estimates an allowance for doubtful accounts as a percentage of net sales based on historical bad debt experience. This initial estimate is periodically adjusted when the Company becomes aware of a specific customer's inability to meet its financial obligations (e.g., bankruptcy filing) or as a result of changes in the overall aging of accounts receivable. While the Company has a large customer base that is geographically dispersed, a general economic downturn in any of the industry segments in which the Company operates could result in higher than expected defaults, and, therefore, the need to revise estimates for bad debts. For the years ended December 31, 2007, 2006, and 2005, the Company recorded provisions for bad debts of approximately \$13,514,000, \$16,472,000, and \$16,356,000, respectively. At December 31, 2007 and 2006, the allowance for doubtful accounts was approximately \$15,521,000 and \$13,456,000, respectively.

**Merchandise Inventories, Including
Consideration Received From Vendors**

Merchandise inventories are valued at the lower of cost or market. Cost is determined by the last-in, first-out (LIFO) method for a majority of automotive parts, electrical/electronic materials, and industrial parts, and by the first-in, first-out (FIFO) method for office products and certain other inventories. If the FIFO method had been used for all inventories, cost would have been approximately \$326,816,000 and \$293,464,000 higher than reported at December 31, 2007 and 2006, respectively.

The Company identifies slow moving or obsolete inventories and estimates appropriate provisions related thereto. Historically, these losses have not been significant as the vast majority of the Company's inventories are not highly susceptible to obsolescence and are eligible for return under various vendor return programs. While the Company has no reason to believe its inventory return privileges will be discontinued in the future, its risk of loss associated with obsolete or slow moving inventories would increase if such were to occur.

The Company enters into agreements at the beginning of each year with many of its vendors providing for inventory purchase incentives and advertising allowances. Generally, the Company earns inventory purchase incentives and advertising allowances upon achieving specified volume purchasing levels or other criteria. The Company accrues for the receipt of inventory purchase incentives and advertising allowances as part of its inventory cost based on cumulative purchases of inventory to date and projected inventory purchases through the end of the year, or, in the case of specific advertising allowances, upon completion of the Company's obligations related thereto. While management believes the Company will continue to receive consideration from vendors in 2008 and beyond, there can be no assurance that vendors will continue to provide comparable amounts of incentives and allowances in the future.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist primarily of prepaid expenses and amounts due from vendors.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets primarily represent the excess of the purchase price paid over the fair value of the net assets acquired in connection with business acquisitions. Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142) requires that when the fair value of goodwill is less than the related carrying value, entities are required to reduce the amount of goodwill. In accordance with the provisions of SFAS No. 142, the Company reviews its goodwill annually in the fourth quarter, or sooner if circumstances indicate that the carrying amount may exceed fair value. No goodwill impairments have been recorded in 2007, 2006, or 2005. The impairment-only approach required by SFAS No. 142 may have the effect of increasing the volatility of the Company's earnings if goodwill impairment occurs at a future date.

SFAS No. 142 also requires that entities discontinue amortization of all purchased goodwill, including amortization of goodwill recorded in past business combinations. Accordingly, the Company no longer amortizes goodwill.

Other Assets

Other assets are comprised of the following:

| <i>(in thousands) December 31,</i> | 2007 | 2006 |
|---|------------------|-------------------|
| Retirement benefit assets | \$ 45,680 | \$ 12,951 |
| Investment accounted for under the cost method | 21,400 | 21,400 |
| Cash surrender value of life insurance policies | 55,937 | 49,294 |
| Deferred tax asset | 35,778 | 38,839 |
| Other | 53,820 | 47,859 |
| Total other assets | <u>\$212,615</u> | <u>\$ 170,343</u> |

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Buildings include certain leases capitalized at December 31, 2007 and 2006. Depreciation and amortization is primarily determined on a straight-line basis over the following estimated useful life of each asset: buildings and improvements, 10 to 40 years; machinery and equipment, 5 to 15 years.

Long-Lived Assets Other Than Goodwill

The Company assesses its long-lived assets other than goodwill for impairment whenever facts and circumstances indicate that the carrying amount may not be fully recoverable. To analyze recoverability, the Company projects undiscounted net future cash flows over the remaining life of such assets. If these projected cash flows are less than the carrying amount, an impairment would be recognized, resulting in a write-down of assets with a corresponding charge to earnings. Impairment losses, if any, are measured based upon the difference between the carrying amount and the fair value of the assets.

Other Long-Term Liabilities

Other long-term liabilities are comprised of the following:

| <i>(in thousands) December 31,</i> | 2007 | 2006 |
|--|------------------|-------------------|
| Retirement and post-employment benefit liabilities | \$ 100,060 | \$ 116,374 |
| Obligations under capital and other leases | 13,707 | 12,248 |
| Insurance liabilities | 36,723 | 39,558 |
| Deferred gain on sale-leaseback | 19,458 | — |
| Other | 23,199 | 19,329 |
| Total other long-term liabilities | <u>\$193,147</u> | <u>\$ 187,509</u> |

The Company's retirement and post-employment benefit liabilities consist primarily of actuarially determined obligations related to certain retiree benefits as discussed further in Note 7. See Note 4 for further discussion of the Company's obligations under capital leases and the sale-leaseback transaction.

Insurance liabilities consist primarily of reserves for the workers' compensation program. The Company carries various large risk deductible workers' compensation policies for the majority of workers' compensation liabilities. The Company records the workers' compensation reserves based on an analysis performed by an independent actuary. The analysis calculates development factors, which are applied to total reserves as provided by the various insurance companies who underwrite the program. While the Company believes that the assumptions used to calculate these liabilities are appropriate, significant differences in actual experience or significant changes in these assumptions may materially affect workers' compensation costs.

