

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

**GENUINE PARTS CO**

CIK: **40987** | IRS No.: **580254510** | State of Incorp.: **GA** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **001-05690** | Film No.: **111183214**  
SIC: **5013** Motor vehicle supplies & new parts

Mailing Address

2999 CIRCLE 75 PARKWAY  
ATLANTA GA 30339

Business Address

2999 CIRCLE 75 PARKWAY  
ATLANTA GA 30339  
4049531700

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

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2011

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-5690

**GENUINE PARTS COMPANY**

(Exact name of registrant as specified in its charter)

**GEORGIA**

(State or other jurisdiction of incorporation or organization)

**58-0254510**

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

**2999 CIRCLE 75 PARKWAY, ATLANTA, GA**

(Address of principal executive offices)

**30339**

(Zip Code)

**(770) 953-1700**

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

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

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

Class \_\_\_\_\_

Outstanding at September 30, 2011 \_\_\_\_\_

Common Stock, \$1.00 par value per share

155,653,410 Shares

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PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

GENUINE PARTS COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

|  | September 30,<br>2011<br>(unaudited)               | December 31,<br>2010 |
|--|--|----------------------|
|  | (in thousands, except share<br>and per share data) |                      |
| <b>ASSETS</b>  |  |                      |
| <b>CURRENT ASSETS</b>  |  |                      |
| Cash and cash equivalents  | \$534,801  | \$529,968            |
| Trade accounts receivable, less allowance for doubtful accounts (2011 – \$27,940;<br>2010 – \$15,599)  | 1,531,046  | 1,364,406            |
| Merchandise inventories, net – at lower of cost or market  | 2,250,309  | 2,224,717            |
| Prepaid expenses and other current assets  | 330,157  | 295,796              |
| <b>TOTAL CURRENT ASSETS</b>  | <b>4,646,313</b>                                   | <b>4,414,887</b>     |
| Goodwill and other intangible assets, less accumulated amortization                                    | 277,924  | 209,548              |
| Deferred tax assets  | 153,319  | 157,392              |
| Other assets   | 227,615  | 199,087              |
| Property, plant and equipment, less allowance for depreciation (2011 – \$730,459;<br>2010 – \$729,187) | 479,547  | 484,130              |
| <b>TOTAL ASSETS</b>  | <b>\$5,784,718</b>                                 | <b>\$5,465,044</b>   |
| <b>LIABILITIES AND EQUITY</b>  |  |                      |
| <b>CURRENT LIABILITIES</b>   |  |                      |
| Trade accounts payable   | \$1,587,326  | \$1,374,930          |
| Current portion of debt  | 250,000  | 250,000              |
| Income taxes payable   | 44,812   | 23,145               |
| Dividends payable  | 70,134   | 64,600               |
| Other current liabilities  | 288,388  | 259,139              |
| <b>TOTAL CURRENT LIABILITIES</b>   | <b>2,240,660</b>                                   | <b>1,971,814</b>     |
| Long-term debt   | 250,000  | 250,000              |
| Pension and other post-retirement benefit liabilities  | 212,876  | 258,807              |
| Other long-term liabilities  | 189,791  | 181,709              |
| <b>EQUITY:</b>   |  |                      |
| Preferred stock, par value – \$1 per share   |  |                      |
| Authorized – 10,000,000 shares – None issued   | -0-  | -0-                  |
| Common stock, par value – \$1 per share  |  |                      |
| Authorized – 450,000,000 shares  |  |                      |
| Issued – 2011 – 155,653,410; 2010 – 157,636,261  | 155,653  | 157,636              |
| Retained earnings  | 3,051,467  | 2,934,535            |
| Accumulated other comprehensive loss   | (325,392)  | (298,352)            |
| <b>TOTAL PARENT EQUITY</b>   | <b>2,881,728</b>                                   | <b>2,793,819</b>     |
| Noncontrolling interests in subsidiaries   | 9,663  | 8,895                |
| <b>TOTAL EQUITY</b>  | <b>2,891,391</b>                                   | <b>2,802,714</b>     |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <b>\$5,784,718</b>                                 | <b>\$5,465,044</b>   |

See notes to condensed consolidated financial statements.

GENUINE PARTS COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

|   | Three Months Ended Sept. 30,<br>2011  | 2010             | Nine Months Ended Sept. 30,<br>2011 | 2010             |
|---|---------------------------------------|------------------|-------------------------------------|------------------|
|   | (unaudited)                           |                  |                                     |                  |
|   | (in thousands, except per share data) |                  |                                     |                  |
| Net sales   | \$3,285,560                           | \$2,950,560      | \$9,444,742                         | \$8,399,861      |
| Cost of goods sold  | <u>2,337,028</u>                      | <u>2,097,529</u> | <u>6,731,302</u>                    | <u>5,964,045</u> |
| Gross profit  | 948,532                               | 853,031          | 2,713,440                           | 2,435,816        |
| Operating expenses:   |                                       |                  |                                     |                  |
| Selling, administrative & other expenses                                | 679,967                               | 618,449          | 1,965,871                           | 1,792,997        |
| Depreciation and amortization   | <u>21,465</u>                         | <u>22,093</u>    | <u>66,938</u>                       | <u>67,422</u>    |
|   | 701,432                               | 640,542          | 2,032,809                           | 1,860,419        |
| Income before income taxes  | 247,100                               | 212,489          | 680,631                             | 575,397          |
| Income taxes  | <u>95,268</u>                         | <u>80,704</u>    | <u>250,472</u>                      | <u>218,536</u>   |
| Net income  | <u>\$151,832</u>                      | <u>\$131,785</u> | <u>\$430,159</u>                    | <u>\$356,861</u> |
| Basic net income per common share                                       | <u>\$.97</u>                          | <u>\$.84</u>     | <u>\$2.74</u>                       | <u>\$2.26</u>    |
| Diluted net income per common share                                     | <u>\$.97</u>                          | <u>\$.83</u>     | <u>\$2.72</u>                       | <u>\$2.25</u>    |
| Dividends declared per common share                                     | <u>\$.45</u>                          | <u>\$.41</u>     | <u>\$1.35</u>                       | <u>\$1.23</u>    |
| Weighted average common shares outstanding                              | 156,206                               | 157,573          | 157,024                             | 158,197          |
| Dilutive effect of stock options and non-vested restricted stock awards | <u>942</u>                            | <u>407</u>       | <u>965</u>                          | <u>398</u>       |
| Weighted average common shares outstanding – assuming dilution          | <u>157,148</u>                        | <u>157,980</u>   | <u>157,989</u>                      | <u>158,595</u>   |

See notes to condensed consolidated financial statements.

GENUINE PARTS COMPANY AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine Months  
 Ended September 30,  
2011                      2010  
 (unaudited)  
 (in thousands)

|   |                         |                         |
|---|-------------------------|-------------------------|
| <b>OPERATING ACTIVITIES:</b>  |                         |                         |
| Net income  | \$430,159               | \$356,861               |
| Adjustments to reconcile net income to net cash provided by operating activities: |                         |                         |
| Depreciation and amortization   | 66,938                  | 67,422                  |
| Share-based compensation  | 5,835                   | 4,674                   |
| Excess tax benefits from share-based compensation                                 | (2,446 )                | (1,500 )                |
| Other   | (952 )                  | 663                     |
| Changes in operating assets and liabilities                                       | <u>(2,126 )</u>         | <u>140,302</u>          |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                                  | <b>497,408</b>          | <b>568,422</b>          |
| <b>INVESTING ACTIVITIES:</b>  |                         |                         |
| Purchases of property, plant and equipment  | (63,932 )               | (58,931 )               |
| Acquisitions and other  | <u>(105,129 )</u>       | <u>(83,080 )</u>        |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                                      | <b>(169,061 )</b>       | <b>(142,011 )</b>       |
| <b>FINANCING ACTIVITIES:</b>  |                         |                         |
| Stock options exercised   | 1,638                   | 7,177                   |
| Excess tax benefits from share-based compensation                                 | 2,446                   | 1,500                   |
| Dividends paid  | (206,236 )              | (193,313 )              |
| Purchase of stock   | <u>(113,359 )</u>       | <u>(69,438 )</u>        |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                                      | <b>(315,511 )</b>       | <b>(254,074 )</b>       |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH   | <u>(8,003 )</u>         | <u>22,591</u>           |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                  | <b>4,833</b>            | <b>194,928</b>          |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD                                  | <u>529,968</u>          | <u>336,803</u>          |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                                 | <b><u>\$534,801</u></b> | <b><u>\$531,731</u></b> |

See notes to condensed consolidated financial statements.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### Note A – Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. Except as disclosed herein, there has been no material change in the information disclosed in the notes to the consolidated financial statements included in the Annual Report on Form 10-K of Genuine Parts Company (the “Company”) for the year ended December 31, 2010. Accordingly, the unaudited interim condensed consolidated financial statements and related disclosures herein should be read in conjunction with the Company’s 2010 Annual Report on Form 10-K.

The preparation of interim financial statements requires management to make estimates and assumptions for the amounts reported in the condensed consolidated financial statements. Specifically, the Company makes estimates and assumptions in its interim consolidated financial statements for inventory adjustments, the accrual of bad debts, and volume incentives earned, among others. Inventory adjustments (including adjustments for a majority of inventories that are valued under the last-in, first-out (“LIFO”) method) are accrued on an interim basis and adjusted in the fourth quarter based on the annual book to physical inventory adjustment and LIFO valuation, which can only be performed at year-end. Bad debts are accrued based on a percentage of sales. Volume incentives are estimated based upon cumulative and projected purchasing levels. The estimates and assumptions for interim reporting may change upon final determination at year-end, and such changes may be significant.

In the opinion of management, all adjustments necessary for a fair presentation of the Company’s financial results for the interim periods have been made. These adjustments are of a normal recurring nature. The results of operations for the nine month period ended September 30, 2011 are not necessarily indicative of results for the entire year. The Company has evaluated subsequent events through the date the financial statements were issued.

