

SALES POLICY MANUAL

(REVISED)

DECEMBER, 1982

SCF-NAPA-1775

NOVO16793



INDEX

<u>TITLE</u>	<u>PAGE(S)</u>
FORWARD - HISTORY.....	1-4
RAYLOC SALES FORCE.....	5-6
RESPONSIBILITIES OF REGIONAL MANAGER.....	7-8
OUR RESPONSIBILITIES WHEN MAKING JOBBER CALLS.....	9-10
OUR RESPONSIBILITIES ON D. C. CALLS.....	11
OUR RESPONSIBILITIES WHEN MAKING DEALER CALLS.....	12
PREPARATION OF ITINERARIES.....	13
WORK REPORTS.....	14-15
EXPENSE REPORTS.....	16-18
CREDIT CARDS.....	19-20
VACATIONS.....	21
COMPANY-OWNED VEHICLES.....	22-26
TYPE OF VEHICLES TO BE PURCHASED.....	27
COMPANY VEHICLE MAINTENANCE PROGRAM.....	28-29
DISCOUNT AND PRICE STRUCTURE.....	30-32
TERMS OF SALES.....	33
CORE POLICY.....	34-39
TECHNICAL SERVICE.....	40
RAYLOC CLINICS.....	41
COMPETITIVE PRODUCTS CHANGEOVER PROCEDURES.....	42-44
'NOTE FROM ED JONES' (1972).....	45
EDGE CODE ON BRAKE LININGS.....	46-48
BRAKE LINING INFORMATION.....	49-50
REBUILD & RETURN POLICIES & PROCEDURES.....	51-54
OBSOLESCENCE & CLASSIFICATION.....	55-56
RAYLOC'S METHOD OF HANDLING CORES.....	57-61
RAYLOC'S PAYMENT SCHEDULE FOR BONUSES ON CHANGEOVERS.....	62

NOVO16794

HISTORY.

From a meager beginning in 1931, in the basement of Genuine Parts Company, to a multi-million dollar operation serving NAPA Distribution Centers and Jobbers from coast to coast --- this is the Rayloc Story.

In 1931, Carlyle Fraser, the founder of Genuine Parts Company, realized the need to serve his newly-formed parts business with rebuilt auto parts. Mr. Fraser chose the name Rayloc, the reverse spelling of Colyear (minus the "e"), of his good friend, Curtis Colyear, of Colyear Motor Sales Company, operating in California.

In the beginning, Rayloc's product lines consisted of re-babbitted connecting rods originally, and later were expanded to include fuel pumps, generators, and engines.

Rayloc's rapid growth actually begins with the beginning of World War II. New parts, of course, were hard to obtain because of the war effort, and therefore, the need for rebuilt parts increased rapidly. Although rebuilt parts at this time were considered to be of inferior quality, Rayloc soon changed the attitude of the NAPA Jobber, by supplying them with re-manufactured products equal to or better than original equipment, priced at 30% to 40% less than new.

Our philosophy continues on as our product engineer and quality control personnel continue to test, evaluate, and upgrade our products, assuring our NAPA customers that they are receiving the finest remanufactured parts available.

Today, Rayloc remanufactures and distributes some twenty-five

product lines to NAPA Distribution Centers from coast to coast, from four remanufacturing plants:

Atlanta, Georgia
Hancock, Maryland
Memphis, Tennessee
Payson, Utah

Atlanta - In 1960, we moved into our present location. At the time, we moved out of a 35,000 square foot building on three floors into an 80,000 square foot building. We figured at the time that we were set for life. However, as our business grew, more space was necessary. After several additions we now have over 200,000 square feet under roof. In 1967, we really began to move out and the growth continues today.

At one time, our core pick-up service was limited just to the Southeast and delivery of finished goods was very limited. Most were shipped by common carrier. Today we have Rayloc Merchandise Distribution Service (RMDS). They cover the whole of continental United States, both for core pick-up and delivery of finished goods. RMDS has really helped our business grow due to the fact that they make weekly deliveries to each Distribution Center, with finished goods and return cores from our satellite points.

All billing, etc. was done by hand in the early days. Today we have computers and in the not-too-distant future, inventories from all four operations will be put on computer, which again will expedite the handling of orders and give our customers better and more efficient service.