Self-Insurance

The Company is self-insured for the majority of group health insurance costs. A reserve for claims incurred but not reported is developed by analyzing historical claims data provided by the Company's claims administrators. While the Company believes that the assumptions used to calculate these liabilities are appropriate, significant differences from historical trends may materially impact financial results. These reserves are included in accrued expenses in the accompanying consolidated balance sheets as the expenses are expected to be paid within one year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

1. Summary of Significant Accounting Policies (continued)

Accumulated Other Comprehensive (Loss) Income

Accumulated other comprehensive (loss) income is comprised of the following:

(in thousands) December 31,

| | 2007 | 2006 |
|---|---------------------|---------------------|
| Foreign currency translation | \$ 129,700 | \$ 50,823 |
| Net unrealized loss on derivative instruments, net of taxes | — | (296) |
| Unrecognized net actuarial loss, net of tax | (250,846) | (290,461) |
| Unrecognized prior service cost, net of tax | (2,569) | (2,600) |
| Total accumulated other comprehensive loss | <u>\$ (123,715)</u> | <u>\$ (242,534)</u> |

Fair Value of Financial Instruments

The carrying amounts reflected in the consolidated balance sheets for cash and cash equivalents, trade accounts receivable and trade accounts payable approximate their respective fair values based on the short-term nature of these instruments. At December 31, 2007 and 2006, the fair market value of fixed rate debt was approximately \$529,000,000 and \$511,000,000, respectively, based primarily on quoted prices for these or similar instruments. The fair value of fixed rate debt was estimated by calculating the present value of anticipated cash flows. The discount rate used was an estimated borrowing rate for similar debt instruments with like maturities.

Shipping and Handling Costs

Shipping and handling costs are classified as selling, administrative and other expenses in the accompanying consolidated statements of income and totaled approximately \$140,000,000, \$130,000,000, and \$100,000,000 in the years ended December 31, 2007, 2006, and 2005, respectively.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$44,700,000, \$49,700,000, and \$44,100,000 in the years ended December 31, 2007, 2006, and 2005, respectively.

Stock Compensation

The Company maintains various Long-Term Incentive Plans, which provide for the granting of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, dividend equivalents, and other share-based awards.

Effective January 1, 2003, the Company prospectively adopted the fair value method of accounting for stock compensation.

The Company recognizes compensation expense based on the straight-line method. Until January 1, 2003, the Company had elected to follow Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (APB No. 25), and related Interpretations in accounting for stock compensation. Under APB No. 25, no compensation expense was recognized if the exercise price of stock options equaled or exceeded the market price of the underlying stock on the date of grant. Pro forma information regarding net income and earnings per share is required by SFAS No. 123, as amended, determined as if the Company had accounted for its employee stock options granted subsequent to December 31, 1994, under the fair value method of SFAS No. 123.

Effective January 1, 2006, the Company adopted SFAS No. 123(R) choosing the "modified prospective" method. Compensation cost recognized for the years ended December 31, 2007 and 2006, includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123; and (b) compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant date fair value estimated with the provisions of SFAS No. 123(R). Results for prior periods have not been restated. Most options may be exercised not earlier than twelve months nor later than ten years from the date of grant.

Net Income per Common Share

Basic net income per common share is computed by dividing net income by the weighted average number of common shares outstanding during the year. The computation of diluted net income per common share includes the dilutive effect of stock options and non-vested restricted stock awards.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current year presentation. The Company determined that certain of the business' warehousing, distribution, and handling costs previously classified in the consolidated statements of income as components of selling, administrative and other expenses should be classified as cost of goods sold to be consistent with the Company's policy of capitalizing these costs in inventory. These costs amount to \$171,000,000 and \$166,000,000 for fiscal years 2006 and 2005, respectively. The reclassification had no effect on net sales, operating margins, net income or diluted earning per share. Such reclassifications were considered to be immaterial for all periods.

Recently Issued Accounting Pronouncements

On September 15, 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS No. 157). SFAS No. 157 defines fair

value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States, and expands disclosures about fair value measurements. SFAS No. 157 does not expand the use of fair value in any new circumstances. The provisions of this statement are to be applied prospectively as of the beginning of the fiscal year in which this statement is initially applied, with any transition adjustment recognized as a cumulative-effect adjustment to the opening balance of retained earnings. The provisions of SFAS No. 157, as issued, are effective for the fiscal years beginning after November 15, 2007. However, at the February 6, 2008 meeting, the FASB agreed to defer for one year the effective date of Statement 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (that is, at least annually). The Company does not expect that SFAS No. 157 will have a significant impact on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007) (SFAS No. 141(R)), *Business Combinations*. SFAS No. 141(R) will change the accounting for business combinations. Under SFAS No. 141(R), an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS No. 141(R) will change the accounting treatment and disclosure for certain specific items in a business combination. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. SFAS No. 141(R) will have an impact on accounting for business combinations once adopted, but the effect is dependent upon acquisitions at that time.

In December 2007, the FASB issued SFAS No. 160 (SFAS No. 160), *Noncontrolling Interests in Consolidated Financial Statements—An Amendment of ARB No. 51*. SFAS No. 160 establishes new accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008. The Company does not expect that SFAS No. 160 will have a significant impact on the Company's consolidated financial statements.

2. Goodwill and Other Intangible Assets

In accordance with SFAS No. 142, the Company performed an annual goodwill and indefinite lived intangible asset impairment test during the fourth quarter of 2007, 2006, and 2005. The present value of future cash flows approach was used to determine any potential impairment. The Company determined that these assets were not impaired and, therefore, no impairment was recognized for the years ended December 31, 2007, 2006, and 2005.

The changes in the carrying amount of goodwill during the years ended December 31, 2007, 2006, and 2005 by reportable segment, as well as other identifiable intangible assets, are summarized as follows (in thousands):

| | Goodwill | | | Identifiable Intangible Assets | Total |
|---------------------------------|------------|------------|--------------------|--------------------------------------|-----------|
| | Automotive | Industrial | Office Products | | |
| Balance as of January 1, 2005 | \$ 21,617 | \$ 31,170 | \$ 2,131 | \$ 2,754 | \$57,672 |
| Additions | 2,270 | 239 | — | 2,932 | 5,441 |
| Amortization | — | — | — | (396) | (396) |
| Balance as of December 31, 2005 | 23,887 | 31,409 | 2,131 | 5,290 | 62,717 |
| Amortization | — | — | — | (463) | (463) |
| Balance as of December 31, 2006 | 23,887 | 31,409 | 2,131 | 4,827 | 62,254 |
| Additions | 300 | 13,593 | — | 7,424 | 21,317 |
| Amortization | — | — | — | (1,118) | (1,118) |
| Balance as of December 31, 2007 | \$ 24,187 | \$ 45,002 | \$ 2,131 | \$ 11,133 | \$ 82,453 |

3. Credit Facilities

There were no amounts subject to variable rates at December 31, 2007 and 2006. The weighted average interest rate on the Company's outstanding borrowings was approximately 6.05% at December 31, 2007 and 2006.

