

Sourcewell Pricing for NAPA IBS Contract #090624-GPC

Sourcewell members that elect to use the Sourcewell NAPA IBS #090624-GPC Contract have four options for pricing models based on our on-site vendor managed inventory model.

1. Sourcewell Member Pricing Option 1: No Markup Goods Pricing/Management Fee

- Goods are sold to Participating Entity at no markup over NAPA's acquisition cost
- Operating expenses are billed to Participating Entity
- Separate management fee charged to attain a 10% return for NAPA on the sale price of goods

2. Sourcewell Member Pricing Option 2: Not-to-Exceed 10% Margin Model

- Goods are sold to Participating Entity at a 10% gross margin over NAPA's acquisition cost
- Operating expenses are billed to Participating Entity
- NAPA's return is built into the price of the part so no separate management fee is billed

3. Sourcewell Member Pricing Option 3: Not-to-Exceed Pricing Profile 9074 / 25% Margin Model

- NAPA branded goods are sold to Participating Entity on NAPA Pricing Profile 9074 (details available upon request)
- Non-NAPA sourced goods are sold to Participating Entity at a 25% gross margin over NAPA's acquisition cost
- All Operating Expenses are paid by NAPA and not billed to Participating Entity
- All cost and return are included in the price of the part, so Participating Entity only receives one consolidated statement

4. Sourcewell Member Pricing Option 4: Not-to-Exceed 11% Markup Model

- Similar to pricing option 2a, but goods are sold to Participating Entity at an 11% markup over NAPA's acquisition cost (as opposed to gross margin)
- Operating expenses are billed to Participating Entity
- NAPA's return is built into the price of the part so no separate management fee is billed



PRICING OPTION #1 (No Markup Goods Pricing/Management Fee). Genuine Parts Company (“NAPA”) shall bill Participating Entity for the following categories: (a) products (the “Products”), (b) Third Party Services, (c) Operational Expenses (as defined below), and (d) the Management Fee (as defined below). These categories and the pricing for such categories are further defined as follows and in the Pricing Plan Summary below:

- (a) **Product Price.** The pricing of NAPA Products shall be Current NAPA Jobber Acquisition Cost, which means NAPA’s current gold price as set forth on NAPA’s Confidential Jobber Cost and Suggested Resales price list. The pricing of Non-NAPA Products shall be NAPA’s current product acquisition cost.
- (b) **Third Party Services Price.** Third Party Services are those services not traditionally performed by NAPA but requested by Participating Entity, such as windshield repair, towing etc., and Participating Entity shall pay NAPA’s cost for any Third Party Services.
- (c) **Operational Expenses.** Participating Entity shall reimburse NAPA for any and all costs and expenses associated with the operation of the On Site Store(s), including, but not limited to, vehicle gas and maintenance costs, salary and benefits payable to NAPA employees at the On Site Store(s), worker’s compensation benefits and insurance, unemployment insurance, personal property insurance for the On Site Store(s) and Inventory, any deductible for losses covered under the personal property, automobile liability, or general liability insurance policies of NAPA, all equipment supplied by NAPA, Corporate Allocation Expenses (as defined below), inventory investment expense, obsolescence expense, pension funding costs, accounting fees, general office expenses, and shared service expenses. NAPA shall provide an expense statement of the parts operations to the Participating Entity on approximately the _____ of each month for each On Site Store. An example of an expense statement reflecting such costs and expenses is attached hereto as Exhibit. Participating Entity acknowledges and agrees that the costs and expenses reflected on the expense statement set forth on Exhibit are subject to change based on actual monthly costs, expenses or Corporate Allocation Expenses incurred relative to the operation of the On Site Store(s). Participating Entity acknowledges that in order to achieve economies of scale, NAPA utilizes certain headquarter and corporate personnel to assist in the performance of this Agreement in order to have fewer employees performing routine general administrative tasks such as paper work and filing at the On Site Store(s), allowing NAPA counter personnel to focus more attention on serving the On-Site Store operations, and maximizing on-site cost efficiency. As a result, each On Site Store location is charged certain corporate allocation expenses for various line items shown on Exhibit (“Corporate Allocation Expenses”) which are calculated as a percentage of



total Product sales for each month. As such, there is not a supportive invoice for such expenses other than a monthly allocation rate statement.

- (d) **Management Fee.** Participating Entity shall pay a Management Fee equal to ten percent (10%) of the Total Monthly Net Sales (as defined below) during the preceding month. For purposes hereof, “Total Monthly Net Sales” means the total dollar amount of all Products (both NAPA and Non-NAPA) and Third Party Services sold to the Participating Entity during the preceding month, less purchase returns.

