

GENUINE PARTS CO
Form DEF 14A
February 29, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant ☐

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- ☐ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to §240.14a-12

Genuine Parts Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☐ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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 - (1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

GENUINE PARTS COMPANY
2999 Circle 75 Parkway
Atlanta, Georgia 30339

NOTICE OF 2008 ANNUAL MEETING OF SHAREHOLDERS

April 21, 2008

TO THE SHAREHOLDERS OF GENUINE PARTS COMPANY:

The 2008 Annual Meeting of Shareholders of Genuine Parts Company, a Georgia corporation, will be held at the Company's headquarters, 2999 Circle 75 Parkway, Atlanta, Georgia, on Monday, the 21st day of April, 2008, at 10:00 a.m., for the following purposes:

- (1) To elect all of the members of the Board of Directors;
- (2) To ratify the selection of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending December 31, 2008;
- (3) To act upon such other matters as may properly come before the meeting or any reconvened meeting following any adjournment thereof.

Information relevant to these matters is set forth in the attached proxy statement. Only holders of record of Common Stock at the close of business on February 15, 2008 will be entitled to vote at the meeting.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on April 21, 2008.

The Proxy Statement and the 2007 Annual Report to Shareholders are available at
www.proxydocs.com/gpc

By Order of the Board of Directors,

CAROL B. YANCEY
Senior Vice President Finance
and Corporate Secretary

Atlanta, Georgia
February 29, 2008

WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE MEETING IN PERSON, PLEASE VOTE, SIGN, DATE AND RETURN THE ENCLOSED PROXY PROMPTLY IN THE ENCLOSED BUSINESS REPLY ENVELOPE, OR YOU CAN VOTE BY TELEPHONE OR INTERNET PURSUANT TO THE INSTRUCTIONS ON THE ENCLOSED PROXY CARD. IF YOU DO ATTEND THE MEETING, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON.

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GENUINE PARTS COMPANY
2999 Circle 75 Parkway
Atlanta, Georgia 30339

PROXY STATEMENT

ANNUAL MEETING APRIL 21, 2008

This Proxy Statement is being furnished to the shareholders of Genuine Parts Company in connection with the solicitation of proxies by the Board of Directors of the Company for use at the Company's 2008 Annual Meeting of Shareholders to be held on Monday, April 21, 2008, at 10:00 a.m. local time and at any reconvened meeting following any adjournment thereof. The Annual Meeting will be held at the Company's headquarters, 2999 Circle 75 Parkway, Atlanta, Georgia.

This proxy statement and the accompanying proxy card are first being mailed to shareholders on or about February 29, 2008. The Company's 2007 annual report to the shareholders, including consolidated financial statements for the year ended December 31, 2007, is enclosed herewith.

VOTING

Shareholders of record can simplify their voting and reduce the Company's costs by voting their shares via telephone or the Internet. Instructions for voting via telephone or the Internet are set forth on the enclosed proxy card. The telephone and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number. These procedures enable shareholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded. If your shares are held in the name of a bank or broker, the availability of telephone and Internet voting will depend on the voting processes of the applicable bank or broker; therefore, it is recommended that you follow the voting instructions on the form you receive. If you do not choose to vote by telephone or the Internet, please mark your choices on the enclosed proxy card and then date, sign and return the proxy card at your earliest opportunity.

All proxies properly voted by telephone or the Internet and all properly executed written proxy cards that are delivered to the Company (and not later revoked) will be voted in accordance with instructions given in the proxy. When voting for director nominees, you may (1) vote FOR all nominees, (2) WITHHOLD AUTHORITY to vote for all nominees, or (3) WITHHOLD AUTHORITY to vote for one or more nominees but vote FOR the other nominees. To ratify the selection of independent auditors, you may vote FOR or AGAINST the proposal or you may ABSTAIN from voting.

A shareholder who submits a proxy pursuant to this solicitation may revoke it at any time prior to its exercise at the Annual Meeting. Such revocation may be by delivery of written notice to the Corporate Secretary of the Company at the Company's address shown above, by delivery of a proxy bearing a later date, or by voting in person at the Annual Meeting.

If you hold your shares in street name through a brokerage firm and you do not vote your shares, your brokerage firm can vote your shares in its discretion on any of the matters scheduled to come before the Annual Meeting.

At the close of business on the record date for the Annual Meeting, which was February 15, 2008, the Company had outstanding and entitled to vote at the Annual Meeting 165,305,021 shares of Common Stock. On each proposal presented for a vote at the Annual Meeting, each shareholder is entitled to one vote per share of Common Stock held as of the record date. A quorum for the purposes of all matters to be voted on shall consist of shareholders representing, in person or by proxy, a majority of the outstanding shares of Common Stock entitled to vote at the

Annual Meeting. Shares represented at the Annual Meeting that are abstained or withheld from voting will be considered present for purposes of determining a quorum at the Annual Meeting. If less than a majority of the outstanding shares of Common Stock are represented at the Annual Meeting, a majority of the shares so represented may adjourn the Annual Meeting to another date, time or place.