The Company maintains a \$350,000,000 unsecured revolving line of credit with a consortium of financial institutions that matures in December 2012 and bears interest at LIBOR plus .23% (5.08% at December 31, 2007). The Company also has the option under this agreement to increase its borrowing an additional \$200,000,000. No amounts were outstanding under this line of credit at December 31, 2007 and 2006. Certain borrowings contain covenants related to a maximum debt-to-capitalization ratio and certain limitations on additional borrowings. At December 31, 2007, the Company was in compliance with all such covenants. Due to the workers compensation and insurance reserve requirements in certain states, the Company also had unused letters of credit of \$56,453,000 and \$58,955,000 outstanding at December 31, 2007 and 2006, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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Amounts outstanding under the Company's credit facilities consist of the following:

| <i>(in thousands) December 31,</i> | 2007 | 2006 |
|---|------------|------------|
| Unsecured term notes: | | |
| November 30, 2002, Series A Senior Notes, \$250,000,000, 5.86% fixed, due November 30, 2008 | \$ 250,000 | \$250,000 |
| November 30, 2002, Series B Senior Notes, \$250,000,000, 6.23% fixed, due November 30, 2011 | 250,000 | 250,000 |
| Total debt | 500,000 | 500,000 |
| Less debt due within one year | 250,000 | — |
| Long-term debt, excluding current portion | \$ 250,000 | \$ 500,000 |

Approximate maturities under the Company's credit facilities are as follows (in thousands):

| | |
|------|-------------------|
| 2008 | \$250,000 |
| 2009 | — |
| 2010 | — |
| 2011 | 250,000 |
| | <u>\$ 500,000</u> |

4. Leased Properties

In June 2003, the Company completed an amended and restated master agreement to our \$85,000,000 construction and lease agreement (the Agreement). The lessor in the Agreement is an independent third-party limited liability company, which has as its sole member a publicly traded corporation. Properties acquired by the lessor are constructed and/or then leased to the Company under operating lease agreements. No additional properties are being added to this Agreement, as the construction term has ended. The Company does not believe the lessor is a variable interest entity, as defined in FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities, an interpretation of ARB No. 51* (FIN No. 46). In addition, the Company has verified that even if the lessor was determined to be a variable interest entity, the Company would not have to consolidate the lessor nor the assets and liabilities associated with properties leased to the Company. This is because the assets leased under the Agreement do not exceed 50% of the total fair value of the lessor's assets, excluding any assets that should be excluded from such calculation under FIN No. 46, nor did the lessor finance 95% or more of the leased balance with non-recourse debt, target equity or similar funding. The Agreement has been accounted for as an operating lease under SFAS No. 13, *Accounting for Leases* (SFAS No. 13) and related interpretations. Future minimum rental commitments under the Agreement have been included in the table of future minimum payments below.

Rent expense related to the Agreement is recorded under selling, administrative, and other expenses in our consolidated statements of income and was \$4,877,000, \$4,797,000, and \$3,338,000 for the years ended December 31, 2007, 2006, and 2005, respectively.

In October 2007, the Company entered into a sale-leaseback transaction with a financial institution. In connection with the transaction, the Company sold certain automotive retail store properties and immediately leased the properties back over a lease term of twenty years. The lease was classified as an operating lease. Net proceeds from the transaction amounted to approximately \$56,000,000. The Company realized a net gain of approximately \$20,000,000, which was deferred and is being amortized over the lease term. The deferred gain is included in other long-term liabilities in the consolidated balance sheet at December 31, 2007.

At December 31, 2007 and 2006, buildings include \$15,400,000 with accumulated depreciation of \$8,336,000 and \$6,917,000, respectively, for leases of distribution centers and stores capitalized. Depreciation expense for capital leases was approximately \$2,509,000, \$4,585,000, and \$3,466,000 in 2007, 2006, and 2005, respectively.

Future minimum payments, by year and in the aggregate, under the capital and noncancelable operating leases with initial or remaining terms of one year or more consisted of the following at December 31, 2007 (in thousands):

| | Capital Leases | Operating Leases |
|--|-------------------|---------------------|
| 2008 | \$ 2,344 | \$ 131,659 |
| 2009 | 2,158 | 98,182 |
| 2010 | 1,760 | 73,756 |
| 2011 | 1,092 | 54,935 |
| 2012 | 913 | 42,926 |
| Thereafter | 2,839 | 182,619 |
| Total minimum lease payments | 11,106 | <u>\$ 584,077</u> |
| Amounts representing interest | 4,041 | |
| Present value of future minimum lease payments | <u>\$ 7,065</u> | |

Rental expense for operating leases was approximately \$153,273,000 in 2007, \$147,727,000 in 2006, and \$147,187,000 in 2005.

5. Stock Options and Restricted Stock Awards

The Company maintains various Long-Term Incentive Plans, which provide for the granting of stock options, stock appreciation rights (SARs), restricted stock, restricted stock units (RSUs), performance awards, dividend equivalents and other share-based awards. The Company issues new shares upon option exercise under these plans.

Effective January 1, 2003, the Company prospectively adopted the fair value method of accounting for stock compensation. The Company recognizes compensation expense based on the straight-line method for all award types, including SARs, which are subject to graded vesting based on a service condition. Until January 1, 2003, the Company had elected to follow APB No. 25, *Accounting for Stock Issued to Employees*, and related interpretations in accounting for stock compensation. Under APB No. 25, no compensation expense was recognized if the exercise price of stock options equaled or exceeded the market price of the underlying stock on the date of grant. Pro forma information regarding net income and earnings per share is required by SFAS No. 123, as amended, determined as if the Company had accounted for its employee stock options granted subsequent to December 31, 1994, under the fair value method of SFAS No. 123.

Effective January 1, 2006, the Company adopted SFAS No. 123(R) choosing the “modified prospective” method. Compensation cost recognized for the years ended December 31, 2007 and 2006, includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123; and (b) compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant date fair value estimated with the provisions of SFAS No. 123(R). Results for prior periods have not been restated. Most options may be exercised not earlier than twelve months nor later than ten years from the date of grant. As of January 1, 2006, there was approximately \$1.2 million of unrecognized compensation cost for all awards granted prior to January 1, 2003, to employees that remained unvested prior to the effective date of SFAS No. 123(R). This compensation cost is expected to be recognized over a weighted-average period of approximately four years.

