GENUINE PARTS CO
Form 10-K
February 26, 2016
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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, 2015

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	**58-0254510**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
2999 Circle 75 Parkway, Atlanta, Georgia	**30339**
(Address of principal executive offices)	*(Zip Code)*

770-953-1700

(Registrant s telephone number, including area code)

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

Title of Each Class	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 þ 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 þ

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 þ 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 þ 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. þ

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 þ	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 þ

As of June 30, 2015, the aggregate market value of the registrant s common stock held by non-affiliates of the registrant was approximately $13,180,127,000 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 16, 2016**
Common Stock, $1 par value per share	149,515,598 shares

Specifically identified portions of the Company s definitive Proxy Statement for the Annual Meeting of Shareholders to be held on April 25, 2016 are incorporated by reference into Part III of this Form 10-K.

PART I.

ITEM 1. *BUSINESS.*

Genuine Parts Company, a Georgia corporation incorporated on May 7, 1928, is a service organization engaged in the distribution of automotive replacement parts, industrial replacement parts, office products and electrical/electronic materials through our four operating segments, each described in more detail below. In 2015, business was conducted from approximately 2,650 locations throughout the United States, Canada, Mexico, Australia and New Zealand. As of December 31, 2015, the Company employed approximately 39,600 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 2016 annual meeting of shareholders. We expect to file that proxy statement with the SEC on or about February 26, 2016, 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 approximately 474,000 available part numbers, the Company offers complete inventory, cataloging, marketing, training and other programs in the automotive aftermarket. The Company 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 2015, 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; Repco and other automotive parts distribution centers, branches and auto parts stores in Australia and New Zealand owned and operated by GPC Asia Pacific, a wholly-owned subsidiary of the Company; 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 States owned by the Company and operated by its Rayloc division; 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

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subsidiary of the Company; and an automotive parts distribution center and automotive parts stores in Mexico, owned and operated by Autopartes NAPA Mexico (NAPA Mexico), a wholly-owned subsidiary of the Company.

The Company s network of U.S. automotive parts stores was expanded in 2015 via the acquisition of select store groups located in various regions of the United States. Additionally, the GPC Asia Pacific automotive business acquired Auto Electrics Australia (AEA) and Global Automotive (Global) in April and August, 2015, respectively. AEA is a specialist supplier of rotating electrical products, while Global has a regional network of six stores. Collectively, these new store groups and automotive businesses are expected to generate annual revenues of approximately $35 million USD.

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 that links North American subscribers 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 49% of 2015 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 2015, the Company operated 59 domestic NAPA automotive parts distribution centers located in 40 states and approximately 1,100 domestic company-owned NAPA AUTO PARTS stores located in 45 states. The Company also operated domestically one TW Distribution heavy duty parts distribution center and 14 company-owned Traction Heavy Duty parts stores located in four states. The Traction operations are discussed further below in Related Operations. At December 31, 2015, the Company owned either a noncontrolling or controlling interest in six corporations, which operated approximately 114 auto parts stores in nine states.

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 63% of the Company s total U.S. Automotive sales and 23% 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 0.31% of the total sales of the Company.

NAPA Canada/UAP, founded in 1926, is a leader in the distribution and marketing of replacement parts and accessories for automobiles and trucks and is also a significant supplier to the mining and forestry industries in Canada. NAPA Canada/UAP employs approximately 3,900 people and operates a network of 9 NAPA automotive parts distribution centers, three heavy duty parts distribution centers and one fabrication/remanufacturing facility supplying approximately 601 NAPA stores and 105 Traction wholesalers. The NAPA stores and Traction wholesalers in Canada include approximately 181 company owned stores, 12 joint ventures and 30 progressive owners in which NAPA Canada/UAP owns a 50% interest and approximately 483 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 three import automotive parts distribution centers and 10 branches. In the United States, Altrom America operates two import automotive parts distribution centers.

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In Australia and New Zealand, GPC Asia Pacific, originally established in 1922, is a leading distributor of automotive replacement parts and accessories. GPC Asia Pacific operates eight distribution centers, 417 Repco stores and 80 branches associated with the Ashdown Ingram, Motospecs, McLeod and RDA Brakes operations.

In Mexico, Auto Todo owns and operates 11 distribution centers, four auto parts stores and four tire centers. NAPA Mexico owns and operates one distribution center and eleven auto parts stores. Auto Todo and NAPA Mexico are licensees of the NAPA® name in Mexico.

Products. Distribution centers have access to approximately 474,000 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 40,000 products, which constitute the Balkamp line of products that are distributed through the NAPA system. These products are categorized into over 238 different product categories purchased from approximately 438 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 1,125 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 21 Traction Heavy Duty parts stores in the United States, of which 14 are company-owned and seven are independently owned. This group distributes heavy vehicle parts through the NAPA system and direct to small and large fleet owners and operators.

Segment Data. In the year ended December 31, 2015, sales from the Automotive Parts Group were approximately 52% of the Company s net sales, as compared to 53% in 2014 and 2013. 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 25 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 and whose sole member in 2015 owned and operated 59 distribution centers located throughout the United States. NAPA develops marketing concepts and programs that may be used by its members which, at December 31, 2015, includes only the Company. It is not involved in the chain of distribution.

Among the automotive products purchased by the Company from various manufacturers for distribution are certain lines designated, cataloged, advertised and promoted as NAPA lines. Generally, the Company is not required to purchase any specific quantity of parts so designated and it may, and does, purchase competitive lines from the same as well as 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 products, industrial automation, hose, hydraulic and pneumatic components, industrial and safety 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 2015, 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 metals, 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, alternative energy, government, transportation, ports, and others. Motion services all manufacturing and processing industries with access to a database of 6.5 million parts. Additionally, Motion provides U.S. government agencies access to approximately 400,000 products and replacement parts through a Government Services Administration (GSA) schedule.

Effective February 1, 2015, Motion expanded its product and service offering in Alaska with the acquisition of Oil & Gas Supply, located in Anchorage, Alaska. We expect this business to generate $2-3 million in annual revenues.

Effective February 2, 2015, Motion acquired Miller Bearings, a regional industrial distributor of bearings, power transmission products, industrial and safety supplies, hydraulic and pneumatic components. Headquartered in Orlando, Florida, Miller operates 17 branch locations throughout the state and one distribution center. In addition, Miller has an export office providing industrial MRO products to Puerto Rico, the Dominican Republic and other Caribbean customers. Miller generates approximately $40 million in annual revenues and is operated as Miller Industrial Solutions, a division of Motion Industries.

In 2015, the Industrial Parts Group also acquired Lake Erie Abrasive and Tool (LEAT) and Moss Rubber. LEAT was acquired on September 1, 2015, and is a distributor of abrasive tooling for the manufacturing industry. Moss Rubber was acquired December 1, 2015, and is a distributor of industrial rubber products including hose, belting, fittings and related products. LEAT and Moss Rubber are expected to generate annual revenues of approximately $30 million and $8 million, respectively.

