

Dear Sourcewell Member,

Thank you for your interest in the Sourcewell Fleet Vendor Managed Inventory contract and your consideration of NAPA Integrated Business Solutions (NAPA IBS) as a future business partner for your fleet operation. NAPA IBS is the best-in-class provider of parts room management services and we look forward to learning more about how we can help you manage your fleet's supply chain.

The Contract Documents section of the Sourcewell Contract #110520-GPC information page contains a copy of the awarded contract we hold with Sourcewell that includes our detailed RFP response submitted for this opportunity. Throughout our RFP response, we reference several attachments that provide examples and detail on a number of impactful components of our service offering. While not included on the Sourcewell website, each of these attachments is available to Sourcewell members on request.

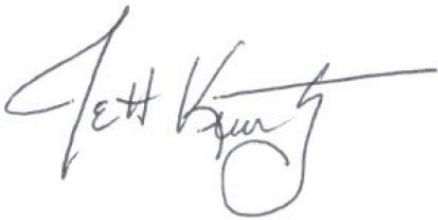
We have attached two vital parts of the pricing component of our response:

- Pricing Options Summary
- Sample Member Contract (referenced in Table 11, Question #49 of our response)

We understand that every Sourcewell member has its own desired terms and conditions, operational procedures, service hours, metrics and more. To that end, our contract is flexible and adaptable to best suit your preferences.

Thank you again for your consideration of NAPA IBS as your fleet operations business partner. We look forward to connecting with you soon.

Thank you,



Jett Kuntz
Vice President, NAPA IBS
(770) 855-2221
Jett_Kuntz@genpt.com
www.NAPA-IBS.com

Sourcewell Pricing for NAPA IBS Contract #110520-GPC

Sourcewell members that elect to use the Sourcewell NAPA IBS #110520-GPC Contract have three 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 customer at no markup over NAPA's acquisition cost
- Operating expenses are billed to customer at actual cost with no markup
- Separate management fee charged to attain a 10% return for NAPA on the sale price of goods

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

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

3. Sourcewell Member Pricing Option 2b: Not-to-Exceed Pricing Profile 9074 / 25% Margin Model

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

Sourcewell members have the option to select the pricing model that works best for their agency. These options are outlined in the sample agreement attached.

Each government customer has different needs for how our parts and services are billed, we have dozens of current Sourcewell customers that use all three of these models based on their best practices. NAPA IBS team can model each of these for an agency wishing to leverage our Sourcewell contract # 110520-GPC. To begin the process, please contact:

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INTEGRATED SUPPLY AGREEMENT

BY AND BETWEEN

GENUINE PARTS COMPANY

AND

**INTEGRATED SUPPLY AGREEMENT
BY AND BETWEEN
GENUINE PARTS COMPANY
AND**

THIS INTEGRATED SUPPLY AGREEMENT (this “Agreement”) is made by and between **GENUINE PARTS COMPANY**, a Georgia corporation (d/b/a NAPA Auto Parts) (“NAPA”), and _____, (“CUSTOMER”), to be effective as of the _____ day of _____, 20____ (the “Effective Date”).

W I T N E S S E T H

WHEREAS, pursuant to a competitive bidding and selection process by Sourcewell (f/k/a National Joint Powers Alliance) (hereinafter, “Sourcewell”), a Minnesota-based Service Cooperative created by Minnesota Legislative Statute 123A.21, Sourcewell and NAPA executed contract #110520 on _____, 2020 (hereinafter, “Sourcewell Contract”), attached hereto as Exhibit C, to establish a source of supply for certain auto, truck and bus parts as well as to provide Integrated Business Solutions services; and

WHEREAS, by becoming a participating member of Sourcewell (hereinafter, “Member”), CUSTOMER and its related entities (hereinafter, “User Agencies”) are authorized to utilize the pricing and incentives available to Sourcewell Members set forth in the Sourcewell Contract; and

WHEREAS, CUSTOMER desires to become a User Agency under such Sourcewell Contract and desires to receive integrated business solutions services from NAPA; and

WHEREAS, CUSTOMER and NAPA agree that the Sourcewell Contract is a vehicle by which CUSTOMER may contract directly with NAPA for parts and services, but that the terms and conditions of this Agreement and not the terms and conditions of the Sourcewell Contract shall govern the relationship of the parties; and

WHEREAS, NAPA desires to provide integrated business solutions services and to establish inventories in CUSTOMER’s locations to service the fleet parts needs of CUSTOMER and to serve as the primary supplier of automotive replacement parts and other supplies and/or equipment (the “Inventory” or “Products”) to serve the needs of CUSTOMER; and

WHEREAS, CUSTOMER desires to provide space for the Inventory on the premises of CUSTOMER for use by NAPA (“On Site Store”) and agrees that NAPA will be its primary supplier of the Inventory pursuant to the terms herein.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereto agree as follows:

AGREEMENT

1. DEFINITIONS. For purposes of this Agreement, the following terms shall have the meanings set forth below:

- (a) ***Primary Supplier*** shall mean the parts supplier that provides a minimum of ninety percent (90%) of the Inventory needs of CUSTOMER.
- (b) ***NAPA Owned Store*** shall mean an auto parts store lawfully using the tradename or trademark “NAPA” which is wholly owned by NAPA.
- (c) ***NAPA Jobber*** shall mean an auto parts store lawfully using the tradename or trademark “NAPA” with respect to which NAPA maintains no ownership interest.
- (d) ***Current NAPA Jobber Acquisition Cost*** shall mean NAPA’s current gold price as set forth on NAPA’s Confidential Jobber Cost and Suggested Resales price list.

2. CUSTOMER’S CURRENT LOCATIONS. NAPA will establish On Site Store(s) at the CUSTOMER’S following location(s):

Additional locations of the CUSTOMER may be added to this Agreement but only by a written amendment executed and agreed to by both the CUSTOMER and NAPA.