For the year ended December 31, 2007, total compensation cost related to nonvested awards not yet recognized was approximately \$21.7 million. The weighted-average period over which this compensation cost is expected to be recognized is approximately three years. The aggregate intrinsic value for options and RSUs outstanding at December 31, 2007 and 2006 was approximately \$58.5 million and \$74.6 million, respectively. The aggregate intrinsic value for options and RSUs vested totaled approximately \$37.9 million and \$46.4 million at December 31, 2007 and 2006, respectively. At December 31, 2007, the weighted-average contractual life for outstanding and exercisable options and RSUs was six years. For the years ended December 31, 2007, 2006, and 2005, \$14.3 million, \$11.9 million, and \$6.9 million of share-based compensation cost was recorded, respectively. The total income tax benefit recognized in the income statement for share-based compensation arrangements was approximately \$5.7 million, \$4.8 million, and \$2.8 million for 2007, 2006, and 2005, respectively. There have been no modifications to valuation methodologies or methods subsequent to the adoption of SFAS No. 123(R).

For the years ended December 31, 2007, 2006, and 2005 the fair value for options and SARs granted was estimated using a Black-Scholes option pricing model with the following weighted-average assumptions, respectively: risk-free interest rate of 4.6%, 4.8%, and 4.1%; dividend yield of 3.1%, 2.9%, and 3.2%; annual historical volatility factor of the expected market price of the Company’s common stock of 21%, 21%, and 23%; an average expected life and estimated turnover based on the historical pattern of existing grants of six years and 4.0% to 5.6%, respectively. The fair value of RSUs is based on the price of the Company’s stock on the date of grant. The total fair value of shares vested during the years ended December 31, 2007, 2006, and 2005, was \$10.5 million, \$6.9 million, and \$8.0 million, respectively.

For purposes of pro forma disclosures under SFAS No. 123, as amended by SFAS No. 148, *Accounting for Stock-Based Compensation Transition and Disclosure*, an amendment of FASB Statement No. 123, the estimated fair value of the options is amortized to expense over the options’ vesting period. The following table illustrates the effect on net income and income per share if the fair value based method had been applied to all outstanding and unvested awards during the year ended December 31, 2005 (in thousands, except per share amounts):

| Year Ended December 31, | 2005 |
|--|------------------|
| Net income, as reported | \$ 437,434 |
| Add: Stock-based employee compensation expense related to option grants after January 1, 2003, included in reported net income, net of related tax effects | 4,247 |
| Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects | <u>(6,225)</u> |
| Pro forma net income | <u>\$435,456</u> |
| Income per share: | |
| Basic—as reported | \$ 2.51 |
| Basic—pro forma | <u>\$ 2.50</u> |
| Diluted—as reported | \$ 2.50 |
| Diluted—pro forma | <u>\$ 2.49</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

5. Stock Options and Restricted Stock Awards (continued)

A summary of the Company's stock option activity and related information is as follows:

| | 2007 | |
|---|-------------------|--|
| | Shares (000's) | Weighted Average Exercise Price |
| Outstanding at beginning of year | 6,084 | \$ 35 |
| Granted ⁽¹⁾ | 1,367 | 49 |
| Exercised | (986) | 34 |
| Forfeited | (150) | 43 |
| Outstanding at end of year ⁽²⁾ | <u>6,315</u> | \$ 38 |
| Exercisable at end of year | <u>3,506</u> | \$ 36 |
| Shares available for future grants | <u>6,636</u> | |

(1) Total includes 95,000 Restricted Stock Units (RSUs). The weighted average exercise price excludes RSUs.

(2) The exercise prices for options outstanding as of December 31, 2007 ranged from approximately \$21 to \$49. The weighted-average remaining contractual life of all options outstanding is approximately seven years.

The weighted-average grant date fair value of options granted during the years 2007, 2006, and 2005 was \$9.64, \$9.14, and \$8.58, respectively. The aggregate intrinsic value of options exercised during the years ended December 31, 2007, 2006, and 2005 was \$15.6 million, \$10.7 million, and \$19.6 million.

In 2007, the Company granted approximately 1,272,000 SARs and 95,000 RSUs. In 2006, the Company granted approximately 1,246,000 SARs and 94,000 RSUs. In 2005, the Company granted approximately 1,169,000 SARs and 91,000 RSUs. SARs represent a right to receive the excess, if any, of the fair market value of one share of common stock on the date of exercise over the grant price. RSUs represent a contingent right to receive one share of the Company's common stock at a future date provided certain pre-tax profit targets are achieved. The majority of awards vest on a pro-rata basis for periods ranging from one to five years and are expensed accordingly on a straight-line basis.

A summary of the Company's nonvested share awards (RSUs) activity is as follows:

| | Shares (000's) | Weighted Average Grant Date Fair Value |
|--------------------------------|-------------------|---|
| Nonvested Share Awards (RSUs) | | |
| Nonvested at January 1, 2007 | 255 | \$ 41 |
| Granted | 95 | 49 |
| Vested | (15) | 49 |
| Forfeited or Expired | (23) | 42 |
| Nonvested at December 31, 2007 | <u>312</u> | \$ 43 |

Prior to the adoption of SFAS No. 123(R), the Company presented all tax benefits for deductions resulting from the exercise of stock options as operating cash flows in the consolidated statements of cash flows. SFAS No. 123(R) requires the cash flows resulting from the tax benefits related to tax deductions in excess of the compensation cost recognized for those options (excess tax benefits) to be classified as financing cash inflow. For the years ended December 31, 2007 and 2006, approximately \$4.4 million and \$3.0 million, respectively, of excess tax benefits was classified as a financing cash inflow.