The Industrial Parts Group provides customers with supply chain efficiencies achieved through the company s Inventory Management Solutions offering. This service provides inventory management, asset repair and tracking, vendor managed inventory commonly referred to as VMI, as well as RFID asset management of the customer s inventory. Motion s Energy Services Team routinely performs in-plant surveys and assessments, helping customers reduce their energy consumption and finding opportunities for improved sustainability, ultimately helping customers operate more profitably. Motion also provides a wide range of services and repairs such as: gearbox and fluid power assembly repair, process pump assembly and repair, hydraulic drive shaft repair, electrical panel assembly and repair, hose and gasket manufacture and assembly, as well as many other value-added services. A highly developed supply chain with vendor partnerships and 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. These services and supply chain efficiencies assist Motion in meeting the cost savings that many of its customers require and expect.

Distribution System. In North America, the Industrial Parts Group operated 533 branches, 15 distribution centers and 46 service centers as of December 31, 2015. The distribution centers stock and distribute more than 260,000 different items purchased from more than 1,025 different suppliers. The service centers provide hydraulic, hose and mechanical repairs for customers. Approximately 33% of 2015 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, which are 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.

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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, 2015, sales from the Company s Industrial Parts Group approximated 30% of the Company s net sales, as compared to 31% in 2014 and 2013. For additional segment information, see Note 10 of Notes to Consolidated Financial Statements beginning on page F-1.

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 or SPR), 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 office furniture, technology products, general office and school supplies, cleaning, janitorial 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 January 2, 2015, S. P. Richards acquired JAL Associates Inc. (JAL). JAL is a regional wholesaler of office furniture with estimated annual revenues of $12 million. This business was consolidated into SPR s operations in Baltimore, Maryland; Cranbury, New Jersey; and Richmond, Virginia during 2015.

Effective May 1, 2015, S. P. Richards acquired the commercial products business of Dinesol Plastics, located in Niles, Ohio. This acquisition further expands SPR s food service and janitorial product offering and is expected to generate annual revenues of approximately $3 million.

Effective October 1, 2015, S. P. Richards acquired Malt Industries (Malt), a leading wholesale distributor of protective apparel located in Purvis, Mississippi. Malt is expected to generate annual revenues of approximately $20 million.

Distribution System. The Office Products Group distributes more than 62,000 items to over 6,300 resellers and distributors throughout the United States and Canada from a network of 45 distribution centers. This group s network of strategically located distribution centers provides overnight delivery of the Company s comprehensive product offering. Approximately 41% of the Company s 2015 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, digital content and email campaigns for reseller websites, and education and training resources. In addition, world class market analytics programs are made available to qualified resellers.

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Products. The Office Products Group distributes technology products and consumer electronics including storage media, printer supplies, iPad, iPhone and computer accessories, calculators, shredders, laminators, copiers, printers, fitness bracelets and digital cameras; office furniture including desks, credenzas, chairs, chair mats, office suites, panel systems, file, mobile and storage cabinets and computer workstations; 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 and audiovisual supplies; school and educational products including bulletin boards, teaching aids and art supplies; healthcare products including first aid supplies, gloves, exam room supplies and furnishings, cleaners and waste containers; 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 700 of the industry s leading manufacturers worldwide, S. P. Richards also markets products under its nine proprietary brands. These brands include: Sparco , an economical line of office supply basics; Compucessory®, 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 of cleaning and breakroom products; Business Source®, a line of basic office supplies available only to independent resellers; and Lighthouse, a brand of janitorial and cleaning products offered through the GCN business. The Company s Impact and Malt businesses also offer an additional series of proprietary brands including ProGuard® and ProMax® that are product based and solution-specific oriented. Through the Company s FurnitureAdvantage program, S. P. Richards provides resellers with an additional 16,000 furniture items made available to consumers in 7 to 10 business days.

Segment Data. In the year ended December 31, 2015, sales from the Company s Office Products Group approximated 13% of the Company s net sales, as compared to 11% in 2014 and 12% in 2013. 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 product offerings, service, marketing programs, 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.

ELECTRICAL/ELECTRONIC MATERIALS GROUP

The Electrical/Electronic Materials Group, operated as EIS, Inc. (EIS), a wholly-owned subsidiary of the Company, is headquartered in Atlanta, Georgia. EIS distributes materials to more than 20,000 electrical and electronic manufacturers, as well as to industrial assembly and specialty wire and cable markets in North America. With 49 branch locations in the United States, Puerto Rico, the Dominican Republic, Mexico and Canada, EIS distributes over 100,000 items including wire, cable and connectivity solutions, insulating and conductive materials, assembly tools and test equipment. EIS also has seven light manufacturing facilities that provide custom fabricated parts and specialty coated materials.

Effective April 1, 2015, EIS acquired Connect Air International, Inc. (Connect Air) headquartered in Seattle, Washington. Connect Air is a leading North American specialty distributor of low-voltage wire and cable used in building applications, primarily HVAC (heating, ventilations and air-conditioning), security and fire alarm systems. Connect Air has six sales offices and warehouses across the United States and is expected to generate annual revenues of approximately $30 million.

Distribution System. The Electrical/Electronic Materials Group provides distribution services to OEM s, motor repair shops, specialty wire and cable users in market segments such as Telecom, Marine, Security and Industrial, as well as 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.

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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 400 suppliers. 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 55% of 2015 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. EIS has developed AIMS (Advanced Inventory Management Solutions System), a totally integrated, highly automated solution for inventory management. EIS 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, 2015 and 2014, sales from the Company s Electrical/Electronic Materials Group approximated 5% of the Company s net sales, as compared to 4% in 2013. 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, 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

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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.

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;
- 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;
- our ability to identify and successfully implement appropriate technological improvements; and
- the economy in general.

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 number of vehicles in the automotive fleet, a function of new vehicle sales and vehicle scrappage rates, as a steady or growing total vehicle population supports the continued demand for maintenance and repair;

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

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

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

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- 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, which subsequently reduces demand for our products; 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 negatively impacts the need for certain office products;

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

- the level of office vacancy rates, as high vacancy rates reduces 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, changes in 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 have been and may in the future be adversely affected by uncertain global economic conditions, including domestic outputs, employment rates, inflation or deflation, instability in credit markets, declining consumer and business confidence, fluctuating commodity prices, interest rates, 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 business, results of operations, financial condition and cash flows in future periods.

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, changing customer preferences, store location, and pricing pressures. Because we seek to offer competitive prices, if our

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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, both new and established.

Furthermore, both the automotive aftermarket and the office supply industry continue to experience consolidation. 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 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 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 or other economic factor. In addition, we would suffer an adverse impact if our vendors limit or cancel the return privileges that currently protect us from inventory obsolescence.

If we experience a security breach, if our internal information systems fail to function properly or if we are unsuccessful in implementing, integrating or upgrading our information systems, our business operations could be materially affected.

We depend on information systems to process customer orders, manage inventory and accounts receivable collections, purchase products, manage accounts payable processes, ship products to customers on a timely basis, maintain cost effective operations, provide superior service to customers and accumulate financial results. Despite our implementation of security measures, our IT systems are vulnerable to damages from computer viruses, natural disasters, unauthorized physical or electronic access, power outages, computer system or network failures, cyber-attacks and other similar disruptions. Maintaining and operating these measures requires continuous investments, which the Company has made and will continue to make. A security breach could result in sensitive data being lost, manipulated or exposed to unauthorized persons or to the public.