PRICING PLAN SUMMARY

NAPA Product Price	Billed to Participating Entity at the Current NAPA Jobber Acquisition Cost
Non-NAPA Product Price	Billed to Participating Entity at NAPA’s current product acquisition cost
Third Party Services Price	Billed to Participating Entity at NAPA’s cost
Operational Expenses	Billed to Participating Entity in accordance with Section (c) above.
Management Fee	Ten percent (10%) of Total Monthly Net Sales, billed in accordance with Section (d) above.

PRICING OPTION # 2 (Not-to-Exceed 10% Margin Model). NAPA shall bill Participating Entity for the following categories: (a) Products, (b) Third Party Services, and (c) Operational Expenses (as defined below). These categories and the pricing for such categories are further defined as follows and in the Pricing Plan Summary below:

- (a) **Product Price.** The pricing of NAPA Products shall be Current NAPA Jobber Acquisition Cost, which means NAPA’s current gold price as set forth on NAPA’s Confidential Jobber Cost and Suggested Resales price list, plus a ten percent (10%) gross profit, which shall be calculated pursuant to the formula set forth in the Pricing Plan Summary set forth below. The pricing of Non-NAPA Products shall be NAPA’s current product acquisition cost plus a ten percent (10%) gross profit, which shall be calculated pursuant to the formula set forth in the Pricing Plan Summary set forth below.
- (b) **Third Party Services Price.** Third Party Services are those services not traditionally performed by NAPA but requested by Participating Entity, such as windshield repair, towing etc., and Participating Entity shall pay NAPA’s cost plus a ten percent (10%) gross profit, which shall be calculated pursuant to



the formula set forth in the Pricing Plan Summary set forth below, for any Third Party Services.

- (c) **Operational Expenses.** Participating Entity shall reimburse NAPA for any and all costs and expenses associated with the operation of the On Site Store(s), including, but not limited to, vehicle gas and maintenance costs, salary and benefits payable to NAPA employees at the On Site Store(s), worker’s compensation benefits and insurance, unemployment insurance, personal property insurance for the On Site Store(s) and Inventory, any deductible for losses covered under the personal property, automobile liability, or general liability insurance policies of NAPA, all equipment supplied by NAPA, Corporate Allocation Expenses (as defined below), inventory investment expense, obsolescence expense, pension funding costs, accounting fees, general office expenses, and shared service expenses. NAPA shall provide an expense statement of the parts operations to the Participating Entity on approximately the _____ of each month for each On Site Store. An example of an expense statement reflecting such costs and expenses is attached hereto as Exhibit. Participating Entity acknowledges and agrees that the costs and expenses reflected on the expense statement set forth on Exhibit are subject to change based on actual monthly costs, expenses or Corporate Allocation Expenses incurred relative to the operation of the On Site Store(s). Participating Entity acknowledges that in order to achieve economies of scale, NAPA utilizes certain headquarter and corporate personnel to assist in the performance of this Agreement in order to have fewer employees performing routine general administrative tasks such as paper work and filing at the On Site Store(s), allowing NAPA counter personnel to focus more attention on serving the On-Site Store operations, and maximizing on-site cost efficiency. As a result, each On Site Store location is charged certain corporate allocation expenses for various line items shown on Exhibit (“Corporate Allocation Expenses”) which are calculated as a percentage of total Product sales for each month. As such, there is not a supportive invoice for such expenses other than a monthly allocation rate statement.

PRICING PLAN SUMMARY

<p>NAPA Product Price</p>	<p>Billed to Participating Entity at the Current NAPA Jobber Acquisition Cost plus a ten percent (10%) gross profit. The formula for NAPA Product Price for Participating Entity is the Current NAPA Jobber Acquisition Cost divided by .90. This formula will achieve the gross profit rate set forth above.</p> <p>Example: Current NAPA Jobber Acquisition Cost is \$1.00. Participating Entity’s price would be $\\$1.00 / .90 = \\1.11</p>
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Non-NAPA Product Price	<p>Billed to Participating Entity at NAPA's current product acquisition cost plus a ten percent (10%) gross profit. The formula for Non-NAPA Product Price for Participating Entity is NAPA's current product acquisition cost divided by .90. This formula will achieve the gross profit rate set forth above.</p> <p>Example: NAPA's current product acquisition cost is \$1.00. Participating Entity's price would be $\\$1.00/.90=\\1.11</p>
Third Party Services Price	<p>Billed to Participating Entity at NAPA's cost plus a ten percent (10%) gross profit. The formula for Third Party Services for Participating Entity is NAPA's cost divided by .90. This formula will achieve the gross profit rate set forth above.</p> <p>Example: NAPA's cost is \$1.00. Participating Entity's price would be $\\$1.00/.90=\\1.11</p>
Operational Expenses	Billed to Participating Entity in accordance with Section (c) above.