Hancock - Rayloc-Hancock began checking in cores in late December, 1972. Production began in early 1973. In the late 1970's, an addition was made to the original building. They now have a building of approximately 120,000 square feet. They remanufacture brake shoes, disc pads, clutch discs, clutch assemblies, water pumps, alternators, starters, disc brake calipers, and distributors. They are also suppliers of power steering pumps and wiper motors.

Hancock serves the Eastern Division, Quaker City Group, Wilmar Group, and some Central Division Distribution Centers with the lines they remanufacture. Under Joe Huff's leadership, Hancock continues to do a good job and is a real asset to the overall Rayloc operation.

Memphis - In the early 1950's, Rayloc-Memphis began operations and has seen steady growth through the years. In 1965, they moved into a new 50,000 square foot building. They remanufacture brake shoes, disc pads, clutch discs, clutch assemblies, and water pumps for distribution to the Mid-South and most of the Mountain Divisions. Rayloc-Memphis is a very valuable part of the overall Rayloc operation. Dan Childress and his people do a fine job for our customers year in and year out. They will continue to move ahead.

Payson - Rayloc-Payson began operation in April, 1979, with first production in August, 1979. This operation is housed in an approximate 100,000 square foot building. Payson is now remanufacturing brake shoes, disc pads, water pumps, clutch assemblies, and clutch discs. They supply the above lines to

the Western and Northwest Divisions, and Albuquerque out of the Mountain Division, and water pumps only to Phoenix. Terry White and his people are doing a good job and have an operation of which we are proud.

From Rayloc's beginning with 4 employees, we have grown to our present size with over 1,150 employees.

RAYLOC SALES FORCE

Our Rayloc Sales Force was founded in the early '60's to provide our customers, the NAPA Distribution Centers and NAPA Jobbers, product information, technical assistance, and sales help. Our Sales Department has literally grown by "leaps and bounds" in the past fifteen years from our founder, Jim Bradley, Sales Manager, to Rayloc Sales Representatives and Regional Managers representing territories from Maine to California and into Alaska.

Our Sales Office is located in Atlanta, Georgia, which directs the course of our Sales Team. In addition, we also have six Regional Managers who are responsible for Sales and Sales Representatives on a regional level. We are most proud of our Rayloc heritage and reputation that we have built over the years with our fine NAPA Customers.

The job of Sales Representative at Rayloc requires the representative to "wear many hats" in carrying out our day-to-day responsibilities. There are times that we are in high level business meetings, selling our programs to Distribution Center Management, and also NAPA Jobbers, and other times when we are pulling on a pair of coveralls to do service work in the field. Other times find us moving Jobbers to larger and more convenient locations, re-locating Distribution Centers, helping our Jobbers when a disaster has occurred in his area, caused by fire or flood or other natural causes.

Each Salesman is to schedule his time so that every Jobber in his area is visited at least once every year. As the Jobber load is divided now, it should not be difficult to make

two calls per year on each Jobber. It is most important to contact and have good working relationships with the Jobbers in your area.

I mentioned earlier that we are proud of our reputation at Rayloc, and to have people with the qualifications, who can wear the "many hats" that are required. I suppose, to sum up our responsibilities or job classifications in one word, that word would be SERVICE. This one word is how our Sales Department was founded, and why it continues to be successful.

It is most important that you know the people you are working with, i.e., the Division Manager in your area, the Distribution Center General Manager, and other Distribution Center personnel such as:

1. Operations Manager
2. Local Manager (where applicable)
3. Purchasing Manager
4. Receiving people
5. Others that you may help and who can also be helpful to you at the D. C. level.

Set up appointments with these people (Saturday mornings are a good time, if they are going to be in), and let them know we are there to help and that you want them to feel free to call on you at anytime --- keep them abreast of your programs and promotions. Give them progress reports. You can be a great communications link, and they will respect you for it.

RESPONSIBILITIES OF REGIONAL MANAGER

As Regional Manager, you are in contact with the Salesmen in your region more than anyone else from the Rayloc Sales Organization. Even though we are in contact with all Salesmen from time to time, you are the one they should look to for guidance and direction. Certainly we here in Rayloc-Atlanta are available to help in anyway possible.