A serious prolonged disruption of our information systems for any of the above reasons could materially impair fundamental business processes and increase expenses, decrease sales or otherwise reduce earnings. Furthermore, such a breach may harm our reputation and business prospects and subject us to legal claims if there is loss, disclosure or misappropriation of or access to our customers information. As threats related to cyber security breaches develop and grow, we may also find it necessary to make further investments to protect our data and infrastructure.

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 effect 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 taxes, 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.

We recognize the growing demand for business-to-business and business-to-customer e-commerce options, and we could lose business if we fail to provide the e-commerce options our customers wish to use.

Our success in e-commerce depends on our ability to accurately identify the products to make available through e-commerce platforms across our business segments, and to establish and maintain such platforms to provide the highest level of data security to our customers on and through the platforms our customers wish to use (including mobile) with rapidly changing technology in a highly competitive environment.

We are dependent on key personnel and the loss of one or more of those key personnel could harm our business.

Our future success significantly depends on the continued services and performance of our key management personnel. We believe our management team s depth and breadth of experience in our industry is integral to executing our business plan. We also will need to continue to attract, motivate and retain other key personnel. The loss of services of members of our senior management team or other key employees, the inability to attract additional qualified personnel as needed or failure to plan for the succession of senior management and key personnel could have a material adverse effect on our business.

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 59 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, 2015, the Company operated approximately 1,100 NAPA AUTO PARTS stores located in 45 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, one fabrication/remanufacturing facility and approximately 193 automotive parts and Traction stores in Canada. In

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Mexico, Auto Todo operates 11 distribution centers and eight automotive parts stores and tire centers, and NAPA Mexico operates one distribution center and eleven automotive parts stores. These operations in both Canada and Mexico are conducted in leased facilities. GPC Asia Pacific operates throughout Australia and New Zealand with eight distribution centers, 417 Repco stores and 80 branches associated with the Ashdown Ingram, Motospecs, McLeod and RDA Brakes operations. These distribution center, store and branch operations are conducted in leased facilities.

The Company s Automotive Parts Group also operates four Balkamp distribution and redistribution centers, four Rayloc distribution facilities and three 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 branches, and Altrom America operates two import parts distribution centers. The Heavy Vehicle Parts Group operates one TW distribution center, which serves 21 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, 46 service centers and 533 branches. Approximately 90% of these locations are operated in leased facilities.

The Company s Office Products Group operates 40 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 50 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 56 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 2,550 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.

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PART 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:

	Sales Price of Common Shares			
	2015		2014	
	High	Low	High	Low
Quarter				
First	**$ 108.07**	**$ 91.74**	$ 90.00	$ 76.50
Second	**94.74**	**89.17**	89.05	83.43
Third	**91.02**	**78.76**	90.20	82.15
Fourth	**92.32**	**79.77**	109.00	84.99

	Dividends Declared per Share	
	2015	2014
Quarter		
First	**$ 0.6150**	$ 0.5750
Second	**0.6150**	0.5750
Third	**0.6150**	0.5750
Fourth	**0.6150**	0.5750

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Stock Performance Graph

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, 2010 and ended December 31, 2015. This graph assumes that $100 was invested on December 31, 2010 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	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Genuine Parts Company	100.00	123.27	132.23	177.90	233.78	193.71
S&P 500	100.00	102.11	118.45	156.81	178.28	180.74
Peer Index	100.00	95.67	108.60	155.29	161.38	150.26

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, 2010 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 Essendant. 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	2010	2011	2012	2013	2014	2015
Automotive Parts	50%	49%	49%	53%	53%	52%
Industrial Parts	31%	33%	34%	31%	31%	30%
Office Products	15%	14%	13%	12%	11%	13%
Electrical/Electronic Materials	4%	4%	4%	4%	5%	5%

Holders

As of December 31, 2015, there were 4,816 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, 2015:

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, 2015 through October 31, 2015	14,932	$ 88.37	250	7,042,868
November 1, 2015 through November 30, 2015	298,349	$ 88.33	290,028	6,752,840
December 1, 2015 through December 31, 2015	519,400	$ 86.45	480,843	6,271,997
Totals	832,681	$ 87.16	771,121	6,271,997

(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 6.3 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, 2015.

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ITEM 6. ***SELECTED FINANCIAL DATA.***

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,	2015	2014	2013	2012	2011
			(In thousands, except per share data)		
Net sales	**$ 15,280,044**	$ 15,341,647	$ 14,077,843	$ 13,013,868	$ 12,458,877
Cost of goods sold	**10,724,192**	10,747,886	9,857,923	9,235,777	8,852,837
Operating and non-operating expenses, net	**3,432,171**	3,476,022	3,175,616	2,759,159	2,715,234
Income before taxes	**1,123,681**	1,117,739	1,044,304	1,018,932	890,806
Income taxes	**418,009**	406,453	359,345	370,891	325,690
Net income	**$ 705,672**	$ 711,286	$ 684,959	$ 648,041	$ 565,116
Weighted average common shares outstanding during year assuming dilution	**152,496**	154,375	155,714	156,420	157,660
Per common share:					
Diluted net income	**$ 4.63**	$ 4.61	$ 4.40	$ 4.14	$ 3.58
Dividends declared	**2.46**	2.30	2.15	1.98	1.80
December 31 closing stock price	**85.89**	106.57	83.19	63.58	61.20
Total debt, less current maturities	**250,000**	500,000	500,000	250,000	500,000
Total equity	**3,159,242**	3,312,364	3,358,768	3,008,179	2,753,591
Total assets	**$ 8,144,771**	$ 8,246,238	$ 7,680,297	$ 6,807,061	$ 6,202,774

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. The Company conducted business in 2015 throughout the United States, Canada, Australia, New Zealand, Mexico and Puerto Rico from approximately 2,650 locations.

We recorded consolidated net sales of $15.3 billion for the year ended December 31, 2015, down 0.4% compared to sales in 2014. Consolidated net income for the year ended December 31, 2015 was $706 million, down 1% from $711 million in 2014. Our revenue and earnings in 2015 reflect a 3% negative impact of currency translation and after adjusting for this factor, the Company produced an increase in both sales and net income. 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 support our underlying progress for the year.

The relatively unchanged sales results for 2015 compare to a 9% sales increase in 2014 and an 8% sales increase in 2013. Net income in 2014 increased by 4% and was up 6% in 2013. In 2014, improved market conditions relative to the prior year drove sales and earnings growth in each of our four business segments. In 2013, we experienced difficult market conditions in the Industrial, Electrical/Electronic and Office industries, while the Automotive business performed reasonably well. Over the three year period of 2013 through 2015, our financial performance was positively impacted by a variety of initiatives the Company implemented to grow sales and earnings across our businesses. Examples of such initiatives include strategic acquisitions, the introduction of

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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, 2015 consolidated balance sheet, the Company s cash balance of $212 million compares to cash of $138 million at December 31, 2014. The Company continues to maintain a strong cash position, supported by relatively steady net income and effective asset management in 2015. Accounts receivable decreased by approximately 3%, which compares to an approximate 4% sales decrease in the fourth quarter of the year, and inventory was down by approximately 1%. Accounts payable increased $267 million or 10% from the prior year, due primarily to improved payment terms with certain suppliers. Total debt outstanding at December 31, 2015 was $625 million, down from total debt of $765 at December 31, 2014.

