

GENUINE PARTS CO
Form 10-K
February 27, 2014
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended December 31, 2013

Or

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

For the transition period from to

Commission file number: 1-5690

GENUINE PARTS COMPANY

(Exact name of registrant as specified in its charter)

Georgia
(State or other jurisdiction of

incorporation or organization)

2999 Circle 75 Parkway, Atlanta, Georgia
(Address of principal executive offices)

58-0254510
(I.R.S. Employer

Identification No.)

30339
(Zip Code)

770-953-1700

(Registrant's telephone number, including area code)

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

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Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$1 par value per share	New York Stock Exchange

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

None

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

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

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

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

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

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

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

As of June 30, 2013, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$11,558,411,000 based on the closing sale price as reported on the New York Stock Exchange.

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

Class	Outstanding at February 18, 2013
Common Stock, \$1 par value per share	153,727,213 shares

Specifically identified portions of the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held on April 28, 2014 are incorporated by reference into Part III of this Form 10-K.

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PART I.

ITEM 1. BUSINESS.

Genuine Parts Company, a Georgia corporation incorporated on May 7, 1928, is a service organization engaged in the distribution of automotive replacement parts, industrial replacement parts, office products and electrical/electronic materials through our four operating segments, each described in more detail below. In 2013, business was conducted from approximately 2,600 locations throughout the United States, Canada and Mexico and, effective April 1, 2013, Australia and New Zealand. As of December 31, 2013, the Company employed approximately 37,500 persons.

As used in this report, the Company refers to Genuine Parts Company and its subsidiaries, except as otherwise indicated by the context; and the terms automotive parts and industrial parts refer to replacement parts in each respective category.

Financial Information about Segments. For financial information regarding segments as well as our geographic areas of operation, refer to Note 10 of Notes to Consolidated Financial Statements beginning on page F-1.

Available Information. The Company's internet website can be found at www.genpt.com. The Company makes available, free of charge through its internet website, access to the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other reports, and any amendments to these documents, as soon as reasonably practicable after such material is filed with or furnished to the Securities and Exchange Commission (SEC). Additionally, our corporate governance guidelines, codes of conduct and ethics, and charters of the Audit Committee and the Compensation, Nominating and Governance Committee of our Board of Directors, as well as information regarding our procedure for shareholders and other interested parties to communicate with our Board of Directors, are available on our website.

In Part III of this Form 10-K, we incorporate certain information by reference to our proxy statement for our 2014 annual meeting of shareholders. We expect to file that proxy statement with the SEC on or about February 27, 2014, and we will make it available online at the same time at <http://www.proxydocs.com/gpc>. Please refer to the proxy statement for the information incorporated by reference into Part III of this Form 10-K when it is available.

AUTOMOTIVE PARTS GROUP

The Automotive Parts Group, the largest division of the Company, distributes automotive parts and accessory items. In addition to nearly 450,000 available part numbers, the Company offers complete inventory, cataloging, marketing, training and other programs in the automotive aftermarket. The Company, as a result of its acquisition of Quaker City Motor Parts Co. in May 2012, is the sole member of the National Automotive Parts Association (NAPA), a voluntary trade association formed in 1925 to provide nationwide distribution of automotive parts.

During 2013, the Company's Automotive Parts Group included NAPA automotive parts distribution centers and automotive parts stores (auto parts stores or NAPA AUTO PARTS stores) owned and operated in the United States by the Company; NAPA and Traction automotive parts distribution centers and auto parts stores in the United States and Canada owned and operated by the Company and NAPA Canada/UAP Inc. (NAPA Canada/UAP), a wholly-owned subsidiary of the Company; auto parts stores and distribution centers in the United States operated by corporations in which the Company owned either a noncontrolling or controlling interest; auto parts stores in Canada operated by corporations in which UAP owns a 50% interest; import automotive parts distribution centers in the United States owned by the Company and operated by its Altrom America division; import automotive parts distribution centers in Canada owned and operated by Altrom Canada Corporation (Altrom Canada), a wholly-owned subsidiary of the Company; distribution centers in the United States owned by Balkamp, Inc. (Balkamp), a wholly-owned subsidiary of the Company; distribution facilities in the United

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States owned by the Company and operated by its Rayloc division; and automotive parts distribution centers and automotive parts stores in Mexico, owned and operated by Grupo Auto Todo, S.A. de C.V. (Auto Todo), a wholly-owned subsidiary of the Company.

In addition, effective April 1, 2013, the Company completed the purchase of the remaining 70% stake of Exego Group, subsequently renamed GPC Asia Pacific, for approximately \$590 million (USD), net of cash acquired of \$70 million, and the assumption of approximately \$230 million (USD) in net debt. The purchase was funded using a combination of cash on hand and borrowings under existing credit facilities. The Company had previously purchased a 30% stake in GPC Asia Pacific on January 1, 2012 for approximately \$166 million (USD) in cash. GPC Asia Pacific, headquartered in Melbourne, Australia, is a leading aftermarket distributor of automotive replacement parts and accessories in Australasia, with annual revenues of approximately \$1.1 billion (USD) and a company-owned store footprint of 460 locations across Australia and New Zealand. In 2012, the Company accounted for this investment under the equity method of accounting.

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

The Company s NAPA automotive parts distribution centers distribute replacement parts (other than body parts) for substantially all motor vehicle makes and models in service in the United States, including imported vehicles, trucks, SUVs, buses, motorcycles, recreational vehicles and farm vehicles. In addition, the Company distributes replacement parts for small engines, farm equipment and heavy duty equipment. The Company s inventories also include accessory items for such vehicles and equipment, and supply items used by a wide variety of customers in the automotive aftermarket, such as repair shops, service stations, fleet operators, automobile and truck dealers, leasing companies, bus and truck lines, mass merchandisers, farms, industrial concerns and individuals who perform their own maintenance and parts installation. Although the Company s domestic automotive operations purchase from approximately 100 different suppliers, approximately 50% of 2013 automotive parts inventories were purchased from 10 major suppliers. Since 1931, the Company has had return privileges with most of its suppliers, which have protected the Company from inventory obsolescence.

Distribution System. In 2013, the Company operated 62 domestic NAPA automotive parts distribution centers located in 41 states and approximately 1,100 domestic company-owned NAPA AUTO PARTS stores located in 46 states. At December 31, 2013, the Company owned either a noncontrolling or controlling interest in six corporations, which operated approximately 114 auto parts stores in nine states.

NAPA Canada/UAP, founded in 1926, is a Canadian leader in the distribution and marketing of replacement parts and accessories for automobiles and trucks. NAPA Canada/UAP employs approximately 3,800 people and operates a network of 12 distribution centers supplying approximately 594 NAPA stores and 104 Traction wholesalers. Traction is a supplier of parts to small and large fleet owners and operators and, together with NAPA stores, is a significant supplier to the mining and forestry industries. The NAPA stores and Traction wholesalers in Canada include approximately 187 company owned stores, 12 joint ventures and 28 progressive owners in which NAPA Canada/UAP owns a 50% interest and approximately 471 independently owned stores. NAPA and Traction operations supply bannered installers and independent installers in all provinces of Canada, as well as networks of service stations and repair shops operating under the banners of national accounts. UAP is a licensee of the NAPA® name in Canada.

In Canada, Altrom Canada operates 13 import automotive parts distribution centers. In the United States, Altrom America operates two import automotive parts distribution centers.

In Mexico, Auto Todo owns and operates 11 distribution centers, four auto parts stores and four tire centers. Auto Todo is a licensee of the NAPA® name in Mexico.

In Australia and New Zealand, GPC Asia Pacific is leading distributor of automotive replacement parts and accessories. GPC Asia Pacific operates eight distribution centers, 399 Repco stores and 61 branches associated with the Ashdown Ingram, Motospecs and McLeod operations.

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The Company's domestic distribution centers serve approximately 4,900 independently owned NAPA AUTO PARTS stores located throughout the United States. NAPA AUTO PARTS stores, in turn, sell to a wide variety of customers in the automotive aftermarket. Collectively, these independent automotive parts stores account for approximately 65% of the Company's total U.S. Automotive sales and 24% of the Company's total sales, with no automotive parts store or group of automotive parts stores with individual or common ownership accounting for more than 0.25% of the total sales of the Company.

Products. Distribution centers have access to over 446,000 different parts and related supply items. Each item is cataloged and numbered for identification and accessibility. Significant inventories are carried to provide for fast and frequent deliveries to customers. Most orders are filled and shipped the same day as they are received. The majority of sales are paid from statements with varied terms and conditions. The Company does not manufacture any of the products it distributes. The majority of products are distributed under the NAPA® name, a mark licensed to the Company by NAPA, which is important to the sales and marketing of these products. Traction sales also include products distributed under the HD Plus name, a proprietary line of automotive parts for the heavy duty truck market.

Related Operations. Balkamp, a wholly-owned subsidiary of the Company, distributes a wide variety of replacement parts and accessory items for passenger cars, heavy-duty vehicles, motorcycles and farm equipment. In addition, Balkamp distributes service items such as testing equipment, lubricating equipment, gauges, cleaning supplies, chemicals and supply items used by repair shops, fleets, farms and institutions. Balkamp packages many of the 45,000 products, which constitute the Balkamp line of products that are distributed through the NAPA system. These products are categorized into over 175 different product categories purchased from approximately 450 domestic suppliers and over 100 foreign manufacturers. Balkamp has two distribution centers located in Plainfield, Indiana, and West Jordan, Utah. In addition, Balkamp operates two redistribution centers that provide the NAPA system with over 1,100 SKUs of oils and chemicals. BALKAMP®, a federally registered trademark, is important to the sales and marketing promotions of the Balkamp organization.

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

The Company's Heavy Vehicle Parts Group operates as TW Distribution, with one warehouse location in Atlanta, Georgia, which serves 22 Traction Heavy Duty parts stores in the United States, of which 14 are company-owned and eight are independently owned. This group distributes heavy vehicle parts through the NAPA system and direct to small fleet owners and operators.

Segment Data. In the year ended December 31, 2013, sales from the Automotive Parts Group were approximately 53% of the Company's net sales, as compared to 49% in 2012 and 2011. For additional segment information, see Note 10 of Notes to Consolidated Financial Statements beginning on page F-1.

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

The Company, has developed and refined an inventory classification system to determine optimum distribution center and auto parts store inventory levels for automotive parts stocking based on automotive registrations, usage rates, production statistics, technological advances and other similar factors. This system, which undergoes continuous analytical review, is an integral part of the Company's inventory control procedures and

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comprises an important feature of the inventory management services that the Company makes available to its NAPA AUTO PARTS store customers. Over the last 20 years, losses to the Company from obsolescence have been insignificant and the Company attributes this to the successful operation of its classification system, which involves product return privileges with most of its suppliers.

Competition. The automotive parts distribution business is highly competitive. The Company competes with automobile manufacturers (some of which sell replacement parts for vehicles built by other manufacturers as well as those that they build themselves), automobile dealers, warehouse clubs and large automotive parts retail chains. In addition, the Company competes with the distributing outlets of parts manufacturers, oil companies, mass merchandisers, including national retail chains, and with other parts distributors and retailers. The Automotive Parts Group competes primarily on product offering, service, brand recognition and price. Further information regarding competition in the industry is set forth in Item 1A. Risk Factors We Face Substantial Competition in the Industries in Which We Do Business.

NAPA. The Company is the sole member of the National Automotive Parts Association, a voluntary association formed in 1925 to provide nationwide distribution of automotive parts. NAPA, which neither buys nor sells automotive parts, functions as a trade association whose sole member in 2013 owned and operated 62 distribution centers located throughout the United States. NAPA develops marketing concepts and programs that may be used by its members which, at December 31, 2013, includes only the Company. It is not involved in the chain of distribution.

Among the automotive lines within the NAPA system that the Company purchases and distributes are certain lines designated, cataloged, advertised and promoted as NAPA lines. The Company is not required to purchase any specific quantity of parts so designated and may, and does, purchase competitive lines from other supply sources.

The Company uses the federally registered trademark NAPA® as part of the trade name of its distribution centers and parts stores. The Company contributes to NAPA's national advertising program, which is designed to increase public recognition of the NAPA name and to promote NAPA product lines.

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

INDUSTRIAL PARTS GROUP

The Industrial Parts Group is operated as Motion Industries, Inc. (Motion), a wholly-owned subsidiary of the Company headquartered in Birmingham, Alabama. Motion distributes industrial replacement parts and related supplies such as bearings, mechanical and electrical power transmission, industrial automation, hose, hydraulic and pneumatic components, industrial supplies and material handling products to MRO (maintenance, repair and operation) and OEM (original equipment manufacturer) customers throughout the United States, Canada and Mexico.

In Canada, industrial parts are distributed by Motion Industries (Canada), Inc. (Motion Canada). The Mexican market is served by Motion Mexico S de RL de CV (Motion Mexico). These organizations operate in the Company's North American structure.

In 2013, the Industrial Parts Group served more than 150,000 customers in all types of industries located throughout North America, including the food and beverage, forest products, primary metal, pulp and paper, mining, automotive, oil and gas, petrochemical and pharmaceutical industries; as well as strategically targeted specialty industries such as power generation, wastewater treatment facilities, wind power generation, solar power, government projects, pipelines, railroad, ports, and others. Motion services all manufacturing and processing industries with access to a database of 5.6 million parts. Additionally, Motion provides U.S. government agencies access to approximately 600,000 products and replacement parts through a Government Services Administration (GSA) schedule.

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In the fourth quarter of 2013, Motion made two strategic acquisitions. Effective October 26, 2013, Motion acquired the stock of AST Bearings LLC (AST), with facilities in Montville, New Jersey and Irvine, California. AST is an industrial distributor specializing in high-precision, miniature and specialty bearings, bushings and related services, with annual revenues of approximately \$35 million. Effective December 2, 2013, Motion acquired the assets of Paragon Service & Supply, Inc. (Paragon), located in Lima, Ohio. Paragon is a distributor of industrial cutting tools, abrasives and metal-working equipment, with approximately \$15 million in annual revenues.

Effective January 31, 2014, Motion Canada acquired Commercial Solutions Inc. (CSI), which at that time was a public company traded on the Toronto Stock Exchange under the ticker symbol CSA . CSI s shares were delisted following the acquisition. Headquartered in Edmonton, Alberta, CSI is an independent national distributor of industrial supplies, including bearings and power transmission products, complete solutions for drilling rigs and industrial and safety supplies. Its customers represent a broad cross-section of industries and are served from 22 locations across Canada and one in the U.S. CSI is expected to generate approximately \$100 million in annual revenues.

The Industrial Parts Group provides customers with supply chain efficiencies achieved through inventory management and logistical solutions coupled with Motion s vast product knowledge and system capabilities. The Company meets the MRO demand of a large and fragmented market with high levels of service in the areas of asset management, inventory and logistics management, product application and utilization management processes. A highly developed supply chain with vendor partnerships and customer connectivity are enhanced by Motion s leading e-business capabilities, such as MiSupplierConnect, which provides integration between the Company s information technology network and suppliers systems, creating numerous benefits for both the supplier and customer.

Distribution System. In North America, the Industrial Parts Group operated 511 branches, 15 distribution centers and 42 service centers as of December 31, 2013. The distribution centers stock and distribute more than 240,000 different items purchased from more than 1,100 different suppliers. The service centers provide hydraulic, hose and mechanical repairs for customers. Approximately 34% of 2013 total industrial product purchases were made from 10 major suppliers. Sales are generated from the Industrial Parts Group s branches located in 49 states, Puerto Rico, nine provinces in Canada, and Mexico. Each branch has warehouse facilities that stock significant amounts of inventory representative of the products used by customers in the respective market area served.

Products. The Industrial Parts Group distributes a wide variety of parts and products to its customers, primarily industrial concerns. Products include such items as hoses, belts, bearings, pulleys, pumps, valves, chains, gears, sprockets, speed reducers, electric motors, and industrial supplies. In recent years, Motion expanded its offering to include systems and automation products in response to the increasing sophistication of motion control and process automation for full systems integration of plant equipment. Manufacturing trends and government policies have led to opportunities in the green and energy-efficient product markets, focusing on product offerings such as energy-efficient motors and drives, recyclable and environmentally friendly parts and supplies. The nature of this group s business demands the maintenance of adequate inventories and the ability to promptly meet demanding delivery requirements. Virtually all of the products distributed are installed by the customer or used in plant and facility maintenance activities. Most orders are filled immediately from existing stock and deliveries are normally made within 24 hours of receipt of order. The majority of all sales are on open account. Motion has ongoing purchase agreements with existing customers that represent approximately 50% of the annual sales volume.

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

Segment Data. In the year ended December 31, 2013, sales from the Company s Industrial Parts Group approximated 31% of the Company s net sales, as compared to 34% in 2012 and 33% in 2011. For additional segment information, see Note 10 of Notes to Consolidated Financial Statements beginning on page F-1.

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Competition. The industrial parts distribution business is highly competitive. The Industrial Parts Group competes with other distributors specializing in the distribution of such items, general line distributors and others who provide similar services. To a lesser extent, the Industrial Parts Group competes with manufacturers that sell directly to the customer. The Industrial Parts Group competes primarily on the breadth of product offerings, service and price. Further information regarding competition in the industry is set forth in Item 1A. Risk Factors We Face Substantial Competition in the Industries in Which We Do Business.

OFFICE PRODUCTS GROUP

The Office Products Group, operated through S. P. Richards Company (S. P. Richards), a wholly owned subsidiary of the Company, is headquartered in Atlanta, Georgia. S. P. Richards is engaged in the wholesale distribution of a broad line of office and other business related products through a diverse customer base of resellers. These products are used in homes, businesses, schools, offices, and other institutions. Office products fall into the general categories of computer supplies, imaging products, office furniture, office machines, general office products, school supplies, cleaning, janitorial, sanitation and breakroom supplies, safety and security items, healthcare products and disposable food service products.

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

Effective February 1, 2014, S. P. Richards acquired the assets of Garland C. Norris Company, Inc. (GCN), headquartered in Apex, North Carolina. GCN is a regional wholesale distributor of food service disposables and janitorial and cleaning supplies, with annual revenues of approximately \$35 million.

Distribution System. The Office Products Group distributes more than 55,000 items to over 4,300 resellers and distributors throughout the United States and Canada from a network of 41 distribution centers. This group's network of strategically located distribution centers provides overnight delivery of the Company's comprehensive product offering. Approximately 47% of the Company's 2013 total office products purchases were made from 10 major suppliers.

The Office Products Group sells to a wide variety of resellers. These resellers include independently owned office product dealers, national office product superstores and mass merchants, large contract stationers, mail order companies, Internet resellers, college bookstores, military base stores, office furniture dealers, value-added technology resellers, business machine dealers, janitorial and sanitation supply distributors, safety product resellers and food service distributors. Resellers are offered comprehensive marketing programs, which include print and electronic catalogs and flyers, electronic content for reseller websites, and education and training resources. In addition, market analytics programs are made available to qualified resellers.

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

While the Company's inventory includes products from nearly 600 of the industry's leading manufacturers worldwide, S. P. Richards also markets products under its eight proprietary brands. These brands include: Sparco™, an economical line of office supply basics; Compuaccessory®, a line of computer accessories; Lorell™, a line of office furniture; NatureSaver®, an offering of recycled products; Elite Image®, a line of new and remanufactured toner cartridges, premium papers and labels; Integra™, a line of writing instruments; Genuine Joe®, a line

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of cleaning and breakroom products; and Business Source[®], a line of basic office supplies available only to independent resellers. Through the Company's FurnitureAdvantage[®] program, S. P. Richards provides resellers with an additional 11,000 furniture items made available to consumers in 7 to 10 business days.

Segment Data. In the year ended December 31, 2013, sales from the Company's Office Products Group approximated 12% of the Company's net sales, as compared to 13% in 2012 and 14% in 2011. For additional segment information, see Note 10 of Notes to Consolidated Financial Statements beginning on page F-1.