### Note B – Segment Information

|                                   | Three Months Ended September 30, |                     | Nine Months Ended September 30, |                     |
|-----------------------------------|----------------------------------|---------------------|---------------------------------|---------------------|
|                                   | 2011                             | 2010                | 2011                            | 2010                |
|                                   | (in thousands)                   |                     | (in thousands)                  |                     |
| <b>Net sales:</b>                 |                                  |                     |                                 |                     |
| Automotive                        | \$ 1,611,333                     | \$ 1,481,294        | \$ 4,601,272                    | \$ 4,231,367        |
| Industrial                        | 1,089,826                        | 921,162             | 3,140,855                       | 2,606,697           |
| Office products                   | 447,310                          | 434,513             | 1,297,965                       | 1,246,984           |
| Electrical/electronic materials   | 143,342                          | 117,290             | 419,936                         | 324,167             |
| Other                             | (6,251 )                         | (3,699 )            | (15,286 )                       | (9,354 )            |
| <b>Total net sales</b>            | <b>\$ 3,285,560</b>              | <b>\$ 2,950,560</b> | <b>\$ 9,444,742</b>             | <b>\$ 8,399,861</b> |
| <b>Operating profit:</b>          |                                  |                     |                                 |                     |
| Automotive                        | \$ 141,233                       | \$ 124,059          | \$ 377,927                      | \$ 338,986          |
| Industrial                        | 97,191                           | 72,856              | 248,489                         | 181,820             |
| Office products                   | 27,204                           | 26,657              | 95,975                          | 93,670              |
| Electrical/electronic materials   | 11,138                           | 8,393               | 30,380                          | 22,156              |
| <b>Total operating profit</b>     | <b>276,766</b>                   | <b>231,965</b>      | <b>752,771</b>                  | <b>636,632</b>      |
| Interest expense, net             | (6,244 )                         | (6,562 )            | (18,980 )                       | (19,988 )           |
| Other, net                        | (23,422 )                        | (12,914 )           | (53,160 )                       | (41,247 )           |
| <b>Income before income taxes</b> | <b>\$ 247,100</b>                | <b>\$ 212,489</b>   | <b>\$ 680,631</b>               | <b>\$ 575,397</b>   |

Net sales by segment exclude the effect of certain discounts, incentives and freight billed to customers. The line item “Other” represents the net effect of the discounts, incentives and freight billed to customers, which is reported as a component of net sales in the Company’s condensed consolidated statements of income.

### Note C – Comprehensive Income

Comprehensive income was \$403.1 million and \$398.3 million for the nine months ended September 30, 2011 and 2010, respectively. The difference between comprehensive income and net income was due to foreign currency translation adjustments and pension and other post-retirement benefit adjustments, as summarized below:

|  | <u>Nine Months Ended September 30,</u> |                  |
|--|--|------------------|
|  | <u>2011</u>                            | <u>2010</u>      |
|  | (in thousands)                         |                  |
| Net income   | \$430,159                              | \$356,861        |
| Other comprehensive (loss) income:                     |  |                  |
| Foreign currency translation                           | (37,547 )                              | 13,526           |
| Pension and other post-retirement benefit adjustments: |  |                  |
| Recognition of prior service credit, net of tax        | (3,931 )                               | (3,755 )         |
| Recognition of actuarial loss, net of tax              | 14,438                                 | 16,799           |
| Net actuarial gain, net of tax                         | –                                      | 14,825           |
|  | <u>(27,040 )</u>                       | <u>41,395</u>    |
| Total other comprehensive (loss) income                |  |                  |
| Comprehensive income                                   | <u>\$403,119</u>                       | <u>\$398,256</u> |

Comprehensive income for the three months ended September 30, 2011 and 2010 totaled \$84.9 million and \$171.8 million, respectively.

### Note D – Recently Issued Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board issued updated guidance on the periodic testing of goodwill for impairment. This guidance will allow companies to assess qualitative factors to determine if it is more-likely-than-not that goodwill might be impaired and whether it is necessary to perform the two-step goodwill impairment test required under current accounting standards. This guidance is applicable for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company is currently evaluating this guidance, but does not expect its adoption will have a material effect on its condensed consolidated financial statements.

### Note E – Share-Based Compensation

As more fully discussed in Note 5 of the Company's notes to the consolidated financial statements in the 2010 Annual Report on Form 10-K, the Company maintains various long-term incentive plans, which provide for the granting of stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units ("RSUs"), performance awards, dividend equivalents and other share-based awards. SARs represent a right to receive upon exercise an amount, payable in shares of common stock, equal to the excess, if any, of the fair market value of the Company's common stock on the date of exercise over the base value of the grant. The terms of such SARs require net settlement in shares of common stock and do not provide for cash settlement. RSUs represent a contingent right to receive one share of the Company's common stock at a future date. The majority of awards previously granted vest on a pro-rata basis for periods ranging from one to five years and are expensed accordingly on a straight-line basis. The Company issues new shares upon exercise or conversion of awards under these plans. Most awards may be exercised or converted to shares not earlier than twelve months nor later than ten years from the date of grant. At September 30, 2011, total compensation cost related to nonvested awards not yet recognized was approximately \$15.8 million, as compared to \$6.9 million at December 31, 2010. The weighted-average period over which this compensation cost is expected to be recognized is approximately three years. The aggregate intrinsic value for options, SARs and RSUs outstanding at September 30, 2011 was approximately \$63.0 million. At September 30, 2011, the aggregate intrinsic value for options, SARs and RSUs vested totaled approximately \$44.1 million, and the weighted-average contractual life for outstanding and exercisable options, SARs and RSUs was approximately six and five years, respectively. For the nine months ended September 30, 2011, \$5.8 million of share-based compensation cost was recorded, as compared to \$4.7 million for the same period in the prior year. On April 1, 2011, the Company granted approximately 1,029,000 SARs and 126,000 RSUs.



Options to purchase approximately 1.0 million and 0.7 million shares of common stock were outstanding but excluded from the computation of diluted earnings per share for the three and nine month periods ended September 30, 2011, as compared to approximately 2.9 million and 5.0 million shares in the three and nine month periods of the prior year, respectively. These options were excluded from the computation of diluted net income per common share because the options' exercise price was greater than the average market price of the common stock.

#### Note F – Employee Benefit Plans

Net periodic benefit cost included the following components for the three months ended September 30:

|                                      | Pension Benefits |                | Other Post-retirement Benefits |              |
|--------------------------------------|------------------|----------------|--------------------------------|--------------|
|                                      | 2011             | 2010           | 2011                           | 2010         |
|                                      | (in thousands)   |                |                                |              |
| Service cost                         | \$3,440          | \$1,711        | \$–                            | \$–          |
| Interest cost                        | 24,807           | 23,055         | 123                            | 143          |
| Expected return on plan assets       | (30,918 )        | (28,564 )      | –                              | –            |
| Amortization of prior service credit | (1,720 )         | (1,745 )       | (168 )                         | (264 )       |
| Amortization of actuarial loss       | 14,417           | 7,623          | 415                            | 423          |
| Net periodic benefit cost            | <u>\$10,026</u>  | <u>\$2,080</u> | <u>\$370</u>                   | <u>\$302</u> |

Net periodic benefit cost included the following components for the nine months ended September 30:

|                                      | Pension Benefits |                 | Other Post-retirement Benefits |              |
|--------------------------------------|------------------|-----------------|--------------------------------|--------------|
|                                      | 2011             | 2010            | 2011                           | 2010         |
|                                      | (in thousands)   |                 |                                |              |
| Service cost                         | \$9,822          | \$9,216         | \$–                            | \$–          |
| Interest cost                        | 72,948           | 71,598          | 356                            | 455          |
| Expected return on plan assets       | (93,044 )        | (85,582 )       | –                              | –            |
| Amortization of prior service credit | (5,223 )         | (5,228 )        | (698 )                         | (794 )       |
| Amortization of actuarial loss       | 39,766           | 26,444          | 1,282                          | 1,319        |
| Net periodic benefit cost            | <u>\$24,269</u>  | <u>\$16,448</u> | <u>\$940</u>                   | <u>\$980</u> |

Pension benefits also include amounts related to a supplemental retirement plan. In August 2011, the Company contributed \$43.0 million to the pension plan.

#### Note G – Guarantees

The Company guarantees the borrowings of certain independently controlled automotive parts stores (“independents”) and certain other affiliates in which the Company has a noncontrolling equity ownership interest (“affiliates”). Presently, the independents are generally consolidated by unaffiliated enterprises that have a controlling financial interest through ownership of a majority voting interest in the entity. The Company has no voting interest or direct or indirect equity ownership interest in any of the independents. The Company does not control the independents or the affiliates but receives a fee for the guarantee. The Company has concluded that the independents are variable interest entities but that the Company is not the primary beneficiary. Specifically, the equity holders of the independents have the power to direct the activities that most significantly impact the entity’s economic performance including, but not limited to, decisions about hiring and terminating personnel, local marketing and promotional initiatives, pricing and selling activities, credit decisions, monitoring and maintaining appropriate inventories, and store hours. Separately, the Company concluded the affiliates are not variable interest entities. The Company’s maximum exposure to loss as a result of its involvement with these independents and affiliates is equal to the total borrowings subject to the Company’s guarantee. While such borrowings of the independents and affiliates are outstanding, the Company is required to maintain compliance with certain covenants, including a maximum debt to capitalization ratio and certain limitations on additional borrowings. At September 30, 2011, the Company was in compliance with all such covenants.

At September 30, 2011, the total borrowings of the independents and affiliates subject to guarantee by the Company were approximately \$211.0 million. These loans generally mature over periods from one to six years. In the event that the Company is required to make payments in connection with guaranteed obligations of the independents or the affiliates, the Company would obtain and liquidate certain collateral (e.g., accounts receivable and inventory) to recover all or a portion of the amounts paid under the guarantee. When it is deemed probable that the Company will incur a loss in connection with a guarantee, a liability is recorded equal to this estimated loss. To date, the Company has had no significant losses in connection with guarantees of independents' and affiliates' borrowings.

The Company has accrued for certain guarantees related to the independents' and affiliates' borrowings as of September 30, 2011. These liabilities are not material to the financial position of the Company and are included in "Other long-term liabilities" in the accompanying condensed consolidated balance sheets.