6. Income Taxes

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for income tax purposes. Undistributed earnings of the Company's foreign subsidiaries are considered to be indefinitely reinvested. As such, no U.S. federal and state income taxes have been provided thereon, and it is not practicable to determine the amount of the related unrecognized deferred income tax liability. Significant components of the Company's deferred tax assets and liabilities are as follows:

| <i>(in thousands) December 31,</i> | 2007 | 2006 |
|---|----------------|----------------|
| Deferred tax assets related to: | | |
| Expenses not yet deducted for tax purposes | \$ 136,432 | \$ 114,146 |
| Pension liability not yet deducted for tax purposes | <u>160,521</u> | <u>193,194</u> |
| | <u>296,953</u> | 307,340 |

| | | |
|---|--------------------|--------------------|
| Deferred tax liabilities related to: | | |
| Employee and retiree benefits | 164,909 | 160,798 |
| Inventory | 98,196 | 88,672 |
| Property and equipment | 19,849 | 24,787 |
| Other | 6,918 | 9,605 |
| | <u>289,872</u> | <u>283,862</u> |
| Net deferred tax asset | (7,081) | (23,478) |
| Current portion of deferred tax liability | 28,697 | 15,361 |
| Non-current deferred tax asset | <u>\$ (35,778)</u> | <u>\$ (38,839)</u> |

The current portion of the deferred tax liability is included in income taxes payable and the non-current deferred tax asset is included in other assets in the consolidated balance sheets.

The components of income tax expense are as follows:

| <i>(in thousands)</i> | 2007 | 2006 | 2005 |
|-----------------------|-------------------|------------|------------|
| Current: | | | |
| Federal | \$262,922 | \$ 243,089 | \$ 183,387 |
| State | 42,101 | 41,361 | 32,977 |
| Foreign | 13,449 | 16,542 | 11,331 |
| Deferred | (8,066) | (5,481) | 43,935 |
| | \$ 310,406 | \$295,511 | \$271,630 |

The reasons for the difference between total tax expense and the amount computed by applying the statutory Federal income tax rate to income before income taxes are as follows:

| <i>(in thousands)</i> | 2007 | 2006 | 2005 |
|---|-------------------|------------|------------|
| Statutory rate applied to income | \$ 285,861 | \$ 269,821 | \$ 248,172 |
| Plus state income taxes, net of Federal tax benefit | 26,672 | 26,395 | 25,571 |
| Other | (2,127) | (705) | (2,113) |
| | \$310,406 | \$295,511 | \$271,630 |

The Company or one of its subsidiaries files income tax returns in the US federal jurisdiction, various states, and foreign jurisdictions. With few exceptions, the Company is no longer subject to federal, state and local tax examinations by tax authorities for years before 2004 or subject to non-United States income tax examinations for years ended prior to 2002. The Company does not anticipate total unrecognized tax benefits will significantly change during the year due to the settlement of audits and the expiration of statutes of limitations. The Company adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, an interpretation of FASB Statement No. 109, ("FIN No. 48"), on January 1, 2007. The cumulative effect of adopting FIN No. 48 did not have a material impact on the Company's financial position or the results of operations. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Unrecognized Tax Benefits

(in thousands)

| | |
|--|------------------|
| Balance at January 1, 2007 | \$29,215 |
| Additions based on tax positions related to the current year | 7,929 |
| Additions for tax positions of prior years | 455 |
| Reductions for tax positions for prior years | (1,557) |
| Reduction for lapse in statute of limitations | (2,897) |
| Settlements | (1,045) |
| Balance at December 31, 2007 | \$ 32,100 |

The amount of gross tax effected unrecognized tax benefits as of December 31, 2007 was approximately \$32,100,000 of which approximately \$13,682,000, if recognized, would affect the effective tax rate. During the year ending December 31, 2007, the Company recognized interest and penalties of approximately \$600,000. The Company had approximately \$1,500,000 and \$900,000 of accrued interest and penalties at December 31, 2007 and January 1, 2007, respectively. The Company recognizes potential interest and penalties related to unrecognized tax benefits as a component of income tax expense.

7. Employee Benefit Plans

The Company's defined benefit pension plans cover substantially all of its employees in the U.S. and Canada. The plan covering U.S. employees is noncontributory and benefits are based on the employees' compensation during the highest five of their last ten years of credited service. The Canadian plan is contributory and benefits are based on career average compensation. The Company's funding policy is to contribute an amount equal to the minimum required contribution under ERISA. The Company may increase its contribution above the minimum if appropriate to its tax and cash position and the plans' funded position.

The Company also sponsors unfunded supplemental retirement plans covering employees in the U.S. and Canada and other postretirement benefit plans in the U.S. The Company uses a measurement date of December 31 for its pension and other postretirement benefit plans.

On September 29, 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Retirement Plans*, which amends SFAS No. 87 and SFAS No. 106 to require recognition of the overfunded or underfunded status of pension and other postretirement benefit plans on the balance sheet. Under SFAS No. 158, gains and losses, prior service costs and credits, and any remaining transition amounts under SFAS No. 87 and SFAS No. 106 that have not yet been recognized through net periodic benefit cost are to be recognized in accumulated other comprehensive income, net of tax effects, until they are amortized as a component of net periodic cost. SFAS No. 158 is effective for publicly held companies for fiscal years ending after December 31, 2006.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

7. Employee Benefit Plans (continued)

| | Pension Benefits | | Other Postretirement Benefits | |
|---|---------------------|---------------------|-------------------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Changes in benefit obligation | | | | |
| Benefit obligation at beginning of year | \$ 1,334,528 | \$ 1,236,379 | \$ 25,669 | \$ 24,267 |
| Service cost | 53,700 | 50,224 | 750 | 475 |
| Interest cost | 82,029 | 72,246 | 1,441 | 1,327 |
| Plan participants' contributions | 3,203 | 2,709 | 3,721 | 1,173 |
| Plan amendments | — | 1,708 | — | — |
| Actuarial (gain) loss | (61,447) | 9,213 | 3,874 | 2,842 |
| Exchange rate loss (gain) | 19,039 | (349) | — | — |
| Gross benefits paid | (43,383) | (37,602) | (7,585) | (5,263) |
| Less federal subsidy | N/A | N/A | 770 | 848 |
| Benefit obligation at end of year | <u>\$ 1,387,669</u> | <u>\$ 1,334,528</u> | <u>\$ 28,640</u> | <u>\$ 25,669</u> |

The benefit obligation for the Company's U.S. pension plans included in the above were \$1,258,892,000 and \$1,225,020,000 at December 31, 2007 and 2006, respectively. The total accumulated benefit obligation for the Company's defined benefit pension plans was approximately \$1,119,588,000 and \$1,068,895,000 at December 31, 2007 and 2006, respectively.