Competition. The office products distribution business is highly competitive. In the distribution of its product offering to resellers, S. P. Richards competes with many other wholesale distributors, as well as with certain manufacturers of office products. S. P. Richards competes primarily on price, product offerings, service, marketing programs and brand recognition. Further information regarding competition in the industry is set forth in Item 1A. Risk Factors We Face Substantial Competition in the Industries in Which We Do Business.

ELECTRICAL/ELECTRONIC MATERIALS GROUP

The Electrical/Electronic Materials Group was formed on July 1, 1998 through the acquisition of EIS, Inc. (EIS), a wholly-owned subsidiary of the Company headquartered in Atlanta, Georgia. This Group distributes materials to more than 20,000 electrical and electronic manufacturers, as well as industrial assembly and specialty wire and cable markets in North America. With 47 branch locations in the United States, Puerto Rico, the Dominican Republic, Mexico and Canada, this Group distributes over 100,000 items including wire and cable, insulating and conductive materials, assembly tools and test equipment. EIS also has six manufacturing facilities that provide custom fabricated parts.

In 2013, EIS made two strategic acquisitions. Effective August 1, 2013, EIS acquired the assets of Trient Technologies Inc., a fabricator of flexible materials with one location in Woodville, Wisconsin and annual revenues of approximately \$9 million. Effective October 31, 2013, EIS acquired the assets of Tekra Corporation (Tekra), headquartered in New Berlin, Wisconsin. Tekra is an independent fabricator and coater of films and flexible materials with approximately \$75 million in annual revenues.

Additionally, effective February 1, 2014, EIS acquired the assets of Electro-Wire, Inc. (Electro-Wire). Headquartered in Schaumburg, Illinois, Electro-Wire is a North American distributor and contract manufacturer of specialty wire and cable products with four locations in the U.S. and primarily serving the telecom and transit markets. Electro-Wire is expected to generate approximately \$100 million in annual revenues.

Distribution System. The Electrical/Electronic Materials Group provides distribution services to OEM's, motor repair shops, specialty wire and cable users and a broad variety of industrial assembly markets. EIS actively utilizes its e-commerce Internet site to present its products to customers while allowing these on-line visitors to conveniently purchase from a large product assortment.

Electrical and electronic, industrial assembly, and wire and cable products are distributed from warehouse locations in major user markets throughout the United States, as well as in Mexico, Canada, Puerto Rico, and the Dominican Republic. EIS has return privileges with some of its suppliers, which have protected the Company from inventory obsolescence.

Products. The Electrical/Electronic Materials Group distributes a wide variety of products to customers from over 350 vendors. These products include custom fabricated flexible materials that are used as components within a customer's manufactured finished product in a variety of market segments. Among the products distributed and fabricated are such items as magnet wire, conductive materials, electrical wire and cable, insulating and shielding materials, assembly tools, test equipment, adhesives and chemicals, pressure sensitive tapes, solder, anti-static products, thermal management products and coated films. To meet the prompt delivery demands of its customers, this Group maintains large inventories. The majority of sales are on open account. Approximately 45% of 2013 total Electrical/Electronic Materials Group purchases were made from 10 major suppliers.

Integrated Supply. The Electrical/Electronic Materials Group's integrated supply programs are a part of the marketing strategy, as a greater number of customers—especially national accounts—are given the opportunity to participate in this low-cost, high-service capability. The Group developed AIMS (Advanced Inventory

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Management System), a totally integrated, highly automated solution for inventory management. The Group's Integrated Supply offering also includes AIMS EASI, an electronic vending dispenser used to eliminate costly tool cribs, or in-house stores, at customer warehouse facilities.

Segment Data. In the years ended December 31, 2013, 2012 and 2011, sales from the Company's Electrical/Electronic Materials Group approximated 4% of the Company's net sales. For additional segment information, see Note 10 of Notes to Consolidated Financial Statements beginning on page F-1.

Competition. The electrical and electronics distribution business is highly competitive. The Electrical/Electronic Materials Group competes with other distributors specializing in the distribution of electrical and electronic products, general line distributors and, to a lesser extent, manufacturers that sell directly to customers. EIS competes primarily on factors of price, product offerings, service and engineered solutions. Further information regarding competition in the industry is set forth in Item 1A. Risk Factors We Face Substantial Competition in the Industries in Which We Do Business.

ITEM 1A. RISK FACTORS.

FORWARD-LOOKING STATEMENTS

Some statements in this report, as well as in other materials we file with the SEC or otherwise release to the public and in materials that we make available on our website, constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Senior officers may also make verbal statements to analysts, investors, the media and others that are forward-looking. Forward-looking statements may relate, for example, to 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 in our forward-looking statements as a result of various important factors. Such factors include, but are not limited to, those discussed below.

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-Q, Form 8-K and other reports to the SEC.

Set forth below are the material risks and uncertainties that, if they were to occur, could materially and adversely affect our business or could cause our actual results to differ materially from the results contemplated by the forward-looking statements in this report and in the other public statements we make. Please be aware that these risks may change over time and other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict such risks or estimate the extent to which they may affect our business, financial condition, results of operations or the trading price of our securities.

Our business will be adversely affected if demand for our products slows.

Our business depends on customer demand for the products that we distribute. Demand for these products depends on many factors.

With respect to our automotive group, the primary factors are:

the number of miles vehicles are driven annually, as higher vehicle mileage increases the need for maintenance and repair;

the quality of the vehicles manufactured by the original vehicle manufacturers and the length of the warranty or maintenance offered on new vehicles;

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the number of vehicles in current service that are six years old and older, as these vehicles are typically no longer under the original vehicle manufacturers warranty and will need more maintenance and repair than newer vehicles;

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gas prices, as increases in gas prices may deter consumers from using their vehicles;

changes in travel patterns, which may cause consumers to rely more on other transportation;

restrictions on access to diagnostic tools and repair information imposed by the original vehicle manufacturers or by governmental regulation, as consumers may be forced to have all diagnostic work, repairs and maintenance performed by the vehicle manufacturers dealer networks; and

the economy generally, which in declining conditions may cause consumers to defer vehicle maintenance and repair and defer discretionary spending.

With respect to our industrial parts group, the primary factors are:

the level of industrial production and manufacturing capacity utilization, as these indices reflect the need for industrial replacement parts;

changes in manufacturing reflected in the level of the Institute for Supply Management's Purchasing Managers Index, as an index reading of 50 or more implies an expanding manufacturing economy, while a reading below 50 implies a contracting manufacturing economy;

the consolidation of certain of our manufacturing customers and the trend of manufacturing operations being moved overseas; and

the economy in general, which in declining conditions may cause reduced demand for industrial output.

With respect to our office products group, the primary factors are:

the increasing digitization of the workplace, as this impacts the need for certain office products;

the level of unemployment, especially as it relates to white collar and service jobs, as this impacts the need for office products; and

the economy in general, which in declining conditions may cause reduced demand for office products consumption.

With respect to our electrical/electronic materials group, the primary factors are:

changes in manufacturing reflected in the level of the Institute for Supply Management's Purchasing Managers Index, as an index reading of 50 or more implies an expanding manufacturing economy, while a reading below 50 implies a contracting manufacturing economy; and

the economy in general, which in declining conditions may cause reduced demand for industrial output.

Uncertainty and/or deterioration in general macro-economic conditions, including unemployment, inflation or deflation, high energy costs, uncertain credit markets, or other economic conditions, could have a negative impact on our business, financial condition, results of operations and cash flows.

Our business and operating results may in the future be adversely affected by uncertain global economic conditions, including instability in credit markets, declining consumer and business confidence, fluctuating commodity prices, volatile exchange rates, and other challenges that could affect the global economy. Both our commercial and retail customers may experience deterioration of their financial resources, which could result in existing or potential customers delaying or canceling plans to purchase our products. Our vendors could experience similar conditions, which could impact their ability to fulfill their obligations to us. Future weakness in the global economy could adversely affect our results of operations, financial condition and cash flows in future periods.

We depend on our relationships with our vendors, and a disruption of our vendor relationships or a disruption in our vendors' operations could harm our business.

As a distributor of automotive parts, industrial parts, office products and electrical/electronic materials, our business depends on developing and maintaining close and productive relationships with our vendors. We depend

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on our vendors to sell us quality products at favorable prices. Many factors outside our control, including, without limitation, raw material shortages, inadequate manufacturing capacity, labor disputes, transportation disruptions or weather conditions, could adversely affect our vendors' ability to deliver to us quality merchandise at favorable prices in a timely manner. Furthermore, financial or operational difficulties with a particular vendor could cause that vendor to increase the cost of the products or decrease the quality of the products we purchase from it. Vendor consolidation could also limit the number of suppliers from which we may purchase products and could materially affect the prices we pay for these products. In our automotive business, the number of vendors could decrease considerably, and the prices charged to us by the remaining vendors could increase, to the extent that vehicle production slows due to a decline in consumer spending and, possibly, the failure of one or more of the large automobile manufacturers. We would suffer an adverse impact if our vendors limit or cancel the return privileges that currently protect us from inventory obsolescence.

We face substantial competition in the industries in which we do business.

The sale of automotive and industrial parts, office products and electrical materials is highly competitive and impacted by many factors, including name recognition, product availability, customer service, anticipating changing customer preferences, store location, and pricing pressures. Because we seek to offer competitive prices, if our competitors reduce their prices, we may be forced to reduce our prices, which could result in a material decline in our revenues and earnings. Increased competition among distributors of automotive and industrial parts, office products and electronic materials, including internet-related initiatives, could cause a material adverse effect on our results of operations. The Company anticipates no decline in competition in any of its four business segments in the foreseeable future.

In particular, the market for replacement automotive parts is highly competitive and subjects us to a wide variety of competitors. We compete primarily with national and regional auto parts chains, independently owned regional and local automotive parts and accessories stores, automobile dealers that supply manufacturer replacement parts and accessories, mass merchandisers and wholesale clubs that sell automotive products and regional and local full service automotive repair shops. Furthermore, the automotive aftermarket has experienced consolidation in recent years. Consolidation among our competitors could further enhance their financial position, provide them with the ability to provide more competitive prices to customers for whom we compete, and allow them to achieve increased efficiencies in their consolidated operations that enable them to more effectively compete for customers. If we are unable to continue to develop successful competitive strategies or if our competitors develop more effective strategies, we could lose customers and our sales and profits may decline.

We may not be able to successfully implement our business initiatives in each of our four business segments to grow our sales and earnings, which could adversely affect our business, financial condition, results of operations and cash flows.

We have implemented numerous initiatives in each of our four business segments to grow sales and earnings, including the introduction of new and expanded product lines, strategic acquisitions, geographic expansion (including through acquisitions), sales to new markets, enhanced customer marketing programs and a variety of gross margin and cost savings initiatives. If we are unable to implement these initiatives efficiently and effectively, or if these initiatives are unsuccessful, our business, financial condition, results of operations and cash flows could be adversely affected.

Successful implementation of these initiatives also depends on factors specific to the automotive parts industry and the other industries in which we operate and numerous other factors that may be beyond our control. In addition to the other risk factors contained in this Item 1A. Risk Factors, adverse changes in the following factors could undermine our business initiatives and have a material adverse effect on our business, financial condition, results of operations and cash flows:

the competitive environment in our end markets may force us to reduce prices below our desired pricing level or to increase promotional spending;

our ability to anticipate changes in consumer preferences and to meet customers' needs for our products in a timely manner;

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our ability to successfully enter new markets, including by successfully identifying and acquiring suitable acquisition targets in these new markets;

our ability to effectively manage our costs;

our ability to continue to grow through acquisitions and successfully integrate acquired businesses in our existing operations; and

the economy in general.

Because we are involved in litigation from time to time and are subject to numerous laws and governmental regulations, we could incur substantial judgments, fines, legal fees and other costs.

We are sometimes the subject of complaints or litigation from customers, employees or other third parties for various actions. The damages sought against us in some of these litigation proceedings are substantial. Although we maintain liability insurance for some litigation claims, if one or more of the claims were to greatly exceed our insurance coverage limits or if our insurance policies do not cover a claim, this could have a material adverse affect on our business, financial condition, results of operations and cash flows.

Additionally, we are subject to numerous federal, state and local laws and governmental regulations relating to environmental protection, product quality standards, building and zoning requirements, as well as employment law matters. If we fail to comply with existing or future laws or regulations, we may be subject to governmental or judicial fines or sanctions, while incurring substantial legal fees and costs. In addition, our capital expenses could increase due to remediation measures that may be required if we are found to be noncompliant with any existing or future laws or regulations.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

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

The Company's Automotive Parts Group currently operates 62 NAPA Distribution Centers in the United States distributed among ten geographic divisions. Approximately 90% of the distribution center properties are owned by the Company. At December 31, 2013, the Company operated approximately 1,100 NAPA AUTO PARTS stores located in 46 states, and the Company owned either a noncontrolling or controlling interest in 114 additional auto parts stores in nine states. Other than NAPA AUTO PARTS stores located within Company owned distribution centers, the majority of the automotive parts stores in which the Company has an ownership interest are operated in leased facilities. In addition, NAPA Canada/UAP operates 12 distribution centers and approximately 199 automotive parts and Traction stores in Canada, excluding any joint ventures. Auto Todo operates 11 distribution centers and eight stores and tire centers in Mexico. These operations are conducted in leased facilities. GPC Asia Pacific operates throughout Australia and New Zealand with eight distribution centers, 399 Repco stores and 61 branches associated with the Ashdown Ingram, Motospecs and McLeod operations. These distribution center, store and branch operations are conducted in leased facilities.

The Company's Automotive Parts Group also operates four Balkamp distribution/redistribution centers, four Rayloc distribution facilities and two transfer and shipping facilities. Nearly all of the Balkamp and Rayloc operations are conducted in facilities owned by the Company. Altrom Canada operates 13 import parts distribution centers and Altrom America operates two import parts distribution centers. The Heavy Vehicle Parts Group operates one TW distribution center, which serves 22 Traction stores of which 14 are company owned and located in the U.S. These operations are conducted in leased facilities.

The Company's Industrial Parts Group, operating through Motion and Motion Canada, operates 15 distribution centers, 42 service centers and 511 branches. Approximately 90% of these branches are operated in leased facilities.

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The Company's Office Products Group operates 36 facilities in the United States and five facilities in Canada distributed among the Group's five geographic divisions. Approximately 75% of these facilities are operated in leased buildings.

The Company's Electrical/Electronic Materials Group operates in 47 locations in the United States, one location in Puerto Rico, one location in the Dominican Republic, three locations in Mexico and one location in Canada. All of this Group's 53 facilities are operated in leased buildings.

We believe that our facilities on the whole are in good condition, are adequately insured, are fully utilized and are suitable and adequate for the conduct of our current operations.

For additional information regarding rental expense on leased properties, see Note 4 of Notes to Consolidated Financial Statements beginning on page F-1.

ITEM 3. LEGAL PROCEEDINGS.

The Company is subject to various legal and governmental proceedings, many involving routine litigation incidental to the businesses, including approximately 3,000 product liability lawsuits resulting from its national distribution of automotive parts and supplies. Many of these involve claims of personal injury allegedly resulting from the use of automotive parts distributed by the Company. While litigation of any type contains an element of uncertainty, the Company believes that its defense and ultimate resolution of pending and reasonably anticipated claims will continue to occur within the ordinary course of the Company's business and that resolution of these claims will not have a material effect on the Company's business, results of operations or financial condition.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

Index to Financial StatementsPART II.**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.****Market Information Regarding Common Stock**

The Company's common stock is traded on the New York Stock Exchange under the ticker symbol GPC. The following table sets forth the high and low sales prices for the common stock per quarter as reported on the New York Stock Exchange and dividends per share of common stock paid during the last two fiscal years:

<u>Quarter</u>	Sales Price of Common Shares			
	2013		2012	
	High	Low	High	Low
First	\$ 78.12	\$ 64.43	\$ 66.43	\$ 60.84
Second	84.27	71.87	66.50	55.58
Third	85.41	77.80	65.18	58.73
Fourth	84.89	76.26	66.90	59.53

<u>Quarter</u>	Dividends Declared per Share	
	2013	2012
	First	\$ 0.5375
Second	0.5375	0.4950
Third	0.5375	0.4950
Fourth	0.5375	0.4950

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Set forth below is a line graph comparing the yearly dollar change in the cumulative total shareholder return on the Company's Common Stock against the cumulative total shareholder return of the Standard and Poor's 500 Stock Index and a peer group composite index structured by the Company as set forth below for the five year period that commenced December 31, 2008 and ended December 31, 2013. This graph assumes that \$100 was invested on December 31, 2008 in Genuine Parts Company Common Stock, the S&P 500 Stock Index (the Company is a member of the S&P 500, and its cumulative total shareholder return went into calculating the S&P 500 results set forth in the graph) and the peer group composite index as set forth below and assumes reinvestment of all dividends.

Comparison of five year cumulative total shareholder return

Genuine Parts Company, S&P 500 Index and peer group composite index

Cumulative Total Shareholder Return

\$ at Fiscal Year End	2008	2009	2010	2011	2012	2013
Genuine Parts Company	100.00	105.22	147.87	182.23	195.48	263.01
S&P 500	100.00	126.46	145.50	148.58	172.35	228.17
Peer Index	100.00	142.97	207.35	199.05	227.70	321.78

In constructing the peer group composite index (Peer Index) for use in the stock performance graph above, the Company used the shareholder returns of various publicly held companies (weighted in accordance with each company's stock market capitalization at December 31, 2008 and including reinvestment of dividends) that compete with the Company in three industry segments: automotive parts, industrial parts and office products (each group of companies included in the Peer Index as competing with the Company in a separate industry segment is hereinafter referred to as a Peer Group). Included in the automotive parts Peer Group are those companies making up the Dow Jones U.S. Auto Parts Index (the Company is a member of such industry group, and its individual shareholder return was included when calculating the Peer Index results set forth in the performance graph). Included in the industrial parts Peer Group are Applied Industrial Technologies, Inc. and Kaman Corporation and included in the office products Peer Group is United Stationers Inc. The Peer Index does not break out a separate electrical/electronic peer group due to the fact that there is currently no true market comparative to EIS. The electrical/electronic component of sales is redistributed to the Company's other segments on a pro rata basis to calculate the final Peer Index.

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In determining the Peer Index, each Peer Group was weighted to reflect the Company's annual net sales in each industry segment. Each industry segment of the Company comprised the following percentages of the Company's net sales for the fiscal years shown:

Industry Segment	2008	2009	2010	2011	2012	2013
Automotive Parts	48%	52%	50%	49%	49%	53%
Industrial Parts	32%	29%	31%	33%	34%	31%
Office Products	16%	16%	15%	14%	13%	12%
Electrical/Electronic Materials	4%	3%	4%	4%	4%	4%

 Holders

As of December 31, 2013, there were 5,071 holders of record of the Company's common stock. The number of holders of record does not include beneficial owners of the common stock whose shares are held in the names of various dealers, clearing agencies, banks, brokers and other fiduciaries.

Issuer Purchases of Equity Securities

The following table provides information about the purchases of shares of the Company's common stock during the three month period ended December 31, 2013:

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs
October 1, 2013 through October 31, 2013	215,475	\$ 78.66	214,400	11,065,142
November 1, 2013 through November 30, 2013	276,080	\$ 80.71	220,547	10,844,595
December 1, 2013 through December 31, 2013	190,561	\$ 81.31	176,216	10,668,379
Totals	682,116	\$ 80.23	611,163	10,668,379

- (1) Includes shares surrendered by employees to the Company to satisfy tax withholding obligations in connection with the vesting of shares of restricted stock, the exercise of stock options and/or tax withholding obligations.
- (2) On November 17, 2008, the Board of Directors announced that it had authorized the repurchase of 15 million shares. The authorization for this repurchase plan continues until all such shares have been repurchased or the repurchase plan is terminated by action of the Board of Directors. Approximately 10.7 million shares authorized in the 2008 plan remain available to be repurchased by the Company. There were no other publicly announced plans as of December 31, 2013.

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The following table sets forth certain selected historical financial and operating data of the Company as of the dates and for the periods indicated. The following selected financial data are qualified by reference to, and should be read in conjunction with, the consolidated financial statements, related notes and other financial information beginning on page F-1, as well as in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this report.