The vote required for the election of directors and the ratification of the selection of independent auditors is a majority of the shares of Common Stock outstanding and entitled to vote which are represented at the Annual Meeting. Because votes withheld and abstentions will be considered as present and entitled to vote at the Annual Meeting, they will have the same effect as votes against both proposals.

PROPOSAL 1 ELECTION OF DIRECTORS

The Board of Directors of the Company currently consists of thirteen directorships. The Board of Directors, based on the recommendation of its Compensation, Nominating and Governance Committee, has nominated the current thirteen directors to serve for one year terms expiring on the date of the 2009 Annual Meeting and until their successors are duly elected and qualified.

In the event that any nominee is unable to serve (which is not anticipated), the Board of Directors may:

designate a substitute nominee, in which case the persons designated as proxies will cast votes for the election of such substitute nominee;

allow the vacancy to remain open until a suitable candidate is located and nominated; or

adopt a resolution to decrease the authorized number of directors.

If any incumbent for director in an uncontested election should fail to receive the required affirmative vote of the holders of a majority of the shares present or represented at the Annual Meeting, under Georgia law, the director remains in office as a holdover director until his or her successor is elected and qualified or until his or her earlier resignation, retirement, disqualification, removal from office or death. In the event of a holdover director, the Board of Directors in its discretion may request the director to resign from the Board. If the director resigns, the Board of Directors may:

immediately fill the resulting vacancy;

allow the vacancy to remain open until a suitable candidate is located and appointed; or

adopt a resolution to decrease the authorized number of directors.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE **FOR THE ELECTION OF ALL OF THE NOMINEES. ALL VALID PROXIES RECEIVED WILL BE SO VOTED UNLESS SHAREHOLDERS SPECIFY IN THEIR PROXIES A CONTRARY CHOICE.**

Set forth below are the names of the nominees, their principal occupations, certain other directorships, their ages as of the date of this proxy statement and the year each of them first joined the Board. For information concerning the nominees who are independent directors of the Company within the meaning of the New York Stock Exchange's corporate governance standards and concerning membership of the nominees on committees of the Board of Directors, see Corporate Governance Independent Directors and Board Committees below.

NOMINEES FOR DIRECTOR

Director

Name, Principal Occupation, Certain Other Directorships and Age	Since
Dr. Mary B. Bullock is President Emerita of Agnes Scott College in Atlanta, Georgia. Dr. Bullock retired in August of 2006 as President of Agnes Scott College, a position she held since 1995. Dr. Bullock is 63.	2002
Richard W. Courts, II is Chairman of the Board of Directors of Atlantic Investment Company, a position he has held since 1992, following his service as President from 1970 to 1992. Atlantic Investment Company is headquartered in Atlanta, Georgia and is engaged in the business of real estate and capital investments. Mr. Courts is 72.	1998