The assumptions used to measure the pension and other post-retirement plan obligations for the plans at December 31, 2007 and 2006, were:

| | Pension Benefits | | Other Postretirement Benefits | |
|--|------------------|-------|-------------------------------|-------|
| | 2007 | 2006 | 2007 | 2006 |
| Weighted-average discount rate | 6.49% | 6.00% | 5.75% | 5.75% |
| Rate of increase in future compensation levels | 3.75% | 3.75% | — | — |

An 8% annual rate of increase in the per capita cost of covered health care benefits was assumed on December 31, 2007. The rate was assumed to decrease ratably to 5% at December 31, 2013, and thereafter.

| (in thousands) | Pension Benefits | | Other Postretirement Benefits | |
|--|---------------------|---------------------|-------------------------------|-------------|
| | 2007 | 2006 | 2007 | 2006 |
| Changes in plan assets | | | | |
| Fair value of plan assets at beginning of year | \$ 1,260,538 | \$ 1,114,980 | \$ — | \$ — |
| Actual return on plan assets | 89,248 | 114,076 | — | — |
| Exchange rate gain (loss) | 21,030 | (441) | — | — |
| Employer contributions | 35,140 | 66,816 | 3,094 | 3,242 |
| Plan participants' contribution | 3,203 | 2,709 | 3,721 | 1,173 |
| Benefits paid | (43,383) | (37,602) | (6,815) | (4,415) |
| Fair value of plan assets at end of year | <u>\$ 1,365,776</u> | <u>\$ 1,260,538</u> | <u>\$ —</u> | <u>\$ —</u> |

The fair values of plan assets for the Company's U.S. pension plans included in the above were \$1,222,686,000 and \$1,139,298,000 at December 31, 2007 and 2006, respectively.

Following are the asset allocations for the Company's funded pension plans at December 31, 2007 and 2006, and the target allocation for 2008, by asset category:

| Asset Category | Target Allocation | Percentage of Plan Assets at December 31 | |
|-----------------------|-------------------|--|-------------|
| | 2008 | 2007 | 2006 |
| Equity securities | 70% | 68% | 67% |
| Debt securities | 29% | 29% | 31% |
| Real estate and other | 1% | 3% | 2% |
| | <u>100%</u> | <u>100%</u> | <u>100%</u> |

At December 31, 2007 and 2006, the plan held 2,016,932 shares of common stock of the Company with a market value of approximately \$93,384,000 and \$95,663,000, respectively. Dividend payments received by the plan on Company stock totaled approximately \$2,945,000 and \$2,723,000 in 2007 and 2006, respectively. Fees paid during the year for services rendered by parties in interest were based on customary and reasonable rates for such services.

The Company's benefit plan committees in the U.S. and Canada establish investment policies and strategies and regularly monitor the performance of the funds. The pension plan strategy implemented by the Company's management is to achieve long-term objectives and invest the pension assets in accordance with the applicable pension legislation in the U.S. and Canada, as well as fiduciary standards. The long-term primary objectives for the pension plans are to provide for a reasonable amount of long-term growth of capital, without undue exposure to risk, protect the assets from erosion of purchasing power, and provide investment results that meet or exceed the pension plans' actuarially assumed long term rates of return.

Based on the investment policy for the pension plans, as well as an asset study that was performed based on the Company's asset allocations and future expectations, the Company's expected rate of return on plan assets for measuring 2008 pension expense or income is 8.25% for the plans. The asset study forecasted expected rates of return for the approximate duration of the Company's benefit obligations, using capital market data and historical relationships.

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets at December 31:

Amounts recognized in the consolidated balance sheets consist of:

| <i>(in thousands)</i> | Pension Benefits | | Other Postretirement Benefits | |
|---------------------------|--------------------|--------------------|-------------------------------|--------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Other long-term asset | \$ 45,680 | \$ 12,951 | \$ N/A | \$ N/A |
| Other current liability | (2,200) | (2,272) | (2,854) | (2,764) |
| Other long-term liability | (65,373) | (84,669) | (25,786) | (22,905) |
| | \$ (21,893) | \$ (73,990) | \$ (28,640) | \$ (25,669) |

Amounts recognized in accumulated other comprehensive (loss) income consist of:

| <i>(in thousands)</i> | Pension Benefits | | Other Postretirement Benefits | |
|-----------------------|-------------------|-------------------|-------------------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Net actuarial loss | \$ 393,061 | \$ 459,478 | \$ 24,908 | \$ 22,457 |
| Prior service cost | 2,748 | 2,410 | 1,533 | 1,904 |
| | \$ 395,809 | \$ 461,888 | \$ 26,441 | \$ 24,361 |

For the pension benefits, the following table reflects the total benefits expected to be paid from the plans' or the Company's assets. Of the pension benefits expected to be paid in 2008, \$2,267,000 is expected to be paid from employer assets. Expected contributions reflect amounts expected to be contributed to funded plans. For other postretirement benefits, the table below reflects only the Company's share of the benefit cost without regard to income from federal subsidy payments received pursuant to the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA). Expected MMA subsidy payments, which will reduce the Company's cost for the plan, are shown separately.

Information about the expected cash flows for the pension plans and other post retirement benefit plans follows:

| <i>(in thousands)</i> | Pension Benefits | Other Postretirement Benefits | |
|----------------------------------|------------------|---|--------------------------|
| | | Net Employer Contribution (Excluding MMA Subsidy) | Value Due to MMA Subsidy |
| Employer contribution | | | |
| 2008 (expected) | \$ 5,095 | \$ 2,935 | \$ — |
| Expected benefit payments | | | |
| 2008 | 43,643 | 3,711 | 776 |
| 2009 | 47,593 | 3,706 | 566 |
| 2010 | 51,677 | 3,721 | 540 |
| 2011 | 56,749 | 3,646 | — |
| 2012 | 64,556 | 3,541 | — |
| 2013 through 2017 | 436,687 | 17,060 | — |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