Year Ended December 31,	2013	2012	2011	2010	2009
	(In thousands, except per share data)				
Net sales	\$ 14,077,843	\$ 13,013,868	\$ 12,458,877	\$ 11,207,589	\$ 10,057,512
Cost of goods sold	9,857,923	9,235,777	8,852,837	7,954,645	7,047,750
Operating and non-operating expenses, net	3,175,616	2,759,159	2,715,234	2,491,161	2,365,597
Income before taxes	1,044,304	1,018,932	890,806	761,783	644,165
Income taxes	359,345	370,891	325,690	286,272	244,590
Net income	\$ 684,959	\$ 648,041	\$ 565,116	\$ 475,511	\$ 399,575
Weighted average common shares outstanding during year assuming dilution	155,714	156,420	157,660	158,461	159,707
Per common share:					
Diluted net income	\$ 4.40	\$ 4.14	\$ 3.58	\$ 3.00	\$ 2.50
Dividends declared	2.15	1.98	1.80	1.64	1.60
December 31 closing stock price	83.19	63.58	61.20	51.34	37.96
Total debt, less current maturities	500,000	250,000	500,000	250,000	500,000
Total equity	3,358,768	3,008,179	2,753,591	2,763,486	2,590,144
Total assets	\$ 7,680,297	\$ 6,807,061	\$ 6,202,774	\$ 5,788,227	\$ 5,327,872

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

Genuine Parts Company is a service organization engaged in the distribution of automotive parts, industrial parts, office products and electrical/electronic materials. We have a long tradition of growth dating back to 1928, the year we were founded in Atlanta, Georgia. In 2013, the Company conducted business throughout the United States, Canada, Australia, New Zealand, Mexico and Puerto Rico from approximately 2,600 locations.

We recorded consolidated net sales of \$14.1 billion for the year ended December 31, 2013, an increase of 8% compared to \$13.0 billion in 2012. Consolidated net income for the year ended December 31, 2013 was \$685 million, up 6% from \$648 million in 2012. The Company's internal growth initiatives, including the positive impact of acquisitions, as well as effective cost management, which we discuss further below, served to drive our solid financial performance for the year, despite the challenging market conditions that were experienced by our non-automotive business segments.

The 8% sales growth in 2013 follows a 4.5% revenue increase in 2012 and an 11% increase in revenues in 2011. Our 6% increase in net income follows a 15% increase in net income in 2012 and a 19% increase in net income in 2011. In 2011, we experienced strong and steady growth in three of our four business segments, as conditions in these industries improved significantly from the depressed levels associated with the recessionary period of 2009. These favorable conditions began to moderate following the first quarter of 2012, which created a more challenging sales environment over the balance of the year. In 2013, we continued to experience difficult market conditions in the Industrial, Electrical/Electronic and Office industries, while the Automotive business performed reasonably well. Over the three year period of 2011 through 2013, our financial performance was positively impacted by a variety of initiatives we implemented to grow sales and earnings in each of our four

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businesses. Examples of such initiatives include strategic acquisitions, the introduction of new and expanded product lines, geographic expansion, sales to new markets, enhanced customer marketing programs and a variety of gross margin and cost savings initiatives. We discuss these initiatives further below.

With regard to the December 31, 2013 consolidated balance sheet, the Company's cash balance of \$197 million was down from cash of \$403 million at December 31, 2012, due primarily to recent acquisitions in our Automotive, Industrial and Electrical/Electronic business segments during 2013, which are discussed further under Liquidity and Capital Resources. The Company continues to maintain a strong cash position, supported by the increase in net income and ongoing working capital management in 2013. Accounts receivable increased by approximately 12%, which is less than our sales increase in the fourth quarter of the year, and inventory was up by approximately 13%, or approximately 1% before the impact of acquisitions. Accounts payable increased \$588 million or 35% from the prior year. The significant increase in this line item is due primarily to improved payment terms with certain suppliers. Additionally, accounts payable associated with acquisitions accounted for approximately 10% of the increase. Total debt outstanding at December 31, 2013 was \$765 million, an increase of \$265 million from \$500 million at December 31, 2012.

RESULTS OF OPERATIONS

Our results of operations are summarized below for the three years ended December 31, 2013, 2012 and 2011.

	Year Ended December 31,		
	2013	2012	2011
	(In thousands except per share data)		
Net Sales	\$ 14,077,843	\$ 13,013,868	\$ 12,458,877
Gross Profit	4,219,920	3,778,091	3,606,040
Net Income	684,959	648,041	565,116
Diluted Earnings Per Share	4.40	4.14	3.58

Net Sales

Consolidated net sales for the year ended December 31, 2013 totaled \$14.1 billion, an 8% increase from 2012 driven by an 18.5% increase in the Automotive segment, that was offset by a 1% sales decrease in our non-automotive businesses. Acquisitions, primarily in Automotive, but also in the Industrial and Electrical/Electronic businesses, contributed 7% to our total sales growth and increased sales volume accounted for the remaining 1%. The impact of product inflation varied by business again in 2013 and, cumulatively, prices were flat in the Automotive segment, up approximately 1% in the Industrial and Electrical/Electronic segments and up approximately 0.5% in the Office segment. The Company is well positioned to improve sales in 2014.

Consolidated net sales for the year ended December 31, 2012 totaled \$13.0 billion, a 4.5% increase from 2011 and driven by sales increases in three of our four business segments. Acquisitions in our Automotive and Electrical businesses contributed 2% to our sales growth and increased sales volume added approximately 2% to sales. The impact of product inflation varied by business, as, cumulatively, prices in 2012 were flat in the Automotive segment, up approximately 2% in the Industrial segment, flat in the Electrical/Electronic segment and up approximately 3% in the Office segment.

Automotive Group

Net sales for the Automotive Group (Automotive) were \$7.5 billion in 2013, an increase of 18.5% from 2012. The increase in sales for the year was primarily due to the April 1, 2013 acquisition of GPC Asia Pacific, formerly Exego, and the May 1, 2012 acquisition of Quaker City Motor Parts Co. (Quaker City). Combined, these acquisitions contributed approximately 15% to sales. Additionally, Automotive achieved a positive comparable store sales increase of approximately 4%, offset slightly by the 0.5% negative impact of currency associated with our Canadian business. Automotive sales were not materially impacted by product inflation or the effect of currency associated with our Mexican businesses. In 2013, Automotive revenues were up 3% in the first quarter, then up 22% in the second and third quarters and up 25% in the fourth quarter. We believe that the

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underlying fundamentals in the automotive aftermarket, including the overall aging of the vehicle population, remain solid and will serve to drive increased demand for automotive aftermarket maintenance and supply items in 2014. Based on these fundamentals and the internal growth initiatives in our Automotive business, we expect to grow our sales for this group again in 2014.

Net sales for Automotive were \$6.3 billion in 2012, an increase of 4% from 2011. The increase in sales for the year was primarily due to the May 1, 2012 acquisition of Quaker City, which contributed approximately 3% to sales. Additionally, Automotive achieved a positive comparable store sales increase of slightly more than 1%. Automotive sales were not materially impacted by product inflation or the effect of currency associated with our Canadian and Mexican businesses. In 2012, Automotive revenues were up 6% in the first quarter, then up 4% in the second quarter, up 2.5% in the third quarter and up 5% in the fourth quarter.

Industrial Group

Net sales for Motion Industries, our Industrial Group (Industrial), were \$4.4 billion in 2013, down slightly compared to 2012. Sales volumes in this business were down approximately 1% from the prior year, while higher transaction values associated with product inflation added 1% to sales in 2013. The slight positive impact on sales from acquisitions was offset by the slight negative impact of currency associated with our Canadian business. Industrial revenues were down 2% in the first quarter of 2013, down 1% in the second quarter, down 2.5% in the third quarter and up 3% in the fourth quarter. We expect the recent acquisitions for this business segment, as well as other internal growth initiatives and relatively stable manufacturing indicators, to provide us ample growth opportunities for our Industrial business in 2014.

Net sales for Industrial, were \$4.5 billion in 2012, an increase of 7% compared to 2011. The positive impact of Industrial's internal sales initiatives, which drove higher sales volume, contributed 5% to sales. Higher transaction values in 2012 associated with product inflation added another 2% to sales. There was no material impact on sales from acquisitions and no effect of currency associated with our Canadian business. Industrial revenues were up 12% in the first quarter of 2012, up 8% in the second quarter, then up 4.5% and 2% in the third and fourth quarters, respectively.

Office Group

Net sales for S. P. Richards, our Office Products Group (Office), were \$1.6 billion in 2013, a 3% decrease in sales from 2012. The industry-wide weakness in office products consumption, driven by the ongoing elevated levels of white collar unemployment and the declining demand for paper and paper-based office products due to workplace digitization, continues to pressure this segment, and we do not expect any meaningful improvement in these conditions in the near future. Overall, sales volume in Office declined by approximately 3.5% for the year, offset by the benefit of slightly higher transaction values associated with price inflation of 0.5%. Sales decreased by 1% in the first quarter, 3% in the second and third quarters and 4% in the fourth quarter of 2013. Our focus in 2014 will be on market share initiatives, product line extensions and further diversification of our product and customer portfolios.

Net sales for Office were \$1.7 billion in 2012, flat with revenues in 2011. Overall, sales volume in Office declined by 3% for the year, offset by higher transaction values associated with price inflation of approximately 3%. Sales decreased by 1% in the first, second and third quarters, and were up 3% in the fourth quarter of 2012.

Electrical/Electronic Group

Net sales for EIS, our Electrical and Electronic Group (Electrical/Electronic), decreased to \$569 million in 2013, down 2% from 2012. The decrease in revenues is attributable to several factors, as sales volume was down by 5% and copper pricing negatively impacted sales by 1% relative to 2012. These items were partially offset by a 3% positive sales contribution from acquisitions and the benefit of higher transaction values associated with 1% price inflation for the year. Sales for Electrical/Electronic decreased by 5% in the first quarter, 4% in the second quarter and 5% in the third quarter and were up 6% in the fourth quarter. Despite the slow market conditions for this segment in 2013, we expect the Electrical/Electronic business to benefit from its internal growth initiatives, a gradually improving manufacturing environment and the incremental revenue from their recently completed acquisitions in the periods ahead.

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Net sales for Electrical/Electronic increased to \$583 million in 2012, up 4.5% from 2011. The increase in revenues is due primarily to acquisitions, which contributed approximately 8% to our sales growth in 2012. A 2.5% decrease in sales volume and a 1% negative impact from copper pricing for the year served to offset this increase. Sales for Electrical/Electronic increased by 5% in the first quarter, and were up 9% in the second quarter, up 5% in the third quarter and were down 2% in the fourth quarter.

Cost of Goods Sold

The Company includes in Cost of goods sold the actual cost of merchandise, which represents the vast majority of this line item. Other costs in Cost of goods sold include warranty costs and in-bound freight from the supplier, net of any vendor allowances and incentives. Cost of goods sold was \$9.9 billion, \$9.2 billion and \$8.9 billion in 2013, 2012 and 2011, respectively. The 7% increase in cost of goods sold in 2013 from 2012 is directly related to the sales increase for the same period, as product inflation was relatively insignificant and actual costs were relatively unchanged from the prior year. Cost of goods sold represented 70.0% of net sales in 2013, 71.0 % of net sales in 2012 and 71.1% of net sales in 2011. The 100 basis point decrease in cost of goods sold as a percent of net sales in 2013 primarily reflects the positive gross margin impact of the 100% company owned store model at GPC Asia Pacific. Other changes in cost of goods sold, including the slight decrease in 2012 from 2011, reflect our gross margin initiatives to enhance our pricing strategies, promote and sell higher margin products and minimize material acquisition costs.

In 2013, the Industrial, Electrical/Electronic and Office business segments experienced slight vendor price increases. In 2012, only the Industrial and Office business segments experienced vendor price increases. In 2011, all four of our business segments experienced vendor price increases. In any year where we experience price increases, we are able to work with our customers to pass most of these along to them.

Operating Expenses

The Company includes in Selling, administrative and other expenses (SG&A), all personnel and personnel related costs at its headquarters, distribution centers and stores, which accounts for approximately 65% of total SG&A. Additional costs in SG&A include our facilities, delivery, marketing, advertising, legal and professional costs.

SG&A increased by \$371 million or approximately 14% to \$3.0 billion in 2013, representing 21.4% of net sales, which compares to 20.4% of net sales in 2012. Primarily, the increase in SG&A expenses as a percentage of net sales from the prior year is due to the 100% company owned store model at GPC Asia Pacific, which serves to increase both gross profit and SG&A expenses. Additionally, we experienced decreased expense leverage in 2013 associated with the weak sales environment in our non-automotive businesses throughout the year. These items were partially offset by a \$54 million one-time gain, net of other expense adjustments, recorded to SG&A in the second quarter of 2013 as a purchase accounting adjustment associated with the April 1, 2013 acquisition of GPC Asia Pacific. Our management teams remain focused on properly managing the Company's expenses and continuing to assess the appropriate cost structure in our businesses. Depreciation and amortization expense was \$134 million in 2013, an increase of \$36 million or 36% from 2012. This increase primarily relates to the depreciation for higher levels of capital expenditures and the amortization associated with acquisitions during the year. The provision for doubtful accounts was \$9 million in 2013, an increase from \$8 million in 2012. We believe the Company is adequately reserved for bad debts at December 31, 2013.

SG&A increased by \$54 million or approximately 2% to \$2.6 billion in 2012, representing 20.4% of net sales and down from 20.8% of net sales in 2011. SG&A expenses as a percentage of net sales improved from the prior year due to slightly greater expense leverage associated with our sales growth, combined with management's ongoing cost control measures in areas such as personnel, freight, fleet and logistics. Excluding acquisitions, the Company's headcount at December 31, 2012 decreased by approximately 1% from 2011. These expense initiatives have served to further improve the Company's cost structure. Depreciation and amortization expense was \$98 million in 2012, an increase of \$9 million or 11% from 2011. This increase primarily relates to the amortization associated with acquisitions during the year. The provision for doubtful accounts was \$8 million in 2012, down \$5 million or 40% from \$13 million in 2011.

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Total share-based compensation expense for the years ended December 31, 2013, 2012 and 2011 was \$12.6 million, \$10.7 million and \$7.5 million, respectively. Refer to Note 5 of the Consolidated Financial Statements for further information regarding share-based compensation.

Non-Operating Expenses and Income

Non-operating expenses consist primarily of interest. Interest expense was \$27 million in 2013, \$20 million in 2012 and \$27 million in 2011. The \$7 million increase in interest expense in 2013 is due to higher debt levels incurred for the GPC Asia Pacific acquisition. In November 2013, the Company renewed certain debt at a favorable interest rate and although the renewal did not materially reduce interest expense in 2013, the new interest rate will save approximately \$4 million in annual interest expense beginning in 2014. In 2012, the Company benefited from an improved interest rate on certain long-term debt, effective November 2011, which reduced interest expense by \$7 million from the prior year.

In Other, the net benefit of interest income, equity method investment income and noncontrolling interests in 2013 was \$13 million, a decrease of \$3 million from 2012. These items had increased to \$16 million in 2012, up approximately \$8 million from 2011. This increase reflects the Company's equity income recorded in 2012 for its 30% investment interest in GPC Asia Pacific.

Income Before Income Taxes

Income before income taxes was \$1.0 billion in 2013, an increase of 2.5% from 2012. As a percentage of net sales, income before income taxes was 7.4% in 2013 compared to 7.8% in 2012. In 2012, income before income taxes of \$1.0 billion was up 14% from \$891 million in 2011 and as a percentage of net sales was 7.8%, an increase from 7.1% in 2011.

Automotive Group

Automotive income before income taxes as a percentage of net sales, which we refer to as operating margin, was steady with the prior year at 8.6%. The changes in gross profit and operating costs as a percentage of net sales, which related primarily to the acquisition of GPC Asia Pacific, were relatively neutral to operating profit during the year. Looking forward, Automotive's initiatives to grow sales and control costs are intended to improve its operating margin in the years ahead.

Automotive's operating margin increased to 8.6% in 2012 from 7.7% in 2011. The improvement in operating margin for 2012 is attributed primarily to effective cost controls and cost reductions implemented during the year. A slight increase in gross margin also positively impacted the operating margin.

Industrial Group

Industrial's operating margin decreased to 7.2% in 2013 from 7.9% in 2012. The decrease in operating margin in 2013 is due to the combination of reduced expense leverage associated with the slight decrease in sales relative to the prior year and the decline in volume incentives for the year. These items were partially offset by effective cost control measures. Industrial has made several recent acquisitions which will positively impact this segment and will continue to focus on its many sales initiatives and cost controls to further improve its operating margin in the years ahead.

Industrial's operating margin decreased to 7.9% in 2012 from 8.1% in 2011. The decrease in operating margin in 2012 is due to the combination of reduced expense leverage associated with slower sales growth relative to the prior year and the decline in volume incentives for the year. These items were partially offset by effective cost control measures.

Office Group

Office's operating margin decreased to 7.5% in 2013 from 8.0% in 2012, primarily related to the reduced expense leverage associated with the decrease in sales for this segment relative to 2012. Previously, the operating margin at Office was relatively steady over the last few years, at 8.0% in 2012 and 7.9% in 2011. In each of these

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periods, the cost savings measures in the Office segment were somewhat offset by the ongoing gross margin pressures associated with the slow demand for office products across the industry. Office will continue to focus on its sales initiatives and cost controls to further improve its operating margin in the years ahead.

Electrical/Electronic Group

Electrical/Electronic's operating margin decreased to 8.4% in 2013 from 8.7% in 2012. The slight decline in operating margin is primarily due to loss of expense leverage associated with the sales decrease for this segment in 2013 relative to 2012. Electrical/Electronic will continue to focus on its sales initiatives and cost controls to improve its operating margin in the years ahead.

Electrical/Electronic's operating margin increased to 8.7% in 2012 from 7.3% in 2011. The increase in operating margin in 2012 is primarily due to the positive impact of effective cost management as well as an improved gross margin. The improvement in gross margin reflects several factors, including higher margin business associated with recent acquisitions, and the decrease in copper prices during the year, which generally do not affect profit dollars, but positively impact margins, as the standard industry practice is to bill copper to the customer at cost.

Income Taxes

The effective income tax rate of 34.4% in 2013 was down from 36.4% in 2012. The decrease reflects the favorable impact of a lower Australian tax rate applied to the pre-tax earnings of GPC Asia Pacific, as well as the favorable tax rate applied to the one-time acquisition gain recorded in the second quarter of 2013. The income tax rate of 36.4% in 2012 was down slightly from 36.6% in 2011, primarily due to the favorable impact of a retirement asset valuation adjustment in 2012 relative to 2011.

Net Income

Net income was \$685 million in 2013, an increase of 6% from \$648 million in 2012. On a per share diluted basis, net income was \$4.40 in 2013 compared to \$4.14 in 2012, up 6%. Net income in 2013 was 4.9% of net sales compared to 5.0% of net sales in 2012.

In connection with the acquisition of GPC Asia Pacific, the Company recorded one-time positive purchase accounting adjustments of \$33 million or \$0.21 per diluted share in 2013.

Net income was \$648 million in 2012, an increase of 15% from \$565 million in 2011. On a per share diluted basis, net income was \$4.14 in 2012 compared to \$3.58 in 2011, up 16%. Net income in 2012 was 5.0% of net sales compared to 4.5% of net sales in 2011.

In December 2012, the Company's U.S. Defined Benefit Plan was amended to reflect a hard freeze as of December 31, 2013. The Company recorded a one-time noncash curtailment gain of \$23.5 million or \$0.10 per diluted share in the fourth quarter of 2012 in connection with this amendment.