In dealing with the Salesmen in your area, listed below are some things that should be checked on a regular basis:

1. Set an example for each one by having done the things required by the Sales Policy Manual and/or any other instructions received from Atlanta, whether written or verbal.
2. Check records being kept. Each Salesman is to have a file on each Jobber for whom he is responsible. This file should contain:
 - (a) Record of visit and results;
 - (b) Up-to-date copy of report CR-181;
 - (c) Any other pertinent information relative to the particular Jobber.
3. Discuss expenses with Salesmen, pointing out the importance of maintaining expenses at an acceptable level.
4. Be sure that any promotions in your Region are approved by Atlanta prior to presentation to the Distribution Center. This includes participation in mini-conferences and/or Distribution Center and Local outings.

5. Be sure that all reports from Salesmen in your region are being submitted on a weekly basis, or as occurring.
6. Make recommendations as to how to increase sales and promote good will in your area. These recommendations should be in writing.
7. Keep Atlanta informed of your needs. We will work with you in every way possible.
8. Make suggestions as to what can be done in your region to increase sales.
9. Regional Meeting - The purpose of these meetings is to disseminate information, gather input from the Representatives, and plan work for the future. In other words, these are business meetings --- not pleasure outings. In scheduling your regional meetings with Sales Representatives in your area, every effort should be made to have them in a central location. In this way, the representatives will be able to attend with the least amount of time lost from their respective areas of responsibility and at less cost to the Company.

OUR RESPONSIBILITIES WHEN MAKING JOBBER CALLS

1. Jobber should be notified prior to call.
2. Visit with the owner (if active in business) and manager and present all new sales promotions.
3. Bring the counter salesmen up-to-date on all sales promotions and sales aids.
4. Review product and sales advantages over the competition with outside and inside sales personnel.
5. Visit with shop men and update service tips and good maintenance procedures.
6. Check through the stock to evaluate the inventory and detect any competitive product growth.
7. Review the supply and backorder situations with inventory control clerk.
8. Check the counter catalogs for current catalog and price sheets, inform all personnel of any changes that have been made.
9. Put up new promotional posters in store lobby.
10. Observe and evaluate core storage area.
11. Observe alleged warranty cores.
12. Discuss core pick up and core credits with management.
13. Discuss any abnormal warranty conditions and make certain the Jobber understands procedures for handling warranties.
14. Observe any business practice of which the Distribution Center should be made aware.
15. Always conduct yourself in a business-like and professional manner.
16. Prepare report of visit (SR-0180 & CR-181). Submit these written reports to Atlanta, maintaining a copy of each for

your files. These reports of Jobber visits are to be sent to
Atlanta at the end of each week.

OUR RESPONSIBILITIES ON D. C. CALLS

1. Be prepared.
2. Handle yourself in a professional and business-like manner.
3. Make each department in the Distribution Center aware of any programs or promotions, and generally keep them advised on Rayloc's policies and practices.
Whenever possible, conduct your business when most convenient for Distribution Center personnel (usually Saturday morning).
4. Offer solutions and suggestions to problems --- they are looking for your plans.
5. Be as brief as possible, and yet, tell your complete story, always remembering that there are many other representatives with whom you are sharing their time.
6. Introduce yourself in each department, and make your presence known. Both you and Rayloc will benefit.

OUR RESPONSIBILITIES WHEN MAKING DEALER CALLS

1. Inform the Jobber of programs you will be promoting while working with his salesman.-
2. Help to educate outside salesmen on the Rayloc product lines; remember, after you leave, if you have done your job, he will continue to sell Rayloc.
3. Critique each Dealer call with Jobber salesman after each call to find better ways of presenting your program.
4. Leave with the Dealer customer and Jobber salesman as much literature and information as possible.
5. Promote Rayloc on each call.

* * *

There are many qualifications and responsibilities required of our Rayloc Sales Force. We think you have those qualifications!

PREPARATION OF ITINERARIES

In order to carry out our day-to-day routine and be proficient, an Itinerary is required. "Plan your work and work you plan" is an old adage that still applies. To fail to plan is to plan to fail.

1. An Itinerary is required on a monthly basis, submitted at least one week prior to the effective month to the Sales Office at Rayloc-Atlanta. You are to send a copy of your Itinerary to your Regional Manager.
2. An Itinerary must also be submitted to each Distribution Center that you serve. This should be supplied to meet the Distribution Center's requirement.

Everyone agrees that no one knows a territory any better than the man who works it, and, in this case, the Rayloc Sales Representative is that man. Therefore, we rely totally on you to effectively prepare your Itinerary to give each customer his equal time, and also efficiently travel from one end of your territory to the other as often as possible.