Name, Principal Occupation, Certain Other Directorships and Age	Director Since
Jean Douville is the Chairman of the Board of Directors of our wholly-owned subsidiary, UAP Inc., having been a director since 1981 and Chairman since 1992. He served as President of UAP Inc. from 1981 through 2000 and as Chief Executive Officer from 1982 through 2000. UAP Inc. is a distributor of automotive replacement parts headquartered in Montreal, Quebec, Canada. Mr. Douville is Chairman of the Board of Banque Nationale du Canada and a director of Richelieu Hardware Ltd. Mr. Douville is 64.	1992
Thomas C. Gallagher has been President of the Company since 1990, Chief Executive Officer since August 2004 and Chairman of the Board since February 2005. Mr. Gallagher served as Chief Operating Officer of the Company from 1990 until August 2004. Mr. Gallagher served as a director of Oxford Industries, Inc. until January 8, 2007. Mr. Gallagher is 60.	1990
George C. Jack Guynn retired in October 2006 as President and CEO of the Federal Reserve Bank of Atlanta, where he worked his entire career. Mr. Guynn is a director of Oxford Industries, Inc. Mr. Guynn is 65.	2006
John D. Johns is Chairman, President and Chief Executive Officer of Protective Life Corporation in Birmingham, Alabama and serves as a director of Protective Life and Annuity Insurance Company and Protective Life Insurance Company, two of Protective Life Corporation's subsidiaries. Mr. Johns has served as President and Chief Executive Officer of Protective Life Corporation since January 2002 and became Chairman in January 2003. He served as President and Chief Operating Officer of Protective Life from August 1996 through December 2001, and from October 1993 through August 1996 he served as Executive Vice President and Chief Financial Officer. Mr. Johns is also a director of Alabama National BanCorporation. Mr. Johns is 56.	2002
Michael M.E. Johns, M.D. is Chancellor, Emory University, a position he has held since October 2007. From June 1996 to October 2007, Dr. Johns served as Executive Vice President for Health Affairs, Emory University; Chief Executive Officer of the Robert W. Woodruff Health Sciences Center; and Chairman of Emory Healthcare, Emory University. From 1990 to June 1996, Dr. Johns served as Dean of the School of Medicine, Johns Hopkins University. Dr. Johns is also a director of Johnson & Johnson. Dr. Johns is 66.	2000
J. Hicks Lanier has served as Chief Executive Officer and Chairman of the Board of Oxford Industries, Inc. since 1981 and as a director of Oxford Industries, Inc. since 1969. Mr. Lanier served as President of Oxford Industries, Inc. from 1977 to 2003. Oxford Industries, Inc. is an apparel manufacturer headquartered in Atlanta, Georgia. Mr. Lanier is also a director of Crawford & Company and SunTrust Banks, Inc. Mr. Lanier is 67.	1995
Wendy B. Needham was Managing Director, Global Automotive Research for Credit Suisse First Boston from August 2000 to June 2003, and a Principal, Automotive Research, for Donaldson, Lufkin and Jenrette from 1994 to 2000. Ms. Needham is also a director of Asahi Tec Corporation. Ms. Needham is 55.	2003
Jerry W. Nix has been the Vice Chairman of the Board of Directors since November 2005. He is Executive Vice President-Finance and Chief Financial Officer of the Company, a position he has held since 2000. Previously, Mr. Nix held the position of Senior Vice President-Finance from 1990 until February 2000. Mr. Nix is 62.	2005
Larry L. Prince is Chairman of the Executive Committee of the Board of Directors of the Company. Mr. Prince served as Chairman of the Board of the Company from 1990 through February 2005 and as Chief Executive Officer from 1989 through August 2004. He is also a director of Crawford & Company, Equifax Inc., and SunTrust Banks, Inc. Mr. Prince is 69.	1978

Name, Principal Occupation, Certain Other Directorships and Age	Director Since
Gary W. Rollins has served as President and Chief Operating Officer since 1984 and Chief Executive Officer since 2001 of Rollins, Inc., a national provider of consumer services headquartered in Atlanta, Georgia. Mr. Rollins is a director of Rollins, Inc. and two of its related companies, RPC, Inc. and Marine Products Corporation. Mr. Rollins is 63.	2005
Lawrence G. Steiner retired in 2003 as Chairman of the Board and Chief Executive Officer of Ameripride Services Inc. Mr. Steiner became Chief Executive Officer of Ameripride Services Inc. in 2001 and served as President of Ameripride Services Inc. from 1979 through 2000. Mr. Steiner served as Chairman of the Board of Ameripride Services Inc. from 1992 until 2003. Mr. Steiner continues to serve as a director and consultant for Ameripride Services Inc. Ameripride Services Inc. is headquartered in Minneapolis, Minnesota and is engaged in the business of linen and garment rental. Mr. Steiner is 69.	1972

CORPORATE GOVERNANCE

Independent Directors

The Company's Common Stock is listed on the New York Stock Exchange. The NYSE requires that a majority of the directors be independent directors, as defined in the NYSE corporate governance standards. Generally, a director does not qualify as an independent director if the director (or in some cases, members of the director's immediate family) has, or in the past three years has had, certain material relationships or affiliations with the Company, its external or internal auditors, or other companies that do business with the Company. The Board has affirmatively determined that nine of the Company's thirteen current directors have no other direct or indirect relationships with the Company and therefore are independent directors on the basis of the NYSE corporate governance standards and an analysis of all facts specific to each director. The independent directors are Mary B. Bullock, Richard W. Courts, II, George C. Jack Gynn, John D. Johns, Michael M. E. Johns, M.D., J. Hicks Lanier, Wendy B. Needham, Gary W. Rollins and Lawrence G. Steiner.

Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines that give effect to the NYSE's requirements related to corporate governance and various other corporate governance matters. The Company's Corporate Governance Guidelines, as well as the charters of the Compensation, Nominating and Governance Committee and the Audit Committee, are available on the Company's website at www.genpt.com and are available in print by contacting the Corporate Secretary by mail at Genuine Parts Company, 2999 Circle 75 Parkway, Atlanta, Georgia, or by telephone at (770) 953-1700.

Non-Management Director Meetings and Presiding Independent Director

Pursuant to the Company's Corporate Governance Guidelines, the Company's non-management directors meet separately from the other directors in regularly scheduled executive sessions at least annually and at such other times as may be scheduled by the Chairman of the Board or by the presiding independent director or as may be requested by any non-management director.