RESULTS OF OPERATIONS

Our results of operations are summarized below for the three years ended December 31, 2015, 2014 and 2013.

	Year Ended December 31,		
	2015	**2014**	**2013**
	(In thousands except per share data)		
Net sales	**$ 15,280,044**	$ 15,341,647	$ 14,077,843
Gross profit	**4,555,852**	4,593,761	4,219,920
Net income	**705,672**	711,286	684,959
Diluted earnings per share	**4.63**	4.61	4.40

Net Sales

Consolidated net sales for the year ended December 31, 2015 totaled $15.3 billion, down slightly from 2014. 2015 net sales included a 1.5% increase in sales volume and a 1% contribution from acquisitions, offset by an approximate 3% negative impact of currency. The impact of product inflation varied by business in 2015 and, cumulatively, prices were down 0.2% in the Automotive segment, up approximately 0.9% in the Industrial segment, up approximately 0.6% in the Office segment and down approximately 1.7% in the Electrical/Electronic segment. The Company is well positioned with strategic plans in place to grow sales in 2016.

Consolidated net sales for the year ended December 31, 2014 totaled $15.3 billion, a 9% increase from 2013 and driven by revenue growth in each of our four business segments. The increase in sales volume and acquisitions across our four businesses each contributed 5% to our total sales growth, while currency negatively impacted total sales by 1%. The impact of product inflation varied by business in 2014 and, cumulatively, prices were flat in the Automotive segment, up approximately 1.5% in the Industrial segment, up approximately 1.4% in the Office segment and up approximately 0.3% in the Electrical/Electronic segment.

Automotive Group

Net sales for the Automotive Group (Automotive) were $8.0 billion in 2015, a 1% decrease from 2014. The decrease in sales for the year consists of a positive core sales increase of approximately 3.5% and a slight benefit from acquisitions. Combined, the approximate 4% growth was offset by a 5% negative impact of currency associated with our automotive businesses in Canada, Australasia and Mexico. Automotive sales were not materially impacted by product inflation. In 2015, Automotive revenues were flat in the first and second quarters and down 2% in the third and fourth quarters. We believe that the underlying fundamentals in the automotive aftermarket, including the overall number and age of the vehicle population as well as the positive increase in miles driven, remain solid and will serve to drive sustained demand for automotive aftermarket maintenance and supply items in 2016. Despite the expectation for continued headwinds associated with the strong U.S. dollar and related impact of currency, we expect these fundamentals and the internal growth initiatives in our Automotive business to drive sales growth for this group in 2016.

Net sales for Automotive were $8.1 billion in 2014, an increase of 8% from 2013. The increase in sales for the year consists of a positive comparable store sales increase of approximately 6% and approximately 4% from acquisitions. These increases were offset by a 2% negative impact of currency associated with our automotive businesses in Canada, Australasia and Mexico. Automotive sales were not materially impacted by product inflation. In 2014, Automotive revenues were up 23% in the first quarter, up 5% in the second quarter and up 4% in the third and fourth quarters. The first quarter sales increase includes the impact of the GPC Asia Pacific acquisition, which was anniversaried on April 1, 2014.

Industrial Group

Net sales for Motion Industries, our Industrial Group (Industrial), were $4.6 billion in 2015, a 3% decrease from 2014. Sales volumes in Industrial were down approximately 4% from the prior year, while a 1% negative impact of currency associated with our Canadian and Mexican operations also contributed to the decline in sales. These items were partially offset by higher transaction values associated with product inflation, which added an approximate 1% to sales, and 1% in sales from acquisitions. Industrial revenues were up 3% in the first quarter of 2015, down 2% in the second quarter, down 4% in the third quarter and down 7.5% in the fourth quarter. The manufacturing indices we track in this group progressively weakened throughout 2015, which correlates to lower demand among our customer base and, in particular, those customers dependent on exports as well as the oil and gas sector. We expect the tough industrial economy to persist well into 2016, although we do have multiple initiatives in place to help us grow our market share and overcome these challenges.

Net sales for Industrial were $4.8 billion in 2014, an increase of 8% from 2013. Sales volumes in Industrial were up approximately 4.5% from the prior year, while higher transaction values associated with product inflation added 1.5% and acquisitions contributed approximately 3% to sales in 2014. These items were offset by a 1% negative impact of currency associated with our Canadian business. Industrial revenues were up 4% in the first quarter of 2014, up 7% in the second quarter and up 10% in the third and fourth quarters.

Office Group

Net sales for S. P. Richards, our Office Products Group (Office), were $1.9 billion in 2015, an increase of 7.5% from 2014. The increase in sales reflects an approximate 4% increase in sales volume, a 0.6% increase in higher transaction values associated with price inflation and a 3% contribution from acquisitions. These items were offset by an approximate 0.5% negative impact of currency associated with our Canadian operations. In 2015, Office experienced relatively stable industry conditions, as evidenced by the steady growth in new jobs throughout the year. These conditions combined with new business from a primary customer, which anniversaried on July 1, 2015, served to drive the increase in sales volume for the year. Sales were up 17% in the first quarter, up 14% in the second quarter, up 3% in the third quarter and down 2% in the fourth quarter of 2015. We will continue to focus on our growth initiatives, including the ongoing diversification of product and customer portfolios, market share gains and acquisitions to further improve the Office business in 2016.

Net sales for Office were $1.8 billion in 2014, an increase of 10% from 2013. The increase in sales reflects a 4% increase in sales volume, a 1.4% increase in higher transaction values associated with price inflation and a 5% contribution from acquisitions. These items were offset by the slight negative impact of currency associated with our Canadian operations. In 2014, Office experienced improving industry conditions, as evidenced by consistently stronger new jobs reports relative to 2013 as well as a strengthening U.S. GDP. These conditions combined with new business with a primary customer, effective July 1, 2014, served to drive the increased sales volume for the year. Sales were unchanged in the first quarter, up 4% in the second quarter, up 15% in the third quarter and up 22% in the fourth quarter of 2014.

Electrical/Electronic Group

Net sales for EIS, our Electrical and Electronic Group (Electrical/Electronic), were $751 million in 2015, an increase of 1.5% from 2014. The increase in sales consists of a 5% contribution from acquisitions, offset by a 1.7% headwind from lower transaction values associated with price deflation, a 1% negative sales impact of copper pricing and a 1% decrease in sales volume. Sales for Electrical/Electronic increased by 1% in the first quarter, 4% in the second quarter, 2% in the third quarter and were unchanged in the fourth quarter, relative to the prior year periods. As this business is dependent on the manufacturing segment of the economy, we expect to face challenging end market conditions for at least the first half of 2016. To offset the challenges, we have initiatives in place to generate growth for this business.

