

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**  
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### FILER

#### WYNNS INTERNATIONAL INC

CIK: **108721** | IRS No.: **952854312** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **10-K405** | Act: **34** | File No.: **001-07200** | Film No.: **99573951**  
SIC: **3050** Gaskets, packg & sealg devices & rubber & plastics hose

Mailing Address	Business Address
500 NORTH STATE COLLEGE BLVD SUITE 700 ORANGE CA 92868-1607	500 NORTH STATE COLLEGE BLVD SUITE 700 ORANGE CA 92868 7149383700

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-K

(Mark One)

Annual report pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934

For the fiscal year ended DECEMBER 31, 1998;

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 1-7200

WYNN'S INTERNATIONAL, INC.  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

95-2854312  
(I.R.S. Employer  
Identification Number)

500 NORTH STATE COLLEGE BOULEVARD  
SUITE 700  
ORANGE, CALIFORNIA  
(Address of principal executive offices)

92868  
(Zip Code)

Registrant's telephone number, including area code: (714) 938-3700

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange on Which Registered
----- Common Stock, par value \$.01 per share	----- New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: None

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

The aggregate market value of voting stock held by non-affiliates of the Registrant was \$292,277,096 as of March 11, 1999. All outstanding shares of voting stock, except for shares held by executive officers and members of the Board of Directors of Registrant, are deemed to be held by non-affiliates.

On March 11, 1999, Registrant had 18,795,413 shares of Common Stock outstanding.

Parts I and II incorporate information by reference from the Annual Report to Stockholders for the year ended December 31, 1998. Part III incorporates information by reference from the Proxy Statement for the Annual Meeting of Stockholders to be held on April 28, 1999.

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. [X]

2

PART I

ITEM 1. BUSINESS

Wynn's International, Inc., through its subsidiaries, is engaged primarily in the automotive and industrial components business and the specialty chemicals business. The Company designs, produces and sells O-rings and other seals and molded elastomeric and thermoplastic polymer products. The Company also formulates, produces and sells specialty chemical products, service programs and automotive service equipment and distributes, primarily in southern California, locks and hardware products manufactured by others. Prior to the sale in May 1996 of the principal operating assets of its wholly-owned subsidiary, Wynn's Climate Systems, Inc. ("Wynn's Climate Systems"), the Company designed, produced and sold automotive air conditioning systems and components. In 1998, the Company also began selling vehicle service contract programs for new and used automobiles and light trucks.

The Company markets its O-rings and other molded polymer products under the trade name "Wynn's-Precision." The Company markets its specialty chemical products, automotive service equipment, and vehicle service contract programs under various trademarks, including WYNN'S(R), FRICTION PROOFING(R), X-TEND(R), SPIT FIRE(R), CHARGE(R), DU-ALL(R), TRANSERVE(R), POWERFLUSH(TM), WYNN'S PRODUCT WARRANTY(R), WYNN'S EXTENDED CARE(TM) and WYNN'S PLUS(TM).

The Company's executive offices are located at 500 North State College Boulevard, Suite 700, Orange, California 92868. Its telephone number is (714) 938-3700. The terms "Wynn's International, Inc.," "Wynn's," "Company" and "Registrant" as used in this report refer to Wynn's International, Inc. and its subsidiaries unless the context indicates otherwise.

FINANCIAL INFORMATION BY BUSINESS SEGMENT AND GEOGRAPHIC DATA

The Company's operations are conducted in two industry segments: Automotive and Industrial Components, and Specialty Chemicals. Financial information relating to the Company's business segments for the three years ended December 31, 1998 is incorporated by reference from Note 13 of "Notes to Consolidated Financial Statements" on pages 37 and 38 of the Company's Annual Report to Stockholders for the year ended December 31, 1998 (the "1998 Annual Report").

3

AUTOMOTIVE AND INDUSTRIAL COMPONENTS

The Automotive and Industrial Components Division consists of Wynn's-Precision, Inc. ("Precision") and Robert Skeels & Company ("Skeels"). The Automotive and Industrial Components Division also included Wynn's Climate Systems prior to the sale of its principal operating assets in May 1996. During 1998, sales from continuing operations of the Automotive and Industrial Components Division were \$175,823,000, or 52% of the Company's total net sales,

as compared with \$168,266,000 and 52% in 1997. The pretax profit from continuing operations of the division in 1998 was \$29,234,000, as compared with \$26,446,000 in 1997. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Operating Segments and Related Information" on pages 17 through 23 and 37 through 38, respectively, of the 1998 Annual Report, which are hereby incorporated by reference. See also "Other Factors Affecting the Business" on page 6 below.

#### WYNN'S-PRECISION, INC.

#### (O-RINGS, ENGINEERED SEALS AND OTHER MOLDED ELASTOMERIC AND THERMOPLASTIC POLYMER PRODUCTS)

#### PRODUCTS

Precision and its affiliated companies design, manufacture and market a variety of static and dynamic sealing products. Precision's principal products are O-rings, composite gaskets and seals, engineered seals, and convoluted boots, bellows and seals that are reinforced with plastic, metal and fabric. These products are made from elastomeric and thermoplastic polymers. The products are used for a variety of sealing applications that include engines, transmissions, steering pumps and assemblies, fuel handling, suspension/brake systems, refrigeration and electronics. Precision's primary customers are manufacturers of automobiles, trucks, off-highway vehicles, fluid handling equipment, aircraft/aerospace components, and the military.

#### DISTRIBUTION

Precision sells its products primarily through a direct sales force to original equipment manufacturer ("OEM") customers and component suppliers to OEMs. Precision also markets its products throughout the United States through independent distributors and through Company-operated regional service centers located in California, Illinois, Indiana, Michigan, Minnesota, New York, North Carolina, Ohio, Texas and Wisconsin. Precision's Canadian operation distributes products principally through a direct sales force to OEM customers, through independent distributors and through Precision-operated service centers in Canada and England.

#### PRODUCTION

Precision's manufacturing facilities are located in Arizona, Kentucky, Tennessee, Texas, Virginia and Ontario, Canada. Precision added a manufacturing facility in China after entering into a joint venture with a Chinese company in the fourth quarter of 1998. Precision's administrative headquarters are located at the site of its main manufacturing facility in Lebanon, Tennessee. Also located in Lebanon, Tennessee are Precision's own tool production facility and a facility dedicated exclusively to injection molding. Over the past several years, Precision has made significant investments in modern computerized production equipment and facilities. In 1998, Precision continued to invest in new

production equipment, which expanded production capacity primarily in its Tennessee, Virginia, and Kentucky facilities. In 1998, Precision also approved a significant capital expenditure to build a technologically advanced rubber mixing facility at its Lebanon, Tennessee production center. In 1996, Precision purchased from Lawson Mardon Wheaton Inc. the operating assets of its automotive plastics business located in Springfield, Kentucky. As a result of the transaction, Precision acquired a 76,375 square foot manufacturing facility and equipment dedicated to injection molding, injection blow molding and extrusion blow molding of various thermoplastic polymers.

The principal raw materials used by Precision are elastomeric and thermoplastic polymers. These raw materials generally have been available from

numerous suppliers in sufficient quantities to meet Precision's requirements. Adequate supplies of raw materials were available in 1998 and are expected to continue to be available in 1999.

#### ROBERT SKEELS & COMPANY

Skeels is a wholesale distributor of builders hardware products, including lock sets and locksmith supplies.

Skeels' main facility is located in Compton, California. In addition, Skeels has a leased satellite sales facility located in Fullerton, California.

Skeels supplies approximately 35,000 items to retail hardware, locksmith and lumberyard outlets in southern California, Arizona, and Nevada. Skeels also sells directly to large institutional customers. Most of Skeels' sales are derived from replacement items used by industry, institutions and in-home remodeling and repair.

Skeels has been a distributor of Schlage lock products since 1931. Skeels also distributes other well-known brands such as Lawrence, Kwikset and Master. Skeels' distributorship arrangements generally are cancelable by the manufacturers without cause.

#### WYNN'S CLIMATE SYSTEMS, INC.

(AUTOMOTIVE AIR CONDITIONING SYSTEMS AND COMPONENTS)

Prior to the sale of its principal operating assets in May 1996, Wynn's Climate Systems designed, manufactured and marketed automotive air conditioning systems and components for both automotive OEMs and the automotive aftermarket. Wynn's Climate Systems also operated installation centers in Arizona, California, Colorado and North Carolina that installed air conditioners and accessories for automobile dealers and retail customers.

Wynn's Climate Systems sold its air conditioning components to OEM customers and distributors. It sold its air conditioning systems to OEM customers and their distributors and dealers, and to distributors in the automotive aftermarket. In addition, through its installation centers, Wynn's Climate Systems sold air conditioning systems and accessories to automobile dealers and retail customers.

3

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Wynn's Climate Systems manufactured its products in its 185,000 square foot facility located in Fort Worth, Texas. Wynn's Climate Systems manufactured many of the components that it used in the production of its air conditioning systems. Outside vendors supplied certain finished components such as compressors, accumulators and receiver/dryers.

#### SPECIALTY CHEMICALS

The Specialty Chemicals Division consists of Wynn Oil Company and its subsidiaries ("Wynn Oil"). During 1998, net sales at Wynn Oil were \$161,052,000, or 48% of the Company's total net sales, as compared to \$152,687,000 and 48% for 1997. The pretax profit of the division during 1998 was \$17,736,000, compared with \$20,095,000 for 1997. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Operating Segments and Related Information" on pages 17 through 23 and 37 through 38, respectively, of the 1998 Annual Report, which are hereby incorporated by reference. See also "Other Factors Affecting the Business" on page 6 below.

#### PRODUCTS

Wynn Oil develops, manufactures and markets a wide variety of specialty chemical car care and industrial products and related service programs. These products include professional chemical products, programs and equipment for

automobile service technicians and automobile chemical products for consumers. Wynn Oil's premium product line is the Wynn's Product Warranty program. Wynn Oil also sells chemical products for metalworking and machining operations.

Wynn Oil formulates its products to provide preventive or corrective maintenance for various parts of an automobile, including the engine, transmission, steering system, fuel system, differential, cooling system and certain other parts. Wynn Oil also manufactures equipment designed to work with Wynn Oil chemical products to assist automobile service technicians with routine tasks, such as flushing cooling and transmission systems. For example, the patented DU-ALL machine is a portable machine used with Wynn's chemicals to flush and refill antifreeze in a vehicle and to recycle the used antifreeze. The DU-ALL system has been approved by General Motors, Ford, DaimlerChrysler, Nissan, Mitsubishi, Isuzu and Hyundai. The TRANSERVE, TRANSERVE II and TRANSERVE II+ automatic transmission flush systems are portable machines used with Wynn Oil chemicals to flush, refill and treat the transmission fluid in a vehicle. The TRANSERVE II+ system has been approved by General Motors, Ford, DaimlerChrysler, Nissan, Mitsubishi and Isuzu.

Wynn Oil's industrial specialty chemical products include forging compounds, cleaners, release agents, lubricants, cutting and drawing fluids and multipurpose coolants. These chemical products are used in precision metal forming and machining operations. They are a mix of full synthetic, semi-synthetic and petroleum-based fluids that address specific functions and levels of operation severity.

Wynn Oil also markets the Wynn's Product Warranty program. The Wynn's Product Warranty program consists of kits of a premium line of automotive treatment products that are accompanied by a special product warranty. The kits are typically sold through car dealers to purchasers of used automobiles and light trucks. The kits contain proprietary treatment products that have been specially formulated to help prevent damage to various internally lubricated parts and systems of the automobile.

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The products include an engine oil treatment, a fuel system conditioner, a transmission fluid treatment, a power steering supplement, a differential treatment, a cooling system conditioner and an air conditioning system treatment. The product warranty accompanying the products states, in effect, that if the vehicle owner (i) treats the vehicle as directed, (ii) specified components of the vehicle are damaged during the warranty period, and (iii) the damage is the type of damage that the products are designed to help prevent, then Wynn Oil will provide reimbursement for the damage, up to the limits of liability and subject to certain conditions and exceptions. The items reimbursed include the costs of certain parts and labor and, in some instances, the costs of towing and a rental car. See "Other Factors Affecting the Business" on page 6 below.

In 1998, Wynn's Extended Care, Inc. ("Wynn's Extended Care"), a wholly-owned subsidiary of Wynn Oil, launched the Wynn's Extended Care vehicle service contract program. The program features vehicle service contracts that cover virtually every major system of a car. Wynn's Extended Care sells its vehicle service contracts through new and used car dealers to purchasers of new and used cars. The Wynn's Extended Care program is backed by a contractual liability insurance policy.

#### DISTRIBUTION

Wynn Oil's car care products are sold in the United States and in approximately 100 foreign countries. See "Foreign Operations" on page 12 below.

Wynn Oil distributes its products through a wide range of distribution channels. Domestically, Wynn Oil distributes its products primarily through independent distributors and sales representatives. Wynn Oil also uses internal

sales management personnel to sell and distribute its products. In addition, Wynn Oil distributes the Wynn's Product Warranty program through new and used car dealers and, on a limited basis, certain auto auctions. Wynn Oil also markets the Wynn's Product Warranty program in the United States and Canada through cooperative arrangements with national and regional automobile finance companies. Although these automobile finance companies have played an increasing role in the marketing of the Wynn's Product Warranty program in recent years, in 1998 Wynn Oil experienced a decline in revenue generated by these arrangements. No assurance can be given that such finance companies will continue to market the Wynn's Product Warranty program. Wynn's Extended Care markets its service contract programs in the United States through new and used car dealers, auto auctions and national and regional finance companies. Foreign sales of Wynn Oil products are made principally through wholly-owned subsidiaries, which sell primarily through independent distributors, warehouse distributors or manufacturers' representative organizations, with a direct sales force in France and the Netherlands. Wynn Oil also engages in direct export sales from the U.S. to independent distributors in Asia and Latin America, and from Belgium to independent distributors in certain European countries, North Africa, the Middle East and the former republics of the USSR. See "Other Factors Affecting the Business" on page 6 below.

#### PRODUCTION

Wynn Oil has manufacturing facilities in California and Belgium. Other foreign subsidiaries either purchase products directly from the Company's manufacturing facilities in the United States and/or Belgium or have the products manufactured locally by outside contract suppliers according to Wynn Oil's specifications and formulae. Wynn Oil periodically reviews its production and sourcing locations in light of fluctuating foreign currency rates in order to ensure the best product cost and quality.

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Wynn Oil uses a large number of chemicals to produce its various specialty chemical products. Primary raw materials necessary for the production of these products, as well as the finished products, generally have been available from several sources. An adequate supply of materials was available in 1998 and is expected to continue to be available for the foreseeable future.

#### OTHER FACTORS AFFECTING THE BUSINESS

#### COMPETITION

All phases of the Company's business have been and remain highly competitive. The Company's products and services compete with those of numerous companies, some of which have financial resources greater than those of the Company. Sales by the Automotive and Industrial Components Division are in part related to the sales of vehicles by its OEM customers.

Precision has a large number of competitors in the market for static and dynamic sealing products, some of which competitors are substantially larger than Precision. The markets in which Precision competes are also sensitive to price changes. Requests for price reductions are not uncommon. Precision attempts to work with its customers to identify ways to lower costs and prices. Precision focuses on high technology, high quality sealing devices and has made significant investments in advanced equipment and other means to raise productivity. In 1998, Precision invested approximately \$8.1 million in new production equipment and facilities, which expanded its production capacity primarily at its Tennessee, Virginia and Kentucky facilities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 17 through 23 of the 1998 Annual Report, which is hereby incorporated by reference. Precision's major focus is to be the low cost producer of superior quality products within its industry. Precision believes it must expand into additional areas of sealing technology in order to continue to be an effective competitor.

Competition with respect to Wynn Oil's specialty chemical and equipment products consists principally of other automotive aftermarket chemical, service equipment and industrial fluid companies. Some major oil companies also market their own additive products through retail service stations, independent dealers and garages. Certain national retailers and car manufacturers market private label brands of specialty chemical products. Wynn Oil's DU-ALL antifreeze recycling equipment and chemicals compete against other antifreeze recycling processes, some of which also have received OEM approval. Similarly, Wynn Oil's TRANSERVE transmission fluid flush and fill equipment and chemicals compete against other transmission flush equipment. The Wynn's Product Warranty program competes with programs offered by other companies that feature lubricant kits backed by product warranties. The Wynn's Product Warranty program and Wynn's Extended Care also compete with service contract and extended warranty programs offered by other service contract providers and insurance companies. The principal methods of competition vary by geographic locale and by the relative market share held by the Company compared to other competitors.

6

8

Skeels continues to face intense price competition from numerous cash-and-carry discount retailers. Skeels also has observed some manufacturers selling directly to retailers to increase volume.

#### KEY CUSTOMERS

Sales to General Motors constituted approximately 10.0% of the total net sales of the Company in 1998. No other customer represented more than 10% of total net sales of the Company in 1998.

#### GOVERNMENT REGULATIONS

The number of governmental rules and regulations affecting the Company's business and products continues to increase.

Wynn Oil markets the Wynn's Product Warranty program in forty-nine states in the U.S. and also in Canada. Questions have been raised by certain state and Canadian provincial regulators as to whether the product warranty that accompanies the kit is in the nature of insurance or a regulated service contract. Wynn Oil attempts to resolve these questions to the satisfaction of each such regulator. On occasion, it has elected not to sell the Wynn's Product Warranty program in certain jurisdictions. No assurance can be given that governmental regulations will not significantly affect the marketing of the Wynn's Product Warranty in the United States or other countries in the future. Over the past few years, sales of the Wynn's Product Warranty program have become an increasingly important element of Wynn Oil's domestic business.

Wynn's Extended Care markets the Wynn's Extended Care vehicle service contract programs in approximately forty-six states in the U.S. Many states have laws and regulations that govern the sale of vehicle service contracts. These laws and regulations dictate, for example, the types of disclosures that must be included in the Wynn's Extended Care service contracts, and in some cases require that Wynn's Extended Care be licensed as a vehicle service contract provider. Wynn's Extended Care endeavors to comply with these laws and regulations. No assurance can be given that government laws and regulations will not significantly affect the marketing of the Wynn's Extended Care contracts in the future.

#### ENVIRONMENTAL MATTERS

The Company is involved in certain environmental proceedings and potential proceedings principally arising out of the past or present use of various substances that have been or may be deemed to be hazardous. At December 31, 1998, the Company had recorded consolidated accrued reserves of approximately \$9.4 million relating to environmental matters. In establishing such reserves, the Company evaluates the nature and extent of the underlying

contamination to the extent known for each matter, the estimated cost of the likely remedy, the number and financial strength of other potentially responsible parties, and the evidence against the various potentially responsible parties. During this evaluation process, the Company makes its best estimate of its likely exposure with respect to each matter based on information known to the Company at that time. Such estimates may involve a range of exposures for each matter. The Company provides aggregate reserves for no less than the minimum amount of the aggregate range of outcomes established by the Company.

7

9

The Company lacks sufficient information at this time to provide an estimate of its "reasonably possible" (as such term is defined in Statement of Financial Accounting Standard No. 5) potential liability from all environmental matters. In establishing reserves for environmental matters, the Company assumes that it has appropriately evaluated key factors, such as expected remedy costs, the likely degree of responsibility and ability to pay of other potentially responsible parties, and the Company's probable allocable share. It is reasonably possible that regulatory or technical developments or subsequently developed information could cause the Company to reevaluate its present range of outcomes and to record additional liabilities for existing environmental matters. However, based upon information presently known to the Company, the Company believes that any such additional liabilities should not materially affect the Company's consolidated financial position, annual results of operations or cash flow. See Note 10 of "Notes to Consolidated Financial Statements" on pages 34 and 35 of the 1998 Annual Report, which is hereby incorporated by reference.

All potentially significant environmental matters presently known to the Company are described below.

(a) In July 1990, Wynn Oil received a general notice letter from the United States Environmental Protection Agency (the "EPA") stating that it may be a potentially responsible party ("PRP") with respect to the San Gabriel Valley, California Superfund Sites regional groundwater problem. In March 1994, the EPA issued its Record of Decision ("ROD") with respect to the Baldwin Park Operable Unit ("BPOU") of the San Gabriel Valley Superfund Sites. Wynn Oil's Azusa facility (the "Azusa Facility") is located within the BPOU. In the ROD, the EPA selected an interim remedial action to treat the contaminated groundwater (the "Interim Remedial Action") for the BPOU that is estimated to cost \$47 million in capital and non-recurring costs and \$4 million to \$5 million in annual operating costs.

On May 15, 1997, the EPA issued Special Notice letters to nineteen companies and entities, including Wynn Oil, with respect to the BPOU. The Special Notice letters initiated an administrative process in which the recipients were given sixty days to submit a good faith offer to undertake the requested work and another sixty days to reach agreement with the EPA as to the terms of a consent decree. The EPA has indicated that it considered Wynn Oil to be one of the four largest contributors of volatile organic compounds to the regional groundwater problem in the BPOU. Wynn Oil disagrees with the views expressed by the EPA.

In early June 1997 pursuant to a newly developed test method, perchlorates were detected in certain groundwater wells in the BPOU in excess of the State of California provisional action level of 18 parts per billion. Perchlorates are ions of ammonium perchlorate or potassium perchlorate, which are most commonly associated with the manufacturing of solid rocket fuel, fireworks and explosives. It is unclear whether any present treatment technology can practicably remove perchlorate to the State provisional action level, although two methods are under evaluation. After the discovery of perchlorate and also using

newly-developed test methods, N-nitrosodimethylamine ("NDMA") was discovered in the groundwater in the BPOU in quantities in excess of the detection limit of 30 parts per trillion. NDMA is associated with the manufacture of rocket fuel, among other processes. As a result of issues arising from the discovery of perchlorate and NDMA in certain BPOU groundwater wells, the EPA extended the deadline for submission of a good faith offer to July 2, 1999.

The discovery of perchlorate and NDMA in the BPOU caused the shutdown of certain production wells, which led the local water community to become more actively involved in the groundwater contamination issues in the BPOU. Wynn Oil has been working with certain other Special Notice recipients to negotiate a settlement, subject to EPA approval, with the Main San Gabriel Basin Watermaster ("Watermaster"), a Court-appointed entity with responsibility to manage the groundwater in the San Gabriel basin under the Court's jurisdiction. Under the terms discussed, Watermaster would implement the Interim Remedial Action in conjunction with its basin water management activities with funding from multiple sources, including settling Special Notice recipients, the Federal Bureau of Reclamation and others, subject to negotiated reopeners and additional funding events. No assurance can be given that a negotiated settlement reached with Watermaster will be approved by EPA. Wynn Oil's ultimate share of the total remedial costs cannot be estimated with certainty at this time. In establishing appropriate reserves for this matter, the Company has assumed that a negotiated settlement with Watermaster would be approved by EPA and that the settling Special Notice recipients would pay minimal EPA past costs.

(b) In September 1995, the California Regional Water Quality Control Board-Los Angeles Region (the "RWQCB") sent letters to Wynn Oil and certain other facilities in the BPOU asking them to submit remedial action plans for vadose zone remediation at their respective facilities. In December 1995, Wynn Oil's consultants responded to the RWQCB stating that such remediation was neither warranted nor cost effective at the Azusa Facility. In August 1997, Wynn Oil received a letter from the RWQCB that did not dispute Wynn Oil's response with respect to remediation of the shallow vadose zone at the Azusa Facility. The RWQCB asked for additional monitoring well data before reaching a conclusion as to the deep soil vapor at the Azusa Facility. Representatives of Wynn Oil subsequently have met with representatives of the RWQCB to discuss the issue further. Wynn Oil may at some later date elect or be required to take specific remedial actions with respect to soils conditions at the Azusa Facility.

(c) In February 1995, the owner (the "Property Owner") of certain real property (the "Site") formerly leased by Alkid Corporation ("Alkid"), an inactive subsidiary of the Company, filed a lawsuit in federal court against Alkid, Wynn's International, Inc. and Wynn Oil (collectively the "Wynn Defendants") and another former lessee and its principal. The complaint alleges that the defendants stored solid and hazardous wastes at the Site and that the storage devices for the wastes leaked, causing contamination of the soils and groundwater. The complaint seeks relief under CERCLA, the Resource Conservation Recovery Act of 1976 and common law, including an unspecified amount of damages and an injunction to compel the defendants to clean up the Site. After the Wynn Defendants were served with the lawsuit in June 1995, the parties filed various cross-claims and counterclaims against each other. Subsequent to the filing of the responsive pleadings, the Property Owner and the Wynn Defendants agreed to fund a joint investigation of the Site with each paying one-half of the cost. After this investigation was completed, all parties to the litigation agreed to fund three rounds of additional

investigations of the Site with each paying one-third of the cost. During the pendency of these investigations, the litigation, including all discovery, has been stayed. The trial court has set a tentative trial date of July 15, 1999 for this matter. In order to avoid litigation costs and in expectation of ultimately reaching a settlement of all claims, the parties have been negotiating an interim settlement pursuant to which the litigation would be dismissed without prejudice, the parties would fund certain additional technical work equally and the parties would agree to certain non-binding alternative dispute resolution mechanisms. No assurance can be given that such an interim settlement will be reached. The Company does not have sufficient information to estimate the cost of cleanup at the Site.

(d) In January 1991, Wynn's Climate Systems received a letter from the Texas Natural Resource Conservation Commission (the "TNRCC") alleging that soil adjacent to one of its leased manufacturing facilities was contaminated with hazardous substances. The TNRCC directed Wynn's Climate Systems to determine the extent of such contamination and then take appropriate remedial measures. Wynn's Climate Systems retained environmental consultants to conduct soil sampling and otherwise comply with the directive of the TNRCC. Performance of this work was completed in late 1991 and the consultants' report was submitted to the TNRCC in February 1992. In 1994, Wynn's Climate Systems received a request from the TNRCC for additional information. Wynn's Climate Systems furnished the requested information to the TNRCC and then voluntarily conducted additional investigation activities at this facility. Wynn's Climate Systems' lease of this facility expired in December 1994. Due to a dispute with the property owner following expiration of the lease, Wynn's Climate Systems was unable to perform any additional work at the site in 1995 or early 1996. In April 1996, the property owner notified Wynn's Climate Systems that it would grant access to Wynn's Climate Systems for further investigation of the site. Thereafter, Wynn's Climate Systems submitted a report to the TNRCC recommending a remedial action plan for the site and met with the TNRCC to receive their comments. In 1998, the TNRCC approved the remedial action plan for the site and the remedial work was completed in the first quarter of 1999. Wynn's Climate Systems is now preparing a final site closure report for submittal to the TNRCC.

(e) Wynn's Climate Systems is one of approximately 100 hazardous waste generators that have been identified as potentially responsible parties for the Chemical Recycling, Inc. ("CRI") site in Wylie, Texas (the "CRI Site"). A PRP Steering Committee (the "CRI Committee") was formed to negotiate with the EPA on behalf of its members an agreement to take remedial measures voluntarily at the CRI Site. Approximately 85 PRPs, including Wynn's Climate Systems, have agreed to participate in the CRI Committee and have signed Consent Agreements with the EPA with respect to the CRI Site. Remediation efforts have begun at the CRI Site under the guidance of the CRI Committee. No significant developments occurred in 1998. As of March 1999, Wynn's Climate Systems' proportionate share of the total volume of waste contributed to the CRI Site by CRI Committee members was approximately two-tenths of one percent (0.2%).

The foregoing "Environmental Matters" section and Note 10 of "Notes to Consolidated Financial Statements" on pages 34 and 35 of the 1998 Annual Report (which is incorporated by reference herein) contain various "forward looking statements" within the meaning of Section 27A of the Securities Act of

1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events, including statements regarding estimates of the Company's liabilities associated with identified environmental matters and the likelihood that any liability in excess of reserves for such matters will not materially affect the Company's financial position or annual results of operations or cash flows. The Company cautions that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward looking statements, including, without limitation, the following: (i) the actual nature and extent of the contamination, (ii) the remedial action selected, (iii) the cleanup level required, (iv) changes in regulatory requirements, (v) the identification or discovery of new contaminants of concern, (vi) development of new or additional remedial technologies, (vii) with respect to the San Gabriel Valley Superfund Sites, whether EPA will approve any settlement reached with Watermaster to implement Interim Remedial Action and the nature of reopeners and additional funding events in a settlement with Watermaster, (viii) the amount of EPA past costs required to be paid by Wynn Oil with respect to the San Gabriel Superfund Sites, (ix) the ability of other potentially responsible parties, if any, to pay their respective shares, and (x) any insurance recoveries. Results actually achieved thus may differ materially from expected results included in these and any other forward looking statements contained herein.

#### FOREIGN CURRENCY FLUCTUATIONS

In 1998, the United States dollar generally increased in value compared to 1997 in the currencies of most countries in which the Company does business. This increase in the value of the U.S. dollar caused aggregate foreign sales and pretax profit to be translated into lower dollar values than what would have been reported if exchange rates had remained the same as in 1997. Accumulated Other Comprehensive Income on the Consolidated Balance Sheet includes equity adjustments from foreign currency translation. In 1998, the equity adjustments from foreign currency translation decreased by \$67,000, which caused a corresponding decrease in Total Stockholders' Equity. See "Foreign Operations" on page 12 below.

#### PATENTS AND TRADEMARKS

The majority of the Specialty Chemicals Division's products are sold under the WYNN'S and WYNN'S PRODUCT WARRANTY trademarks. The Company has registered these and its other important trademarks in the relevant jurisdictions. The Company knows of no material pending or threatened challenges to its trademarks. See "Other Litigation" under "Item 3 - Legal Proceedings" on page 20 below for a discussion of a lawsuit filed by Wynn Oil against an infringer on one of its trademarks.

The Company holds a number of patents that are used in the operation of its businesses. The Company is not aware of any pending or threatened challenges to any of its patents which could have a material adverse effect on the Company's business or results of operations.

#### SEASONALITY OF THE BUSINESS

Although sales at the Company's various businesses are somewhat seasonal, the consolidated results of operations generally do not reflect seasonality.

#### RESEARCH AND DEVELOPMENT

Precision maintains research and engineering facilities in Tennessee, Virginia, Kentucky and Canada. Research and development is an important aspect of Precision's business as Precision has developed and continues to develop numerous specialized compounds to meet the specific needs of its various customers. Precision also has technical centers in Tennessee, Virginia, Kentucky and Canada to design sealing solutions, construct prototype products and to perform comprehensive testing of materials and products. Precision maintains extensive research, development and engineering facilities to meet the needs of its customers.

Wynn Oil maintains research and product performance centers in California, Belgium, France and South Africa. The main activities of the research staff are the development of new specialty chemicals and other products, improvement of existing products, including finding new applications for their use, evaluation of competitive products and performance of quality control procedures.

#### FOREIGN OPERATIONS

The following table shows sales to foreign customers for the years 1998, 1997 and 1996:

<TABLE>  
<CAPTION>

	1998	1997	1996
	-----	-----	-----
<S>	<C>	<C>	<C>
Total Sales Outside the United States:	\$126,366,000	\$120,201,000	\$113,609,000
Percent of Net Sales	37.5%	37.5%	39.4%
Sales by Foreign Subsidiaries	\$98,191,000	\$96,184,000	\$93,949,000
Percent of Net Sales	29.1%	30.0%	32.6%
Export Sales by Domestic Subsidiaries	\$28,175,000	\$24,017,000	\$19,660,000
Percent of Net Sales	8.4%	7.5%	6.8%

</TABLE>

Consolidated operating results are reported in United States dollars. Because the Company's foreign subsidiaries conduct operations in the currencies of the countries in which they are based, all financial statements of the foreign subsidiaries must be translated into United States dollars. As the value of the United States dollar increases or decreases relative to these foreign currencies, the United States dollar value of items on the financial statements of the foreign subsidiaries is reduced or increased, respectively. Consequently, changes in dollar sales of the foreign subsidiaries from year to year are not necessarily indicative of changes in actual sales recorded in local currency. See Note 4 and Note 13 of "Notes to Consolidated Financial Statements" on page 30 and pages 37 and 38, respectively, of the 1998 Annual Report, which are hereby incorporated by reference.

The value of any foreign currency relative to the United States dollar is affected by a variety of factors. It is exceedingly difficult to predict what such value may be at any time in the future. Consequently, the ability of the Company to control the impact of foreign currency fluctuations is limited.

A material portion of the Company's business is conducted outside the United States. Consequently, the Company's ability to continue such operations or maintain their profitability is to some extent subject to control and regulation by the United States government and foreign governments.

#### EMPLOYEES

At December 31, 1998, the Company had 2,121 employees.

A majority of the production and maintenance employees at the Lebanon,

Tennessee plant of Precision are represented by a local lodge of the International Association of Machinists and Aerospace Workers. The collective bargaining agreement for this facility expired in April 1998. After a three-week strike, Precision and the union reached a new collective bargaining agreement in May 1998 that will expire in April 2001.

The production and maintenance employees at the Orillia, Ontario, Canada plant of Precision are represented by a local unit of the Amalgamated Steelworkers of America. The collective bargaining agreement for the unit will expire in January 2000.

A majority of the production and maintenance employees at the Lynchburg, Virginia plant of Dynamic Seals, Inc., an affiliate of Precision, are represented by a local of the International Chemical Workers Union. In February 1999, Dynamic Seals and the union reached a new collective bargaining agreement for this facility that will expire in February 2002.

A majority of the production and maintenance employees at the Springfield, Kentucky plant of Precision are represented by a local unit of the International United Paperworkers Union. Precision did not assume the collective bargaining agreement for this facility when Precision acquired the plant in 1996. Precision recently concluded negotiations with the union for a new collective bargaining agreement, which the employees approved. The collective bargaining agreement will expire in March 2001.

The Company considers its relations with its employees to be good.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Company, who are appointed annually, are as follows:

<TABLE>  
<CAPTION>

		Executive Officer Since -----	Age -----
<S>	<C>	<C>	<C>
James Carroll	Chairman of the Board and Chief Executive Officer	1988	69
John W. Huber	President and Chief Operating Officer	1996	55
Seymour A. Schlosser	Vice President-Finance and Chief Financial Officer	1989	53
Gregg M. Gibbons	Vice President-Corporate Affairs and General Counsel	1986	46

</TABLE>

The principal occupations of Messrs. Carroll, Schlosser and Gibbons for the past five years have been their current respective positions with the Company. In addition, Mr. Gibbons was Secretary of the Company until December 1997. Mr. Huber was named President and Chief Operating Officer of the Company in December 1996. For the five years immediately preceding his appointment as President and Chief Operating Officer of the Company, Mr. Huber was President and Chief Executive Officer of Wynn's-Precision, Inc., a wholly-owned subsidiary of the Company. There is no arrangement or understanding between any executive officer and any other person pursuant to which he was selected as an officer. There is no family relationship between any executive officers of the Company.