3. TERM. Subject to the terms and conditions set forth below, this Agreement shall begin on the Effective Date and shall end when the Sourcewell Contract terminates or expires or when terminated earlier in accordance with the applicable terms and conditions stated herein. As the Sourcewell Contract is renewed or extended, this Agreement may be renewed or extended for a period of time equal to or shorter than the period of time the Sourcewell Contract is renewed or extended upon the mutual written agreement of the parties. Notwithstanding the foregoing, should the parties desire to extend this Agreement past the termination or expiration date of the Sourcewell Contract, the parties may do so by entering into a mutually agreed upon written amendment to this Agreement. Further, as Sourcewell awards new successive agreements to NAPA

following expiration of the Sourcewell Contract, any new contract number and/or new terms and conditions may be added with mutual agreement via a written amendment to this Agreement. Either party may terminate this Agreement at any time for its convenience by giving the other party sixty (60) days prior written notice of such termination.

4. DUTIES AND RESPONSIBILITIES OF NAPA. NAPA shall have the following duties and responsibilities during the term of this Agreement:

(a) NAPA will operate the On Site Store(s) and provide the Inventory to CUSTOMER's now existing locations. NAPA shall provide all personnel required to operate the On Site Store(s).

(b) In those circumstances when delivery is required by CUSTOMER, NAPA will provide parts to CUSTOMER's locations on a daily route basis. In addition, NAPA will accelerate delivery on those items CUSTOMER requires to be delivered on an expedited basis. NAPA will make all reasonable efforts to ensure prompt delivery to the CUSTOMER's location(s) requesting part(s).

(c) NAPA shall provide all computers and reports necessary to monitor monthly expenses as they pertain to the daily operation of the On Site Store(s). NAPA shall provide computer ordering and cataloging to each On Site Store.

(d) NAPA shall provide a profit and loss statement of the parts operations to the CUSTOMER on approximately the 25th of each month for each On Site Store.

(e) NAPA shall provide back-up emergency service during non-working hour contingencies. This overtime expense (calculated at time and one half) will be charged on a cost basis to CUSTOMER and must be pre-approved by CUSTOMER. The parties shall mutually agree upon the pre-approval process for such emergency situations. NAPA will provide a list of personnel, including telephone numbers, who will respond to emergency service requests.

5. DUTIES AND RESPONSIBILITIES OF CUSTOMER. CUSTOMER shall have the following duties and responsibilities during the term of this Agreement:

(a) CUSTOMER shall provide, at its sole expense, usable space for NAPA's On Site Store(s) and the Inventory. CUSTOMER shall provide access to restroom facilities for NAPA employees. Further, CUSTOMER shall furnish, at its sole expense, all utilities for the On Site Store(s) including: water, sanitation, sewer, light, telephone, heat, gas, electricity, power, fuel, janitorial and all other utilities and services rendered or delivered to the On Site Store(s) whatsoever. CUSTOMER shall provide NAPA a safe work environment that is free from hostility, violence, or discrimination. NAPA reserves the right to terminate the contract immediately should NAPA encounter a hostile, violent, discriminatory, or unsafe work environment.

(b) CUSTOMER shall use NAPA as its Primary Supplier of the Inventory under this Agreement. CUSTOMER reserves the right to purchase any item outside this Agreement where it is determined to be more economical or timely so long as the purchase of aforesaid part or parts does not result in NAPA no longer being CUSTOMER'S Primary Supplier in which case NAPA may terminate this Agreement.

(c) Each On Site Store location shall be appropriately secured or otherwise maintained separate and apart from the business of CUSTOMER. There shall be no intermingling of CUSTOMER'S parts or other inventory with NAPA'S parts or inventory. Access to the secured On Site Store(s) shall be restricted to NAPA employees and authorized NAPA representatives only. CUSTOMER'S employees, contractors or agents shall not be permitted to enter the secured On-Site Store area unless accompanied by a NAPA employee or other authorized NAPA representative. CUSTOMER hereby assumes and shall bear any and all risk of loss or damage from any cause to the Inventory and other personal property located in the On Site Store(s), except for loss or damage arising out of the acts, errors or omissions of NAPA. NAPA shall invoice CUSTOMER for any such loss of or damage to the Inventory and/or other personal property located in the On Site Store(s), and CUSTOMER shall pay such invoiced amount to NAPA in accordance with the payment terms set forth in Section 7 below.

(d) CUSTOMER shall, at all times during the term of this Agreement, at CUSTOMER'S sole expense, maintain in good condition and repair (so as to prevent any damage or injury to NAPA'S employees, the Inventory or other personal property located in the On Site Store(s)) the roof, exterior walls, foundation, and structural portions of the On Site Store(s) and all portions of the electrical and plumbing systems lying outside of the On Site Store(s) but serving the On Site Store(s).

(e) CUSTOMER shall provide information regarding fleet changes to NAPA as soon as possible. Fleet changes include but are not limited to the removal of types of vehicles from the fleet and the addition of new vehicles to the fleet.

6. ALTERNATIVE SUPPLIERS. Each On Site Store may be serviced by a NAPA Owned Store or a NAPA Jobber. CUSTOMER acknowledges that whether it will be serviced by a NAPA Owned Store or a NAPA Jobber will be determined by NAPA, in its sole discretion, and that if CUSTOMER is to be serviced by a NAPA Jobber, then such NAPA Jobber must evidence its desire to abide by the terms of this Agreement by entering into an Assignment in the form of Exhibit A hereto.

7. PAYMENT TERMS/PRICING. NAPA shall invoice the CUSTOMER for all Inventory purchased pursuant to this Agreement on a monthly basis according to the pricing plan below. CUSTOMER agrees to pay the entire amount of all statements received from NAPA by the 25th day of the month following receipt of any such statement. If CUSTOMER has not paid the entire amount of all statements received from NAPA within 10 days of the 25th day of the month following receipt of such invoice, CUSTOMER shall be put on COD until such amount is paid in full. No prompt pay discount is available under this Agreement.