Net sales for Electrical/Electronic were $739 million in 2014, an increase of 30% from 2013. The increase in sales consists of an increase in sales volume of approximately 1% and a 29% sales contribution from acquisitions. The benefit of higher transaction values associated with slight price inflation for the year was offset by the negative sales impact of copper pricing. Sales for Electrical/Electronic increased by 30% in the first quarter, 32% in the second quarter, 35% in the third quarter and 23% 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 items 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 $10.72 billion in 2015, $10.75 billion in 2014 and $9.86 billion in 2013. Cost of goods sold in 2015 and 2014 changed from the prior year periods in accordance with the related percentage change in sales for the same periods. For these periods, product inflation was relatively insignificant and actual costs were relatively unchanged from the prior year. Cost of goods sold represented 70.2% of net sales in 2015, 70.1% of net sales in 2014 and 70.0% of net sales in 2013 and, as a percent of net sales, increased slightly in 2015 from 2014 and also in 2014 from 2013.

In 2015, 2014 and 2013, the Industrial and Office business segments experienced slight vendor price increases. In 2014 and 2013, the Electrical/Electronic business also experienced slight 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, stores and branches, 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 of $3.28 billion in 2015 decreased by $37 million or approximately 1% from 2014. This represents 21.4% of net sales, and compares favorably to 21.6% of net sales in 2014. The decrease in SG&A expenses as a percentage of net sales from the prior year reflect the positive impact of our cost control measures and our management teams focus on properly managing the Company s expenses. We also continue to assess the optimal cost structure in our businesses. Depreciation and amortization expense was $142 million in 2015, a decrease of approximately $6 million or 4% from 2014. The provision for doubtful accounts was $12 million in 2015, up from $7 million in 2014. We believe the Company is adequately reserved for bad debts at December 31, 2015.

SG&A increased by $286 million or approximately 9% to $3.31 billion in 2014, representing 21.6% of net sales, which compares to 21.5% of net sales in 2013. The increase in SG&A expenses as a percentage of net sales from the prior year primarily reflects the $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 $148 million in 2014, an increase of $14 million or 11% from 2013. This increase relates to higher depreciation and the amortization associated with acquisitions in both 2014 and 2013. The provision for doubtful accounts was $7 million in 2014, down from $9 million in 2013.

Total share-based compensation expense for the years ended December 31, 2015, 2014 and 2013 was $17.7 million, $16.2 million and $12.6 million, respectively. Refer to Note 5 of the Consolidated Financial Statements for further information regarding share-based compensation.

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Non-Operating Expenses and Income

Non-operating expenses consist primarily of interest. Interest expense was $22 million in 2015, $25 million in 2014 and $27 million in 2013. The $3 million decrease in interest expense in 2015 reflects the impact of lower outstanding debt levels during the year relative to 2014. The $2 million decrease in interest expense in 2014 reflects the favorable interest rate on certain debt, which was renewed in November 2013.

In Other , the net benefit of interest income, equity method investment income, investment dividends and noncontrolling interests in 2015 was $21 million, a $2 million increase from the prior year due to higher interest income earned in 2015 relative to 2014. These items were $19 million in 2014, down from $22 million in 2013. The decrease of $3 million from the prior year was due to lower interest income earned in 2014 relative to 2013.

Income Before Income Taxes

Income before income taxes was $1.1 billion in 2015, a slight increase from 2014. As a percentage of net sales, income before income taxes was 7.4% in 2015 compared to 7.3% in 2014. In 2014, income before income taxes of $1.1 billion was up 7% from 2013 and as a percentage of net sales was 7.3% compared to 7.4% in 2013.

Automotive Group

Automotive income before income taxes as a percentage of net sales, which we refer to as operating margin, increased to 9.1% in 2015 from 8.7% in 2014. This group s initiatives to improve its gross margin and effectively manage its costs positively impacted Automotive s operating profit during the year. Looking forward, planned initiatives to grow sales and control costs are intended to further improve its operating margin in the years ahead.

Automotive s operating margin of 8.7% in 2014 was up slightly from 8.6% in 2013. The change in operating costs as a percentage of net sales positively impacted operating profit during the year.

Industrial Group

Industrial s operating margin decreased to 7.3% in 2015 from 7.8% in 2014, as the decline in sales for the year resulted in lower volume incentives, which pressured gross margins, and reduced expense leverage relative to 2014. The challenging market conditions for this business are expected to persist well into 2016. However, Industrial has multiple initiatives in place to help us overcome these challenges.

Industrial s operating margin improved to 7.8% in 2014 from 7.2% in 2013, as the combination of greater expense leverage associated with the increase in sales and generally improving gross margins, primarily related to the increase in volume incentives, positively impacted operating profit in 2014.

Office Group

Office s operating margin decreased slightly to 7.3% in 2015 from 7.4% in 2014, primarily related to the deleveraging of expenses due to slower sales growth in the last half of the year. Office will continue to focus on its sales initiatives and cost control measures in 2016.

Office s operating margin decreased to 7.4% in 2014, down from 7.5% in 2013, primarily related to the lower operating margin generated by new business with a large primary customer. This was partially offset by greater expense leverage driven by this group s overall sales increase in 2014.

Electrical/Electronic Group

Electrical/Electronic s operating margin increased to 9.3% in 2015 from 8.8% in 2014, as higher margin acquisitions, declining copper prices and effective cost management positively impacted the operating margins for this group. Electrical/Electronic will continue to focus on its sales initiatives and cost controls to further improve its operating margin in 2016.

Electrical/Electronic s operating margin increased to 8.8% in 2014 from 8.4% in 2013, primarily due to greater expense leverage associated with this group s sales increase in 2014.

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Income Taxes

The effective income tax rate of 37.2% in 2015 increased from 36.4% in 2014. The increase in rate primarily reflects the Company s higher mix of U.S. earnings in 2015, which is taxed at a higher rate relative to our foreign operations. To a lesser extent, the less favorable retirement asset valuation adjustment in 2015 relative to 2014 impacted the increase in rate.

The income tax rate of 36.4% in 2014 increased from 34.4% in 2013. The increase in rate is primarily due to the favorable tax rate applied to the one-time gain associated with the GPC Asia Pacific acquisition recorded in 2013. Additionally, the Company s retirement asset valuation adjustment was less favorable in 2014 relative to 2013. The higher mix of U.S. earnings, taxed at a higher rate relative to our foreign operations, also contributed to the increase in the 2014 tax rate.

Net Income

Net income was $706 million in 2015, a decrease of 1% from $711 million in 2014. On a per share diluted basis, net income was $4.63 in 2015, up slightly compared to $4.61 in 2014. Net income was 4.6% of net sales in 2015 and 2014.

Net income was $711 million in 2014, an increase of 4% from $685 million in 2013. On a per share diluted basis, net income was $4.61 in 2014 compared to $4.40 in 2013, up 5%. Net income in 2014 was 4.6% of net sales compared to 4.9% of net sales in 2013.

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. Before the impact of these adjustments, net income in 2014 was up 9% from 2013, and on a per share diluted basis, net income was up 10% from 2013.