16

## ITEM 2. PROPERTIES

The following is a summary description of the Company's facilities, all of which the Company believes to be of adequate construction, as of March 11, 1999:

<TABLE>  
<CAPTION>

Location -----	Held in Fee or by Lease -----	Square Footage (Approximate) -----	If Lease, Year of Termination -----	Present Use -----
<S>	<C>	<C>	<C>	<C>
WYNN'S INTERNATIONAL, INC.				
Orange, California	Lease	6,894	2003	Administrative
AUTOMOTIVE AND INDUSTRIAL COMPONENTS:				
WYNN'S-PRECISION, INC.				
Domestic -----				
Lebanon, Tennessee	Fee	140,000	--	Manufacturing, Warehouse, Administrative
Lebanon, Tennessee	Fee	78,000	--	Manufacturing
Lebanon, Tennessee	Fee	35,000	--	Manufacturing
Lebanon, Tennessee	Fee	2,650	--	Manufacturing
Livingston, Tennessee	Fee	33,000	--	Manufacturing, Warehouse
Tempe, Arizona	Fee	32,572	--	Manufacturing, Warehouse
Springfield, Kentucky	Fee	80,000	--	Manufacturing, Warehouse, Administrative
Rancho Cucamonga, California	Lease	2,880	1999	Warehouse
Huntley, Illinois	Lease	4,400	2001	Warehouse
Peoria, Illinois	Lease	10,000	2000	Warehouse
Indianapolis, Indiana	Lease	1,800	2001	Warehouse
Bloomfield Hills, Michigan	Lease	3,050	2003	Administrative

</TABLE>

15

17

<TABLE>  
<CAPTION>

Location -----	Held in Fee or by Lease -----	Square Footage (Approximate) -----	If Lease, Year of Termination -----	Present Use -----
<S>	<C>	<C>	<C>	<C>
Wyoming, Michigan	Lease	2,000	2000	Warehouse
Golden Valley, Minnesota	Lease	3,800	1999	Warehouse
West Seneca, New York	Lease	2,679	2000	Warehouse
Charlotte, North Carolina	Lease	3,675	1999	Warehouse
Dayton, Ohio	Lease	4,295	Month-to-Month	Warehouse
Fort Worth, Texas	Lease	3,600	1999	Warehouse
Milwaukee, Wisconsin	Lease	2,700	1999	Warehouse
Foreign -----				
Orillia, Ontario, Canada	Fee	48,000	--	Manufacturing, Warehouse, Administrative
Concord, Ontario, Canada	Lease	3,455	1999	Warehouse
Edmonton, Alberta, Canada	Lease	2,700	1999	Warehouse
Calgary, Alberta, Canada	Lease	3,200	2001	Warehouse
Boucherville, Quebec, Canada	Lease	3,403	1999	Warehouse
Aldershot, Hampshire, U.K.	Lease	2,300	Month-to-Month	Warehouse, Administrative
DYNAMIC SEALS, INC.				
Lynchburg, Virginia	Fee	129,000	--	Manufacturing, Warehouse, Administrative
Houston, Texas	Lease	14,000	2000	Manufacturing, Warehouse, Administrative
Houston, Texas	Lease	14,000	2000	Warehouse

16

18

<TABLE>  
<CAPTION>

Location -----	Held in Fee or by Lease -----	Square Footage (Approximate) -----	If Lease, Year of Termination -----	Present Use -----
<S>	<C>	<C>	<C>	<C>
ROBERT SKEELS & COMPANY				
Compton, California	Fee	59,019	--	Warehouse, Administrative
Fullerton, California	Lease	1,600	Month-to-Month	Warehouse, Administrative

## SPECIALTY CHEMICALS:

## WYNN OIL COMPANY

## Domestic

-----

Azusa, California	Fee	122,630	--	Manufacturing, Warehouse, Administrative
-------------------	-----	---------	----	--

## Foreign

-----

Frenchs Forest, New South Wales, Australia	Lease	24,224	1999	Warehouse, Administrative
Carrington, New South Wales, Australia	Lease	13,175	1999	Warehouse, Administrative
St. Niklaas, Belgium	Fee	82,600	--	Manufacturing, Warehouse, Administrative
Mississauga, Ontario, Canada	Lease	32,798	2001	Warehouse, Administrative
Mississauga, Ontario, Canada	Lease	2,536	2002	Service Center
Reading, Berkshire, U.K.	Lease	3,154	2004	Administrative
Strasbourg, France	Lease	557	1999	Administrative
Paris, France	Lease	9,513	2001	Administrative
Cestas, France	Lease	18,669	1999	Warehouse, Administrative
Lyon, France	Lease	465	2000	Administrative

&lt;/TABLE&gt;

17

19

&lt;TABLE&gt;

&lt;CAPTION&gt;

Location -----	Held in Fee or by Lease -----	Square Footage (Approximate) -----	If Lease, Year of Termination -----	Present Use -----
<S>	<C>	<C>	<C>	<C>
Abbeville, France	Lease	660	1999	Administrative
Thiers, France	Lease	465	1999	Administrative
Toulouse, France	Lease	485	1999	Administrative
Ratingen, Germany	Lease	1,808	1999	Administrative
Chennai, India	Lease	6,456	Month-to-Month	Manufacturing, Warehouse, Administrative
Mexico City, Mexico	Lease	2,500	1999	Warehouse, Administrative
Wynberg, Sandton,	Fee	32,280	--	Warehouse,

South Africa				Administrative
Edenvale, Transvaal, South Africa	Fee	10,921	--	Leased to Third Party
Caracas, Venezuela	Lease	1,615	Month-to-Month	Administrative
Zoeterwoude, Netherlands	Lease	4,917	2003	Administrative

The Company believes that all of its operating properties are adequately maintained, fully utilized and suitable for the purposes for which they are used. With respect to those leases expiring in 1999 and 2000, the Company believes it will be able to renew such leases on acceptable terms or find suitable alternate facilities.

ITEM 3. LEGAL PROCEEDINGS

Various claims and actions, considered normal to Registrant's business, have been asserted and are pending against Registrant and its subsidiaries. Registrant believes that such claims and actions should not have any material adverse effect upon the consolidated results of operations, cash flows or the financial position of Registrant based on information presently known to Registrant. See also "Environmental Matters" at pages 7 through 11 above, and Note 10 of "Notes to Consolidated Financial Statements" on pages 34 and 35 of the 1998 Annual Report, which is hereby incorporated by reference.

Toxic Tort Litigation

Since late July 1997, eight toxic tort lawsuits have been filed against certain local water producers and industrial companies (including Wynn Oil) located in San Gabriel Valley, California. The lawsuits are captioned (i) Santamaria, et. al v. Suburban Water Systems, Inc., et. al (Superior Court of

California for the County of Los Angeles, Case No. KC 025-995), (ii) Adler, et. al v. Southern California Water Company, et. al (Superior Court of the State of California for the County of Los Angeles, Case No. BC 169892), (iii) Boswell, et. al v. Suburban Water System, et. al (Superior Court of the State of California for the County of Los Angeles, Case No. KC 027318), (iv) Celi, et. al v. San Gabriel Valley Water Company, et. al (Superior Court of the State of California for the County of Los Angeles, Case No. GC 020622), (v) Criner, et. al v. San Gabriel Valley Water Company, et. al (Superior Court of the State of California for the County of Los Angeles, Case No. GC 021658), (vi) Demciuc, et. al v. Suburban Water Systems, et. al (Superior Court of the State of California for the County of Los Angeles, Case No. KC 028732), (vii) Dominguez, et. al v. Southern California Water Company, et. al (Superior Court of the State of California for the County of Los Angeles, Case No. GC 021657, and (viii) Anderson, et. al v. Suburban Water Systems et. al (Superior Court of the State of California for the County of Los Angeles, Case No. KC 02854).

The lawsuits, which collectively include hundreds of plaintiffs, allege that the plaintiffs received contaminated drinking water and suffered personal injury and property damage as a consequence thereof. The plaintiffs are seeking an unspecified amount of compensatory and punitive damages and other relief. Several defendants moved to stay or dismiss these cases on the grounds that primary jurisdiction for these matters rests with the California Public Utilities Commission ("PUC"). The issue was first argued in the Boswell case and the court stayed the case pending the outcome of the PUC investigation described below. The plaintiffs have sought appellate court review of the trial court's decision in Boswell. In the Santamaria case, the court dismissed the plaintiffs' complaint as to the regulated water utilities only and not as to the non-regulated defendants such as Wynn Oil. The plaintiffs and the non-regulated

defendants are appealing that decision. After some legal maneuvering and stipulations between the parties, the remaining cases are now stayed pending the hearing before and the ruling of the California Court of Appeals.

As a result of these cases and other toxic tort cases filed elsewhere in the State of California, on March 12, 1998, the PUC announced an Order Initiating Investigation into drinking water quality in California. Several industrial companies, including Wynn Oil, have filed intervention petitions with the PUC in order to participate in the PUC's proceedings. The PUC's investigation is scheduled to be completed in the fall of 1999.

The Company has reported these cases to its insurers and intends to defend these actions vigorously.

#### Proposition 65 Claims

In the first quarter of 1999, the Company received two 60-day notices under California's Proposition 65. The first 60-day notice alleged that the Company, through its subsidiary, engaged in the distribution of builder's hardware products, failed to provide required warning notices in connection with the sale of brass keys and brass key blanks, thus allegedly exposing persons to impermissible levels of lead. The second 60-day notice alleges that Wynn Oil violated the provisions of Proposition 65 in connection with the alleged discharge of listed chemicals to the groundwater. This notice was sent by one of the law firms involved in certain of the toxic tort cases described above. If lawsuits are filed after expiration of the 60-day notice periods, the Company and Wynn Oil intend to defend the claims vigorously.

19

21

#### Other Litigation

In 1994, the United States District Court for the Eastern District of Michigan, Southern Division, in the case of Wynn Oil Company v. American Way Service Corporation and Thomas A. Warmus, Case No. 89-CV-71777-DT, awarded Wynn Oil approximately \$3.2 million in damages and attorneys' fees in an action brought by Wynn Oil in 1989 asserting trademark infringement by the defendants. Subsequently, the defendants filed a timely appeal to the United States Court of Appeals for the Sixth Circuit, but did not file a bond to stay execution of the judgment. Between May and December 1994, Wynn Oil sought out assets of the defendants to satisfy the judgment. Prior to Wynn Oil executing upon the defendants' assets, the defendants filed bankruptcy petitions in late 1994 in Florida. The bankruptcy filings resulted in an automatic stay of all pending collection efforts. In July 1995, the Court of Appeals upheld the District Court's finding of liability, but held that the District Court erred in the calculation of certain portions of the damages award and remanded the case to the District Court for a final determination of the damage award. On remand, the District Court awarded Wynn Oil total damages and attorneys' fees of approximately \$2.4 million. The defendants did not appeal the revised judgment of the District Court. To date, Wynn Oil has received from the trustees for the bankruptcy estates interim distributions of approximately \$615,000, which reduced the balance of the uncollected judgment to approximately \$1.8 million. Wynn Oil and its counsel are continuing to work through the bankruptcy proceedings in Florida to maximize Wynn Oil's ultimate recovery against the defendants. No portion of the balance of the uncollected judgment has been included in the results of operations of the Company and all of the Company's costs relating to this case have been expensed as incurred.

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

There were no matters submitted to a vote of security holders during the fourth quarter of 1998.

#### PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information appearing under "Common Stock Prices and Cash Dividends Per Share: 1998-1997" on page 41 of the 1998 Annual Report and "Number of Stockholders" and "Stock Exchange Listing" on page 41 of the 1998 Annual Report is hereby incorporated by reference.

On February 10, 1999, the Board of Directors of Registrant declared a cash dividend of \$0.07 per share payable March 31, 1999 to stockholders of record on March 11, 1999.

Registrant currently expects that it will continue to pay dividends in the future, in amounts per share at least comparable to dividends paid during the past two years.

20

22

Registrant has not sold any unregistered securities during the past three years.

ITEM 6. SELECTED FINANCIAL DATA

Incorporated by reference from page 16 of the 1998 Annual Report.

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

Incorporated by reference from pages 17 through 23 of the 1998 Annual Report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Incorporated by reference from page 20 of the 1998 Annual Report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated financial statements of Registrant at December 31, 1998 and 1997 and for each of the three years in the period ended December 31, 1998 (including unaudited supplementary data) and the report of independent auditors thereon are incorporated by reference from pages 24 through 40 of the 1998 Annual Report.

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information on Registrant's directors appearing on pages 9 and 10, and the information appearing under "Stock Ownership of Directors and Executive Officers" on pages 13 and 14 of Registrant's definitive proxy statement for the Annual Meeting of Stockholders to be held on April 28, 1999 ("Registrant's 1999 Proxy Statement") is hereby incorporated by reference. Information regarding Registrant's executive officers is provided on page 14 of this report.

21

## ITEM 11. EXECUTIVE COMPENSATION

The information appearing under "Board of Directors and Committees of the Board--Compensation of Directors" on pages 11 and 12 and "Executive Compensation" on pages 14 through 17 of Registrant's 1999 Proxy Statement is hereby incorporated by reference.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information appearing under "Security Ownership of Certain Beneficial Owners and Management" on pages 12 through 14 of Registrant's 1999 Proxy Statement is hereby incorporated by reference.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information appearing under "Board of Directors and Committees of the Board--Certain Relationships and Related Transactions" on page 12 of Registrant's 1999 Proxy Statement is hereby incorporated by reference.

## PART IV

## ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) See Index to Financial Statements and Financial Statement Schedule Covered By Report of Independent Auditors.

(2) See Index to Financial Statements and Financial Statement Schedule Covered By Report of Independent Auditors.

(3) See Index to Exhibits.

(b) No Reports on Form 8-K were filed by Registrant during the last quarter of 1998.

22

24

## WYNN'S INTERNATIONAL, INC.

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT  
SCHEDULE COVERED BY REPORT OF INDEPENDENT AUDITORS

(ITEM 14(a))

<TABLE>  
<CAPTION>

	Page References	
	Form 10-K	1998 Annual Report
	-----	-----
<S>	<C>	<C>
Consolidated Statements of Income for each of the Three years in the period ended December 31, 1998.....		24
Consolidated Balance Sheets at December 31, 1998 and 1997.....		25
Consolidated Statements of Stockholders' Equity for each of the three years in the period ended December 31, 1998.....		26
Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 1998.....		27
Notes to Consolidated Financial Statements.....		28 - 39

Consolidated schedule for each of the three years in the period ended December 31, 1998:

VIII -- Valuation and Qualifying Accounts..... F-2  
</TABLE>

All other schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements, including the notes thereto.

The consolidated financial statements listed in the above index, which are included in the 1998 Annual Report, are hereby incorporated by reference. With the exceptions of the pages listed in the above index and the items referred to in Items 1, 5, 6, 7 and 8, the 1998 Annual Report is not deemed to be filed as part of this report.

F-1

25

WYNN'S INTERNATIONAL, INC.

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS

THREE YEARS ENDED DECEMBER 31, 1998

<TABLE>  
<CAPTION>

Allowance for doubtful accounts deducted from accounts receivable	Balance at beginning of year	Charged to costs and expenses	Deductions (1)	Other (2)	Balance at end of year
<S>	<C>	<C>	<C>	<C>	<C>
1998	\$959,000 =====	\$281,000 =====	\$(336,000) =====	\$ -- =====	\$904,000 =====
1997	\$870,000 =====	\$307,000 =====	\$(218,000) =====	\$ -- =====	\$959,000 =====
1996	\$710,000 =====	\$312,000 =====	\$(256,000) =====	\$104,000 =====	\$870,000 =====

</TABLE>

- 
- (1) Represents accounts written off against the reserve.
  - (2) Acquisition of business.

F-2

26

POWER OF ATTORNEY

Each person whose signature appears below hereby authorizes each of James Carroll, John W. Huber, Seymour A. Schlosser and Gregg M. Gibbons as attorney-in-fact to sign on his behalf, individually and in each capacity stated below, and to file all amendments and/or supplements to this Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 25, 1999.

WYNN'S INTERNATIONAL, INC.

By: /s/ JAMES CARROLL

-----  
James Carroll  
Chairman of the Board and  
Chief Executive Officer

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.

Date

----

March 25, 1999

By: /s/ JAMES CARROLL

-----  
James Carroll  
Chairman of the Board  
Chief Executive Officer  
Director

March 25, 1999

By: /s/ SEYMOUR A. SCHLOSSER

-----  
Seymour A. Schlosser  
Vice President-Finance  
(Principal Financial and  
Accounting Officer)

II-1

27

Date

----

March 25, 1999

By: /s/ BARTON BEEK

-----  
Barton Beek  
Director

March 25, 1999

By: /s/ BRYAN L. HERRMANN

-----  
Bryan L. Herrmann  
Director

March 25, 1999

By: /s/ ROBERT H. HOOD, JR.

-----  
Robert H. Hood, Jr.  
Director

March 25, 1999

By: /s/ RICHARD L. NELSON

Richard L. Nelson  
Director

March 25, 1999

By: /s/ DONALD C. TRAUSCHT

Donald C. Trauscht  
Director

March 25, 1999

By: /s/ JAMES D. WOODS

James D. Woods  
Director

II-2

28

WYNN'S INTERNATIONAL, INC.

INDEX TO EXHIBITS  
(Item 14(a))

<TABLE>  
<CAPTION>

Exhibit Number	Description
3.1	Certificate of Incorporation, as amended, of Registrant (incorporated herein by reference to Exhibit 3.1 to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1997)
3.2	Certificate of Amendment to Certificate of Incorporation of Registrant, dated April 30, 1998
3.3	Certificate of Designations of Junior Participating Preferred Stock (incorporated herein by reference to Exhibit 4.2 to Registrant's Report on Form 8-K dated March 3, 1989)
3.4	By-Laws, as amended, of Registrant (incorporated herein by reference to Exhibit 3.3 to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1996)
4.1	Shareholder Rights Agreement, dated as of March 3, 1989, between Registrant and First Interstate Bank of California, as Rights Agent (incorporated by reference to Exhibit 4.1 to Registrant's Report on Form 8-K dated March 3, 1989)
4.2	Amendment No. 1 to Shareholder Rights Agreement, dated June 11, 1990 (incorporated by reference to Exhibit 28.2 to Registrant's Report on Form 8-K dated June 11, 1990)
4.3	Letter Agreement, dated March 24, 1997, between Registrant and ChaseMellon Shareholder Services, L.L.C. as successor Rights Agent, amending the Shareholder Rights Agreement (incorporated herein by reference to Exhibit 4.3 to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1997)
4.4	Second Amended Rights Agreement, dated as of October 22, 1998, by and between Registrant and ChaseMellon Shareholder Services, L.L.C., as Rights Agent (incorporated herein by reference to Exhibit 2.1 to

&lt;/TABLE&gt;

II-3

29

<TABLE>  
<CAPTION>

Exhibit Number -----	Description -----
<S>	<C>
10.1	Employment Agreement, dated January 1, 1999, between Registrant and James Carroll
10.2	Employment Agreement, dated December 10, 1997, between Registrant and James Carroll (incorporated herein by reference to Exhibit 10.1 to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1997)
10.3	Employment Agreement, dated January 1, 1999, between Registrant and John W. Huber
10.4	Employment Agreement, dated December 11, 1996, between Registrant and John W. Huber (incorporated herein by reference to Exhibit 10.2 to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1996)
10.5	Employment Agreement, dated January 1, 1999, between Registrant and Seymour A. Schlosser
10.6	Employment Agreement, dated January 1, 1997, between Registrant and Seymour A. Schlosser (incorporated herein by reference to Exhibit 10.3 to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1996)
10.7	Employment Agreement, dated January 1, 1999, between Registrant and Gregg M. Gibbons
10.8	Employment Agreement, dated January 1, 1997, between Registrant and Gregg M. Gibbons (incorporated herein by reference to Exhibit 10.4 to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1996)
10.9	Wynn's International, Inc. Amended and Restated 1980 Stock Option and Appreciation Rights Plan (incorporated herein by reference to Exhibit 4.1 to Registrant's Registration Statement on Form S-8, Registration No. 2-68157)
10.10	Wynn's International, Inc. Amended and Restated 1982 Incentive Stock Option Plan (incorporated herein by reference to Exhibit 4.2 to Registrant's Registration Statement on Form S-8, Registration No. 2-68157)

&lt;/TABLE&gt;

II-4

30

<TABLE>  
<CAPTION>

Exhibit

Number -----	Description -----
<S>	<C>
10.11	Wynn's International, Inc. Stock-Based Incentive Award Plan (incorporated herein by reference to Exhibit 28.1 to Registrant's Registration Statement on Form S-8, Registration No. 33-30296)
10.12	Amendment No. 1 to Wynn's International, Inc. Stock-Based Incentive Award Plan (incorporated herein by reference to Exhibit 28.2 to Registrant's Registration Statement on Form S-8, Registration No. 33-64090)
10.13	Amendment 1996-1 to Wynn's International, Inc. Stock-Based Incentive Award Plan (incorporated herein by reference to Exhibit 10.8 to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1996)
10.14	Amendment 1997-1 to Wynn's International, Inc. Stock-Based Incentive Award Plan (incorporated herein by reference to Exhibit 4.4 to Registrant's Registration Statement on Form S-8, Registration No. 333-39045)
10.15	Wynn's International, Inc. 1999 Corporate Management Incentive Plan
10.16	Executive Deferred Compensation Agreement, dated February 18, 1997, between Registrant and James Carroll (incorporated herein by reference to Exhibit 10.10 to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1996)
10.17	First Amendment to Executive Deferred Compensation Agreement, dated December 1, 1997, between Registrant and James Carroll (incorporated herein by reference to Exhibit 10.13 to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1997)
10.18	Second Amendment to Executive Deferred Compensation Agreement, dated February 26, 1998, between Registrant and James Carroll (incorporated herein by reference to Exhibit 10.14 to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1997)
10.19	Third Amendment to Executive Deferred Compensation Agreement, dated January 6, 1999, between Registrant and James Carroll
10.20	Form of Indemnification Agreement between Registrant and a director of Registrant (incorporated herein by reference to Exhibit 10.11 to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1993)

</TABLE>

II-5

31

<TABLE>  
<CAPTION>

Exhibit Number -----	Description -----
<S>	<C>
10.21	Form of Indemnification Agreement between Registrant and an officer of Registrant (incorporated herein by reference to Exhibit 10.12 to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1996)
10.22	Wynn's International, Inc. Non-Employee Directors' Stock Option Plan (incorporated herein by reference to Exhibit C of Registrant's Definitive Proxy Statement relating to its Annual Meeting of Stockholders held on May 11, 1994, filed with the Commission on March

25, 1994)

10.23	1998 Supplemental Retirement Income Plan of Wynn's International, Inc. and Subsidiaries
10.24	The CORPORATEplan for Retirement Select Plan Deferred Compensation Plan of Wynn's International, Inc.
10.25	Amendment No. 1 to The CORPORATEplan for Retirement Select Plan Deferred Compensation Plan of Wynn's International, Inc.
10.26	Amendment 1996-1 to Wynn's International, Inc. Non-Employee Directors' Stock Option Plan (incorporated herein by reference to Exhibit 10.14 to Registrant's Report on Form 10-K for the fiscal year ended December 31, 1996)
10.27	Asset Purchase Agreement, dated as of May 23, 1996, by and between Moog Automotive, Inc. and Wynn's Climate Systems, Inc., Wynn's Climate Equipment Company and Wynn's (UK) Limited (incorporated herein by reference to Exhibit 2.1 to Registrant's Current Report on Form 8-K dated May 23, 1996)
11	Computation of Net Income Per Common Share - Basic and Assuming Dilution
13	Portions of Registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1998 that have been expressly incorporated by reference as a part of this Annual Report on Form 10-K
21	Subsidiaries of Registrant
23	Consent of Independent Auditors
27	Financial Data Schedule for Fiscal Year ended December 31, 1998

</TABLE>

CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
WYNN'S INTERNATIONAL, INC.

WYNN'S INTERNATIONAL, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY THAT:

FIRST: The Board of Directors of Wynn's International, Inc., at a meeting held on February 11, 1998, duly adopted resolutions setting forth a proposed amendment to the Certificate of Incorporation of said corporation, declaring such amendment to be advisable and authorizing the submission of such amendment to the stockholders of said corporation for consideration thereof at the Annual Meeting of Stockholders to be held on April 29, 1998. The resolution setting forth the proposed amendment is as follows:

WHEREAS, it has been proposed that this Corporation reduce the par value of its Common Stock from \$1.00 to \$0.01 per share; and

WHEREAS, it is deemed to be in the best interests of this Corporation and its stockholders that such proposal be adopted and approved;

NOW, THEREFORE, BE IT RESOLVED, that the proposal to reduce the par value of this Corporation's Common Stock from \$1.00 to \$0.01 per share be, and it hereby is, adopted and approved.

RESOLVED FURTHER, that such proposal be submitted to the stockholders of this Corporation for approval at the next annual meeting to be held on April 29, 1998.

RESOLVED FURTHER, that upon stockholder approval of such proposal, the officers of this Corporation be, and each of them hereby is, authorized and empowered, in the name and on behalf of this Corporation, to file with the Secretary of State of the State of Delaware a certificate of amendment to the Certificate of Incorporation of this Corporation to effect such reduction in par value.

RESOLVED FURTHER, that the officers of this Corporation be, and each of them hereby is, authorized and empowered, in the name and on behalf of this Corporation, to take such further actions, and to execute, deliver and file such additional documents, as they may deem

necessary or appropriate to effect the foregoing resolutions, the taking of such actions or the execution, delivery and filing of such documents to be conclusive evidence of the necessity or appropriateness thereof.

SECOND: That such amendment is as follows:

"FOURTH: The corporation shall be authorized to issue two classes of shares of stock to be designated, respectively, 'Common' and 'Preferred,' the total number of shares which the corporation shall have authority to issue shall be forty million five hundred thousand (40,500,000); the total number of shares of Common Stock shall be forty million (40,000,000) and the par value of each share of Common Stock shall be one cent (\$0.01); and the total number of shares of Preferred Stock shall be five hundred thousand (500,000) and the par value of each share of Preferred Stock shall be one dollar (\$1.00).

"The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby expressly vested with authority to fix by resolution or resolutions the designations and the powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including, without limitation, the voting powers, if any, the dividend rate, conversion rights, redemption price, or liquidation preference, of any series of Preferred Stock, and to fix the number of shares constituting any such series, and to increase or decrease the number of shares of any such series (but not below the number of shares thereof then outstanding). In case the number of shares of any such series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution or resolutions originally fixing the number of shares of such series. The number of authorized shares of any class or classes of stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the corporation entitled to vote."

THIRD: Thereafter, at the Annual Meeting of Stockholders held on April 29, 1998, which meeting was duly held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, the necessary number of shares as required by statute were voted in favor of the amendment.

FOURTH: Said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Wynn's International, Inc. has caused this Certificate to be signed by Seymour A. Schlosser, its Vice President-Finance and Chief Financial Officer, and attested by Wendy K. K. Nishikawa, its Secretary, this 30th day of April, 1998.

WYNN'S INTERNATIONAL, INC.

By: /s/ Seymour A. Schlosser

-----  
Seymour A. Schlosser  
Vice President-Finance and  
Chief Financial Officer

ATTEST:

By: /s/ Wendy K. K. Nishikawa

-----  
Wendy K. K. Nishikawa  
Secretary

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of the 1st day of January, 1999, by and between WYNN'S INTERNATIONAL, INC., a Delaware corporation with its principal offices in Orange, California ("Corporation"), and JAMES CARROLL, an individual residing in Lebanon, Tennessee ("Executive").

## W I T N E S S E T H :

WHEREAS, Executive presently serves as Chairman of the Board and Chief Executive Officer of Corporation pursuant to an employment agreement dated as of December 10, 1997 between Corporation and Executive (the "Prior Employment Agreement"); and

WHEREAS, Corporation desires to continue to retain the services of Executive, whose experience, knowledge and abilities with respect to the business and affairs of Corporation and its subsidiaries are extremely valuable to Corporation; and

WHEREAS, the Board of Directors of Corporation (the "Board of Directors") and the Compensation Committee (the "Committee") of the Board of Directors recognize that the continuing possibility of an unsolicited tender offer or other takeover bid for Corporation is unsettling to Executive and other senior executives of Corporation and, therefore, to enhance the value of Corporation for the benefit of its stockholders, desire to make arrangements to help assure the continuing dedication by Executive to Executive's duties to Corporation, notwithstanding the occurrence of a tender offer or takeover bid; and

WHEREAS, in particular, the Board of Directors and the Committee believe it is important, should Corporation receive proposals from third parties with respect to its future, to enable Executive, without being influenced by the uncertainties of Executive's own situation, to assess and advise the Board of Directors whether such proposals would be in the best interests of Corporation and its stockholders, and to take such other action regarding such proposals as the Board of Directors might determine to be appropriate; and

WHEREAS, the Board of Directors and the Committee also wish to demonstrate to Executive and other senior executives of Corporation that Corporation is concerned with the welfare of its executives and intends to see that loyal executives are treated fairly; and

WHEREAS, in view of the foregoing and in further consideration of Executive's employment with Corporation, the Board of Directors and the Committee have determined that it is in the best interests of Corporation and its stockholders for

2

Corporation to agree to pay Executive termination compensation in the event Executive should leave the employ of Corporation under certain circumstances;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements and promises of the parties set forth below, the parties hereby agree as follows:

1. Duties.

(a) Corporation hereby continues to employ Executive as Chairman of the Board and Chief Executive Officer of Corporation during the term of this Agreement, with powers and duties consistent with such positions. Executive, during the term of this Agreement, shall perform such additional or different duties, and accept the election or appointment to such other offices or positions, as may be mutually agreeable to Executive and the Board of Directors. Executive agrees to serve in such executive offices and directorships in other subsidiaries or affiliated companies of Corporation as he may be requested to do throughout the term of this Agreement without additional fixed compensation.

(b) Executive shall be employed at Corporation's headquarters in Orange County, California, and shall devote substantially his full time and efforts to perform his duties faithfully, diligently and to the best of his ability to advance the interests of Corporation; subject, however, to reasonable working hours, conditions and vacations as are consistent with his position and with due regard to the preservation of his good health. Nothing herein shall be deemed to preclude or prohibit Executive from performing during regular business hours services within the business and civic community which are customary for persons in similar capacities, including, without limitation, serving on boards of other companies, advisory groups, committees and panels, but only in furtherance of and not to the detriment of his principal duties hereunder. Further, Corporation shall give Executive a reasonable opportunity to perform his duties and shall not expect Executive to devote more time hereunder, nor assign duties or functions to Executive, other than as may be customary and reasonable for an executive in Executive's position.

2. Compensation.

(a) Effective as of January 1, 1999, and during the entire term of this Agreement, Corporation shall pay to Executive an annual salary of not less than Six Hundred Thousand Dollars (\$600,000.00), payable in equal installments on Corporation's regular payroll dates, for any and

all services which Executive may render to Corporation.

(b) The Board of Directors annually shall review the amount of Executive's salary, and shall, when the Board of Directors in its sole judgment deems it appropriate, make adjustments in the amount of such salary. Any such

2

3

adjustments shall take effect on the date established by the Board of Directors. Nothing herein shall be construed to authorize or empower any reduction of Executive's salary below his then current rate of salary by the Board of Directors or otherwise during the term of this Agreement. The Committee, in accordance with customary policy, shall make such recommendations to the Board of Directors as it believes are appropriate with respect to salary adjustments hereunder.

3. Expenses. Corporation will reimburse Executive for all usual, reasonable and necessary expenses paid or incurred by him in the performance of his duties hereunder, subject to the right of Corporation at any time to place reasonable limitations on expenses thereafter to be incurred or reimbursed.

4. Employee Benefits. Executive shall be entitled to and shall receive all other benefits of employment generally available to other executives of Corporation, including, among other things, participation in any hospital, surgical, medical or other group health and accident benefit plans, life insurance benefits, and Corporation's annual vacation plan. In addition, Executive will be entitled to participate in all incentive compensation, stock option, profit sharing, pension, retirement or bonus plans as from time to time may be in existence during the term of this Agreement in accordance with their respective terms and provisions, but, to the extent participation or the amount of participation is at the discretion of the Board of Directors or any committee thereof, then Executive's participation shall likewise be solely subject to such discretion.

5. Term and Termination.

(a) The term of this Agreement shall commence on the date hereof and shall terminate upon the first to occur of the following events:

(i) December 31, 2001 (the "Last Day of the Stated Term");

(ii) The death or permanent disability of Executive;

(iii) The 30th day following written notice from Corporation to Executive; or

(iv) Executive is discharged for Cause.

(b) If Executive dies or becomes permanently disabled during the term of this Agreement, this Agreement shall terminate on the last day of the month during which his death or permanent disability, as the case may be, occurred. Commencing thirty (30) days after the date of such termination, there shall be paid to Executive or Executive's representative in the event of permanent disability, or to his executor or estate in the event of death, an amount equal to one year of Executive's then current salary, payable in twelve (12) equal monthly installments. If Executive is absent from employment or unable to render services

3

4

hereunder on a full-time basis by reason of physical or mental illness or disability for six (6) months or more in the aggregate in any twelve (12) month period during the term of this Agreement, Executive shall be considered permanently disabled.

(c) If Corporation should terminate this Agreement pursuant to Section 5(a) (iii):

(i) Executive shall immediately cease to be Chairman of the Board and Chief Executive Officer of Corporation, and each other office or position Executive then holds, and if requested by a majority of the Board of Directors of Corporation, shall immediately resign from the Board of Directors and from any of the Boards of Directors of any of Corporation's subsidiaries of which Executive may be a member.

(ii) Corporation shall be obligated and shall continue to pay Executive an amount equal to his then current salary but at a rate of not less than Six Hundred Thousand Dollars (\$600,000.00) per annum from the date of such termination until the Last Day of the Stated Term. Such payments shall be made in installments payable as provided in Section 2(a) hereof. Corporation also immediately shall pay Executive in a lump sum an amount equal to the amount of the remaining unpaid portion of any yearly incentive compensation award, and the amount, if any, of any forfeiture of Executive's interest in any profit sharing plan in which Executive is a participant.

(iii) For the purposes of participation in any hospital, surgical, medical or other group health and accident insurance and group life insurance plans maintained by Corporation, Executive shall continue to be an employee of Corporation through the Last Day of the Stated Term. Except for such purposes, unless the Board of Directors otherwise determines by resolution,

Executive shall not continue to be an employee of Corporation for any other purposes and shall not be entitled to continue to participate in Corporation's Retirement Plan or 401(k) Plan, or in any other plans, programs and benefits of Corporation; provided, however, nothing herein shall preclude Executive from any vested rights or benefits he may have in such plans on the effective date of termination. If a contrary determination is made by the Board of Directors, the duties of Executive shall be only as mutually agreed upon by Executive and Corporation, and may be refused by Executive without penalty hereunder.

(iv) If termination shall be without Cause under Section 5(a)(iii), all stock options granted to Executive prior to the date of this Agreement under any stock option plan of Corporation (other than Corporation's Employee Stock Purchase Plan), notwithstanding the

4

5

provisions of any stock option plan or agreement, shall vest immediately and become exercisable by Executive. Nothing herein shall otherwise affect the obligations of Corporation or Executive under the terms of such stock option agreement, which, except for the provisions hereof, shall be otherwise enforceable in accordance with its terms.

(v) Any benefits of indemnification provided by the By-Laws of Corporation or in any Indemnification Agreement between Corporation and Executive shall be continued for the benefit of Executive, and any officers' and directors' liability insurance which may be maintained by Corporation and outstanding on the date of termination shall be continued for the benefit of Executive for such reasonable period of time as may be determined by the Board of Directors to afford protection to Executive.

(d) Corporation agrees that its obligations for the continuation of Executive's salary and other benefits in accordance with Sections 5(c)(ii) through 5(c)(v) above shall be absolute and unconditional, and the amounts due under Sections 5(c)(ii) and 5(c)(iii) above or Section 15 shall not be subject to offset, reduction or mitigation for any reason whatsoever; provided, however, that if Executive should breach any other provision of this Agreement while he is receiving benefits pursuant to Sections 5(c)(ii) through 5(c)(v) above, all obligations of Corporation hereunder shall cease to be effective on the actual date of such breach.

