

## **Genuine Parts Company Reports Sales up 12% and Earnings up 20% for the Second Quarter Ended June 30, 2010**

PRNewswire-FirstCall  
ATLANTA

Genuine Parts Company reported sales and earnings for the second quarter and six months ended June 30, 2010. Thomas C. Gallagher, Chairman, President and Chief Executive Officer, announced today that sales totaling \$2.8 billion were up 12% compared to the second quarter of 2009. Net income for the quarter was \$124.5 million, an increase of 20% from \$103.6 million recorded in the same period of the previous year. Earnings per share on a diluted basis were 78 cents, up 20% compared to 65 cents for the second quarter last year.

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For the six months ended June 30, 2010, sales totaled \$5.4 billion, up 9% compared to the same period in 2009. Net income for the six months was \$225.1 million, an increase of 17% from the same period in 2009. Earnings per share on a diluted basis were \$1.42, up 17% compared to \$1.21 for the same period last year.

In reviewing the quarter, Mr. Gallagher commented, "We are pleased to report another quarter of solid sales and earnings growth in 2010. In looking at the results by segment, our Industrial and Electrical businesses turned in the strongest results. Sales for Motion Industries, our Industrial Group, were up 26% in the quarter and EIS, our Electrical Group, generated a 32% increase. Both Motion and EIS sell into the manufacturing sector of the economy, which is performing well at this time. Our Automotive Group produced another solid quarter. Sales for this group were up 7%, following a 6% increase in the first quarter and we are encouraged by the sequential improvement that we have seen in our Automotive results over the past several quarters. S.P. Richards, our Office Products Group, ended the quarter down 1%. This is in line with overall office products industry trends and it is reflective of the reduction in office employment over the past two years."

Mr. Gallagher added, "Our balance sheet as of June 30, 2010 also remains in excellent condition. We ended the period with a sound cash position and we continue to generate strong cash flows as a result of our working capital, asset management and cost reduction initiatives."

Mr. Gallagher concluded, "We are encouraged by our sales and earnings growth in the second quarter and through the first six months in 2010. As we look forward, we are optimistic that we can show continued progress over the balance of the year."

### Conference Call

Genuine Parts Company will hold a conference call today at 11:00 a.m. Eastern time to discuss the results of the quarter and the future outlook. Interested parties may listen to the call on the Company's website, [www.genpt.com](http://www.genpt.com), by clicking "Investor Services", or by dialing 877-316-2549, conference ID 84340470. A replay will also be available on the Company's website or at 800-642-1687, conference ID 84340470, after the completion of the conference call until 12:00 a.m. Eastern time on July 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 include, but are not limited to, the ability to maintain favorable supplier arrangements and relationships, changes in general economic conditions, the growth rate of the market demand for the Company's products and services, competitive product, service and pricing pressures, including internet related initiatives, changes in financial markets, including particularly the capital and credit markets,

impairment of financial institutions, the effectiveness of the Company's promotional, marketing and advertising programs, changes in laws and regulations, including changes in accounting and taxation guidance, the uncertainties of litigation, as well as other risks and uncertainties discussed in the Company's Annual Report on Form 10-K for 2009 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.

## About Genuine Parts Company

Genuine Parts Company is a distributor of automotive replacement parts in the U.S., Canada and Mexico. The Company also distributes industrial replacement parts in the U.S., Canada and Mexico through its Motion Industries subsidiary. S.P. Richards Company, the Office Products Group, distributes business products nationwide in the U.S. and Canada. The Electrical/Electronic Group, EIS, Inc., distributes electrical and electronic components throughout the U.S., Canada and Mexico.

### GENUINE PARTS COMPANY and SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF INCOME

|  | Three Months Ended June |      | Six Months Ended June |      |
|--|-------------------------|------|-----------------------|------|
|  | 30,                     | 30,  | 30,                   | 2009 |
|  | 2010                    | 2009 | 2010                  | 2009 |

(Unaudited)