FINANCIAL CONDITION

Our cash balance of \$197 million at December 31, 2013 reflects a decrease of 51% compared to our cash balance of \$403 million at December 31, 2012. In 2013, record levels of cash from operations provided by the increase in net income and ongoing working capital management was offset by approximately \$712 million used for the acquisition of businesses and other investing activities. The Company's accounts receivable balance at December 31, 2013 increased by approximately 12% from the prior year, which is less than the Company's 13% sales increase for the fourth quarter of 2013. Inventory at December 31, 2013 was up by approximately 13% from December 31, 2012, which is primarily attributable to acquisitions. Excluding acquisitions, inventory was up by approximately 1% from the prior year. Accounts payable increased \$588 million or approximately 35% from December 31, 2012 due primarily to improved payment terms with certain suppliers and the impact of the GPC Asia Pacific acquisition. Goodwill and other intangible assets increased by \$492 million and \$300, respectively, from December 31, 2012 due to the Company's acquisitions during the year, primarily GPC Asia Pacific. The change in our December 31, 2013 balances for deferred tax assets, down \$182 million, and pension

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and other post-retirement benefits liabilities, down \$433 million, from December 31, 2012, is primarily due to a change in funded status of the Company's pension plans in 2013. Finally, the change in our December 31, 2013 balance for other assets, down \$241 million or 38%, is primarily due to the purchase of the remaining 70% interest in GPC Asia Pacific in 2013. Previously, the Company accounted for the 30% investment under the equity method of accounting, which was included in other assets in 2012.

LIQUIDITY AND CAPITAL RESOURCES

The Company's sources of capital consist primarily of cash flows from operations, supplemented as necessary by private issuances of debt and bank borrowings. We have \$765 million of total debt outstanding at December 31, 2013, of which \$250 million matures in November 2016 and \$250 million matures in December 2023. In addition, the Company entered into a Syndicated Facility Agreement (the "Syndicated Facility") for \$850 million in September 2012, which replaced the \$350 million unsecured revolving line of credit that was scheduled to mature in December 2012. \$265 million was outstanding under the Syndicated Facility or line of credit at December 31, 2013 and no amount was outstanding at December 31, 2012. Currently, we believe that our cash on hand and available short-term and long-term sources of capital are sufficient to fund the Company's operations, including working capital requirements, scheduled debt payments, interest payments, capital expenditures, benefit plan contributions, income tax obligations, dividends, share repurchases and contemplated acquisitions.

The ratio of current assets to current liabilities was 1.6 to 1 at December 31, 2013 and this compares to 1.9 to 1 at December 31, 2012. Our liquidity position remains solid. The Company's total debt outstanding at December 31, 2013 is up \$265 million or 53% from December 31, 2012 and primarily relates to the incremental borrowings utilized for the GPC Asia Pacific acquisition.

Sources and Uses of Net Cash

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

Net Cash Provided by (Used in):	Year Ended December 31,			Percent Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
	(In thousands)				
Operating Activities	\$ 1,056,731	\$ 906,438	\$ 624,927	17%	45%
Investing Activities	(825,579)	(651,867)	(231,497)	27%	182%
Financing Activities	(425,117)	(378,834)	(394,140)	12%	(4)%

Net Cash Provided by Operating Activities:

The Company continues to generate cash and in 2013 net cash provided by operating activities totaled \$1.1 billion. This reflects a 17% increase from 2012 as, collectively, trade accounts receivable, merchandise inventories and trade accounts payable net to a \$278 million source of cash in 2013 compared to a \$208 million source of cash in 2012. Additionally, net income and depreciation and amortization in 2013 increased by \$37 million and \$36 million, respectively, from 2012. Net cash provided by operating activities was \$906 million in 2012, a 45% increase from 2011, as, collectively, trade accounts receivable, merchandise inventories and trade accounts payable represented a \$208 million source of cash in 2012 compared to a \$19 million use of cash in 2011. Additionally, net income in 2012 increased by \$83 million.

Net Cash Used in Investing Activities:

Net cash flow used in investing activities was \$826 million in 2013 compared to \$652 million in 2012, an increase of 27%. Cash used for acquisitions of businesses and other investing activities in 2013 was \$712 million, as previously discussed, or \$154 million greater than in 2012. Capital expenditures of \$124 million in 2013 increased by \$22 million or 22% from 2012, but were within our estimate of \$115 to \$135 million, and we estimate that cash used for capital expenditures in 2014 will be approximately \$140 to \$160 million. Net cash flow used in investing activities was \$652 million in 2012 compared to \$231 million in 2011, an increase of 182%.

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Cash used for acquisitions of businesses and other investing activities in 2012 was \$558 million, as previously discussed, or \$421 million greater than in 2011. Capital expenditures of \$102 million in 2012 were relatively consistent with 2011.

Net Cash Used in Financing Activities:

The Company used \$425 million of cash in financing activities in 2013, up 12% from the \$379 million used in financing activities in 2012. Cash used in financing activities in 2012 was down \$15 million or 4% from the \$394 million used in 2011. For the three years presented, net cash used in financing activities was primarily for dividends paid to shareholders and repurchases of the Company's common stock. The Company paid dividends to shareholders of \$326 million, \$301 million and \$276 million during 2013, 2012 and 2011, respectively. The Company expects this trend of increasing dividends to continue in the foreseeable future. During 2013, 2012 and 2011, the Company repurchased \$121 million, \$82 million and \$122 million, respectively, of the Company's common stock. We expect to remain active in our share repurchase program, but the amount and value of shares repurchased will vary.

Notes and Other Borrowings

The Company maintains an \$850 million unsecured revolving line of credit with a consortium of financial institutions, which matures in September 2017 and bears interest at LIBOR plus a margin, which is based on the Company's leverage ratio (0.92% at December 31, 2013). The Company also has the option under this agreement to increase its borrowing an additional \$350 million, as well as an option to decrease the borrowing capacity or terminate the Syndicated Facility with appropriate notice. At December 31, 2013, approximately \$265 million was outstanding under this line of credit. No amounts were outstanding under this line of credit at December 31, 2012. Due to the workers compensation and insurance reserve requirements in certain states, the Company also had unused letters of credit of approximately \$62 million and \$61 million outstanding at December 31, 2013 and 2012, respectively.

At December 31, 2013, the Company had unsecured Senior Notes outstanding under financing arrangements as follows: \$250 million series D and E senior unsecured notes, 3.35% fixed, due 2016; and \$250 million series F senior unsecured notes, 2.99% fixed, due 2023. These borrowings contain covenants related to a maximum debt-to-capitalization ratio and certain limitations on additional borrowings. At December 31, 2013, the Company was in compliance with all such covenants. The weighted average interest rate on the Company's total outstanding borrowings was approximately 2.82% at December 31, 2013 and 4.01% at December 31, 2012. Total interest expense, net of interest income, for all borrowings was \$24.3 million, \$19.6 million and \$24.6 million in 2013, 2012 and 2011, respectively.

Contractual and Other Obligations

The following table shows the Company's approximate obligations and commitments, including interest due on credit facilities, to make future payments under specified contractual obligations as of December 31, 2013:

Contractual Obligations

	Total	Payment Due by Period			Over 5 Years
		Less Than 1 Year	1-3 Years (In thousands)	3-5 Years	
Credit facilities	\$ 863,212	\$ 280,508	\$ 281,002	\$ 14,950	\$ 286,752
Operating leases	728,600	191,400	261,300	126,400	149,500
Total contractual cash obligations	\$ 1,591,812	\$ 471,908	\$ 542,302	\$ 141,350	\$ 436,252

Due to the uncertainty of the timing of future cash flows associated with the Company's unrecognized tax benefits at December 31, 2013, the Company is unable to make reasonably reliable estimates of the period of

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cash settlement with the respective taxing authorities. Therefore, \$60 million of unrecognized tax benefits have been excluded from the contractual obligations table above. Refer to Note 6 of the Consolidated Financial Statements for a discussion on income taxes.

Purchase orders or contracts for the purchase of inventory and other goods and services are not included in our estimates. We are not able to determine the aggregate amount of such purchase orders that represent contractual obligations, as purchase orders may represent authorizations to purchase rather than binding agreements. Our purchase orders are based on our current distribution needs and are fulfilled by our vendors within short time horizons. The Company does not have significant agreements for the purchase of inventory or other goods specifying minimum quantities or set prices that exceed our expected requirements.

The Company guarantees the borrowings of certain independently owned automotive parts stores (independents) and certain other affiliates in which the Company has a noncontrolling equity ownership interest (affiliates). The Company's maximum exposure to loss as a result of its involvement with these independents and affiliates is generally equal to the total borrowings subject to the Company's guarantee. To date, the Company has had no significant losses in connection with guarantees of independents' and affiliates' borrowings. The following table shows the Company's approximate commercial commitments as of December 31, 2013:

Other Commercial Commitments

	Total Amounts Committed	Amount of Commitment Expiration per Period			
		Less Than 1 Year	1-3 Years (In thousands)	3-5 Years	Over 5 Years
Line of credit	\$	\$	\$	\$	\$
Standby letters of credit	61,617	61,617			
Guaranteed borrowings of independents and affiliates	258,703	92,190	165,251	1,262	
Total commercial commitments	\$ 320,320	\$ 153,807	\$ 165,251	\$ 1,262	\$

In addition, the Company sponsors defined benefit pension plans that may obligate us to make contributions to the plans from time to time. Contributions in 2013 were \$74 million. We expect to make a \$51 million cash contribution to our qualified defined benefit plans in 2014, and contributions required for 2014 and future years will depend on a number of unpredictable factors including the market performance of the plans' assets and future changes in interest rates that affect the actuarial measurement of the plans' obligations.

Share Repurchases

In 2013, the Company repurchased approximately 1.5 million shares and the Company had remaining authority to purchase approximately 10.7 million shares at December 31, 2013.

CRITICAL ACCOUNTING POLICIES**General**

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

We describe in this section certain critical accounting policies that require us to make significant estimates, assumptions and judgments. An accounting policy is deemed to be critical if it requires an accounting estimate to

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

Inventories Provisions for Slow Moving and Obsolescence

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

Allowance for Doubtful Accounts Methodology

The Company evaluates the collectability of accounts receivable based on a combination of factors. The Company estimates an allowance for doubtful accounts as a percentage of net sales based on historical bad debt experience and periodically adjusts this estimate when the Company becomes aware of a specific customer's inability to meet its financial obligations (e.g., bankruptcy filing) or as a result of changes in the overall aging of accounts receivable. While the Company has a large customer base that is geographically dispersed, a general economic downturn in any of the industry segments in which the Company operates could result in higher than expected defaults and, therefore, the need to revise estimates for bad debts. For the years ended December 31, 2013, 2012 and 2011, the Company recorded provisions for doubtful accounts of \$8.7 million, \$8.0 million, and \$13.2 million, respectively.

Consideration Received from Vendors

The Company enters into agreements at the beginning of each year with many of its vendors that provide for inventory purchase incentives. Generally, the Company earns inventory purchase incentives upon achieving specified volume purchasing levels or other criteria. The Company accrues for the receipt of these incentives as part of its inventory cost based on cumulative purchases of inventory to date and projected inventory purchases through the end of the year. While management believes the Company will continue to receive consideration from vendors in 2014 and beyond, there can be no assurance that vendors will continue to provide comparable amounts of incentives in the future or that we will be able to achieve the specified volumes necessary to take advantage of such incentives.

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

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

Employee Benefit Plans

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

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vide investment results that meet or exceed the pension plan's actuarially assumed long term rate of return. The Company's investment strategy with respect to pension plan assets is to generate a return in excess of the passive portfolio benchmark (49% S&P 500 Index, 5% Russell Mid Cap Index, 8% Russell 2000 Index, 5% MSCI EAFE Index, 5% DJ Global Moderate Index and 28% BarCap U.S. Govt/Credit).

We make several critical assumptions in determining our pension plan assets and liabilities and related pension expense. We believe the most critical of these assumptions are the expected rate of return on plan assets and the discount rate. Other assumptions we make relate to employee demographic factors such as rate of compensation increases, mortality rates, retirement patterns and turnover rates.

Based on the investment policy for the pension plans, as well as an asset study that was performed based on the Company's asset allocations and future expectations, the Company's expected rate of return on plan assets for measuring 2014 pension expense or income is 7.85% for the plans. The asset study forecasted expected rates of return for the approximate duration of the Company's benefit obligations, using capital market data and historical relationships.

The discount rate is chosen as the rate at which pension obligations could be effectively settled and is based on capital market conditions as of the measurement date. We have matched the timing and duration of the expected cash flows of our pension obligations to a yield curve generated from a broad portfolio of high-quality fixed income debt instruments to select our discount rate. Based upon this cash flow matching analysis, we selected a weighted average discount rate for the plans of 5.10% at December 31, 2013.

Net periodic benefit cost for our defined benefit pension plans was \$51.1 million, \$26.8 million and \$32.3 million for the years ended December 31, 2013, 2012 and 2011, respectively. The increase in pension cost in 2013 from 2012 was primarily due to the curtailment gain recorded in connection with the 2012 amendment to the U.S. defined benefit pension plan. Such curtailment gain, net of the change in assumptions for the rate of return on plan assets and discount rate, also accounts for the decrease in pension cost in 2012 from 2011. The 2012 amendment and related curtailment decreased benefit costs in 2012 and are discussed further below. Refer to Note 7 of the Consolidated Financial Statements for more information regarding employee benefit plans.

In December 2012, the Company's U.S. defined benefit plan was amended to reflect a hard freeze as of December 31, 2013. No further benefits were provided after this date for additional credited service or earnings and all participants became fully vested as of December 31, 2013. The Company recorded a \$23.5 million non-cash curtailment gain in December 2012 in connection with this amendment.

QUARTERLY RESULTS OF OPERATIONS

The following is a summary of the quarterly results of operations for the years ended December 31, 2013 and 2012:

	March 31,	Three Months Ended		Dec. 31,
		June 30,	Sept. 30,	
		(In thousands except per share data)		
2013				
Net Sales	\$ 3,198,802	\$ 3,675,997	\$ 3,685,243	\$ 3,517,801
Gross Profit	921,748	1,105,108	1,100,923	1,092,141
Net Income	144,389	216,357	173,746	150,467
Earnings Per Share:				
Basic	.93	1.40	1.12	.98
Diluted	.93	1.39	1.12	.97
2012				
Net Sales	\$ 3,181,288	\$ 3,337,836	\$ 3,375,778	\$ 3,118,966
Gross Profit	919,111	972,286	976,036	910,658
Net Income	146,255	168,618	172,943	160,225
Earnings Per Share:				
Basic	.94	1.08	1.11	1.03
Diluted	.93	1.08	1.11	1.03

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

The preparation of interim consolidated financial statements requires management to make estimates and assumptions for the amounts reported in the interim condensed consolidated financial statements. Specifically, the Company makes estimates and assumptions in its interim consolidated financial statements for the accrual of bad debts, inventory adjustments (including adjustments for a majority of inventories that are valued under the last-in, first-out (LIFO) method), customer sales returns, and volume incentives earned, among others. Bad debts are accrued based on a percentage of sales, and volume incentives are estimated based upon cumulative and projected purchasing levels. Inventory adjustments are accrued on an interim basis and adjusted in the fourth quarter based on the annual book-to-physical inventory adjustment and LIFO valuation. The methodology and practices used in deriving estimates and assumptions for interim reporting typically result in adjustments upon accurate determination at year-end. The effect of these adjustments in 2013 and 2012 was not significant.

ITEM 7A. 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.

Foreign Currency

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, the functional currency of our Canadian operations, and the Australian dollar, the functional currency of our Australasian operations. Foreign currency exchange exposure, particularly in regard to the Canadian and Australian dollar and, to a lesser extent, the Mexican peso, negatively impacted our results for the year ended December 31, 2013.

During 2013 and 2012, it was estimated that a 10% shift in exchange rates between those foreign functional currencies and the U.S. dollar would have impacted translated net sales by approximately \$255 million and \$176 million, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this Item 8 is set forth in a separate section of this report. See Index to Consolidated Financial Statements and Financial Statement Schedules beginning on page F-1.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES.

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

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

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Management's report on internal control over financial reporting

A report of management's assessment of our internal control over financial reporting, as such term is defined in SEC Rule 13a-15(f), as of December 31, 2013 is set forth in a separate section of this report. See Index to Consolidated Financial Statements and Financial Statement Schedules beginning on page F-1.

The attestation report called for by Item 308(b) of Regulation S-K is incorporated herein by reference to the Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting, which is set forth in a separate section of this report. See Index to Consolidated Financial Statements and Financial Statement Schedules beginning on page F-1.

Changes in internal control over financial reporting

There have been no changes in the Company's internal control over financial reporting during the Company's fourth fiscal quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

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PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.
EXECUTIVE OFFICERS OF THE COMPANY.

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

Thomas C. Gallagher, age 66, has been Chief Executive Officer since August 2004 and Chairman of the Board since February 2005. Mr. Gallagher served as President of the Company from 1990 until January 2012 and Chief Operating Officer of the Company from 1990 until August 2004.

Paul D. Donahue, age 57, has been a director of the Company since April 2012, was appointed President of the Company in January 2012, and has served as President of the Company's U.S. Automotive Parts Group since July 2009. Mr. Donahue served as Executive Vice President of the Company from August 2007 until his appointment as President in 2012. Previously, Mr. Donahue was President and Chief Operating Officer of S.P. Richards Company from 2004 to 2007 and was Executive Vice President-Sales and Marketing in 2003, the year he joined the Company.

Carol B. Yancey, age 50, was appointed Executive Vice President, Chief Financial Officer and Corporate Secretary of the Company in March 2013. Ms. Yancey was Senior Vice President Finance and Corporate Secretary from 2005 until her appointment as Executive Vice President Finance in November 2012. Previously, Ms. Yancey was named Vice President of the Company in 1999 and Corporate Secretary in 1995.

R. Bruce Clayton, age 67, has been the Senior Vice President-Human Resources at the Company since November 2004. Previously, Mr. Clayton held the position of Vice President-Risk Management and Employee Services from June 2000 to November 2004.

William J. Stevens, age 65, has been the President and Chief Executive Officer of Motion Industries since 1997. Previously, Mr. Stevens was President and Chief Operating Officer from 1994 to 1997. In 1993, Mr. Stevens served as Executive Vice President.

Further information required by this item is set forth under the heading "Nominees for Director", under the heading "Corporate Governance - Code of Conduct and Ethics", under the heading "Corporate Governance - Board Committees - Audit Committee", under the heading "Corporate Governance - Director Nominating Process" and under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" of the Proxy Statement and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

Information required by this item is set forth under the headings "Executive Compensation", "Additional Information Regarding Executive Compensation", "2013 Grants of Plan-Based Awards", "2013 Outstanding Equity Awards at Fiscal Year-End", "2013 Option Exercises and Stock Vested", "2013 Pension Benefits", "2013 Nonqualified Deferred Compensation", "Post Termination Payments and Benefits", "Compensation, Nominating and Governance Committee Report", "Compensation, Nominating and Governance Committee Interlocks and Insider Participation" and "Compensation of Directors" of the Proxy Statement and is incorporated herein by reference.

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

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

Index to Financial Statements**Equity Compensation Plan Information**

The following table gives information as of December 31, 2013 about the common stock that may be issued under all of the Company's existing equity compensation plans:

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights(1)	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity Compensation Plans Approved by Shareholders:	359,200(2)	\$ 43.82	
	4,220,518(3)	\$ 56.96	2,743,421(5)
Equity Compensation Plans Not Approved by Shareholders:	74,905(4)	n/a	925,095
Total	4,654,623		3,668,516

(1) Reflects the maximum number of shares issuable pursuant to the exercise or conversion of stock options, stock appreciation rights, restricted stock units and common stock equivalents. The actual number of shares issued upon exercise of stock appreciation rights is calculated based on the excess of fair market value of our common stock on date of exercise and the grant price of the stock appreciation rights.

(2) Genuine Parts Company 1999 Long-Term Incentive Plan, as amended

(3) Genuine Parts Company 2006 Long-Term Incentive Plan

(4) Genuine Parts Company Director's Deferred Compensation Plan, as amended

(5) All of these shares are available for issuance pursuant to grants of full-value stock awards.

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

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

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

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Information required by this item is set forth under the heading Proposal 3. Ratification of Selection of Independent Auditors of the Proxy Statement and is incorporated herein by reference.