The independent directors serving on the Company's Board of Directors have appointed J. Hicks Lanier to serve as the Board's presiding independent director. During 2007, the independent directors held four meetings without management. Mr. Lanier presided over all of these meetings. Interested parties who wish to communicate with the

presiding independent director or the non-management directors as a group should follow the procedures found under Corporate Governance Shareholder Communications.

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Director Nominating Process

Shareholders may recommend a director nominee by writing to the Corporate Secretary specifying the nominee's name and the other required information set forth in the Company's Corporate Governance Guidelines, which are available on the Company's website at www.genpt.com. All recommendations should include the written consent of the nominee to be nominated for election to the Company's Board of Directors. To be considered, recommendations must be received by the Company at least 120 calendar days prior to the date of the Company's proxy statement for the prior year's Annual Meeting of Shareholders and include all required information to be considered. In the case of the 2009 Annual Meeting of Shareholders, this deadline is November 1, 2008. All recommendations will be brought to the attention of the Compensation, Nominating and Governance Committee.

The Compensation, Nominating and Governance Committee annually reviews the appropriate experience, skills and characteristics required of Board members in the context of the current membership of the Board. This assessment includes, among other relevant factors in the context of the perceived needs of the Board at that time, issues of experience, reputation, judgment, diversity and skills.

The Company's Board of Directors has established the following process for the identification and selection of candidates for director. The Compensation, Nominating and Governance Committee, in consultation with the Chairman of the Board, shall periodically examine the composition of the Board and determine whether the Board would better serve its purposes with the addition of one or more directors. If the Compensation, Nominating and Governance Committee determines that adding a new director is advisable, the Committee shall initiate the search, working with other directors, management and, if it deems appropriate or necessary, a search firm retained to assist in the search. The Compensation, Nominating and Governance Committee will consider all appropriate candidates proposed by management, directors and shareholders. Information regarding potential candidates shall be presented to the Compensation, Nominating and Governance Committee, and the Committee shall evaluate the candidates based on the needs of the Board at that time and issues of experience, reputation, judgment, diversity and skills, as set forth in the Company's Corporate Governance Guidelines. Potential candidates will be evaluated according to the same criteria, regardless of whether the candidate was recommended by shareholders, the Compensation, Nominating and Governance Committee, another director, Company management, a search firm or another third party. The Compensation, Nominating and Governance Committee shall submit any recommended candidate(s) to the full Board of Directors for approval and recommendation to the shareholders.

Shareholder Communications

The Company's Corporate Governance Guidelines provide for a process by which shareholders may communicate with the Board, a Board committee, the presiding independent director, the non-management directors as a group, or individual directors. Shareholders who wish to communicate with the Board, a Board committee or any such other individual director or directors may do so by sending written communications addressed to the Board of Directors, a Board committee or such individual director or directors, c/o Corporate Secretary, Genuine Parts Company, 2999 Circle 75 Parkway, Atlanta, Georgia 30339. This information is also available on the Company's website at www.genpt.com. All communications will be compiled by the Secretary of the Company and forwarded to the members of the Board to whom the communication is directed or, if the communication is not directed to any particular member(s) of the Board, the communication shall be forwarded to all members of the Board of Directors.

Annual Performance Evaluations

The Company's Corporate Governance Guidelines provide that the Board of Directors shall conduct an annual evaluation to determine, among other matters, whether the Board and the Committees are functioning effectively. The Audit Committee and the Compensation, Nominating and Governance Committee are also required to each conduct

an annual self-evaluation. The Compensation, Nominating and Governance Committee is responsible for overseeing this self-evaluation process. The Board, Audit Committee and Compensation, Nominating and Governance Committee each conducted an annual self-evaluation process during 2007.

Code of Conduct and Ethics

The Board of Directors has adopted a Code of Conduct and Ethics for Employees, Contract and/or Temporary Workers, Officers and Directors and a Code of Conduct and Ethics for Senior Financial Officers, both of which are available on the Company's website at www.genpt.com. These Codes of Conduct and Ethics comply with NYSE and Securities and Exchange Commission (the "SEC") requirements, including procedures for the confidential, anonymous submission by employees or others of any complaints or concerns about the Company or its accounting, internal accounting controls or auditing matters. The Company will also mail these materials to any shareholder who requests a copy. Requests may be made by contacting the Corporate Secretary as described above under "Corporate Governance Guidelines."

Board Attendance

The Company's Corporate Governance Guidelines provide that all directors are expected to attend all meetings of the Board and committees on which they serve and are also expected to attend the Annual Meeting of Shareholders. During 2007, the Board of Directors held four meetings. All of the directors attended at least 75% of the aggregate number of meetings of the Board of Directors and meetings of committees of the Board on which they served. All of the Company's directors were in attendance at the Company's 2007 Annual Meeting.