We are also aware that many times there are changes on short notice that require you to change several days within your Itinerary. In this instance, you are to notify the Rayloc Sales Office of these changes, and also your Distribution Centers. This may be done by phone.

The Itinerary is one of the most important functions and should be planned well in advance to be effective. The Itinerary is mandatory and cannot be over-emphasized.

WORK REPORTS

We at Rayloc do not want to burden you with complicated reports. We have designed a simple reporting form which will cover all types of calls made, and work performed, both at the Jobber locations and the Distribution Center levels. This form is called "The Daily Work Report." This Report is in pad form for easy use. Distribution of the copies is printed on the front. There may be times when you feel that further comments are necessary, and, therefore, you may want to submit a letter along with your Report. In these cases, you are the best judge.

The Daily Work Report will be prepared on Distribution Centers and Jobbers contacted and will be mailed in to the Sales Office on a weekly basis. This Report should be filled out immediately after the call is made, while the comments and observations are fresh in your mind. When a trouble call is made, fill in your comments on the Report, and make the necessary distribution. We need this information on trouble calls to help in our production procedures and planning.

Anytime that you, as the Rayloc Representative feel that we need to take corrective action, please bring this to our attention. Keep us informed on any errors or omissions in cataloging or suggested pricing noted. Further, keep us informed on what competition you are running into and how it is affecting Rayloc. We will continue to be competitive with the leaders; however, we may not always be competitive with smaller operations, as we do sell quality and service.

Your Work Reports do reflect what type of situations you are running into, and also tells us how you are handling these same situations. We have file folders available for filing your Reports, etc. If you don't have these, just ask and they will be supplied to you.

As noted in paragraph three on the preceding page, you will run into competitive lines in some Jobbing stores. This needs to be watched closely and notations as to the extent should be reported on Report CR-181. A CR-181 form should be used as a guide each time a call is made on a Jobber, whether or not he has competitive lines. In this way, you have a ready reference to check on subsequent calls.

A quarterly report is prepared on each Rayloc Representative as to the type of calls and the total calls that are made in that particular territory. This report is forwarded to your Regional Manager who will be in contact with you regarding your work and expenses.

EXPENSE REPORTS

An expense report is to be turned in to the Sales Office weekly. Your name, Rayloc, and the week-ending-date should be completely filled in at the top of the report. Our week begins on Sunday, and ends on the following Saturday. Listed below are instructions to be followed when filling out your report:

1. Towns - List the towns you are in each day.
2. RR, Bus, Auto and Airlines - This column is for travel other than the company car. Auto rental or air travel may be put on your air travel card and does not need to be itemized. However, we do need a receipt for all airline travel. We require a receipt on any items in this column.
3. Transportation - This column is for gas, and a receipt is required with the company car tag number, number of gallons and total amount of purchase listed. We would prefer a credit card-type receipt, although you are not in all cases using your credit card on this item.
4. Motel Room - A receipt is required on all rooms, and only the amount of the motel room plus tax should be entered. Any other expenses, such as telephone, restaurant, and etc., should be listed in the proper column. This amount should be entered daily.
5. Personal Meals - Fill in daily.
6. Tips - Enter this amount daily.
7. Taxi - Itemize daily. A receipt is required.
8. Telephone - This column is for telephone calls made at pay stations or phone charges on motel bills. There

may be times when you make long distance calls from your home for Rayloc business. This direct-dial does reduce the cost. You can send this billing in to Rayloc with your weekly expenses for reimbursement. All other calls may be put on your credit card or made on the incoming WATS line.

9. Entertainment - This should be itemized daily on the back of the report. Fill in completely as to who was entertained and for what specific purpose. Any entertainment that amounts to over \$25.00 must have a receipt. Expenditures for entertainment need to be monitored closely. It can and does get out of hand. We don't have to buy meals for all the people with whom we work.

10. Other - This column is for oil changes, auto supplies, car wash, repairs, etc. All items in this column must have a receipt. Fill in explanations in this column on the right of each item listed.

11. Mileage - Start, finish, and total miles per week should be listed. This information is very beneficial to us in figuring the cost per mile on our vehicles, and it is imperative that we have this information.

We must watch closely our expenditures for personal meals, tips, entertainment, and telephone. These items cost us many dollars each year that we really don't have to spend. Expenses are checked each week and noted where we feel they are out of line. In the future, you will be contacted when we feel you are out of line.