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PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Documents filed as part of this report

(1) Financial Statements

The following consolidated financial statements of Genuine Parts Company and subsidiaries are included in this Annual Report on Form 10-K. See, also, the Index to Consolidated Financial Statements on Page F-1.

Report of independent registered public accounting firm on internal control over financial reporting

Report of independent registered public accounting firm on the financial statements

Consolidated balance sheets December 31, 2013 and 2012

Consolidated statements of income and comprehensive income Years ended December 31, 2013, 2012 and 2011

Consolidated statements of equity Years ended December 31, 2013, 2012 and 2011

Consolidated statements of cash flows Years ended December 31, 2013, 2012 and 2011

Notes to consolidated financial statements December 31, 2013

(2) Financial Statement Schedules

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

Schedule II Valuation and Qualifying Accounts

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

(3) Exhibits.

The following exhibits are filed as part of or incorporated by reference in this report. Exhibits that are incorporated by reference to documents filed previously by the Company under the Securities Exchange Act of 1934, as amended, are filed with the Securities and Exchange Commission under File No. 1-5690. The Company will furnish a copy of any exhibit upon request to the Company's Corporate Secretary.

- | | |
|-------------|---|
| Exhibit 3.1 | Amended and Restated Articles of Incorporation of the Company, as amended April 23, 2007. (Incorporated herein by reference from the Company's Current Report on Form 8-K, dated April 23, 2007.) |
| Exhibit 3.2 | By-Laws of the Company, as amended and restated November 18, 2013. (Incorporated herein by reference from the Company's Current Report on Form 8-K, dated November 18, 2013.) |
| Exhibit 4.2 | Specimen Common Stock Certificate. (Incorporated herein by reference from the Company's Registration Statement on Form S-1, Registration No. 33-63874.) |

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

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Exhibit 10.1* The Genuine Parts Company Tax-Deferred Savings Plan, effective January 1, 1993. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 3, 1995.)

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- Exhibit 10.2* Amendment No. 1 to the Genuine Parts Company Tax-Deferred Savings Plan, dated June 1, 1996, effective June 1, 1996. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 7, 2005.)
- Exhibit 10.3* Genuine Parts Company Death Benefit Plan, effective July 15, 1997. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 10, 1998.)
- Exhibit 10.4* Amendment No. 2 to the Genuine Parts Company Tax-Deferred Savings Plan, dated April 19, 1999, effective April 19, 1999. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 10, 2000.)
- Exhibit 10.5* The Genuine Parts Company Original Deferred Compensation Plan, as amended and restated as of August 19, 1996. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 8, 2004.)
- Exhibit 10.6* Amendment to the Genuine Parts Company Original Deferred Compensation Plan, dated April 19, 1999, effective April 19, 1999. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 10, 2000.)
- Exhibit 10.7* Amendment No. 3 to the Genuine Parts Company Tax-Deferred Savings Plan, dated November 28, 2001, effective July 1, 2001. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 7, 2002.)
- Exhibit 10.8* Genuine Parts Company 1999 Long-Term Incentive Plan, as amended and restated as of November 19, 2001. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 21, 2003.)
- Exhibit 10.9* Amendment No. 4 to the Genuine Parts Company Tax-Deferred Savings Plan, dated June 5, 2003, effective June 5, 2003. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 8, 2004.)
- Exhibit 10.10* Genuine Parts Company Directors' Deferred Compensation Plan, as amended and restated effective January 1, 2003, and executed November 11, 2003. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 8, 2004.)
- Exhibit 10.11* Amendment No. 5 to the Genuine Parts Company Tax-Deferred Savings Plan, dated December 28, 2005, effective January 1, 2006. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 3, 2006.)
- Exhibit 10.12* Amendment No. 2 to the Genuine Parts Company Death Benefit Plan, dated November 9, 2005, effective April 1, 2005. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated March 3, 2006.)
- Exhibit 10.13* Genuine Parts Company 2006 Long-Term Incentive Plan, effective April 17, 2006. (Incorporated herein by reference from the Company's Current Report on Form 8-K, dated April 18, 2006.)
- Exhibit 10.14* Amendment to the Genuine Parts Company 2006 Long-Term Incentive Plan, dated November 20, 2006, effective November 20, 2006. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 28, 2007.)
- Exhibit 10.15* Amendment No. 1 to the Genuine Parts Company Directors' Deferred Compensation Plan, dated November 19, 2007, effective January 1, 2008. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 29, 2008.)
- Exhibit 10.16* Amendment No. 6 to the Genuine Parts Company Tax-Deferred Savings Plan, dated November 28, 2007, effective January 1, 2008. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 29, 2008.)
- Exhibit 10.17* Amendment No. 2 to the Genuine Parts Company 2006 Long-Term Incentive Plan, dated November 19, 2007, effective November 19, 2007. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 29, 2008.)

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Exhibit 10.18*	Genuine Parts Company Performance Restricted Stock Unit Award Agreement. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 29, 2008.)
Exhibit 10.19*	Genuine Parts Company Restricted Stock Unit Award Agreement. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 29, 2008.)
Exhibit 10.20*	Form of Amended and Restated Change in Control Agreement. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 29, 2008.)
Exhibit 10.21*	Genuine Parts Company Supplemental Retirement Plan, as amended and restated as of January 1, 2009. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 27, 2009.)
Exhibit 10.22*	Genuine Parts Company 2009 Annual Incentive Bonus Plan, dated March 31, 2009, effective January 1, 2009. (Incorporated herein by reference from the Company's Quarterly Report on Form 10-Q dated May 7, 2009.)
Exhibit 10.23*	Amendment No. 1 to the Genuine Parts Company Supplemental Retirement Plan, as amended and restated as of January 1, 2009, dated August 16, 2010, effective August 16, 2010. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 25, 2011.)
Exhibit 10.24*	Amendment No. 2 to the Genuine Parts Company Supplemental Retirement Plan, as amended and restated as of January 1, 2009, dated November 16, 2010, effective January 1, 2011. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 25, 2011.)
Exhibit 10.25*	Amendment No. 7 to the Genuine Parts Company Tax-Deferred Savings Plan, dated November 16, 2010, effective January 1, 2011. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 25, 2011.)
Exhibit 10.26*	Description of Director Compensation. (Incorporated herein by reference from the Company's Quarterly Report on Form 10-Q, dated August 4, 2011.)
Exhibit 10.27*	Amendment No. 2 to the Genuine Parts Company Director's Deferred Compensation Plan, dated December 7, 2012, effective December 7, 2012. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 26, 2013.)
Exhibit 10.28*	Amendment No. 8 to the Genuine Parts Company Tax-Deferred Savings Plan, dated December 7, 2012, effective December 7, 2012. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 26, 2013.)
Exhibit 10.29*	Amendment No. 3 to the Genuine Parts Company Supplemental Retirement Plan, as amended and restated as of January 1, 2009, dated December 7, 2012, effective December 31, 2013. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 26, 2013.)
Exhibit 10.30*	Form of Amendment to the Amended and Restated Change in Control Agreement. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 26, 2013.)
Exhibit 10.31*	Genuine Parts Company Stock Appreciation Rights Agreement. (Incorporated herein by reference from the Company's Annual Report on Form 10-K, dated February 26, 2013.)

* Indicates management contracts and compensatory plans and arrangements.

Exhibit 21	Subsidiaries of the Company.
Exhibit 23	Consent of Independent Registered Public Accounting Firm.
Exhibit 31.1	Certification signed by Chief Executive Officer pursuant to SEC Rule 13a-14(a).
Exhibit 31.2	Certification signed by Chief Financial Officer pursuant to SEC Rule 13a-14(a).

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- 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 (furnished herewith).
- 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 (furnished herewith).
- Exhibit 101 Interactive data files pursuant to Rule 405 of Regulation S-T:
(i) the Consolidated Balance Sheets as of December 31, 2013 and 2012; (ii) the Consolidated Statements of Income and Comprehensive Income for the Years ended December 31, 2013, 2012 and 2011; (iii) the Consolidated Statements of Equity for the Years ended December 31, 2013, 2012 and 2011; (iv) the Consolidated Statements of Cash Flows for Years ended December 31, 2013, 2012 and 2011; (v) the Notes to the Consolidated Financial Statements, tagged as blocks of text; and (vi) Financial Statement Schedule II Valuation and Qualifying Accounts.

(b) Exhibits

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

(c) Financial Statement Schedules

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

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SIGNATURES.

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

GENUINE PARTS COMPANY

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

2/27/14
(Date)

/s/ Carol B. Yancey 2/27/14
Carol B. Yancey (Date)
Executive Vice President and Chief Financial and Accounting
Officer

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

/s/ Dr. Mary B. Bullock Dr. Mary B. Bullock Director	2/17/14 (Date)	/s/ Paul D. Donahue Paul D. Donahue Director	2/17/14 (Date)
/s/ Jean Douville Jean Douville Director	2/17/14 (Date)	/s/ Thomas C. Gallagher Thomas C. Gallagher Director	2/17/14 (Date)
		Chairman and Chief Executive Officer (Principal Executive Officer)	
/s/ George C. Guynn George C. Guynn Director	2/17/14 (Date)	/s/ John R. Holder John R. Holder Director	2/17/14 (Date)
/s/ John D. Johns John D. Johns Director	2/17/14 (Date)	/s/ Michael M. E. Johns Michael M. E. Johns Director	2/17/14 (Date)
/s/ Robert C. Loudermilk, Jr. Robert C. Loudermilk, Jr. Director	2/17/14 (Date)	/s/ Wendy B. Needham Wendy B. Needham Director	2/17/14 (Date)
/s/ Jerry W. Nix Jerry W. Nix Director	2/17/14 (Date)	/s/ Gary W. Rollins Gary W. Rollins Director	2/17/14 (Date)

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Report of Management

Genuine Parts Company

Management's Responsibility for the Financial Statements

We have prepared the accompanying consolidated financial statements and related information included herein for the years ended December 31, 2013, 2012 and 2011. The opinion of Ernst & Young LLP, the Company's independent registered public accounting firm, on those consolidated financial statements is included herein. The primary responsibility for the integrity of the financial information included in this annual report rests with management. Such information was prepared in accordance with generally accepted accounting principles appropriate in the circumstances based on our best estimates and judgments and giving due consideration to materiality.

Management's Report on Internal Control over Financial Reporting

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

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

- i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. The Company's management did not include the internal controls of GPC Asia Pacific, which was acquired on April 1, 2013, and is included in the Company's 2013 consolidated balance sheet.

The Company's management, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2013.

In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this assessment, management concluded that, as of December 31, 2013, the Company's internal control over financial reporting was effective.

Ernst & Young LLP has issued an audit report on the Company's operating effectiveness of internal control over financial reporting as of December 31, 2013. This report appears on page F-3.

Audit Committee Responsibility

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

/s/ Carol B. Yancey
CAROL B. YANCEY
Executive Vice President and Chief Financial Officer

February 27, 2014

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Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting

The Board of Directors and Shareholders of Genuine Parts Company and Subsidiaries

We have audited Genuine Parts Company and Subsidiaries' internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) (the COSO criteria). Genuine Parts Company and Subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting section of the accompanying Report of Management. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of GPC Asia Pacific, which is included in the 2013 consolidated financial statements of Genuine Parts Company and constituted approximately 16% of total assets and approximately 23% of net assets, as of December 31, 2013 and constituted 6% of revenues and less than 1% of net income for the year then ended. Our audit of internal control over financial reporting of Genuine Parts Company also did not include an evaluation of the internal control over the financial reporting of this entity.

In our opinion, Genuine Parts Company and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Genuine Parts Company and Subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of income and comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2013 of Genuine Parts Company and Subsidiaries and our report dated February 27, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia

February 27, 2014

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Report of Independent Registered Public Accounting Firm on the Financial Statements

The Board of Directors and Shareholders of Genuine Parts Company and Subsidiaries

We have audited the accompanying consolidated balance sheets of Genuine Parts Company and Subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of income and comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Genuine Parts Company and Subsidiaries at December 31, 2013 and 2012, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Genuine Parts Company and Subsidiaries' internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) and our report dated February 27, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia

February 27, 2014

Index to Financial Statements**Genuine Parts Company and Subsidiaries****Consolidated Balance Sheets**

	December 31	
	2013	2012
	(In Thousands, Except Share	
	Data and per Share Amounts)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 196,893	\$ 403,095
Trade accounts receivable, net	1,664,819	1,490,028
Merchandise inventories, net	2,946,021	2,602,560
Prepaid expenses and other current assets	413,758	324,448
Total current assets	5,221,491	4,820,131
Goodwill	789,971	298,040
Other intangible assets, less accumulated amortization	499,385	199,799
Deferred tax assets	97,555	279,463
Other assets	401,834	643,263
Property, plant, and equipment:		
Land	87,658	88,710
Buildings, less accumulated depreciation (2013 \$251,541; 2012 \$237,504)	281,408	266,694
Machinery and equipment, less accumulated depreciation (2013 \$555,895; 2012 \$522,136)	300,995	210,961
Net property, plant, and equipment	670,061	566,365
	\$ 7,680,297	\$ 6,807,061
Liabilities and equity		
Current liabilities:		
Trade accounts payable	\$ 2,269,671	\$ 1,681,900
Current portion of debt	264,658	250,000
Accrued compensation	145,052	115,348
Other accrued expenses	411,680	359,395
Dividends payable	82,746	76,641
Income taxes payable	9,237	4,354
Total current liabilities	3,183,044	2,487,638
Long-term debt	500,000	250,000
Pension and other post-retirement benefit liabilities	140,171	572,988
Deferred tax liabilities	83,316	
Other long-term liabilities	414,998	488,256
Equity:		
Preferred stock, par value \$1 per share authorized 10,000,000 shares; none issued		
Common stock, par value \$1 per share authorized 450,000,000 shares; issued and outstanding 153,773,098 in 2013 and 154,841,438 shares in 2012	153,773	154,841
Additional paid-in capital	14,935	
Accumulated other comprehensive loss	(397,655)	(501,492)
Retained earnings	3,578,021	3,344,538
Total parent equity	3,349,074	2,997,887

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Noncontrolling interests in subsidiaries	9,694	10,292
Total equity	3,358,768	3,008,179
	\$ 7,680,297	\$ 6,807,061

See accompanying notes.

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Genuine Parts Company and Subsidiaries

Consolidated Statements of Income and Comprehensive Income

	Year Ended December 31		
	2013	2012	2011
	(In Thousands, Except per Share Amounts)		
Net sales	\$ 14,077,843	\$ 13,013,868	\$ 12,458,877
Cost of goods sold	9,857,923	9,235,777	8,852,837
Gross margin	4,219,920	3,778,091	3,606,040
Operating expenses:			
Selling, administrative, and other expenses	3,019,036	2,648,430	2,594,372
Depreciation and amortization	133,957	98,383	88,936
Provision for doubtful accounts	8,691	8,047	13,248
Total operating expenses	3,161,684	2,754,860	2,696,556
Non-operating expenses (income):			
Interest expense	26,971	20,482	27,036
Other	(13,039)	(16,183)	(8,358)
Total non-operating expenses	13,932	4,299	18,678
Income before income taxes	1,044,304	1,018,932	890,806
Income taxes	359,345	370,891	325,690
Net income	\$ 684,959	\$ 648,041	\$ 565,116
Basic net income per common share	\$ 4.43	\$ 4.17	\$ 3.61
Diluted net income per common share	\$ 4.40	\$ 4.14	\$ 3.58
Weighted average common shares outstanding	154,636	155,413	156,656
Dilutive effect of stock options and nonvested restricted stock awards	1,078	1,007	1,004
Weighted average common shares outstanding assuming dilution	155,714	156,420	157,660
Net income	\$ 684,959	\$ 648,041	\$ 565,116
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment	(168,703)	23,846	(22,017)
Pension and postretirement benefit adjustments, net of income taxes of 2013 (\$175,297), 2012 \$26,465, and 2011 \$98,973	272,540	(43,300)	(161,669)
Other comprehensive income (loss), net of tax	103,837	(19,454)	(183,686)
Comprehensive income	\$ 788,796	\$ 628,587	\$ 381,430

See accompanying notes.

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Genuine Parts Company and Subsidiaries

Consolidated Statements of Equity

(In Thousands, Except Share and per Share Amounts)

	Common Stock		Additional Paid-In Capital	Accumulated	Retained Earnings	Total	Non-	Total
	Shares	Amount		Other Comprehensive (Loss) Income		Parent Equity	controlling Interests in Subsidiaries	
Balance at January 1, 2011	157,636,261	\$ 157,636	\$	\$ (298,352)	\$ 2,895,307	\$ 2,754,591	\$ 8,895	\$ 2,763,486
Net income					565,116	565,116		565,116
Other comprehensive loss, net of tax				(183,686)		(183,686)		(183,686)
Cash dividends declared, \$1.80 per share					(281,790)	(281,790)		(281,790)
Stock options exercised, including tax benefit of \$5,356	443,170	443	3,864			4,307		4,307
Share-based compensation			7,547			7,547		7,547
Purchase of stock	(2,428,315)	(2,428)	(11,411)		(108,239)	(122,078)		(122,078)
Noncontrolling interest activities							689	689
Balance at December 31, 2011	155,651,116	155,651		(482,038)	3,070,394	2,744,007	9,584	2,753,591
Net income					648,041	648,041		648,041
Other comprehensive loss, net of tax				(19,454)		(19,454)		(19,454)
Cash dividends declared, \$1.98 per share					(307,603)	(307,603)		(307,603)
Stock options exercised, including tax benefit of \$11,018	551,779	552	3,423			3,975		3,975
Share-based compensation			10,747			10,747		10,747
Purchase of stock	(1,361,457)	(1,362)	(14,170)		(66,294)	(81,826)		(81,826)
Noncontrolling interest activities							708	708
Balance at December 31, 2012	154,841,438	154,841		(501,492)	3,344,538	2,997,887	10,292	3,008,179
Net income					684,959	684,959		684,959
Other comprehensive income, net of tax				103,837		103,837		103,837
Cash dividends declared, \$2.15 per share					(332,322)	(332,322)		(332,322)
Stock options exercised, including tax benefit of \$12,905	449,986	450	2,287			2,737		2,737
Share-based compensation			12,648			12,648		12,648
Purchase of stock	(1,518,326)	(1,518)			(119,154)	(120,672)		(120,672)
Noncontrolling interest activities							(598)	(598)
Balance at December 31, 2013	153,773,098	\$ 153,773	\$ 14,935	\$ (397,655)	\$ 3,578,021	\$ 3,349,074	\$ 9,694	\$ 3,358,768

See accompanying notes.

Index to Financial Statements**Genuine Parts Company and Subsidiaries****Consolidated Statements of Cash Flows**

	2013	Year Ended December 31 2012 (In Thousands)	2011
Operating activities			
Net income	\$ 684,959	\$ 648,041	\$ 565,116
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	133,957	98,383	88,936
Excess tax benefits from share-based compensation	(12,905)	(11,018)	(5,356)
Gain on sale of property, plant, and equipment	(4,729)	(3,943)	(3,012)
Deferred income taxes	(21,622)	14,751	(2,337)
Share-based compensation	12,648	10,747	7,547
Gain on GPC Asia Pacific equity investment	(59,000)		
Changes in operating assets and liabilities:			
Trade accounts receivable, net	(116,080)	13,366	(85,011)
Merchandise inventories, net	(79,253)	(25,845)	(19,624)
Trade accounts payable	473,424	220,694	85,766
Other short-term assets and liabilities	(14,418)	(86,294)	(52,166)
Other long-term assets and liabilities	59,750	27,556	45,068
	371,772	258,397	59,811
Net cash provided by operating activities	1,056,731	906,438	624,927
Investing activities			
Purchases of property, plant and equipment	(124,063)	(101,987)	(103,469)
Proceeds from sale of property, plant, and equipment	10,657	8,504	8,908
Acquisition of businesses and other investing activities	(712,173)	(558,384)	(136,936)
Net cash used in investing activities	(825,579)	(651,867)	(231,497)
Financing activities			
Proceeds from debt	3,019,931	750,000	250,000
Payments on debt	(2,995,335)	(750,000)	(250,000)
Stock options exercised	(15,728)	(7,043)	(1,049)
Excess tax benefits from share-based compensation	12,905	11,018	5,356
Dividends paid	(326,217)	(300,983)	(276,369)
Purchase of stock	(120,673)	(81,826)	(122,078)
Net cash used in financing activities	(425,117)	(378,834)	(394,140)
Effect of exchange rate changes on cash	(12,237)	2,304	(4,204)
Net decrease in cash and cash equivalents	(206,202)	(121,959)	(4,914)
Cash and cash equivalents at beginning of year	403,095	525,054	529,968
Cash and cash equivalents at end of year	\$ 196,893	\$ 403,095	\$ 525,054
Supplemental disclosures of cash flow information			
Cash paid during the year for:			
Income taxes	\$ 342,372	\$ 381,407	\$ 317,748
Interest	\$ 27,221	\$ 20,416	\$ 27,640

See accompanying notes.