Board Committees

The Board presently has three standing committees. Information regarding the functions of the Board's committees, their present membership and the number of meetings held by each committee during 2007 is set forth below:

Executive Committee. The Executive Committee is authorized, to the extent permitted by law, to act on behalf of the Board of Directors on all matters that may arise between regular meetings of the Board upon which the Board of Directors would be authorized to act. The current members of the Executive Committee are Larry L. Prince (Chairman), Richard W. Courts, II, Thomas C. Gallagher and J. Hicks Lanier. During 2007, this committee held five meetings.

Audit Committee. The Audit Committee's main role is to assist the Board of Directors with oversight of (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence and (4) the performance of the Company's internal audit function and independent auditors. As part of its duties, the Audit Committee assists in the oversight of (a) management's assessment of, and reporting on, the effectiveness of internal control over financial reporting, (b) the independent auditor's integrated audit, which includes expressing an opinion on the conformity of the Company's audited financial statements with United States generally accepted accounting principles and (c) the independent auditor's audit of the Company's internal control over financial reporting, which includes expressing an opinion on the effectiveness of the Company's internal control over financial reporting. The Audit Committee oversees the Company's accounting and financial reporting process and has the authority and responsibility for the appointment, retention and oversight of the Company's independent auditors, including pre-approval of all audit and non-audit services to be performed by the independent auditors. The Audit Committee annually reviews and approves the firm to be engaged as independent auditors for the Company for the next fiscal year, reviews with the independent auditors the plan and results of the audit engagement, reviews the scope and results of the Company's procedures for internal auditing and monitors the design and maintenance of the Company's internal accounting controls. The Audit Committee Report appears on page 37 of this proxy statement. A current copy of the written charter of the Audit Committee is available on the Company's website at www.genpt.com.

The current members of the Audit Committee are Lawrence G. Steiner (Chairman), George C. Guynn, Michael M.E. Johns, M.D., Wendy B. Needham and Mary B. Bullock. All members of the Audit Committee are independent of the Company and management, as defined in Sections 303A.02 and 303A.06 of the New York Stock Exchange listing standards and SEC Rule 10A-3. The Board has determined that all members of the Audit Committee meet the financial literacy requirements of the NYSE corporate governance listing standards. During 2007, the Audit Committee held five meetings.

The Board of Directors has determined that Mr. Guynn, Ms. Needham and Mr. Steiner meet the requirements adopted by the SEC for qualification as an audit committee financial expert. Mr. Guynn retired in 2006 as President and CEO of the Federal Reserve Bank of Atlanta, where he worked his entire career. In such capacity, Mr. Guynn has experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions and other relevant experience. Ms. Needham was formerly Managing Director, Global Automotive Research for Credit Suisse First Boston from August 2000 to June 2003. Prior to that, Ms. Needham was a Principal, Automotive Research for Donaldson, Lufkin & Jenrette for six years. In both of these positions, Ms. Needham actively reviewed financial statements and prepared various financial analyses and evaluations of such financial statements and related business operations. Mr. Steiner retired in 2003 as Chairman and Chief Executive Officer of Ameripride Services Inc., having served as CEO since 2001 and Chairman since 1992. In such capacity, Mr. Steiner has experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions and other relevant experience.

Compensation, Nominating and Governance Committee. The Compensation, Nominating and Governance Committee is responsible for (a) determining and evaluating the compensation of the Chief Executive Officer and other executive officers and key employees and approving and monitoring our executive compensation plans, policies, and programs; (b) identifying and evaluating potential nominees for election to the Board and recommending candidates for consideration by the Board and shareholders; and (c) developing and recommending to the Board a set of Corporate Governance Guidelines, as well as periodically reevaluating those Corporate Governance Guidelines and overseeing the evaluation of the Board of Directors and management. The Committee has and may exercise the authority of the Board of Directors as specified by the Board and to the extent permitted under the Georgia Business Corporation Code, and the Committee has the authority to delegate its duties and responsibilities to subcommittees as it deems necessary and advisable. A description of the Committee's policy regarding director candidates nominated by shareholders appears in Director Nominating Process above.

The Committee independently retains a compensation consultant, Hewitt Associates, to assist the Committee in its deliberations regarding executive compensation. The mandate of the consultant is to serve the Company and work for the Committee in its review of executive compensation practices, including the competitiveness of pay levels, design issues, market trends and technical considerations. Hewitt Associates has assisted the Committee with the development of competitive market data and a related assessment of the Company's executive compensation levels, design of long-term incentive grants and reporting of executive compensation under the SEC's proxy disclosure rules. Our Chairman, President and Chief Executive Officer, with input from our Senior Vice President Human Resources and Hewitt Associates, recommends to the Committee base salary, target bonus levels, actual bonus payouts and long-term incentive grants for our senior executives. The Committee considers, discusses, modifies as appropriate, and takes action on such proposals.