There are three pricing options available to CUSTOMER. Those pricing options are Pricing Option #1 (Management Fee), Pricing Option #2a (10% Gross Profit on Products/Monthly Operating Expenses), and Pricing Option #2b (Higher Gross Profit on Products/No Monthly Operating Expenses). The pricing option for *this* Agreement must be indicated by CUSTOMER initials, below.

PRICING OPTION #1 (NO MARKUP GOODS PRICING/MANAGEMENT FEE)

CUSTOMER INITIALS: _____

The overall objective of CUSTOMER's pricing plan is for: (i) NAPA to provide Products in accordance with the Pricing Plan Summary set forth below, (ii) NAPA to provide Outside Services in accordance with the Pricing Plan Summary set forth below, (iii) reimbursement by CUSTOMER of each On Site Store's operating expenses, and (iv) payment by CUSTOMER of the Management Fee (as defined below). By billing CUSTOMER for these four categories, NAPA's On Site Store(s) will achieve its target ten percent (10%) net profit for the Agreement (the "Net Profit Target"). These categories are defined as follows:

- (a) **Product Price.** The pricing of the Products to be supplied to CUSTOMER by NAPA pursuant to this Agreement shall be divided into: 1) "**NAPA Product Price**," which is the pricing of NAPA branded or NAPA cataloged supplier manufactured products; and 2) "**Non-NAPA Product Price**," which is the pricing of products which have not been manufactured by NAPA suppliers or do not exist in NAPA's proprietary catalog system but which have been acquired for CUSTOMER by NAPA pursuant to this Agreement. The pricing of NAPA Product and Non-NAPA Product shall be billed in accordance with the Pricing Plan Summary defined below.
- (b) **Outside Services Price.** Outside Services are those services not traditionally performed by NAPA. The pricing of Outside Services shall be billed in accordance with the Pricing Plan Summary defined below.
- (c) **Operational Expenses.** 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. An example of a profit and loss statement reflecting such costs and expenses is attached hereto as Exhibit B. CUSTOMER acknowledges and agrees that the costs and expenses reflected on the profit and loss statement set forth on Exhibit B 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). To achieve economies of scale, NAPA utilizes certain headquarter and corporate personnel to assist in the performance of this Agreement. As a result, each On Site Store location is charged certain corporate allocation expenses for various line items shown on Exhibit B (“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. These Corporate Allocation Expenses allow NAPA 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.

- (d) **Management Fee.** CUSTOMER shall be billed a Management Fee (as defined below) on a monthly basis in accordance with the terms below.

PRICING PLAN SUMMARY

NAPA Product Price	Billed to CUSTOMER at the Current NAPA Jobber Acquisition Cost
Non-NAPA Product Price	Billed to CUSTOMER at NAPA’s current product acquisition cost
Outside Services Price	Billed to CUSTOMER at NAPA’s cost
Operational Expenses	Billed to CUSTOMER in accordance with Section 7(c) above.
Management Fee	Billed to CUSTOMER in accordance with the terms below
Net Profit Target	10% net profit for the NAPA On Site Store(s) after Products, Outside Services, Operational Expenses, and Management Fee are billed to CUSTOMER.

NAPA Product shall be billed to CUSTOMER at the Current NAPA Jobber Acquisition Cost. Non-NAPA Product shall be billed to CUSTOMER at NAPA’s current product

acquisition cost, and Outside Services shall be billed to CUSTOMER at NAPA's cost. CUSTOMER is solely responsible for improper or inappropriate instructions by CUSTOMER's employees to NAPA regarding NAPA's purchases of nontraditional parts or services, unless CUSTOMER provided prior written notice to NAPA of parts or services that may not be procured by NAPA in relation to this Agreement. Operational Expenses will be charged to CUSTOMER in accordance with Section 7(c) above, with all such charges for Operational Expenses to be included in CUSTOMER's monthly billing statement. CUSTOMER will be billed at the end of each month for Operational Expenses on an "in arrears" basis.

CUSTOMER shall pay to NAPA on a monthly basis a management fee equal to ten percent (10%) of the Total Monthly Net Sales (as defined below) during the preceding month (the "Management Fee"). For purposes hereof, "Total Monthly Net Sales" means the total dollar amount of all Products (both NAPA and Non-NAPA) and Outside Services sold to the CUSTOMER during the preceding month at the prices set forth in the pricing plan summary above less purchase returns.

CUSTOMER and NAPA mutually agree that CUSTOMER'S maximum annual payment obligation for all Products, Outside Services, Operational Expenses and Management Fees billed to CUSTOMER pursuant to this Section 7 shall be set at \$_____ per annum; and CUSTOMER has encumbered such amount to cover this potential liability. The parties agree to mutually work together to adjust the amount if such amount must be increased during the term of the contract. **CUSTOMER INITIALS** _____

PRICING OPTION #2a (NOT-TO-EXCEED 10% MARGIN MODEL)

CUSTOMER INITIALS: _____

The overall objective of CUSTOMER's pricing plan is for NAPA to provide Products in accordance with the agreed upon Pricing Plan Summary set forth below and reimbursement by CUSTOMER of each On Site Store's operating expenses. By billing CUSTOMER for these two categories, NAPA's On Site Store(s) will achieve its target ten percent (10%) net profit for the Agreement (the "Net Profit Target"). These categories are defined as follows:

- (a) **Product Price.** The pricing of the Products to be supplied to CUSTOMER by NAPA pursuant to this Agreement shall be divided into: 1) "**NAPA Product Price**," which is the pricing of NAPA branded or NAPA cataloged supplier manufactured products; and 2) "**Non-NAPA Product Price**," which is the pricing of products which have not been manufactured by NAPA suppliers or do not exist in NAPA's proprietary catalog system but which have been acquired for CUSTOMER by NAPA pursuant to this Agreement. The pricing of NAPA Product and Non-NAPA Product shall be billed in accordance with the Pricing Plan Summary defined below.