7. Employee Benefit Plans (continued)

Net periodic benefit cost included the following components:

| <i>(in thousands)</i> | Pension Benefits | | | Other Postretirement Benefits | | |
|---|------------------|-----------|-----------|-------------------------------|----------|----------|
| | 2007 | 2006 | 2005 | 2007 | 2006 | 2005 |
| Service cost | \$ 53,700 | \$ 50,224 | \$ 41,910 | \$ 750 | \$ 475 | \$ 453 |
| Interest cost | 82,029 | 72,246 | 64,102 | 1,441 | 1,327 | 1,310 |
| Expected return on plan assets | (110,131) | (100,174) | (89,422) | — | — | — |
| Amortization of prior service (credit) cost | (338) | (471) | (386) | 371 | 371 | 371 |
| Amortization of actuarial loss | 25,909 | 26,379 | 16,172 | 1,424 | 1,291 | 1,224 |
| Net periodic benefit cost | \$ 51,169 | \$ 48,204 | \$ 32,376 | \$ 3,986 | \$ 3,464 | \$ 3,358 |

Other changes in plan assets and benefit obligations recognized in other comprehensive (loss) income in 2007 are as follows:

| <i>(in thousands)</i> | Pension Benefits | Other Postretirement Benefits |
|---|------------------------------------|-------------------------------|
| | Current year actuarial (gain) loss | \$ (40,508) |
| Amortization of actuarial gain (loss) | (25,909) | (1,424) |
| Amortization of prior service credit (cost) | 338 | (371) |
| Total recognized in other comprehensive (loss) income | \$ (66,079) | \$ 2,079 |
| Total recognized in net periodic benefit cost and other comprehensive (loss) income | \$ (14,910) | \$ 6,065 |

The estimated amounts that will be amortized from accumulated other comprehensive (loss) income into net periodic benefit cost in 2008 are as follows:

| <i>(in thousands)</i> | Pension Benefits | Other Postretirement Benefits |
|-----------------------------|------------------|-------------------------------|
| | Actuarial loss | \$ 18,037 |
| Prior service (credit)/cost | (8) | 371 |
| Total | \$ 18,029 | \$ 1,987 |

The assumptions used in measuring the net periodic benefit costs for the plans follow:

| | Pension Benefits | | | Other Postretirement Benefits | | |
|--|------------------|-------|-------|-------------------------------|-------|--------|
| | 2007 | 2006 | 2005 | 2007 | 2006 | 2005 |
| Weighted average discount rate | 6.00% | 5.75% | 6.00% | 5.75% | 5.75% | 6.00% |
| Rate of increase in future compensation levels | 3.75% | 3.75% | 3.50% | — | — | — |
| Expected long-term rate of return on plan assets | 8.25% | 8.25% | 8.50% | — | — | — |
| Health care cost trend rate | — | — | — | 9.00% | 9.00% | 10.00% |

The effect of a one-percentage point change in the assumed health care cost trend rate is as follows:

| <i>(in thousands)</i> | Decrease | Increase |
|---|---|----------|
| | Total service and interest cost components of 2007 net periodic postretirement health care benefit cost | \$ (408) |
| Accumulated postretirement benefit obligation for health care benefits at December 31, 2007 | (5,609) | 7,213 |

The Company has a defined contribution plan that covers substantially all of its domestic employees. The Company's matching contributions are determined based on 20% of the first 6% of the covered employee's salary. Total plan expense was approximately \$7,245,000 in 2007, \$6,824,000 in 2006, and \$6,722,000 in 2005.

8. Guarantees

The amended and restated master agreement to our \$85,000,000 construction and lease agreement (the Agreement), discussed further in Note 4, has a term of six years expiring in 2009 and contains residual value guarantee provisions and other guarantees which would become due in the event of a default under the operating lease agreement, or at the expiration of the operating lease agreement if the fair value of the leased properties is less than the guaranteed residual value. The maximum amount of the Company's potential guarantee obligation, representing the residual value guarantee, at December 31, 2007, is approximately \$62,678,000. The Company believes the likelihood of funding the guarantee obligation under any provision of the operating lease agreements is remote.

The Company also guarantees the borrowings of certain independently controlled automotive parts stores (independents) and certain other affiliates in which the Company has a minority equity ownership interest (affiliates). Presently, the independents are generally consolidated by unaffiliated enterprises that have a controlling financial interest through ownership of a majority voting interest in the entity. The Company has no voting interest or other equity conversion rights in any of the independents. The Company does not control the independents or the affiliates, but receives a fee for the guarantee. The Company has concluded that it is not the primary beneficiary with respect to any of the independents and that the affiliates are not variable interest entities. The Company's maximum exposure to loss as a result of its involvement with these independents and affiliates is equal to the total borrowings subject to the Company's guarantee.

At December 31, 2007, the total borrowings of the independents and affiliates subject to guarantee by the Company were approximately \$173,928,000. These loans generally mature over periods from one to ten years. In the event that the Company is required to make payments in connection with guaranteed obligations of the independents or the affiliates, the Company would obtain and liquidate certain collateral (e.g., accounts receivable and inventory) to recover all or a portion of the amounts paid under the guarantee. When it is deemed probable that the Company will incur a loss in connection with a guarantee, a liability is recorded equal to this estimated loss. To date, the Company has had no significant losses in connection with guarantees of independents' and affiliates' borrowings.

Effective January 1, 2003, the Company adopted FIN No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. In accordance with FIN No. 45 and based on available information, the Company has accrued for those guarantees related to the independents' and affiliates' borrowings and the construction and lease agreement as of December 31, 2007 and 2006.

These liabilities are not material to the financial position of the Company and are included in other long-term liabilities in the accompanying consolidated balance sheets.

9. Segment Data

The segment data for the past five years presented on page 15 is an integral part of these consolidated financial statements.

The Company's automotive segment distributes replacement parts (other than body parts) for substantially all makes and models of automobiles, trucks, and other vehicles.

The Company's industrial segment distributes a wide variety of industrial bearings, mechanical and fluid power transmission equipment, including hydraulic and pneumatic products, material handling components, and related parts and supplies.

The Company's office products segment distributes a wide variety of office products, computer supplies, office furniture, and business electronics.

The Company's electrical/electronic materials segment distributes a wide variety of electrical/electronic materials, including insulating and conductive materials for use in electronic and electrical apparatus.