FINANCIAL CONDITION

Our cash balance of $212 million at December 31, 2015 compares to our cash balance of $138 million at December 31, 2014, as discussed further below. The Company s accounts receivable balance at December 31, 2015 decreased by approximately 3% from the prior year. This compares to the Company s 4% sales decrease for the fourth quarter of 2015, and we are satisfied with the quality and collectability of our accounts receivable. Inventory at December 31, 2015 decreased by approximately 1% from December 31, 2014 and accounts payable increased $267 million or approximately 10% from December 31, 2014 due primarily to improved payment terms with certain suppliers.

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 $625 million of total debt outstanding at December 31, 2015, of which $250 million matures in November 2016 and $250 million matures in December 2023. In addition, the Company has an unsecured revolving line of credit with a consortium of financial institutions for $1.2 billion, of which approximately $125 million and $265 million were outstanding under the line of credit at December 31, 2015 and 2014, respectively. 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 1.4 to 1 at December 31, 2015 and 1.6 to 1 at December 31, 2014. Our liquidity position remains solid. The Company s total debt outstanding at December 31, 2015 is down $140 million or 18% from December 31, 2014.

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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, 2015	2014 (In thousands)	2013	Percent Change 2015 vs. 2014	2014 vs. 2013
Operating Activities	**$ 1,159,373**	$ 790,145	$ 1,056,731	47%	(25)%
Investing Activities	**(263,627)**	(386,715)	(825,579)	(32)%	(53)%
Financing Activities	**(806,074)**	(455,440)	(425,117)	77%	7%

Net Cash Provided by Operating Activities:

The Company continues to generate cash and in 2015 net cash provided by operating activities totaled $1.2 billion. This reflects a 47% increase from 2014, as the collective change in trade accounts receivable, merchandise inventories and trade accounts payable represented a $312 million source of cash in 2015 compared to a $34 million use of cash in 2014. Net cash provided by operating activities was $790 million in 2014, a 25% decrease from 2013 due primarily to the change in trade accounts receivable, merchandise inventories and trade accounts payable, which, collectively, net to a $34 million use of cash in 2014 compared to a $278 million source of cash in 2013. This decline was partially offset by the increase in net income and depreciation and amortization of $26 million and $14 million, respectively, in 2014.

Net Cash Used in Investing Activities:

Net cash flow used in investing activities was $264 million in 2015 compared to $387 million in 2014, a decrease of 32%. Cash used for acquisitions of businesses and other investing activities in 2015 was $163 million, or $125 million less than in 2014. Capital expenditures of $110 million in 2015 were relatively unchanged from 2014, and were slightly lower than our original estimate of $125 to $145 million for the year. We estimate that cash used for capital expenditures in 2016 will be approximately $140 to $160 million. Net cash flow used in investing activities was $387 million in 2014 compared to $826 million in 2013, a decrease of 53%. Cash used for acquisitions of businesses and other investing activities in 2014 was $288 million, or $424 million less than in 2013. Capital expenditures of $108 million in 2014 decreased by $16 million or 13% from 2013, and were slightly lower than our estimate of $120 to $130 million for the year.

Net Cash Used in Financing Activities:

The Company used $806 million of cash in financing activities in 2015, up 77% from the $455 million used in financing activities in 2014. Cash used in financing activities in 2014 was up $30 million or 7% from the $425 million used in 2013. 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 $368 million, $347 million and $326 million during 2015, 2014 and 2013, respectively. The Company expects this trend of increasing dividends to continue in the foreseeable future. During 2015, 2014 and 2013, the Company repurchased $292 million, $96 million and $121 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. In 2015, net cash used in financing activities also included payments on debt of approximately $140 million net of debt proceeds.

Notes and Other Borrowings

The Company maintains a $1.2 billion unsecured revolving line of credit with a consortium of financial institutions, which matures in June 2020 with two optional one year extensions and bears interest at LIBOR plus a margin, which is based on the Company s leverage ratio (1.17% at December 31, 2015). 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 facility with appropriate notice. At December 31, 2015 and

2014, approximately $125 million and $265 million were outstanding under this line of credit, respectively. Due to the workers compensation and insurance reserve requirements in certain states, the Company also had unused letters of credit of approximately $63 million outstanding at December 31, 2015 and 2014.

At December 31, 2015, the Company had unsecured Senior Notes outstanding under financing arrangement 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, 2015, the Company was in compliance with all such covenants. The weighted average interest rate on the Company s total outstanding borrowings was approximately 2.76% at December 31, 2015 and 2.46% at December 31, 2014. Total interest expense, net of interest income, for all borrowings was $20.4 million, $24.2 million and $24.3 million in 2015, 2014 and 2013, 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, 2015:

Contractual Obligations

	Payment Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	Over 5 Years
			(In thousands)		
Credit facilities	$ 693,300	$ 390,900	$ 15,000	$ 15,000	$ 272,400
Operating leases	767,900	207,800	281,400	126,400	152,300
Total contractual cash obligations	$ 1,461,200	$ 598,700	$ 296,400	$ 141,400	$ 424,700

Due to the uncertainty of the timing of future cash flows associated with the Company s unrecognized tax benefits at December 31, 2015, the Company is unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authorities. Therefore, $18 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.

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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, 2015:

Other Commercial Commitments

	Total Amounts Committed	Amount of Commitment Expiration per Period			
		Less Than 1 Year	1-3 Years	3-5 Years	Over 5 Years
			(In thousands)		
Line of credit	$	$	$	$	$
Standby letters of credit	62,874	62,874			
Guaranteed borrowings of independents and affiliates	332,632	130,218	123,028	79,386	
Total commercial commitments	$ 395,506	$ 193,092	$ 123,028	$ 79,386	$

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 2015 were $55 million. We expect to make $49 million in cash contributions to our qualified defined benefit plans in 2016, and contributions required for 2016 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 2015, the Company repurchased approximately 3.3 million shares and the Company had remaining authority to purchase approximately 6.3 million shares at December 31, 2015.

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 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 provisions related thereto. Historically, these losses have not been significant as the vast majority of the Company s inventories are

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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 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 expected defaults and, therefore, the need to revise estimates for bad debts. For the years ended December 31, 2015, 2014 and 2013, the Company recorded provisions for doubtful accounts of approximately $12.4 million, $7.2 million, and $8.7 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 2016 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 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 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. Refer to Note 7 of the Consolidated Financial Statements for more information regarding these assumptions.

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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 2016 pension expense or income is 7.83% 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 4.82% at December 31, 2015.

Net periodic benefit (income) cost for our defined benefit pension plans was ($5.8) million, ($9.6) million and $51.1 million for the years ended December 31, 2015, 2014 and 2013, respectively. The income associated with the pension plans in 2015 and 2014 reflects the impact of the hard freeze effective December 31, 2013. Refer to Note 7 of the Consolidated Financial Statements for more information regarding employee benefit plans.