(in thousands, except per share data)

|  |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
| Net sales                                | \$2,847,186 | \$2,535,045 | \$5,449,301 | \$4,979,541 |
| Cost of goods sold                       | 2,024,876   | 1,790,190   | 3,866,516   | 3,502,485   |
| Gross profit                             | 822,310     | 744,855     | 1,582,785   | 1,477,056   |
| Operating Expenses:                      |             |             |             |             |
| Selling, administrative & other expenses | 598,331     | 556,394     | 1,174,548   | 1,121,406   |
| Depreciation and amortization            | 23,186      | 22,411      | 45,329      | 44,932      |
|  | 621,517     | 578,805     | 1,219,877   | 1,166,338   |
| Income before income taxes               | 200,793     | 166,050     | 362,908     | 310,718     |
| Income taxes                             | 76,326      | 62,440      | 137,832     | 117,949     |
| Net income                               | \$124,467   | \$103,610   | \$225,076   | \$192,769   |

|                                     |        |        |         |         |
|-------------------------------------|--------|--------|---------|---------|
| Basic net income per common share   | \$ .79 | \$ .65 | \$ 1.42 | \$ 1.21 |
| Diluted net income per common share | \$ .78 | \$ .65 | \$ 1.42 | \$ 1.21 |

|  |         |         |         |         |
|--|---------|---------|---------|---------|
| Weighted average common shares outstanding | 158,260 | 159,513 | 158,514 | 159,479 |
| Dilutive effect of stock                   |         |         |         |         |

|  |         |         |         |         |
|--|---------|---------|---------|---------|
| options and<br>non-vested<br>restricted<br>stock awards                    | 402     | 253     | 403     | 225     |
|  | ---     | ---     | ---     | ---     |
| Weighted average<br>common shares<br>outstanding -<br>assuming<br>dilution | 158,662 | 159,766 | 158,917 | 159,704 |
|  | =====   | =====   | =====   | =====   |

GENUINE PARTS COMPANY and SUBSIDIARIES  
SEGMENT INFORMATION AND FINANCIAL HIGHLIGHTS

Three Months Ended June 30,      Six Months Ended June 30,  
2010      2009      2010      2009  
-----  
(Unaudited)  
(in thousands)

Net sales:

|                           |             |             |             |             |
|---------------------------|-------------|-------------|-------------|-------------|
| Automotive                | \$1,459,672 | \$1,360,037 | \$2,750,073 | \$2,579,165 |
| Industrial                | 882,233     | 701,228     | 1,685,535   | 1,437,729   |
| Office                    |             |             |             |             |
| Products                  | 401,960     | 406,134     | 812,471     | 818,882     |
| Electrical/<br>Electronic |             |             |             |             |
| Materials                 | 106,579     | 80,609      | 206,877     | 166,742     |
| Other (1)                 | (3,258)     | (12,963)    | (5,655)     | (22,977)    |
|                           | -----       | -----       | -----       | -----       |
| Total net<br>sales        | \$2,847,186 | \$2,535,045 | \$5,449,301 | \$4,979,541 |
|                           | =====       | =====       | =====       | =====       |

Operating  
profit:

|                                     |           |           |           |           |
|-------------------------------------|-----------|-----------|-----------|-----------|
| Automotive                          | \$126,022 | \$117,777 | \$214,927 | \$205,184 |
| Industrial                          | 60,118    | 31,443    | 108,964   | 65,618    |
| Office                              |           |           |           |           |
| Products                            | 30,454    | 33,661    | 67,013    | 72,389    |
| Electrical/<br>Electronic           |           |           |           |           |
| Materials                           | 6,948     | 5,090     | 13,763    | 10,758    |
|                                     | -----     | -----     | -----     | -----     |
| Total<br>operating<br>profit        | 223,542   | 187,971   | 404,667   | 353,949   |
| Interest<br>expense,<br>net         | (6,693)   | (6,752)   | (13,426)  | (13,848)  |
| Other, net                          | (16,056)  | (15,169)  | (28,333)  | (29,383)  |
|                                     | -----     | -----     | -----     | -----     |
| Income<br>before<br>income<br>taxes | \$200,793 | \$166,050 | \$362,908 | \$310,718 |
|                                     | =====     | =====     | =====     | =====     |

|                         |          |          |          |          |
|-------------------------|----------|----------|----------|----------|
| Capital<br>expenditures | \$18,062 | \$22,858 | \$27,912 | \$36,955 |
|                         | =====    | =====    | =====    | =====    |

|                                     |          |          |          |          |
|-------------------------------------|----------|----------|----------|----------|
| Depreciation<br>and<br>amortization | \$23,186 | \$22,411 | \$45,329 | \$44,932 |
|                                     | =====    | =====    | =====    | =====    |

(1) Represents the net effect of discounts, incentives and freight billed reported as a component of net sales.