The current members of the Compensation, Nominating and Governance Committee are J. Hicks Lanier (Chairman), John D. Johns, Richard W. Courts, II and Gary W. Rollins. All members of the Compensation, Nominating and Governance Committee are independent of the Company and management, as defined in Section 303A.02 of the NYSE listing standards. During 2007, the Compensation, Nominating and Governance Committee held four meetings. A current copy of the written charter of the Compensation, Nominating and Governance Committee is available on the Company's website at www.genpt.com.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information as of February 15, 2008, as to all persons or groups known to the Company to be beneficial owners of more than five percent of the outstanding Common Stock of the Company.

Title of Class	Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class
Common Stock, \$1.00 par value	Dodge & Cox 555 California Street, 40th Floor San Francisco, CA 94104	14,947,077(1)	8.9%
Common Stock, \$1.00 par value	Barclays Global Investors, N.A. 45 Fremont Street San Francisco, CA 94105	12,741,329(2)	7.6%

- (1) This information is based upon information included in a Schedule 13G/A filed by Dodge & Cox on February 13, 2008. Dodge & Cox is a registered investment adviser. The reported shares are beneficially owned by clients of Dodge & Cox, which clients may include registered investment companies and/or employee benefit plans, pension funds, endowment funds or other institutional clients. Dodge & Cox reported that it has sole voting power with respect to 14,136,740 shares, shared voting power with respect to 29,000 shares, and sole dispositive power with respect to all 14,947,077 shares.
- (2) This information is based upon information included in a Schedule 13G filed on February 5, 2008 by Barclays Global Investors, N.A., Barclays Global Fund Advisors, Barclays Global Investors, LTD, Barclays Global Investors Japan Trust and Banking Company Limited, Barclays Global Investors Japan Limited, Barclays Global Investors Canada Limited, Barclays Global Investors Australia Limited and Barclays Global Investors (Deutschland) AG, each of which does not affirm the existence of a group. The reporting entities, taken as a whole, report sole voting power with respect to 11,265,291 shares and sole dispositive power with respect to all 12,741,329 shares. According to the filing, the reported shares are held by the reporting entities in trust accounts for the economic benefit of the beneficiaries of those accounts.

SECURITY OWNERSHIP OF MANAGEMENT

Based on information provided to the Company, set forth in the table below is information regarding the beneficial ownership of Common Stock of the Company held by the Company's directors and nominees for director, the named executive officers (as defined in Executive Compensation below) and all directors, nominees for director and executive officers of the Company as a group as of February 15, 2008:

Name	Shares of Common Stock Beneficially Owned(1)	Percentage of Common Stock Outstanding
Mary B. Bullock	9,425(2)	*
Richard W. Courts, II	210,653(3)	*
Paul D. Donahue	71,819(4)	*
Jean Douville	24,744(5)	*
Thomas C. Gallagher	826,298(6)	*
George C. Jack Gynn	2,500(7)	*
John D. Johns	13,965(8)	*
Michael M. E. Johns, M.D.	19,577(9)	*
J. Hicks Lanier	49,881(10)	*
Wendy B. Needham	7,000(11)	*
Jerry W. Nix	3,294,114(12)	2.0%
Larry L. Prince	370,182(13)	*
Gary W. Rollins	38,030(14)	*
Larry R. Samuelson	89,304(15)	*
Lawrence G. Steiner	21,870(16)	*
Robert J. Susor	1,257,829(17)	*
Directors, Nominees and Executive Officers as a Group (17 persons)	5,266,520(18)	3.2%

* Less than 1%.

- (1) Information relating to the beneficial ownership of Common Stock by directors, nominees for director and executive officers is based upon information furnished by each such individual using beneficial ownership concepts set forth in rules promulgated by the SEC. Except as indicated in other footnotes to this table, directors, nominees and executive officers possessed sole voting and investment power with respect to all shares set forth by their names. The table includes, in some instances, shares in which members of a director's, nominee's or executive officer's immediate family or trusts or foundations established by them have a beneficial interest and as to which the director, nominee or executive officer disclaims beneficial ownership.
- (2) Includes (i) 6,000 restricted stock units that each represent a right to receive one share of Common Stock on the five-year anniversary of their original grant date, subject to earlier settlement in certain events, including a termination of service as a director by reason of retirement and (ii) 3,425 shares of Common Stock equivalents held in Ms. Bullock's stock account under the Directors' Deferred Compensation Plan. See Compensation of Directors.