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Genuine Parts Company and Subsidiaries

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Business

Genuine Parts Company and all of its majority-owned subsidiaries (the Company) is a distributor of automotive replacement parts, industrial replacement parts, office products, and electrical/electronic materials. The Company serves a diverse customer base through approximately 2,600 locations in North America and Australasia and, therefore, has limited exposure from credit losses to any particular customer, region, or industry segment. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. The Company has evaluated subsequent events through the date the financial statements were issued.

Principles of Consolidation

The consolidated financial statements include all of the accounts of the Company. The net income attributable to noncontrolling interests is not material to the Company's consolidated net income. Intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

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

Revenue Recognition

The Company records revenue when the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the Company's price to the customer is fixed and determinable and collectability is reasonably assured. Delivery is not considered to have occurred until the customer assumes the risks and rewards of ownership.

Foreign Currency Translation

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

Cash and Cash Equivalents

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

Trade Accounts Receivable and the Allowance for Doubtful Accounts

The Company evaluates the collectability of trade accounts receivable based on a combination of factors. The Company estimates an allowance for doubtful accounts as a percentage of net sales based on historical bad debt experience and periodically adjusts this estimate when the Company becomes aware of a specific customer's inability to meet its financial obligations (e.g., bankruptcy filing) or as a result of changes in the overall aging of accounts receivable. While the Company has a large customer base that is geographically dispersed, a general economic downturn in any of the industry segments in which the Company operates could result in higher than

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Genuine Parts Company and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

expected defaults and, therefore, the need to revise estimates for bad debts. For the years ended December 31, 2013, 2012, and 2011, the Company recorded provisions for doubtful accounts of approximately \$8,691,000, \$8,047,000, and \$13,248,000, respectively. At December 31, 2013 and 2012, the allowance for doubtful accounts was approximately \$14,423,000 and \$19,180,000, respectively.

Merchandise Inventories, Including Consideration Received From Vendors

Merchandise inventories are valued at the lower of cost or market. Cost is determined by the last-in, first-out (LIFO) method for a majority of automotive parts, electrical/electronic materials, and industrial parts, and by the first-in, first-out (FIFO) method for office products and certain other inventories. If the FIFO method had been used for all inventories, cost would have been approximately \$432,150,000 and \$428,260,000 higher than reported at December 31, 2013 and 2012, respectively. During 2013, 2012, and 2011 reductions in inventory levels in automotive parts inventories (2013 and 2012), industrial parts inventories (2013, 2012, and 2011), and electrical parts inventories (2012 and 2011) resulted in liquidations of LIFO inventory layers. The effect of the LIFO liquidation in 2013, 2012, and 2011 was to reduce cost of goods sold by approximately \$5,000,000, \$6,000,000, and \$16,000,000, respectively.

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

The Company enters into agreements at the beginning of each year with many of its vendors that provide for inventory purchase incentives. Generally, the Company earns inventory purchase incentives upon achieving specified volume purchasing levels or other criteria. The Company accrues for the receipt of these incentives as part of its inventory cost based on cumulative purchases of inventory to date and projected inventory purchases through the end of the year. While management believes the Company will continue to receive consideration from vendors in 2014 and beyond, there can be no assurance that vendors will continue to provide comparable amounts of incentives in the future.

Prepaid Expenses and Other Current Assets

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

Goodwill

The Company reviews its goodwill annually in the fourth quarter, or sooner if circumstances indicate that the carrying amount may exceed fair value. The present value of future cash flows approach was used to determine any potential impairment. The Company determined that goodwill was not impaired and, therefore, no impairments were recognized for the years ended December 31, 2013, 2012, or 2011. If an impairment occurs at a future date, it may have the effect of increasing the volatility of the Company's earnings.

Index to Financial Statements**Genuine Parts Company and Subsidiaries****Notes to Consolidated Financial Statements (Continued)*****Other Assets***

Other assets are comprised of the following:

	December 31	
	2013	2012
	(In Thousands)	
Retirement benefit assets	\$ 41,919	\$ 4,021
Deferred compensation benefits	24,939	20,642
Investments	28,760	206,487
Cash surrender value of life insurance policies	95,094	78,860
Customer sales returns inventories	55,200	134,367
Other long-term prepayments and receivables	155,922	198,886
Total other assets	\$ 401,834	\$ 643,263

Property, Plant, and Equipment

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

Long-Lived Assets Other Than Goodwill

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

Other Long-Term Liabilities

Other long-term liabilities are comprised of the following:

	December 31	
	2013	2012
	(In Thousands)	
Post-employment and other benefit/retirement liabilities	\$ 55,150	\$ 35,273
Insurance liabilities	47,930	45,865
Other lease obligations	27,815	33,748
Other taxes payable	59,107	57,510
Customer deposits	65,826	161,936
Other	159,170	153,924
Total other long-term liabilities	\$ 414,998	\$ 488,256

Self-Insurance

The Company is self-insured for the majority of group health insurance costs. A reserve for claims incurred but not reported is developed by analyzing historical claims data provided by the Company's claims admin-

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istrators. These reserves are included in accrued expenses in the accompanying consolidated balance sheets as the expenses are expected to be paid within one year.

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

Accumulated Other Comprehensive (Loss) Income

Accumulated other comprehensive loss is comprised of the following:

	December 31	
	2013	2012
	(In Thousands)	
Foreign currency translation	\$ (37,619)	\$ 131,084
Unrecognized net actuarial loss, net of tax	(366,454)	(644,244)
Unrecognized prior service credit, net of tax	6,418	11,668
Total accumulated other comprehensive loss	\$ (397,655)	\$ (501,492)

The following table presents the changes in accumulated other comprehensive (loss) income by component for the year ended December 31, 2013:

	Changes in Accumulated Other Comprehensive (Loss) Income by Component			Total
	Pension Benefits	Other Post- Retirement Benefits	Foreign Currency Translation	
	(in Thousands)			
Beginning balance, January 1	\$ (629,907)	\$ (2,669)	\$ 131,084	\$ (501,492)
Other comprehensive income (loss) before reclassifications, net of tax	223,991	1,629	(168,703)	56,917
Amounts reclassified from accumulated other comprehensive (loss) income, net of tax	46,837	83		46,920
Net current period other comprehensive income (loss)	270,828	1,712	(168,703)	103,837
Ending balance, December 31	\$ (359,079)	\$ (957)	\$ (37,619)	\$ (397,655)

The accumulated other comprehensive loss components related to the pension benefits are included in the computation of net periodic benefit cost in the employee benefit plans footnote.

Fair Value of Financial Instruments

The carrying amounts reflected in the consolidated balance sheets for cash and cash equivalents, trade accounts receivable and trade accounts payable approximate their respective fair values based on the short-term nature of these instruments. At December 31, 2013 and 2012, the fair value of fixed rate debt was approximately \$496,000,000 and \$516,000,000, respectively. 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.

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Genuine Parts Company and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

Shipping and Handling Costs

Shipping and handling costs are classified as selling, administrative and other expenses in the accompanying consolidated statements of income and comprehensive income and totaled approximately \$250,000,000, \$220,000,000, and \$190,000,000, for the years ended December 31, 2013, 2012, and 2011, respectively.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$57,900,000, \$43,200,000, and \$45,100,000 in the years ended December 31, 2013, 2012, and 2011, respectively.

Accounting for Legal Costs

The Company's legal costs expected to be incurred in connection with loss contingencies are expensed as such costs are incurred.

Share-Based Compensation

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.

Net Income per Common Share

Basic net income per common share is computed by dividing net income by the weighted average number of common shares outstanding during the year. The computation of diluted net income per common share includes the dilutive effect of stock options, stock appreciation rights and nonvested restricted stock awards options. Options to purchase approximately 630,000, 730,000, and 850,000 shares of common stock ranging from \$54 - \$81 per share were outstanding at December 31, 2013, 2012, and 2011, 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 common stock in each respective year.

Recently Adopted Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. Under ASU 2013-02, an entity is required to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. ASU 2013-02 does not change the current requirements for reporting net income or other comprehensive income in the financial statements. ASU 2013-02 is effective for the Company's interim and annual periods beginning after December 15, 2012. The adoption of ASU 2013-02 did not have a material impact on the consolidated financial statements for the year ended December 31, 2013.

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Genuine Parts Company and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

2. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill during the years ended December 31, 2013, 2012, and 2011 by reportable segment, as well as other identifiable intangible assets, are summarized as follows (in thousands):

	Automotive	Industrial	Goodwill Office Products	Electrical/ Electronic Materials	Total	Other Intangible Assets, Net
Balance as of January 1, 2012	\$ 43,705	\$ 99,011	\$ 10,554	\$ 24,350	\$ 177,620	\$ 102,155
Additions	114,206			5,355	119,561	110,014
Amortization						(12,991)
Foreign currency translation	638	221			859	621
Balance as of December 31, 2012	158,549	99,232	10,554	29,705	298,040	199,799
Additions	541,836	17,420		11,396	570,652	379,834
Amortization						(28,987)
Foreign currency translation	(78,205)	(516)			(78,721)	(51,261)
Balance as of December 31, 2013	\$ 622,180	\$ 116,136	\$ 10,554	\$ 41,101	\$ 789,971	\$ 499,385

The gross carrying amounts and accumulated amortization relating to other intangible assets at December 31, 2013 and 2012 is as follows (in thousands):

	2013			2012		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	\$ 412,634	\$ (59,686)	\$ 352,948	\$ 209,328	\$ (38,030)	\$ 171,298
Trademarks	149,949	(5,018)	144,931	29,337	(1,944)	27,393
Non-competition agreements	7,306	(5,800)	1,506	4,483	(3,375)	1,108
	\$ 569,889	\$ (70,504)	\$ 499,385	\$ 243,148	\$ (43,349)	\$ 199,799

Amortization expense for other intangible assets totaled \$28,987,000, \$12,991,000, and \$6,774,000 for the years ended December 31, 2013, 2012, and 2011, respectively. Estimated other intangible assets amortization expense for the succeeding five years is as follows (in thousands):

2014	\$ 31,000
2015	30,000
2016	30,000
2017	30,000
2018	29,000
	\$ 150,000

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Genuine Parts Company and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

3. Credit Facilities

The principal amounts of the Company's borrowings subject to variable rates totaled approximately \$264,658,000 at December 31, 2013. There were no amounts subject to variable rates at December 31, 2012. The weighted average interest rate on the Company's outstanding borrowings was approximately 2.82% at December 31, 2013 and 4.01% at December 31, 2012.

The Company maintains an \$850,000,000 unsecured revolving line of credit with a consortium of financial institutions that matures in September 2017 and bears interest at LIBOR plus a margin, which is based on the Company's leverage ratio (0.92% at December 31, 2013). The Company also has the option under this agreement to increase its borrowing an additional \$350,000,000, as well as an option to decrease the borrowing capacity or terminate the Syndicated Facility with appropriate notice. At December 31, 2013, approximately \$264,658,000 was outstanding under this line of credit. No amounts were outstanding under this line of credit at December 31, 2012.

Certain borrowings require the Company to comply with a financial covenant with respect to a maximum debt-to-capitalization ratio. At December 31, 2013, the Company was in compliance with all such covenants. Due to the workers' compensation and insurance reserve requirements in certain states, the Company also had unused letters of credit of \$61,617,000 and \$61,119,000 outstanding at December 31, 2013 and 2012, respectively.

Amounts outstanding under the Company's credit facilities consist of the following:

	December 31	
	2013	2012
	(In Thousands)	
Unsecured revolving line of credit, \$850,000,000, LIBOR plus 0.75% variable	\$ 264,658	\$
Unsecured term notes:		
November 30, 2008, Series C Senior Unsecured Notes, \$250,000,000, 4.67% fixed, due November 30, 2013		250,000
November 30, 2011, Series D and E Senior Unsecured Notes, \$250,000,000, 3.35% fixed, due November 30, 2016	250,000	250,000
December 2, 2013, Series F Senior Unsecured Notes, \$250,000,000, 2.99% fixed, due December 2, 2023	250,000	
Total debt	764,658	500,000
Less debt due within one year	264,658	250,000
Long-term debt, excluding current portion	\$ 500,000	\$ 250,000

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Future minimum payments, by year and in the aggregate, under the noncancelable operating leases with initial or remaining terms of one year or more was approximately the following at December 31, 2013 (in thousands):

2014	\$ 191,400
2015	151,100
2016	110,200
2017	76,400
2018	50,000
Thereafter	149,500
Total minimum lease payments	\$ 728,600

Rental expense for operating leases was approximately \$208,000,000, \$158,200,000, and \$154,500,000 for 2013, 2012, and 2011, respectively.

5. Share-Based Compensation

At December 31, 2013, total compensation cost related to nonvested awards not yet recognized was approximately \$26,000,000. The weighted-average period over which this compensation cost is expected to be recognized is approximately three years. The aggregate intrinsic value for options and RSUs outstanding at December 31, 2013 and 2012 was approximately \$154,000,000 and \$90,300,000, respectively. The aggregate intrinsic value for options and RSUs vested totaled approximately \$93,600,000 and \$57,600,000 at December 31, 2013 and 2012, respectively. At December 31, 2013, the weighted-average contractual life for outstanding and exercisable options and RSUs was six and five years, respectively. Share-based compensation cost of \$12,648,000, \$10,747,000, and \$7,547,000, was recorded for the years ended December 31, 2013, 2012, and 2011, respectively. The total income tax benefit recognized in the consolidated statements of income and comprehensive income for share-based compensation arrangements was approximately \$5,100,000, \$4,300,000, and \$3,000,000, for 2013, 2012, and 2011, respectively. There have been no modifications to valuation methodologies or methods during the years ended December 31, 2013, 2012, and 2011.

For the years ended December 31, 2013, 2012 and 2011 the fair value for options and SARs granted was estimated using a Black-Scholes option pricing model with the following weighted-average assumptions, respectively: risk-free interest rate of 2.0%, 2.0%, and 3.6%; dividend yield of 3.2%, 3.3%, and 3.8%; annual historical volatility factor of the expected market price of the Company's common stock of 19% for each of the three years; an average expected life and estimated turnover based on the historical pattern of existing grants of approximately seven years and 5.0%, respectively. The fair value of RSUs is based on the price of the Company's stock on the date of grant. The total fair value of shares vested during the years ended December 31, 2013, 2012, and 2011, was \$8,100,000, \$6,700,000, and \$7,200,000, respectively.

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Genuine Parts Company and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

A summary of the Company's share-based compensation activity and related information is as follows:

	2013	Weighted-Average Exercise Price (2)
	Shares (1) (In Thousands)	
Outstanding at beginning of year	5,100	\$ 50
Granted	900	77
Exercised	(1,335)	45
Forfeited	(85)	63
Outstanding at end of year (3)	4,580	\$ 56
Exercisable at end of year	2,601	\$ 48
Shares available for future grants	2,743	

(1) Shares include *Restricted Stock Units* (RSUs).

(2) The weighted-average exercise price excludes RSUs.

(3) The exercise prices for options and SARs outstanding as of December 31, 2013 ranged from approximately \$37 to \$77. The weighted-average remaining contractual life of all options and SARs outstanding is approximately six years. The weighted-average grant date fair value of options and SARs granted during the years 2013, 2012, and 2011 was \$10.14, \$7.96, and \$8.18, respectively. The aggregate intrinsic value of options exercised during the years ended December 31, 2013, 2012, and 2011 was \$43,900,000, \$41,500,000, and \$25,100,000.

In 2013, the Company granted approximately 727,000 SARs and 172,000 RSUs. In 2012, the Company granted approximately 858,000 SARs and 145,000 RSUs. In 2011, the Company granted approximately 1,028,000 SARs and 126,000 RSUs.

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

Nonvested Share Awards (RSUs)	Shares (In Thousands)	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2013	316	\$ 54

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Granted	172	78
Vested	(18)	77
Forfeited	(26)	72
Nonvested at December 31, 2013	444	\$ 62

For the years ended December 31, 2013, 2012, and 2011 approximately \$12,900,000, \$11,000,000, and \$5,400,000, respectively, of excess tax benefits was classified as a financing cash inflow.

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Genuine Parts Company and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

6. Income Taxes

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for income tax purposes. As of December 31, 2013, approximately \$552,000,000 of cumulative undistributed earnings of the Company's foreign subsidiaries is considered to be indefinitely reinvested. As such, no U.S. federal and state income taxes have been provided thereon, and it is not practicable to determine the amount of the related unrecognized deferred income tax liability. Significant components of the Company's deferred tax assets and liabilities are as follows:

	2013	2012
	(In Thousands)	
Deferred tax assets related to:		
Expenses not yet deducted for tax purposes	\$ 343,156	\$ 362,265
Pension liability not yet deducted for tax purposes	227,880	405,048
Capital loss		16,803
Valuation allowance		(16,803)
	571,036	767,313
Deferred tax liabilities related to:		
Employee and retiree benefits	188,235	205,268
Inventory	152,641	191,047
Other intangible assets	110,272	23,295
Property, plant, and equipment	53,751	41,130
Other	29,733	28,321
	534,632	489,061
Net deferred tax assets	36,404	278,252
Current portion of deferred tax (assets) liabilities	(22,165)	1,211
Noncurrent net deferred tax assets	\$ 14,239	\$ 279,463

The current portion of the deferred tax assets and liabilities are included in prepaid expenses and other current assets and income taxes payable, respectively, in the consolidated balance sheets.

The components of income before income taxes are as follows:

	2013	2012	2011
	(In Thousands)		
United States	\$ 850,866	\$ 903,698	\$ 784,841
Foreign	193,438	115,234	105,965
Income before income taxes	\$ 1,044,304	\$ 1,018,932	\$ 890,806

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Genuine Parts Company and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

The components of income tax expense are as follows:

	2013	2012	2011
	(In Thousands)		
Current:			
Federal	\$ 303,016	\$ 288,135	\$ 260,222
State	47,010	44,653	41,511
Foreign	30,941	23,352	26,294
Deferred	(21,622)	14,751	(2,337)
	\$ 359,345	\$ 370,891	\$ 325,690

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

	2013	2012	2011
	(In Thousands)		
Statutory rate applied to income	\$ 365,506	\$ 356,626	\$ 311,782
Plus state income taxes, net of Federal tax benefit	28,823	30,227	26,790
Earnings in jurisdictions taxed at rates different from the statutory US tax rate	(37,873)	(17,419)	(13,443)
Capital loss expiration	16,803		
Reversal of capital loss valuation allowance	(16,803)		
Other	2,889	1,457	561
	\$ 359,345	\$ 370,891	\$ 325,690

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. With few exceptions, the Company is no longer subject to federal, state and local tax examinations by tax authorities for years before 2009 or subject to non-United States income tax examinations for years ended prior to 2002. The Company is currently under audit in the United States and Canada. Some audits may conclude in the next twelve months and the unrecognized tax benefits recorded in relation to the audits may differ from actual settlement amounts. It is not possible to estimate the effect, if any, of the amount of such change during the next twelve months to previously recorded uncertain tax positions in connection with the audits. However, the Company does not anticipate total unrecognized tax benefits will significantly change during the year due to the settlement of audits and the expiration of statutes of limitations.