(e) "Cause" as used in Section 5(a)(iv) shall mean only gross negligence, dishonesty, incompetence, a willful breach of this

Agreement, or violation of any reasonable rule or regulation of the Board of Directors, the violation of which results in significant damage to Corporation and with respect to which, except in the case of incompetence or dishonesty, Executive fails to correct or make reasonable efforts to correct within a reasonable time after receipt of written notice thereof. "Cause" shall be determined only by the affirmative vote of a majority of the authorized number of the Board of Directors (excluding, for this purpose, Executive) at a meeting for which notice has been given that it is proposed to consider the issue of "Cause" or at a meeting occurring not less than seven (7) days after a meeting at which one or more directors indicate an intention to present a motion to such effect.

(f) If Corporation should terminate this Agreement pursuant to Section 5(a)(iv), this Agreement shall terminate immediately or at such later date as shall be designated by the Board of Directors and all of Executive's rights hereunder shall terminate effective upon such termination. Except as otherwise specified in any notice of termination, Executive shall not continue thereafter to be an employee of Corporation for any purpose and all rights Executive might thereafter have as an employee pursuant to any plan or understanding shall cease.

5

6

6. Confidential Information. Executive agrees that he will not at any time, both during and after the term of this Agreement, divulge, furnish or make accessible to any party (except to an entity which shall succeed to the business of Corporation or its subsidiaries, and except as may be required in the conduct of the regular course of business of Corporation or its subsidiaries, or as specifically authorized by the Board of Directors or as may be required by law) any trade secrets, patents, patent applications, inventions or customers of Corporation or of any subsidiary of Corporation until such time as such information has been disclosed to the public otherwise than by Executive.

7. Restrictive Covenant During Term. Executive agrees that until the Last Day of the Stated Term, he will neither directly nor indirectly engage in a business competing with any of the businesses conducted by Corporation or any of its subsidiaries, nor without the prior written consent of the Board of Directors, directly or indirectly, have any interest in, own, manage, operate, control, be connected with as a stockholder, joint venturer, officer, employee, partner or consultant, or otherwise engage, invest or participate in any business which shall be competitive with any of the businesses conducted by Corporation, or by any subsidiary of Corporation; provided, however, nothing contained in this Section 7 shall prevent Executive from investing or trading in stocks, bonds, commodities, securities, real estate, or other forms of investment for his own benefit (directly or indirectly), so long as such investment activities do not significantly interfere with Executive's services to be rendered hereunder and, to the extent that such investment activities

would, but for this proviso, be prohibited hereby, would not be material either to Executive or the concern in which such investment is made.

8. Approval by Corporation. This Agreement has been approved by the Board of Directors in accordance with the authority granted and restrictions imposed by action of the Board of Directors. It shall be executed by the President and Chief Operating Officer or other duly qualified officer.

9. Waiver or Modification. Any waiver, alteration or modification of any of the provisions of this Agreement or cancellation or replacement of this Agreement shall not be valid unless made in writing and signed by the parties hereto.

10. Construction. Except as to matters of internal corporate policy and regulation, which shall be governed by the laws of the State of Delaware (the state of incorporation of Corporation), this Agreement shall be governed by the laws of the State of California. If any litigation shall occur between Executive and Corporation which litigation arises out of or as a result of this Agreement or the acts of the parties hereto pursuant to this Agreement, or which seeks an interpretation of this Agreement, the prevailing party shall be entitled to recover all costs and expenses of such litigation, including reasonable attorneys' fees and costs.

6

7

11. Binding Effect.

(a) The rights and obligations of Corporation under this Agreement shall be binding upon any successor or assigns of Corporation. In the event of any consolidation or merger of Corporation into or with another corporation, such other corporation shall assume this Agreement and shall become obligated to perform all of the terms and conditions hereof, and Executive's obligations hereunder shall continue in favor of such other corporation.

(b) If Corporation shall adopt a plan of liquidation or be or become a party to any action which has the substantive effect of finally terminating its business and affairs, all sums which would have been payable to Executive during the remaining term of this Agreement (assuming the continuation of Executive's then salary through the Last Day of the Stated Term) shall become due and payable to Executive not later than the effective date of such plan or action; except in the case of a liquidation of Corporation into an acquiring company or subsidiary of such acquiring company after a consolidation or merger of Corporation into or with another corporation, and the rights and obligations of Corporation under this Agreement are expressly assumed by the acquiring company as part of the plan of liquidation.

(c) This Agreement supersedes all prior and contemporaneous agreements, amendments, memoranda or understandings, express or implied and written or oral, between Corporation and Executive.

12. Waiver. Waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of any other provision of this Agreement.

13. Counterparts. This Agreement may be executed in any number of identical counterparts, each of which shall be construed as an original for all purposes, but all of which taken together shall constitute one and the same Agreement.

14. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to be effective (i) upon receipt if delivered in person, (ii) upon receipt if sent by registered or certified United States mail, return receipt requested and postage and fees prepaid, to the addresses of the parties set forth below, or such other address as shall be furnished by notice hereunder by any such party or (iii) twenty-four hours after having been sent by Federal Express or other overnight delivery service to such address:

Corporation: 500 North State College Boulevard  
Suite 700  
Orange, California 92868

7

8

Executive: 680 Palmer Road  
Lebanon, Tennessee 37090

No failure or refusal to accept delivery of any envelope containing such notice shall affect the validity of such notice or the giving thereof.

15. Termination After Change in Control.

(a) Cumulative to any other provision of this Agreement, if, within two years after a change in control of Corporation, Executive's employment with Corporation terminates for any reason, either voluntarily or involuntarily, other than by death, permanent disability or retirement at or after Executive's normal retirement date under Corporation's Retirement Plan, Corporation promptly will pay Executive, upon Executive's request, as termination compensation, a lump sum amount, determined as provided in subsection (b) of this Section 15, and such other amounts as are provided in subsection (c) of this Section 15. For purposes of this Section, a "change in control of Corporation" shall mean a change in control of a nature that would be required to be

reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); provided that, without limitation, such a change in control of Corporation shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act) is or becomes the beneficial owner, directly or indirectly, of securities of Corporation representing 40% or more of the combined voting power of Corporation's then outstanding securities; or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of Corporation cease for any reason to constitute at least a majority thereof unless the election of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

(b) The lump sum compensation payable to Executive (the "Severance Payment") shall be equal to the average annual compensation (including salary and bonuses under the Corporate Management Incentive Compensation Plan or any predecessor or successor annual incentive compensation plan) paid or payable by Corporation to Executive during the five most recent calendar years ending before the date of the change in control of Corporation (the "Base Amount") multiplied by 2.99; provided, however, if Executive voluntarily terminates his employment with Corporation, except after (i) any material adverse change in Executive's duties, location of employment or benefits, or (ii) any material adverse change to Executive in the application of the formula of the Corporate Management Incentive Compensation Plan or any modification in Corporation's accounting methods or practices materially adverse to Executive, including the assessment of a management fee, then the Severance Payment shall be equal to the highest annual compensation (including salary and bonuses under the

8

9

Corporate Management Incentive Compensation Plan or any successor annual incentive compensation plan) paid or payable by Corporation to Executive for services rendered in any one of the three calendar years ending with the year of such termination.

(c) In addition, if Executive's employment with Corporation so terminates within two (2) years after such a change in control of Corporation:

(i) any bonus awards previously made to Executive and not previously paid immediately shall vest upon such termination and shall be paid;

(ii) Executive's participation in, and terminating

distributions and vested rights under, any applicable retirement plan, profit sharing plan and stock incentive plan of Corporation or any of its subsidiaries shall be governed by the terms of those respective plans; and

(iii) In the event of termination of employment under the circumstances described in subsection (a) of this Section 15, the arrangements provided for by this Section 15, by any stock option or other agreement between Corporation and Executive in effect at the time and by any other applicable plan of Corporation shall constitute the entire obligation of Corporation to Executive and performance thereof shall constitute full settlement of any claim that Executive might otherwise assert against Corporation on account of such termination, provided, however, that this provision and this Agreement shall have no impact on the obligations of Corporation under that certain Indemnification Agreement dated August 4, 1993 between Corporation and Executive.

(d) Notwithstanding any provision in this Agreement to the contrary, in the event that any payment or benefit received or to be received by Executive in connection with a change in control of Corporation or the termination of Executive's employment, whether payable pursuant to the terms of this Agreement or any other plan, arrangement or agreement with Corporation (collectively the "Total Payments"), would not be deductible (in whole or part) as a result of Section 280G of the Code, the Severance Payment shall be reduced until no portion of the Total Payments is not deductible as a result of Section 280G of the Code, or the Severance Payment is reduced to zero. For purposes of this limitation, (i) no portion of the Total Payments, the receipt or enjoyment of which Executive shall have effectively waived in writing prior to the date of payment of the Severance Payment, shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel selected by Corporation's independent auditors and acceptable to Executive, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code, (iii) the Severance Payment shall be reduced only to the extent necessary so

that the Total Payments (excluding payments referred to in clause (i) or (ii)) in their entirety constitute reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code, in the opinion of the tax counsel referred to in clause (ii); and (iv) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by Corporation's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

16. Cancellation of Prior Employment Agreement. Corporation and Executive agree that the Prior Employment Agreement hereby is canceled as of the date hereof and shall be of no further force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CORPORATION:

WYNN'S INTERNATIONAL, INC.

By: /s/ John W. Huber

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John W. Huber  
President and Chief Operating Officer

EXECUTIVE:

/s/ James Carroll

-----  
JAMES CARROLL

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of the 1st day of January, 1999, by and between WYNN'S INTERNATIONAL, INC., a Delaware corporation with its principal offices in Orange, California ("Corporation"), and JOHN W. HUBER, an individual residing in Coto de Caza, California ("Executive").

## W I T N E S S E T H :

WHEREAS, Executive presently serves as President and Chief Operating Officer of Corporation pursuant to an employment agreement dated as of December 11, 1996 between Corporation and Executive (the "Prior Employment Agreement"); and

WHEREAS, Corporation desires to continue to retain the services of Executive, whose experience, knowledge and abilities with respect to the business and affairs of Corporation and its subsidiaries are extremely valuable to Corporation; and

WHEREAS, the Board of Directors of Corporation (the "Board of Directors") and the Compensation Committee (the "Committee") of the Board of Directors recognize that the continuing possibility of an unsolicited tender offer or other takeover bid for Corporation will be unsettling to Executive and other senior executives of Corporation and, therefore, to enhance the value of Corporation for the benefit of its stockholders, desire to make arrangements to help assure the dedication by Executive to Executive's duties to Corporation, notwithstanding the occurrence of a tender offer or takeover bid; and

WHEREAS, in particular, the Board of Directors and the Committee believe it is important, should Corporation receive proposals from third parties with respect to its future, to enable Executive, without being influenced by the uncertainties of Executive's own situation, to assess and advise the Board of Directors whether such proposals would be in the best interests of Corporation and its stockholders, and to take such other action regarding such proposals as the Board of Directors might determine to be appropriate; and

WHEREAS, the Board of Directors and the Committee also wish to demonstrate to Executive and other senior executives of Corporation that Corporation is concerned with the welfare of its executives and intends to see that loyal executives are treated fairly; and

WHEREAS, in view of the foregoing and in further consideration of

Executive's employment with Corporation, the Board of Directors and the Committee have determined that it is in the best interests of Corporation and its stockholders for Corporation to agree to pay Executive termination compensation in the event Executive should leave the employ of Corporation under certain circumstances;

2

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements and promises of the parties set forth below, the parties hereby agree as follows:

1. Duties.

(a) Corporation hereby employs Executive as President and Chief Operating Officer of Corporation during the term of this Agreement, with powers and duties consistent with such positions. Executive, during the term of this Agreement, shall perform such additional or different duties, and accept the election or appointment to such other offices or positions, as may be mutually agreeable to Executive and the Board of Directors. Executive agrees to serve in such executive offices and directorships in other subsidiaries or affiliated companies of Corporation as he may be requested to do throughout the term of this Agreement without additional fixed compensation.

(b) Executive shall be employed at Corporation's headquarters in Orange County, California, and shall devote substantially his full time and efforts to perform his duties faithfully, diligently and to the best of his ability to advance the interests of Corporation; subject, however, to reasonable working hours, conditions and vacations as are consistent with his position and with due regard to the preservation of his good health. Nothing herein shall be deemed to preclude or prohibit Executive from performing during regular business hours services within the business and civic community which are customary for persons in similar capacities, including, without limitation, serving on boards of other companies, advisory groups, committees and panels, but only in furtherance of and not to the detriment of his principal duties hereunder. Further, Corporation shall give Executive a reasonable opportunity to perform his duties and shall not expect Executive to devote more time hereunder, nor assign duties or functions to Executive, other than as may be customary and reasonable for an executive in Executive's position.

2. Compensation.

(a) Effective as January 1, 1999, and during the entire term of this Agreement, Corporation shall pay to Executive an annual salary of not less than Three Hundred Eighty-Six Thousand Nine Hundred Dollars (\$386,900.00), payable in equal installments on Corporation's regular payroll dates, for any and all services which Executive may render to

Corporation.

(b) The Board of Directors annually shall review the amount of Executive's salary, and shall, when the Board of Directors in its sole judgment deems it appropriate, make adjustments in the amount of such salary. Any such adjustments shall take effect on the date established by the Board of Directors. Nothing herein shall be construed to authorize or empower any reduction of Executive's salary below his then current rate of salary by the Board of Directors

2

3

or otherwise during the term of this Agreement. The Committee, in accordance with customary policy, shall make such recommendations to the Board of Directors as it believes are appropriate with respect to salary adjustments hereunder.

3. Expenses. Corporation will reimburse Executive for all usual, reasonable and necessary expenses paid or incurred by him in the performance of his duties hereunder, subject to the right of Corporation at any time to place reasonable limitations on expenses thereafter to be incurred or reimbursed.

4. Employee Benefits. Executive shall be entitled to and shall receive all other benefits of employment generally available to other executives of Corporation, including, among other things, participation in any hospital, surgical, medical or other group health and accident benefit plans, life insurance benefits, and Corporation's annual vacation plan. In addition, Executive will be entitled to participate in all incentive compensation, stock option, profit sharing, pension, retirement or bonus plans as from time to time may be in existence during the term of this Agreement in accordance with their respective terms and provisions, but, to the extent participation or the amount of participation is at the discretion of the Board of Directors or any committee thereof, then Executive's participation shall likewise be solely subject to such discretion.

5. Term and Termination.

(a) The term of this Agreement shall commence on the date hereof and shall terminate upon the first to occur of the following events:

(i) December 31, 2001 (the "Last Day of the Stated Term");

(ii) The death or permanent disability of Executive;

(iii) The 30th day following written notice from Corporation to Executive; or

(iv) Executive is discharged for Cause.

(b) If Executive dies or becomes permanently disabled during the term of this Agreement, this Agreement shall terminate on the last day of the month during which his death or permanent disability, as the case may be, occurred. Commencing thirty (30) days after the date of such termination, there shall be paid to Executive or Executive's representative in the event of permanent disability, or to his executor or estate in the event of death, an amount equal to one year of Executive's then current salary, payable in twelve (12) equal monthly installments. If Executive is absent from employment or unable to render services hereunder on a full-time basis by reason of physical or mental illness or disability for six (6) months or more in the aggregate in any twelve (12) month period

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during the term of this Agreement, Executive shall be considered permanently disabled.

(c) If Corporation should terminate this Agreement pursuant to Section 5(a) (iii):

(i) Executive shall immediately cease to be President and Chief Operating Officer of Corporation, and such other office or position Executive then holds, and if requested by a majority of the Board of Directors of Corporation, shall immediately resign from the Board of Directors and from any of the Boards of Directors of any of Corporation's subsidiaries of which Executive may be a member.

(ii) Corporation shall be obligated and shall continue to pay Executive an amount equal to his then current salary but at a rate of not less than Three Hundred Eighty-Six Thousand Nine Hundred Dollars (\$386,900.00) per annum from the date of such termination until the Last Day of the Stated Term. Such payments shall be made in installments payable as provided in Section 2(a) hereof. Corporation also immediately shall pay Executive in a lump sum an amount equal to the amount of the remaining unpaid portion of any yearly incentive compensation award, and the amount, if any, of any forfeiture of Executive's interest in any profit sharing plan in which Executive is a participant.

(iii) For the purposes of participation in any hospital, surgical, medical or other group health and accident insurance and group life insurance plans maintained by Corporation, Executive shall continue to be an employee of Corporation through the Last Day of the Stated Term. Except for such purposes, unless

the Board of Directors otherwise determines by resolution, Executive shall not continue to be an employee of Corporation for any other purposes and shall not be entitled to continue to participate in Corporation's Retirement Plan or 401(k) Plan, or in any other plans, programs and benefits of Corporation; provided, however, nothing herein shall preclude Executive from any vested rights or benefits he may have in such plans on the effective date of termination. If a contrary determination is made by the Board of Directors, the duties of Executive shall be only as mutually agreed upon by Executive and Corporation, and may be refused by Executive without penalty hereunder.

(iv) If termination shall be without Cause under Section 5(a)(iii), all stock options granted to Executive prior to the date of this Agreement under any stock option plan of Corporation (other than Corporation's Employee Stock Purchase Plan), notwithstanding the provisions of any stock option plan or agreement, shall vest immediately and become exercisable by Executive. Nothing herein shall otherwise

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affect the obligations of Corporation or Executive under the terms of such stock option agreement, which, except for the provisions hereof, shall be otherwise enforceable in accordance with its terms.

(v) Any benefits of indemnification provided by the By-Laws of Corporation or in any Indemnification Agreement between Corporation and Executive shall be continued for the benefit of Executive, and any officers' and directors' liability insurance which may be maintained by Corporation and outstanding on the date of termination shall be continued for the benefit of Executive for such reasonable period of time as may be determined by the Board of Directors to afford protection to Executive.

(d) Corporation agrees that its obligations for the continuation of Executive's salary and other benefits in accordance with Sections 5(c)(ii) through 5(c)(v) above shall be absolute and unconditional, and the amounts due under Sections 5(c)(ii) and 5(c)(iii) above or Section 15 shall not be subject to offset, reduction or mitigation for any reason whatsoever; provided, however, that if Executive should breach any other provision of this Agreement while he is receiving benefits pursuant to Sections 5(c)(ii) through 5(c)(v) above, all obligations of Corporation hereunder shall cease to be effective on the actual date of such breach.

(e) "Cause" as used in Section 5(a)(iv) shall mean only gross

negligence, dishonesty, incompetence, a willful breach of this Agreement, or violation of any reasonable rule or regulation of the Board of Directors, the violation of which results in significant damage to Corporation and with respect to which, except in the case of incompetence or dishonesty, Executive fails to correct or make reasonable efforts to correct within a reasonable time after receipt of written notice thereof. "Cause" shall be determined only by the affirmative vote of a majority of the authorized number of the Board of Directors (excluding, for this purpose, Executive) at a meeting for which notice has been given that it is proposed to consider the issue of "Cause" or at a meeting occurring not less than seven (7) days after a meeting at which one or more directors indicate an intention to present a motion to such effect.

(f) If Corporation should terminate this Agreement pursuant to Section 5(a)(iv), this Agreement shall terminate immediately or at such later date as shall be designated by the Board of Directors and all of Executive's rights hereunder shall terminate effective upon such termination. Except as otherwise specified in any notice of termination, Executive shall not continue thereafter to be an employee of Corporation for any purpose and all rights Executive might thereafter have as an employee pursuant to any plan or understanding shall cease.

6. Confidential Information. Executive agrees that he will not at any time, both during and after the term of this Agreement, divulge, furnish or make accessible to

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any party (except to an entity which shall succeed to the business of Corporation or its subsidiaries, and except as may be required in the conduct of the regular course of business of Corporation or its subsidiaries, or as specifically authorized by the Board of Directors or as may be required by law) any trade secrets, patents, patent applications, inventions or customers of Corporation or of any subsidiary of Corporation until such time as such information has been disclosed to the public otherwise than by Executive.

7. Restrictive Covenant During Term. Executive agrees that until the Last Day of the Stated Term, he will neither directly nor indirectly engage in a business competing with any of the businesses conducted by Corporation or any of its subsidiaries, nor without the prior written consent of the Board of Directors, directly or indirectly, have any interest in, own, manage, operate, control, be connected with as a stockholder, joint venturer, officer, employee, partner or consultant, or otherwise engage, invest or participate in any business which shall be competitive with any of the businesses conducted by Corporation, or by any subsidiary of Corporation; provided, however, nothing contained in this Section 7 shall prevent Executive from investing or trading in stocks, bonds, commodities, securities, real estate, or other forms of

investment for his own benefit (directly or indirectly), so long as such investment activities do not significantly interfere with Executive's services to be rendered hereunder and, to the extent that such investment activities would, but for this proviso, be prohibited hereby, would not be material either to Executive or the concern in which such investment is made.

8. Approval by Corporation. This Agreement has been approved by the Board of Directors in accordance with the authority granted and restrictions imposed by action of the Board of Directors. It shall be executed by the Chief Executive Officer or other duly qualified officer.

9. Waiver or Modification. Any waiver, alteration or modification of any of the provisions of this Agreement or cancellation or replacement of this Agreement shall not be valid unless made in writing and signed by the parties hereto.

10. Construction. Except as to matters of internal corporate policy and regulation, which shall be governed by the laws of the State of Delaware (the state of incorporation of Corporation), this Agreement shall be governed by the laws of the State of California. If any litigation shall occur between Executive and Corporation which litigation arises out of or as a result of this Agreement or the acts of the parties hereto pursuant to this Agreement, or which seeks an interpretation of this Agreement, the prevailing party shall be entitled to recover all costs and expenses of such litigation, including reasonable attorneys' fees and costs.

11. Binding Effect.

(a) The rights and obligations of Corporation under this Agreement shall be binding upon any successor or assigns of Corporation. In the event of any consolidation or merger of Corporation into or with another corporation, such

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other corporation shall assume this Agreement and shall become obligated to perform all of the terms and conditions hereof, and Executive's obligations hereunder shall continue in favor of such other corporation.

(b) If Corporation shall adopt a plan of liquidation or be or become a party to any action which has the substantive effect of finally terminating its business and affairs, all sums which would have been payable to Executive during the remaining term of this Agreement (assuming the continuation of Executive's then salary through the Last Day of the Stated Term) shall become due and payable to Executive not later than the effective date of such plan or action; except in the case of a liquidation of Corporation into an acquiring company or subsidiary

of such acquiring company after a consolidation or merger of Corporation into or with another corporation, and the rights and obligations of Corporation under this Agreement are expressly assumed by the acquiring company as part of the plan of liquidation.

(c) This Agreement supersedes all prior and contemporaneous agreements, amendments, memoranda or understandings, express or implied and written or oral, between Corporation and Executive.

12. Waiver. Waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of any other provision of this Agreement.

13. Counterparts. This Agreement may be executed in any number of identical counterparts, each of which shall be construed as an original for all purposes, but all of which taken together shall constitute one and the same Agreement.

14. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to be effective (i) upon receipt if delivered in person, (ii) upon receipt if sent by registered or certified United States mail, return receipt requested and postage and fees prepaid, to the addresses of the parties set forth below, or such other address as shall be furnished by notice hereunder by any such party or (iii) twenty-four hours after having been sent by Federal Express or other overnight delivery service to such address:

Corporation: 500 North State College Boulevard  
Suite 700  
Orange, California 92868

Executive: 7 Canada Oaks  
Coto de Caza, CA 92679

No failure or refusal to accept delivery of any envelope containing such notice shall affect the validity of such notice or the giving thereof.

15. Termination After Change in Control.

(a) Cumulative to any other provision of the Employment Agreement, if, within two years after a change in control of Corporation, Executive's employment with Corporation terminates for any reason, either voluntarily or involuntarily, other than by death, permanent disability or retirement at or after Executive's normal retirement date under Corporation's Retirement Plan, Corporation promptly will pay Executive, upon Executive's request, as termination

compensation, a lump sum amount, determined as provided in subsection (b) of this Section 15, and such other amounts as are provided in subsection (c) of this Section 15. For purposes of this Section, a "change in control of Corporation" shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); provided that, without limitation, such a change in control of Corporation shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act) is or becomes the beneficial owner, directly or indirectly, of securities of Corporation representing 40% or more of the combined voting power of Corporation's then outstanding securities; or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of Corporation cease for any reason to constitute at least a majority thereof unless the election of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

(b) The lump sum compensation payable to Executive (the "Severance Payment") shall be equal to the average annual compensation (including salary and bonuses under the Corporate Management Incentive Compensation Plan or any predecessor or successor annual incentive compensation plan) paid or payable by Corporation to Executive during the five most recent calendar years ending before the date of the change in control of Corporation (the "Base Amount") multiplied by 2.99; provided, however, if Executive voluntarily terminates his employment with Corporation, except after (i) any material adverse change in Executive's duties, location of employment or benefits, or (ii) any material adverse change to Executive in the application of the formula of the Corporate Management Incentive Compensation Plan or any modification in Corporation's accounting methods or practices materially adverse to Executive, including the assessment of a management fee, then the Severance Payment shall be equal to the highest annual compensation (including salary and bonuses under the Corporate Management Incentive Compensation Plan or any successor annual incentive compensation plan) paid or payable by Corporation to Executive for services rendered in any one of the three calendar years ending with the year of such termination.

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(c) In addition, if Executive's employment with Corporation so terminates within two (2) years after such a change in control of Corporation:

(i) any bonus awards previously made to Executive and not previously paid immediately shall vest upon such termination and

shall be paid;

(ii) Executive's participation in, and terminating distributions and vested rights under, any applicable retirement plan, profit sharing plan and stock incentive plan of Corporation or any of its subsidiaries shall be governed by the terms of those respective plans; and

(iii) In the event of termination of employment under the circumstances described in subsection (a) of this Section 15, the arrangements provided for by this Section 15, by any stock option or other agreement between Corporation and Executive in effect at the time and by any other applicable plan of Corporation shall constitute the entire obligation of Corporation to Executive and performance thereof shall constitute full settlement of any claim that Executive might otherwise assert against Corporation on account of such termination, provided, however, that this provision and this Agreement shall have no impact on the obligations of Corporation under that certain Indemnification Agreement dated as of the date hereof between Corporation and Executive.

(d) Notwithstanding any provision in this Agreement to the contrary, in the event that any payment or benefit received or to be received by Executive in connection with a change in control of Corporation or the termination of Executive's employment, whether payable pursuant to the terms of this Agreement or any other plan, arrangement or agreement with Corporation (collectively the "Total Payments"), would not be deductible (in whole or part) as a result of Section 280G of the Code, the Severance Payment shall be reduced until no portion of the Total Payments is not deductible as a result of Section 280G of the Code, or the Severance Payment is reduced to zero. For purposes of this limitation, (i) no portion of the Total Payments, the receipt or enjoyment of which Executive shall have effectively waived in writing prior to the date of payment of the Severance Payment, shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel selected by Corporation's independent auditors and acceptable to Executive, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code, (iii) the Severance Payment shall be reduced only to the extent necessary so that the Total Payments (excluding payments referred to in clause (i) or (ii)) in their entirety constitute reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code, in the opinion of the tax counsel referred to in clause (ii); and (iv) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined

by Corporation's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CORPORATION:

WYNN'S INTERNATIONAL, INC.

By /s/ James Carroll

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James Carroll  
Chairman of the Board and Chief  
Executive Officer

EXECUTIVE:

/s/ John W. Huber

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John W. Huber

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of the 1st day of January, 1999, by and between WYNN'S INTERNATIONAL, INC., a Delaware corporation with its principal offices in Orange, California ("Corporation"), and SEYMOUR A. SCHLOSSER, an individual residing in Costa Mesa, California ("Executive").

## W I T N E S S E T H :

WHEREAS, Executive presently serves as Vice President-Finance and Chief Financial Officer of Corporation pursuant to an employment agreement dated January 1, 1997 between Corporation and Executive (the "Prior Employment Agreement"); and

WHEREAS, Corporation desires to continue to retain the services of Executive, whose experience, knowledge and abilities with respect to the business and affairs of Corporation and its subsidiaries are extremely valuable to Corporation; and

WHEREAS, the Board of Directors of Corporation (the "Board of Directors") and the Compensation Committee (the "Committee") of the Board of Directors recognize that the continuing possibility of an unsolicited tender offer or other takeover bid for Corporation is unsettling to Executive and other senior executives of Corporation and, therefore, to enhance the value of Corporation for the benefit of its stockholders, desire to make arrangements to help assure the continuing dedication by Executive to Executive's duties to Corporation, notwithstanding the occurrence of a tender offer or takeover bid; and

WHEREAS, in particular, the Board of Directors and the Committee believe it is important, should Corporation receive proposals from third parties with respect to its future, to enable Executive, without being influenced by the uncertainties of Executive's own situation, to assess and advise the Board of Directors whether such proposals would be in the best interests of Corporation and its stockholders, and to take such other action regarding such proposals as the Board of Directors might determine to be appropriate; and

WHEREAS, the Board of Directors and the Committee also wish to demonstrate to Executive and other senior executives of Corporation that Corporation is concerned with the welfare of its executives and intends to see that loyal executives are treated fairly; and

WHEREAS, in view of the foregoing and in further consideration of

Executive's employment with Corporation, the Board of Directors and the Committee have determined that it is in the best interests of Corporation and its stockholders for Corporation to agree to pay Executive termination compensation in the event Executive should leave the employ of Corporation under certain circumstances;

2

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements and promises of the parties set forth below, the parties hereby agree as follows:

1. Duties.

(a) Corporation hereby continues to employ Executive as Vice President-Finance and Chief Financial Officer of Corporation during the term of this Agreement, with powers and duties consistent with such positions. Executive, during the term of this Agreement, shall perform such additional or different duties, and accept the election or appointment to such other offices or positions, as may be mutually agreeable to Executive and the Board of Directors. Executive agrees to serve in such executive offices and directorships in other subsidiaries or affiliated companies of Corporation as he may be requested to do throughout the term of this Agreement without additional fixed compensation.

(b) Executive shall be employed at Corporation's headquarters in Orange County, California, and shall devote substantially his full time and efforts to perform his duties faithfully, diligently and to the best of his ability to advance the interests of Corporation; subject, however, to reasonable working hours, conditions and vacations as are consistent with his position and with due regard to the preservation of his good health. Nothing herein shall be deemed to preclude or prohibit Executive from performing during regular business hours services within the business and civic community which are customary for persons in similar capacities, including, without limitation, serving on boards of other companies, advisory groups, committees and panels, but only in furtherance of and not to the detriment of his principal duties hereunder. Further, Corporation shall give Executive a reasonable opportunity to perform his duties and shall not expect Executive to devote more time hereunder, nor assign duties or functions to Executive, other than as may be customary and reasonable for an executive in Executive's position.

2. Compensation.

(a) Effective as of January 1, 1999, and during the entire term of this Agreement, Corporation shall pay to Executive an annual salary of not less than Two Hundred Seventy-Five Thousand One Hundred Seventy-Six Dollars (\$275,176.00), payable in equal installments on Corporation's regular payroll dates, for any and all services which Executive may render to Corporation.

(b) The Board of Directors annually shall review the amount of Executive's salary, and shall, when the Board of Directors in its sole judgment deems it appropriate, make adjustments in the amount of such salary. Any such adjustments shall take effect on the date established by the Board of Directors. Nothing herein shall be construed to authorize or empower any reduction of Executive's salary below his then current rate of salary by the Board of Directors

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or otherwise during the term of this Agreement. The Committee, in accordance with customary policy, shall make such recommendations to the Board of Directors as it believes are appropriate with respect to salary adjustments hereunder.

3. Expenses. Corporation will reimburse Executive for all usual, reasonable and necessary expenses paid or incurred by him in the performance of his duties hereunder, subject to the right of Corporation at any time to place reasonable limitations on expenses thereafter to be incurred or reimbursed.

4. Employee Benefits. Executive shall be entitled to and shall receive all other benefits of employment generally available to other executives of Corporation, including, among other things, participation in any hospital, surgical, medical or other group health and accident benefit plans, life insurance benefits, and Corporation's annual vacation plan. In addition, Executive will be entitled to participate in all incentive compensation, stock option, profit sharing, pension, retirement or bonus plans as from time to time may be in existence during the term of this Agreement in accordance with their respective terms and provisions, but, to the extent participation or the amount of participation is at the discretion of the Board of Directors or any committee thereof, then Executive's participation shall likewise be solely subject to such discretion.

5. Term and Termination.

(a) The term of this Agreement shall commence on the date hereof and shall terminate upon the first to occur of the following events:

- (i) December 31, 2001 (the "Last Day of the Stated Term");
- (ii) The death or permanent disability of Executive;
- (iii) The 30th day following written notice from Corporation to Executive; or
- (iv) Executive is discharged for Cause.

(b) If Executive dies or becomes permanently disabled during the term of this Agreement, this Agreement shall terminate on the last day of the month during which his death or permanent disability, as the case may be, occurred. Commencing thirty (30) days after the date of such termination, there shall be paid to Executive or Executive's representative in the event of permanent disability, or to his executor or estate in the event of death, an amount equal to one year of Executive's then current salary, payable in twelve (12) equal monthly installments. If Executive is absent from employment or unable to render services hereunder on a full-time basis by reason of physical or mental illness or disability for six (6) months or more in the aggregate in any twelve (12) month period

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4 during the term of this Agreement, Executive shall be considered permanently disabled.

(c) If Corporation should terminate this Agreement pursuant to Section 5(a)(iii):

(i) Executive shall immediately cease to be Vice President-Finance and Chief Financial Officer of Corporation, and such other office or position Executive then holds, and if requested by a majority of the Board of Directors of Corporation, shall immediately resign from the Board of Directors and from any of the Boards of Directors of any of Corporation's subsidiaries of which Executive may be a member.

(ii) Corporation shall be obligated and shall continue to pay Executive an amount equal to his then current salary but at a rate of not less than Two Hundred Seventy-Five Thousand One Hundred Seventy-Six Dollars (\$275,176.00) per annum from the date of such termination until the Last Day of the Stated Term. Such payments shall be made in installments payable as provided in Section 2(a) hereof. Corporation also immediately shall pay Executive in a lump sum an amount equal to the amount of the remaining unpaid portion of any yearly incentive compensation award, and the amount, if any, of any forfeiture of Executive's interest in any profit sharing plan in which Executive is a participant.

(iii) For the purposes of participation in any hospital, surgical, medical or other group health and accident insurance and group life insurance plans maintained by Corporation, Executive shall continue to be an employee of Corporation through the Last Day of the Stated Term. Except for such purposes, unless the Board of Directors otherwise determines by resolution, Executive shall not continue to be an employee of Corporation for any other purposes and shall not be entitled to continue to participate in Corporation's Retirement Plan

or 401(k) Plan, or in any other plans, programs and benefits of Corporation; provided, however, nothing herein shall preclude Executive from any vested rights or benefits he may have in such plans on the effective date of termination. If a contrary determination is made by the Board of Directors, the duties of Executive shall be only as mutually agreed upon by Executive and Corporation, and may be refused by Executive without penalty hereunder.