If you have any problems on your weekly expense report, you can contact the Sales Office for assistance. If you do not receive the expense check in a reasonable length of time, please contact us.

CREDIT CARDS

Rayloc provides each of its Sales Representatives with a Telephone Credit Card and an Air Travel Credit Card. These cards are provided to assist you in the performance of your duties. Many times, a telephone call will save hours of driving and lessen the time away from productive work. Here again, you are to use good judgment in the use of these credit cards. Keep these cards with you at all times. In the event a card is lost, report this to the Sales Office at Rayloc-Atlanta immediately.

Our telephone expenses continue to increase each year. Each of us will do his part to see that these expenses are kept under control.

In order for the Sales Department to contribute to the reduction of this expense, we would like to suggest the following:

1. When a note will get the job done, use a note instead of the telephone call.
2. If you can accumulate your notes and make one call, rather than several, please do this. Certainly it is understandable that when you run into an emergency and must make a call, then by all means the call should be made.
3. In the event that you encounter a very upset Jobber and just by making a telephone call you can get the situation resolved, then the call should be made.
4. All of your Daily Work Reports are read. If you want some action taken and it's not an emergency, just

attach it to the Work Report. The action requested will be taken.

5. The Air Travel Card is provided for convenience purposes, and your use in taking care of emergencies and, of course, any special assignments that you are given.

* * *

The preceding is in no way meant to curtail the orderly conducting of your business. We just ask that you use your best judgment in this and all matters. As you know, our expenses directly effect the overall profit picture, and we are all interested in making the maximum profit.

VACATIONS

Each employee is encouraged to take his authorized vacation each year. This vacation should be scheduled so as to cause the least possible interference with scheduled work and promotions.

You are asked to advise Rayloc-Atlanta Sales Office in writing - Attention: Wesley Combs, Dick Daniel, or Toby Moore - of the dates you would like to take your vacation. If work load conditions permit, your request of dates will be approved. Your selection of dates is to be in to the Sales Office not later than the end of February of the year in which the vacation is to be taken. For those of you who have earned two or more weeks of vacation annually, we suggest strongly that only one week be taken at a time; if there are exceptions, you should contact the Sales Office at Rayloc-Atlanta. If the work load in your area prevents you from taking your vacation as scheduled, Atlanta is to be notified, and other dates will be scheduled.

* * *

After 1 year: 1 week (after service date)

After 2 years: 2 weeks (2nd after service date)

After 10 years: 3 weeks (3rd after service date)

After 20 years: 4 weeks (4th after service date)

COMPANY-OWNED VEHICLES

CARE AND MAINTENANCE

The operator should be thoroughly familiar with the vehicle manufacturer's manual regarding maintenance and operation of the vehicle.

GASOLINE

The grade of gasoline recommended in the manufacturer's manual should be used. A receipted invoice or charge ticket must support each gasoline purchase, and, where applicable, it should accompany the operator's weekly expense report. The date, number of gallons, total purchase price, license number, and mileage must be shown.

TIRES

On all vehicles, the tires are to be rotated on a regular basis, and observed regularly to determine the need for replacement. The original spare (when the car is shipped with full-size tires) should be used during rotation. Snow tires or chains may be purchased in areas where weather conditions dictate. Such items will become Company property, and remain with the vehicle. When a vehicle is traded or sold, the operator should transfer these items to the replacement vehicle. Approval for tire purchase is to be obtained from Atlanta.

INSPECTIONS

The operator of an assigned Company vehicle shall be responsible for the timely performance of such safety inspections as required by local law.

ACCIDENTS

All accidents, regardless of fault or seriousness, shall be reported to the Sales Office and also to Crawford and Company in the area.

OPERATION

Sales Representatives have the privilege of personal use in Company vehicles. The driving of the Company car during personal use will be restricted to the employee to whom the car is assigned and the spouse, provided the spouse has a valid driver's license. Traffic citations, fines, and other costs associated therewith are the responsibility of the operator.

ACCESSORIES

Personal preference accessories, such as CB radios, antennas, etc. may be removed only when their removal will not disfigure the car. Otherwise, such items shall become part of the car and remain with it.