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

	2013	2012	2011
	(In Thousands)		
Balance at beginning of year	\$ 45,455	\$ 46,845	\$ 39,425
Additions based on tax positions related to the current year	3,238	5,702	6,035
Additions for tax positions of prior years	3,759	2,172	7,966
Reductions for tax positions for prior years	(1,472)	(5,025)	(481)
Reduction for lapse in statute of limitations	(1,714)	(2,658)	(4,563)

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Settlements	(2,076)	(1,581)	(1,537)
Balance at end of year	\$ 47,190	\$ 45,455	\$ 46,845

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Genuine Parts Company and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

The amount of gross tax effected unrecognized tax benefits, including interest and penalties, as of December 31, 2013 and 2012 was approximately \$59,530,000 and \$58,020,000, respectively, of which approximately \$18,287,000 and \$17,615,000, respectively, if recognized, would affect the effective tax rate. During the years ended December 31, 2013, 2012, and 2011, the Company paid interest and penalties of approximately \$405,000, \$493,000, and \$759,000, respectively. The Company had approximately \$12,340,000 and \$12,565,000 of accrued interest and penalties at December 31, 2013 and 2012, respectively. The Company recognizes potential interest and penalties related to unrecognized tax benefits as a component of income tax expense.

7. Employee Benefit Plans

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

In December 2012, the U.S. defined benefit plan was amended to reflect a hard freeze as of December 31, 2013. Therefore, no further benefit accruals were provided after that date for additional credited service or earnings. In addition, all participants will become fully vested as of December 31, 2013. The Company recognized a one-time noncash curtailment gain in 2012 of \$23,507,000 in connection with this amendment.

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

Changes in benefit obligations for the years ended December 31, 2013 and 2012 were:

	2013	2012
	(In Thousands)	
Changes in benefit obligation		
Benefit obligation at beginning of year	\$ 2,165,692	\$ 1,958,399
Service cost	19,083	15,254
Interest cost	89,408	100,338
Plan participants' contributions	3,543	3,962
Plan amendments		(4,217)
Actuarial (gain) loss	(164,784)	330,028
Foreign currency exchange rate changes	(13,893)	5,489
Gross benefits paid	(73,186)	(67,767)
Acquired plan	9,322	
Curtailments		(175,794)
Benefit obligation at end of year	\$ 2,035,185	\$ 2,165,692

The benefit obligations for the Company's U.S. pension plans included in the above were \$1,838,810,000 and \$1,955,414,000 at December 31, 2013 and 2012, respectively. The total accumulated benefit obligation for the Company's defined benefit pension plans was approximately \$2,017,619,000 and \$2,112,134,000 at December 31, 2013 and 2012, respectively.

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The assumptions used to measure the pension benefit obligations for the plans at December 31, 2013 and 2012, were:

	2013	2012
Weighted-average discount rate	5.10%	4.17%
Rate of increase in future compensation levels	3.04%	3.30%

Changes in plan assets for the years ended December 31, 2013 and 2012 were:

	2013	2012
	(In Thousands)	
Changes in plan assets		
Fair value of plan assets at beginning of year	\$ 1,595,679	\$ 1,470,030
Actual return on plan assets	336,151	168,491
Foreign currency exchange rate changes	(12,155)	4,498
Employer contributions	74,347	16,465
Acquired plan	8,684	
Plan participants' contributions	3,543	3,962
Benefits paid	(73,186)	(67,767)
Fair value of plan assets at end of year	\$ 1,933,063	\$ 1,595,679

The fair values of plan assets for the Company's U.S. pension plans included in the above were \$1,745,769,000 and \$1,425,047,000 at December 31, 2013 and 2012, respectively.

The asset allocations for the Company's funded pension plans at December 31, 2013 and 2012, and the target allocation for 2014, by asset category were:

	Target Allocation	Percentage of Plan Assets at December 31	
Asset Category	2014	2013	2012
Equity securities	71%	76%	68%
Debt securities	29%	24%	32%
	100%	100%	100%

The Company's benefit plan committees in the U.S. and Canada establish investment policies and strategies and regularly monitor the performance of the funds. The pension plan strategy implemented by the Company's management is to achieve long-term objectives and invest the pension assets in accordance with the applicable pension legislation in the U.S. and Canada, as well as fiduciary standards. The long-term primary objectives for the pension plans are to provide for a reasonable amount of long-term growth of capital, without undue exposure to risk, protect the assets from erosion of purchasing power, and provide investment results that meet or exceed the pension plans' actuarially assumed long-term rates of return. The Company's investment strategy with respect to pension plan assets is to generate a return in excess of the passive portfolio benchmark (49% S&P 500 Index, 5% Russell Mid Cap Index, 8% Russell 2000 Index, 5% MSCI EAFE Index, 5% DJ Global

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Moderate Index, and 28% BarCap U.S. Govt/Credit).

The fair values of the plan assets as of December 31, 2013 and 2012, by asset category, are shown in the tables below. Various inputs are considered when determining the value of the Company's pension plan assets.

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The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in these securities. Level 1 represents observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets. Level 2 represents other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.). Level 3 represents significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments).

The valuation methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. Equity securities are valued at the closing price reported on the active market on which the individual securities are traded on the last day of the calendar plan year. Debt securities including corporate bonds, U.S. Government securities, and asset-backed securities are valued using price evaluations reflecting the bid and/or ask sides of the market for an investment as of the last day of the calendar plan year.

	Total	2013		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In Thousands)				
Equity Securities				
Common stocks mutual funds equity	\$ 505,572	\$ 505,572	\$	\$
Genuine Parts Company	167,788	167,788		
Other stocks	791,728	791,728		
Debt Securities				
Short-term investments	59,058	59,058		
Cash and equivalents	9,022	9,022		
Government bonds	144,447	61,171	83,276	
Corporate bonds	123,773		123,773	
Asset-backed and mortgage-backed securities	19,345		19,345	
Other-international	12,072	11,200	872	
Municipal bonds	1,304		1,304	
Municipal funds-fixed income	96,231		96,231	
Cash surrender value of life insurance policies	2,723			2,723
Total	\$ 1,933,063	\$ 1,605,539	\$ 324,801	\$ 2,723

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Genuine Parts Company and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

	Total	2012		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In Thousands)				
Equity Securities				
Common stocks mutual funds equity	\$ 342,846	\$ 342,846	\$	\$
Genuine Parts Company	128,236	128,236		
Other stocks	608,017	608,017		
Debt Securities				
Short-term investments	37,626	37,626		
Cash and equivalents	45,719	45,719		
Government bonds	166,413	74,707	91,706	
Corporate bonds	127,824		127,824	
Asset-backed and mortgage-backed securities	24,077		24,077	
Other-international	10,188	10,188		
Municipal bonds	532		532	
Municipal funds-fixed income	101,578		101,578	
Cash surrender value of life insurance policies	2,623			2,623
Total	\$ 1,595,679	\$ 1,247,339	\$ 345,717	\$ 2,623

Equity securities include Genuine Parts Company common stock in the amounts of \$167,788,000 (8.7% of total plan assets) and \$128,236,000 (8.0% of total plan assets) at December 31, 2013 and 2012, respectively. Dividend payments received by the plan on Company stock totaled approximately \$4,336,000 and \$3,994,000 in 2013 and 2012, respectively. Fees paid during the year for services rendered by parties in interest were based on customary and reasonable rates for such services.

The changes in the fair value measurement of plan assets using significant unobservable inputs (Level 3) during 2013 and 2012 were not material.

Based on the investment policy for the pension plans, as well as an asset study that was performed based on the Company's asset allocations and future expectations, the Company's expected rate of return on plan assets for measuring 2014 pension cost or income is 7.85% for the plans. The asset study forecasted expected rates of return for the approximate duration of the Company's benefit obligations, using capital market data and historical relationships.

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

	2013	2012
	(In Thousands)	
Other long-term asset	\$ 41,919	\$ 4,021
Other current liability	(5,976)	(5,402)
Pension and other post-retirement liabilities	(138,065)	(568,632)
	\$ (102,122)	\$ (570,013)

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Genuine Parts Company and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

	2013	2012
	(In Thousands)	
Net actuarial loss	\$ 590,568	\$ 1,043,089
Prior service credit	(3,074)	(10,612)
	\$ 587,494	\$ 1,032,477

The following table reflects the total benefits expected to be paid from the pension plans or the Company's assets. Of the pension benefits expected to be paid in 2014, approximately \$5,978,000 is expected to be paid from employer assets. Expected employer contributions reflect amounts expected to be contributed to funded plans. Information about the expected cash flows for the pension plans follows (in thousands):

Employer contribution	
2014 (expected)	\$ 50,605
Expected benefit payments	
2014	\$ 79,073
2015	88,704
2016	96,385
2017	104,225
2018	112,082
2019 through 2023	662,040

Net periodic benefit cost included the following components:

	2013	2012	2011
	(In Thousands)		
Service cost	\$ 19,083	\$ 15,254	\$ 13,039
Interest cost	89,408	100,338	97,293
Expected return on plan assets	(133,816)	(128,208)	(124,150)
Amortization of prior service credit	(7,538)	(7,270)	(6,970)
Amortization of actuarial loss	83,934	70,161	53,039
Curtailment gain		(23,507)	
Net periodic benefit cost	\$ 51,071	\$ 26,768	\$ 32,251

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Genuine Parts Company and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

	2013	2012	2011
	(In Thousands)		
Current year actuarial (gain) loss	\$ (368,587)	\$ 114,061	\$ 311,038
Recognition of actuarial loss	(83,934)	(70,161)	(53,039)
Current year prior service credit		(4,217)	
Recognition of prior service credit	7,538	30,777	6,970
Total recognized in other comprehensive (loss) income	\$ (444,983)	\$ 70,460	\$ 264,969
 Total recognized in net periodic benefit cost and other comprehensive (loss) income	 \$ (393,912)	 \$ 97,228	 \$ 297,220

The estimated amounts that will be amortized from accumulated other comprehensive loss (income) into net periodic benefit cost in 2014 are as follows in thousands:

Actuarial loss	\$ 26,606
Prior service credit	(1,904)
Total	\$ 24,702

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

	2013	2012	2011
Weighted average discount rate	4.17%	5.17%	5.74%
Rate of increase in future compensation levels	3.30%	3.30%	3.39%
Expected long-term rate of return on plan assets	7.83%	7.84%	7.87%

The Company has two defined contribution plans that cover substantially all of its domestic employees. The Company's matching contributions are determined based on the employee's participation in the U.S. pension plan. Prior to 2014, U.S. pension plan participants who continue earning credited service after 2008 receive a matching contribution of 20% of the first 6% of the employee's salary. Other employees receive a matching contribution of 100% of the first 5% of the employee's salary. In December 2012, the Company approved an amendment to merge the two plans effective January 1, 2014. Beginning in 2014, all employees will receive a matching contribution of 100% of the first 5% of the employees' salary. Total plan expense for both plans was approximately \$43,236,000 in 2013, \$43,155,000 in 2012, and \$38,773,000 in 2011.

8. 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 independent. The Company has no voting interest or other equity conversion rights in any of the independents. The Company does not control the independents or

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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

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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 generally 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 December 31, 2013, the Company was in compliance with all such covenants.

At December 31, 2013, the total borrowings of the independents and affiliates subject to guarantee by the Company were approximately \$258,703,000. 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 guarantees related to the independents' and affiliates' borrowings as of December 31, 2013 and 2012. These liabilities are not material to the financial position of the Company and are included in other long-term liabilities in the accompanying consolidated balance sheets.

9. Acquisitions

During 2013, the Company acquired one company each in the Automotive Group (including GPC Asia Pacific), Industrial Group, and Electrical/Electronic Materials Group for approximately \$650,000,000, net of cash acquired. During 2012, the Company acquired one company in the Automotive Group (Quaker City Motor Parts Co.) for approximately \$343,000,000, net of cash acquired. During 2011, the Company acquired three companies in the Industrial Group and one company in the Electrical/Electronic Materials Group for approximately \$115,600,000.

For each acquisition, 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 consolidated statements of income and comprehensive income beginning on their respective acquisition dates. The Company recorded approximately \$950,000,000, \$230,000,000 and \$78,210,000 of goodwill and other intangible assets associated with the 2013, 2012, and 2011 acquisitions, respectively.

For the 2013 acquisitions, other intangible assets acquired consisted of customer relationships of \$235,000,000, trademarks of \$141,000,000, and non-competition agreements of \$4,000,000 with weighted average amortization lives of 15, 40, and 1 years, respectively. For the 2012 acquisitions, other intangible assets acquired consisted of customer relationships of \$108,000,000 and trademarks of \$2,000,000, with weighted average amortization lives of 15 and 40 years, respectively. For the 2011 acquisitions, other intangible assets acquired consisted of customer relationships of \$37,378,000, trademarks of \$12,100,000, and non-competition agreements of \$650,000, with weighted average amortization lives of 15, 40, and 5 years, respectively.

Additional disclosures on the 2013 automotive acquisition of GPC Asia Pacific and the 2012 automotive acquisition of Quaker City Motor Parts Co. are provided below.

GPC Asia Pacific

The Company acquired a 30% investment in GPC Asia Pacific, formerly known as the Exego Group, for approximately \$166,000,000 effective January 1, 2012. On April 1, 2013, the Company acquired the remaining 70% interest in GPC Asia Pacific for approximately \$590,000,000, net of cash acquired of \$70,000,000, and the

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assumption of approximately \$230,000,000 in debt. The acquisition was financed using a combination of cash on hand and borrowings under existing credit facilities. GPC Asia Pacific, which is headquartered in Melbourne, Australia, is a leading aftermarket distributor of automotive replacement parts and accessories in Australasia, with annual revenues of approximately \$1,100,000,000 and a company-owned store footprint of more than 460 locations across Australia and New Zealand. This acquisition provides an opportunity for the Company to participate in the ongoing and significant growth opportunities in the Australasian aftermarket.

The Company recognized certain one-time positive purchase accounting pre-tax adjustments of approximately \$33,000,000, or \$0.21 net of taxes on a per share diluted basis, as a result of the acquisition. The net one-time purchase accounting adjustments consisted of a gain of approximately \$59,000,000 related to remeasuring the 30% investment in GPC Asia Pacific held before the business combination to fair value, the post-closing sale of acquired inventory written up to fair value of \$21,000,000 as part of the purchase price allocation, and certain negative adjustments of approximately \$5,000,000.

Prior to the 70% acquisition, the Company accounted for the 30% investment under the equity method of accounting. The acquisition-date fair value of the 30% investment was approximately \$234,000,000 and is included in the measurement of the consideration transferred. The difference between the acquisition-date fair value and the carrying amount of the equity method investment resulted in the recognition of a gain of approximately \$59,000,000 on the acquisition date. The acquisition-date fair value was determined using a market and income approach with the assistance of a third party valuation firm.

As part of the allocation of purchase price described below, acquired inventory was written up to fair value, which was approximately \$21,000,000 above the cost of the acquired inventory. Based on the inventory turn of the acquired inventories, the entire write-up was recognized in cost of goods sold during 2013.

The net \$54,000,000 of one-time gain and other adjustments are included in the line item *Selling, administrative & other expenses* and the acquired inventory adjustment of \$21,000,000 is included in *Cost of goods sold* in the consolidated statements of income and comprehensive income.

The acquisition date fair value of the consideration transferred totaled approximately \$824,000,000, net of cash acquired of \$70,000,000, which consisted of the following:

	April 1, 2013 (In Thousands)
Cash	\$ 590,000
Fair value of 30% investment held prior to business combination	234,000
Total	\$ 824,000

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The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date. The Company is in the process of analyzing the estimated values of assets and liabilities acquired as of the acquisition date and is obtaining third-party valuations of certain intangible assets. The allocation of the purchase price is therefore preliminary and subject to revision.

	April 1, 2013 (In Thousands)
Trade accounts receivable	\$ 94,000
Merchandise inventory	306,000
Prepaid expenses and other current assets	32,000
Property and equipment	59,000
Intangible assets	347,000
Other assets	24,000
Total identifiable assets acquired	862,000
Current liabilities	(223,000)
Long-term debt	(230,000)
Deferred tax liabilities and other	(117,000)
Total liabilities assumed	(570,000)
Net identifiable assets acquired	292,000
Goodwill	532,000
Net assets acquired	\$ 824,000

The acquired intangible assets of approximately \$347,000,000 were provisionally assigned to customer relationships of \$202,000,000, trademarks of \$141,000,000, and non-compete agreements of \$4,000,000, with weighted average amortization lives of 16, 40, and 1 year, respectively, for a total weighted average amortization life of 26 years. The fair value of the acquired identifiable intangible assets is provisional pending completion of the final valuations for these assets.

The estimated goodwill recognized as part of the acquisition is not tax deductible and has been assigned to the automotive segment. The goodwill is attributable primarily to expected synergies and the assembled workforce of GPC Asia Pacific.

The amounts of net sales and earnings of GPC Asia Pacific included in the Company's consolidated statements of income and comprehensive income from April 1, 2013 to December 31, 2013 were approximately \$839,000,000 in net sales and net income of \$0.43 on a per share diluted basis, respectively.

The unaudited pro forma consolidated statements of income and comprehensive income of the Company as if GPC Asia Pacific had been included in the consolidated results of the Company for the years ended December 31, 2013 and 2012 would be estimated at \$14,400,000,000 and \$14,100,000,000 in net sales, respectively, and net income of \$4.42 and \$4.53 on a per share diluted basis, respectively. The pro forma information is not necessarily indicative of the results of operations that we would have reported had the transaction actually occurred at the beginning of these periods, nor is it necessarily indicative of future results.

The adjustments to the pro forma amounts include, but are not limited to, applying the Company's accounting policies, amortization related to fair value adjustments to intangible assets, one-time purchase accounting adjustments, interest expense on acquisition related debt, and any associated tax effects.

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Notes to Consolidated Financial Statements (Continued)

Quaker City Motor Parts

On May 1, 2012 the Company acquired Quaker City Motor Parts Co. (Quaker City) for \$343,000,000, net of cash acquired. Quaker City, headquartered in Middleton, Delaware, is a long-standing NAPA distributor with annual revenues of approximately \$300,000,000. Quaker City serves approximately 260 auto parts stores, of which approximately 135 are company-owned. The Company funded the acquisition with cash on hand and short-term borrowings under credit facilities.

10. Segment Data

The Company's reportable segments consist of automotive, industrial, office products, and electrical/electronic materials. Within the reportable segments, certain of the Company's operating segments are aggregated since they have similar economic characteristics, products and services, type and class of customers, and distribution methods.

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

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

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

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

Inter-segment sales are not significant. Operating profit for each industry segment is calculated as net sales less operating expenses excluding general corporate expenses, interest expense, equity in income from investees, amortization, and noncontrolling interests. Approximately \$193,400,000, \$115,200,000 and \$106,000,000 of income before income taxes was generated in jurisdictions outside the United States for the years ended December 31, 2013, 2012, and 2011, respectively. Net sales and net long-lived assets by country relate directly to the Company's operations in the respective country. Corporate assets are principally cash and cash equivalents and headquarters facilities and equipment.