(b) **Operational Expenses.** 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. An example of a profit and loss statement reflecting such costs and expenses is attached hereto as Exhibit B. CUSTOMER acknowledges and agrees that the costs and expenses reflected on the profit and loss statement set forth on Exhibit B 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). To achieve economies of scale, NAPA utilizes certain headquarter and corporate personnel to assist in the performance of this Agreement. As a result, each On Site Store location is charged certain corporate allocation expenses for various line items shown on Exhibit B (“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. These Corporate Allocation Expenses allow NAPA 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.

PRICING PLAN SUMMARY

NAPA Product Price	Billed to CUSTOMER at a 10% gross profit rate (The formula for NAPA Product Price for CUSTOMER is the Current NAPA Jobber Acquisition Cost divided by .90) This formula will achieve the gross profit rate set forth above. Example: Current NAPA Jobber Acquisition Cost is \$1.00. CUSTOMER’s price would be $\$1.00/.90=\1.11
Non-NAPA Product Price	Billed to CUSTOMER at a 10% gross profit rate (The formula for Non-NAPA Product Price for CUSTOMER is NAPA’s current product acquisition cost divided by .90) This formula will achieve the gross profit rate set forth above. Example: current product acquisition cost is \$1.00. CUSTOMER’s price would be $\$1.00/.90=\1.11

Operational Expenses	Billed to CUSTOMER in accordance with Section 7(b) above.
Net Profit Target	10% net profit for the NAPA On Site Store(s) after Products and Operational Expenses are billed to CUSTOMER.

Both NAPA Product and Non-NAPA Product shall be set by NAPA to yield a gross profit of ten percent (10%). Operational Expenses will be charged to CUSTOMER in accordance with Section 7(b) above, with all such charges for Operational Expenses to be included in CUSTOMER’s monthly billing statement. CUSTOMER will be billed at the end of each month for Operational Expenses on an “in arrears” basis.

CUSTOMER and NAPA mutually agree that CUSTOMER’S maximum annual payment obligation for all Products and Operational Expenses billed to CUSTOMER pursuant to this Section 7 shall be set at \$ _____ per annum; and CUSTOMER has encumbered such amount to cover this potential liability. The parties agree to mutually work together to adjust the amount if such amount must be increased during the term of the contract. **CUSTOMER INITIALS** _____

In addition, NAPA may use any sub-contractor for the procurement of “outside” services (i.e., those services not traditionally performed by NAPA), and CUSTOMER will be billed an additional charge for any such purchases so as to yield NAPA a ten percent (10%) gross profit on such purchases. CUSTOMER must provide pre-approval in writing of such outside service purchases. CUSTOMER is solely responsible for improper or inappropriate instructions by CUSTOMER’s employees to NAPA regarding NAPA’s purchases of nontraditional parts or services, unless CUSTOMER provided prior written notice to NAPA of parts or services that may not be procured by NAPA in relation to this Agreement.

PRICING OPTION #2b (NOT-TO-EXCEED PRICING PROFILE 9074/25% MARGIN MODEL)

CUSTOMER INITIALS: _____

The overall objective of CUSTOMER’s pricing plan is for NAPA to provide Products in accordance with the agreed upon Pricing Plan Summary set forth below. By billing CUSTOMER for the Products, NAPA’s On Site Store(s) will achieve its target ten percent (10%) net profit for the Agreement (the “Net Profit Target”). CUSTOMER’s pricing plan is comprised of the following elements:

- (a) **Product Price.** The pricing of the Products to be supplied to CUSTOMER by NAPA pursuant to this Agreement shall be divided into: 1) “*NAPA*

Product Price,” which is the pricing of NAPA branded or NAPA cataloged supplier manufactured products; and 2) “**Non-NAPA Product Price,”** which is the pricing of products which have not been manufactured by NAPA suppliers or do not exist in NAPA’s proprietary catalog system but which have been acquired for CUSTOMER by NAPA pursuant to this Agreement. The pricing of NAPA Product and Non-NAPA Product shall be billed in accordance with the Pricing Plan Summary defined below.

- (b) **Operational Expenses.** 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. An example of a profit and loss statement reflecting such costs and expenses is attached hereto as Exhibit B. CUSTOMER acknowledges and agrees that the costs and expenses reflected on the profit and loss statement set forth on Exhibit B 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). To achieve economies of scale, NAPA utilizes certain headquarter and corporate personnel to assist in the performance of this Agreement. As a result, each On Site Store location is charged certain corporate allocation expenses for various line items shown on Exhibit B (“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. These Corporate Allocation Expenses allow NAPA 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.

PRICING PLAN SUMMARY

NAPA Product Price	Billed to CUSTOMER on a “9074 NAPA Pricing Profile”
Non-NAPA Product Price	Billed to CUSTOMER at a 25% gross profit rate (The formula for Non-NAPA Product Price for CUSTOMER is NAPA’s current product acquisition cost divided by .75) This formula will achieve the gross profit

	rate set forth above. Example: current product acquisition cost is \$1.00. CUSTOMER's price would be \$1.00/.75=\$1.33
Operational Expenses	Paid entirely by NAPA
Net Profit Target	Amounts will be refunded or charged based on the failure or achievement of an overall 10% net profit for the previous month.

NAPA Product shall be billed to CUSTOMER based on a "9074 NAPA Pricing Profile" which has been provided to CUSTOMER in connection with this Agreement. Non-NAPA Product shall be billed by NAPA to yield a gross profit of twenty-five percent (25%). All Operational Expenses shall be borne by NAPA.

Sales 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 CUSTOMER, 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 CUSTOMER for the deficiency.

CUSTOMER and NAPA mutually agree that CUSTOMER'S maximum annual payment obligation for Products billed to CUSTOMER pursuant to this Section 7 shall be set at \$_____ per annum; and CUSTOMER has encumbered such amount to cover this potential liability. The parties agree to mutually work together to adjust the amount if such amount must be increased during the term of the contract.