#### Note H – Fair Value of Financial Instruments

The carrying amounts reflected in the condensed consolidated balance sheets for cash and cash equivalents, trade accounts receivable and trade accounts payable approximate their respective fair values based on the short-term nature of these instruments. At September 30, 2011, the fair value of fixed rate debt was approximately \$519.6 million. The fair value of fixed rate debt is designated as Level 2 in the fair value hierarchy (i.e. significant observable inputs) and is based primarily on the discounted value of future cash flows using current market interest rates offered for debt of similar credit risk and maturity.

#### Note I – Acquisitions

During the nine months ended September 30, 2011, the Company acquired three companies in the Industrial Group and one in the Electrical Group for approximately \$105.1 million. The Company allocated the purchase price to the assets acquired and the liabilities assumed based on their fair values as of their respective acquisition dates. The results of operations for the acquired companies were included in the Company's condensed consolidated statements of income beginning on their respective acquisition dates. The Company recorded approximately \$75 million of goodwill and other intangible assets associated with the acquisitions. The Company is in the process of analyzing the estimated values of assets and liabilities acquired and is obtaining third-party valuations of certain tangible and intangible assets. The allocation of the purchase price is therefore preliminary and subject to revision.

On September 26, 2011, the Company announced that it had entered into an agreement to purchase a 30% equity interest in the Exego Group ("Exego") for approximately \$150 million (US\$). Exego is headquartered in Australia and is an automotive replacement parts and accessories distributor in Australasia. Subject to regulatory approvals, the effective date of the investment is expected to be on or around December 1, 2011. The Company has an option to acquire the remaining 70% of Exego at a later date contingent upon Exego achieving certain earnings thresholds.

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

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying notes contained herein and with the audited consolidated financial statements, accompanying notes, related information and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2010.

#### Forward-Looking Statements

Some statements in this report, as well as in other materials we file with the Securities and Exchange Commission (SEC) or otherwise release to the public and in materials that we make available on our website, constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Senior officers may also make verbal statements to analysts, investors, the media and others that are forward-looking. Forward-looking statements may relate, for example, to future operations, prospects, strategies, financial condition, economic performance (including growth and earnings), industry conditions and demand for our products and services. The Company cautions that its forward-looking statements involve risks and uncertainties, and while we believe that our expectations for the future are reasonable in view of currently available information, you are cautioned not to place undue reliance on our forward-looking statements. Actual results or events may differ materially from those indicated as a result of various important factors. Such factors may include, among other things, slowing demand for the Company's products, changes in general economic conditions, including unemployment, inflation or deflation, high energy costs, uncertain credit markets and other macro-economic conditions, the ability to maintain favorable vendor arrangements and relationships, disruptions in our vendors' operations, competitive product, service and pricing pressures, the Company's

ability to successfully implement its business initiatives in each of its four business segments, the uncertainties and costs of litigation, as well as other risks and uncertainties discussed in the Company' s Annual Report on Form 10-K for 2010 and from time to time in the Company' s subsequent filings with the SEC.

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

### Overview

Genuine Parts Company is a service organization engaged in the distribution of automotive replacement parts, industrial replacement parts, office products and electrical/electronic materials. The Company has a long tradition of growth dating back to 1928, the year we were founded in Atlanta, Georgia. During the nine months ended September 30, 2011, business was conducted throughout the United States, Canada, Mexico and Puerto Rico from approximately 2,000 locations.

For the three months ended September 30, 2011, we recorded consolidated net income of \$151.8 million compared to consolidated net income of \$131.8 million in the same period last year, an increase of 15%. For the nine months ended September 30, 2011, we recorded consolidated net income of \$430.2 million compared to consolidated net income of \$356.9 million in the same period last year, an increase of 21%. The Company continues to focus on several initiatives, such as new and expanded product lines, the penetration of new markets (including by acquisitions), and a variety of gross margin and cost savings initiatives to facilitate consistent and steady growth.

### Sales

Sales for the third quarter of 2011 were \$3.29 billion, an increase of 11% compared to \$2.95 billion for the same period in 2010. For the nine months ended September 30, 2011, sales were \$9.44 billion, an increase of 12% compared to \$8.40 billion in the same period of the previous year.

Sales for the Automotive Parts Group increased 9% in the three and nine month periods ended September 30, 2011, as compared to the same periods in the previous year. Currency exchange had a positive impact on the Automotive Parts Group's results in Canada and Mexico, which contributed approximately 1% to this group's sales for the three and nine month periods ended September 30, 2011. The remainder of the increase in this group's sales was due to volume increases resulting from various sales initiatives and from a steady automotive aftermarket industry. The Industrial Products Group's sales increased by 18% and 20% for the three and nine month periods ended September 30, 2011, respectively, as compared to the same periods in 2010. Several factors contributed to the increase in sales volumes for this group, including the positive impact of the group's internal sales initiatives. In addition, acquisitions contributed approximately 2% and 3% for the three and nine month periods ended September 30, 2011, respectively. Currency exchange had a positive impact on the Industrial Products Group's results in Canada and Mexico as well, which contributed approximately 1% to this group's sales for the three and nine month periods ended September 30, 2011. Industrial market indices, such as Industrial Production and Capacity Utilization, also trended positively over the nine months ended September 30, 2011, indicating ongoing improvement in the manufacturing sector of the economy served by this group. Sales for the Office Products Group increased by 3% and 4% for the three and nine month periods ended September 30, 2011, respectively, as compared to the same periods in 2010. Sales volume for this group has remained steady over the past four quarters, although the overall office products industry continues to experience soft market conditions. Sales for the Electrical/Electronic Materials Group increased 22% and 30% for the three and nine month periods ended September 30, 2011, respectively, as compared to the same periods of the previous year. Acquisitions contributed approximately 11% and 12% to sales for the three and nine month periods ended September 30, 2011, respectively. In addition, escalating copper pricing added approximately 3% and 4% to sales for the three and nine month periods ended September 30, 2011, respectively, as compared to the same periods of the previous year. The continued expansion in the industrial markets served by this group, as measured by the Purchasing Managers' Index, also had a positive impact on this business during the third quarter and nine months ended September 30, 2011.

## Cost of Goods Sold/Expenses

Cost of goods sold for the third quarter of 2011 was \$2.34 billion, an 11% increase from \$2.10 billion for the third quarter of 2010. As a percent of sales, cost of goods sold remained unchanged at 71.1% for the three month period ended September 30, 2011, as compared to the same period of the prior year. For the nine month period ended September 30, 2011, cost of goods sold was \$6.73 billion, a 13% increase from \$5.96 billion for the same period last year, and as a percent of sales increased to 71.3% compared to 71.0%. The increase in cost of goods sold as a percent of sales for the nine month period ended September 30, 2011 over the same period in 2010 reflects the effect of competitive pricing pressures and changes in customer and product mix across our businesses. For the nine month period ended September 30, 2011, cumulative pricing increased 4.8% in the Electrical Group, 3.3% in the Industrial Group, 2.4% in the Automotive Group and 1.6% in the Office Group.

Operating expenses of \$701.4 million decreased to 21.3% of sales for the third quarter of 2011, as compared to 21.7% for the same period of the prior year. For the nine months ended September 30, 2011, these expenses totaled \$2.03 billion, or 21.5% of sales, an improvement from 22.2% for the same period in 2010. The decrease in operating expenses as a percent of sales for both the third quarter and nine months ended September 30, 2011 is due to our cost savings initiatives and the benefit of greater leverage associated with our sales growth for the three and nine month periods ended September 30, 2011.

## Operating Profit

Operating profit as a percentage of sales increased to 8.4% for the three months ended September 30, 2011, compared to 7.9% for the same period of the previous year. For the nine months ended September 30, 2011, operating profit as a percentage of sales increased to 8.0%, as compared to 7.6% for the same period of the previous year. Our cost reduction efforts and improved expense leverage associated with our sales growth were the primary drivers of our improved operating margins for the three and nine month periods ended September 30, 2011.

The Automotive Parts Group's operating profit increased 14% in the third quarter of 2011 and its operating profit margin increased to 8.8% for the three months ended September 30, 2011, as compared to 8.4% in the same period of the prior year. For the nine months ended September 30, 2011, operating profit increased 11% as compared to the same period of 2010, and operating profit margin increased to 8.2%, as compared to 8.0% for the same period last year. For each of the three and nine month periods ended September 30, 2011, operating profit margins for this group improved due to cost savings and improved expense leverage on increased revenues. The Industrial Products Group had a 33% increase in operating profit in the third quarter of 2011 compared to the third quarter of 2010, and the operating profit margin for this group increased to 8.9% as compared to 7.9% in the same period of the previous year. Operating profit increased by 37% for the nine month period ended September 30, 2011 compared to the same period in 2010, and the operating profit margin improved to 7.9%, as compared to 7.0% for the same period in 2010. The improved operating profit margins for this group are due to the combination of increased volume incentives, cost savings and greater expense leverage on sales growth, which contributed to the increase in operating profit for the three and nine month periods ended September 30, 2011. For each of the three and nine month periods ended September 30, 2011, the Office Products Group's operating profit increased by 2%. The Office Products Group's operating profit margin of 6.1% remained unchanged in the three month period ended September 30, 2011, as compared to the same three month period of the prior year. For the nine months ended September 30, 2011, operating profit margin decreased to 7.4%, as compared to 7.5% for the nine months ended September 30, 2010. The decrease in operating profit margin for this group relates to continued soft market conditions and a slower-paced economic recovery in the office products industry. The Electrical/Electronic Materials Group increased its operating profit by 33% in the third quarter, and its operating profit margin increased to 7.8% as compared to 7.2% in the third quarter of the previous year. Operating profit increased by 37% for the nine months ended September 30, 2011, and its operating profit margin increased to 7.2% from 6.8% for the same period of 2010. The improvements in operating profit and operating profit margin for this group are primarily due to cost savings and improved expense leverage on increased revenues for the three and nine month periods ended September 30, 2011.