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Notes to Consolidated Financial Statements (Continued)

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

	2013	2012	2011 (In Thousands)	2010	2009
Net sales:					
Automotive	\$ 7,489,186	\$ 6,320,882	\$ 6,061,424	\$ 5,608,101	\$ 5,225,389
Industrial	4,429,976	4,453,574	4,173,574	3,521,863	2,885,782
Office products	1,638,618	1,686,690	1,689,368	1,641,963	1,639,018
Electrical/electronic materials	568,872	582,820	557,537	449,770	345,808
Other	(48,809)	(30,098)	(23,026)	(14,108)	(38,485)
Total net sales	\$ 14,077,843	\$ 13,013,868	\$ 12,458,877	\$ 11,207,589	\$ 10,057,512
Operating profit:					
Automotive	\$ 641,492	\$ 540,678	\$ 467,806	\$ 421,109	\$ 387,945
Industrial	320,720	352,119	337,628	255,616	162,353
Office products	122,492	134,441	134,124	131,746	126,104
Electrical/electronic materials	47,584	50,910	40,663	30,910	25,254
Total operating profit	1,132,288	1,078,148	980,221	839,381	701,656
Interest expense, net	(24,330)	(19,619)	(24,608)	(26,598)	(27,112)
Corporate expense	(34,667)	(26,606)	(58,033)	(46,263)	(26,735)
Intangible asset amortization	(28,987)	(12,991)	(6,774)	(4,737)	(3,644)
Income before income taxes	\$ 1,044,304	\$ 1,018,932	\$ 890,806	\$ 761,783	\$ 644,165
Assets:					
Automotive	\$ 4,009,244	\$ 3,411,252	\$ 3,218,931	\$ 3,177,644	\$ 3,148,876
Industrial	1,162,697	1,130,877	1,100,024	955,241	865,431
Office products	708,944	731,564	700,720	694,166	619,612
Electrical/electronic materials	156,780	137,237	129,933	113,757	76,716
Corporate	353,276	898,292	773,391	637,871	445,705
Goodwill and other intangible assets	1,289,356	497,839	279,775	209,548	171,532
Total assets	\$ 7,680,297	\$ 6,807,061	\$ 6,202,774	\$ 5,788,227	\$ 5,327,872

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Genuine Parts Company and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

	2013	2012	2011 (In Thousands)	2010	2009
Depreciation and amortization:					
Automotive	\$ 76,238	\$ 60,630	\$ 60,252	\$ 63,942	\$ 65,554
Industrial	8,751	8,307	7,495	7,208	7,611
Office products	10,166	10,837	9,999	9,737	9,685
Electrical/electronic materials	1,904	1,733	1,554	1,414	1,666
Corporate	7,911	3,885	2,862	2,294	2,251
Intangible asset amortization	28,987	12,991	6,774	4,737	3,644
Total depreciation and amortization	\$ 133,957	\$ 98,383	\$ 88,936	\$ 89,332	\$ 90,411
Capital expenditures:					
Automotive	\$ 97,735	\$ 67,482	\$ 61,795	\$ 46,888	\$ 53,911
Industrial	8,808	13,015	9,851	4,307	2,987
Office products	9,297	16,013	22,036	29,866	5,782
Electrical/electronic materials	1,730	1,029	1,762	1,957	676
Corporate	6,493	4,448	8,025	2,361	6,089
Total capital expenditures	\$ 124,063	\$ 101,987	\$ 103,469	\$ 85,379	\$ 69,445
Net sales:					
United States	\$ 11,594,713	\$ 11,299,291	\$ 10,791,303	\$ 9,793,820	\$ 8,935,651
Canada	1,560,799	1,616,921	1,571,733	1,327,552	1,078,799
Australasia	839,353				
Mexico	131,787	127,754	118,867	100,325	81,547
Other	(48,809)	(30,098)	(23,026)	(14,108)	(38,485)
Total net sales	\$ 14,077,843	\$ 13,013,868	\$ 12,458,877	\$ 11,207,589	\$ 10,057,512
Net long-lived assets:					
United States	\$ 503,882	\$ 466,473	\$ 411,193	\$ 398,318	\$ 402,937
Canada	99,135	93,496	84,210	80,978	78,502
Australasia	60,614				
Mexico	6,430	6,396	4,801	4,834	3,585
Total net long-lived assets	\$ 670,061	\$ 566,365	\$ 500,204	\$ 484,130	\$ 485,024

Index to Financial Statements**Annual Report on Form 10-K****Item 15(a)****Financial Statement Schedule II Valuation and Qualifying Accounts****Genuine Parts Company and Subsidiaries**

	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions(1)	Balance at End of Period
Year ended December 31, 2011:				
Reserves and allowances deducted from asset accounts:				
Allowance for doubtful accounts	\$ 15,598,912	\$ 13,247,731	\$ (11,930,188)	\$ 16,916,455
Year ended December 31, 2012:				
Reserves and allowances deducted from asset accounts:				
Allowance for doubtful accounts	\$ 16,916,455	\$ 8,046,605	\$ (5,782,870)	\$ 19,180,190
Year ended December 31, 2013:				
Reserves and allowances deducted from asset accounts:				
Allowance for doubtful accounts	\$ 19,180,190	\$ 8,691,000	\$ (13,448,190)	\$ 14,423,000

(1) Doubtful accounts written off, net of recoveries.

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ANNUAL REPORT ON FORM 10-K

INDEX OF EXHIBITS

The following exhibits are filed (or furnished, if so indicated) herewith as a part of this Report:

- 21 Subsidiaries of the Company.
- 23 Consent of Independent Registered Public Accounting Firm.
- 31.1 Certification signed by the Chief Executive Officer pursuant to SEC Rule 13a-14(a).
- 31.2 Certification signed by the Chief Financial Officer pursuant to SEC Rule 13a-14(a).
- 32.1 Statement of Chief Executive Officer of Genuine Parts Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
- 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 (furnished herewith).
- 101 Interactive data files pursuant to Rule 405 of Regulation S-T.

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

- 3.1 Amended and Restated Articles of Incorporation of the Company, amended April 23, 2007.
 - 3.2 By-Laws of the Company as amended and restated November 18, 2013.
 - 4.2 Specimen Common Stock Certificate.
- Instruments with respect to long-term debt where the total amount of securities authorized there under does not exceed 10% of the total assets of the Registrant and its subsidiaries on a consolidated basis have not been filed. The Registrant agrees to furnish to the Commission a copy of each such instrument upon request.
- 10.1* The Genuine Parts Company Restated Tax-Deferred Savings Plan, effective January 1, 1993.
 - 10.2* Amendment No. 1 to the Genuine Parts Company Tax-Deferred Savings Plan, dated June 1, 1996, effective June 1, 1996.
 - 10.3* Genuine Parts Company Death Benefit Plan, effective July 15, 1997.
 - 10.4* Amendment No. 2 to the Genuine Parts Company Tax-Deferred Savings Plan, dated April 19, 1999, effective April 19, 1999.
 - 10.5* The Genuine Parts Company Original Deferred Compensation Plan, as amended and restated as of August 19, 1996.
 - 10.6* Amendment to the Genuine Parts Company Original Deferred Compensation Plan, dated April 19, 1999, effective April 19, 1999.
 - 10.7* Amendment No. 3 to the Genuine Parts Company Tax-Deferred Savings Plan, dated November 28, 2001, effective July 1, 2001.
 - 10.8* Genuine Parts Company 1999 Long-Term Incentive Plan, as amended and restated as of November 19, 2001.
 - 10.9* Amendment No. 4 to the Genuine Parts Company Tax-Deferred Savings Plan, dated June 5, 2003, effective June 5, 2003.
 - 10.10* Genuine Parts Company Directors' Deferred Compensation Plan, as amended and restated effective January 1, 2003, and executed November 11, 2003.
 - 10.11* Amendment No. 5 to the Genuine Parts Company Tax-Deferred Savings Plan.

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- 10.12* Amendment No. 2 to the Genuine Parts Company Death Benefit Plan.
- 10.13* Genuine Parts Company 2006 Long-Term Incentive Plan, effective April 17, 2006.

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- 10.14* Amendment to the Genuine Parts Company 2006 Long-Term Incentive Plan, dated November 20, 2006, effective November 20, 2006.
- 10.15* Amendment No. 1 to the Genuine Parts Company Directors' Deferred Compensation Plan, dated November 19, 2007, effective January 1, 2008.
- 10.16* Amendment No. 6 to the Genuine Parts Company Tax-Deferred Savings Plan, dated November 28, 2007, effective January 1, 2008.
- 10.17* Amendment No. 2 to the Genuine Parts Company 2006 Long-Term Incentive Plan, dated November 19, 2007, effective November 19, 2007.
- 10.18* Genuine Parts Company Performance Restricted Stock Unit Award Agreement.
- 10.19* Genuine Parts Company Restricted Stock Unit Award Agreement.
- 10.20* Form of Amended and Restated Change in Control Agreement.
- 10.21* Genuine Parts Company Supplemental Retirement Plan, as amended and restated as of January 1, 2009.
- 10.22* Genuine Parts Company 2009 Annual Incentive Bonus Plan, dated March 31, 2009, effective January 1, 2009.
- 10.23* Amendment No. 1 to the Genuine Parts Company Supplemental Retirement Plan, as amended and restated as of January 1, 2009, dated August 16, 2010, effective August 16, 2010.
- 10.24* Amendment No. 2 to the Genuine Parts Company Supplemental Retirement Plan, as amended and restated January 1, 2009, dated November 16, 2010, effective January 1, 2011.
- 10.25* Amendment No. 7 to the Genuine Parts Company Tax-Deferred Savings Plan, dated November 16, 2010, effective January 1, 2011.
- 10.26* Description of Director Compensation.
- 10.27* Amendment No. 2 to the Genuine Parts Company Directors' Deferred Compensation Plan, dated December 7, 2012, effective December 7, 2012.
- 10.28* Amendment No. 8 to the Genuine Parts Company Tax-Deferred Savings Plan, dated December 7, 2012, effective December 7, 2012.
- 10.29* Amendment No. 3 to the Genuine Parts Company Supplemental Retirement Plan, as amended and restated January 1, 2009, dated December 7, 2012, effective December 31, 2013.
- 10.30* Form of amendment to the Amended and Restated Change in Control Agreement.
- 10.31* Genuine Parts Company Stock Appreciation Rights Agreement.

* Indicates management contracts and compensatory plans and arrangements.

Index to Financial Statements**BOARD OF DIRECTORS AND OFFICERS OF THE COMPANY****Board of Directors**

Dr. Mary B. Bullock	Executive Vice Chancellor of Duke Kunshan University and President Emerita of Agnes Scott College
Paul D. Donahue	President
Jean Douville	Chairman of the Board of Directors of UAP Inc.
Thomas C. Gallagher	Chairman and Chief Executive Officer
George C. Jack Gwynn	Retired President and Chief Executive Officer of the Federal Reserve Bank of Atlanta
John R. Holder	Chairman and Chief Executive Officer of Holder Properties
John D. Johns	Chairman, President & Chief Executive Officer of Protective Life Corporation
Michael M. E. Johns, MD	Professor, Emory School of Medicine and Rollins School of Public Health; Chancellor and Executive Vice President of Health Affairs Emeritus, Emory University
Robert C. Robin Loudermilk, Jr.	President and Chief Executive Officer of The Loudermilk Companies, LLC
Wendy B. Needham	Retired Managing Director, Global Automotive Research at Credit Suisse First Boston
Jerry W. Nix	Retired Chief Financial Officer
Gary W. Rollins	Vice Chairman and Chief Executive Officer of Rollins Inc.

Corporate Officers

Thomas C. Gallagher	Chairman and Chief Executive Officer
Paul D. Donahue	President
Carol B. Yancey	Executive Vice President, Chief Financial Officer and Corporate Secretary
Treg S. Brown	Senior Vice President Planning and Acquisitions
Charles A. Chesnutt	Senior Vice President Technology and Process Improvement
R. Bruce Clayton	Senior Vice President Human Resources
Frank M. Howard	Senior Vice President and Treasurer
James R. Neill	Senior Vice President Employee Development and Human Resource Services
Michael D. Orr	Senior Vice President Operations and Logistics
Scott C. Smith	Senior Vice President Corporate Counsel
Lisa K. Hamilton	Vice President Benefits and Communications
David A. Haskett	Vice President and Corporate Controller
Philip C. Johnson	Vice President Compensation
Sidney G. Jones	Vice President Investor Relations
Karl J. Koenig	Vice President Real Estate and Construction
Napoleon B. Rutledge, Jr.	Vice President and Assistant Treasurer
Eric N. Sundby	Vice President Information Technology
Matthew P. Brigham	Assistant Vice President Treasury Services
Christopher T. Galla	Assistant Vice President and Senior Counsel
Jessica E. Morgan	Assistant Vice President Risk Management
Christine E. Powell	Assistant Vice President Financial Analysis
Robert L. Swann	Assistant Vice President Internal Audit and Compliance
Jennifer L. Ellis	Associate Counsel and Assistant Secretary

U.S. Automotive Parts Group

Paul D. Donahue	President
Lee A. Maher	Executive Vice President and Chief Operating Officer
Glenn M. Chambers	Executive Vice President Operations
Scott W. LeProhon	Executive Vice President Merchandising and Product Strategy
Daniel F. Askey	Senior Vice President Sales
Todd P. Helms	Senior Vice President Human Resources
Gregory N. Miller	Senior Vice President and Chief Financial Officer
J. Richard Borman	Vice President Supply Chain and Logistics
Michael A. Briggs	Vice President Retail Product Management and Merchandising
Byron H. Frantz	Vice President Wholesale Product Management
Michael J. Fusaro	Vice President Process Improvement Distribution
Richard A. Geiger	Vice President Finance
Mark W. Hohe	Vice President Store Operations
Karen E. Kreider	Vice President and Chief Information Officer
Jett W. Kuntz	Vice President Integrated Business Solutions
David B. Nicki	Vice President NAPA Tools and Equipment Sales
J. Michael Phillips	Vice President Organizational Development
Bret A. Robyck	Vice President AutoCare Sales
Vickie S. Smith	Vice President Human Resources

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Gaylord M. Spencer	Vice President	Marketing Strategy
Michael L. Swartz	Vice President	Inventory & Procurement
Dennis P. Tolivar	Vice President	Major Accounts

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M. Todd McMurtrie	Vice President	Atlantic Division
Grant L. Morris	Vice President	Central Division
Michael J. Kelleher	Vice President	Eastern Division
Gregg T. Sargent	Vice President	Florida Operations
Kevin E. Herron	Vice President	Midwest Division
Eric G. Fritsch	Vice President	Mountain Division
Christopher R. Agostino	Vice President	Quaker City Division
Patrick A. Wolfe	Vice President	Southern Division
Stuart A. Kambury	Vice President	Southwest Division
Bradley A. Shaffer	Vice President	Western Division

Heavy Vehicle Parts Group (Atlanta, GA)

D. Gary Silva	President	
Greg A. Lancour	Vice President	Operations

Rayloc (Atlanta, GA)

William J. Westerman III	President	
Michael S. Gaffney II	Vice President	Operations
Chris C. Koenigshof	Vice President	Human Resources
Joseph W. Lashley	Vice President	Information Services
Scott J. Rolf	Vice President	Sales and Marketing

Balkamp, Inc. (Indianapolis, IN)

D. Tip Tollison	President	
Frank C. Amato	Executive Vice President	
Mary F. Knudsen	Vice President	Finance and Treasurer

Grupo Auto Todo (Puebla, Mexico)

Juan Lujambio	President and Chief Executive Officer	
Jorge Otero	Executive Vice President	Finance
Juan Quintal	Vice President and General Manager	NAPA Mexico

Altrom Import Parts Group (Vancouver, Canada)

Patrick K. Nichol	President	
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NAPA Canada/UAP Inc. (Montreal, Canada)

Jean Douville	Chairman of the Board	
Robert Hattem	President and Chief Executive Officer	
Sylvie Leduc	Executive Vice President	Heavy Vehicle Parts Division
Alain Masse	Executive Vice President	NAPA Operations
John Buckley	Senior Regional Vice President	Auto Parts Division
Daniel Dallaire	Vice President	Human Resources
Joseph P. Herauf	Vice President	Sales
Thomas Hunt	Vice President	Product Development
Mark Miron	Vice President	Distribution and Logistics
Frank Pipito	Vice President	Finance and Secretary

GPC Asia Pacific (Melbourne, Australia)

John L. Moller	Managing Director	
Mark G. Brunton	Executive General Manager	Repco New Zealand
Wayne F. Bryant	Executive General Manager	Repco Australia, Sales and Operations
Rob Cameron	Executive General Manager	Automotive Specialist Group
Gary T. Dunwell	Executive General Manager	Repco Australia, Merchandising and Strategic Marketing
Cary D. Laverty	Executive General Manager	Legal and Commercial
Lincoln P. McFayden	Executive General Manager	McLeod Accessories
J. Scott Mosteller	Executive General Manager	Logistics and Technology
Craig Sandiford	Executive General Manager	Human Resources
Mark B. Sookias	Executive General Manager	Motospecs
Julian Buckley	Chief Financial Officer	

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Robert W. Thomas	President and Chief Executive Officer
Alexander Gonzalez	Senior Vice President Electrical and Electronics
Larry L. Griffin	Senior Vice President Fabrication and Coating
William C. Knight	Senior Vice President Logistics and Operations
Peter F. Sheehan	Senior Vice President Specialty Wire and Cable
Matthew C. Tyser	Senior Vice President Finance and Secretary
Derek B. Goshay	Vice President Human Resources

Motion Industries (Birmingham, AL)

William J. Stevens	Chairman and Chief Executive Officer
Timothy P. Breen	President and Chief Operating Officer
G. Harold Dunaway, Jr.	Executive Vice President Finance & Administration and Secretary
Austin W. Amos	Senior Vice President & Group Executive Midwest
Randall P. Breaux	Senior Vice President Marketing, Strategic Planning and Product Support
Richard W. Burmester	Senior Vice President & Group Executive Southwest
Anthony G. Cefalu	Senior Vice President & Group Executive Central and Hose & Rubber
Ellen H. Holladay	Senior Vice President, Chief Information Officer and Operational Excellence Officer
Scott A. MacPherson	Senior Vice President Sales
Mark W. Sheehan	Senior Vice President OEM, Global Sourcing, Automation & Process Pumps
Gerald V. Sourbeer	Senior Vice President & Group Executive Southeast
Kevin P. Storer	Senior Vice President & Group Executive West and President Motion Mexico
Mark R. Thompson	Senior Vice President Corporate Accounts
Randy R. Till	Senior Vice President & Group Executive East
Darryl J. Britain	Vice President Technology Process, Support and Communications
Frederick H. Ted Cowie	Vice President Sales Safety Products
Zahirudin K. Hameer	Vice President Inventory Management
Billy W. Hamilton	Vice President Human Resources
M. Keith Knight	Vice President Business Systems
N. Joe Limbaugh	Vice President Operations
Douglas R. Osborne	Vice President MI Services
C. Jeff Rouse	Vice President Government Sales and Export
Brandon C. Scordino	Vice President Technology Planning and Development
James R. Summers	Vice President Systems Assurance & Data Center Operations
J. Marvin Walker	Vice President Finance
James F. Williams	Vice President Corporate Purchasing and Distribution Centers
Michael D. Harper	Treasurer
Dermot R. Strong	President Motion Canada

S. P. Richards Company (Atlanta, GA)

C. Wayne Beacham	Chairman of the Board and Chief Executive Officer
Richard T. Toppin	President and Chief Operating Officer
Steven E. Lynn	Senior Vice President Merchandising
G. Henry Martin	Senior Vice President Human Resources
Donald C. Mikolasy	Senior Vice President Sales
James F. O'Brien	Senior Vice President Marketing
J. Phillip Welch, Jr.	Senior Vice President Finance and CFO
Dennis J. Arnold	Vice President Furniture
John K. Burgess	Vice President Sales
Thomas E. Dunmon, Jr.	Vice President Finance and Controller
Dennis J. Flynn	Vice President Supply Chain
E. Chadwick Lee	Vice President New Market Development
Charles E. Macpherson	Vice President Strategic Pricing
Tom C. Maley	Vice President Business Development & Analytics
Brian M. McGill	Vice President Information Technology & CIO
James C. Moseley	Vice President Information Systems
John R. Reagan	Vice President Merchandising
Jason R. Smith	Vice President Sales Emerging Markets
Thomas M. Testa	Vice President Sales
Chris F. Whiting	Vice President Cleaning and Breakroom Supply
Bryan A. Wight	Vice President Sales Independent Dealer Channel
Lester P. Christian	Vice President Southeast Division
Bryan T. Hall	Vice President South Central Division
Gregory L. Nissen	Vice President Western Division
Ray J. Sreca	Vice President Northeast Division

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Richard A. Wiltz
Peter R. Dalglish

Vice President North Central Division
Managing Director S. P. Richards Canada

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