BUSINESS MILEAGE - PERSONAL MILEAGE

Business Mileage - These are miles accumulated while engaged in Company business as determined by the Sales Office. All other mileage is Personal Mileage. The operator (the employee to whom a Company car is assigned) may give permission to another employee of the Company to drive the car, but such permission is limited to the driving of the car while engaged in Company business and provided the employee has a valid driver's license.

Personal Mileage - Normal vacation and holiday use of the vehicle is allowed within the continental limits of the U.S.A. Travel outside the United States, whether for business or personal reasons, requires authorization from the Sales Office. Fuel costs for the Company car used for vacation of the operator shall be paid for by the operator.

REPAIRS

Repairs, other than normal upkeep, shall be cleared through

Atlanta before such repairs are undertaken.

INSURANCE

The Company has liability insurance coverage on Company vehicles as specified in the insurance section of the Operations Manual. The Company is self-insured for a good portion of the coverage. If a collision occurs while the operator is on Company business, there will be no cost to the operator other than fines imposed by a court for violation of traffic laws. If a collision occurs during personal use of the Company car, the first \$100.00 property damage will be paid by the operator and there will be no reimbursement for this expense.

The Company's liability insurance program provides protection for the employee-operator and spouse (for emergency use only) if they are residents of the same household. Other members of the family do not have insurance protection as drivers.

The Company's liability insurance policy does not provide coverage for any non-employee, other than the spouse of the employee to whom a Company car has been assigned. Thus, children of employees are not to drive an automobile assigned to an employee -- as there is no coverage for such children in the Company's policy.

The Company's policy does provide coverage for a fellow-employee of the employee to whom a Company automobile is assigned. However, such coverage inclusive for the fellow-employee applies only where that fellow-employee:

- (1) has permission from the employee to whom the

automobile and;

- (2) only when the automobile is being operated in the Company's business.

If the employee to whom a Company automobile has been assigned desires additional personal insurance for one's self or any member of the family, a separate individual policy must be obtained. If the employee desires liability limits greater than the bodily injury property damage coverage provided by the Company, it's suggested that such employee obtain such greater liability limits through the purchase of a personal umbrella policy. If desired, the Company will assist the employee in obtaining the additional coverage.

Losses of personal affects from a Company-owned vehicle are not covered under the Company's self-insured program. If the employee desires such coverage, it is suggested that this coverage be obtained through the purchase of a separate individual policy. Usually a homeowner's-type of policy will cover such losses.

LIMITATIONS

- (1) Giving rides to hitchhikers is prohibited.
- (2) Do not accept any form of compensation from any individual for carrying passengers or material.
- (3) The towing of boats, mobile homes, or trailers of any kind that exceed a maximum gross weight of 1500 pounds is not permitted.
- (4) No additional personal equipment is to be attached to the vehicle without becoming Company property, unless the removal of such equipment can be accomplished without damage

to the vehicle.

Rayloc reserves the right to request a driving record report for any new Salesman, or at any time after hiring if we feel it is necessary.

TYPE OF VEHICLES TO BE PURCHASED

The Company will purchase down-size G.M., Ford, or Chrysler products, four-door, with below standard equipment:

STANDARD EQUIPMENT

Standard V-6 or
in-line 6-cylinder engine
power steering
power brakes
AM radio

OPTIONAL EQUIPMENT

tinted glass
air-conditioning
white sidewall tires (radials)
speed control
vinyl seats (if preferred)
convenience group

In most cases, the vehicles will be purchased by the Sales Office in Atlanta; if possible, color choice will be considered.

COMPANY VEHICLE MAINTENANCE PROGRAM

Our Company cars, as you can imagine, are the highest expense that we have in the Sales Department. Not only are the initial costs of the vehicles increasing year by year, but also our repair and maintenance costs are rising. This is what this section is all about.

Since we are a Division of Genuine Parts Company and also a member of NAPA, we feel that every part possible that is replaced on our Company vehicles should be of NAPA manufacture. Not only does this support the NAPA System, but it is also much more economical since we are able to purchase at either D. C. or Jobber Net. All of you should also have a service station or garage in your area that is willing to install these parts for you at a reasonable labor charge. We don't expect you to spend all of your valuable time performing maintenance on the Company vehicle; however, many times, from a time standpoint, it is more efficient for you to change your own air, oil and fuel filters to simply save time on having your car in a repair shop. By doing some of your own maintenance, it also keeps you abreast of changes that are always being made and gives you knowledge that you need in your day-to-day calls with Jobbers and Dealers.