CUSTOMER INITIALS _____

In addition, NAPA may use any sub-contractor for the procurement of "outside" services (i.e., those services not traditionally performed by NAPA), and CUSTOMER will be billed an additional charge for any such purchases so as to yield NAPA a twenty-five percent (25%) gross profit on such purchases. CUSTOMER must provide pre-approval in writing for such outside service purchases. CUSTOMER is solely responsible for improper or inappropriate instructions by CUSTOMER's employees to NAPA regarding NAPA's purchases of nontraditional parts or services, unless CUSTOMER provided prior written notice to NAPA of parts or services that may not be procured by NAPA in relation to this Agreement.

8. INSURANCE.

(a) CUSTOMER shall maintain during the term of this Agreement workers' compensation insurance for its employees and general liability insurance covering its property. NAPA acknowledges that CUSTOMER may elect to self-insure such obligations.

(b) NAPA shall maintain during the term of this Agreement workers' compensation insurance coverage for its employees located at the On Site Store(s) in amounts required by law. In addition, NAPA shall maintain personal property insurance during the term of this Agreement in an amount sufficient to cover any loss or damage to the Inventory and any other personal property owned by NAPA that is located at the On Site Store(s).

9. **NO LIENS.** CUSTOMER warrants that it shall take no action, including but not limited to the granting of a security interest, or fail to take any action, which would operate or does operate in any way to encumber the Inventory of NAPA located in the On Site Store(s).

10. **PERSONNEL.** NAPA and CUSTOMER shall attempt in good faith to mutually agree upon the identity of the persons that will be selected to staff the On Site Store(s). In the event that CUSTOMER for any reason wishes to remove or replace any of the NAPA personnel in the On Site Store(s), the parties will attempt to resolve CUSTOMER's request by mutual agreement.

11. **WARRANTY/LIABILITY DISCLAIMER.** All Products supplied pursuant to this Agreement are subject to the terms of written warranties provided by the manufacturer of each Product, and NAPA shall use reasonable commercial efforts to assist the CUSTOMER in processing all warranty claims that the CUSTOMER may have against a manufacturer. The manufacturer's warranty will be the sole and exclusive remedy of the CUSTOMER in connection with any claims concerning the Products supplied to CUSTOMER pursuant to this Agreement. ALL OTHER WARRANTIES, BOTH EXPRESS AND IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY EXCLUDED. Copies of the manufacturers' warranties are available to CUSTOMER upon request.

For suppliers (or categories of suppliers) of Non-NAPA Products that CUSTOMER instructs NAPA to utilize or consider for future purchases, NAPA is under no obligation to (and NAPA disclaims all liability in connection with) investigate product quality, management, ownership, reputation, certifications, qualifications, price competitiveness, or any other related characteristics of the products, individuals or entities at issue.

12. **TERMINATION FOR CAUSE.** This Agreement may be terminated immediately, unless otherwise stated in this Section 12, by either party for cause:

(a) In the event that the other party fails or refuses to pay any amounts due under this Agreement and such failure continues for ten (10) days;

(b) In the event that the other party fails or refuses to perform any other obligation required under this Agreement, and such failure or refusal continues for thirty

(30) days after written notice thereof; or

(c) In the event that the other party files any bankruptcy petition, has any bankruptcy petition filed against it, makes any assignment of its assets for the benefit of creditors, or admits in writing its inability to pay its debts as they become due.

13. EFFECT OF TERMINATION. Immediately upon termination, expiration, or non-renewal of this Agreement for any reason:

(a) All duties, responsibilities and other obligations of each party hereunder shall terminate, except for the payment of any amounts due and owing to NAPA at the time of termination, expiration, or non-renewal.

(b) Each party shall immediately return to the other party all equipment, software, books, records, tools and any other personal property owned by the other party that are in such party's possession. CUSTOMER shall allow NAPA full and unrestricted access to enter into the On Site Store(s) and immediately remove all equipment and other items of personal property owned by NAPA without being deemed guilty of trespass or any other violation of the law. All inventory records, sales history, sales analysis and all other information generated by NAPA under this Agreement will be returned to CUSTOMER.

Nothing contained in this Section shall be deemed a waiver of, or in any other manner impair or prejudice, any other legal rights that either party may have against the other party for any breach of this Agreement. The provisions and obligations of Sections 9, 11, 13, 14, 15, 16, and 22 shall survive the termination, expiration, or non-renewal of this Agreement for any reason.

14. BUY-BACK OF INVENTORY. Upon termination, expiration, or non-renewal of this Agreement, NAPA shall have the option to require CUSTOMER to purchase all non-NAPA Inventory owned by NAPA and located in each On Site Store at NAPA's On Site Store's current product acquisition cost, and CUSTOMER shall have the option to purchase all NAPA Inventory, owned by NAPA and located in each On Site Store at the Current NAPA Jobber Acquisition Cost. Upon CUSTOMER's request, NAPA shall provide CUSTOMER with a listing of all NAPA and non-NAPA Inventory owned by NAPA and located in the On Site Store(s).

CUSTOMER INITIALS: _____

15. INDEMNIFICATION. NAPA shall be responsible for and shall indemnify and hold CUSTOMER harmless from and against all damages, claims or demands that may, during the term of this Agreement, arise or be occasioned by the negligent or intentional acts of NAPA or NAPA's employees.

16. NOTICES. Whenever any notice, demand or request is required or permitted hereunder, such notice, demand or request shall be hand-delivered in person or

sent by overnight mail through a reputable service, or by certified mail, return receipt requested, to the addresses set forth below:

As to NAPA: _____

Attn: _____

As to CUSTOMER: _____

Attn: _____

Each such notice shall be deemed delivered (i) on the date of receipt if delivered by hand or overnight courier service or (ii) on the date three (3) business days after depositing with the United States Postal Service if mailed by registered or certified mail. Either party may change its address specified for this notice by giving the other party at least ten (10) days written notice in accordance with this Section 16.