## Income Taxes

The effective income tax rate increased to 38.6% for the three months ended September 30, 2011, as compared to 38.0% for the three months ended September 30, 2010 due to an unfavorable retirement asset valuation adjustment recorded in the quarter. The effective income tax rate was 36.8% for the nine months ended September 30, 2011, as compared to 38.0% for the same nine month period in 2010. The rate decrease for the nine months ended September 30, 2011 is due to a favorable adjustment associated with the expiration of the statute of limitations related to certain international taxes.



## Net Income

Net income for the three months ended September 30, 2011 was \$151.8 million, an increase of 15% as compared to \$131.8 million for the same three month period of 2010. On a per share diluted basis, net income was \$.97, an increase of 17% as compared to \$.83 for the third quarter of last year. Net income for the nine months ended September 30, 2011 was \$430.2 million, an increase of 21% from \$356.9 million recorded in the same period of the previous year. Net income per share on a diluted basis for the nine months ended September 30, 2011, was \$2.72, up 21%, as compared to \$2.25 for the same nine month period in 2010.

## Financial Condition

Most major balance sheet categories at September 30, 2011 were relatively consistent with the December 31, 2010 balance sheet categories. Cash balances increased \$4.8 million or 1% from December 31, 2010. Cash generated from operations was \$497.4 million for the nine months ended September 30, 2011 and was used to fund \$206.2 million in dividends. In addition, \$63.9 million was invested in the Company via capital expenditures, \$105.1 million was used for strategic acquisitions and \$113.4 million was used to repurchase approximately 2.3 million shares of common stock under the Company's share repurchase program.

Accounts receivable increased \$166.6 million or 12% from December 31, 2010, which is due to the Company's overall sales increase and acquisitions. Inventory increased \$25.6 million or 1% compared to December 31, 2010, which primarily reflects the impact of acquisitions offset by the benefits of the Company's inventory management initiatives. Goodwill and other intangible assets increased \$68.4 million or 33% from December 31, 2010, due to four acquisitions in the nine month period ended September 30, 2011. Accounts payable increased \$212.4 million or 15% from December 31, 2010. This change is due to increased inventory purchases related to the sales increase for the nine months ended September 30, 2011, as well as more favorable terms negotiated with our vendors and other payable initiatives. The Company's debt is discussed below.

## Liquidity and Capital Resources

Total debt, which matures in November 2011 and November 2013, is at fixed rates of interest and remains unchanged at \$500 million as of September 30, 2011, compared to December 31, 2010. On May 27, 2011, the Company entered into an agreement which would fund notes maturing in November 2011 totaling \$250 million. Upon funding, these notes will be due in 2016 and carry an interest rate of 3.35%, as compared to 6.23% for the notes maturing in November 2011.

The ratio of current assets to current liabilities was 2.1 to 1 at September 30, 2011, as compared to 2.2 to 1 at December 31, 2010.

The Company currently believes existing lines of credit and cash generated from operations will be sufficient to fund anticipated operations, including share repurchases, if any, for the foreseeable future. The Company maintains a \$350 million unsecured revolving line of credit with a consortium of financial institutions, which matures in December 2012 and bears interest at LIBOR plus .30%. At September 30, 2011, no amounts were outstanding under the line of credit.

## Item 3. Quantitative and Qualitative Disclosures about Market Risk

Although the Company does not face material risks related to interest rates and commodity prices, the Company is exposed to changes in foreign currency rates with respect to foreign currency denominated operating revenues and expenses. The Company has translation gains or losses that result from translation of the results of operations of an operating unit's foreign functional currency into U.S. dollars for consolidated financial statement purposes. The Company's principal foreign currency exchange exposure is the Canadian dollar, which is the functional currency of our Canadian operations. As previously noted under "Sales", foreign currency exchange exposure, particularly in regard to the Canadian dollar and, to a lesser extent, the Mexican peso, positively impacted our results for the three and nine month periods ended September 30, 2011. There have been no other material changes in market risk from the information provided in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

#### Item 4. Controls and Procedures

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

There have been no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 of the SEC that occurred during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

#### PART II – OTHER INFORMATION

##### Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2010, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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

###### Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information about the Company's purchases of shares of the Company's common stock during the quarter:

#### ISSUER PURCHASES OF EQUITY SECURITIES

| <u>Period</u>                                   | <u>Total<br/>Number of<br/>Shares<br/>Purchased<br/>(1)</u> | <u>Average<br/>Price Paid<br/>Per Share</u> | <u>Total Number of<br/>Shares Purchased<br/>as Part of Publicly<br/>Announced Plans<br/>or Programs (2)</u> | <u>Maximum Number of<br/>Shares That May Yet<br/>Be Purchased Under<br/>the Plans or<br/>Programs</u> |
|---|---|---|---|---|
| July 1, 2011 through July 31, 2011              | 82,177  | \$56.71                                     | –   | 14,895,371  |
| August 1, 2011 through August 31, 2011          | 988,079   | \$49.70                                     | 963,000   | 13,932,371  |
| September 1, 2011 through<br>September 30, 2011 | 229,815   | \$49.32                                     | 208,800   | 13,723,571  |
| Totals  | 1,300,071   | \$50.08                                     | 1,171,800   | 13,723,571  |

- (1) Includes shares surrendered by employees to the Company to satisfy tax withholding obligations in connection with the vesting of shares of restricted stock, the exercise of stock options and/or tax withholding obligations.

On August 21, 2006 and November 17, 2008, the Board of Directors authorized and announced the repurchase of 15 million shares and 15 million shares, respectively. The authorization for these repurchase plans continues until all such shares have been repurchased, or the repurchase plan is terminated by action of the Board of Directors. All of the shares authorized in 2006 have now been repurchased and approximately 13.7 million shares authorized in 2008 remain to be repurchased by the Company. There were no other publicly announced repurchase plans as of September 30, 2011.



Item 6. Exhibits

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

- Exhibit 3.1 Amended and Restated Articles of Incorporation of the Company, dated April 23, 2007 (incorporated herein by reference from Exhibit 3.1 to the Company' s Current Report on Form 8-K dated April 23, 2007)
- Exhibit 3.2 Bylaws of the Company, as amended and restated (incorporated herein by reference from Exhibit 3.2 to the Company' s Current Report on Form 8-K dated August 20, 2007)
- Exhibit 31.1 Certification pursuant to SEC Rule 13a-14(a) signed by the Chief Executive Officer – filed herewith
- Exhibit 31.2 Certification pursuant to SEC Rule 13a-14(a) signed by the Chief Financial Officer – filed herewith
- Exhibit 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by the Chief Executive Officer – furnished herewith
- Exhibit 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by the Chief Financial Officer – furnished herewith
- Exhibit 101 Interactive data files pursuant to Rule 405 of Regulation S-T:
- (i) the Condensed Consolidated Balance Sheets at September 30, 2011 and December 31, 2010; (ii) the Condensed Consolidated Statements of Income for the three and nine month periods ended September 30, 2011 and 2010; (iii) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2011 and 2010; and (iv) the Notes to the Condensed Consolidated Financial Statements – submitted herewith pursuant to Rule 406T

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Genuine Parts Company  
(Registrant)

Date: November 7, 2011

/s/ Jerry W. Nix  
Jerry W. Nix  
Vice Chairman and Chief Financial Officer  
(Principal Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATIONS

I, Thomas C. Gallagher, certify that:

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

Date: November 7, 2011

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

EXHIBIT 31.2

CERTIFICATIONS

I, Jerry W. Nix, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Genuine Parts Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2011

/s/ Jerry W. Nix

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Jerry W. Nix

Vice Chairman and Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Quarterly Report of Genuine Parts Company (the "Company") on Form 10-Q for the quarter ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas C. Gallagher, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

/s/ Thomas C. Gallagher

Thomas C. Gallagher  
Chairman, President and Chief Executive Officer  
November 7, 2011

EXHIBIT 32.2

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

In connection with the Quarterly Report of Genuine Parts Company (the "Company") on Form 10-Q for the quarter ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jerry W. Nix, Vice Chairman and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

/s/ Jerry W. Nix

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Jerry W. Nix

Vice Chairman and Chief Financial Officer

November 7, 2011

**Condensed Consolidated  
Balance Sheets**  
**(Parentetical) (USD \$)      Sep. 30, 2011 Dec. 31, 2010**  
**In Thousands, except Share  
data**

**CURRENT ASSETS**

|  |            |            |
|--|------------|------------|
| <u>Allowance for doubtful accounts</u> | \$ 27,940  | \$ 15,599  |
| <u>Allowance for depreciation</u>      | \$ 730,459 | \$ 729,187 |

**EQUITY:**

|   |             |             |
|---|-------------|-------------|
| <u>Preferred stock, par value</u>         | \$ 1        | \$ 1        |
| <u>Preferred stock, shares authorized</u> | 10,000,000  | 10,000,000  |
| <u>Preferred stock, shares issued</u>     |             |             |
| <u>Common stock, par value</u>            | \$ 1        | \$ 1        |
| <u>Common stock, shares authorized</u>    | 450,000,000 | 450,000,000 |
| <u>Common stock, shares issued</u>        | 155,653,410 | 157,636,261 |

| Condensed Consolidated<br>Statements of Income<br>(Unaudited) (USD \$)<br>In Thousands, except Per<br>Share data | 3 Months Ended   |                  | 9 Months Ended   |                  |
|--|------------------|------------------|------------------|------------------|
|  | Sep. 30,<br>2011 | Sep. 30,<br>2010 | Sep. 30,<br>2011 | Sep. 30,<br>2010 |
| <b><u>Condensed Consolidated Statements of Income [Abstract]</u></b>   |                  |                  |                  |                  |
| <u>Net sales</u>   | \$ 3,285,560     | \$ 2,950,560     | \$ 9,444,742     | \$ 8,399,861     |
| <u>Cost of goods sold</u>  | 2,337,028        | 2,097,529        | 6,731,302        | 5,964,045        |
| <u>Gross profit</u>  | 948,532          | 853,031          | 2,713,440        | 2,435,816        |
| <b><u>Operating expenses:</u></b>  |                  |                  |                  |                  |
| <u>Selling, administrative &amp; other expenses</u>  | 679,967          | 618,449          | 1,965,871        | 1,792,997        |
| <u>Depreciation and amortization</u>   | 21,465           | 22,093           | 66,938           | 67,422           |
| <u>Total operating expenses</u>  | 701,432          | 640,542          | 2,032,809        | 1,860,419        |
| <u>Income before income taxes</u>  | 247,100          | 212,489          | 680,631          | 575,397          |
| <u>Income taxes</u>  | 95,268           | 80,704           | 250,472          | 218,536          |
| <u>Net income</u>  | \$ 151,832       | \$ 131,785       | \$ 430,159       | \$ 356,861       |
| <u>Basic net income per common share</u>   | \$ 0.97          | \$ 0.84          | \$ 2.74          | \$ 2.26          |
| <u>Diluted net income per common share</u>   | \$ 0.97          | \$ 0.83          | \$ 2.72          | \$ 2.25          |
| <u>Dividends declared per common share</u>   | \$ 0.45          | \$ 0.41          | \$ 1.35          | \$ 1.23          |
| <u>Weighted average common shares outstanding</u>  | 156,206          | 157,573          | 157,024          | 158,197          |
| <u>Dilutive effect of stock options and non-vested restricted stock awards</u>                                   | 942              | 407              | 965              | 398              |
| <u>Weighted average common shares outstanding - assuming dilution</u>  | 157,148          | 157,980          | 157,989          | 158,595          |