A preventive maintenance program not only provides you with a more dependable vehicle, but also, at the time of trade-in, allows a much higher trade-in than a car that has not been maintained properly.

RECOMMENDED MAINTENANCE SCHEDULE

1. Oil change and filter - - - - every 60 days

2. Air and fuel filter - - - - - every 6 months
3. Spark plugs - - - - - 30,000 to 35,000 miles
4. Front end alignment - - - - - every 6 months
5. Brake job inspected &
evaluated - - - - - 25,000 miles

One other recommendation that should be considered is:

When it is time to replace the original shocks on
your car, do so with Regal Ride Load Levelers.

Some type of maintenance log should be set up to help re-
mind you when routine maintenance should be made, and im-
plementation of this maintenance program and also the pur-
chase of NAPA parts will benefit us all.

One last point - - - the condition of Company cars at trade-
in time can result in several hundred dollars. With a good
maintenance program, we will always get top dollar.

RAYLOC

DISTRIBUTION CENTER DISCOUNT STRUCTURE

CLUTCHES AND DISCS	25%
DISC BRAKES	24%
MASTER CYLINDERS	25%
STARTERS	24%
SERIES 2	20%
GENERATORS	24%
SOLENOIDS	24%
DISTRIBUTORS	24%
WIPER MOTORS	24%
DRIVE SHAFTS	25%
WATER PUMPS	25%
BRAKE SHOES	25%
SERIES 2	23%
THICK BLOCK	20%
ALTERNATORS	24%
SERIES 2	20%
CALIPERS	25%
FUEL PUMPS	25%
RODS	25%
POWER STEERING PUMPS	25%

NET EXCHANGE

TO DETERMINE DISTRIBUTION CENTER COST, DISCOUNT
RAYLOC JOBBER NET EXCHANGE PRICE BY ABOVE PER-
CENTAGES.

CORE

TO DETERMINE DISTRIBUTION CENTER COST, DISCOUNT
RAYLOC JOBBER NET CORE BY 10.0%.

DECEMBER 6, 1982

RAYLOC JOBBER GROSS PROFIT PERCENTAGE
PRICE LIST IN EFFECT DECEMBER 31, 1982

	#1 LIST	#1A GRAY	#2 YELLOW	#3 GREEN	#4 PINK	#4A SALMON	#5 BLUE	#5A G. ROD
AL1 NATORS - AMERICAN	55.0	43.8	36.0	33.0	31.0	NA	*	NA
- FOREIGN	50.0	37.5	36.0	33.0	31.0	NA	*	NA
- SERIES 2	50.0	NA	36.0	30.0	NA	NA	*	NA
BRAKE SHOES - SUPREME	65.0	56.2	47.5	42.7	31.0	30.0**	*	NA
- STOPPER	60.0	50.0	38.5	33.3	31.0	NA	*	NA
- STOPPER PA	60.0	50.0	38.5	31.0	NA	NA	*	NA
- NEW	60.0	50.0	38.5	33.3	31.0	NA	*	NA
- THICK BLOCK	NA	NA	NA	NA	30.0	NA	*	NA
- SERIES 2	50.0	NA	36.0	30.0	NA	NA	*	NA
BRAKES DISC - AMERICAN	61.0	54.7	42.0	36.0	30.0	NA	20.0	*
- FOREIGN	53.3	45.1	40.0	33.3	30.0	NA	20.0	*
- SERIES 2	60.0	NA	36.0	33.0	NA	NA	NA	*
CALIPERS	51.2	39.0	35.0	30.0	NA	NA	*	NA
CONNECTING RODS	55.0	43.8	40.0	31.0	NA	NA	*	NA
CLUTCH ASSEMBLIES/DISCS:								
- AMERICAN	55.6	44.5	36.6	31.7	NA	NA	*	NA
- FOREIGN	50.0	37.5	33.0	31.0	NA	NA	*	NA
DISTRIBUTORS	51.2	39.0	35.0	30.0	NA	NA	*	NA
FUEL PUMPS - AMERICAN	60.0	50.0	40.0	33.3	31.0	NA	*	NA
- FOREIGN	50.0	41.2	36.0	33.3	31.0	NA	*	NA
GEF NATORS - AMERICAN	55.0	43.8	36.0	33.0	30.0	NA	*	NA
- FOREIGN	50.0	37.5	36.0	33.0	30.0	NA	*	NA
MASTER CYLINDERS	55.0	43.8	36.0	30.0	NA	NA	*	NA
POWER STEERING PUMPS	51.2	39.0	35.0	30.0	NA	NA	*	NA
STARTER SOLENOIDS	55.0	43.8	36.0	33.0	31.0	NA	*	NA
STARTERS - AMERICAN	55.0	43.8	36.0	33.0	30.0	NA	*	NA
- FOREIGN	50.0	37.5	36.0	33.0	30.0	NA	*	NA
- SERIES 2	50.0	NA	36.0	30.0	NA	NA	*	NA
STARTERS W/SOLENOIDS	55.0	43.8	36.0	33.0	30.0	NA	*	NA
WIPER MOTORS	51.2	39.0	35.0	30.0	NA	NA	*	NA
WATER PUMPS	55.6	44.5	36.6	31.0	NA	NA	*	NA
(1) 50.0	50.0	37.5	33.0	31.0	NA	NA	*	NA
CONSTANT VELOCITY D/S	47.5	NA	30.0	NA	NA	NA	*	NA