(iv) If termination shall be without Cause under Section 5(a)(iii), all stock options granted to Executive prior to the date of this Agreement under any stock option plan of Corporation (other than Corporation's Employee Stock Purchase Plan), notwithstanding the provisions of any stock option plan or agreement, shall vest immediately

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and become exercisable by Executive. Nothing herein shall otherwise affect the obligations of Corporation or Executive under the terms of such stock option agreement, which, except for the provisions hereof, shall be otherwise enforceable in accordance with its terms.

(v) Any benefits of indemnification provided by the By-Laws of Corporation or in any Indemnification Agreement between Corporation and Executive shall be continued for the benefit of Executive, and any officers' and directors' liability insurance which may be maintained by Corporation and outstanding on the date of termination shall be continued for the benefit of Executive for such reasonable period of time as may be determined by the Board of Directors to afford protection to Executive.

(d) Corporation agrees that its obligations for the continuation of Executive's salary and other benefits in accordance with Sections 5(c)(ii) through 5(c)(v) above shall be absolute and unconditional, and the amounts due under Sections 5(c)(ii) and 5(c)(iii) above or Section 15 shall not be subject to offset, reduction or mitigation for any reason whatsoever; provided, however, that if Executive should breach any other provision of this Agreement while he is receiving benefits pursuant to Sections 5(c)(ii) through 5(c)(v) above, all obligations of Corporation hereunder shall cease to be effective on the actual date of such breach.

(e) "Cause" as used in Section 5(a)(iv) shall mean only gross negligence, dishonesty, incompetence, a willful breach of this Agreement, or violation of any reasonable rule or regulation of the Board of Directors, the violation of which results in significant damage to Corporation and with respect to which, except in the case of incompetence or dishonesty, Executive fails to correct or make reasonable efforts to correct within a reasonable time after receipt of written notice thereof.

"Cause" shall be determined only by the affirmative vote of a majority of the authorized number of the Board of Directors (excluding, for this purpose, Executive) at a meeting for which notice has been given that it is proposed to consider the issue of "Cause" or at a meeting occurring not less than seven (7) days after a meeting at which one or more directors indicate an intention to present a motion to such effect.

(f) If Corporation should terminate this Agreement pursuant to Section 5(a)(iv), this Agreement shall terminate immediately or at such later date as shall be designated by the Board of Directors and all of Executive's rights hereunder shall terminate effective upon such termination. Except as otherwise specified in any notice of termination, Executive shall not continue thereafter to be an employee of Corporation for any purpose and all rights Executive might thereafter have as an employee pursuant to any plan or understanding shall cease.

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6. Confidential Information. Executive agrees that he will not at any time, both during and after the term of this Agreement, divulge, furnish or make accessible to any party (except to an entity which shall succeed to the business of Corporation or its subsidiaries, and except as may be required in the conduct of the regular course of business of Corporation or its subsidiaries, or as specifically authorized by the Board of Directors or as may be required by law) any trade secrets, patents, patent applications, inventions or customers of Corporation or of any subsidiary of Corporation until such time as such information has been disclosed to the public otherwise than by Executive.

7. Restrictive Covenant During Term. Executive agrees that until the Last Day of the Stated Term, he will neither directly nor indirectly engage in a business competing with any of the businesses conducted by Corporation or any of its subsidiaries, nor without the prior written consent of the Board of Directors, directly or indirectly, have any interest in, own, manage, operate, control, be connected with as a stockholder, joint venturer, officer, employee, partner or consultant, or otherwise engage, invest or participate in any business which shall be competitive with any of the businesses conducted by Corporation, or by any subsidiary of Corporation; provided, however, nothing contained in this Section 7 shall prevent Executive from investing or trading in stocks, bonds, commodities, securities, real estate, or other forms of investment for his own benefit (directly or indirectly), so long as such investment activities do not significantly interfere with Executive's services to be rendered hereunder and, to the extent that such investment activities would, but for this proviso, be prohibited hereby, would not be material either to Executive or the concern in which such investment is made.

8. Approval by Corporation. This Agreement has been approved by the Board of Directors in accordance with the authority granted and restrictions imposed by action of the Board of Directors. It shall be executed by the Chief Executive

Officer or other duly qualified officer.

9. Waiver or Modification. Any waiver, alteration or modification of any of the provisions of this Agreement or cancellation or replacement of this Agreement shall not be valid unless made in writing and signed by the parties hereto.

10. Construction. Except as to matters of internal corporate policy and regulation, which shall be governed by the laws of the State of Delaware (the state of incorporation of Corporation), this Agreement shall be governed by the laws of the State of California. If any litigation shall occur between Executive and Corporation which litigation arises out of or as a result of this Agreement or the acts of the parties hereto pursuant to this Agreement, or which seeks an interpretation of this Agreement, the prevailing party shall be entitled to recover all costs and expenses of such litigation, including reasonable attorneys' fees and costs.

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11. Binding Effect.

(a) The rights and obligations of Corporation under this Agreement shall be binding upon any successor or assigns of Corporation. In the event of any consolidation or merger of Corporation into or with another corporation, such other corporation shall assume this Agreement and shall become obligated to perform all of the terms and conditions hereof, and Executive's obligations hereunder shall continue in favor of such other corporation.

(b) If Corporation shall adopt a plan of liquidation or be or become a party to any action which has the substantive effect of finally terminating its business and affairs, all sums which would have been payable to Executive during the remaining term of this Agreement (assuming the continuation of Executive's then salary through the Last Day of the Stated Term) shall become due and payable to Executive not later than the effective date of such plan or action; except in the case of a liquidation of Corporation into an acquiring company or subsidiary of such acquiring company after a consolidation or merger of Corporation into or with another corporation, and the rights and obligations of Corporation under this Agreement are expressly assumed by the acquiring company as part of the plan of liquidation.

(c) This Agreement supersedes all prior and contemporaneous agreements, amendments, memoranda or understandings, express or implied and written or oral, between Corporation and Executive.

12. Waiver. Waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach

of any other provision of this Agreement.

13. Counterparts. This Agreement may be executed in any number of identical counterparts, each of which shall be construed as an original for all purposes, but all of which taken together shall constitute one and the same Agreement.

14. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to be effective (i) upon receipt if delivered in person, (ii) upon receipt if sent by registered or certified United States mail, return receipt requested and postage and fees prepaid, to the addresses of the parties set forth below, or such other address as shall be furnished by notice hereunder by any such party or (iii) twenty-four hours after having been sent by Federal Express or other overnight delivery service to such address:

Corporation:                   500 North State College Boulevard  
                                  Suite 700  
                                  Orange, California 92868

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Executive:                   1839 Tanager Drive  
                                  Costa Mesa, California 92626

No failure or refusal to accept delivery of any envelope containing such notice shall affect the validity of such notice or the giving thereof.

15. Termination After Change in Control.

(a) Cumulative to any other provision of the Employment Agreement, if, within two years after a change in control of Corporation, Executive's employment with Corporation terminates for any reason, either voluntarily or involuntarily, other than death, permanent disability or retirement at or after Executive's normal retirement date under Corporation's Retirement Plan, Corporation promptly will pay Executive, upon Executive's request, as termination compensation, a lump sum amount, determined as provided in subsection (b) of this Section 15, and such other amounts as are provided in subsection (c) of this Section 15. For purposes of this Section, a "change in control of Corporation" shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); provided that, without limitation, such a change in control of Corporation shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) (2) of the Exchange Act) is or becomes the beneficial owner, directly or indirectly, of securities of Corporation representing 40% or more of the combined voting power of Corporation's then outstanding securities; or (ii)

during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of Corporation cease for any reason to constitute at least a majority thereof unless the election of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

(b) The lump sum compensation payable to Executive (the "Severance Payment") shall be equal to the average annual compensation (including salary and bonuses under the Corporate Management Incentive Compensation Plan or any predecessor or successor annual incentive compensation plan) paid or payable by Corporation to Executive during the five most recent calendar years ending before the date of the change in control of Corporation (the "Base Amount") multiplied by 2.99; provided, however, if Executive voluntarily terminates his employment with Corporation, except after (i) any material adverse change in Executive's duties, location of employment or benefits, or (ii) any material adverse change to Executive in the application of the formula of the Corporate Management Incentive Compensation Plan or any modification in Corporation's accounting methods or practices materially adverse to Executive, including the assessment of a management fee, then the Severance Payment shall be equal to the highest annual compensation (including salary and bonuses under the

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Corporate Management Incentive Compensation Plan or any successor annual incentive compensation plan) paid or payable by Corporation to Executive for services rendered in any one of the three calendar years ending with the year of such termination.

(c) In addition, if Executive's employment with Corporation so terminates within two (2) years after such a change in control of Corporation:

(i) any bonus awards previously made to Executive and not previously paid immediately shall vest upon such termination and shall be paid;

(ii) Executive's participation in, and terminating distributions and vested rights under, any applicable retirement plan, profit sharing plan and stock incentive plan of Corporation or any of its subsidiaries shall be governed by the terms of those respective plans; and

(iii) In the event of termination of employment under the circumstances described in subsection (a) of this Section 15, the arrangements provided for by this Section 15, by any stock option or other agreement between Corporation and Executive in effect at the

time and by any other applicable plan of Corporation shall constitute the entire obligation of Corporation to Executive and performance thereof shall constitute full settlement of any claim that Executive might otherwise assert against Corporation on account of such termination, provided, however, that this provision and this Agreement shall have no impact on the obligations of Corporation under that certain Indemnification Agreement dated August 4, 1993 between Corporation and Executive.

(d) Notwithstanding any provision in this Agreement to the contrary, in the event that any payment or benefit received or to be received by Executive in connection with a change in control of Corporation or the termination of Executive's employment, whether payable pursuant to the terms of this Agreement or any other plan, arrangement or agreement with Corporation (collectively the "Total Payments"), would not be deductible (in whole or part) as a result of Section 280G of the Code, the Severance Payment shall be reduced until no portion of the Total Payments is not deductible as a result of Section 280G of the Code, or the Severance Payment is reduced to zero. For purposes of this limitation, (i) no portion of the Total Payments, the receipt or enjoyment of which Executive shall have effectively waived in writing prior to the date of payment of the Severance Payment, shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel selected by Corporation's independent auditors and acceptable to Executive, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code, (iii) the Severance Payment shall be reduced only to the extent necessary so

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that the Total Payments (excluding payments referred to in clause (i) or (ii)) in their entirety constitute reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code, in the opinion of the tax counsel referred to in clause (ii); and (iv) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by Corporation's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

16. Cancellation of Prior Employment Agreement. Corporation and Executive agree that the Prior Employment Agreement hereby is canceled as of the date hereof and shall be of no further force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CORPORATION:

WYNN'S INTERNATIONAL, INC.

By /s/ James Carroll

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James Carroll  
Chairman of the Board and Chief  
Executive Officer

EXECUTIVE:

/s/ Seymour A. Schlosser

-----  
Seymour A. Schlosser

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of the 1st day of January, 1999, by and between WYNN'S INTERNATIONAL, INC., a Delaware corporation with its principal offices in Orange, California ("Corporation"), and GREGG M. GIBBONS, an individual residing in Anaheim, California ("Executive").

## W I T N E S S E T H :

WHEREAS, Executive presently serves as Vice President-Corporate Affairs and General Counsel of Corporation pursuant to an employment agreement dated as of January 1, 1997 between Corporation and Executive (the "Prior Employment Agreement"); and

WHEREAS, Corporation desires to continue to retain the services of Executive, whose experience, knowledge and abilities with respect to the business and affairs of Corporation and its subsidiaries are extremely valuable to Corporation; and

WHEREAS, the Board of Directors of Corporation (the "Board of Directors") and the Compensation Committee (the "Committee") of the Board of Directors recognize that the continuing possibility of an unsolicited tender offer or other takeover bid for Corporation is unsettling to Executive and other senior executives of Corporation and, therefore, to enhance the value of Corporation for the benefit of its stockholders, desire to make arrangements to help assure the continuing dedication by Executive to Executive's duties to Corporation, notwithstanding the occurrence of a tender offer or takeover bid; and

WHEREAS, in particular, the Board of Directors and the Committee believe it is important, should Corporation receive proposals from third parties with respect to its future, to enable Executive, without being influenced by the uncertainties of Executive's own situation, to assess and advise the Board of Directors whether such proposals would be in the best interests of Corporation and its stockholders, and to take such other action regarding such proposals as the Board of Directors might determine to be appropriate; and

WHEREAS, the Board of Directors and the Committee also wish to demonstrate to Executive and other senior executives of Corporation that Corporation is concerned with the welfare of its executives and intends to see that loyal executives are treated fairly; and

WHEREAS, in view of the foregoing and in further consideration of Executive's employment with Corporation, the Board of Directors and the

Committee have determined that it is in the best interests of Corporation and its stockholders for

2

Corporation to agree to pay Executive termination compensation in the event Executive should leave the employ of Corporation under certain circumstances;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements and promises of the parties set forth below, the parties hereby agree as follows:

1. Duties.

(a) Corporation hereby continues to employ Executive as Vice President-Corporate Affairs and General Counsel of Corporation during the term of this Agreement, with powers and duties consistent with such positions. Executive, during the term of this Agreement, shall perform such additional or different duties, and accept the election or appointment to such other offices or positions, as may be mutually agreeable to Executive and the Board of Directors. Executive agrees to serve in such executive offices and directorships in other subsidiaries or affiliated companies of Corporation as he may be requested to do throughout the term of this Agreement without additional fixed compensation.

(b) Executive shall be employed at Corporation's headquarters in Orange County, California, and shall devote substantially his full time and efforts to perform his duties faithfully, diligently and to the best of his ability to advance the interests of Corporation; subject, however, to reasonable working hours, conditions and vacations as are consistent with his position and with due regard to the preservation of his good health. Nothing herein shall be deemed to preclude or prohibit Executive from performing during regular business hours services within the business and civic community which are customary for persons in similar capacities, including, without limitation, serving on boards of other companies, advisory groups, committees and panels, but only in furtherance of and not to the detriment of his principal duties hereunder. Further, Corporation shall give Executive a reasonable opportunity to perform his duties and shall not expect Executive to devote more time hereunder, nor assign duties or functions to Executive, other than as may be customary and reasonable for an executive in Executive's position.

2. Compensation.

(a) Effective as of January 1, 1999, and during the entire term of this Agreement, Corporation shall pay to Executive an annual salary of not less than Two Hundred Sixty-Eight Thousand One Hundred Eighty Dollars (\$268,180.00), payable in equal installments on Corporation's regular payroll dates, for any and all services which Executive may render to Corporation.

(b) The Board of Directors annually shall review the amount of Executive's salary, and shall, when the Board of Directors in its sole judgment deems it appropriate, make adjustments in the amount of such salary. Any such

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adjustments shall take effect on the date established by the Board of Directors. Nothing herein shall be construed to authorize or empower any reduction of Executive's salary below his then current rate of salary by the Board of Directors or otherwise during the term of this Agreement. The Committee, in accordance with customary policy, shall make such recommendations to the Board of Directors as it believes are appropriate with respect to salary adjustments hereunder.

3. Expenses. Corporation will reimburse Executive for all usual, reasonable and necessary expenses paid or incurred by him in the performance of his duties hereunder, subject to the right of Corporation at any time to place reasonable limitations on expenses thereafter to be incurred or reimbursed.

4. Employee Benefits. Executive shall be entitled to and shall receive all other benefits of employment generally available to other executives of Corporation, including, among other things, participation in any hospital, surgical, medical or other group health and accident benefit plans, life insurance benefits, and Corporation's annual vacation plan. In addition, Executive will be entitled to participate in all incentive compensation, stock option, profit sharing, pension, retirement or bonus plans as from time to time may be in existence during the term of this Agreement in accordance with their respective terms and provisions, but, to the extent participation or the amount of participation is at the discretion of the Board of Directors or any committee thereof, then Executive's participation shall likewise be solely subject to such discretion.

5. Term and Termination.

(a) The term of this Agreement shall commence on the date hereof and shall terminate upon the first to occur of the following events:

(i) December 31, 2001 (the "Last Day of the Stated Term");

(ii) The death or permanent disability of Executive;

(iii) The 30th day following written notice from Corporation to Executive; or

(iv) Executive is discharged for Cause.

(b) If Executive dies or becomes permanently disabled during the term

of this Agreement, this Agreement shall terminate on the last day of the month during which his death or permanent disability, as the case may be, occurred. Commencing thirty (30) days after the date of such termination, there shall be paid to Executive or Executive's representative in the event of permanent disability, or to his executor or estate in the event of death, an amount equal to one year of Executive's then current salary, payable in twelve (12) equal monthly installments. If Executive is absent from employment or unable to render services

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hereunder on a full-time basis by reason of physical or mental illness or disability for six (6) months or more in the aggregate in any twelve (12) month period during the term of this Agreement, Executive shall be considered permanently disabled.

(c) If Corporation should terminate this Agreement pursuant to Section 5(a)(iii):

(i) Executive shall immediately cease to be Vice President-Corporate Affairs and General Counsel of Corporation, and such other office or position Executive then holds, and if requested by a majority of the Board of Directors of Corporation, shall immediately resign from the Board of Directors and from any of the Boards of Directors of any of Corporation's subsidiaries of which Executive may be a member.

(ii) Corporation shall be obligated and shall continue to pay Executive an amount equal to his then current salary but at a rate of not less than Two Hundred Sixty-Eight Thousand One Hundred Eighty Dollars (\$268,180.00) per annum from the date of such termination until the Last Day of the Stated Term. Such payments shall be made in installments payable as provided in Section 2(a) hereof. Corporation also immediately shall pay Executive in a lump sum an amount equal to the amount of the remaining unpaid portion of any yearly incentive compensation award, and the amount, if any, of any forfeiture of Executive's interest in any profit sharing plan in which Executive is a participant.

(iii) For the purposes of participation in any hospital, surgical, medical or other group health and accident insurance and group life insurance plans maintained by Corporation, Executive shall continue to be an employee of Corporation through the Last Day of the Stated Term. Except for such purposes, unless the Board of Directors otherwise determines by resolution, Executive shall not continue to be an employee of Corporation for any other purposes and shall not be entitled to continue to participate in Corporation's Retirement Plan or 401(k) Plan, or in any other plans, programs and benefits of

Corporation; provided, however, nothing herein shall preclude Executive from any vested rights or benefits he may have in such plans on the effective date of termination. If a contrary determination is made by the Board of Directors, the duties of Executive shall be only as mutually agreed upon by Executive and Corporation, and may be refused by Executive without penalty hereunder.

(iv) If termination shall be without Cause under Section 5(a)(iii), all stock options granted to Executive prior to the date of this Agreement under any stock option plan of Corporation (other than

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Corporation's Employee Stock Purchase Plan), notwithstanding the provisions of any stock option plan or agreement, shall vest immediately and become exercisable by Executive. Nothing herein shall otherwise affect the obligations of Corporation or Executive under the terms of such stock option agreement, which, except for the provisions hereof, shall be otherwise enforceable in accordance with its terms.

(v) Any benefits of indemnification provided by the By-Laws of Corporation or in any Indemnification Agreement between Corporation and Executive shall be continued for the benefit of Executive, and any officers' and directors' liability insurance which may be maintained by Corporation and outstanding on the date of termination shall be continued for the benefit of Executive for such reasonable period of time as may be determined by the Board of Directors to afford protection to Executive.

(d) Corporation agrees that its obligations for the continuation of Executive's salary and other benefits in accordance with Sections 5(c)(ii) through 5(c)(v) above shall be absolute and unconditional, and the amounts due under Sections 5(c)(ii) and 5(c)(iii) above or Section 15 shall not be subject to offset, reduction or mitigation for any reason whatsoever; provided, however, that if Executive should breach any other provision of this Agreement while he is receiving benefits pursuant to Sections 5(c)(ii) through 5(c)(v) above, all obligations of Corporation hereunder shall cease to be effective on the actual date of such breach.

(e) "Cause" as used in Section 5(a)(iv) shall mean only gross negligence, dishonesty, incompetence, a willful breach of this Agreement, or violation of any reasonable rule or regulation of the Board of Directors, the violation of which results in significant damage to Corporation and with respect to which, except in the case of incompetence or dishonesty, Executive fails to correct or make reasonable efforts to correct within a reasonable time after receipt of written notice thereof. "Cause" shall be determined only by the affirmative vote of a majority of the authorized number of the Board of Directors (excluding, for this

purpose, Executive) at a meeting for which notice has been given that it is proposed to consider the issue of "Cause" or at a meeting occurring not less than seven (7) days after a meeting at which one or more directors indicate an intention to present a motion to such effect.

(f) If Corporation should terminate this Agreement pursuant to Section 5(a)(iv), this Agreement shall terminate immediately or at such later date as shall be designated by the Board of Directors and all of Executive's rights hereunder shall terminate effective upon such termination. Except as otherwise specified in any notice of termination, Executive shall not continue thereafter to be an employee of Corporation for any purpose and all rights Executive might thereafter have as an employee pursuant to any plan or understanding shall cease.

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6. Confidential Information. Executive agrees that he will not at any time, both during and after the term of this Agreement, divulge, furnish or make accessible to any party (except to an entity which shall succeed to the business of Corporation or its subsidiaries, and except as may be required in the conduct of the regular course of business of Corporation or its subsidiaries, or as specifically authorized by the Board of Directors or as may be required by law) any trade secrets, patents, patent applications, inventions or customers of Corporation or of any subsidiary of Corporation until such time as such information has been disclosed to the public otherwise than by Executive.

7. Restrictive Covenant During Term. Executive agrees that until the Last Day of the Stated Term, he will neither directly nor indirectly engage in a business competing with any of the businesses conducted by Corporation or any of its subsidiaries, nor without the prior written consent of the Board of Directors, directly or indirectly, have any interest in, own, manage, operate, control, be connected with as a stockholder, joint venturer, officer, employee, partner or consultant, or otherwise engage, invest or participate in any business which shall be competitive with any of the businesses conducted by Corporation, or by any subsidiary of Corporation; provided, however, nothing contained in this Section 7 shall prevent Executive from investing or trading in stocks, bonds, commodities, securities, real estate, or other forms of investment for his own benefit (directly or indirectly), so long as such investment activities do not significantly interfere with Executive's services to be rendered hereunder and, to the extent that such investment activities would, but for this proviso, be prohibited hereby, would not be material either to Executive or the concern in which such investment is made.

8. Approval by Corporation. This Agreement has been approved by the Board of Directors in accordance with the authority granted and restrictions imposed by action of the Board of Directors. It shall be executed by the Chief Executive Officer or other duly qualified officer.

9. Waiver or Modification. Any waiver, alteration or modification of any of the provisions of this Agreement or cancellation or replacement of this Agreement shall not be valid unless made in writing and signed by the parties hereto.

10. Construction. Except as to matters of internal corporate policy and regulation, which shall be governed by the laws of the State of Delaware (the state of incorporation of Corporation), this Agreement shall be governed by the laws of the State of California. If any litigation shall occur between Executive and Corporation which litigation arises out of or as a result of this Agreement or the acts of the parties hereto pursuant to this Agreement, or which seeks an interpretation of this Agreement, the prevailing party shall be entitled to recover all costs and expenses of such litigation, including reasonable attorneys' fees and costs.

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11. Binding Effect.

(a) The rights and obligations of Corporation under this Agreement shall be binding upon any successor or assigns of Corporation. In the event of any consolidation or merger of Corporation into or with another corporation, such other corporation shall assume this Agreement and shall become obligated to perform all of the terms and conditions hereof, and Executive's obligations hereunder shall continue in favor of such other corporation.

(b) If Corporation shall adopt a plan of liquidation or be or become a party to any action which has the substantive effect of finally terminating its business and affairs, all sums which would have been payable to Executive during the remaining term of this Agreement (assuming the continuation of Executive's then salary through the Last Day of the Stated Term) shall become due and payable to Executive not later than the effective date of such plan or action; except in the case of a liquidation of Corporation into an acquiring company or subsidiary of such acquiring company after a consolidation or merger of Corporation into or with another corporation, and the rights and obligations of Corporation under this Agreement are expressly assumed by the acquiring company as part of the plan of liquidation.

(c) This Agreement supersedes all prior and contemporaneous agreements, amendments, memoranda or understandings, express or implied and written or oral, between Corporation and Executive.

12. Waiver. Waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of any other provision of this Agreement.

13. Counterparts. This Agreement may be executed in any number of identical counterparts, each of which shall be construed as an original for all purposes, but all of which taken together shall constitute one and the same Agreement.

14. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to be effective (i) upon receipt if delivered in person, (ii) upon receipt if sent by registered or certified United States mail, return receipt requested and postage and fees prepaid, to the addresses of the parties set forth below, or such other address as shall be furnished by notice hereunder by any such party or (iii) twenty-four hours after having been sent by Federal Express or other overnight delivery service to such address:

Corporation:                   500 North State College Boulevard  
                                  Suite 700  
                                  Orange, California 92868

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8

Executive:                   451 Peralta Hills Drive  
                                  Anaheim, California 92807

No failure or refusal to accept delivery of any envelope containing such notice shall affect the validity of such notice or the giving thereof.

15. Termination After Change in Control.

(a) Cumulative to any other provision of the Employment Agreement, if, within two years after a change in control of Corporation, Executive's employment with Corporation terminates for any reason, either voluntarily or involuntarily, other than by death, permanent disability or retirement at or after Executive's normal retirement date under Corporation's Retirement Plan, Corporation promptly will pay Executive, upon Executive's request, as termination compensation, a lump sum amount, determined as provided in subsection (b) of this Section 15, and such other amounts as are provided in subsection (c) of this Section 15. For purposes of this Section, a "change in control of Corporation" shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); provided that, without limitation, such a change in control of Corporation shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act) is or becomes the beneficial owner, directly or indirectly, of securities of Corporation representing 40% or more of the combined voting power of Corporation's then outstanding securities; or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of

Directors of Corporation cease for any reason to constitute at least a majority thereof unless the election of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

(b) The lump sum compensation payable to Executive (the "Severance Payment") shall be equal to the average annual compensation (including salary and bonuses under the Corporate Management Incentive Compensation Plan or any predecessor or successor annual incentive compensation plan) paid or payable by Corporation to Executive during the five most recent calendar years ending before the date of the change in control of Corporation (the "Base Amount") multiplied by 2.99; provided, however, if Executive voluntarily terminates his employment with Corporation, except after (i) any material adverse change in Executive's duties, location of employment or benefits, or (ii) any material adverse change to Executive in the application of the formula of the Corporate Management Incentive Compensation Plan or any modification in Corporation's accounting methods or practices materially adverse to Executive, including the assessment of a management fee, then the Severance Payment shall be equal to the highest annual compensation (including salary and bonuses under the

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Corporate Management Incentive Compensation Plan or any successor annual incentive compensation plan) paid or payable by Corporation to Executive for services rendered in any one of the three calendar years ending with the year of such termination.

(c) In addition, if Executive's employment with Corporation so terminates within two (2) years after such a change in control of Corporation:

(i) any bonus awards previously made to Executive and not previously paid immediately shall vest upon such termination and shall be paid;

(ii) Executive's participation in, and terminating distributions and vested rights under, any applicable retirement plan, profit sharing plan and stock incentive plan of Corporation or any of its subsidiaries shall be governed by the terms of those respective plans; and

(iii) In the event of termination of employment under the circumstances described in subsection (a) of this Section 15, the arrangements provided for by this Section 15, by any stock option or other agreement between Corporation and Executive in effect at the time and by any other applicable plan of Corporation shall constitute the entire obligation of Corporation to Executive and performance

thereof shall constitute full settlement of any claim that Executive might otherwise assert against Corporation on account of such termination, provided, however, that this provision and this Agreement shall have no impact on the obligations of Corporation under that certain Indemnification Agreement dated August 4, 1993 between Corporation and Executive.

(d) Notwithstanding any provision in this Agreement to the contrary, in the event that any payment or benefit received or to be received by Executive in connection with a change in control of Corporation or the termination of Executive's employment, whether payable pursuant to the terms of this Agreement or any other plan, arrangement or agreement with Corporation (collectively the "Total Payments"), would not be deductible (in whole or part) as a result of Section 280G of the Code, the Severance Payment shall be reduced until no portion of the Total Payments is not deductible as a result of Section 280G of the Code, or the Severance Payment is reduced to zero. For purposes of this limitation, (i) no portion of the Total Payments, the receipt or enjoyment of which Executive shall have effectively waived in writing prior to the date of payment of the Severance Payment, shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel selected by Corporation's independent auditors and acceptable to Executive, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code, (iii) the Severance Payment shall be reduced only to the extent necessary so

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that the Total Payments (excluding payments referred to in clause (i) or (ii)) in their entirety constitute reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code, in the opinion of the tax counsel referred to in clause (ii); and (iv) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by Corporation's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

16. Cancellation of Prior Employment Agreement. Corporation and Executive agree that the Prior Employment Agreement hereby is canceled as of the date hereof and shall be of no further force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CORPORATION:

WYNN'S INTERNATIONAL, INC.

By /s/ James Carroll

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James Carroll  
Chairman of the Board and Chief  
Executive Officer

EXECUTIVE:

/s/ Gregg M. Gibbons

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Gregg M. Gibbons

WYNN'S INTERNATIONAL, INC.  
1999 CORPORATE MANAGEMENT INCENTIVE PLAN

Section 1. The purpose of this 1999 Corporate Management Incentive Plan (the "1999 Plan") is to provide a reward for performance and an incentive for the future endeavors of the Corporate Management Employees who contribute to the success of the enterprise by their ability, industry, loyalty, or exceptional service, through making them participants in that success.

Section 2.

(a) Wynn's International, Inc. (the "Company") shall establish a reserve for bonus payments for Corporate Management Employees for the year 1999 (the "Corporate Bonus Pool") with a corresponding charge to income for the year 1999 in an amount which the independent public accountants of the Company verify and report to be equal to ten percent (10%) of the amount by which the Consolidated Pretax Earnings of the Company exceed a twenty percent (20%) return on Beginning Equity, provided, however, that (i) the maximum amount of the Corporate Bonus Pool shall be Two Million Dollars (\$2,000,000), and (ii) no amounts shall be earned hereunder if the Consolidated Pretax Earnings of the Company for the year ended December 31, 1999 are less than Thirty-Eight Million One Hundred Thirty Thousand Dollars (\$38,130,000).

(b) Before the payment of bonus awards for the year 1999, the independent accountants of the Company shall verify and report to the Board of Directors of the Company (the "Board") the total amount of the Corporate Bonus Pool. Bonus awards to be paid shall not exceed the Corporate Bonus Pool as verified and reported by the independent public accountants. Bonus awards under the 1999 Plan shall be charged to income for 1999.

Section 3.

(a) The term "Consolidated Pretax Earnings" as used in the 1999 Plan shall mean, for calendar year 1999, the Company's income before taxes based on income as shown on the Consolidated Statements of Income section of the Company's 1999 Consolidated Financial Statements after making adequate provision for the Corporate Bonus Pool in the 1999 Consolidated Financial Statements.

(b) The term "Beginning Equity" shall mean the total stockholders' equity of the Company and subsidiaries at December 31, 1998, as reported in the Consolidated Balance Sheets section of the Company's 1999 Consolidated Financial Statements.

(c) The term "1999 Consolidated Financial Statements" as used in the 1999 Plan shall mean those financial statements of the Company and its subsidiaries

contained in the Company's annual report to stockholders for the year ended December 31, 1999 and upon which an opinion has been expressed by the independent public accountants of the Company.

2

(d) The term "Corporate Management Employee" shall mean any person employed as Chairman of the Board and Chief Executive Officer, President and Chief Operating Officer, Vice President-Finance and Chief Financial Officer, Vice President-Corporate Affairs and General Counsel, Secretary and Assistant General Counsel, Treasurer and Controller, Assistant Secretary, Tax Manager, Employee Benefits and Risk Manager, Corporate Counsel and any other management employees of the Company designated by the Chief Executive Officer.

Section 4. Full power and authority to construe, interpret, and administer the 1999 Plan shall be vested in the Board as from time to time constituted pursuant to the By-Laws of the Company. Decisions of the Board shall be final, conclusive, and binding. The Board shall rely upon and be bound by the amount of Consolidated Pretax Earnings, Beginning Equity and the Corporate Bonus Pool, all as verified and reported by the independent public accountants of the Company. The foregoing shall include, but shall not be limited to, all determinations by the Board as to (i) the eligibility of a Corporate Management Employee for consideration for a bonus, and (ii) the amount, if any, of the bonus award paid to a Corporate Management Employee. Any person who accepts any benefit hereunder agrees to accept as final, conclusive, and binding, the determinations of the Board.

Section 5. The Board shall have discretion with respect to the determination of individual bonus awards to the executive officers of the Company. Individual bonus awards to other Corporate Management Employees shall be at the discretion of the Chief Executive Officer of the Company. The total Corporate Bonus Pool shall be distributed to the 1999 Plan participants, subject to the following two limitations. First, the total Corporate Bonus Pool shall not be distributed if such distribution would cause the limits on the maximum amounts payable to executive officers set forth Section 6 to be exceeded. Second, regardless of whether such limits on bonus awards to executive officers are reached, the balance of the Corporate Bonus Pool need not be distributed to Corporate Management Employees who are not executive officers. The recommendations for bonus awards under the 1999 Plan for executive officers of the Company shall be made to the Compensation Committee of the Board (the "Committee") by the Chief Executive Officer under such procedure as may from time to time be approved by the Board, except that no such recommendations shall be made with respect to the Chief Executive Officer, but such bonus shall be dealt with exclusively by the Committee under such procedures as it may determine. Nothing contained herein shall entitle any Corporate Management Employee to any bonus award or to a bonus award for any specific amount, as a matter of right, for services rendered in 1999.

Section 6. Notwithstanding the provisions of Sections 2 and 5, the Committee shall have the authority to recommend to the Board, and the Board shall have the power to authorize in accordance with the recommendations of the

Committee, the payment of additional bonus awards to any or all executive officers for outstanding performance in 1999, provided, however, that the amount of any such additional bonus award, together

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with any amounts paid pursuant to Sections 2 and 5, shall not exceed one hundred percent (100%) of such executive officer's base salary in 1999.

Section 7. Bonus awards under the 1999 Plan will be paid to each recipient no later than March 31, 2000 in one installment in cash, restricted stock of the Company, or any combination thereof. Any award of the Company's restricted stock is subject to the approval of the Committee.

Section 8. Upon termination of a Corporate Management Employee's employment during the calendar year 1999 other than by death, such participant shall not be entitled as a matter of right to any bonus award for services rendered in 1999, provided, however, the Board may award a bonus as a matter of discretion pursuant to Section 9 below.

Section 9. Notwithstanding Section 8 above, a Corporate Management Employee whose employment terminates during the year or who is granted a leave of absence during the year, and who at the time of such termination of employment or granting of leave is eligible for consideration of a bonus, may, at the discretion of the Board, and under such rules as the Board may from time to time approve, be awarded a bonus with respect to the period of his/her services during the year 1999.

Section 10. Upon the death of a Corporate Management Employee during 1999, there shall be paid (as a death benefit and in lieu of any payment pursuant to Section 5 which would otherwise have been payable after the death of such Corporate Management Employee) to such beneficiaries as the Corporate Management Employee shall have designated in writing and on forms prescribed by and filed with the Board, or, if no such designation of beneficiaries has been made, to such Corporate Management Employee's legal representatives or to the persons entitled thereto as determined by a court of competent jurisdiction, an amount equal to the bonus award, if any, that would have been paid to the deceased Corporate Management Employee had such participant remained employed by the Company through December 31, 1999. Any bonus which may be awarded to such deceased participant shall be paid at the time awards are paid to other participants pursuant to the 1999 Plan.