**Guarantees (Details) (USD \$)**  
**In Millions**

**Sep. 30, 2011**

**[Guarantees \[Abstract\]](#)**

[Total borrowings of the independents and affiliates](#) \$ 211.0

Minimum [Member]

**[Guarantees \(Textual\) \[Abstract\]](#)**

[Guaranteed obligations, maturities](#)

1 year

Maximum [Member]

**[Guarantees \(Textual\) \[Abstract\]](#)**

[Guaranteed obligations, maturities](#)

6 years

**Document and Entity  
Information (USD \$)**

**9 Months Ended  
Sep. 30, 2011**

**Jun. 30, 2010**

**[Document and Entity Information \[Abstract\]](#)**

|  |                         |                  |
|--|-------------------------|------------------|
| <u><a href="#">Entity Registrant Name</a></u>                  | GENUINE PARTS CO        |                  |
| <u><a href="#">Entity Central Index Key</a></u>                | 0000040987              |                  |
| <u><a href="#">Document Type</a></u>                           | 10-Q                    |                  |
| <u><a href="#">Document Period End Date</a></u>                | Sep. 30, 2011           |                  |
| <u><a href="#">Amendment Flag</a></u>                          | false                   |                  |
| <u><a href="#">Document Fiscal Year Focus</a></u>              | 2011                    |                  |
| <u><a href="#">Document Fiscal Period Focus</a></u>            | Q3                      |                  |
| <u><a href="#">Current Fiscal Year End Date</a></u>            | --12-31                 |                  |
| <u><a href="#">Entity Well-known Seasoned Issuer</a></u>       | Yes                     |                  |
| <u><a href="#">Entity Voluntary Filers</a></u>                 | No                      |                  |
| <u><a href="#">Entity Current Reporting Status</a></u>         | Yes                     |                  |
| <u><a href="#">Entity Filer Category</a></u>                   | Large Accelerated Filer |                  |
| <u><a href="#">Entity Public Float</a></u>                     |                         | \$ 6,009,155,000 |
| <u><a href="#">Entity Common Stock, Shares Outstanding</a></u> | 155,653,410             |                  |

## Guarantees

**9 Months Ended  
Sep. 30, 2011**

[Guarantees \[Abstract\]](#)  
[Guarantees](#)

### Note G — Guarantees

The Company guarantees the borrowings of certain independently controlled automotive parts stores (“independents”) and certain other affiliates in which the Company has a noncontrolling equity ownership interest (“affiliates”). Presently, the independents are generally consolidated by unaffiliated enterprises that have a controlling financial interest through ownership of a majority voting interest in the entity. The Company has no voting interest or direct or indirect equity ownership interest in any of the independents. The Company does not control the independents or the affiliates but receives a fee for the guarantee. The Company has concluded that the independents are variable interest entities but that the Company is not the primary beneficiary. Specifically, the equity holders of the independents have the power to direct the activities that most significantly impact the entity’s economic performance including, but not limited to, decisions about hiring and terminating personnel, local marketing and promotional initiatives, pricing and selling activities, credit decisions, monitoring and maintaining appropriate inventories, and store hours. Separately, the Company concluded the affiliates are not variable interest entities. The Company’s maximum exposure to loss as a result of its involvement with these independents and affiliates is equal to the total borrowings subject to the Company’s guarantee. While such borrowings of the independents and affiliates are outstanding, the Company is required to maintain compliance with certain covenants, including a maximum debt to capitalization ratio and certain limitations on additional borrowings. At September 30, 2011, the Company was in compliance with all such covenants.

At September 30, 2011, the total borrowings of the independents and affiliates subject to guarantee by the Company were approximately \$211.0 million. These loans generally mature over periods from one to six years. In the event that the Company is required to make payments in connection with guaranteed obligations of the independents or the affiliates, the Company would obtain and liquidate certain collateral (e.g., accounts receivable and inventory) to recover all or a portion of the amounts paid under the guarantee. When it is deemed probable that the Company will incur a loss in connection with a guarantee, a liability is recorded equal to this estimated loss. To date, the Company has had no significant losses in connection with guarantees of independents’ and affiliates’ borrowings.

The Company has accrued for certain guarantees related to the independents’ and affiliates’ borrowings as of September 30, 2011. These liabilities are not material to the financial position of the Company and are included in “Other long-term liabilities” in the accompanying condensed consolidated balance sheets.

**9 Months Ended**

| <b>Acquisitions (Details) (USD<br/>\$)<br/>In Millions, unless otherwise<br/>specified</b>                | <b>Sep.<br/>30,<br/>2011</b> | <b>Sep. 30,<br/>2011<br/>Industrial<br/>[Member]<br/>Companies</b> | <b>Sep. 30, 2011<br/>Electrical/electronic<br/>materials [Member]<br/>Companies</b> | <b>Dec. 01,<br/>2012<br/>Exego<br/>Group<br/>[Member]</b> | <b>Sep. 26,<br/>2011<br/>Exego<br/>Group<br/>[Member]</b> |
|---|------------------------------|--|---|---|---|
| <a href="#"><u>Acquisitions (Textual) [Abstract]</u></a>  |                              |  |   |   |   |
| <a href="#"><u>Companies acquired</u></a>   | 3                            | 1  |   |   |   |
| <a href="#"><u>Percentage of investment in specified<br/>company agreed to purchase</u></a>               |                              |  |   |   | 30.00%  |
| <a href="#"><u>Announced agreement purchase price</u></a>   |                              |  |   |   | \$ 150  |
| <a href="#"><u>Option to purchase specified Percentage<br/>of investment contingent upon earnings</u></a> |                              |  |   | 70.00%  |   |
| <a href="#"><u>Cost of acquired companies</u></a>   | 105.1                        |  |   |   |   |
| <a href="#"><u>Goodwill and other intangible assets<br/>acquired</u></a>                                  | \$ 75                        |  |   |   |   |

**Comprehensive Income  
(Tables)**

**9 Months Ended  
Sep. 30, 2011**

[Comprehensive Income](#)

[\[Abstract\]](#)

[Comprehensive Income](#)

|  | Nine Months Ended September 30, |                  |
|--|---------------------------------|------------------|
|  | 2011                            | 2010             |
|  | (in thousands)                  |                  |
| Net income   | \$430,159                       | \$356,861        |
| Other comprehensive (loss) income:                     |                                 |                  |
| Foreign currency translation                           | (37,547 )                       | 13,526           |
| Pension and other post-retirement benefit adjustments: |                                 |                  |
| Recognition of prior service credit, net of tax        | (3,931 )                        | (3,755 )         |
| Recognition of actuarial loss, net of tax              | 14,438                          | 16,799           |
| Net actuarial gain, net of tax                         | —                               | 14,825           |
| Total other comprehensive (loss) income                | (27,040 )                       | 41,395           |
| Comprehensive income                                   | <u>\$403,119</u>                | <u>\$398,256</u> |

## Comprehensive Income

9 Months Ended  
Sep. 30, 2011

[Comprehensive Income](#)

[\[Abstract\]](#)

[Comprehensive Income](#)

### Note C — Comprehensive Income

Comprehensive income was \$403.1 million and \$398.3 million for the nine months ended September 30, 2011 and 2010, respectively. The difference between comprehensive income and net income was due to foreign currency translation adjustments and pension and other post-retirement benefit adjustments, as summarized below:

|  | Nine Months Ended September 30, |                  |
|--|---------------------------------|------------------|
|  | 2011                            | 2010             |
|  | (in thousands)                  |                  |
| Net income   | \$430,159                       | \$356,861        |
| Other comprehensive (loss) income:                     |                                 |                  |
| Foreign currency translation                           | (37,547 )                       | 13,526           |
| Pension and other post-retirement benefit adjustments: |                                 |                  |
| Recognition of prior service credit, net of tax        | (3,931 )                        | (3,755 )         |
| Recognition of actuarial loss, net of tax              | 14,438                          | 16,799           |
| Net actuarial gain, net of tax                         | —                               | 14,825           |
| Total other comprehensive (loss) income                | (27,040 )                       | 41,395           |
| Comprehensive income                                   | <u>\$403,119</u>                | <u>\$398,256</u> |

Comprehensive income for the three months ended September 30, 2011 and 2010 totaled \$84.9 million and \$171.8 million, respectively.

## Acquisitions

**9 Months Ended  
Sep. 30, 2011**

[Acquisitions \[Abstract\]](#)  
[Acquisitions](#)

### Note I — Acquisitions

During the nine months ended September 30, 2011, the Company acquired three companies in the Industrial Group and one in the Electrical Group for approximately \$105.1 million. The Company allocated the purchase price to the assets acquired and the liabilities assumed based on their fair values as of their respective acquisition dates. The results of operations for the acquired companies were included in the Company's condensed consolidated statements of income beginning on their respective acquisition dates. The Company recorded approximately \$75 million of goodwill and other intangible assets associated with the acquisitions. The Company is in the process of analyzing the estimated values of assets and liabilities acquired and is obtaining third-party valuations of certain tangible and intangible assets. The allocation of the purchase price is therefore preliminary and subject to revision.