17. FORCE MAJEURE / DAMAGE OF PREMISES.

(a) Whenever performance by either party of any of their respective obligations (other than the obligation to make payment of money due hereunder) is substantially prevented by reason of any act of God, other industrial or transportation disturbance, fire, floods, riots, acts of enemies, national emergencies, pandemics, or by any other cause not within the reasonable control of such party and not occasioned by its negligence, then such performance shall be excused and the performance of such obligations under this Agreement shall be suspended for the duration of such prevention and for a reasonable time thereafter; provided that the foregoing in this Section 17 shall not apply to obligations relating to the payment of money.

(b) NAPA may terminate this Agreement immediately in the event that the CUSTOMER's premises are damaged by any casualty, or such portion of the premises is condemned by any legally constituted authority, such as will make the CUSTOMER's premises unusable for the On Site Store(s) in the reasonable judgment of NAPA.

18. SUCCESSORS AND ASSIGNS. The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective officers, directors, employees, successors and assigns. Notwithstanding the foregoing, the rights and obligations of either party to this Agreement may not be assigned without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld.

19. **AMENDMENTS.** No amendment to this Agreement shall be binding on either party hereto unless such amendment is in writing and executed by both parties with the same formality as this Agreement is executed.

20. **NO WAIVER OF RIGHTS.** No failure of either party hereto to exercise any power given such party hereunder or to insist upon strict compliance by the other party to its obligations hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of either party's right to demand exact compliance with the terms hereof. Notwithstanding the same, only waivers made in writing shall be valid and enforceable.

21. **LIMITATIONS ON RIGHTS OF THIRD PARTIES.** All obligations of a party under this Agreement are imposed solely and exclusively for the benefit of the parties, and no other person shall, under any circumstances, be deemed to be a beneficiary of such obligations.

22. **LIMITATION OF LIABILITY.** WHILE NOT APPLICABLE TO BREACHES OF CONFIDENTIALITY PROVISIONS, THE PARTIES HEREBY DISCLAIM ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, PUNITIVE, OR SPECIAL DAMAGES IN ANY WAY RELATED TO THIS AGREEMENT, THEIR OTHER BUSINESS RELATIONSHIPS, OR THE TRANSACTIONS CONTEMPLATED HEREIN.

23. **INDEPENDENT CONTRACTOR.** The parties hereto are independent contractors. Nothing in this Agreement shall create or shall be deemed to create any fiduciary relationship or the relationship of principal and agent, partnership, joint venturers or any other similar or representative relationship between the parties hereto.

24. **CHOICE OF LAW.** This Agreement shall be construed and interpreted under the laws of the State of _____.

25. **COUNTERPARTS.** This Agreement may be executed in one or more counterparts and each counterpart shall, for all purposes, be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

26. **SECTION HEADINGS.** Section titles or captions contained herein are inserted only as a matter of convenience for reference and in no way define, limit, extend, or describe the scope hereof or the intent of any provision hereof.

27. **SEVERABILITY.** In the event any part of this Agreement shall be finally determined by a court of law to be illegal or unenforceable for any reason, then that illegal or unenforceable part shall be severed from the Agreement, and the remaining terms shall continue in full force and effect.

28. **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement of the parties hereto and no prior representation, inducement, promise or

agreement, oral or written, between the parties not embodied herein shall be of any force and effect.

[Signatures Appear on Next Page]

IN WITNESS WHEREOF, the parties hereto cause their hands and seals to be affixed by their duly-authorized representatives effective as of the date and year first above written.

GENUINE PARTS COMPANY

By: _____

Name: _____

Title: _____

_____*[Name of Customer]*

By: _____

Name: _____

Title: _____

EXHIBIT A
ASSIGNMENT

See attached.

ASSIGNMENT

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, GENUINE PARTS COMPANY, a Georgia corporation (hereinafter "Assignor"), hereby assigns, transfers, sets over and delivers to [JOBBER], a _____ (hereinafter "Assignee"), all of Assignor's rights, obligations and interest, including any options to renew or extend the contract term, in those certain location(s) as set forth below, as governed by the Integrated Supply Agreement dated _____ by and between Genuine Parts Company and _____ [CUSTOMER] (the "Integrated Supply Agreement").

Location(s): _____

Assignee hereby accepts the assignment of the Integrated Supply Agreement, agrees to provide the services and perform all other obligations required to be performed by "NAPA" in said Integrated Supply Agreement at the times and in the manner set forth in said Integrated Supply Agreement, and shall be bound by all other terms, covenants and conditions of said Integrated Supply Agreement with regard to the location(s) set forth above, all with the same force and effect as if Assignee were originally named as "NAPA" therein.

[CUSTOMER] hereby consents to the above assignment of the Integrated Supply Agreement on the terms set forth herein and hereby agrees to release and discharge Assignor from any further obligation or liability under the Integrated Supply Agreement and to look solely to Assignee as the responsible party under the Integrated Supply Agreement for all liabilities or obligations arising from and after the effective date of this assignment.

The parties hereto agree that the assignment as set forth herein shall be effective as of 12:01 a.m. on _____.

[Signatures appear on following page]

IN WITNESS WHEREOF, the undersigned have set their hands this ____ day of ____, 20____.

ASSIGNOR:

ASSIGNEE:

GENUINE PARTS COMPANY

____ [JOBBER]

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Agreed and acknowledged:

____ [CUSTOMER]

By: _____

Name: _____

Its: _____

EXHIBIT B

SAMPLE PROFIT AND LOSS STATEMENT

See attached.