QUARTERLY RESULTS OF OPERATIONS

The following is a summary of the quarterly results of operations for the years ended December 31, 2015 and 2014:

	Three Months Ended			
	March 31,	**June 30,**	**Sept. 30,**	**Dec. 31,**
	(In thousands except per share data)			
2015				
Net sales	**$ 3,736,051**	**$ 3,940,401**	**$ 3,921,802**	**$ 3,681,790**
Gross profit	**1,112,819**	**1,178,330**	**1,169,225**	**1,095,478**
Net income	**161,010**	**195,373**	**188,016**	**161,273**
Earnings per share:				
Basic	**1.05**	**1.28**	**1.24**	**1.07**
Diluted	**1.05**	**1.28**	**1.24**	**1.07**
2014				
Net sales	$ 3,624,897	$ 3,908,387	$ 3,985,909	$ 3,822,454
Gross profit	1,084,630	1,179,168	1,183,422	1,146,541
Net income	157,484	197,727	190,516	165,559
Earnings per share:				
Basic	1.02	1.29	1.25	1.08
Diluted	1.02	1.28	1.24	1.07

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 condensed consolidated financial statements for inventory adjustments, the accrual of bad debts, customer sales returns and volume incentives earned, among others. Inventory adjustments (including adjustments for a majority of inventories that are valued under the last-in, first-out (LIFO) method) are accrued on an interim basis and adjusted in the fourth quarter based on the annual book to physical inventory adjustment and LIFO valuation, which is performed each year-end. Reserves for bad debts and customer sales returns are estimated and accrued on an interim basis based upon historical experience. Volume incentives are estimated based upon cumulative and projected purchasing levels. The estimates and assumptions for interim reporting may change upon final determination at year-end, and such changes may be significant. The effect of these adjustments in 2015 and 2014 was not significant.

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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, the Australian dollar, the functional currency of our Australasian operations and, to a lesser extent, the Mexican peso, the functional currency of our Mexican 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, 2015.

During 2015 and 2014, 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 $252 million and $258 million, respectively. A 15% shift in exchange rates between those functional currencies and the U.S. dollar would have impacted translated net sales by approximately $378 million in 2015 and $388 million in 2014. A 20% shift in exchange rates between those functional currencies and the U.S. dollar would have impacted translated net sales by approximately $504 million in 2015 and $517 million in 2014.

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.*

Not applicable.

ITEM 9A. *CONTROLS AND PROCEDURES.*

Management s conclusion regarding the effectiveness of disclosure controls and procedures

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

Management s report on internal control over financial reporting

A report of management s assessment of our internal control over financial reporting, as such term is defined in SEC Rule 13a-15(f), as of December 31, 2015 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.

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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, 2015 that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

ITEM 9B. ***OTHER INFORMATION.***

Not applicable.

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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 or her successor has been elected and qualified, or until his or her earlier death, resignation, removal, retirement or disqualification. The current executive officers of the Company are:

Thomas C. Gallagher, age 68, 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 59, a director of the Company since April 2012, was appointed President of the Company in January 2012, and served as President of the Company s U.S. Automotive Parts Group from July 2009 to February 1, 2016. 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 52, has been Executive Vice President and Chief Financial Officer of the Company since March 2013, and also held the additional title of Corporate Secretary of the Company up to February 2015. 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.

James R. Neill, age 54, was appointed Senior Vice President of Human Resources of the Company in April 2014. Mr. Neill was Senior Vice President of Employee Development and HR Services from April 2013 until his appointment as Senior Vice President of Human Resources of the Company. Previously, Mr. Neill served as the Senior Vice President of Human Resources at Motion Industries from 2008 to 2013. Mr. Neill was Vice President of Human Resources at Motion from 2006 to 2007.

Timothy P. Breen, age 55, was appointed President and Chief Executive Officer of Motion Industries in November 2014. Mr. Breen was President and Chief Operating Officer from 2013 until his appointment as President and Chief Executive Officer. Previously, Mr. Breen was the Executive Vice President and Chief Operating Officer from 2012 to 2013. Mr. Breen was the Senior Vice President of Motion s U.S. Operations from 2011 to 2012 and was Senior Vice President and Group Executive from 2008 to 2011. Mr. Breen served as Vice President of Motion Industries from 2000 to 2008.

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 , 2015 Grants of Plan-Based Awards , 2015 Outstanding Equity Awards at Fiscal Year-End , 2015 Option Exercises and Stock Vested , 2015 Pension Benefits , 2015 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.

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

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

Equity Compensation Plan Information

The following table gives information as of December 31, 2015 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:	46,000(2)	$ 44.20	
	4,134,845(3)	$ 70.97	
	(4)	n/a	10,000,000(6)
Equity Compensation Plans Not Approved by Shareholders:	85,284(5)	n/a	914,716
Total	4,266,129		10,914,716

(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 2015 Incentive Plan

(5) Genuine Parts Company Directors Deferred Compensation Plan, as amended

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

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

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

ITEM 14. ***PRINCIPAL ACCOUNTANT FEES AND SERVICES.***

Information required by this item is set forth under the heading Proposal 4. 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, 2015 and 2014

Consolidated statements of income and comprehensive income Years ended December 31, 2015, 2014 and 2013

Consolidated statements of equity Years ended December 31, 2015, 2014 and 2013

Consolidated statements of cash flows Years ended December 31, 2015, 2014 and 2013

Notes to consolidated financial statements December 31, 2015

(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 not applicable, 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.

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.)

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*	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 Form10-K, dated March 10, 2000.)
Exhibit 10.4*	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 10.5*	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 10.6*	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 10.7*	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 10.8*	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 10.9*	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 10.10*	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 10.11*	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 10.12*	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 10.13*	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 10.14*	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 10.15*	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 10.16*	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 10.17*	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 10.18*	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 10.19*	Description of Director Compensation. (Incorporated herein by reference from the Company s Quarterly Report on Form 10-Q, dated May 7, 2014.)
Exhibit 10.20*	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 10.21*	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 10.22*	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 10.23*	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.)
Exhibit 10.24*	Genuine Parts Company 2015 Incentive Plan, effective November 17, 2014. (Incorporated herein by reference from the Company s Current Report on Form 8-K, dated April 28, 2015.)
Exhibit 10.25*	Genuine Parts Company Performance Restricted Stock Unit Award Agreement. (Incorporated herein by reference from the Company s Quarterly Report on Form 10-Q, dated May 7, 2014.)
Exhibit 10.26*	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 10.27*	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.)
Exhibit 10.28*	Form of Executive Officer Change in Control Agreement. (Incorporated herein by reference from the Company s Annual Report on Form 10-K, dated February 26, 2015)