On September 26, 2011, the Company announced that it had entered into an agreement to purchase a 30% equity interest in the Exego Group ("Exego") for approximately \$150 million (US\$). Exego is headquartered in Australia and is an automotive replacement parts and accessories distributor in Australasia. Subject to regulatory approvals, the effective date of the investment is expected to be on or around December 1, 2011. The Company has an option to acquire the remaining 70% of Exego at a later date contingent upon Exego achieving certain earnings thresholds.

| Segment Information<br>(Details) (USD \$)<br>In Thousands | 3 Months Ended |               | 9 Months Ended |               |
|---|----------------|---------------|----------------|---------------|
|   | Sep. 30, 2011  | Sep. 30, 2010 | Sep. 30, 2011  | Sep. 30, 2010 |
| <b>Net sales:</b>   |                |               |                |               |
| <u>Total net sales</u>                                    | \$ 3,285,560   | \$ 2,950,560  | \$ 9,444,742   | \$ 8,399,861  |
| <b>Operating profit:</b>                                  |                |               |                |               |
| <u>Total operating profit</u>                             | 276,766        | 231,965       | 752,771        | 636,632       |
| <u>Interest expense, net</u>                              | (6,244)        | (6,562)       | (18,980)       | (19,988)      |
| <u>Other, net</u>   | (23,422)       | (12,914)      | (53,160)       | (41,247)      |
| <u>Income before income taxes</u>                         | 247,100        | 212,489       | 680,631        | 575,397       |
| Automotive [Member]                                       |                |               |                |               |
| <b>Net sales:</b>   |                |               |                |               |
| <u>Total net sales</u>                                    | 1,611,333      | 1,481,294     | 4,601,272      | 4,231,367     |
| <b>Operating profit:</b>                                  |                |               |                |               |
| <u>Total operating profit</u>                             | 141,233        | 124,059       | 377,927        | 338,986       |
| Industrial [Member]                                       |                |               |                |               |
| <b>Net sales:</b>   |                |               |                |               |
| <u>Total net sales</u>                                    | 1,089,826      | 921,162       | 3,140,855      | 2,606,697     |
| <b>Operating profit:</b>                                  |                |               |                |               |
| <u>Total operating profit</u>                             | 97,191         | 72,856        | 248,489        | 181,820       |
| Office products [Member]                                  |                |               |                |               |
| <b>Net sales:</b>   |                |               |                |               |
| <u>Total net sales</u>                                    | 447,310        | 434,513       | 1,297,965      | 1,246,984     |
| <b>Operating profit:</b>                                  |                |               |                |               |
| <u>Total operating profit</u>                             | 27,204         | 26,657        | 95,975         | 93,670        |
| Electrical/electronic materials [Member]                  |                |               |                |               |
| <b>Net sales:</b>   |                |               |                |               |
| <u>Total net sales</u>                                    | 143,342        | 117,290       | 419,936        | 324,167       |
| <b>Operating profit:</b>                                  |                |               |                |               |
| <u>Total operating profit</u>                             | 11,138         | 8,393         | 30,380         | 22,156        |
| Other [Member]  |                |               |                |               |
| <b>Net sales:</b>   |                |               |                |               |
| <u>Total net sales</u>                                    | \$ (6,251)     | \$ (3,699)    | \$ (15,286)    | \$ (9,354)    |



**Recently Issued Accounting  
Pronouncements (Policies)**

**9 Months Ended  
Sep. 30, 2011**

**[Recently Issued Accounting  
Pronouncements \[Abstract\]](#)**

**[New Accounting  
Pronouncements Not Yet  
Adopted](#)**

In September 2011, the Financial Accounting Standards Board issued updated guidance on the periodic testing of goodwill for impairment. This guidance will allow companies to assess qualitative factors to determine if it is more-likely-than-not that goodwill might be impaired and whether it is necessary to perform the two-step goodwill impairment test required under current accounting standards. This guidance is applicable for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company is currently evaluating this guidance, but does not expect its adoption will have a material effect on its condensed consolidated financial statements.

**Fair Value of Financial  
Instruments**

**9 Months Ended  
Sep. 30, 2011**

[Fair Value of Financial  
Instruments \[Abstract\]](#)

[Fair Value of Financial  
Instruments](#)

Note H — Fair Value of Financial Instruments

The carrying amounts reflected in the condensed consolidated balance sheets for cash and cash equivalents, trade accounts receivable and trade accounts payable approximate their respective fair values based on the short-term nature of these instruments. At September 30, 2011, the fair value of fixed rate debt was approximately \$519.6 million. The fair value of fixed rate debt is designated as Level 2 in the fair value hierarchy (i.e. significant observable inputs) and is based primarily on the discounted value of future cash flows using current market interest rates offered for debt of similar credit risk and maturity.

## Basis of Presentation

**9 Months Ended  
Sep. 30, 2011**

[Basis of Presentation](#)

[\[Abstract\]](#)

[Basis of Presentation](#)

### Note A — Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. Except as disclosed herein, there has been no material change in the information disclosed in the notes to the consolidated financial statements included in the Annual Report on Form 10-K of Genuine Parts Company (the "Company") for the year ended December 31, 2010. Accordingly, the unaudited interim condensed consolidated financial statements and related disclosures herein should be read in conjunction with the Company's 2010 Annual Report on Form 10-K.

The preparation of interim financial statements requires management to make estimates and assumptions for the amounts reported in the condensed consolidated financial statements. Specifically, the Company makes estimates and assumptions in its interim consolidated financial statements for inventory adjustments, the accrual of bad debts, and volume incentives earned, among others. Inventory adjustments (including adjustments for a majority of inventories that are valued under the last-in, first-out ("LIFO") method) are accrued on an interim basis and adjusted in the fourth quarter based on the annual book to physical inventory adjustment and LIFO valuation, which can only be performed at year-end. Bad debts are accrued based on a percentage of sales. Volume incentives are estimated based upon cumulative and projected purchasing levels. The estimates and assumptions for interim reporting may change upon final determination at year-end, and such changes may be significant.

In the opinion of management, all adjustments necessary for a fair presentation of the Company's financial results for the interim periods have been made. These adjustments are of a normal recurring nature. The results of operations for the nine month period ended September 30, 2011 are not necessarily indicative of results for the entire year. The Company has evaluated subsequent events through the date the financial statements were issued.

**Recently Issued Accounting  
Pronouncements**

**9 Months Ended  
Sep. 30, 2011**

[Recently Issued Accounting  
Pronouncements \[Abstract\]](#)

[Recently Issued Accounting  
Pronouncements](#)

Note D — Recently Issued Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board issued updated guidance on the periodic testing of goodwill for impairment. This guidance will allow companies to assess qualitative factors to determine if it is more-likely-than-not that goodwill might be impaired and whether it is necessary to perform the two-step goodwill impairment test required under current accounting standards. This guidance is applicable for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company is currently evaluating this guidance, but does not expect its adoption will have a material effect on its condensed consolidated financial statements.

## Share-Based Compensation

**9 Months Ended  
Sep. 30, 2011**

### [Share-Based Compensation](#)

#### [\[Abstract\]](#)

### [Share-Based Compensation](#)

#### Note E — Share-Based Compensation

As more fully discussed in Note 5 of the Company's notes to the consolidated financial statements in the 2010 Annual Report on Form 10-K, the Company maintains various long-term incentive plans, which provide for the granting of stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units ("RSUs"), performance awards, dividend equivalents and other share-based awards. SARs represent a right to receive upon exercise an amount, payable in shares of common stock, equal to the excess, if any, of the fair market value of the Company's common stock on the date of exercise over the base value of the grant. The terms of such SARs require net settlement in shares of common stock and do not provide for cash settlement. RSUs represent a contingent right to receive one share of the Company's common stock at a future date. The majority of awards previously granted vest on a pro-rata basis for periods ranging from one to five years and are expensed accordingly on a straight-line basis. The Company issues new shares upon exercise or conversion of awards under these plans. Most awards may be exercised or converted to shares not earlier than twelve months nor later than ten years from the date of grant. At September 30, 2011, total compensation cost related to nonvested awards not yet recognized was approximately \$15.8 million, as compared to \$6.9 million at December 31, 2010. The weighted-average period over which this compensation cost is expected to be recognized is approximately three years. The aggregate intrinsic value for options, SARs and RSUs outstanding at September 30, 2011 was approximately \$63.0 million. At September 30, 2011, the aggregate intrinsic value for options, SARs and RSUs vested totaled approximately \$44.1 million, and the weighted-average contractual life for outstanding and exercisable options, SARs and RSUs was approximately six and five years, respectively. For the nine months ended September 30, 2011, \$5.8 million of share-based compensation cost was recorded, as compared to \$4.7 million for the same period in the prior year. On April 1, 2011, the Company granted approximately 1,029,000 SARs and 126,000 RSUs.

Options to purchase approximately 1.0 million and 0.7 million shares of common stock were outstanding but excluded from the computation of diluted earnings per share for the three and nine month periods ended September 30, 2011, as compared to approximately 2.9 million and 5.0 million shares in the three and nine month periods of the prior year, respectively. These options were excluded from the computation of diluted net income per common share because the options' exercise price was greater than the average market price of the common stock.