PRICING OPTION # 3 (Not-to-Exceed Pricing Profile 9074/25% Margin Model). NAPA shall bill Participating Entity for the following categories: (a) Products and (b) Third Party Services. NAPA shall pay the Operational Expenses (as defined below) associated with the operation of the on site store. NAPA shall thereafter invoice or refund to Participating Entity such amount as is required for NAPA to achieve a ten percent (10%) Net Profit Guarantee as set forth in section (d) below. These categories and the pricing for such categories are further defined as follows and in the Pricing Plan Summary below:

- (a) **Product Price.** The pricing of NAPA Products shall be based on NAPA's 9074 NAPA Pricing Profile. The pricing of Non-NAPA Products shall be NAPA's current product acquisition cost plus a twenty-five percent (25%) gross profit, which shall be calculated pursuant to the formula set forth in the Pricing Plan Summary set forth below.
- (b) **Third Party Services Price.** Third Party Services are those services not traditionally performed by NAPA but requested by Participating Entity, such as windshield repair, towing etc., and Participating Entity shall pay NAPA's cost plus a twenty-five percent (25%) gross profit, which shall be calculated pursuant to the formula set forth in the Pricing Plan Summary set forth below, for any Third Party Services.
- (c) **Operational Expenses.** NAPA shall pay any and all costs and expenses associated with the operation of the On Site Store(s), including, but not limited to, vehicle gas and maintenance costs, salary and benefits payable to



NAPA employees at the On Site Store(s), worker’s compensation benefits and insurance, unemployment insurance, personal property insurance for the On Site Store(s) and Inventory, any deductible for losses covered under the personal property, automobile liability, or general liability insurance policies of NAPA, all equipment supplied by NAPA, Corporate Allocation Expenses (as defined below), inventory investment expense, obsolescence expense, pension funding costs, accounting fees, general office expenses, and shared service expenses. NAPA shall provide an expense statement of the parts operations to the Participating Entity on approximately the _____ of each month for each On Site Store. An example of an expense statement reflecting such costs and expenses is attached hereto as Exhibit_. Participating Entity acknowledges and agrees that the costs and expenses reflected on the expense statement set forth on Exhibit_ are subject to change based on actual monthly costs, expenses or Corporate Allocation Expenses incurred relative to the operation of the On Site Store(s). Participating Entity acknowledges that in order to achieve economies of scale, NAPA utilizes certain headquarter and corporate personnel to assist in the performance of this Agreement in order to have fewer employees performing routine general administrative tasks such as paper work and filing at the On Site Store(s), allowing NAPA counter personnel to focus more attention on serving the On-Site Store operations, and maximizing on-site cost efficiency. As a result, each On Site Store location is charged certain corporate allocation expenses for various line items shown on Exhibit_ (“Corporate Allocation Expenses”) which are calculated as a percentage of total Product sales for each month. As such, there is not a supportive invoice for such expenses other than a monthly allocation rate statement.

- (d) **Net Profit Guarantee.** Sales of Products at each On Site Store location will be reviewed after the first ninety (90) days of operation and on a month-by-month basis thereafter to ensure a ten percent (10%) net profit for NAPA. If monthly sales at each On Site Store, independently as opposed to in the aggregate, are producing more than a ten percent (10%) net profit for NAPA, NAPA will pay to Participating Entity, via a refund check, the overage. Conversely, if NAPA’s net profit for the preceding month is less than ten percent (10%), NAPA will bill Participating Entity for the deficiency.

PRICING PLAN SUMMARY

NAPA Product Price	Billed to Participating Entity based upon NAPA’s 9074 NAPA Pricing Profile
Non-NAPA Product Price	Billed to Participating Entity at NAPA’s current product acquisition cost plus a twenty-five percent (25%) gross profit. The formula for Non-NAPA Product Price for Participating Entity is NAPA’s current product



Third Party Services Price	<p>acquisition cost divided by .75. This formula will achieve the gross profit rate set forth above.</p> <p>Example: NAPA's current product acquisition cost is \$1.00. Participating Entity's price would be $\\$1.00/.75=\\1.33</p> <p>Billed to Participating Entity at NAPA's cost plus a twenty-five percent (25%) gross profit. The formula for Third Party Services for Participating Entity is NAPA's cost divided by .75. This formula will achieve the gross profit rate set forth above.</p> <p>Example: NAPA's cost is \$1.00. Participating Entity's price would be $\\$1.00/.75=\\1.33</p>
Operational Expenses	Paid by NAPA in accordance with Section (c) above.
Net Profit Guarantee	Amounts will be refunded or charged based on the failure or achievement of an overall ten percent (10%) net profit for the previous month as detailed above.