Section 11. The 1999 Plan and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of Delaware and construed accordingly.

Section 12. The 1999 Plan is effective as of January 1, 1999.



THIRD AMENDMENT TO  
EXECUTIVE DEFERRED COMPENSATION AGREEMENT

WHEREAS, Wynn's International, Inc. (the "Company") and James Carroll (the "Executive") entered into an executive deferred compensation agreement in February 1997 (the "Revised Agreement") which superseded a series of prior deferred compensation agreements (the "Prior Agreements") pursuant to which the Executive elected to defer certain portions of his compensation from the Company; and

WHEREAS, the Company and the Executive amended the Revised Agreement on December 1, 1997 (the "First Amendment"); and

WHEREAS, the Company and the Executive amended the Revised Agreement on February 26, 1998 (the "Second Amendment"); and

WHEREAS, the Company and the Executive desire to amend the Revised Agreement again to reflect their agreement with respect to the contribution and investment of amounts deferred by Executive; and

WHEREAS, the Executive has no ability at the present time to demand payment of any amounts pursuant to the Revised Agreement or any Amendment thereto; and

WHEREAS, the Company believes that the adoption of this Amendment is in the best interests of the Company;

NOW, THEREFORE, it is hereby declared as follows:

1. Section 1 of the Revised Agreement is amended to read in its entirety as follows:

"1. AMOUNT OF DEFERRALS.

The Deferrals under this Agreement shall consist of (i) \$1,465,141.26 representing the sum of Executive's compensation deferrals under the Prior Agreements, plus interest thereon through December 31, 1996, (ii) any compensation deferred by Executive for services rendered after December 31, 1996 but before the Effective Date (as hereafter defined) plus interest thereon pursuant to the terms of this Agreement, (iii) amounts deferred by Executive after the Effective Date and (iv) gains or losses from Executive's allocation of Deferrals to investments as of and after the

2. Section 2 of the Revised Agreement is amended to read in its entirety as follows:

"2. INVESTMENT OF DEFERRALS.

(a) Executive's Deferrals made prior to the Effective Date shall bear interest at the lesser of (i) the rate of 15% per annum, or (ii) the prime rate as quoted by Bank of America, NT&SA on the last business day of each calendar quarter, as follows:

(1) The Deferrals made prior to January 1, 1997 shall bear interest from January 1, 1997 to the Effective Date; and

(2) Any Deferrals made after December 31, 1996 but before the Effective Date of this Agreement shall bear interest from the date the deferral is credited to the account of Executive through the Effective Date.

(b) On or about the Effective Date, Company shall calculate the value of all then existing Deferrals and interest accrued thereon (the "Effective Date Account Balance"). Executive shall allocate the full amount of the Effective Date Account Balance among the investment options offered pursuant to the Fidelity Corporate plan for Retirement Select Plan (the "Plan"). Executive's account balance as of any future measurement date shall be the net realizable value of the Effective Date Account Balance and any subsequent Deferrals plus or minus gains or losses, as of such measurement date, from investments designated by Executive pursuant to the Plan as reflected on the statement for such measurement date described in Section 6(b) below (the "Total Deferral Balance")."

3. Section 4 of the Revised Agreement is amended to read in its entirety as follows:

"4. DISTRIBUTION.

(a) The Total Deferral Balance shall be paid to the Executive in a single lump sum.

(b) Payment of the Total Deferral Balance shall be made within ninety (90) days after the later of (i) the occurrence or event which results in the Executive no longer serving as the Chairman of the Board of the Company (including, but not limited to, the death, disability, resignation, retirement, or termination of the Executive), or (ii) the date of execution of this Agreement.

(c) In the event that the Executive dies prior to the payment of the Total Deferral Balance pursuant to the terms of this Agreement, payment of the remaining amount shall be made at the time and in the form set forth above to the Executive's spouse (as of his date of death, if she is then living). If the Executive has no living spouse at such time, payment shall be made at the time and in the manner set forth above to the Executive's estate."

4. Section 6 of the Revised Agreement is amended to read in its entirety as follows:

6. "STATEMENTS.

(a) Prior to the Effective Date, Company shall furnish Executive (or, in the event of the Executive's death, his spouse or estate) a statement with respect to his Deferrals on a quarterly basis as of each March 31, June 30, September 30 and December 31. Such statement shall set forth the balance of the Deferrals held by the Company for the Executive's account for the quarter then ending, and any interest credited or payments made with respect to such Deferrals during that quarter.

(b) After the Effective Date, Company shall furnish Executive with such statements of Executive's Total Deferral Balance as of periodic measurement dates as may be provided pursuant to the Plan. Such statements shall be presumed to be correct and complete."

5. Section 7 of the Revised Agreement is amended to read in its entirety as follows:

7. "GENERAL CREDITOR.

(a) Prior to the Effective Date, Executive and his beneficiaries (including his spouse and his estate), heirs, successors, and assigns shall have no legal or equitable rights, claims, or interest in any specific property or assets of the Company. No assets of the Company shall be held under any trust, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all of the Company's assets shall be, and remain, the general unpledged, unrestricted assets of the Company. Company's obligation under this Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future, and the rights of the Executive and his beneficiaries shall be no greater than those of unsecured general creditors.

(b) As of the Effective Date, Company agrees to fund an irrevocable rabbi trust for the benefit of Executive and other Plan participants, if any (the "Trust"), with Fidelity Management Trust Company acting as Trustee of the Trust pursuant to the Plan. The Trust shall be funded by the Company within ninety (90) days of the Effective Date in an amount equal to the Effective Date Account Balance. The Trustee of the Trust shall invest the amount of the Effective Date Account Balance as designated by Executive pursuant to Section 2. The Trust shall provide that the assets in the Trust are held for the sole purpose of paying amounts due to Plan participants, subject only to the general creditors of the Company should the Company become bankrupt or insolvent. In the event of bankruptcy or insolvency, Executive (or his spouse or estate) and other Plan participants, if any, shall have no greater right with respect to the Trust assets than that of a general, unsecured creditor of the Company."

6. Except as expressly amended in this Third Amendment, the provisions of the Revised Agreement, as amended by the First Amendment and the Second Amendment, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in the County of Orange, California as of the 6th day of January, 1999 (the "Effective Date").

WYNN'S INTERNATIONAL, INC.

By: Seymour A. Schlosser

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Its: Vice President-Finance

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JAMES CARROLL

/s/ James Carroll

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## 1998 SUPPLEMENTAL RETIREMENT INCOME PLAN

OF

WYNN'S INTERNATIONAL, INC. AND SUBSIDIARIES

The undersigned, Wynn's International, Inc., a corporation organized and doing business under the laws of the State of Delaware, does hereby institute and adopt the following 1998 Supplemental Retirement Income Plan of Wynn's International, Inc. and Subsidiaries.

This Plan is intended to be an unfunded plan of deferred compensation for selected executive officers and other key employees of the Company. All benefits payable hereunder shall be payable solely from the general assets of the Company. No amounts shall be set aside for, credited to the account of, or otherwise made payable to any Participant.

## ARTICLE I

## DEFINITIONS

When used herein and capitalized, the following words shall have the following meanings unless the context clearly indicates otherwise.

Section 1.1 "Accrued Benefit" on any date shall mean the value of the Normal Retirement Benefit to which a Participant would be entitled, determined under Article V, expressed in the form of an annual benefit commencing at Normal Retirement Date.

Section 1.2 "Actuarial Equivalent" shall mean the equivalent amount of a single-life annuity commencing at Normal Retirement Date, determined in accordance with the reasonable actuarial assumptions adopted by the Enrolled Actuary for the Wynn's International, Inc. Retirement Plan for the purpose of determining actuarial equivalents thereunder at the time the determination is made.

Section 1.3 "Age" for any specified year shall be deemed to have been attained at the arrival of the birthday of the number of years in question.

Section 1.4 "Board of Directors" means the Board of Directors of Wynn's International, Inc., a Delaware corporation.

Section 1.5 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2

Section 1.6 "Committee" means the Compensation Committee of the Board of Directors.

Section 1.7 "Company" or "Employer" means Wynn's International, Inc., a Delaware corporation, and all of its wholly-owned subsidiary corporations.

Section 1.8 "Compensation" means the Participant's base salary expressed on an annualized basis, and excludes any compensation from (i) Participant's participation in any incentive compensation plan of Company, (ii) Participant's exercise of nonqualified stock options, (iii) Participant's receipt or vesting of restricted stock grants or performance shares, (iv) Participant's disqualifying disposition of an incentive stock option, or (v) relocation expenses paid to Participant.

Section 1.9 "Effective Date" of this Plan shall mean August 5, 1998.

Section 1.10 "Employee" means any person now or hereafter in the employ of the Company, but excluding directors who are not in the employ of the Company in any other capacity.

Section 1.11 "Enrolled Actuary" shall mean a person who is enrolled by the Joint Board for the Enrollment of Actuaries under ERISA and who has been engaged by the Committee to make all necessary actuarial assumptions, opinions and determinations and to prepare valuations, statements, and reports under the Plan as required by ERISA.

Section 1.12 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

Section 1.13 "Fiduciary" shall be construed as including the term 'Named Fiduciary' as defined in ERISA, and any and all other persons or entities to the extent that they:

- (a) Exercise any discretionary authority or discretionary control respecting management or disposition of this Plan's assets;
- (b) Render investment advice for fee or other compensation, direct or indirect, with respect to any monies or other property of this Plan, or have any authority or responsibility to do so; or
- (c) Have any discretionary authority or discretionary responsibility in the administration of this Plan.

Section 1.14 "Final Compensation" shall mean a Vested Participant's highest Compensation during any of such Participant's last three years of employment with the Company.

Section 1.15 "Normal Retirement Age" shall mean the attainment of age sixty-five (65).

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Section 1.16 "Normal Retirement Benefit" shall mean the Retirement Benefit under this Plan to which a Vested Participant may be entitled, commencing at Normal Retirement Age.

Section 1.17 "Participant" means any Employee who has been designated to become a Participant under this Plan.

Section 1.18 "Plan" means the written 1998 Supplemental Retirement Income Plan of Wynn's International, Inc. and Subsidiaries set forth in this document and all subsequent amendments thereto.

Section 1.19 "Plan Administrator" means the Committee, which shall also be the Named Fiduciary with respect to this Plan.

Section 1.20 "Plan Year" means the consecutive twelve (12) month period commencing the first day of January of each year and ending the last day of December of each year.

Section 1.21 "Retirement Benefit" means the retirement income benefits provided under this Plan to Participants.

Section 1.22 "Total Disability" shall mean the total and permanent incapacity of a Participant to perform the usual duties of the position within the Company most recently held by the Participant, determined by the Committee in its sole discretion, after receiving a written report from a reputable, licensed physician or physicians approved by the Committee, who has or have examined the Participant after the occurrence of the sickness, accident, health or other physical or mental problem which is the basis of the disability.

Section 1.23 "Vested Participant" means any Participant who has (i) completed ten (10) Years of Service or (ii) attained Normal Retirement Age.

Section 1.24 "Year of Service" means a calendar year during which the Participant completes 1,000 or more Hours of Service with the Company. For this purpose, Hours of Service shall be calculated based upon guidelines and methods established by the Committee, and applied on a consistent basis.

Section 1.25 The masculine gender shall include the feminine, and the

singular shall include the plural.

## ARTICLE II

### COMMITTEE

#### Section 2.1 Appointment of Committee

The Committee shall consist of at least three (3) members appointed by the Board of Directors. Any director of the Company is eligible to serve as a member of the Committee.

#### Section 2.2 General Administrative Authority

The Committee shall be the "Named Fiduciary" and administrator of the Plan, and except as otherwise provided, shall have the authority to control and manage the operation and administration of the Plan. The Committee shall make such rules, regulations, interpretations and computations, and shall take such other action to administer the Plan as the Committee may deem appropriate. The Committee may retain an Enrolled Actuary in order to assist the Company in estimating its future liability to Participants for benefits under this Plan. The Committee shall have full discretion to construe and interpret the terms and provisions of this Plan, which interpretation and construction shall be final and binding on all parties, including but not limited to the Company, any Participant and any other person claiming benefits hereunder, except as otherwise provided by law. The Committee shall administer such terms and provisions in accordance with any and all laws applicable to the Plan.

#### Section 2.3 Conflict of Interest of Committee Members

In any matter affecting any member of the Committee in his individual capacity as a Participant hereunder, separate and apart from his status as a member of the group of Participants, such interested member shall have no authority or vote in the determination of such matter as a member of the Committee, but the Committee shall determine such matter as if the interested member were not a member of the Committee; provided, however, that this shall not be deemed to take from such interested member any of his rights hereunder as a Participant. In the event that the remaining members of the Committee should be unable to agree on any matter so affecting an interested member because of an equal division of voting, the Board of Directors shall appoint a temporary member of the Committee in order to create an odd number of voting members.

#### Section 2.4 Records of Committee

The Committee shall keep a record of all its proceedings and shall keep or cause to be kept all such books of account, records and other data as may be necessary or advisable in its judgment for the administration of this Plan and properly to reflect the affairs thereof, and to determine the amount of vested and/or forfeitable interest of the respective Participants and the amount of all retirement benefits or other benefits

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hereunder. Any person dealing with the Committee may rely on and shall incur no liability in relying on a certificate or memorandum in writing, signed by the secretary of the Committee or by a majority of the members of the Committee, as evidence of any action taken or resolution adopted by the Committee.

#### Section 2.5 Bonding

No bond or other security shall be required of the members of the Committee, unless otherwise specified by state or Federal law.

#### Section 2.6 Indemnity of Committee

Except to the extent imposed by law, neither the Committee nor any Fiduciary with respect to this Plan shall have the duty to question whether any other Fiduciary is fulfilling all of the legal responsibilities imposed upon such other Fiduciary and neither shall the Committee nor any other Fiduciary with respect to this Plan have any liability for breach of a fiduciary responsibility of another Fiduciary with respect to this Plan unless:

- (a) He participates knowingly in, or knowingly undertakes to conceal, an act or omission of such other Fiduciary, knowing such act or omission is a breach of duty; or
- (b) By his failure to comply with the fiduciary obligations imposed upon him in the administration of his specific responsibility as a Fiduciary, he has enabled another Fiduciary to commit a breach of duty; or
- (c) He has knowledge of a breach by such other Fiduciary, and he does not make reasonable efforts under the circumstances to remedy such breach.

The members of the Committee shall receive such compensation as may be approved by the Board of Directors from time to time for their services hereunder. The Committee is authorized at the expense of the Company to employ such legal counsel as it may deem advisable to assist in the performance of its duties hereunder. To the extent permitted by applicable state law, the Company shall indemnify and save harmless the Committee and each member thereof and any

delegate of the Committee who is an employee of the Company against any and all expenses, liabilities and claims, including legal fees to defend against such liabilities and claims arising out of their discharge in good faith of responsibilities under or incident to the Plan, other than expenses and liabilities arising out of willful misconduct. This indemnity shall not preclude such further indemnities as may be available under insurance purchased by the Company or provided by the Company under any bylaw, agreement or otherwise, as such indemnities are permitted under state law.

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### ARTICLE III

#### PARTICIPATION OF EMPLOYEES

##### Section 3.1 Board of Directors to Determine Participants

- (a) Any executive officer or other key employee whose continued service to the Company is considered to be essential to its productivity and continued financial success shall be eligible for consideration as a Participant under this Plan.
- (b) The Board of Directors shall convene at least annually to designate the executive officers and key employees who shall become Participants under this Plan. The Board of Directors shall give full consideration to the recommendations of the Chief Executive Officer of the Company in determining Participants hereunder, but such determination shall nevertheless be within the sole discretion of the Board of Directors.
- (c) All Employees of the Company who are hereafter designated as Participants shall participate in this Plan effective as of the first day of the first calendar month coincident with or next following such designation, unless otherwise provided in the designation.

##### Section 3.2 Termination of Participation

A Participant, once designated, shall continue to participate in this Plan until his death, Total Disability, retirement or other termination of employment, or unless sooner removed from participation by the Board of Directors; provided, however, any such removal from participation shall not result in the loss of any benefits which are fully vested in accordance with Section 5.6(a) as of the date of such removal.

## ARTICLE IV

## RETIREMENT DATES

## Section 4.1 Retirement Dates

A Participant's Retirement Date shall be the date of his actual retirement which may be his Normal, Early or Postponed Retirement Date, whichever is applicable.

## Section 4.2 Normal Retirement Date

The Normal Retirement Date for each Vested Participant shall be the first day of the month coincident with or next following his attainment of age sixty-five (65) (his Normal Retirement Age), and on such date or at any time after such date, the Participant shall be entitled to retire.

## Section 4.3 Early Retirement Date

A Participant may take Early Retirement prior to his Normal Retirement Date upon (i) the completion of ten (10) Years of Service with the Company and (ii) the attainment of age fifty-five (55). The date of such actual retirement shall be his Early Retirement Date.

## Section 4.4 Postponed Retirement Date

If a Participant continues in the employment of the Company beyond his Normal Retirement Date, the first day of the month coincident with or next following his actual retirement after his Normal Retirement Date shall be his Postponed Retirement Date. The Participant's benefit shall be calculated based on his Years of Service through his Postponed Retirement Date.

## ARTICLE V

## AMOUNT OF BENEFITS

## Section 5.1 Normal Retirement Benefit

(a) Retirement Benefit Formula:

A Vested Participant, upon retiring at or after his Normal Retirement Date, shall be entitled to receive, subject to Sections 5.7 and 5.9, a supplemental Normal Retirement Benefit equal to the "Executive Service Benefit" (determined under Subsection (b) below), minus the "Benefit Offset Adjustment" (determined under subsection (c) below).

- (b) "Executive Service Benefit" shall be equal to one and eight tenths percent (1.8%) of Final Compensation for each Year of Service, provided that such Executive Service Benefit shall not exceed fifty percent (50%) of Final Compensation.
- (c) "Benefit Offset Adjustment" shall be equal to the sum of:
  - (i) the Vested Participant's employer-derived retirement benefit accrued under the Wynn's International, Inc. Retirement Plan and/or the Wynn's-Precision, Inc. Salaried Employees Pension Plan in its normal form of a single life annuity;
  - (ii) the Vested Participant's employer-derived retirement benefit accrued under (A) the Wynn's 401(k) Plan and (B) the Wynn's International, Inc. Employees Savings and Investment Plan, including any benefit from the Prior Wynn Oil Account as defined in Section 2.30 of said Plan, each converted to a single life annuity which is the Actuarial Equivalent of such employer-derived retirement benefit;
  - (iii) the primary social security amount actually paid to the Vested Participant under Title II of the Social Security Act, in effect at the time benefits first become payable to the Vested Participant under this Plan, and from time to time thereafter. It is the intent of this provision that if the Social Security amounts actually paid to a Vested Participant thereafter are modified (e.g. through the provision of periodic cost of living adjustments or the disallowance of Participant's eligibility for social security benefits), the Benefit Offset Adjustment hereunder to a Vested Participant shall be correspondingly increased or decreased; and
  - (iv) employer-derived benefits previously paid or payable to the Vested Participant under any other nonqualified retirement plan of the Company converted to a single life

annuity payable at Normal Retirement Age which is the Actuarial Equivalent of all such amounts previously paid or payable under all other plans.

Section 5.2 Early Retirement Benefit

- (a) While it is not contemplated that a Vested Participant will retire before his Normal Retirement Date, if a Vested Participant takes Early Retirement under the provisions of Section 4.3 of this Plan, then such Vested Participant shall be entitled to receive, subject to Section 5.9, the Executive Service Benefit calculated in accordance with Section 5.1, reduced, prior to reduction for the Benefit Offset Adjustment, in accordance with the schedule set forth below, less the Benefit Offset Adjustment set forth in Section 5.2(b):

<TABLE>

<CAPTION>

Age at Time of Early Retirement -----	Percentage of Executive Service Benefit Payable -----
<S>	<C>
55	65%
56	70%
57	75%
58	80%
59	85%
60	90%
61	92%
62	94%
63	96%
64	98%
65	100%

</TABLE>

- (b) If a Vested Participant retires before his Normal Retirement Date, the Benefit Offset Adjustment set forth in Section 5.1(c) shall be calculated as follows:

- (i) The employer-derived retirement benefit accrued under the Wynn's International, Inc. Retirement Plan and/or the Wynn's-Precision, Inc. Salaried Employees Pension Plan will be calculated using the factors set forth in the respective plans as if the Vested Participant had retired and begun collecting benefits on his Early Retirement Date in the form of a single life annuity;
  - (ii) the Vested Participant's employer-derived retirement benefit accrued under the Wynn's International, Inc. Employees Savings and Investment Plan, including any benefit from the Prior Wynn Oil Account shall be converted to a single life annuity which is the Actuarial Equivalent of such employer-derived retirement benefit and reduced for early retirement utilizing reasonable actuarial assumptions adopted by the Enrolled Actuary;
  - (iii) the Benefit Offset Adjustment will include only amounts actually collected under Title II of the Social Security Act (e.g. if the Vested Participant's early retirement benefit commences prior to the date his benefits under Title II of the Social Security Act commence, the Benefit Offset Adjustment attributable to such benefits shall initially be zero, and shall increase when the payments under Title II of the Social Security Act commence, which shall correspondingly cause a decrease in the amount of monthly benefits under this Plan); and
  - (iv) employer-derived benefits previously paid or payable to the Vested Participant under any other nonqualified retirement plan of the Company shall be converted to a single life annuity payable at Normal Retirement Age which is the Actuarial Equivalent of all such amounts previously paid or payable under all such plans and reduced for early retirement utilizing reasonable actuarial assumptions adopted by the Enrolled Actuary.
- (c) If a Vested Participant retires before his Normal Retirement Date at the request of the Board of Directors, then the Board of Directors in its sole discretion may elect to award to the Vested Participant so retiring, the Retirement Benefit calculated in accordance with Section 5.1 without reduction to account for the commencement of benefits prior to the Vested Participant's Normal Retirement Date. The Benefit Offset Adjustment applicable to such Vested Participant shall be as described in Section 5.2(b).

A Vested Participant who retires on a Postponed Retirement Date pursuant to Section 4.4 shall be entitled to receive, subject to Section 5.9, the Retirement Benefit

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calculated in accordance with Section 5.1, which has accrued as of his Postponed Retirement Date, including Years of Service performed after his Normal Retirement Date, without actuarial adjustment to account for the commencement of benefits after the Normal Retirement Date.

Section 5.4 Disability Benefit

- (a) If the Committee determines, within its sole discretion, based upon competent medical advice, that a Vested Participant has incurred a Total Disability, within the meaning of Section 1.22, then such disabled Vested Participant shall be entitled to receive, subject to Sections 5.7 and 5.9, a Disability Benefit equal to one of the following:
  - (i) If the Total Disability is incurred at or after the disabled Vested Participant has attained age 55, the Executive Service Benefit calculated in accordance with Section 5.1(b) which has accrued as of the date of such Total Disability, without reduction for commencement of benefits before his Normal Retirement Date, less (i) the Benefit Offset Adjustment calculated in accordance with Section 5.2(b) and (ii) any long-term disability benefits provided in whole or in part, directly or indirectly, by the Company expressed as an annual benefit for such period of time as such long-term disability benefits are paid to such disabled Vested Participant. Such Disability Benefit shall become payable as provided in Section 6.2.
  - (ii) If the Total Disability occurs before the disabled Vested Participant has attained age 55, the Executive Service Benefit calculated in accordance with Section 5.1(b), which has accrued as of the date of such Total Disability, without reduction for commencement of benefits before his Normal Retirement Date, less (i) the Benefit Offset Adjustment calculated in accordance with Section 5.2(b) and (ii) any long-term disability benefits provided in whole or in part, directly or indirectly, by the Company expressed as an annual benefit for such period of time as such long-term disability benefits are paid to such

disabled Vested Participant. Such Disability Benefit shall become payable on the first day of the month following such Vested Participant's fifty-fifth (55th) birthday or at such earlier date as may be approved by the Board of Directors in its sole discretion.

- (b) If a Vested Participant who has incurred a Total Disability later recovers and again becomes employed by the Company, the Disability Benefit of such Vested Participant shall cease as of the date he is reemployed by the Company. Subject to Section 3.2 he shall again become a Participant and

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12

his Retirement Benefit under this Plan shall be reduced by an amount equal to the Actuarial Equivalent of amounts paid to him as a Disability Benefit.

#### Section 5.5 Death Benefits

If a Vested Participant dies after having attained age 55 while in the active employment of the Company and is survived by his spouse, it shall be presumed that the Vested Participant retired at the request of the Company pursuant to subsection (b) of Section 5.2 on the first day of the month of Vested Participant's death and that the Committee had approved a conversion of the life annuity to an Actuarial Equivalent joint and survivor annuity providing for a 100% continuation of income to the surviving spouse. The Committee, at its discretion, may approve another Actuarial Equivalent form of Retirement Benefit to the surviving spouse. If a Vested Participant dies before attaining age fifty five (55), no amounts shall be payable under this Plan, except as may be approved by the Board of Directors in its sole discretion.

#### Section 5.6 Termination of Employment

- (a) When Vested. If a Participant's employment is terminated, either voluntarily or involuntarily, prior to his Normal Retirement Date, other than by reason of his death or Total Disability, and provided that (i) such Participant has completed at least ten (10) Years of Service and (ii) if eligible, such Participant does not take Early Retirement pursuant to Section 4.3, such Participant shall be entitled, based on Years of Service completed and Compensation earned through his last day of employment, to receive either:
- (i) Commencing on such Participant's Normal Retirement Date, his Normal Retirement Benefit calculated pursuant to Section 5.1 as if such Participant had retired on his

Normal Retirement Date; or

(ii) commencing on the first day of any month coincident with or following such Participant's 55th birthday, his Early Retirement Benefit calculated pursuant to Section 5.2 as if the date specified by such Participant for the commencement of benefits hereunder were his Early Retirement Date.

(b) When Not Vested. A Participant whose employment is terminated, either voluntarily or involuntarily, prior to his Normal Retirement Date and prior to his completion of ten (10) Years of Service shall cease to be a Participant and his Accrued Benefit, if any, shall be canceled and forfeited immediately, and he shall not be entitled to any other benefits hereunder.

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#### Section 5.7 Benefits Upon Plan Termination

If this Plan is terminated by the Board of Directors pursuant to Section 7.1, then benefits hereunder shall be determined as follows:

- (a) If a Participant has completed ten (10) or more Years of Service prior to the date this Plan is terminated, then such Vested Participant shall be entitled to receive the Retirement Benefit calculated in accordance with Section 5.1, which has accrued to the date of Plan termination.
- (b) If such Participant incurs a Total Disability prior to the termination of this Plan, the Disability Benefit provided under Section 5.4 shall be payable.
- (c) As to all other Participants, no benefits shall be payable hereunder, and such Participants shall immediately forfeit any and all interests under this Plan.

#### Section 5.8 Service for Retirement Benefit Purposes

For purposes of determining a Participant's Years of Service under this Article, all Years of Service following the effective date of a Participant's commencement of employment with the Company and prior to his removal from Participation under Section 3.2 (should such removal occur) shall be taken into account, including Years of Service rendered to a predecessor Company, if and to the extent granted by the Board of Directors in its sole discretion.

#### Section 5.9 Acts Materially Detrimental to Company

In the event that the Committee reasonably determines that a Participant including a Vested Participant who is otherwise entitled to receive benefits under this Plan, is acting or has acted in a manner which is materially detrimental, materially harmful, or otherwise materially unfavorable to the interests of the Company, then the Committee may terminate all further participation of such Participant under this Plan, may terminate all further benefit payments to or entitlements to benefit payment of such Participant under this Plan, and may forfeit any and all interests of such Vested Participant under this Plan, whether vested or unvested.

Acts which may be considered materially detrimental, harmful or otherwise unfavorable to the interests of the Company shall include, but shall not be limited to any act of unfair competition; any use, divulgence or furnishing of material confidential information, trade secrets, or processes of the Company; any unauthorized use, disclosure or furnishing of any lists of customers or suppliers or information relating to customers or suppliers of the Company which is materially detrimental to the Company; any material unauthorized disclosure, divulgence, or furnishing of material information relating to any operation, process, business, program, properties, or employees of the Company; any illegal or unauthorized act or conduct which interferes with or disrupts any relationship

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between the Company and its customers, suppliers, employees or any other persons having business dealings with the Company; or any act or conduct which materially and adversely affects the business reputation of the Company or its standing in the community.

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## ARTICLE VI

### DISTRIBUTIONS

#### Section 6.1 Normal Form of Benefit Payments

Unless an alternative form of benefit is elected by the Participant and approved by the Committee pursuant to Section 6.4, a retired Vested Participant shall be entitled to receive the annual Retirement Benefit as determined under Section 5.1, 5.2 or 5.3, whichever is applicable, payable monthly in the form of

a life annuity, commencing within sixty (60) days of his Normal Retirement Date, Postponed Retirement Date or Early Retirement Date, whichever is applicable; and terminating with the last monthly payment due prior to the death of the retired Vested Participant.

## Section 6.2 Disability Benefit Payments

Unless an alternative form of benefit is elected by the Vested Participant and approved by the Committee pursuant to Section 6.4, in the case of a disabled Vested Participant who is entitled to receive the Disability Benefit determined under Section 5.4, such Disability Benefit shall be payable monthly in the form of a life annuity, commencing within sixty (60) days of the date of Total Disability; and terminating with the last monthly payment due prior to the death of the disabled Vested Participant, his reemployment by the Company as provided in Section 5.4(b), or his reemployment by any other company, unless the Committee, in its sole discretion, determines to continue such payments after his employment by any other company.

## Section 6.3 Death Benefit Payments

Unless an alternative form of benefit is elected by the surviving spouse and approved by the Committee, pursuant to Section 6.4, in the case of a surviving spouse who is entitled to receive the Death Benefit determined under Section 5.5, such Death Benefit shall be payable monthly in the form of a life annuity, commencing within sixty (60) days of the date of death of the Vested Participant; and terminating with the last monthly payment due prior to the death of the surviving spouse.

## Section 6.4 Alternative Forms of Benefit Payments

In lieu of the forms of benefits provided for in Sections 6.1, 6.2, or 6.3, a Vested Participant or surviving spouse (in the case of the death of a Vested Participant) may elect to convert the form of benefit into any other alternative form of benefit (other than a lump sum benefit), which is the Actuarial Equivalent of the benefit otherwise payable.

To be effective, the election of an alternative form of benefit must be approved by the Committee. An alternative form of benefit must be elected by a Vested Participant (or surviving spouse) at least thirty (30) days prior to the first payment of benefits, by the

proper application of the Vested Participant (or surviving spouse), subject to such rules and conditions uniformly and consistently applied as the Committee may provide. In the discretion of the Committee, the election may be made at any later date, if the Vested Participant furnishes evidence of good health

## ARTICLE VII

### TERMINATION AND AMENDMENT OF PLAN

#### Section 7.1 Plan Termination

It is the expectation of the Company that it will continue this Plan indefinitely, but the continuance of this Plan is not assumed as a contractual obligation by the Company, and the right is reserved to the Company by action of the Board of Directors to discontinue this Plan at any time. In the event of termination of this Plan, the provisions of Section 5.7 shall apply, with respect to the amount of benefits payable, if any, upon Plan termination. Payment of benefits which are determined to be payable shall commence within sixty (60) days of his Normal Retirement Date, Postponed Retirement Date or Early Retirement Date, whichever is applicable; and terminating with the last monthly payment due prior to the death of the retired Vested Participant.

#### Section 7.2 Continuance of Plan by Successor Business

- (a) In the event of the dissolution or liquidation of the Company, the sale by the Company of all or substantially all its assets, or the reorganization, merger or consolidation as a result of which the Company is not the surviving entity, the resulting successor person or persons, firm or corporation may continue this Plan by adoption of the same by resolution of its board of directors and by executing a proper adoption of this Agreement. If, within ninety (90) days from the effective date of such dissolution or sale of assets, such successor does not adopt this Plan as provided herein, this Plan shall automatically be terminated.
- (b) If, upon the occurrence of an event described in Section 7.2 (a) the obligations to Vested Participants under this Plan are not assumed by the resulting successor person or persons, firm or corporation, then, prior to such event, each Vested Participant shall be paid a lump sum cash benefit equal to the Actuarial Equivalent of the benefit to which such Vested Participant is entitled, taking into account the Vested Participant's Years of Service, Compensation, Age and other relevant factors as they exist on the date of such event.

#### Section 7.3 Amendments

The Company, by action of the Board of Directors, may at any time and from time to time amend this Plan, provided however that no changes may be made to a Participant's accrued benefits which have vested prior to the date of such amendment.

17

18

## ARTICLE VIII

### MISCELLANEOUS

#### Section 8.1 Right of Company to Dismiss Employees

Neither the action of the Company in establishing this Plan, nor any action taken by it or the Committee under the provisions hereof, nor any provision of this Plan, shall be construed as giving to any Employee of the Company the right to be retained in its employ or any right to any payment whatsoever, except to the extent of the benefits provided for by this Plan. The Company expressly reserves the rights at any time to dismiss any Employee or Participant without any liability for any claim or for any payment whatsoever, except to the extent provided for or under this Plan or any written employment agreement between Company and Employee or Participant.

#### Section 8.2 Notices of Participants to be Filed With Committee

When provision is made herein that requires or permits a Participant to exercise any option or to make any selection, designation or determination, the action of each Participant shall be evidenced by a written notice thereof, signed by the Participant and any other necessary party, on a form, if any, furnished by the Committee for such purpose, and filed with the Committee, which shall not be effective until received by the Committee.

#### Section 8.3 Context to Control

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

#### Section 8.4 Claims and Review Procedures

##### (a) Claims Procedure:

A Participant or Beneficiary making a claim for benefits under this Plan shall make such claim in writing to the Committee on forms provided by the Committee. The claim shall be presented to

the Committee at the address of the principal offices of the Company given in its last annual report.

If the Committee denies a claim in whole or in part, it shall notify the Participant in writing of such denial within ninety (90) days after receipt of the claim. Such notice shall be written in a manner calculated to be understood by the Participant and shall include:

(1) The specific reason or reasons for the denial;

18

19

(2) Specific references to pertinent Plan provisions on which the denial is based;

(3) Description of any additional material or intermission necessary for the Participant to perfect the claim and explanation of why such material or information is necessary; and

(4) Appropriate information as to the steps to be taken if the Participant wishes to submit his claim for review.

(b) Review Procedure

The Committee shall establish a procedure by which a Participant or other person shall have an opportunity for a full and fair review of his claim for benefits and denial. The Named Fiduciary for purposes of review of denied claims shall be the Committee.

Any person, or his duly authorized representative, whose claim for benefits under the Plan has been denied, in whole or in part, may request the Committee to review the claim. Such request must be made in writing on a form furnished by the Committee for such purpose, and shall include:

(1) A request for review of the denied claim;

(2) The grounds upon which the request for review is based and any facts in support thereof; and

(3) Any other issues or comments which the requesting party deems pertinent to the review.

Such written request for review must be submitted to the Committee within sixty (60) days after the requesting party has

received written notice of denial of his claim. The requesting party shall have the opportunity to review all documents pertinent to his claim and request for review.

The Committee shall make such review and render its decision in writing within sixty (60) days after receipt of a written request for review. The Committee's written decision on review shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, with specific references to pertinent provisions of the Plan on which the decision is based.