**Employee Benefit Plans  
(Tables)**

**9 Months Ended  
Sep. 30, 2011**

[Employee Benefit Plans](#)

[\[Abstract\]](#)

[Components of Net Periodic  
Benefit Cost](#)

|                                      | Pension Benefits |                | Other Post-retirement Benefits |              |
|--------------------------------------|------------------|----------------|--------------------------------|--------------|
|                                      | 2011             | 2010           | 2011                           | 2010         |
|                                      | (in thousands)   |                |                                |              |
| Service cost                         | \$3,440          | \$1,711        | \$—                            | \$—          |
| Interest cost                        | 24,807           | 23,055         | 123                            | 143          |
| Expected return on plan assets       | (30,918)         | (28,564)       | —                              | —            |
| Amortization of prior service credit | (1,720 )         | (1,745 )       | (168 )                         | (264 )       |
| Amortization of actuarial loss       | 14,417           | 7,623          | 415                            | 423          |
| Net periodic benefit cost            | <u>\$10,026</u>  | <u>\$2,080</u> | <u>\$370</u>                   | <u>\$302</u> |

Net periodic benefit cost included the following components for the nine months ended September 30:

|                                      | Pension Benefits |                 | Other Post-retirement Benefits |              |
|--------------------------------------|------------------|-----------------|--------------------------------|--------------|
|                                      | 2011             | 2010            | 2011                           | 2010         |
|                                      | (in thousands)   |                 |                                |              |
| Service cost                         | \$9,822          | \$9,216         | \$—                            | \$—          |
| Interest cost                        | 72,948           | 71,598          | 356                            | 455          |
| Expected return on plan assets       | (93,044)         | (85,582)        | —                              | —            |
| Amortization of prior service credit | (5,223 )         | (5,228 )        | (698 )                         | (794 )       |
| Amortization of actuarial loss       | 39,766           | 26,444          | 1,282                          | 1,319        |
| Net periodic benefit cost            | <u>\$24,269</u>  | <u>\$16,448</u> | <u>\$940</u>                   | <u>\$980</u> |

## Employee Benefit Plans

**9 Months Ended  
Sep. 30, 2011**

[Employee Benefit Plans](#)

[\[Abstract\]](#)

[Employee Benefit Plans](#)

### Note F — Employee Benefit Plans

Net periodic benefit cost included the following components for the three months ended September 30:

|                                      | Pension Benefits |                | Other Post-retirement Benefits |              |
|--------------------------------------|------------------|----------------|--------------------------------|--------------|
|                                      | 2011             | 2010           | 2011                           | 2010         |
|                                      | (in thousands)   |                |                                |              |
| Service cost                         | \$3,440          | \$1,711        | \$—                            | \$—          |
| Interest cost                        | 24,807           | 23,055         | 123                            | 143          |
| Expected return on plan assets       | (30,918)         | (28,564)       | —                              | —            |
| Amortization of prior service credit | (1,720 )         | (1,745 )       | (168 )                         | (264 )       |
| Amortization of actuarial loss       | 14,417           | 7,623          | 415                            | 423          |
| Net periodic benefit cost            | <u>\$10,026</u>  | <u>\$2,080</u> | <u>\$370</u>                   | <u>\$302</u> |

Net periodic benefit cost included the following components for the nine months ended September 30:

|                                      | Pension Benefits |                 | Other Post-retirement Benefits |              |
|--------------------------------------|------------------|-----------------|--------------------------------|--------------|
|                                      | 2011             | 2010            | 2011                           | 2010         |
|                                      | (in thousands)   |                 |                                |              |
| Service cost                         | \$9,822          | \$9,216         | \$—                            | \$—          |
| Interest cost                        | 72,948           | 71,598          | 356                            | 455          |
| Expected return on plan assets       | (93,044)         | (85,582)        | —                              | —            |
| Amortization of prior service credit | (5,223 )         | (5,228 )        | (698 )                         | (794 )       |
| Amortization of actuarial loss       | 39,766           | 26,444          | 1,282                          | 1,319        |
| Net periodic benefit cost            | <u>\$24,269</u>  | <u>\$16,448</u> | <u>\$940</u>                   | <u>\$980</u> |

Pension benefits also include amounts related to a supplemental retirement plan. In August 2011, the Company contributed \$43.0 million to the pension plan.

| Share-Based Compensation<br>(Details) (USD \$)<br>In Millions, except Share<br>data, unless otherwise<br>specified     | 3 Months Ended   |                  | 9 Months Ended              |                  | 1 Months Ended      |   |  |
|--|------------------|------------------|-----------------------------|------------------|---------------------|---|--|
|  | Sep. 30,<br>2011 | Sep. 30,<br>2010 | Sep.<br>30,<br>2011<br>Year | Sep. 30,<br>2010 | Dec.<br>31,<br>2010 | Apr. 30, 2011<br>Stock<br>Appreciation<br>Right<br>[Member] | Apr. 30,<br>2011<br>Restricted<br>Stock Unit<br>[Member] |
| <a href="#">Additional Share-based Compensation (Textual) [Abstract]</a>   |                  |                  |                             |                  |                     |   |  |
| <a href="#">Company granted, Units</a>   |                  |                  |                             |                  |                     | 1,029,000   | 126,000  |
| <a href="#">Share-Based Compensation (Textual) [Abstract]</a>  |                  |                  |                             |                  |                     |   |  |
| <a href="#">Total compensation cost related to nonvested awards, unrecognized</a>                                      | \$ 15.8          |                  | \$ 15.8                     |                  | \$ 6.9              |   |  |
| <a href="#">Weighted-average period to recognize compensation cost (in years)</a>                                      |                  |                  | 3                           |                  |                     |   |  |
| <a href="#">Aggregate intrinsic value for outstanding options, SARs, and RSUs</a>                                      | 63.0             |                  | 63.0                        |                  |                     |   |  |
| <a href="#">Aggregate intrinsic value for vested options, SARs and RSUs</a>  | 44.1             |                  | 44.1                        |                  |                     |   |  |
| <a href="#">Weighted-average remaining contractual life for outstanding options, SARs, and RSUs, (in years)</a>        |                  |                  | 6                           |                  |                     |   |  |
| <a href="#">Weighted-average remaining contractual life for exercisable options, SARs and RSUs, (in years)</a>         |                  |                  | 5                           |                  |                     |   |  |
| <a href="#">Share-based compensation</a>   |                  |                  | \$ 5.8                      | \$ 4.7           |                     |   |  |
| <a href="#">Share-based payment awards, exercise period, minimum</a>   |                  |                  | 12                          | months           |                     |   |  |
| <a href="#">Share-based payment awards, exercise period, maximum</a>   |                  |                  | 10                          | years            |                     |   |  |
| <a href="#">Share based payment award granted minimum vesting period range</a>   |                  |                  | 1                           | year             |                     |   |  |
| <a href="#">Share based payment award granted maximum vesting period range</a>   |                  |                  | 5                           | years            |                     |   |  |
| <a href="#">Outstanding options to purchase common stock not included in computation of diluted earnings per share</a> | 1,000,000        | 2,900,000        | 700,000                     | 5,000,000        |                     |   |  |



**Condensed Consolidated  
Statements of Cash Flows  
(Unaudited) (USD \$)  
In Thousands**

**9 Months Ended**

**Sep. 30,  
2011                  Sep. 30,  
2010**

**OPERATING ACTIVITIES:**

Net income \$ 430,159 \$ 356,861

**Adjustments to reconcile net income to net cash provided by operating activities:**

Depreciation and amortization 66,938 67,422

Share-based compensation 5,835 4,674

Excess tax benefits from share-based compensation (2,446) (1,500)

Other (952) 663

Changes in operating assets and liabilities (2,126) 140,302

**NET CASH PROVIDED BY OPERATING ACTIVITIES** 497,408 568,422

**INVESTING ACTIVITIES:**

Purchases of property, plant and equipment (63,932) (58,931)

Acquisitions and other (105,129) (83,080)

**NET CASH USED IN INVESTING ACTIVITIES** (169,061) (142,011)

**FINANCING ACTIVITIES:**

Stock options exercised 1,638 7,177

Excess tax benefits from share-based compensation 2,446 1,500

Dividends paid (206,236) (193,313)

Purchase of stock (113,359) (69,438)

**NET CASH USED IN FINANCING ACTIVITIES** (315,511) (254,074)

**EFFECT OF EXCHANGE RATE CHANGES ON CASH** (8,003) 22,591

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 4,833 194,928

**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** 529,968 336,803

**CASH AND CASH EQUIVALENTS AT END OF PERIOD** \$ 534,801 \$ 531,731

| <b>Employee Benefit Plans<br/>(Details) (USD \$)</b>      | <b>3 Months Ended<br/>Sep. 30, 2011 Sep. 30, 2010</b> |              | <b>9 Months Ended<br/>Sep. 30, 2011 Sep. 30, 2010</b> |              |
|---|---|--------------|---|--------------|
| <b><u>Employee Benefit Plans (Textual) [Abstract]</u></b> |   |              |   |              |
| <u>Company contribution to the pension plan</u>           |   |              | \$ 43,000,000   |              |
| Pension Benefits [Member]                                 |   |              |   |              |
| <b><u>Components of Net Periodic Benefit Cost</u></b>     |   |              |   |              |
| <u>Service cost</u>                                       | 3,440,000   | 1,711,000    | 9,822,000   | 9,216,000    |
| <u>Interest cost</u>                                      | 24,807,000  | 23,055,000   | 72,948,000  | 71,598,000   |
| <u>Expected return on plan assets</u>                     | (30,918,000)  | (28,564,000) | (93,044,000)  | (85,582,000) |
| <u>Amortization of prior service credit</u>               | (1,720,000)   | (1,745,000)  | (5,223,000)   | (5,228,000)  |
| <u>Amortization of actuarial loss</u>                     | 14,417,000  | 7,623,000    | 39,766,000  | 26,444,000   |
| <u>Net periodic benefit cost</u>                          | 10,026,000  | 2,080,000    | 24,269,000  | 16,448,000   |
| Other Postretirement Benefits [Member]                    |   |              |   |              |
| <b><u>Components of Net Periodic Benefit Cost</u></b>     |   |              |   |              |
| <u>Interest cost</u>                                      | 123,000   | 143,000      | 356,000   | 455,000      |
| <u>Amortization of prior service credit</u>               | (168,000)   | (264,000)    | (698,000)   | (794,000)    |
| <u>Amortization of actuarial loss</u>                     | 415,000   | 423,000      | 1,282,000   | 1,319,000    |
| <u>Net periodic benefit cost</u>                          | \$ 370,000  | \$ 302,000   | \$ 940,000  | \$ 980,000   |

**Fair Value of Financial  
Instruments (Details) (USD  
\$)  
In Millions**

**Sep. 30, 2011**

[Fair Value of Financial Instruments \(Textual\) \[Abstract\]](#)