- (3) Includes (i) 3,000 shares subject to stock options exercisable currently or within 60 days after February 15, 2008, (ii) 6,000 restricted stock units that each represent a right to receive one share of Common Stock on the five-year anniversary of their original grant date, subject to earlier settlement in certain events, including a termination of service as a director by reason of retirement, and (iii) 10,078 shares of Common Stock equivalents held in Mr. Courts' stock account under the Directors' Deferred Compensation Plan. Also includes 225 shares owned by Mr. Courts' wife, 1,350 shares held by a trust for which Mr. Courts is a trustee, 110,000 shares held by a charitable foundation of which Mr. Courts is the President and 80,000 shares held by certain charitable foundations for which Mr. Courts is a trustee and thereby has shared voting and investment

power. Mr. Courts disclaims beneficial ownership as to the shares held by his wife and such trusts and foundations.

- (4) Includes (i) 71,000 shares subject to stock options exercisable currently or within 60 days after February 15, 2008. Does not include 9,418 restricted stock units that each represent a right to receive one share of Common Stock on the five-year anniversary of their original grant date, subject to earlier settlement in certain events outside the control of Mr. Donahue.
- (5) Includes (i) 20,000 shares subject to stock options and stock appreciation rights that are exercisable currently or within 60 days after February 15, 2008 and (ii) 2,494 shares of Common Stock equivalents held in Mr. Douville's stock account under the Directors' Deferred Compensation Plan.
- (6) Includes (i) 505,139 shares subject to stock options and stock appreciation rights that are exercisable currently or within 60 days after February 15, 2008, and (ii) 946 shares owned jointly by Mr. Gallagher and his wife. Does not include 37,182 restricted stock units that each represent a right to receive one share of Common Stock on the five-year anniversary of their original grant date, subject to earlier settlement in certain events outside the control of Mr. Gallagher.
- (7) Includes (i) 1,500 restricted stock units that each represent a right to receive one share of Common Stock on the five-year anniversary of their original grant date, subject to earlier settlement in certain events, including a termination of service as a director by reason of retirement.
- (8) Includes (i) 6,000 restricted stock units that each represent a right to receive one share of Common Stock on the five-year anniversary of their original grant date, subject to earlier settlement in certain events, including a termination of service as a director by reason of retirement, (ii) 5,912 shares of Common Stock equivalents held in Mr. Johns' stock account under the Directors' Deferred Compensation Plan and (iii) 2,053 shares owned by Mr. Johns' wife, as to which Mr. Johns disclaims beneficial ownership.
- (9) Includes (i) 3,000 shares subject to stock options exercisable currently or within 60 days after February 15, 2008, (ii) 6,000 restricted stock units that each represent a right to receive one share of Common Stock on the five-year anniversary of their original grant date, subject to earlier settlement in certain events, including a termination of service as a director by reason of retirement and (iii) 9,671 shares of Common Stock equivalents held in Dr. Johns' stock account under the Directors' Deferred Compensation Plan.
- (10) Includes (i) 3,000 shares subject to stock options exercisable currently or within 60 days after February 15, 2008, (ii) 6,000 restricted stock units that each represent a right to receive one share of Common Stock on the five-year anniversary of their original grant date, subject to earlier settlement in certain events, including a termination of service as a director by reason of retirement, and (iii) 2,400 shares held by a trust for the benefit of Mr. Lanier as to which Mr. Lanier has sole voting power and the ability to veto investment decisions made by the trustee. Also includes 9,900 shares held in four trusts for the benefit of Mr. Lanier's siblings for which Mr. Lanier has sole voting power and the ability to veto investment decisions made by the trustees, 2,250 shares owned by Oxford Industries Foundation as to which Mr. Lanier has shared voting and investment power, and 24,831 shares held by a charitable foundation for which Mr. Lanier is one of six trustees and thereby has sole voting and shared investment power. Mr. Lanier disclaims beneficial ownership as to the shares held in such trusts and foundations.
- (11) Includes (i) 6,000 restricted stock units that each represent a right to receive one share of Common Stock on the five-year anniversary of their original grant date, subject to earlier settlement in certain events, including a termination of service as a director by reason of retirement and (ii) 1,000 shares held jointly by Ms. Needham

and her husband.

- (12) Includes 130,705 shares subject to stock options and stock appreciation rights that are exercisable currently or within 60 days after February 15, 2008. Also includes 2,016,932 shares held in trust for Company employees under the Company's Pension Plan for which Mr. Nix is one of four trustees and 1,088,532 shares held in a benefit fund for Company employees of which Mr. Nix is one of four trustees. Mr. Nix disclaims beneficial ownership as to all such shares held in both trusts. Does not include 14,608 restricted stock units that each represent a right to receive one share of Common Stock on the five-year anniversary of their original grant date, subject to earlier settlement in certain events outside the control of Mr. Nix.