Under special circumstances, an extension of time may be required by the Committee, in which case its decision shall be rendered as soon as possible, but not later than 120 days after receipt of a written request for review. Prior to the commencement of the extension of time, the

19

20

Committee shall notify the requesting party that an extension of time is required. If the decision on review is not furnished to the claimant within the appropriate time period, then the claim shall be considered denied on review.

#### Section 8.5 Law Governing and Severability

- (a) Except as specifically provided by Federal law, this Plan shall be construed, regulated and administered under the laws of the State of California, and the Committee shall be liable to account only in the courts of that State.
- (b) In the event any provisions of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of this Plan, which shall be fully severable, and this Plan shall be construed and enforced as if such illegal or invalid provisions had never been inserted.

This 1998 Supplemental Retirement Income Plan of Wynn's International, Inc. and its Subsidiaries shall be effective as of August 5, 1998.

WYNN'S INTERNATIONAL, INC.

By /s/ James Carroll

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James Carroll  
Chairman of the Board and Chief  
Executive Officer

By /s/ Wendy K. K. Nishikawa

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Wendy K. K. Nishikawa  
Secretary

Dated at Orange, California, this 5th day of August 1998.

The CORPORATEplan for Retirement Select Plan  
of  
Wynn's International, Inc.

2

## PREAMBLE

It is the intention of the Employer to establish herein an unfunded plan maintained solely for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of ERISA.

ARTICLE 1. ADOPTION AGREEMENT.

ARTICLE 2. DEFINITIONS.

2.01 DEFINITIONS.

(a) Wherever used herein, the following terms have the meanings set forth below, unless a different meaning is clearly required by the context:

(1) "Account" means an account established on the books of the Employer for the purpose of recording amounts credited on behalf of a Participant and any income, expenses, gains or losses included thereon.

(2) "Administrator" means the Employer adopting this Plan, or other person designated by the Employer in Section 1.01(b).

(3) "Adoption Agreement" means Article 1 under which the Employer establishes and adopts or amends the Plan and designates the optional provisions selected by the Employer. The provisions of the Adoption Agreement shall be an integral part of the Plan.

(4) "Beneficiary" means the person or persons entitled under Section 7.02 to receive benefits under the Plan upon the death of a Participant.

(5) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(6) "Compensation" shall mean for purposes of Article 4 (Contributions) wages as defined in Section 3401(a) of the Code and all other payments of compensation to an employee by the employer (in the course of the employer's trade or business) for which the employer is required to furnish the employee a written statement under Section 6041(d) and 6051(a)(3) of the Code, excluding any items elected by the Employer in Section 1.04, reimbursements or other expense allowances, fringe benefits (cash and non-cash), moving expenses, deferred compensation and welfare benefits, but including amounts that are not includable in the gross income of the Participant under a salary reduction agreement by reason of the application of Sections 125, 402(a)(8), 402(h), or 403(b) of the Code. Compensation must be determined without regard

3

to any rules under Section 3401(a) of the Code that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Section 3401(a)(2) of the Code).

Compensation shall generally be based on the amount that would have been actually paid to the Participant during the Plan Year but for an election under Section 4.01.

In the case of any Self-Employed Individual or an Owner-Employee Compensation shall mean the Individual's Earned Income.

(7) "Earned Income" means the net earnings of a Self-Employed Individual derived from the trade or business with respect to which the Plan is established and for which the personal services of such individual are a material income-providing factor, excluding any items not included in gross income and the deductions allocated to such items, except that for taxable years beginning after December 31, 1989 net earnings shall be determined with regard to the deduction allowed under Section 164(f) of the Code, to the extent applicable to the

Employer. Net earnings shall be reduced by contributions of the Employer to any qualified plan, to the extent a deduction is allowed to the Employer for such contributions under Section 404 of the Code.

(8) "Employee" means any employee of the Employer, Self-Employed Individual or Owner-Employee.

(9) "Employer" means the employer named in Section 1.02(a) and any Related Employers designated in Section 1.02(b).

(10) "Employment Commencement Date" means the date on which the Employee first performs an Hour of Service.

(11) "ERISA" means the Employee Retirement Income Security Act of 1974, as from time to time amended.

(12) "Fidelity Fund" means any Registered Investment Company which is made available to plans utilizing the CORPORATE plan for Retirement Select Plan.

(13) "Fund Share" means the share, unit, or other evidence of ownership in a Fidelity Fund.

2

4

(14) "Hour of Service" means, with respect to any Employee,

(A) Each hour for which the Employee is directly or indirectly paid, or entitled to payment, for the performance of duties for the Employer or a Related Employer, each such hour to be credited to the Employee for the computation period in which the duties were performed;

(B) Each hour for which the Employee is directly or indirectly paid, or entitled to payment, by the Employer or Related Employer (including payments made or due from a trust fund or insurer to which the employer contributes or pays premiums) on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity, disability, layoff, jury duty, military duty, or leave of absence, each such hour to be credited to the Employee for the Eligibility Computation Period in which such period of time

occurs, subject to the following rules:

(i) No more than 501 Hours of Service shall be credited under this paragraph (B) on account of any single continuous period during which the Employee performs no duties;

(ii) Hours of Service shall not be credited under this paragraph (B) for a payment which solely reimburses the Employee for medically-related expenses, or which is made or due under a plan maintained solely for the purpose of complying with applicable workmen's compensation, unemployment compensation or disability insurance laws; and

(iii) If the period during which the Employee performs no duties falls within two or more computation periods and if the payment made on account of such period is not calculated on the basis of units of time, the Hours of Service credited with respect to such period shall be allocated between not more than the first two such computation periods on any reasonable basis consistently applied with respect to similarly situated Employees; and

(C) Each hour not counted under paragraph (A) or (B) for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to be paid by the Employer or a Related Employer, each such hour to be credited to the Employee for the computation period to which the award or agreement pertains rather than the computation period in which the award agreement or payment is made.

3

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For purposes of determining Hours of Service, Employees of the Employer and of all Related Employers will be treated as employed by a single employer. For purposes of paragraphs (B) and (C) above, Hours of Service will be calculated in accordance with the provisions of Section 2530.200b-2(b) of the Department of Labor regulations, which are incorporated herein by reference.

Solely for purposes of determining whether a break in service for participation purposes has occurred in a computation period, an individual who is absent from work for maternity or paternity reasons shall receive credit for the hours of service that otherwise would have been credited to such individual but for such absence, or in any case in which such hours cannot be determined, 8 hours of service per day of such absence. For purposes of this paragraph, an absence from work for maternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of a birth of a child of the individual, (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement. The hours of service credited under this paragraph shall be credited (1) in the computation period in which the absence begins if the crediting is necessary to prevent a break in service in that period, or (2) in all other cases in the following computation period.

(15) "Normal Retirement Age" means the normal retirement age specified in Section 1.06(a) of the Adoption Agreement.

(16) "Owner-Employee" means, if the Employer is a sole proprietorship, the individual who is the sole proprietor, or if the Employer is a partnership, a partner who owns more than 10 percent of either the capital interest or the profits interest of the partnership.

(17) "Participant" means any Employee who participates in the Plan in accordance with Article 3 hereof.

(18) "Plan" means the plan established by the Employer as set forth herein as a new plan or as an amendment to an existing plan, by executing the Adoption Agreement, together with any and all amendments hereto.

(19) "Plan Year" means the 12-consecutive month period designated by the Employer in Section 1.01(d).

(20) "Registered Investment Company" means any one or more corporations, partnerships or trusts registered under the Investment Company Act of 1940 for which Fidelity Management and Research Company serves as investment advisor.

(21) "Related Employer" means any employer other than the Employer named in Section 1.02(a), if the Employer and such other employer are members of a controlled group of corporations (as defined in Section 414(b) of the Code) or an affiliated service group (as defined in Section 414(m)), or are trades or businesses (whether or not incorporated) which are under common control (as defined in Section 414(c)), or such other employer is required to be aggregated with the Employer pursuant to regulations issued under Section 414(o).

(22) "Self-Employed Individual" means an individual who has Earned Income for the taxable year from the Employer or who would have had Earned Income but for the fact that the trade or business had no net profits for the taxable year.

(23) "Trust" means the trust created by the Employer.

(24) "Trust Agreement" means the agreement between the Employer and the Trustee, as set forth in a separate agreement, under which assets are held, administered, and managed subject to the claims of the Employer's creditors in the event of the Employer's insolvency, until paid to Plan Participants and their Beneficiaries as specified in the Plan.

(25) "Trust Fund" means the property held in the Trust by the Trustee.

(26) "Trustee" means the corporation or individuals appointed by the Employer to administer the Trust in accordance with the Trust Agreement.

(27) "Years of Service for Vesting" means, with respect to any Employee, the number of whole years of his periods of service with the Employer or a Related Employer (the elapsed time method to compute vesting service), subject to any exclusions elected by the Employer in Section 1.07(b). An Employee will receive credit for the aggregate of all time period(s) commencing with the Employee's Employment Commencement Date and ending on the date a break in service begins, unless any such years are excluded by Section 1.07(b). An Employee will also receive credit for any period of severance of less than 12 consecutive months. Fractional periods of a year will be expressed in terms of days.

In the case of a Participant who has 5 consecutive 1-year breaks in service, all years of service after such

breaks in service will be disregarded for the purpose of vesting the Employer-derived account balance that

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7

accrued before such breaks, but both pre-break and post-break service will count for the purposes of vesting the Employer-derived account balance that accrues after such breaks. Both accounts will share in the earnings and losses of the fund.

In the case of a Participant who does not have 5 consecutive 1-year breaks in service, both the pre-break and post-break service will count in vesting both the pre-break and post-break employer-derived account balance.

A break in service is a period of severance of at least 12 consecutive months. Period of severance is a continuous period of time during which the Employee is not employed by the Employer. Such period begins on the date the Employee retires, quits or is discharged, or if earlier, the 12-month anniversary of the date on which the Employee was otherwise first absent from service.

In the case of an individual who is absent from work for maternity or paternity reasons, the 12-consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a break in service. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of the birth of a child of the individual, (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement.

If the Plan maintained by the Employer is the plan of a predecessor employer, an Employee's Years of Service for Vesting shall include years of service with such predecessor employer. In any case in which the Plan maintained by the Employer is not the plan maintained by a predecessor employer, service for such predecessor shall be treated as service for the Employer to the extent provided in Section 1.08.

- (b) Pronouns used in the Plan are in the masculine gender but include the feminine gender unless the context clearly indicates otherwise.

## ARTICLE 3. PARTICIPATION.

3.01. DATE OF PARTICIPATION. An eligible Employee (as set forth in Section 1.03(a)) will become a Participant in the Plan on the first Entry Date after which he becomes an eligible Employee if he has filed an election pursuant to Section 4.01. If the eligible Employee does not file an election pursuant to Section 4.01 prior to his first Entry Date, then the eligible Employee will become a Participant in the Plan as of the first day of a Plan Year for which he has filed an election.

6

8

3.02. RESUMPTION OF PARTICIPATION FOLLOWING RE-EMPLOYMENT. If a Participant ceases to be an Employee and thereafter returns to the employ of the Employer he will again become a Participant as of an Entry Date following the date on which he completes an Hour of Service for the Employer following his re-employment, if he is an eligible Employee as defined in Section 1.03(a), and has filed an election pursuant to Section 4.01.

3.03 CESSATION OR RESUMPTION OF PARTICIPATION FOLLOWING A CHANGE IN STATUS. If any Participant continues in the employ of the Employer or Related Employer but ceases to be an eligible Employee as defined in Section 1.03(a), the individual shall continue to be a Participant until the entire amount of his benefit is distributed; however, the individual shall not be entitled to make Deferral Contributions or receive an allocation of Matching contributions during the period that he is not an eligible Employee. Such Participant shall continue to receive credit for service completed during the period for purposes of determining his vested interest in his Accounts. In the event that the individual subsequently again becomes an eligible Employee, the individual shall resume full participation in accordance with Section 3.01.

## ARTICLE 4. CONTRIBUTIONS.

4.01. DEFERRAL CONTRIBUTIONS. Each Participant may elect to execute a salary reduction agreement with the Employer to reduce his Compensation by a specified percentage not exceeding the percentage set forth in Section 1.05(a) and equal to a whole number multiple of one (1) percent. Such agreement shall become effective on the first day of the period as set forth in the Participant's election. The election will be effective to defer Compensation relating to all services performed in a Plan Year subsequent to the filing of such an election. An election once made will remain in effect until a new election is made. A new election will be effective as of the first day of the following Plan Year and will apply only to Compensation payable with respect to services rendered after such date. Amounts credited to a Participant's account prior to the effective date of any new election will not be affected and will be paid in accordance with that prior election. The Employer shall credit an amount to the account

maintained on behalf of the Participant corresponding to the amount of said reduction. Under no circumstances may a salary reduction agreement be adopted retroactively. A Participant may not revoke a salary reduction agreement for a Plan year during that year.

4.02. MATCHING CONTRIBUTIONS. If so provided by the Employer in Section 1.05(b), the Employer shall make a Matching Contribution to be credited to the account maintained on behalf of each Participant who had Deferral Contributions made on his behalf during the year and who meets the requirement, if any, of Section 1.05(b) (3). The amount of the Matching Contribution shall be determined in accordance with Section 1.05(b).

4.03. TIME OF MAKING EMPLOYER CONTRIBUTIONS. The Employer will from time to time make a transfer of assets to the Trustee for each Plan Year. The Employer shall provide the Trustee with information on the amount to be credited to the separate account of each Participant maintained under the Trust.

7

9

#### ARTICLE 5. PARTICIPANTS' ACCOUNTS.

5.01. INDIVIDUAL ACCOUNTS. The Administrator will establish and maintain an Account for each Participant which will reflect Matching and Deferral Contributions credited to the Account on behalf of the Participant and earnings, expenses, gains and losses credited thereto, and deemed investments made with amounts in the Participant's Account. The Administrator will establish and maintain such other accounts and records as it decides in its discretion to be reasonably required or appropriate in order to discharge its duties under the Plan. Participants will be furnished statements of their Account values at least once each Plan Year.

#### ARTICLE 6. INVESTMENT OF CONTRIBUTIONS.

6.01. MANNER OF INVESTMENT. All amounts credited to the Accounts of Participants shall be treated as though invested and reinvested only in eligible investments selected by the Employer in Section 1.11(b).

6.02. INVESTMENT DECISIONS. Investments in which the Accounts of Participants shall be treated as invested and reinvested shall be directed by the Employer or by each Participant, or both, in accordance with the Employer's election in Section 1.11(a).

- (a) All dividends, interest, gains and distributions of any nature earned in respect of Fund Shares in which the Account is treated as investing shall be credited to the Account as though reinvested in additional shares of that Fidelity Fund.

- (b) Expenses attributable to the acquisition of investments shall be charged to the Account of the Participant for which such investment is made.

## ARTICLE 7. RIGHT TO BENEFITS.

7.01 NORMAL OR EARLY RETIREMENT. If provided by the Employer in Section 1.07(d), each Participant who attains his Normal Retirement Age or Early Retirement Age will have a nonforfeitable interest in his Account in accordance with the vesting schedule elected in Section 1.07. If a Participant retires on or after attainment of Normal or Early Retirement Age, such retirement is referred to as a normal retirement. On or after his normal retirement, the balance of the Participant's Account, plus any amounts thereafter credited to his Account, subject to the provisions of Section 7.06, will be distributed to him in accordance with Article 8.

If provided by the Employer in Section 1.06, a Participant who separates from service before satisfying the age requirements for early retirement, but has satisfied the service requirement will be entitled to the distribution of his Account, subject to the provisions of Section 7.06, in accordance with Article 8, upon satisfaction of such age requirement.

7.02 DEATH. If a Participant dies before the distribution of his Account has commenced, or before such distribution has been completed, his Account shall become vested in accordance with the vesting schedule elected in Section 1.07 and his designated Beneficiary or Beneficiaries will be entitled to receive the balance or remaining balance of his Account, plus any amounts thereafter credited to his Account, subject to the provisions of Section 7.06. Distribution to the Beneficiary or Beneficiaries will be made in accordance with Article 8.

A Participant may designate a Beneficiary or Beneficiaries, or change any prior designation of Beneficiary or Beneficiaries by giving notice to the Administrator on a form designated by the Administrator. If more than one person is designated as the Beneficiary, their respective interests shall be as indicated on the designation form.

A copy of the death notice or other sufficient documentation must be filed with and approved by the Administrator. If upon the death of the Participant there is, in the opinion of the Administrator, no designated Beneficiary for part or all of the Participant's Account, such amount will be paid to his surviving spouse or, if none, to his estate (such spouse or estate shall be deemed to be the Beneficiary for purposes of the Plan). If a Beneficiary dies after benefits to such Beneficiary have commenced, but before they have been completed, and, in the opinion of the Administrator, no person has been designated to receive such remaining benefits, then such benefits shall

be paid to the deceased Beneficiary's estate.

7.03 OTHER TERMINATION OR EMPLOYMENT. If provided by the Employer in Section 1.06, if a Participant terminates his employment for any reason other than death or normal retirement, he will be entitled to a termination benefit equal to (i) the vested percentage(s) of the value of the Matching Contributions to his Account, as adjusted for income, expense, gain, or loss, such percentage(s) determined in accordance with the vesting schedule(s) selected by the Employer in Section 1.07, and (ii) the value of the Deferral Contributions to his Account as adjusted for income, expense, gain or loss. The amount payable under this Section 7.03 will be subject to the provisions of Section 7.06 and will be distributed in accordance with Article 8.

7.04 SEPARATE ACCOUNT. If a distribution from a Participant's Account has been made to him at a time when he has a nonforfeitable right to less than 100 percent of his Account, the vesting schedule in Section 1.07 will thereafter apply only to amounts in his Account attributable to Matching Contributions allocated after such distribution. The balance of his Account immediately after such distribution will be transferred to a separate account which will be maintained for the purpose of determining his interest therein according to the following provisions.

At any relevant time prior to a forfeiture of any portion thereof under Section 7.05, a Participant's nonforfeitable interest in his Account held in a separate account

described in the preceding paragraph will be equal to  $P (AB + (RxD)) - (RxD)$ , where P is the nonforfeitable percentage at the relevant time determined under Section 7.05; AB is the account balance of the separate account at the relevant time; D is the amount of the distribution; and R is the ratio of the account balance at the relevant time to the account balance after distribution. Following a forfeiture of any portion of such separate account under Section 7.05 below, any balance in the Participant's separate account will remain fully vested and nonforfeitable.

7.05 FORFEITURES. If a Participant terminates his employment, any portion of his Account (including any amounts credited after his termination of employment) not payable to him under Section 7.03 will be forfeited by him. For purposes of this paragraph, if the value of a Participant's vested account balance is zero, the Participant shall be deemed to have received a distribution of his vested interest immediately following termination of employment. Such forfeitures will be applied to reduce the contributions of the Employer under the Plan (or administrative expenses of the Plan).

7.06 ADJUSTMENT FOR INVESTMENT EXPERIENCE. If any distribution under this

Article 7 is not made in a single payment, the amount remaining in the Account after the distribution will be subject to adjustment until distributed to reflect the income and gain or loss on the investments in which such amount is treated as invested and any expenses properly charged under the Plan and Trust to such amounts.

7.07 HARDSHIP WITHDRAWALS. Subject to the provisions of Article 8, a Participant shall not be permitted to withdraw his Account (and earnings thereon) prior to retirement or termination of employment, except if permitted under Section 1.09, a Participant may apply to the Administrator to withdraw some or all of his Account if such withdrawal is made on account of a hardship as determined by the Employer.

## ARTICLE 8. DISTRIBUTION OF BENEFITS PAYABLE AFTER TERMINATION OF SERVICE.

### 8.01 DISTRIBUTION OF BENEFITS TO PARTICIPANTS AND BENEFICIARIES.

- (a) Distributions under the Plan to a Participant or to the Beneficiary of the Participant shall be made in a lump sum in cash or, if elected by the Employer in Section 1.10 and specified in the Participant's deferral election, under a systematic withdrawal plan (installment(s)) not exceeding 10 years upon retirement, death or other termination of employment.
- (b) Distributions under a systematic withdrawal plan must be made in substantially equal annual, or more frequent, installments, in cash, over a period certain which does not extend 10 years. The period certain specified in a Participant's first deferral election specifying distribution under a systematic withdrawal plan shall apply to all subsequent elections of distributions under a systematic withdrawal plan made by the Participant.

8.02 DETERMINATION OF METHOD OF DISTRIBUTION. The Participant will determine the method of distribution of benefits to himself and the method of distribution to his Beneficiary. Such determination will be made at the time the Participant makes a deferral election. If the Participant does not determine the method of distribution to him or his Beneficiary, the method shall be a lump sum.

8.03 NOTICE TO TRUSTEE. The Administrator will notify the Trustee in writing whenever any Participant or Beneficiary is entitled to receive benefits under the Plan. The Administrator's notice shall indicate the form, amount and frequency of benefits that such Participant or Beneficiary shall receive.

8.04 TIME OF DISTRIBUTION. In no event will distribution to a Participant be made later than the date specified by the Participant in his salary reduction

agreement.

## ARTICLE 9. AMENDMENT AND TERMINATION.

9.01 AMENDMENT BY EMPLOYER. The Employer reserves the authority to amend the Plan by filing with the Trustee an amended Adoption Agreement, executed by the Employer only, on which said Employer has indicated a change or changes in provisions previously elected by it. Such changes are to be effective on the effective date of such amended Adoption Agreement. Any such change notwithstanding, no Participant's Account shall be reduced by such change below the amount to which the Participant would have been entitled if he had voluntarily left the employ of the Employer immediately prior to the date of the change. The Employer may from time to time make any amendment to the Plan that may be necessary to satisfy the Code or ERISA. The Employer's board of directors or other individual specified in the resolution adopting this Plan shall act on behalf of the Employer for purposes of this Section 9.01.

9.02 RETROACTIVE AMENDMENTS. An amendment made by the Employer in accordance with Section 9.01 may be made effective on a date prior to the first day of the Plan Year in which it is adopted if such amendment is necessary or appropriate to enable the Plan and Trust to satisfy the applicable requirements of the Code or ERISA or to conform the Plan to any change in federal law or to any regulations or ruling thereunder. Any retroactive amendment by the Employer shall be subject to the provisions of Section 9.01.

9.03 TERMINATION. The Employer has adopted the Plan with the intention and expectation that contributions will be continued indefinitely. However, said Employer has no obligation or liability whatsoever to maintain the Plan for any length of time and may discontinue contributions under the Plan or terminate the Plan at any time by written notice delivered to the Trustee without any liability hereunder for any such discontinuance or termination.

9.04 DISTRIBUTION UPON TERMINATION OF THE PLAN. Upon termination of the Plan, no further Deferral Contributions or Matching Contributions shall be made under the Plan, but Accounts of Participants maintained under the Plan at the time of termination shall continue to be governed by the terms of the Plan until paid out in accordance with the terms of the Plan.

## ARTICLE 10. MISCELLANEOUS.

10.01. COMMUNICATION TO PARTICIPANTS. The Plan will be communicated to all Participants by the Employer promptly after the Plan is adopted.

10.02. LIMITATION OF RIGHTS. Neither the establishment of the Plan and the Trust, nor any amendment thereof, nor the creation of any fund or account, nor

the payment of any benefits, will be construed as giving to any Participant or other person any legal or equitable right against the Employer, Administrator or Trustee, except as provided herein; and in no event will the terms of employment or service of any Participant be modified or in any way affected hereby.

10.03. NONALIENABILITY OF BENEFITS. The benefits provided hereunder will not be subject to alienation, assignment, garnishment, attachment, execution or levy of any kind, either voluntarily or involuntarily, and any attempt to cause such benefits to be so subjected will not be recognized, except to such extent as may be required by law.

10.04. FACILITY OF PAYMENT. In the event the Administrator determines, on the basis of medical reports or other evidence satisfactory to the Administrator, that the recipient of any benefit payments under the Plan is incapable of handling his affairs by reason of minority, illness, infirmity or other incapacity, the Administrator may direct the Trustee to disburse such payments to a person or institution designated by a court which has jurisdiction over such recipient or a person or institution otherwise having the legal authority under State law for the care and control of such recipient. The receipt by such person or institution of any such payments shall be complete acquittance therefor, and any such payment to the extent thereof, shall discharge the liability of the Trust for the payment of benefits hereunder to such recipient.

10.05. INFORMATION BETWEEN EMPLOYER AND TRUSTEE. The Employer agrees to furnish the Trustee, and the Trustee agrees to furnish the Employer, with such information relating to the Plan and Trust as may be required by the other in order to carry out their respective duties hereunder, including without limitation information required under the Code or ERISA and any regulations issued or forms adopted thereunder.

10.06. NOTICES. Any notice or other communication in connection with this Plan shall be deemed delivered in writing if addressed as provided below and if either actually delivered at said address or, in the case of a letter, three business days shall have elapsed after the same shall have been deposited in the United States mail, first-class postage prepaid and registered or certified.

- (a) If to the Employer or Administrator, to it at the address set forth in the Adoption Agreement, to the attention of the person specified to receive notice in the Adoption Agreement;
- (b) If to the Trustee, to it at the address set forth in the Trust Agreement;

or, in each case at such other address as the addressee shall have specified by

written notice delivered in accordance with the foregoing to the addressor's then effective notice address.

10.07. GOVERNING LAW. The Plan and the accompanying Adoption Agreement will be construed, administered and enforced according to ERISA, and to the extent not preempted thereby, the laws of the Commonwealth of Massachusetts.

ARTICLE 11. PLAN ADMINISTRATION.

11.01 POWERS AND RESPONSIBILITIES OF THE ADMINISTRATOR. The Administrator has the full power and the full responsibility to administer the Plan in all of its details, subject, however, to the applicable requirements of ERISA. The Administrator's powers and responsibilities include, but are not limited to, the following:

- (a) To make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan;
- (b) To interpret the Plan, its interpretation thereof in good faith to be final and conclusive on all persons claiming benefits under the Plan;
- (c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;
- (d) To administer the claims and review procedures specified in Section 11.03;
- (e) To compute the amount of benefits which will be payable to any Participant, former Participant or Beneficiary in accordance with the provisions of the Plan;
- (f) To determine the person or persons to whom such benefits will be paid;
- (g) To authorize the payment of benefits;
- (h) To comply with the reporting and disclosure requirements of Part 1 of Subtitle B of Title I of ERISA;
- (i) To appoint such agents, counsel, accountants, and consultants as may be required to assist in administering the Plan;
- (j) By written instrument, to allocate and delegate its responsibilities, including the formation of an Administrative Committee to administer the Plan;

11.02 NONDISCRIMINATORY EXERCISE OF AUTHORITY. Whenever, in the administration of the Plan, any discretionary action by the Administrator is required, the Administrator shall exercise its authority in a nondiscriminatory manner so that all persons similarly situated will receive substantially the same treatment.

11.03 CLAIMS AND REVIEW PROCEDURES.

- (a) Claims Procedure. If any person believes he is being denied any rights or benefits under the Plan, such person may file a claim in writing with the Administrator. If any such claim is wholly or partially denied, the Administrator will notify such person of its decision in writing. Such notification will contain (i) specific reasons for the denial, (ii) specific reference to pertinent Plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, and (iv) information as to the steps to be taken if the person wishes to submit a request for review. Such notification will be given within 90 days after the claim is received by the Administrator (or within 180 days, if special circumstances require an extension of time for processing the claim, and if written notice of such extension and circumstances is given to such person within the initial 90-day period). If such notification is not given within such period, the claim will be considered denied as of the last day of such period and such person may request a review of his claim.
- (b) Review Procedure. Within 60 days after the date on which a person receives a written notice of a denied claim (or, if applicable, within 60 days after the date on which such denial is considered to have occurred), such person (or his duly authorized representative) may (i) file a written request with the Administrator for a review of his denied claim and of pertinent documents and (ii) submit written issues and comments to the Administrator. The Administrator will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent Plan provisions. The decision on review will be made within 60 days after the request for review is received by the Administrator (or within 120 days, if special circumstances require an extension of time for processing the request, such as an election by the Administrator to hold a hearing, and if written notice of such extension and circumstances is given to such person within the initial 60-day period). If the decision on review is not made within such period, the claim will be considered denied.

11.04 COSTS OF ADMINISTRATION. Unless some or all costs and expenses are paid by the Employer, all reasonable costs and expenses (including legal, accounting, and employee communication fees) incurred by the Administrator and the Trustee in administering the Plan and Trust will be paid first from the forfeitures (if

any) resulting under Section 7.05, then from the remaining Trust Fund. All such costs and expenses paid from the Trust Fund will, unless allocable to the Accounts of particular Participants, be charged against the Accounts of all Participants on a prorata basis or in such other reasonable manner as may be directed by the Employer.

AMENDMENT NO. 1  
TO  
THE CORPORATEplan FOR RETIREMENT SELECT PLAN

This Amendment No. 1 to The CORPORATEplan for Retirement Select Plan (the "Plan") as adopted by Wynn's International, Inc. (the "Company") is made as of January 6, 1999.

W I T N E S S E T H

WHEREAS, on August 5, 1998, the Board of Directors of the Company approved the adoption of the Plan in accordance with the terms set forth in the Basic Plan and Adoption Agreement;

WHEREAS, the Board of Directors of the Company specifically authorized, with the consent of James Carroll ("Mr. Carroll"), the contribution of amounts previously deferred by Mr. Carroll pursuant to the Executive Deferred Compensation Agreement dated as of February 18, 1997, as subsequently amended (the "Deferred Compensation Agreement"), to the Plan;

WHEREAS, the Company and Mr. Carroll entered into a Third Amendment to the Deferred Compensation Agreement dated as of January 6, 1999 (the "Third Amendment") pursuant to which Mr. Carroll authorized the Company to contribute to the Plan amounts previously deferred by Mr. Carroll;

WHEREAS, the Plan needs to be amended to reflect the provisions of the Third Amendment; and

WHEREAS, the Plan needs to be amended to reflect certain other modifications to the Basic Plan and Adoption Agreement;

NOW, THEREFORE, the Plan is amended as follows:

1. Pursuant to the terms of the Third Amendment, the Company is authorized to contribute, and the Plan Trustee is authorized to receive, amounts previously deferred by Mr. Carroll. Upon the completion of enrollment forms, Mr. Carroll shall have investment control over the amounts contributed by the Company pursuant to the Third Amendment.

2. Article 4.01 shall be amended in its entirety to read as follows:

"4.01. Deferral Contributions. Each Participant may elect to execute a salary and/or a bonus reduction agreement with the Employer to reduce

his Compensation by a specified percentage not exceeding the percentage set forth in Section 1.05(a) and equal to a whole number multiple of one (1) percent. Such agreement shall become effective on the first day of the period as set forth in the Participant's election. The election will be effective to defer Compensation relating to services performed in a Plan Year subsequent to the filing of such

2

election. An election once made will remain in effect until a new election is made. A new election will be effective as of the first day of a period not less than three months from the last such election in such Plan Year and will only apply to Compensation payable with respect to services rendered after such date. Amounts credited to a Participant's account prior to the effective date of any new election will not be affected and will be paid in accordance with that prior election. The Employer shall credit an amount to the account maintained on behalf of the Participant corresponding to the amount of said reduction. Under no circumstances may a salary reduction agreement be adopted retroactively.

A Participant may revoke a salary and/or bonus reduction agreement for a Plan Year during that year. Amounts credited to a Participant's account prior to the effective date of such revocation will not be affected and will be paid in accordance with the prior election. If a Participant revokes a salary and/or bonus reduction agreement during a Plan Year, any new election by such Participant will become effective no earlier than the first day of the following Plan Year."

3. Except as expressly amended herein, the provisions of the Plan shall continue in full force and effect.

IN WITNESS WHEREOF, this Amendment No. 1 is executed as of the date above.

WYNN'S INTERNATIONAL, INC.

By: /s/ Seymour A. Schlosser

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Seymour A. Schlosser  
Vice President-Finance

2

## WYNN'S INTERNATIONAL, INC.

## COMPUTATION OF NET INCOME PER COMMON SHARE - BASIC

<TABLE>  
<CAPTION>

	Year ended December 31		
	1998	1997	1996
<S>	<C>	<C>	<C>
Income from continuing operations	\$27,290,000	\$25,894,000	\$21,301,000
Discontinued operations:			
Income from operations	--	--	16,000
Income (loss) on disposal	--	319,000	(879,000)
Net income	\$27,290,000	\$26,213,000	\$20,438,000
Weighted average number of shares			
Outstanding	19,109,308	19,649,234	20,462,702
Income per common share:			
Continuing operations	\$ 1.43	\$ 1.32	\$ 1.04
Discontinued operations:			
Income from operations	--	--	--
Income (loss) on disposal	--	.01	(.04)
Net income per common share	\$ 1.43	\$ 1.33	\$ 1.00

</TABLE>

## COMPUTATION OF NET INCOME PER COMMON SHARE -

## ASSUMING DILUTION

<TABLE>  
<CAPTION>

	Year ended December 31		
	1998	1997	1996
<S>	<C>	<C>	<C>
Income from continuing operations	\$27,290,000	\$25,894,000	\$21,301,000
Discontinued operations:			
Income from operations	--	--	16,000
Income (loss) on disposal	--	319,000	(879,000)
Net income	\$27,290,000	\$26,213,000	\$20,438,000

Weighted average number of shares outstanding	19,109,308	19,649,234	20,462,702
Net shares assumed issued using the treasury stock method for stock options outstanding during each period based on average market price	562,258	648,065	654,037
Net shares assumed issued for performance shares pending issuance based on satisfaction of vesting requirements	6,932	7,634	--
	-----	-----	-----
Diluted shares	19,678,498	20,304,933	21,116,739
	=====	=====	=====
Income per common share:			
Continuing operations	\$ 1.39	\$ 1.28	\$ 1.01
Discontinued operations:			
Income from operations	--	--	--
Income (loss) on disposal	--	.01	(.04)
	-----	-----	-----
Net income	\$ 1.39	\$ 1.29	\$ .97
	=====	=====	=====

</TABLE>

Note: The above calculations reflect for all periods the three-for-two stock splits to stockholders of record in December 1997 and December 1996.

This exhibit consists of the following portions of the 1998 Annual Report to Stockholders of Wynn's International, Inc.: the Report of Independent Auditors on page 40, the consolidated financial statements of Registrant on pages 24 through 39, the Selected Financial Data section on page 16, the Management's Discussion and Analysis of Financial Condition and Results of Operations section on pages 17 through 23, and the information appearing under "Common Stock Prices and Cash Dividends Per Share: 1998-1997" on page 41 and "Number of Stockholders" and "Stock Exchange Listing" on page 41.