Pricing Option 1: No Markup Goods Pricing/Management Fee (Example Only)

NAPA IBS Sample P&L	Management Fee Model			Item Description
Sourcewell	Monthly	Annual	% of Purchases	
Customer Purchases	100,000	1,200,000		Parts Bill For Customer
Cost of Goods to NAPA	100,000	1,200,000	100.00%	NAPA IBS Cost of Goods
NAPA Margin on Parts	0	0	0.00%	NAPA IBS Gross Margin (Point of Sale)
GROSS MARGIN	0	0	0.00%	NAPA IBS Gross Margin (Point of Sale)
Centralized Accounting/Admin Fees	990	11,880	0.99%	Fixed Expense at .99% of purchases, Accounting & Data Processing Fee
Payroll				<i>These costs will vary based on scope, hours and responsibilities as required per each contract</i>
Manager/Counter Salaries	7,000	84,000	7.00%	Cost of Dedicated Parts Manager/Project Manager and any parts clerks for IBS Site
Delivery Driver Salaries	1,200	14,400	1.20%	Delivery Driver Pay - if applicable for a site there will be a charge in this category
Pension/401K	450	5,400	0.45%	Fixed Expense at .45% of customer monthly purchases
Insurance	750	9,000	0.75%	Mainly Group Insurance Premiums for on-site NAPA IBS staff
Workers Comp Insurance	100	1,200	0.10%	Insurance - General and Worker's Comp for on-site NAPA IBS staff
FICA	400	4,800	0.40%	Payroll Taxes for NAPA IBS On-Site Employees
Total IBS Payroll	9,900	118,800	9.90%	
Miscellaneous Expenses				
Delivery Truck Insurance	250	3,000	0.25%	Insurance Coverage for delivery trucks required per contract - if applicable
Delivery Maintenance/Gas	100	1,200	0.10%	Vehicle Repairs and Fuel for Delivery Vehicles required per contract - if applicable
Truck Payment	300	3,600	0.30%	Lease/Depreciation Payment for any Delivery Trucks required per contract - if applicable
Inventory Insurance	15	180	0.02%	Small insurance on our on-site inventory assets
Shelving/Equipment Depreciation	0	0	0.00%	Shelving needed for secure parts location - if customer requires us to add shelving. Cage, etc - if applicable
Store Expenses	150	1,800	0.15%	Misc. Store Expenses (Printer Ink, Paper, Barcode Labels etc.)
P-Card Card Fees	0	0	0.00%	Credit Card Processing Fees - only if agency uses a p-card to pay NAPA parts and or operating statements
Phone/Internet	400	4,800	0.40%	Phone and/or Internet Charges (if not provided from Customer)
TAMS Inventory Computer	1,000	12,000	1.00%	TAMS Computer & Equipment Lease/Depreciation Expense, Maint./Support Fee's & Tams Misc. Expenses
Taxes		0	0.00%	Sales and Use Taxes, Personal Property Tax - only if applicable
Freight & Postage	300	3,600	0.30%	Estimated Freight Charges Incurred by this Operation to procure special order parts
Training	30	360	0.03%	Training Materials for NAPA IBS (including Hazmat)
Total IBS Misc Expense	2,545	30,540	2.55%	
TOTAL EXPENSES	13,435	161,220	13.44%	Total Monthly Expenses to Operate this IBS
Gross Margin Less Expenses	-13,435	-161,220	-13.44%	
ROI for NAPA	10,000	120,000	10.00%	NAPA's contracted return on investment (included in above lines)
Sample Billing Summary				
Customer Purchases	100,000	1,200,000		Parts Bill For Customer - all parts at cost
Management Fee	10,000	120,000	10.00%	NAPA's ROI
Expense Bill	13,435	161,220	13.44%	Expense Reimbursement by Customer
Adjustment to Customer	0	0	0.00%	Margin reimbursement to Customer after all expenses and NAPA ROI are realized
Total Cost of Operation	123,435	1,481,220		

*It is important to note that these sample operating statements are issued to inform new, existing and potential Sourcewell members of the flexibility of the NAPA IBS program.
 ** These sample operating statements reflect NAPA IBS's typical expense structure but all categories are subject to change based on scope, hours and responsibilities as required per each contract.

Pricing Option 2a: Not-to-Exceed 10% Margin Model (Example Only)

NAPA IBS Sample P&L	10% Margin Model			Item Description
Sourcewell	Monthly	Annual	% of Purchases	
Customer Purchases	111,111	1,333,332		Parts Bill For Customer
Cost of Goods to NAPA	100,000	1,200,000	90.00%	NAPA IBS Cost of Goods
NAPA Margin on Parts	11,111	133,332	10.00%	NAPA IBS Gross Margin (Point of Sale)
GROSS MARGIN	11,111	133,332	10.00%	NAPA IBS Gross Margin (Point of Sale)
Centralized Accounting/Admin Fees	1,100	13,200	0.99%	Fixed Expense at .99% of purchases, Accounting & Data Processing Fee
Payroll				<i>These costs will vary based on scope, hours and responsibilities as required per each contract</i>
Manager/Counter Salaries	7,000	84,000	6.30%	Cost of Dedicated Parts Manager/Project Manager and any parts clerks for IBS Site
Delivery Driver Salaries	1,200	14,400	1.08%	Delivery Driver Pay - if applicable for a site there will be a charge in this category
Pension/401K	500	6,000	0.45%	Fixed Expense at .45% of customer monthly purchases
Insurance	750	9,000	0.68%	Mainly Group Insurance Premiums for on-site NAPA IBS staff
Workers Comp Insurance	100	1,200	0.09%	Insurance - General and Worker's Comp for on-site NAPA IBS staff
FICA	400	4,800	0.36%	Payroll Taxes for NAPA IBS On-Site Employees
Total IBS Payroll	9,950	119,400	8.96%	
Miscellaneous Expenses				
Delivery Truck Insurance	250	3,000	0.23%	Insurance Coverage for delivery trucks required per contract - if applicable
Delivery Maintenance/Gas	100	1,200	0.09%	Vehicle Repairs and Fuel for Delivery Vehicles required per contract - if applicable
Truck Payment	300	3,600	0.27%	Lease/Depreciation Payment for any Delivery Trucks required per contract - if applicable
Inventory Insurance	15	180	0.01%	Small insurance on our on-site inventory assets
Shelving/Equipment Depreciation	0	0	0.00%	Shelving needed for secure parts location - if customer requires us to add shelving. Cage, etc - if applicable
Store Expenses	150	1,800	0.14%	Misc. Store Expenses (Printer Ink, Paper, Barcode Labels etc.)
P-Card Card Fees	0	0	0.00%	Credit Card Processing Fees - only if agency uses a p-card to pay NAPA parts and or operating statements
Phone/Internet	400	4,800	0.36%	Phone and/or Internet Charges (if not provided from Customer)
TAMS Inventory Computer	1,000	12,000	0.90%	TAMS Computer & Equipment Lease/Depreciation Expense, Maint./Support Fee's & Tams Misc. Expenses
Taxes	0	0	0.00%	Sales and Use Taxes, Personal Property Tax - only if applicable
Freight & Postage	300	3,600	0.27%	Estimated Freight Charges Incurred by this Operation to procure special order parts
Training	30	360	0.03%	Training Materials for NAPA IBS (including Hazmat)
Total IBS Misc Expense	2,545	30,540	2.29%	
TOTAL EXPENSES	13,595	163,140	12.24%	Total Monthly Expenses to Operate this IBS
Gross Margin Less Expenses	-2,484	-29,808	-2.24%	
ROI for NAPA	11,110	133,320	10.00%	NAPA's contracted return on investment
Sample Billing Summary				
Customer Purchases	111,111	1,333,332		Parts Bill For Customer including 10% margin
Management Fee	0	0	0.00%	
Expense Bill	16,079	192,948	14.47%	Expense Reimbursement by Customer
Adjustment to Customer	0	0	0.00%	Margin reimbursement to Customer after all expenses and NAPA ROI are realized
Total Cost of Operation	127,190	1,526,280		