GENUINE PARTS COMPANY and SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

|  | June 30,<br>2010 | June 30,<br>2009 |
|--|------------------|------------------|
|  | ----             | ----             |
|  | (Unaudited)      |                  |
|  | (in thousands)   |                  |
| ASSETS   |                  |                  |
| CURRENT ASSETS   |                  |                  |
| Cash and cash equivalents  | \$411,872        | \$238,589        |
| Trade accounts receivable, net   | 1,353,918        | 1,239,318        |
| Merchandise inventories, net   | 2,164,548        | 2,215,709        |
| Prepaid expenses and other current assets                              | 280,159          | 222,399          |
|  | -----            | -----            |
| TOTAL CURRENT ASSETS   | 4,210,497        | 3,916,015        |
| Goodwill and other intangible assets, less<br>accumulated amortization | 201,326          | 166,683          |
| Deferred tax asset   | 164,657          | 160,581          |
| Other assets   | 173,730          | 124,358          |
| Net property, plant and equipment                                      | 469,150          | 487,307          |
|  | -----            | -----            |
| TOTAL ASSETS   | \$5,219,360      | \$4,854,944      |
|  | =====            | =====            |
| LIABILITIES AND EQUITY   |                  |                  |
| CURRENT LIABILITIES  |                  |                  |
| Trade accounts payable   | \$1,286,681      | \$1,063,260      |
| Income taxes payable   | 35,494           | 44,687           |
| Dividends payable  | 64,687           | 63,813           |
| Other current liabilities  | 188,511          | 240,807          |
|  | -----            | -----            |
| TOTAL CURRENT LIABILITIES  | 1,575,373        | 1,412,567        |
| Long-term debt   | 500,000          | 500,000          |
| Retirement and other post-retirement benefit<br>liabilities            | 296,823          | 305,525          |
| Other long-term liabilities  | 173,957          | 121,168          |
| Common stock   | 157,613          | 159,531          |
| Retained earnings and other  | 2,815,427        | 2,715,304        |
| Accumulated other comprehensive loss                                   | (308,540)        | (366,973)        |
|  | -----            | -----            |
| TOTAL PARENT EQUITY  | 2,664,500        | 2,507,862        |
| Noncontrolling interests in subsidiaries                               | 8,707            | 7,822            |
|  | -----            | -----            |
| TOTAL EQUITY   | 2,673,207        | 2,515,684        |
|  | -----            | -----            |
| TOTAL LIABILITIES AND EQUITY   | \$5,219,360      | \$4,854,944      |
|  | =====            | =====            |

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Six Months Ended June

30,  
2010 2009

(Unaudited)  
(in thousands)

OPERATING ACTIVITIES:

|   |           |           |
|---|-----------|-----------|
| Net income  | \$225,076 | \$192,769 |
| Adjustments to reconcile net income to net cash provided by operating activities: |           |           |
| Depreciation and amortization   | 45,329    | 44,932    |
| Share-based compensation  | 3,133     | 4,739     |
| Excess tax benefits from share-based compensation                                 | 1,085     | -         |
| Other   | (401)     | 1,657     |
| Changes in operating assets and liabilities                                       | 80,400    | 244,734   |

NET CASH PROVIDED BY OPERATING ACTIVITIES 354,622 488,831

INVESTING ACTIVITIES:

|  |          |           |
|--|----------|-----------|
| Purchases of property, plant and equipment | (27,912) | (36,955)  |
| Acquisitions and other                     | (67,693) | (107,405) |

NET CASH USED IN INVESTING ACTIVITIES (95,605) (144,360)

FINANCING ACTIVITIES:

|   |           |           |
|---|-----------|-----------|
| Stock options exercised                           | 5,384     | 2,160     |
| Excess tax benefits from share-based compensation | (1,085)   | -         |
| Dividends paid                                    | (128,627) | (125,926) |
| Changes in cash overdraft position                | -         | (52,000)  |
| Purchase of stock                                 | (63,137)  | (136)     |

NET CASH USED IN FINANCING ACTIVITIES (187,465) (175,902)

EFFECT OF EXCHANGE RATE CHANGES ON CASH 3,517 2,243

NET INCREASE IN CASH AND CASH EQUIVALENTS 75,069 170,812

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD 336,803 67,777

CASH AND CASH EQUIVALENTS AT END OF PERIOD \$411,872 \$238,589

First Call Analyst:

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SOURCE: Genuine Parts Company

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Web Site: <http://www.genpt.com/>

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