2

## SELECTED FINANCIAL DATA

&lt;TABLE&gt;

&lt;CAPTION&gt;

		Five years ended December 31, 1998				
(Dollars in thousands, except per share amounts)		1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>
CONTINUING OPERATIONS	Net sales	\$336,875	\$320,953	\$288,531	\$262,584	\$234,659
	Income before taxes based on income	42,641	41,233	33,918	26,500	20,843
	Provision for taxes based on income	15,351	15,339	12,617	9,799	8,461
	Income from continuing operations	27,290	25,894	21,301	16,701	12,382
DISCONTINUED OPERATIONS	Income (loss) from discontinued operations, net of income tax	--	--	16	(1,258)	(561)
	Income (loss) on disposal of discontinued operations, net of income tax	--	319	(879)	--	--
	NET INCOME	\$ 27,290	\$ 26,213	\$ 20,438	\$ 15,443	\$ 11,821
DILUTED EARNINGS PER SHARE OF COMMON STOCK(a)	From continuing operations	\$1.39	\$1.28	\$1.01	\$.81	\$.62
	Discontinued operations:					
	Income (loss) from operations	--	--	--	(.06)	(.03)
	Income (loss) on disposal	--	.01	(.04)	--	--
		\$1.39	\$1.29	\$.97	\$.75	\$.59
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (DILUTED)		19,678,498	20,304,933	21,116,739	20,735,385	20,526,277
CASH DIVIDENDS PER COMMON SHARE		\$.24	\$.2133	\$.1778	\$.1541	\$.1304
SELECTED BALANCE SHEET ITEMS	Current assets	\$163,882	\$147,883	\$149,552	\$128,565	\$116,022
	Current liabilities	66,425	61,386	56,942	47,837	54,056
	Working capital	97,457	86,497	92,610	80,728	61,966
	Current ratio	2.47 to 1	2.41 to 1	2.63 to 1	2.69 to 1	2.15 to 1
	Total assets	\$225,596	\$207,091	\$205,105	\$177,822	\$176,472
	Long-term debt due after one year	--	--	--	75	14,948
	Stockholders' equity	140,850	127,523	132,952	116,233	95,440
	Book value per common share	\$7.49	\$6.63	\$6.48	\$5.71	\$5.08
NUMBER OF EMPLOYEES	Continuing Operations	2,121	2,073	1,962	1,769	1,729

&lt;/TABLE&gt;

(a) See Note 1 of Notes to Consolidated Financial Statements for certain per share information. All per share amounts have been adjusted to reflect the 3 for 2 stock splits effected in 1997, 1996 and 1995.

The above Selected Financial Data for the five years ended December 31, 1998 is not reported upon herein by independent auditors. See Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management's Discussion and Analysis  
of Financial Condition and Results of Operations

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Wynn's International, Inc.

RESULTS OF CONTINUING OPERATIONS

1998 COMPARED TO 1997

Net sales in 1998 were \$336.9 million compared to \$321.0 million in 1997, an increase of 5 percent. Sales increased 5 percent at the Specialty Chemicals Division in 1998 compared to 1997. Sales increased 4 percent at the Automotive and Industrial Components Division, which is comprised of Wynn's-Precision, Inc. ("Precision"), a Lebanon, Tennessee-based supplier of O-rings, seals and molded rubber products, and Robert Skeels & Company ("Skeels"), a small regional wholesale distributor of builders hardware products.

Precision recorded a 5 percent increase in sales in 1998. Precision's growth in sales was due primarily to higher sales to the U.S. automotive original equipment manufacturers ("OEMs") and the introduction of new products. Precision's composite gaskets product line posted another strong increase in 1998 compared to the prior year, and Precision expects this trend to continue. Precision's sales growth in 1998 was negatively impacted by a three-week labor strike at two of its major plants in Tennessee during the second quarter of 1998. Precision's sales were also impacted by the eight-week labor strike at General Motors, Precision's largest customer, in the summer of 1998. Precision continued to receive requests in 1998 for price freezes or price reductions from customers in many markets that it serves. Precision expects this trend to continue in 1999. Higher revenues at Precision generally resulted from an increase in the number of units sold as opposed to price increases. Skeels' sales increased 2 percent in 1998 compared to 1997.

Sales at the Specialty Chemicals Division, consisting principally of car care products, increased 5 percent on a worldwide basis in 1998 compared to 1997. Reported sales were adversely affected by changes in foreign exchange rates in 1998 compared to 1997. Excluding the impact of foreign exchange rate fluctuations, total revenues in 1998 would have increased 8 percent compared to 1997. The revenue increase was due principally to increased sales in the U.S., France, Belgium and U.K. In the U.S., revenues in 1998 increased 9 percent compared to 1997, mainly due to growth in sales to the U.S. professional market and higher sales from the division's product warranty and newly launched vehicle service contract programs. Export sales from the U.S. to Latin American distributors increased slightly in 1998 compared to 1997, but sales to Asian distributors decreased substantially during the same period. Foreign subsidiary sales increased 3 percent in 1998 over 1997, but would have increased 7 percent if foreign exchange rates in 1998 had remained unchanged from 1997 rates. Sales increased in France, Belgium, U.K., Canada and Mexico, but sales declined in Australia, New Zealand, South Africa, Germany and Venezuela.

Interest income in 1998 was \$2.4 million compared to \$2.1 million in 1997. The increase was due to higher average cash and cash equivalent balances in 1998 than in the prior year, partially offset by lower average interest yields.

On a consolidated basis, total cost of sales in 1998 was 61.5 percent of sales compared to 62.3 percent in 1997. The Specialty Chemicals Division and Precision achieved higher gross margins due to the higher sales volumes and a change in sales mix. Precision's gross margin increased principally due to higher sales at its Tennessee operation, which manufactures and sells primarily O-rings. The increase in gross margin at the Specialty Chemicals Division was due primarily to the growth in sales of product warranty and new vehicle service contract programs.

Management's Discussion and Analysis  
of Financial Condition and Results of Operations

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Wynn's International, Inc.

Selling, general and administrative ("SG&A") expenses increased in 1998 to \$89.3 million, or 26.5 percent of sales, compared to \$81.5 million, or 25.4 percent of sales. The increase during 1998 in SG&A expenses was mainly due to higher selling costs associated with product warranty programs and vehicle

service contracts at the Specialty Chemicals Division and the higher sales at Precision, partially offset by lower corporate expenses. As a percentage of sales, SG&A expenses increased at the Specialty Chemicals Division due primarily to a change in sales mix, but remained approximately the same at Precision. Corporate expenses decreased in 1998 compared to 1997 due primarily to lower executive incentive compensation expenses. In 1998, environmental-related expenses included in total SG&A decreased compared to 1997. The Company closely monitors legal and factual developments in the environmental area to evaluate the adequacy of present reserves.

Income before taxes from continuing operations was \$42.6 million in 1998 compared to \$41.2 million in 1997. In the Automotive and Industrial Components Division, pretax profit increased 11 percent in 1998 due to Precision's higher revenue levels. Precision's profitability is sensitive to changes in volume. Pretax profit increased slightly at Skeels in 1998 compared to 1997 due to the higher revenues and improved gross margins. Pretax profit of the Specialty Chemicals Division decreased 12 percent in 1998 compared to 1997 due to weak results in the U.S., Asia/Pacific area, France, Belgium and Latin America, partially offset by improvements in the U.K., South Africa and Canada. Despite the revenue growth, pretax profit in the U.S. declined 13 percent due to the higher level of SG&A expenses. Excluding the impact of foreign exchange rate changes, the Specialty Chemicals Division's pretax profit would have decreased only 8 percent in 1998.

The effective tax rate in 1998 was 36.0 percent, down from the 37.2 percent tax rate in the prior year. The decline in the effective tax rate was due primarily to changes in estimated provisions for the repatriation of foreign earnings.

Income from continuing operations in 1998 was \$27.3 million compared to \$25.9 million in 1997. The improvement in 1998 compared to 1997 was attributable primarily to the higher pretax profit at Precision and lower corporate expenses, partially offset by the lower pretax profit at the Specialty Chemicals Division.

Basic earnings per share from continuing operations in 1998 was \$1.43 compared to \$1.32 in 1997. Diluted earnings per share from continuing operations in 1998 was \$1.39 compared to \$1.28 in 1997. The increase in per share results in 1998 was due to the increase in net income and a 3 percent decrease in shares outstanding. The number of shares outstanding decreased primarily as a result of the repurchase in April 1997 of 1,650,000 shares of the Company's outstanding stock pursuant to a Dutch Auction self-tender offer and repurchases of the Company's outstanding stock during 1998 pursuant to the Company's share repurchase program. This decrease in outstanding shares was partially offset by the exercise of stock options to purchase 136,152 shares of common stock.

#### FINANCIAL CONDITION

Working capital at December 31, 1998 was \$97.5 million compared to \$86.5 million at December 31, 1997. The current ratio was 2.47 to 1 at December 31, 1998 compared to 2.41 to 1 at December 31, 1997. The Company has adequate cash and cash equivalents and lines of credit to meet foreseeable working capital requirements.

Cash and cash equivalents were \$46.5 million at December 31, 1998 compared to \$43.3 million at December 31, 1997. The increase in cash and cash equivalents was primarily due to cash provided by all operating activities of \$27.1 million and \$1.1 million of proceeds from the exercise of stock options, partially offset by capital expenditures of \$9.9 million, dividends paid of \$4.5 million and \$10.8 million used for repurchases of the Company's common stock.

Accounts receivable increased \$8.5 million to \$64.9 million at December 31, 1998 from \$56.4 million at December 31, 1997. This increase was due principally to the higher sales at Precision and the Specialty Chemicals Division in the fourth quarter of 1998 compared to the quarter ended December 31, 1997 and the offering during the year of extended terms to certain large customers of the Specialty Chemicals Division. Inventories were \$34.3 million at the end of 1998, an increase of \$3.3 million from \$31.0 million at December 31, 1997. The increase in inventories was due to higher inventory levels at the Specialty Chemicals Division, primarily service equipment for sale by the U.S. professional products division, and higher raw material inventories at Precision.

Total current liabilities increased \$5.0 million to \$66.4 million at December 31, 1998 from \$61.4 million at December 31, 1997. The increase was due

primarily to an increase in accounts payable and higher accruals for product warranty programs, partially offset by a decrease in the amount payable for taxes based on income, salaries and other compensation, and other accrued liabilities. Income taxes paid in 1998 were \$16.4 million, approximately the same as in 1997.

Net property, plant and equipment increased \$1.9 million to \$50.2 million in 1998, consisting of \$9.9 million in additions (principally at Precision and the Specialty Chemicals Division), offset by an annual depreciation charge of \$7.9 million, as well as retirements and foreign exchange adjustments.

At December 31, 1998, the Company had two separate \$15.0 million unsecured domestic committed bank lines of credit, which permit borrowings through June 2000 and June 2001, respectively, and one uncommitted domestic line of credit. The Company also has various other foreign uncommitted credit lines. At December 31, 1998, no borrowings were outstanding under any of these lines.

The Company believes that additional lines of credit could be obtained if necessary. Under present circumstances, neither additional lines of credit nor additional long-term financing is required to supplement working capital requirements.

Stockholders' equity at the end of 1998 was \$140.9 million compared to \$127.5 million at the end of 1997. The increase of \$13.3 million is attributable primarily to net income of \$27.3 million and \$1.4 million from the exercise of stock options, including the related tax benefits, reduced by \$10.8 million of repurchases of the Company's common stock and dividends declared of \$4.6 million.

In December 1998, the Company's Board of Directors approved a new three-year, \$15 million open market share repurchase program to begin January 1999. This new repurchase program replaces the Company's three-year, \$15 million share repurchase program that expired December 31, 1998.

The Company expects total capital expenditures in 1999 to be approximately \$16 million, which will be funded from current operations. As previously announced, the Company is continuing to explore possible niche acquisitions.

#### YEAR 2000 MATTERS

The Company recognizes the need to ensure its operations will not be adversely impacted by Year 2000 software failures. In 1996, the Company began the necessary change-over of computer systems at its major locations, and now believes the changes to be substantially completed. Certain smaller foreign locations are also presently working toward timely implementation of necessary changes. The costs incurred thus far, and expected to be incurred in the future, are not significant. The Company is also working with customers and vendors to determine their ability to make the necessary conversions. Management presently expects that the necessary corrections will be completed before the Year 2000 with no significant effect on customers or disruption to business operations. See Forward-Looking Statements. The Company currently has no contingency plans in place in the event certain necessary corrections are not fully completed by the Company or its customers and vendors before the year 2000. During 1999, the Company plans to evaluate the need for contingency plans based on future information received from its major business units, customers and vendors.

#### IMPACT OF CHANGING PRICES ON SALES AND INCOME

The Company attempts to minimize the impact of inflation on production and operating costs through cost control programs and productivity improvements. Over the past three years the inflation rate has been relatively low. Nonetheless, the Company has continued to face increases in the cost of labor and some materials, despite requests for price reductions from many customers. Due to intense competition, the Company in 1998 generally was not able to raise prices to its customers to pass along the cost increases experienced.

#### MARKET RISKS

The Company conducts a significant portion of its operations in foreign jurisdictions. Because the Company's foreign subsidiaries conduct operations in the currencies of the countries in which they are based, all financial statements of the foreign subsidiaries must be translated into U.S. dollars. As a result, the Company's reported financial results could be significantly

affected by changes in foreign currency exchange rates. The Company's financial results could also be affected by other factors including weak economic conditions in the foreign markets in which the Company operates. The Company's future operating results are exposed primarily to changes in the Euro currency ("Euro"), a common currency shared by 11 European nations, the Australian dollar, the South African rand, the Canadian dollar and the British pound. The Company currently does not hedge any significant amounts related to its foreign subsidiaries' budgeted sales, results of operations or net investments.

The Company's interest income is most sensitive to changes in the general level of U.S. short-term interest rates and to some extent foreign short-term interest rates, especially in France, Belgium and Australia. Changes in U.S. and foreign interest rates affect the interest earned on the Company's cash and cash equivalents. The Company generally maintains its investments in short-term securities, which have maturities of three months or less, and does not hedge the potential effect from changes in interest rates. The Company's policy is to maintain and ultimately use its cash in excess of operating requirements for planned expansions, potential acquisitions and share repurchases.

Management's Discussion and Analysis  
of Financial Condition and Results of Operations

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Wynn's International, Inc.

EURO CURRENCY CONVERSION

The Euro was introduced on January 1, 1999, and the 11 participating European Monetary Union member countries established irrevocable fixed conversion rates between their local currencies and the Euro. However, the local currencies in those countries will continue to be used as legal tender through January 1, 2002. Thereafter, the local currencies will be canceled and Euro bills and coins will be used for cash transactions in the participating countries. From January 1, 1999 to December 31, 2001, companies will be allowed to transact noncash transactions in either Euro or the local currency.

The Company and certain of its European subsidiaries are currently evaluating the Euro conversion and the potential impact on their operations. At the present time, the Company believes the necessary changes and costs incurred thus far, and expected to be incurred in the future, are not significant. See Forward-Looking Statements.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report may be "forward-looking statements" within the meaning of Section 27A of the Securities Exchange Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, in that they express the Company's expectations or beliefs concerning future events. The statements include the following: the expected continued growth in sales of Precision's composite gasket product line; the demand by Precision's customers for price freezes or price reductions; the sufficiency of working capital; the availability of new lines of credit if needed by the Company; the anticipated level of capital expenditures; the lack of impact of the Year 2000 problem and Euro conversion on the Company's business operations; and the effect of potential changes in market risks.

The Company cautions that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements, including the following: sales of new and used cars in the U.S.; automotive and off-road construction vehicle production rates in North America; currency exchange rates relative to the U.S. dollar; short-term domestic and international interest rates; the impact of competitive products and pricing; attempts by state governments to regulate the product warranty program; termination of one or more of the product warranty division's alliances with automobile finance companies or a significant slowdown in the business of these companies; regulatory or technical developments or subsequently developed information causing an increase in the Company's estimated liability for environmental matters; the ability of the Company's vendors and customers to successfully resolve any Year 2000 and Euro currency conversion issues in their respective businesses; and general economic conditions, especially in North America and Western Europe.

The Company's actual results thus may differ materially from the expected results expressed or implied by the forward-looking statements.

RESULTS OF CONTINUING OPERATIONS

1997 COMPARED TO 1996

Net sales in 1997 were \$321.0 million compared to \$288.5 million in 1996, an increase of 11 percent. Sales increased 20 percent at the Automotive and Industrial Components Division and 3 percent at the Specialty Chemicals Division in 1997 compared to 1996.

Precision recorded a 20 percent increase in sales in 1997. Precision's growth was primarily due to higher sales to the U.S. automotive OEMs and the off-road construction

Wynn's International, Inc.

industry and the introduction of new products. Precision's sales in 1997 also increased relative to 1996 due to the September 30, 1996 acquisition of an automotive plastic sealing business. Excluding this acquisition, Precision's sales increased 12 percent in 1997 over 1996. Sales of Precision's innovative composite gaskets continued to grow in 1997 compared to the prior year, and Precision expected this trend to continue as new applications were developed and approved by major automotive OEMs and other vehicle manufacturers. Higher revenues at Precision generally resulted from an increase in the number of units sold as opposed to price increases.

Skeels' sales increased 3 percent in 1997 compared to 1996, principally due to improved economic conditions in the southern California building industry.

Sales at the Specialty Chemicals Division, principally car care products, increased 3 percent on a worldwide basis compared to 1996. Reported sales were adversely affected by changes in foreign exchange rates in 1997 compared to 1996. Excluding the impact of foreign exchange rate fluctuations, total revenues in 1997 would have increased 9 percent compared to 1996. The revenue increase was due principally to increased sales in the U.S., Canada and Belgium. In the U.S., revenues in 1997 increased 7 percent compared to 1996, mainly due to growth in sales by the Division's Azusa, California-based operations to the U.S. professional market and growth in export sales to Asian and Latin American distributors. Sales from the Wynn's product warranty division increased 6 percent in 1997, which was below the growth rate experienced in each of the four years preceding 1997. The lower growth rate was due to the general slowdown in used car sales in 1997, primarily caused by subprime lenders being more selective in granting new credit for auto loans. A significant portion of sales by the Wynn's product warranty division are through relationships established with certain subprime lenders. Foreign subsidiary sales in 1997 were slightly higher than 1996, but would have increased 11 percent if foreign exchange rates in 1997 had remained unchanged from 1996 rates. On a local currency basis, sales grew in all major foreign subsidiary operations. The most significant sales growth in local currency occurred in Belgium, France and Canada.

Interest income in 1997 was \$2.1 million compared to \$1.8 million in 1996. The increase was due to higher average cash and cash equivalent balances in 1997 than in the prior year.

On a consolidated basis, total cost of sales in 1997 was 62.3 percent of sales compared to 60.5 percent in 1996. Both Precision and the Specialty Chemicals Division generated higher gross profit due to the higher sales volumes, but gross margins declined as a percentage of sales. Precision's gross margin declined due to higher sales of its lower margin plastics products and general price pressures. The decrease in gross margin at the Specialty Chemicals Division was due primarily to the growth in sales of product warranty programs and the professional equipment product line, which generally have lower gross margins than other products of the Division.

Selling, general and administrative expenses decreased in 1997 to \$81.5 million, or 25.4 percent of sales, compared to \$81.7 million, or 28.3 percent of sales. The significant decline during 1997 in SG&A expenses as a percentage of sales was mainly due to the growth in sales at Precision, which traditionally has a lower level of operating expenses as a percentage of sales than the Specialty Chemicals Division. Both Precision and the Specialty Chemicals Division were able to reduce SG&A expenses as a percentage of their respective sales due to the higher sales volumes achieved and constant

-----  
Wynn's International, Inc.

monitoring of costs. The 1997 SG&A expenses at the Specialty Chemicals Division also benefited from \$5 million of proceeds from the partial recovery of a judgment in a trademark infringement lawsuit and the nonrecurrence of certain 1996 expenses for relocation and severance costs at two foreign locations. Corporate expenses decreased in 1997 compared to 1996 due to lower accruals for retirement benefit programs, partially offset by higher expenses due to the addition of one senior executive position and higher incentive compensation costs. In 1997, environmental-related expenses included in total SG&A increased compared to 1996. The Company closely monitors legal and factual developments in the environmental area to evaluate the adequacy of present reserves.

Income before taxes from continuing operations was \$41.2 million in 1997 compared to \$33.9 million in 1996. In the Automotive and Industrial Components Division, pretax profit increased 14 percent in 1997 due to Precision's higher revenue levels. Precision's profitability is sensitive to changes in volume. Pretax profit of the Specialty Chemicals Division increased 22 percent in 1997 due to the small increase in revenues and lower operating costs as a percentage of sales. Excluding the impact of foreign exchange rate changes, the Specialty Chemicals Division's pretax profit would have increased 29 percent in 1997.

The effective tax rate in 1997 was 37.2 percent, unchanged from the prior year.

Income from continuing operations in 1997 was \$25.9 million compared to \$21.3 million in 1996. The improvement in 1997 compared to 1996 was primarily attributable to the higher pretax profit at both the Specialty Chemicals Division and Precision.

Basic earnings per share from continuing operations in 1997 was \$1.32 compared to \$1.04 in 1996. Diluted earnings per share from continuing operations in 1997 was \$1.28 compared to \$1.01 in 1996. The Company adopted Statement of Financial Accounting Standards No. 128, Earnings per Share, in December 1997. See Note 2 of Notes to Consolidated Financial Statements for a discussion of the 3 for 2 stock splits in 1997 and 1996. The increase in per share results in 1997 was due to the increase in net income and the decrease in shares outstanding. The number of shares outstanding decreased primarily as a result of the repurchase in April 1997 of 1,650,000 shares of the Company's outstanding stock pursuant to a Dutch Auction self-tender offer. This decrease was partially offset by the exercise of stock options to purchase 439,699 shares of common stock.

RESULTS OF DISCONTINUED OPERATIONS

1997 COMPARED TO 1996

On May 23, 1996, the Company sold the principal operating assets of Wynn's Climate Systems, Inc., ("WCS"), the automotive air conditioning subsidiary which was formerly part of the Automotive and Industrial Components Division.

The results of operations for WCS and the income (loss) on disposal of WCS' principal net operating assets have been classified on the statements of income as discontinued operations. Revenues from discontinued operations for the period January 1 to May 23, 1996 were \$20,353,000. The loss on disposal of the principal operating assets of WCS for the year ended December 31, 1996 included a \$2.6 million tax benefit attributable to the deductibility of goodwill associated with the original acquisition of WCS in 1978. Such goodwill had been previously expensed for financial statement purposes with no tax benefit.

In 1997, income on disposal of discontinued operations was attributable to adjustments to certain estimated reserves arising from the May 1996 sale.

10  
Consolidated Statements of Income

-----  
Wynn's International, Inc.

<TABLE>  
<CAPTION>

		Year ended December 31		
		1998	1997	1996
(Dollars in thousands, except per share amounts)				
<S>	<C>	<C>	<C>	<C>
REVENUES	Net sales	\$336,875	\$320,953	\$288,531
	Interest income	2,356	2,106	1,763

		339,231	323,059	290,294
COSTS AND EXPENSES	Cost of sales	207,088	200,069	174,440
	Selling, general and administrative	89,252	81,520	81,719
	Interest expense	250	237	217
		296,590	281,826	256,376
INCOME FROM CONTINUING OPERATIONS	Income from continuing operations before taxes based on income	42,641	41,233	33,918
	Provision for taxes based on income	15,351	15,339	12,617
		27,290	25,894	21,301
DISCONTINUED OPERATIONS	Discontinued operations, net of income taxes (benefits) of \$195 and \$(4,629), respectively	--	319	(863)
NET INCOME		\$ 27,290	\$ 26,213	\$ 20,438
EARNINGS (LOSS) PER SHARE OF COMMON STOCK	Basic:			
	Continuing operations	\$1.43	\$1.32	\$1.04
	Discontinued operations	--	.01	(.04)
	Total	\$1.43	\$1.33	\$1.00
	Diluted:			
	Continuing operations	\$1.39	\$1.28	\$1.01
	Discontinued operations	--	.01	(.04)
	Total	\$1.39	\$1.29	\$ .97

</TABLE>

See accompanying notes.

11  
Consolidated Balance Sheets

Wynn's International, Inc.

<TABLE>  
<CAPTION>

		December 31	
(Dollars in thousands, except per share amounts)		1998	1997
<S>	<C>	<C>	<C>
ASSETS	Current assets:		
	Cash and cash equivalents	\$ 46,511	\$ 43,266
	Accounts receivable, less \$904 allowance for doubtful accounts (\$959 in 1997)	64,880	56,355
	Inventories	34,347	31,045
	Prepaid expenses and other current assets (including deferred tax assets of \$12,162 in 1998 and \$12,208 in 1997)	18,144	17,217
	Total current assets	163,882	147,883
	Property, plant and equipment, at cost less accumulated depreciation and amortization	50,197	48,341
	Costs in excess of fair value of net assets of businesses acquired, less accumulated amortization of \$2,121 (\$1,975 in 1997)	2,902	3,049
	Other assets	8,615	7,818
		\$225,596	\$207,091
LIABILITIES AND STOCKHOLDERS' EQUITY	Current liabilities:		
	Accounts payable	\$ 23,360	\$ 20,696
	Dividends payable	1,129	1,030
	Taxes based on income	100	1,264
	Accrued liabilities:		
	Product warranty programs	19,094	14,407
	Salaries and other compensation	9,719	10,282
	Other	13,023	13,707
	Total current liabilities	66,425	61,386

Deferred taxes based on income	7,607	7,825
Other liabilities	10,714	10,357
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$1 par value; 500,000 shares authorized, none issued	--	--
Common stock, \$0.01 par value; 40,000,000 shares authorized, 21,898,335 shares issued (21,860,511 in 1997)	219	219
Capital in excess of par value	24,286	23,965
Retained earnings	160,170	137,457
Accumulated other comprehensive income	(5,100)	(5,033)
Unearned compensation	(56)	(58)
Common stock held in treasury 3,095,809 shares, at cost (2,623,087 in 1997)	(38,669)	(29,027)
-----		
Total stockholders' equity	140,850	127,523
-----		
	\$225,596	\$207,091
=====		

</TABLE>

See accompanying notes.

25

12

Consolidated Statements of Stockholders' Equity

-----  
Wynn's International, Inc.

<TABLE>

<CAPTION>

Three years ended December 31, 1998

(Dollars in thousands, except per share amounts)	Common stock		Capital in excess of par value	Retained earnings	Accumulated other comprehensive income	Unearned compensation	Common stock held in treasury	Total
	Shares	Amount						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1996	21,520,764	\$215	\$22,523	\$ 98,619	\$(1,170)	\$(373)	\$(3,581)	\$116,233
Net income	--	--	--	20,438	--	--	--	20,438
Adjustments from foreign currency translation, net	--	--	--	--	(815)	--	--	(815)
Comprehensive income	--	--	--	--	--	--	--	19,623
Cash dividends	--	--	--	(3,639)	--	--	--	(3,639)
Purchase of treasury stock at cost	--	--	--	--	--	--	(1,767)	(1,767)
Stock options exercised, including tax benefits	298,851	3	2,076	--	--	--	37	2,116
Restricted stock issued to employee	--	--	107	--	--	(152)	45	--
Amortization of unearned compensation	--	--	--	--	--	386	--	386
-----								
Balance at December 31, 1996	21,819,615	218	24,706	115,418	(1,985)	(139)	(5,266)	132,952
Net income	--	--	--	26,213	--	--	--	26,213
Adjustments from foreign currency translation, net	--	--	--	--	(3,048)	--	--	(3,048)
Comprehensive income	--	--	--	--	--	--	--	23,165
Cash dividends	--	--	--	(4,174)	--	--	--	(4,174)
Purchase of treasury stock at cost	--	--	--	--	--	--	(28,056)	(28,056)
Stock options exercised, including tax benefits	40,896	1	(741)	--	--	(92)	4,295	3,463
Amortization of unearned compensation	--	--	--	--	--	173	--	173
-----								
Balance at December 31, 1997	21,860,511	219	23,965	137,457	(5,033)	(58)	(29,027)	127,523
Net income	--	--	--	27,290	--	--	--	27,290
Adjustments from foreign								

currency translation, net	--	--	--	--	(67)	--	--	(67)
Comprehensive income	--	--	--	--	--	--	--	27,223
Cash dividends	--	--	--	(4,577)	--	--	--	(4,577)
Purchase of treasury stock at cost	--	--	--	--	--	--	(10,752)	(10,752)
Stock options exercised, including tax benefits	37,824	--	321	--	--	(19)	1,110	1,412
Amortization of unearned compensation	--	--	--	--	--	21	--	21
Balance at December 31, 1998	21,898,335	\$219	\$24,286	\$160,170	\$(5,100)	\$(56)	\$(38,669)	\$140,850

</TABLE>

See accompanying notes.

26

13

Consolidated Statements of Cash Flows

Wynn's International, Inc.

<TABLE>  
<CAPTION>

(Dollars in thousands)		Year ended December 31		
		1998	1997	1996
<S>	<C>	<C>	<C>	<C>
OPERATING ACTIVITIES	Income from continuing operations	\$27,290	\$25,894	\$21,301
	Adjustments:			
	Depreciation and amortization	8,365	8,283	7,405
	Provision for uncollectible accounts	281	307	312
	Amortization of stock compensation	21	173	386
	Gain on fixed asset disposals	(31)	(1)	(11)
	Provision (benefit) for deferred income taxes	(207)	18	(3,381)
	Change in operating assets and liabilities:			
	Accounts receivable-net	(8,811)	(8,289)	(2,721)
	Inventories	(3,302)	(105)	(1,492)
	Prepaid expenses and other current assets	(973)	(327)	(883)
	Other assets	(1,102)	(611)	(540)
	Accounts payable	2,664	2,559	(116)
	Product warranty program reserves	4,687	1,973	3,259
	Taxes based on income	(879)	(848)	1,754
	Accrued liabilities	(1,247)	2,279	3,504
	Other liabilities	357	2,886	713
	Net cash provided by continuing operations	27,113	34,191	29,490
	Net cash provided by (used in) discontinued operations	--	319	(1,132)
	Net cash provided by all operating activities	27,113	34,510	28,358
INVESTING ACTIVITIES	Additions to property, plant and equipment	(9,935)	(11,811)	(9,059)
	Acquisition of business	--	--	(8,255)
	Net proceeds from disposition of net assets of discontinued operations	--	254	23,631
	Other cash receipts-net	78	79	73
	Net cash provided by (used in) investing activities	(9,857)	(11,478)	6,390
FINANCING ACTIVITIES	Dividends paid	(4,478)	(4,060)	(3,512)
	Proceeds from exercise of stock options	1,127	1,882	1,627
	Purchase of treasury stock	(10,752)	(28,056)	(1,767)
	Other cash disbursements-net	--	(73)	(101)
	Net cash used in financing activities	(14,103)	(30,307)	(3,753)
NET CHANGE IN CASH	Effect of exchange rate changes	92	(2,763)	(818)
	Net increase (decrease) in cash and cash equivalents	3,245	(10,038)	30,177
	Cash and cash equivalents at beginning of year	43,266	53,304	23,127
	Cash and cash equivalents at end of year	\$46,511	\$43,266	\$53,304

</TABLE>

Supplemental disclosure of interest and income taxes paid:

Interest paid in 1998, 1997 and 1996 was \$76,000, \$108,000 and \$107,000, respectively. Income taxes paid in 1998, 1997 and 1996 were \$16,437,000, \$16,364,000 and \$9,615,000, respectively.

See accompanying notes.

27

14

Notes to Consolidated Financial Statements

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Wynn's International, Inc.

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of Wynn's International, Inc. ("Wynn's" or the "Company") and its wholly-owned subsidiaries and two majority-owned subsidiaries. All significant intercompany transactions have been eliminated. Certain reclassifications have been made to the prior years' amounts to conform with the 1998 presentation. On May 23, 1996, the Company sold the principal operating assets of Wynn's Climate Systems, Inc. ("WCS"), a manufacturer and marketer of automotive air conditioning systems and components. The results of operations for WCS and the income (loss) on disposal of WCS' principal net operating assets have been classified on the statements of income as discontinued operations.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

PAR VALUE AND STOCK SPLITS

On April 29, 1998, the Company's stockholders approved an amendment to the Company's Certificate of Incorporation to reduce the par value of the Company's Common Stock from \$1.00 per share to \$0.01 per share. All share amounts have been adjusted retroactively for the reduction in par value.

The Company effected a 3 for 2 stock split in the fourth quarter of 1997 and a similar 3 for 2 stock split in the fourth quarter of 1996. All share and per share amounts have been adjusted retroactively for both stock splits. See Note 2.

EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing net income by the weighted average number of diluted shares outstanding during the year and assumes the exercise of stock options. The weighted average number of shares outstanding used to calculate earnings per share in 1998, 1997 and 1996 for basic purposes were 19,109,308, 19,649,234 and 20,462,702, respectively, and for diluted purposes were 19,678,498, 20,304,933 and 21,116,739, respectively. (See Note 2 for a discussion of the stock splits effected in 1997 and 1996.)

CASH AND CASH EQUIVALENTS

The Company's policy is to invest cash in excess of operating requirements in short-term interest bearing investments. Cash equivalents of \$44,507,000 in 1998 and \$39,368,000 in 1997 include commercial paper, guaranteed investment contracts, certificates of deposit, municipal securities and money market accounts which have maturities of three months or less when purchased and are stated at cost, which approximates fair market value.

CONCENTRATIONS OF CREDIT RISK

The Company places its temporary cash investments in high credit quality financial institutions and investment grade short-term investments and limits the amount of credit exposure to any one entity. Substantially all of the Company's accounts receivable are due from customers in the original equipment and aftermarket automotive industries, both in the U.S. and internationally. The Company performs periodic credit evaluations of its customers and generally does not require collateral. The Company does not believe significant credit risks exist at December 31, 1998 with respect to its temporary cash investments or accounts receivable.

## INVENTORIES

Inventories are stated at the lower of cost (principally first-in, first-out) or market.

## DEPRECIATION AND AMORTIZATION

Depreciation and amortization of property, plant and equipment are calculated principally using the straight-line method over the estimated useful lives of the respective assets. See Note 7.

## COSTS IN EXCESS OF FAIR VALUE OF NET ASSETS OF BUSINESSES ACQUIRED

Costs in excess of fair value of net assets of businesses acquired are amortized using the straight-line method over a period of ten to forty years.

28

15

Notes to Consolidated Financial Statements

-----  
Wynn's International, Inc.

## LONG-LIVED ASSETS

The Company reviews long-lived assets and certain identifiable intangibles held and used by the Company for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Based upon the Company's analysis, the Company believes that no impairment of the carrying value of its long-lived assets existed at December 31, 1998.

## INCOME TAXES

The Company provides for income taxes utilizing the liability method and provides taxes on the undistributed earnings of all foreign subsidiaries.

## OTHER LIABILITIES

Noncurrent other liabilities consist primarily of accrued reserves for environmental matters, pension liabilities and post employment benefits. Total noncurrent reserves for environmental matters at December 31, 1998 are \$8.2 million. (See Note 10 for a discussion of contingencies.)

## FOREIGN CURRENCY TRANSLATION

Gains and losses resulting from balance sheet translation of foreign operations where a foreign currency is the functional currency are included as a component of comprehensive income in the statements of stockholders' equity and as accumulated other comprehensive income in stockholders' equity.

## FOREIGN EXCHANGE CONTRACTS

The Company enters into foreign exchange contracts to hedge certain intercompany transactions with its foreign subsidiaries. These contracts reduce currency risk from exchange rate movements. Gains and losses are deferred and accounted for as part of the underlying transactions. The contractual amounts and related deferred gains and losses from these contracts are immaterial.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities. Statement 133 standardizes the accounting for derivative instruments by requiring that an entity recognize those items as assets or liabilities in the balance sheet and measure them at fair market value. Under certain conditions, an entity may elect to designate a derivative instrument as a hedge of certain commitments, forecasted transactions and net investments in foreign operations. Statement 133 is effective for quarterly financial statements for fiscal years beginning after June 15, 1999, and therefore the Company will adopt the new requirements beginning January 1, 2000. The Company is in the process of evaluating the impact of Statement 133 on the Company's financial statements.

## STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation using the intrinsic value method. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock. Compensation cost for performance shares is recorded over the vesting period from the date the underlying stock options are exercised based on the fair market value of the Company's stock.

## COMPREHENSIVE INCOME

As of January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income. Statement 130 establishes new rules for the reporting and display of comprehensive income and its components; however, the adoption of this statement had no impact on the Company's net income or stockholders' equity. Statement 130 requires equity adjustments from foreign currency translation to be reported as accumulated other comprehensive income on the Company's Consolidated Balance Sheets. The statement also requires foreign currency translation adjustments to be reported as a component of comprehensive income. The Company reports comprehensive income in its Consolidated Statements of Stockholders' Equity. Prior years' amounts have been reclassified to conform to the requirements of Statement 130.

Notes to Consolidated Financial Statements

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Wynn's International, Inc.

2. STOCK SPLITS; ACQUISITION; DISCONTINUED OPERATIONS

STOCK SPLITS

On December 10, 1997, the Board of Directors authorized a 3 for 2 stock split effected in the form of a stock dividend payable to stockholders of record on December 22, 1997. Previously, on December 11, 1996, the Board of Directors authorized a 3 for 2 stock split also effected in the form of a stock dividend payable to stockholders of record on December 23, 1996. All references in the consolidated financial statements to average number of shares outstanding and related prices, per share amounts and stock option plan data have been restated retroactively to reflect both of the stock splits.

ACQUISITION

On September 30, 1996, the Company purchased substantially all of the assets of the automotive plastics business of Lawson Mardon Wheaton Inc. The purchase price was \$8,255,000. The acquisition has been accounted for using the purchase method of accounting. Operating results from the business are included in the Automotive and Industrial Components Division beginning in the fourth quarter of 1996.

DISCONTINUED OPERATIONS

On May 23, 1996, the Company sold the principal operating assets of Wynn's Climate Systems, Inc. Revenues from discontinued operations for the period January 1 to May 23, 1996 were \$20,353,000.

3. INVENTORIES

Inventories consist of the following at December 31, 1998 and 1997:

<TABLE>  
<CAPTION>  
(In thousands)

	1998	1997
<S>	<C>	<C>
Finished goods	\$21,922	\$19,821
Raw materials and work in process	12,425	11,224
	\$34,347	\$31,045

=====  
</TABLE>

4. FOREIGN OPERATIONS

Condensed combined financial information of Wynn's foreign subsidiaries (the operations of which are located in Australia, Belgium, Canada, France, Germany, Holland, India, Mexico, New Zealand, South Africa, Spain, U.K. and Venezuela) at December 31, 1998 and 1997 and for the three years ended December 31, 1998 before eliminations of intercompany balances and profits and any provision for taxes on repatriation of foreign earnings, is as follows:

<TABLE>  
<CAPTION>  
(In thousands)

	1998	1997
<S>	<C>	<C>
Assets:		
Current assets	\$52,819	\$47,289
Property, plant and equipment	4,767	4,856
Other noncurrent assets	2,794	2,822

-----

	\$60,380	\$54,967
Liabilities and stockholders' equity:		
Current liabilities	\$25,108	\$22,392
Deferred taxes based on income	612	659
Stockholders' equity	34,660	31,916
	\$60,380	\$54,967

</TABLE>

<TABLE>			
<CAPTION>			
(In thousands)	1998	1997	1996
<S>	<C>	<C>	<C>
Net sales	\$98,191	\$96,184	\$93,949
Net income	\$ 5,857	\$ 6,508	\$ 5,357

</TABLE>

Transaction gains and losses resulting from changes in foreign currency exchange rates have been charged to operations and are immaterial.

30

17

Notes to Consolidated Financial Statements

Wynn's International, Inc.

5. TAXES BASED ON INCOME

The provision for taxes based on income from continuing operations consists of the following elements for the three years ended December 31, 1998:

<TABLE>			
<CAPTION>			
(In thousands)	1998	1997	1996
<S>	<C>	<C>	<C>
Current:			
Federal	\$10,408	\$11,137	\$ 9,535
State	2,029	1,714	1,488
Foreign	3,520	3,691	3,845
Total current	15,957	16,542	14,868
Deferred:			
Federal	(362)	(1,133)	(650)
State	(1)	(120)	(373)
Foreign	(243)	50	(1,228)
Total deferred	(606)	(1,203)	(2,251)
Total	\$15,351	\$15,339	\$12,617

</TABLE>

Pretax income from continuing operations for domestic and foreign operations for the three years ended December 31, 1998 is as follows:

<TABLE>			
<CAPTION>			
(In thousands)	1998	1997	1996
<S>	<C>	<C>	<C>
Domestic	\$34,830	\$32,369	\$26,444
Foreign	7,811	8,864	7,474
	\$42,641	\$41,233	\$33,918

</TABLE>

A reconciliation of the statutory federal income tax rate to the effective tax rate, as a percentage of income from continuing operations before taxes

based on income for the three years ended December 31, 1998, follows:

	1998	1997	1996
Statutory federal income tax rate	35.0%	35.0%	35.0%
State taxes, net of federal tax benefit	3.1	2.5	2.1
Other-net	(2.1)	(0.3)	0.1
Effective tax rate	36.0%	37.2%	37.2%

At December 31, 1998, the Company had the following carryforwards for tax purposes available for future utilization with the indicated expiration periods (in thousands):

Year	Foreign Net Operating Loss
2001	\$ 34
2002	61
2003	39
2004	37
2005	74
2006	46
2007	1
2008	30
Unlimited	1,060
	\$1,382

A valuation allowance of \$1,596,000 has been recognized to offset these and other deferred tax assets. The valuation allowance against deferred tax assets decreased by \$17,000 during 1998 due to a net decrease in tax attribute carryovers.

Significant components of the Company's deferred tax assets and liabilities as of December 31, 1998 and 1997 are as follows:

(In thousands)	1998	1997
Deferred tax liabilities:		
Foreign earnings	\$ 1,906	\$ 2,019
Accelerated depreciation and amortization	3,589	3,166
Pension plan	1,339	1,260
Other	2,933	3,525
Total deferred tax liabilities	9,767	9,970
Deferred tax assets:		
Accrued expenses	13,907	13,733
Inventory valuation	629	834
Tax attributes carryover	1,382	1,399
Subtotal	15,918	15,966
Valuation allowances	(1,596)	(1,613)
Total deferred tax assets	14,322	14,353
Net deferred tax assets	\$ 4,555	\$ 4,383

The provisions (benefits) for income taxes for discontinued operations in 1996 differ from those amounts computed by applying the statutory federal income tax rates due principally to deductible goodwill and federal tax credits.

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 Wynn's International, Inc.

#### 6. LINES OF CREDIT

The Company has two domestic committed unsecured lines of credit for \$15.0 million each which permit borrowings through June 2000 and June 2001, respectively, and various domestic and foreign uncommitted credit lines. The lines provide for borrowings at interest rates of prime (7.75% at December 31, 1998) and/or various other prevailing rates. One of the domestic committed credit lines also includes a \$4.0 million unsecured multicurrency and trade finance facility which provides for standby and commercial letters of credit. The Company is required to pay a commitment fee varying from 0.125% to 0.15% per annum on its committed lines of credit. At December 31, 1998, the Company had no outstanding amounts under any of these lines of credit.

#### 7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at December 31, 1998 and 1997:

<TABLE> <CAPTION> (In thousands)	1998	1997
<S>	<C>	<C>
Land and land improvements	\$ 1,520	\$ 1,500
Buildings and improvements	25,873	24,305
Equipment, furniture and fixtures	79,776	72,314
	-----	-----
	107,169	98,119
Less accumulated depreciation and amortization	(56,972)	(49,778)
	-----	-----
	\$50,197	\$48,341
	=====	=====

</TABLE>

Estimated useful lives used to calculate depreciation and amortization of property, plant and equipment are as follows:

Land improvements	10 - 20 years
Buildings and improvements	10 - 40 years
Equipment, furniture and fixtures	3 - 10 years

-----

#### 8. RETIREMENT PLANS

As of January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 132, Employers' Disclosures about Pensions and Other Postretirement Benefits. This Statement revises employers' disclosures about pensions and other postretirement benefit plans by requiring additional information on changes in benefit obligations and fair values of plan assets. This Statement does not change the measurement or recognition requirements of those plans.

Wynn's and its domestic subsidiaries have four qualified defined benefit retirement plans, which cover substantially all of their U.S. employees. One plan is a compulsory noncontributory defined benefit pension plan that covers the employees of the parent company and two domestic subsidiaries. Another plan is a contributory defined benefit plan that covers the salaried employees of one domestic subsidiary. Two other plans, which were collectively bargained with the unions, cover hourly employees of one domestic subsidiary. Substantially all domestic employees are eligible to participate in one of the plans. Benefits under these plans are based on employees' earnings and length of service with the Company. The funding policy for these plans is to make the annual contribution required by applicable regulations, which are intended to provide only for benefits attributed to service-to-date.

During 1998, Wynn's adopted an unfunded non-qualified supplemental retirement plan for certain key executives of the Company. Benefits under this plan are based upon the participants' base compensation and years of service with the Company. Benefits under the supplemental retirement plan are reduced by employer-provided benefits under Wynn's qualified defined benefit and defined contribution plans and social security benefits.

## Notes to Consolidated Financial Statements

Wynn's International, Inc.

Net periodic pension costs (income) for the three years ended December 31, 1998 included the following components:

<TABLE> <CAPTION> (In thousands)	1998	1997	1996
<S>	<C>	<C>	<C>
Service cost	\$ 971	\$ 766	\$ 808
Interest cost	1,632	1,503	1,464
Expected return on assets	(2,631)	(2,232)	(2,015)
Amortization of transition assets	(249)	(249)	(249)
Amortization of prior service cost	211	167	172
Amortization of gain	(164)	(89)	(77)
	\$ (230)	\$ (134)	\$ 103

&lt;/TABLE&gt;

The above table includes net periodic pension costs charged to discontinued operations of \$56,000 in 1996.

All of the qualified pension plans have plan assets that exceed accumulated benefit obligations. Plan assets include government bonds and securities, money market accounts, mutual funds, corporate bonds and corporate stocks. The following tables set forth the plans' funded status and amounts recognized in the Company's consolidated balance sheets at December 31, 1998 and 1997 and provide a reconciliation of the changes in projected benefit obligations and plan assets for the two years ended December 31, 1998 for the Company's U.S. pension plans:

<TABLE> <CAPTION> (In thousands)	1998	1997
Funded Status		
<S>	<C>	<C>
Accumulated benefit obligation	\$ (23,146)	\$ (19,079)
Projected benefit obligation	\$ (26,604)	\$ (22,397)
Plan assets at fair market value	31,008	29,542
Plan assets in excess of projected benefit obligation	4,404	7,145
Unrecognized transition assets amortized over various periods of time	(641)	(890)
Unrecognized prior service cost	2,245	1,248
Unrecognized net gain	(2,730)	(4,470)
Prepaid pension cost	\$ 3,278	\$ 3,033

&lt;/TABLE&gt;

<TABLE> <CAPTION> (In thousands)	1998	1997
Change in Projected Benefit Obligation		
<S>	<C>	<C>
Projected benefit obligation at January 1	\$ (22,397)	\$ (20,421)
Service cost	(928)	(732)
Interest cost	(1,627)	(1,502)
Employee contributions	(151)	(150)
Plan amendments	(1,208)	--
Assumption change	(1,057)	(369)
Losses	(955)	(945)
Benefits paid	1,719	1,722

Projected benefit obligation at December 31	\$ (26,604)	\$ (22,397)
--	-------------	-------------

</TABLE>

<TABLE>

<CAPTION>

(In thousands)	1998	1997
-----		
Change in Plan Assets		
-----		
<S>	<C>	<C>
Fair market value of plan assets at January 1	\$ 29,542	\$ 25,049
Actual return on plan assets	3,140	6,067
Employer contributions	14	107
Employee contributions	151	150
Benefits paid	(1,719)	(1,722)
Plan expenses	(120)	(109)
-----		
Fair market value of plan assets at December 31	\$ 31,008	\$ 29,542

</TABLE>

Assumptions used as of December 31, 1998, 1997 and 1996 were:

<TABLE>

<CAPTION>

	1998	1997	1996
-----			
<S>	<C>	<C>	<C>
Discount or settlement rate	6.75%	7.25%	7.5%
Rate of increase in compensation level	4.5%	5.0%	5.0%
Expected long-term rate of return on assets	9.0%	9.0%	9.0%

</TABLE>

Non-U.S. employees are generally enrolled in pension plans in their country of domicile. The effect of the Company's foreign plans is considered to be immaterial and has not been included in the above tables. Applicable expenses for these plans have been included in consolidated net income. The Company believes that these plans are adequately funded in accordance with local actuarial principles and laws.

The Company has a defined contribution plan for all full-time U.S. based employees with at least six months of consecutive service. Eligible employees are entitled to contribute from 1% to 10% of their base pay into an investment trust, and the Company

33

20

Notes to Consolidated Financial Statements

-----  
Wynn's International, Inc.

matches, at the rate of \$.50 for each \$1.00 contributed, up to 3% of the employee's base pay. In addition, eligible employees at December 31 each year receive an additional 1% of their base pay contributed by the Company into the plan. The Company's total contributions into this plan for 1998, 1997 and 1996 were \$504,000, \$443,000 and \$408,000, respectively.

The Company provides postretirement medical benefits for certain retired employees at the U.S. operations of Wynn's-Precision, Inc. At January 1, 1993, the accumulated postretirement benefit obligation (before tax benefit) was \$3.2 million, which the Company elected to amortize over 20 years as part of the annual benefit cost. The net periodic postretirement benefit costs were \$119,000, \$145,000 and \$124,000 in 1998, 1997 and 1996, respectively. The Company does not prefund this benefit program. No additional benefits are being earned with respect to this program by any active employees. The following tables set forth the program's status and amounts recognized in the Company's consolidated balance sheets at December 31, 1998 and 1997 and provide a reconciliation of the changes in accumulated postretirement benefit obligation for the two years ended December 31, 1998:

<TABLE>

<CAPTION> (In thousands)	1998	1997
-----		
Program Status		
-----		
<S>	<C>	<C>
Unfunded accumulated post-retirement benefit obligation	\$ (1,439)	\$ (1,436)
Unrecognized net gain (resulting from reduction in estimated health care cost trend rates)	(1,260)	(1,453)
Unrecognized net transition obligation	2,240	2,400
-----		
Accrued postretirement benefit cost	\$ (459)	\$ (489)
=====		

<CAPTION> (In thousands)	1998	1997
-----		
Change in Accumulated Benefit Obligation		
-----		
<S>	<C>	<C>
Accumulated benefit obligation at January 1	\$ (1,436)	\$ (1,519)
Interest cost	(98)	(108)
Benefits paid	150	121
Actuarial gain (loss)	(55)	70
-----		
Accumulated benefit obligation at December 31	\$ (1,439)	\$ (1,436)
=====		

The weighted average discount rates used to determine the accumulated postretirement benefit obligation for 1998 and 1997 were 6.75% and 7.25%, respectively. The assumed annual health care cost trend rate was 8.5% for 1999, gradually decreasing to 4.5% in 2007 and remaining at that level thereafter. If the health care cost trend rate were increased or decreased 1%, the accumulated postretirement benefit obligation would increase \$67,000 or decrease \$61,000, respectively, and the aggregate of the service and interest cost components of the net periodic postretirement benefit cost would increase \$5,000 or decrease \$4,000, respectively.

9. COMMITMENTS

Wynn's rents certain facilities and equipment under various noncancellable operating leases. Rental commitments under these leases, exclusive of property taxes and insurance, are as follows:

<CAPTION> Year	(In thousands)
-----	
<S>	<C>
1999	\$1,851
2000	1,118
2001	795
2002	417
2003	129
2004 and after	92
-----	
Total	\$4,402
=====	

Rental expenses for all operating leases were \$2,589,000 in 1998 (\$2,296,000 in 1997 and \$2,236,000 in 1996).

10. CONTINGENCIES

Various claims and actions, considered normal to the Company's business, have been asserted and are pending against the Company and its subsidiaries. The Company believes that such claims and actions should not have any material adverse effect upon the consolidated results of operations, cash flows, or the financial position of the Company based upon information presently known to the Company.

-----  
Wynn's International, Inc.

The Company is also involved in certain proceedings and potential proceedings relating to environmental matters. At December 31, 1998, included in current other accrued liabilities and noncurrent other liabilities are consolidated accrued reserves of approximately \$9.4 million relating to environmental matters. In establishing such reserves, the Company evaluates to the extent known for each matter the nature and extent of the underlying contamination, the estimated cost of the likely remedy, the number and financial strength of other potentially responsible parties, and the evidence against the various potentially responsible parties. During this evaluation process, the Company makes its best estimate of its likely exposure with respect to each matter based on information known to the Company at that time. Such estimates may involve a range of exposures for each matter. The Company provides aggregate reserves for no less than the minimum amount of the aggregate range of outcomes established by the Company.

The Company lacks sufficient information at this time to provide an estimate of its "reasonably possible" (as such term is defined in Statement of Financial Accounting Standards No. 5) potential liability from all environmental matters. In establishing reserves for environmental matters, the Company assumes that it has appropriately evaluated key factors, such as expected remedy costs, the likely degree of responsibility and ability to pay of other potentially responsible parties, and the Company's probable allocable share. It is reasonably possible that regulatory or technical developments or subsequently developed information could cause the Company to reevaluate its present range of outcomes and to record additional liabilities for existing environmental matters. However, based upon information presently known to the Company, the Company believes that any such additional liabilities should not materially affect the Company's consolidated annual results of operations, cash flows, or financial position.

#### 11. STOCK PLANS

The Company has two stock-based plans pursuant to which current grants of options to purchase common stock of Wynn's may be made. The Stock-Based Incentive Award Plan ("1989 Plan") authorizes the grant of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock and performance shares to officers and key employees of the Company. The Non-Employee Directors' Stock Option Plan ("1994 Plan") provides for the grant of nonqualified stock options to non-employee directors of the Company. In addition, the 1982 Incentive Stock Option Plan ("1982 Plan"), which expired in April 1992, authorized the grant of incentive stock options. Under the 1982 Plan, the aggregate number of options granted could not exceed 1,012,500 shares. Under the 1989 and 1994 Plans, the aggregate number of stock related awards may not exceed 2,039,062 shares. At December 31, 1998, the aggregate number of options available for future grants was 191,495. All options granted under the three plans have been made at prices not less than 100% of the fair market value of the stock at the date of grant. Options granted under the three plans are exercisable at various dates over a ten-year period. However, under the three plans, no options may be exercised until at least one year after the date of grant.

During 1996, 11,250 shares of restricted stock were awarded under the 1989 Plan. The restricted stock award vested over a one-year period. Recipients of restricted stock grants are entitled to cash dividends and voting rights on their respective shares. Restrictions limit the sale or transfer of shares during the vesting period. Unearned compensation of \$152,000 was recorded at the date of the award in 1996 based on the market value of shares. Unearned compensation was amortized to expense over the vesting period.

The Company grants performance shares in connection with certain stock options granted to officers and other key employees. Performance shares are issuable to recipients of these grants who exercise the underlying stock options, hold the shares of stock received for a three-year vesting period and remain continuously employed by the Company during the vesting period. The Company records unearned compensation at the date of exercise of the underlying stock options based on the market value of the performance shares. Unearned compensation is amortized to expense over the three-year vesting period.

During 1998, 26,200 performance shares were granted under the 1989 Plan. At December 31, 1998,

## Notes to Consolidated Financial Statements

Wynn's International, Inc.

grants for 98,070 performance shares were outstanding, including 6,666 shares pending issuance based on satisfaction of vesting requirements. No shares of the Company's common stock have been issued pursuant to performance share grants. No stock appreciation rights were outstanding at December 31, 1998. The following tabulation summarizes certain information related to options for common stock:

	Options	Weighted Average Exercise Price
<S>	<C>	<C>
Outstanding options at January 1, 1996	1,507,950	\$ 4.80
Granted during the year	137,250	10.68
Surrendered, forfeited or expired	(41,516)	8.47
Exercised	(258,971)	5.23
Outstanding at December 31, 1996	1,344,713	5.20
Granted during the year	80,625	13.74
Surrendered, forfeited or expired	(17,063)	13.22
Exercised	(398,764)	3.95
Outstanding at December 31, 1997	1,009,511	6.24
Granted during the year	172,875	21.96
Surrendered, forfeited or expired	(16,139)	15.05
Exercised	(98,284)	6.85
Outstanding at December 31, 1998	1,067,963	\$ 8.60

&lt;/TABLE&gt;

Exercisable options outstanding at December 31, 1998, 1997 and 1996 and the related weighted average exercise prices were 856,654, 866,784 and 1,136,663 and \$5.86, \$5.50 and \$4.56, respectively.

The following tabulation summarizes certain information concerning outstanding and exercisable options at December 31, 1998:

	Range of Exercise Prices		
	\$3.46 to \$4.87	\$5.35 to \$6.89	\$ 9.72 to \$22.31
<S>	<C>	<C>	<C>
Outstanding options:			
Number outstanding	346,783	407,551	313,629
Weighted average exercise price	\$3.65	\$6.09	\$17.33
Weighted average remaining contractual life in years	2.1	4.4	8.5
Exercisable options:			
Number exercisable	346,783	398,771	111,100
Weighted average exercise price	\$3.65	\$6.08	\$11.93

&lt;/TABLE&gt;

If the Company had elected to recognize compensation cost based on the fair value of the options granted at the grant date, net income and earnings per share would have been reduced to the pro forma amounts shown below:

	1998	1997	1996
<S>	<C>	<C>	<C>
Pro forma:			
Net income	\$26,629	\$25,913	\$20,266

Earnings per share:			
Basic	\$1.39	\$1.32	\$.99
Diluted	\$1.35	\$1.28	\$.96

</TABLE>

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option pricing model using the following weighted average assumptions:

<TABLE>

<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Risk free interest rate	5.48%	6.22%	5.38%
Expected life in years	4.5	4.5	4.5
Expected volatility	.276	.276	.274
Expected dividend yield	1.10%	1.56%	1.70%

</TABLE>

The weighted average fair value of options granted during 1998, 1997 and 1996 was \$6.40, \$3.98 and \$2.91 per share, respectively.

The Company has an Employee Stock Purchase Plan (the "Plan") under which there are authorized and available for sale to employees, at a 15% discount, an aggregate of 1,350,000 shares of the Company's common stock. For the Plan year ended December 31, 1998, 32,830 shares were issued at \$18.06 per share in January 1999. At December 31, 1998, 1,189,524 shares were available under the Plan for future sales to employees.

## 12. SHAREHOLDER RIGHTS PLAN

The Company maintains a Shareholder Rights Plan. The plan provides for a dividend distribution of rights (the "Rights") with respect to outstanding shares of common stock of the Company issued prior to the earliest of March 3, 2009, the redemption date of the Rights or certain takeover events. In the event the Company is acquired under certain circumstances in a merger in which the Company is not the surviving corporation, the Rights become rights to purchase the

36

23

Notes to Consolidated Financial Statements

Wynn's International, Inc.

acquiring company's common stock at a 50% discount (the "flip-over feature"). In the event of certain acquisitions of 25% or more of the Company's common stock, the Rights become rights to purchase the Company's common stock at a 50% discount (the "flip-in feature"). The flip-in feature does not apply to tender or exchange offers for all outstanding common stock determined by nonmanagement directors of the Company to be fair and in the best interests of the Company and its stockholders (a "Qualified Offer"). The flip-over feature does not apply to a merger following a Qualified Offer which provided the same or a higher value to the remaining stockholders. The Rights may be redeemed by the Company at a nominal price under certain circumstances. The Rights will expire on March 3, 2009 or on such later date to which the Rights may be extended by the Company, unless earlier redeemed.

## 13. OPERATING SEGMENTS AND RELATED INFORMATION

During 1998, the Company adopted Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information. The Statement requires the Company to report certain information about operating segments based on the way management organizes the segments within the Company for making operating decisions and assessing performance. The Statement also requires the Company to report certain information about its products and services, the geographic areas in which the Company operates and the Company's major customers. The adoption of Statement 131 did not affect the Company's results of operations or financial position, but does affect the disclosure of segment information. The disclosure amounts for 1997 and 1996 have been reclassified to conform with Statement 131 disclosure requirements.

The Company has two reportable segments, Automotive and Industrial Components and Specialty Chemicals. These reportable segments are each managed separately because they manufacture and distribute distinct products with different production processes and distribution channels. Operations in the Automotive and Industrial Components segment involve the development, manufacturing and marketing of O-rings and other static and dynamic seals

principally for the automotive industry. In addition, operations for Robert Skeels & Company, which are not significant, are included in the Automotive and Industrial Components Segment. Operations in the Specialty Chemicals segment involve the development, production and marketing of a wide variety of car care products, automotive chemicals for the consumer, specialty chemicals and equipment for professional automotive service centers and product warranty programs for automotive dealerships, as well as industrial coolants, specialty fluids and cutting fluids used in metal-working. The Corporate and Other segment includes business activities for corporate operations.

The Company evaluates segment performance based on pretax profit or loss from operations, including intercompany interest income and expense allocations and other intercompany charges, but excluding certain expenses for goodwill amortization, litigation and environmental matters and nonrecurring gains and losses. Excluded items are generally considered part of corporate activities.

Segment assets are those assets used in the operations of each segment and include amounts for intercompany cash advances, accounts receivable and notes receivable. The Company does not allocate certain items to its segments, such as various goodwill and tax assets. Assets included in the Corporate and Other category include corporate assets which are principally cash and cash equivalents, prepaid expenses, other receivables and intercompany cash advances, accounts receivable and notes receivable. Assets exclude investments in consolidated subsidiaries.

Sales to the largest customer of the Automotive and Industrial Components segment were 10.0% of consolidated net sales during 1998 (10.1% in 1997 and 1996). Net sales included in the geographic information are attributed to countries based on the location of the business unit reporting the sales. The Company does not have any significant intersegment sales.

37

24

Notes to Consolidated Financial Statements

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Wynn's International, Inc.

13. OPERATING SEGMENTS AND RELATED INFORMATION (CONTINUED)

<TABLE>

<CAPTION>

(In thousands)		Automotive and Industrial Components	Specialty Chemicals	Corporate and Other	Segment Totals	Eliminations	Consolidated Totals
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1998	Net sales	\$175,823	\$161,052	\$ --	\$336,875	\$ --	\$336,875
	Interest income	223	980	1,789	2,992	(636)	2,356
	Interest expense	12	73	801	886	(636)	250
	Depreciation and amortization	6,583	1,739	43	8,365	--	8,365
	Pretax profit (loss)	29,234	17,736	(4,329)	42,641	--	42,641
	Assets	106,281	101,971	34,916	243,168	(17,572)	225,596
	Expenditures for long-lived assets	8,745	1,673	17	10,435	--	10,435
1997	Net sales	\$168,266	\$152,687	\$ --	\$320,953	\$ --	\$320,953
	Interest income	149	730	1,604	2,483	(377)	2,106
	Interest expense	3	105	506	614	(377)	237
	Depreciation and amortization	6,562	1,681	40	8,283	--	8,283
	Pretax profit (loss)	26,446	20,095	(5,308)	41,233	--	41,233
	Assets	100,051	87,258	37,434	224,743	(17,652)	207,091
	Expenditures for long-lived assets	9,896	1,850	65	11,811	--	11,811
1996	Net sales	\$140,513	\$148,018	\$ --	\$288,531	\$ --	\$288,531
	Interest income	144	963	1,230	2,337	(574)	1,763
	Interest expense	3	124	664	791	(574)	217
	Depreciation and amortization	5,628	1,743	34	7,405	--	7,405
	Pretax profit (loss)	23,170	16,442	(5,694)	33,918	--	33,918
	Assets	88,007	83,382	51,803	223,192	(18,087)	205,105
	Expenditures for long-lived assets	7,920	1,527	17	9,464	--	9,464

</TABLE>

Interest income and expense eliminations include amounts for intercompany interest. Asset eliminations primarily include amounts for intercompany accounts receivable and notes receivable, and the reclassification of current deferred

tax liabilities against current deferred tax assets.

The following table presents net sales by country based on the location of the subsidiary:

(In thousands)	1998	1997	1996
United States	\$238,684	\$224,769	\$194,582
France	41,334	38,710	40,750
Other foreign	56,857	57,474	53,199
Total	\$336,875	\$320,953	\$288,531

The following table presents long-lived assets by country based on the location of the assets:

(In thousands)	1998	1997	1996
United States	\$54,153	\$51,530	\$47,516
Foreign	7,561	7,678	8,037
Total	\$61,714	\$59,208	\$55,553

38

25

Notes to Consolidated Financial Statements

Wynn's International, Inc.

#### 14. QUARTERLY INFORMATION (UNAUDITED)

Quarterly information is as follows for the two years ended December 31, 1998:

<TABLE>  
<CAPTION>

(Dollars in thousands, except per share amounts)		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
<S>		<C>	<C>	<C>	<C>	<C>
1998	Net sales	\$85,809	\$85,589	\$79,835	\$85,642	\$336,875
	Gross profit	33,683	33,864	30,350	31,890	129,787
	Net income	7,494	7,149	6,124	6,523	27,290
	Earnings per share:					
	Basic	\$ .39	\$ .37	\$ .32	\$ .35	\$1.43
	Diluted	\$ .38	\$ .36	\$ .31	\$ .34	\$1.39
1997	Net sales	\$77,887	\$81,040	\$79,356	\$82,670	\$320,953
	Gross profit	30,272	30,776	29,512	30,324	120,884
	Income from continuing operations	6,302	6,499	6,416	6,677	25,894
	Income from discontinued operations	--	319	--	--	319
	Net income	6,302	6,818	6,416	6,677	26,213
	Earnings per share:					
	Continuing operations:					
	Basic	\$ .31	\$ .33	\$ .33	\$ .35	\$1.32
	Diluted	\$ .30	\$ .32	\$ .32	\$ .34	\$1.28
	Discontinued operations:					
	Basic	--	\$ .02	--	--	\$ .01
	Diluted	--	\$ .02	--	--	\$ .01
	Net income:					
	Basic	\$ .31	\$ .35	\$ .33	\$ .35	\$1.33
	Diluted	\$ .30	\$ .34	\$ .32	\$ .34	\$1.29

</TABLE>

The total of the quarterly per share amounts may not equal the total earnings per share for the year because the calculations are based on the weighted average number of shares outstanding during the periods.

The above tables reflect retroactively the 3 for 2 stock split effected in 1997. See Note 2.

39

26

Report of Independent Auditors

-----  
The Board of Directors and Stockholders, Wynn's International, Inc.

We have audited the accompanying consolidated balance sheets of Wynn's International, Inc. as of December 31, 1998 and 1997, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1998. 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 generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Wynn's International, Inc. at December 31, 1998 and 1997, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

Los Angeles, California  
January 27, 1999

40

27

Corporate Information  
-----

Wynn's International, Inc.

NUMBER OF  
STOCKHOLDERS  
There were 844 stockholders of  
record at March 8, 1999.

STOCK EXCHANGE  
LISTING  
New York Stock Exchange  
Ticker Symbol: WN

COMMON STOCK PRICES AND  
CASH DIVIDENDS PER SHARE: 1998-1997

The stock price and cash dividends of the Company's Common Stock for the past two years are shown in the following table:

<TABLE>  
<CAPTION>

Quarter	1st	2nd	3rd	4th
<S>	<C>	<C>	<C>	<C>
1998 High	\$25 3/4	\$25 1/16	\$20 3/8	\$22 3/4
Low	20	18 11/16	15 5/8	15 1/16
Dividends	\$.06	\$.06	\$.06	\$.06
1997 High	\$16 1/16	\$19 5/16	\$23 1/4	\$24 1/8
Low	12 13/16	14 3/4	17 15/16	20 7/16
Dividends	\$.0533	\$.0533	\$.0533	\$.0533

</TABLE>

The above table reflects retroactively the 3 for 2 stock split effected in 1997. See Note 2.

41

## WYNN'S INTERNATIONAL, INC.

## SUBSIDIARIES OF REGISTRANT

<TABLE>  
<CAPTION>

Name	State or other Jurisdiction of Incorporation
-----	-----
<S>	<C>
Wynn Oil Company.....	California
Medallion Warranty Services, Inc.....	California
WECI Warranty Services, Inc.....	Florida
Wynn's Extended Care, Inc.....	California
Wynn's Australia Pty. Limited.....	Australia
Wynn's Belgium N.V.....	Belgium
Wynn's Mekuba India Private Limited.....	India
Wynn's Nederland B.V.....	Netherlands
Wynn's Canada, Ltd.....	Canada
Wynn's Deutschland GmbH.....	Germany
Wynn's Espana, S.A.....	Spain
Wynn's France, S.A.....	France
Wynn's Automotive France Consumer.....	France
Wynn's Automotive France Professional.....	France
Wynn's Reseau.....	France
Wynn's Industrie.....	France
Wynn's Friction Proofing de Mexico S.A. de C.V.....	Mexico
Wynn Oil (N.Z.) Limited.....	New Zealand
Wynn Oil (South Africa) (Pty.) Limited.....	South Africa
Wynn Oil (U.K.) Limited.....	England
Wynn Oil Venezuela, S.A.....	Venezuela
Wynn's Export, Inc.....	U.S. Virgin Islands
Alkid Corporation.....	California
Robert Skeels & Company.....	California
Wynn's Climate Systems, Inc.....	Texas
Lone Star Manufacturing Co., Inc.....	Texas
Guidedetail Limited.....	England
Wynn's (UK) Limited.....	England
Wynn's Fluid Power, Inc.....	Delaware
Wynn's-Precision, Inc.....	Delaware
PRPC, Inc.....	Tennessee
Wynn's-Precision Canada Ltd.....	Canada
Wynn's-Precision (U.K.) Ltd.....	England
PRP Seals, Ltd.....	Canada
Dynamic Seals, Inc.....	Delaware

</TABLE>

Except for Wynn Oil Venezuela, S.A. ("Wynn's Venezuela") and Wynn's Mekuba India Private Limited ("Wynn's India"), all of the above-named subsidiaries are 100% owned by Registrant. Wynn's Venezuela and Wynn's India are each 51% owned by Registrant.

## CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Wynn's International, Inc. of our report dated January 27, 1999, included in the 1998 Annual Report to Stockholders of Wynn's International, Inc.

Our audits also included the financial statement schedule of Wynn's International, Inc. in Item 14(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, the financial statement schedule referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statement (Form S-8 No. 2-68157) pertaining to the Amended and Restated 1980 Stock Option and Appreciation Rights Plan and the 1982 Incentive Stock Option Plan of Wynn's International, Inc., the Registration Statements (Form S-8 Nos. 33-30296, 33-64090 and 333-39045) pertaining to the Wynn's International, Inc. Stock-Based Incentive Award Plan, the Registration Statement (Form S-8 No. 33-53917) pertaining to the Wynn's International, Inc. Non-Employee Directors' Stock Option Plan, the Registration Statement (Form S-8 No. 33-53921) pertaining to the Wynn's International, Inc. Employee Stock Purchase Plan, and in the related Prospectuses of our report dated January 27, 1999, with respect to the consolidated financial statements incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule included in the Annual Report (Form 10-K) of Wynn's International, Inc. for the year ended December 31, 1998.

/s/ ERNST & YOUNG LLP

Los Angeles, California  
March 25, 1999

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS CONTAINED IN FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

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