- (13) Includes (i) 3,000 restricted stock units that each represent a right to receive one share of Common Stock on the five-year anniversary of their original grant date, subject to earlier settlement in certain events, including a termination of service as a director by means of retirement and (ii) 25,000 shares held by Mr. Prince's wife. Mr. Prince disclaims beneficial ownership as to all such shares held by his wife. Does not include 35,000 restricted stock units that each represent a right to receive one share of Common Stock on December 31, 2008, subject to earlier settlement in certain events outside the control of Mr. Prince.
- (14) Includes (i) 3,000 restricted stock units that each represent a right to receive one share of Common Stock on the five-year anniversary of their original grant date, subject to earlier settlement in certain events, including a termination of service as a director by reason of retirement, (ii) 500 shares held by Mr. Rollins' wife and (iii) 34,030 shares held in a charitable foundation for which Mr. Rollins is a trustee and thereby has shared voting and investment power. Mr. Rollins disclaims beneficial ownership as to all such shares held by his wife and in trust.
- (15) Includes 63,390 shares subject to stock options and stock appreciation rights that are exercisable currently or within 60 days after February 15, 2008. Does not include 9,998 restricted stock units that each represent a right to receive one share of Common Stock on the five-year anniversary of their original grant date, subject to earlier settlement in certain events outside the control of Mr. Samuelson.
- (16) Includes (i) 3,000 shares subject to stock options exercisable currently or within 60 days after February 15, 2008, (ii) 6,000 restricted stock units that each represent a right to receive one share of Common Stock on the five-year anniversary of their original grant date, subject to earlier settlement in certain events, including a termination of service as a director by reason of retirement, and (iii) 2,407 shares held in trust for the benefit of Mr. Steiner, for which Mr. Steiner has sole voting and investment power. Also includes 4,463 shares owned by Mr. Steiner's wife as to which such shares Mr. Steiner disclaims beneficial ownership.
- (17) Includes (i) 129,520 shares subject to stock options and stock appreciation rights that are exercisable currently or within 60 days after February 15, 2008 and (ii) 688 shares owned jointly by Mr. Susor and his wife. Also includes 1,088,532 shares held in a benefit fund for Company employees of which Mr. Susor is one of four trustees. Mr. Susor disclaims beneficial ownership as to all such shares held in trust. Does not include 11,805 restricted stock units that each represent a right to receive one share of Common Stock on the five-year anniversary of their original grant date, subject to earlier settlement in certain events outside the control of Mr. Susor. Mr. Susor has pledged 6,000 shares of common stock to secure payment on a personal loan.
- (18) Includes (i) 1,022,724 shares or rights issuable to certain executive officers and directors upon the exercise of options, stock appreciation rights and restricted stock units that are exercisable currently or within 60 days after February 15, 2008; (ii) 2,016,932 shares held in trust for Company's employees under the Company's Pension Plan; (iii) 1,088,532 shares held in a benefit fund for Company employees; and (iv) 31,580 shares held as Common Stock equivalents in directors' stock accounts under the Directors' Deferred Compensation Plan.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

In this section, we will give an overview and analysis of our executive compensation program and policies, the material compensation decisions we have made under those programs and policies, and the material factors that we considered in making those decisions. Later in this proxy statement under the heading "Additional Information Regarding Executive Compensation" you will find a series of tables containing specific information about the

compensation earned or paid in 2007 to the following individuals, whom we refer to as our named executive officers:

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

Jerry W. Nix, Vice Chairman and Chief Financial Officer

Larry R. Samuelson, President U.S. Automotive Parts Group

Robert J. Susor, Executive Vice President

Paul D. Donahue, Executive Vice President

The discussion below is intended to help you understand the detailed information provided in those tables and put that information into context within our overall compensation program.

Compensation Philosophy and Objectives

Our overall goal in compensating executive officers is to attract, retain and motivate key executives of superior ability who are critical to our future success. We believe that both short-term and long-term incentive compensation paid to executive officers should be directly aligned with our performance, and that compensation should be structured to ensure that a significant portion of executives' compensation opportunities is directly related to achievement of financial and operational goals and other factors that impact shareholder value.

Our compensation decisions with respect to executive officer salaries, annual incentives, and long-term incentive compensation opportunities are influenced by (a) the executive's level of responsibility and function within the Company, (b) the overall performance and profitability of the Company and (c) our assessment of the competitive marketplace, including other peer companies. Our philosophy is to focus on total direct compensation opportunities through a mix of base salary, annual cash bonus and long-term incentives, including stock-based awards.

We also believe that the best way to directly align the interests of our executives with the interests of our shareholders is to make sure that our executives acquire and retain a significant level of stock ownership throughout their tenure with us. Our compensation program pursues this objective in two ways: through our equity-based long-term incentive awards and our stock ownership guidelines for our senior executives, as described in more detail below.

Overview of Executive Compensation Components

The Company's executive compensation program consists of several compensation elements, as described in the table below.

Pay Element	What the Pay Element Rewards	Purpose of the Pay Element
Base Salary	Core competence in the executive role relative to skills, experience and contributions to the Company	Provide fixed compensation based on competitive market practice
Annual Cash Incentive		