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National Automotive Parts Association
2999 Circle 75 Parkway
Atlanta, Georgia 30339
(404) 956-2200

April 30, 1986

Mr. G. E. Schuman
NAPA Hawaii
P. O. Box 877
Waipahu, HI 96797

Dear Dutch:

This letter will set forth our agreement as to the areas of service provided to you as a member of the National Automotive Parts Association (NAPA). With the approval and direction of the NAPA Board of Directors, NAPA provides the following services either directly or through arrangements with independent contractors selected by NAPA or with suppliers of products distributed by you and the other members of the association.

1. National Advertising Programs

NAPA will:

(a) Manage all financial aspects of the NAPA National Advertising Program within established budgets, including:

(i) Contracting with the various agencies to do this.

(ii) Billing and collecting contributions to support the programs from participants.

(iii) Disbursement of funds for the costs of the programs.

(b) With respect to such programs, NAPA will maintain bank accounts separate from its general funds (including escrow accounts where appropriate) maintain books and records which will be available to you for review during business hours, and provide you with annual financial statements of the escrow account audited by independent certified public accountants.

(c) For its services, NAPA will receive a commission equal to the yield on advertising funds invested in short term obligations prior to the necessary use of such funds, but in no case shall such commission be less than one per cent (1%) or more than two and one-half per cent (2½%) of all NAPA National Advertising billings charged to the program monthly.



2. NAPANET

NAPA will:

(a) Administer and maintain this computerized order processing system between your distribution centers and suppliers, including monitoring the system and reporting on and billing for its usage.

(b) Update programs as necessary and develop new functions and capabilities in conjunction with the NAPA Data Processing Committee.

(c) Allocate the costs for order entry among suppliers by monthly billings based on each supplier's use of time, storage and resources of the system; allocate the costs to distribution centers for order shipping and billing information by monthly billings in proportion to each distribution center's use of time, storage and resources of the system.

3. Classification Materials

NAPA will:

(a) Classify all designated product lines according to established standards for use by your distribution centers in determining suggested inventory stocking levels in the distribution centers and jobber stores.

(b) Produce and distribute a Classification Book with supplements setting forth the classifications generated.

(c) Allocate and bill to participating suppliers for the salaries, direct operating expenses and Classification Book production costs, such charges to each supplier to be proportionate to the number of pages such supplier's line(s) occupy in the Classification Book.

4. Computer Cataloging

NAPA will:

(a) Develop a computerized cataloging system for use by your jobbers which will assist in identification and billing of parts inventory.

(b) Work with suppliers to establish data input and test the system.

(c) Allocate to participating suppliers the salaries and direct operating expenses during the development and testing stages.

5. Master Installer Forms

NAPA will:

(a) Coordinate printing and distribution of reporting forms for your jobbers to facilitate reporting of product sales to governmental units, fleets, and other special customers as required by various suppliers' programs.

(b) Allocate and bill costs of this service to participating suppliers, such allocation to be based on supplier's previous year's sales to distribution centers under these reporting programs.

6. Institutional Publications

NAPA will prepare the content of, contract for the printing of, and distribute publications such as "NAPA OUTLOOK" and "NAPA News", all in accordance with editorial, financial and distribution policy guidelines established by the NAPA Board of Directors.

7. Other Education and Promotional Activities

NAPA will:

(a) From time to time conduct institutes, trade shows, training clinics and seminars for your personnel and personnel of your jobbers to advance the knowledge and proficiency of such personnel.

(b) From time to time, conduct travel programs and other special promotional activites to increase your sales.

(c) Either directly or through licensees of NAPA make available for purchase by your distribution centers or jobbers various promotional items and business aids bearing NAPA-held trademarks.

As indicated above, certain of the services provided to you will be paid for in whole or in part by suppliers of products to your distribution centers and NAPA may receive certain other income. NAPA's receipts from suppliers and other income are in your behalf and in behalf of all other members of NAPA.

If the foregoing arrangements are satisfactory to you, please sign at the place indicated below and return one signed copy to NAPA, whereupon this agreement shall come into force and continue from year to year, unless modified in writing or terminated by ninety (90) days prior written notice given by either party.

Very truly yours,

NATIONAL AUTOMOTIVE PARTS ASSOCIATION

By: _____
Robert E. McKenna
President

The foregoing is agreed to as of the first day of January, 1986.

NAPA Hawaii

By: _____
Pres.