The Company's reportable segments consist of automotive, industrial, office products, and electrical/electronic materials. Within the reportable segments, certain of the Company's operating segments are aggregated because they have similar economic characteristics, products and services, type and class of customers, and distribution methods. Inter-segment sales are not significant. Operating profit for each industry segment is calculated as net sales less operating expenses excluding general corporate expenses, interest expense, equity in income from investees, amortization, and minority interests. Approximately \$46,900,000, \$43,500,000 and \$39,700,000 of income before income taxes was generated in jurisdictions outside the United States for the years ending December 31, 2007, 2006, and 2005, respectively. Net sales and net long-lived assets by country relate directly to the Company's operations in the respective country. Corporate assets are principally cash and cash equivalents and headquarters' facilities and equipment.

For management purposes, net sales by segment exclude the effect of certain discounts, incentives, and freight billed to customers. The line item "other" represents the net effect of the discounts, incentives, and freight billed to customers, which are reported as a component of net sales in the Company's consolidated statements of income.

EXHIBIT 21
SUBSIDIARIES OF THE COMPANY
(as of December 31, 2007)

| NAME | % OWNED | JURISDICTION OF INCORPORATION |
|--|----------------|--------------------------------------|
| ALTROM AMERICA CORP. | 90.0% | WASHINGTON |
| BALKAMP | 89.6% | INDIANA |
| EIS, INC. | 100.0% | GEORGIA |
| EIS DOMINICAN REPUBLIC, LLC | 100.0% | GEORGIA |
| GENUINE PARTS FINANCE COMPANY | 100.0% | DELAWARE |
| GPC PROCUREMENT COMPANY | 100.0% | GEORGIA |
| NATIONAL AUTOMOTIVE PARTS ASSOCIATION | 95.0% | MICHIGAN |
| MOTION INDUSTRIES, INC. | 100.0% | DELAWARE |
| HUB TOOL & SUPPLY, INC. | 100.0% | KANSAS |
| S.P. RICHARDS COMPANY | 100.0% | GEORGIA |
| S.P.R. PROCUREMENT COMPANY | 100.0% | GEORGIA |
| JOHNSON INDUSTRIES, INC. | 100.0% | GEORGIA |
| SHUSTER CORPORATION | 100.0% | GEORGIA |
| 1ST CHOICE AUTO PARTS, INC. | 51.0% | GEORGIA |
| SERVICE FIRST AUTO, INC. | 51.0% | GEORGIA |
| THE FLOWERS COMPANY | 49.0% | NORTH CAROLINA |
| GENUINE PARTS HOLDINGS, ULC | 100.0% | NOVA SCOTIA, CANADA |
| GENUINE PARTS INVESTMENT COMPANY | 100.0% | NOVA SCOTIA, CANADA |
| GPC MEXICO, S.A. de C.V. | 100.0% | PUEBLA, MEXICO |
| EIS de MEXICO | 100.0% | GUADALAJARA, JALISCO, MEXICO |
| EIS HOLDINGS (CANADA), INC. | 100.0% | BRITISH COLUMBIA, CANADA |
| MOTION INDUSTRIES (CANADA), INC. | 100.0% | OTTAWA, ONTARIO |
| S. P. RICHARDS CO. CANADA, INC. | 100.0% | BRITISH COLUMBIA, CANADA |
| UAP INC. | 100.0% | QUEBEC, CANADA |
| GARANAT INC. | 100.0% | FEDERAL, CANADA |
| UAPRO INC. | 100.0% | FEDERAL, CANADA |
| UNITED AUTO PARTS (Eastern) LTD. | 100.0% | ONTARIO, CANADA |
| SERVICES FINANCIERS UAP INC. | 100.0% | QUEBEC, CANADA |
| GPC GLOBAL SOURCING LTD. | 100.0% | HONG KONG, CHINA |
| GENUINE PARTS SOURCING (SHENZHEN) COMPANY LTD. | 100.0% | SHENZHEN, CHINA |
| ALTROM CANADA CORP. | 45.0% | BRITISH COLUMBIA, CANADA |

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Genuine Parts Company of our reports dated February 26, 2008, with respect to the consolidated financial statements of Genuine Parts Company and the effectiveness of internal control over financial reporting, included in the 2007 Annual Report to Shareholders of Genuine Parts Company.

Our audits also included the financial statement schedule of Genuine Parts Company listed in Item 15(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, as to which the date is February 26, 2008, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement No. 33-62512 on Form S-8 pertaining to the 1992 Stock Option Incentive Plan
- (2) Registration Statement No. 333-21969 on Form S-8 pertaining to the Directors' Deferred Compensation Plan
- (3) Registration Statement No. 333-76639 on Form S-8 pertaining to the Genuine Parts Company 1999 Long-Term Incentive Plan
- (4) Registration Statement No. 333-133362 on Form S-8 pertaining to the Genuine Parts Company 2006 Long-Term Incentive Plan;

of our report dated February 26, 2008, with respect to the consolidated financial statements of Genuine Parts Company incorporated herein by reference, our report dated February 26, 2008, with respect to the effectiveness of internal control over financial reporting of Genuine Parts Company, incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule of Genuine Parts Company included in this Annual Report (Form 10-K) of Genuine Parts Company for the year ended December 31, 2007.

/s/ Ernst & Young LLP

Atlanta, Georgia
February 28, 2008

EXHIBIT 31.1

CERTIFICATIONS

I, Thomas C. Gallagher, certify that:

1. I have reviewed this annual report on Form 10-K of Genuine Parts Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 29, 2008

/s/ Thomas C. Gallagher
Thomas C. Gallagher
Chairman, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Jerry W. Nix, certify that:

1. I have reviewed this annual report on Form 10-K of Genuine Parts Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 29, 2008

/s/ Jerry W. Nix

Jerry W. Nix

Vice Chairman and Chief Financial Officer

EXHIBIT 32.1

STATEMENT OF CHIEF EXECUTIVE OFFICER OF
GENUINE PARTS COMPANY
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
§ 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Genuine Parts Company (the "Company") on Form 10-K for the year ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas C. Gallagher, Chairman, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas C. Gallagher

Thomas C. Gallagher

Chairman, President and Chief Executive Officer

February 29, 2008

EXHIBIT 32.2

STATEMENT OF CHIEF FINANCIAL OFFICER OF
GENUINE PARTS COMPANY
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
§ 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Genuine Parts Company (the "Company") on Form 10-K for the year ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jerry W. Nix, Executive Vice President — Finance and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jerry W. Nix

Jerry W. Nix

Vice Chairman and Chief Financial Officer

February 29, 2008