*It is important to note that these sample operating statements are issued to inform new, existing and potential Sourcewell members of the flexibility of the NAPA IBS program.
 ** These sample operating statements reflect NAPA IBS's typical expense structure but all categories are subject to change based on scope, hours and responsibilities as required per each contract.

Pricing Option 2b: Not-to-Exceed Pricing Profile 9074/25% Margin Model (Example Only)

NAPA IBS Sample P&L	Pricing Profile 9074/25% Margin Model			Item Description
Sourcewell	Monthly	Annual	% of Purchases	
Customer Purchases	133,333	1,599,996		Parts Bill For Customer
Cost of Goods to NAPA	100,000	1,200,000	75.00%	NAPA IBS Cost of Goods
NAPA Margin on Parts	33,333	399,996	25.00%	NAPA IBS Gross Margin (Point of Sale) - estimated average margin based on product blend
GROSS MARGIN	33,333	399,996	25.00%	NAPA IBS Gross Margin (Point of Sale)
Centralized Accounting/Admin Fees	1,320	15,840	0.99%	Fixed Expense at .99% of purchases, Accounting & Data Processing Fee
Payroll				These costs will vary based on scope, hours and responsibilities as required per each contract
Manager/Counter Salaries	7,000	84,000	5.25%	Cost of Dedicated Parts Manager/Project Manager and any parts clerks for IBS Site
Delivery Driver Salaries	1,200	14,400	0.90%	Delivery Driver Pay - if applicable for a site there will be a charge in this category
Pension/401K	600	7,200	0.45%	Fixed Expense at .45% of customer monthly purchases
Insurance	750	9,000	0.56%	Mainly Group Insurance Premiums for on-site NAPA IBS staff
Workers Comp Insurance	100	1,200	0.08%	Insurance - General and Worker's Comp for on-site NAPA IBS staff
FICA	400	4,800	0.30%	Payroll Taxes for NAPA IBS On-Site Employees
Total IBS Payroll	10,050	120,600	7.54%	
Miscellaneous Expenses				
Delivery Truck Insurance	250	3,000	0.19%	Insurance Coverage for delivery trucks required per contract - if applicable
Delivery Maintenance/Gas	100	1,200	0.08%	Vehicle Repairs and Fuel for Delivery Vehicles required per contract - if applicable
Truck Payment	300	3,600	0.23%	Lease/Depreciation Payment for any Delivery Trucks required per contract - if applicable
Inventory Insurance	15	180	0.01%	Small insurance on our on-site inventory assets
Shelving/Equipment Depreciation	0	0	0.00%	Shelving needed for secure parts location - if customer requires us to add shelving. Cage, etc - if applicable
Store Expenses	150	1,800	0.11%	Misc. Store Expenses (Printer Ink, Paper, Barcode Labels etc.)
P-Card Card Fees	0	0	0.00%	Credit Card Processing Fees - only if agency uses a p-card to pay NAPA parts and or operating statements
Phone/Internet	400	4,800	0.30%	Phone and/or Internet Charges (if not provided from Customer)
TAMS Inventory Computer	1,000	12,000	0.75%	TAMS Computer & Equipment Lease/Depreciation Expense, Maint./Support Fee's & Tams Misc. Expenses
Taxes	0	0	0.00%	Sales and Use Taxes, Personal Property Tax - only if applicable
Freight & Postage	300	3,600	0.23%	Estimated Freight Charges Incurred by this Operation to procure special order parts
Training	30	360	0.02%	Training Materials for NAPA IBS (including Hazmat)
Total IBS Misc Expense	2,545	30,540	1.91%	
TOTAL EXPENSES	13,915	166,980	10.44%	Total Monthly Expenses to Operate this IBS
Gross Margin Less Expenses	19,418	233,016	14.56%	
ROI for NAPA	13,333	160,000	10.00%	NAPA's contracted return on investment
Sample Billing Summary				
Customer Purchases	133,333	1,599,996		Parts Bill For Customer including blended margin
Management Fee	0	0	0.00%	
Expense Bill	0	0	0.00%	Expense Reimbursement by Customer
Adjustment to Customer	-6,085	-73,016	-4.56%	Margin reimbursement to Customer after all expenses and NAPA ROI are realized
Total Cost of Operation	127,248	1,526,980		

*It is important to note that these sample operating statements are issued to inform new, existing and potential Sourcewell members of the flexibility of the NAPA IBS program.

** These sample operating statements reflect NAPA IBS's typical expense structure but all categories are subject to change based on scope, hours and responsibilities as required per each contract.

EXHIBIT C

SOURCEWELL CONTRACT

See attached.