[Fair value of fixed rate debt](#)

\$ 519.6

## Segment Information

**9 Months Ended  
Sep. 30, 2011**

[Segment Information](#)

[\[Abstract\]](#)

[Segment Information](#)

### Note B — Segment Information

|                                     | <u>Three Months Ended September 30,</u> |                     | <u>Nine Months Ended September 30,</u> |                     |
|-------------------------------------|---|---------------------|--|---------------------|
|                                     | 2011                                    | 2010                | 2011                                   | 2010                |
|                                     | (in thousands)                          |                     | (in thousands)                         |                     |
| <b>Net sales:</b>                   |   |                     |  |                     |
| Automotive                          | \$ 1,611,333                            | \$ 1,481,294        | \$ 4,601,272                           | \$ 4,231,367        |
| Industrial                          | 1,089,826                               | 921,162             | 3,140,855                              | 2,606,697           |
| Office products                     | 447,310                                 | 434,513             | 1,297,965                              | 1,246,984           |
| Electrical/<br>electronic materials | 143,342                                 | 117,290             | 419,936                                | 324,167             |
| Other                               | (6,251 )                                | (3,699 )            | (15,286 )                              | (9,354 )            |
| <b>Total net sales</b>              | <b>\$ 3,285,560</b>                     | <b>\$ 2,950,560</b> | <b>\$ 9,444,742</b>                    | <b>\$ 8,399,861</b> |
| <b>Operating profit:</b>            |   |                     |  |                     |
| Automotive                          | \$ 141,233                              | \$ 124,059          | \$ 377,927                             | \$ 338,986          |
| Industrial                          | 97,191                                  | 72,856              | 248,489                                | 181,820             |
| Office products                     | 27,204                                  | 26,657              | 95,975                                 | 93,670              |
| Electrical/<br>electronic materials | 11,138                                  | 8,393               | 30,380                                 | 22,156              |
| <b>Total operating profit</b>       | <b>276,766</b>                          | <b>231,965</b>      | <b>752,771</b>                         | <b>636,632</b>      |
| Interest expense, net               | (6,244 )                                | (6,562 )            | (18,980 )                              | (19,988 )           |
| Other, net                          | (23,422 )                               | (12,914 )           | (53,160 )                              | (41,247 )           |
| <b>Income before income taxes</b>   | <b>\$ 247,100</b>                       | <b>\$ 212,489</b>   | <b>\$ 680,631</b>                      | <b>\$ 575,397</b>   |

Net sales by segment exclude the effect of certain discounts, incentives and freight billed to customers. The line item "Other" represents the net effect of the discounts, incentives and freight billed to customers, which is reported as a component of net sales in the Company's condensed consolidated statements of income.

**Segment Information  
(Tables)**

**9 Months Ended  
Sep. 30, 2011**

[Segment Information](#)

[\[Abstract\]](#)

[Segment Information](#)

|                                     | Three Months Ended September 30, |                     | Nine Months Ended September 30, |                     |
|-------------------------------------|----------------------------------|---------------------|---------------------------------|---------------------|
|                                     | 2011                             | 2010                | 2011                            | 2010                |
|                                     | (in thousands)                   |                     | (in thousands)                  |                     |
| <b>Net sales:</b>                   |                                  |                     |                                 |                     |
| Automotive                          | \$ 1,611,333                     | \$ 1,481,294        | \$ 4,601,272                    | \$ 4,231,367        |
| Industrial                          | 1,089,826                        | 921,162             | 3,140,855                       | 2,606,697           |
| Office products                     | 447,310                          | 434,513             | 1,297,965                       | 1,246,984           |
| Electrical/<br>electronic materials | 143,342                          | 117,290             | 419,936                         | 324,167             |
| Other                               | (6,251 )                         | (3,699 )            | (15,286 )                       | (9,354 )            |
| <b>Total net sales</b>              | <b>\$ 3,285,560</b>              | <b>\$ 2,950,560</b> | <b>\$ 9,444,742</b>             | <b>\$ 8,399,861</b> |
| <b>Operating profit:</b>            |                                  |                     |                                 |                     |
| Automotive                          | \$ 141,233                       | \$ 124,059          | \$ 377,927                      | \$ 338,986          |
| Industrial                          | 97,191                           | 72,856              | 248,489                         | 181,820             |
| Office products                     | 27,204                           | 26,657              | 95,975                          | 93,670              |
| Electrical/<br>electronic materials | 11,138                           | 8,393               | 30,380                          | 22,156              |
| <b>Total operating profit</b>       | <b>276,766</b>                   | <b>231,965</b>      | <b>752,771</b>                  | <b>636,632</b>      |
| Interest expense, net               | (6,244 )                         | (6,562 )            | (18,980 )                       | (19,988 )           |
| Other, net                          | (23,422 )                        | (12,914 )           | (53,160 )                       | (41,247 )           |
| <b>Income before income taxes</b>   | <b>\$ 247,100</b>                | <b>\$ 212,489</b>   | <b>\$ 680,631</b>               | <b>\$ 575,397</b>   |

| <b>Comprehensive Income<br/>(Details) (USD \$)<br/>In Thousands</b>  | <b>3 Months Ended</b>    |                          | <b>9 Months Ended</b>    |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | <b>Sep. 30,<br/>2011</b> | <b>Sep. 30,<br/>2010</b> | <b>Sep. 30,<br/>2011</b> | <b>Sep. 30,<br/>2010</b> |
| <b><u>Comprehensive Income</u></b>                                   |                          |                          |                          |                          |
| <u>Net income</u>  | \$ 151,832               | \$ 131,785               | \$ 430,159               | \$ 356,861               |
| <b><u>Other comprehensive income:</u></b>                            |                          |                          |                          |                          |
| <u>Foreign currency translation</u>                                  |                          |                          | (37,547)                 | 13,526                   |
| <b><u>Pension and other post-retirement benefit adjustments:</u></b> |                          |                          |                          |                          |
| <u>Recognition of prior service credit, net of tax</u>               |                          |                          | (3,931)                  | (3,755)                  |
| <u>Recognition of actuarial loss, net of tax</u>                     |                          |                          | 14,438                   | 16,799                   |
| <u>Net actuarial gain, net of tax</u>                                |                          |                          |                          | 14,825                   |
| <u>Total other comprehensive income</u>                              |                          |                          | (27,040)                 | 41,395                   |
| <u>Comprehensive income</u>  | 84,900                   | 171,800                  | 403,119                  | 398,256                  |
| <b><u>Comprehensive Income (Textual) [Abstract]</u></b>              |                          |                          |                          |                          |
| <u>Comprehensive income</u>  | \$ 84,900                | \$ 171,800               | \$ 403,119               | \$ 398,256               |

**Condensed Consolidated  
Balance Sheets (USD \$)  
In Thousands**

|   | <b>Sep. 30,<br/>2011</b> | <b>Dec. 31,<br/>2010</b> |
|---|--------------------------|--------------------------|
| <b><u>CURRENT ASSETS</u></b>  |                          |                          |
| <u>Cash and cash equivalents</u>  | \$ 534,801               | \$ 529,968               |
| <u>Trade accounts receivable, less allowance for doubtful accounts (2011 - \$27,940; 2010 - \$15,599)</u>                       | 1,531,046                | 1,364,406                |
| <u>Merchandise inventories, net - at lower of cost or market</u>  | 2,250,309                | 2,224,717                |
| <u>Prepaid expenses and other current assets</u>  | 330,157                  | 295,796                  |
| <b><u>TOTAL CURRENT ASSETS</u></b>  | <b>4,646,313</b>         | <b>4,414,887</b>         |
| <u>Goodwill and other intangible assets, less accumulated amortization</u>  | 277,924                  | 209,548                  |
| <u>Deferred tax assets</u>  | 153,319                  | 157,392                  |
| <u>Other assets</u>   | 227,615                  | 199,087                  |
| <u>Property, plant and equipment, less allowance for depreciation (2011 - \$730,459; 2010 - \$729,187)</u>                      | 479,547                  | 484,130                  |
| <b><u>TOTAL ASSETS</u></b>  | <b>5,784,718</b>         | <b>5,465,044</b>         |
| <b><u>CURRENT LIABILITIES</u></b>   |                          |                          |
| <u>Trade accounts payable</u>   | 1,587,326                | 1,374,930                |
| <u>Current portion of debt</u>  | 250,000                  | 250,000                  |
| <u>Income taxes payable</u>   | 44,812                   | 23,145                   |
| <u>Dividends payable</u>  | 70,134                   | 64,600                   |
| <u>Other current liabilities</u>  | 288,388                  | 259,139                  |
| <b><u>TOTAL CURRENT LIABILITIES</u></b>   | <b>2,240,660</b>         | <b>1,971,814</b>         |
| <u>Long-term debt</u>   | 250,000                  | 250,000                  |
| <u>Pension and other post-retirement benefit liabilities</u>  | 212,876                  | 258,807                  |
| <u>Other long-term liabilities</u>  | 189,791                  | 181,709                  |
| <b><u>EQUITY:</u></b>   |                          |                          |
| <u>Preferred stock, par value - \$1 per share Authorized - 10,000,000 shares - None issued</u>                                  |                          |                          |
| <u>Common stock, par value - \$1 per share Authorized - 450,000,000 shares Issued - 2011 - 155,653,410 ; 2010 - 157,636,261</u> | 155,653                  | 157,636                  |
| <u>Retained earnings</u>  | 3,051,467                | 2,934,535                |
| <u>Accumulated other comprehensive loss</u>   | (325,392)                | (298,352)                |
| <b><u>TOTAL PARENT EQUITY</u></b>   | <b>2,881,728</b>         | <b>2,793,819</b>         |
| <u>Noncontrolling interests in subsidiaries</u>   | 9,663                    | 8,895                    |
| <b><u>TOTAL EQUITY</u></b>  | <b>2,891,391</b>         | <b>2,802,714</b>         |
| <b><u>TOTAL LIABILITIES AND EQUITY</u></b>  | <b>\$ 5,784,718</b>      | <b>\$ 5,465,044</b>      |