* 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).
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, 2015 and 2014; (ii) the Consolidated Statements of Income and Comprehensive Income for the Years ended December 31, 2015, 2014 and 2013; (iii) the Consolidated Statements of Equity for the Years ended December 31, 2015, 2014 and 2013; (iv) the Consolidated Statements of Cash Flows for Years ended December 31, 2015, 2014 and 2013; (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	2/26/2016	**/s/ Carol B. Yancey**	2/26/2016
Thomas C. Gallagher	(Date)	**Carol B. Yancey**	(Date)
Chairman and Chief Executive Officer		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/ Thomas C. Gallagher	2/15/2016	**/s/ Carol B. Yancey**	2/15/2016
Thomas C. Gallagher	(Date)	**Carol B. Yancey**	(Date)
Director			
Chairman and Chief Executive Officer (Principal Executive Officer)		Executive Vice President and Chief Financial and Accounting Officer (Principal Financial and Accounting Officer)	
/s/ Dr. Mary B. Bullock	2/15/2016	**/s/ Elizabeth W. Camp**	2/15/2016
Dr. Mary B. Bullock	(Date)	**Elizabeth W. Camp**	(Date)
Director		Director	
/s/ Paul D. Donahue	2/15/2016	**/s/ Jean Douville**	2/15/2016
Paul D. Donahue	(Date)	**Jean Douville**	(Date)
Director		Director	
/s/ Gary P. Fayard	2/15/2016	**/s/ John R. Holder**	2/15/2016
Gary P. Fayard	(Date)	**John R. Holder**	(Date)
Director		Director	
/s/ Donna W. Hyland	2/15/2016	**/s/ John D. Johns**	2/15/2016
Donna W. Hyland	(Date)	**John D. Johns**	(Date)
Director		Director	
/s/ Robert C. Loudermilk, Jr.	2/15/2016	**/s/ Wendy B. Needham**	2/15/2016
Robert C. Loudermilk, Jr.	(Date)	**Wendy B. Needham**	(Date)
Director		Director	
/s/ Jerry W. Nix	2/15/2016	**/s/ Gary W. Rollins**	2/15/2016
Jerry W. Nix	(Date)	**Gary W. Rollins**	(Date)
Director		Director	
/s/ E. Jenner Wood, III	2/15/2016		
E. Jenner Wood, III	(Date)		
Director			

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ANNUAL REPORT ON FORM 10-K

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND

FINANCIAL STATEMENT SCHEDULE

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, 2015, 2014, and 2013. The opinion of Ernst & Young LLP, the Company s independent registered public accounting firm, on those consolidated financial statements is included herein. The primary responsibility for the integrity of the financial information included in this annual report rests with management. Such information was prepared in accordance with generally accepted accounting principles appropriate in the circumstances based on our best estimates and judgments and giving due consideration to materiality.

Management s Report on Internal Control over Financial Reporting

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

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

i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company s assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The Company s management, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company s internal control over financial reporting as of December 31, 2015.

In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO) in Internal Control-Integrated Framework. Based on this assessment, management concluded that, as of December 31, 2015, 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, 2015. 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 26, 2016

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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, 2015, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 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.

In our opinion, Genuine Parts Company and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, 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, 2015 and 2014, 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, 2015 of Genuine Parts Company and Subsidiaries and our report dated February 26, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia

February 26, 2016

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, 2015 and 2014, 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, 2015. 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, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 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, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 26, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia

February 26, 2016

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Genuine Parts Company and Subsidiaries

Consolidated Balance Sheets

	December 31 2015	2014
	(In Thousands, Except Share Data and per Share Amounts)	
Assets		
Current assets:		
Cash and cash equivalents	**$ 211,631**	$ 137,730
Trade accounts receivable, net	**1,822,419**	1,872,365
Merchandise inventories, net	**2,999,966**	3,043,848
Prepaid expenses and other current assets	**521,300**	538,582
Total current assets	**5,555,316**	5,592,525
Goodwill	**840,582**	839,075
Other intangible assets, less accumulated amortization	**521,213**	547,515
Deferred tax assets	**118,525**	145,331
Other assets	**460,918**	451,690
Property, plant, and equipment:		
Land	**85,450**	87,651
Buildings, less accumulated depreciation (2015 $282,804; 2014 $270,946)	**267,446**	281,824
Machinery and equipment, less accumulated depreciation (2015 $620,113; 2014 $598,137)	**295,321**	300,627
Net property, plant, and equipment	**648,217**	670,102
	$ 8,144,771	$ 8,246,238
Liabilities and equity		
Current liabilities:		
Trade accounts payable	**$ 2,821,526**	$ 2,554,759
Current portion of debt	**375,000**	265,466
Accrued compensation	**148,265**	165,291
Other current liabilities	**503,268**	510,560
Dividends payable	**92,595**	88,039
Total current liabilities	**3,940,654**	3,584,115
Long-term debt	**250,000**	500,000
Pension and other post-retirement benefit liabilities	**284,235**	329,531
Deferred tax liabilities	**50,684**	72,479
Other long-term liabilities	**459,956**	447,749
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 150,081,474 shares in 2015 and 153,113,042 shares in 2014	**150,081**	153,113
Additional paid-in capital	**41,353**	26,414
Accumulated other comprehensive loss	**(930,618)**	(720,211)
Retained earnings	**3,885,751**	3,841,932
Total parent equity	**3,146,567**	3,301,248
Noncontrolling interests in subsidiaries	**12,675**	11,116

Total equity	**3,159,242**	3,312,364
	$ 8,144,771	$ 8,246,238

See accompanying notes.

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Genuine Parts Company and Subsidiaries

Consolidated Statements of Income and Comprehensive Income

	Year Ended December 31 2015	2014	2013
	(In Thousands, Except per Share Amounts)		
Net sales	**$ 15,280,044**	$ 15,341,647	$ 14,077,843
Cost of goods sold	**10,724,192**	10,747,886	9,857,923
Gross margin	**4,555,852**	4,593,761	4,219,920
Operating expenses:			
Selling, administrative, and other expenses	**3,277,390**	3,314,030	3,028,028
Depreciation and amortization	**141,675**	148,313	133,957
Provision for doubtful accounts	**12,373**	7,192	8,691
Total operating expenses	**3,431,438**	3,469,535	3,170,676
Non-operating expenses (income):			
Interest expense	**21,662**	25,088	26,971
Other	**(20,929)**	(18,601)	(22,031)
Total non-operating expenses	**733**	6,487	4,940
Income before income taxes	**1,123,681**	1,117,739	1,044,304
Income taxes	**418,009**	406,453	359,345
Net income	**$ 705,672**	$ 711,286	$ 684,959
Basic net income per common share	**$ 4.65**	$ 4.64	$ 4.43
Diluted net income per common share	**$ 4.63**	$ 4.61	$ 4.40
Weighted average common shares outstanding	**151,667**	153,299	154,636
Dilutive effect of stock options and nonvested restricted stock awards	**829**	1,076	1,078
Weighted average common shares outstanding assuming dilution	**152,496**	154,375	155,714

Net income	**$ 705,672**	$ 711,286	$ 684,959
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustment	**(207,986)**	(149,379)	(168,703)
Pension and postretirement benefit adjustments, net of income taxes of 2015 $5,335, 2014 $112,993, and 2013 ($175,297)	**(2,421)**	(173,177)	272,540
Other comprehensive (loss) income, net of tax	**(210,407)**	(322,556)	103,837
Comprehensive income	**$ 495,265**	$ 388,730	$ 788,796

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 Other Comprehensive Loss	Retained Earnings	Total Parent Equity	Non-controlling Interests in Subsidiaries	Total Equity
	Shares	Amount						
Balance at January 1, 2013								