PRICING OPTION # 4 (Not-to-Exceed 11% Markup Model). NAPA shall bill Participating Entity for the following categories: (a) Products, (b) Third Party Services, and (c) Operational Expenses (as defined below). These categories and the pricing for such categories are further defined as follows and in the Pricing Plan Summary below:

- (a) **Product Price.** The pricing of NAPA Products shall be Current NAPA Jobber Acquisition Cost, which means NAPA's current gold price as set forth on NAPA's Confidential Jobber Cost and Suggested Resales price list, plus an eleven percent (11%) markup. The pricing of Non-NAPA Products shall be NAPA's current product acquisition cost plus an eleven percent (11%) markup.
- (b) **Third Party Services Price.** Third Party Services are those services not traditionally performed by NAPA but requested by Participating Entity, such as windshield repair, towing etc., and Participating Entity shall pay NAPA's cost plus an eleven percent (11%) markup for any Third Party Services.
- (c) **Operational Expenses.** Participating Entity shall reimburse NAPA for any and all costs and expenses associated with the operation of the On Site Store(s), including, but not limited to, vehicle gas and maintenance costs, salary and benefits payable to NAPA employees at the On Site Store(s), worker's compensation benefits and insurance, unemployment insurance, personal property insurance for the On Site Store(s) and Inventory, any deductible for losses covered under the personal property, automobile liability, or general



liability insurance policies of NAPA, all equipment supplied by NAPA, Corporate Allocation Expenses (as defined below), inventory investment expense, obsolescence expense, pension funding costs, accounting fees, general office expenses, and shared service expenses. NAPA shall provide an expense statement of the parts operations to the Participating Entity on approximately the _____ of each month for each On Site Store. An example of an expense statement reflecting such costs and expenses is attached hereto as Exhibit. Participating Entity acknowledges and agrees that the costs and expenses reflected on the expense statement set forth on Exhibit are subject to change based on actual monthly costs, expenses or Corporate Allocation Expenses incurred relative to the operation of the On Site Store(s). Participating Entity acknowledges that in order to achieve economies of scale, NAPA utilizes certain headquarter and corporate personnel to assist in the performance of this Agreement in order to have fewer employees performing routine general administrative tasks such as paper work and filing at the On Site Store(s), allowing NAPA counter personnel to focus more attention on serving the On-Site Store operations, and maximizing on-site cost efficiency. As a result, each On Site Store location is charged certain corporate allocation expenses for various line items shown on Exhibit (“Corporate Allocation Expenses”) which are calculated as a percentage of total Product sales for each month. As such, there is not a supportive invoice for such expenses other than a monthly allocation rate statement.

PRICING PLAN SUMMARY

NAPA Product Price	<p>Billed to Participating Entity at the Current NAPA Jobber Acquisition Cost plus an eleven percent (11%) markup. The formula for NAPA Product Price for Participating Entity is the Current NAPA Jobber Acquisition Cost multiplied by 1.11.</p> <p>Example: Current NAPA Jobber Acquisition Cost is \$1.00. Participating Entity’s price would be $\\$1.00 \times 1.11 = \\1.11</p>
Non-NAPA Product Price	<p>Billed to Participating Entity at NAPA’s current product acquisition cost plus an eleven percent (11%) markup. The formula for Non-NAPA Product Price for Participating Entity is NAPA’s current product acquisition cost multiplied by 1.11.</p> <p>Example: NAPA’s current product acquisition cost is \$1.00. Participating Entity’s price would be $\\$1.00 \times 1.11 = \\1.11</p>
Third Party Services Price	<p>Billed to Participating Entity at NAPA’s cost plus an eleven percent (11%) markup. The formula for Third Party Services for Participating Entity is NAPA’s cost multiplied by 1.11.</p>



	Example: NAPA's cost is \$1.00. Participating Entity's price would be $\$1.00 \times 1.11 = \1.11
Operational Expenses	Billed to Participating Entity in accordance with Section (c) above.