GROSS PROFIT = 100% - $\frac{\text{COST}}{\text{SELLING PRICE}}$

HP = HIGH PERFORMANCE

(1) = USED ON FOREIGN AND FEW DOMESTIC
COMPETITIVE PART NUMBERS

* = PRICE SCHEDULE PURCHASES ON

** = AFTER MASTER INSTALLER REBATE

DECEMBER 6, 1982

RAYLOC PRICING STRUCTURE
PRICE LIST IN EFFECT DECEMBER 31, 1982

	#1 LIST	#1A GRAY	#2 YELLOW	#3 GREEN	#4 PINK	#4A SALMON	#5 BLUE	#5A G.P.C.
ALTERNATORS - AMERICAN	100	80.0	70.3	67.2	65.2	NA	45.0	NA
- FOREIGN	100	80.0	78.1	74.6	72.4	NA	50.0	NA
- SERIES 2	100	NA	78.1	71.5	NA	NA	50.0	NA
BRAKE SHOES - SUPREME	100	80.0	66.6	60.0	50.7	40.0	35.0	NA
- STOPPER	100	80.0	65.0	60.0	58.0	NA	40.0	NA
- STOPPER PA	100	80.0	65.0	58.0	NA	NA	40.0	NA
- NEW	100	80.0	65.0	60.0	58.0	NA	40.0	NA
- SERIES 2	100	NA	78.0	71.4	NA	NA	50.0	NA
BRAKES DISC - AMERICAN	100	85.0	66.4	60.0	55.0	NA	48.125	38.
- FOREIGN	100	85.0	77.8	70.0	66.6	NA	58.3	46.
- SERIES 2	100	NA	63.0	60.0	NA	NA	NA	40.
CALIPERS	100	80.0	75.0	69.6	NA	NA	48.8	NA
CONNECTING RODS	100	80.0	75.0	65.2	NA	NA	45.0	NA
CLUTCH ASSEMBLIES/DISCS:								
- AMERICAN	100	80.0	70.0	65.0	NA	NA	44.4	NA
- FOREIGN	100	80.0	74.6	72.4	NA	NA	50.0	NA
DISTRIBUTORS	100	80.0	75.0	69.6	NA	NA	48.8	NA
FUEL PUMPS - AMERICAN	100	80.0	66.6	60.0	58.0	NA	40.0	NA
- FOREIGN	100	80.0	78.1	75.0	72.5	NA	50.0	NA
GEO. METERS - AMERICAN	100	80.0	70.3	67.2	64.3	NA	45.0	NA
- FOREIGN	100	80.0	78.1	74.6	71.5	NA	50.0	NA
MASTER CYLINDERS	100	80.0	70.3	64.3	NA	NA	45.0	NA
POWER STEERING PUMPS	100	80.0	75.0	69.6	NA	NA	48.8	NA
STARTER SOLENOIDS	100	80.0	70.3	67.2	65.2	NA	45.0	NA
STARTERS - AMERICAN	100	80.0	70.3	67.2	64.3	NA	45.0	NA
- FOREIGN	100	80.0	78.1	74.6	71.5	NA	50.0	NA
- SERIES 2	100	NA	78.1	71.5	NA	NA	50.0	NA
STARTERS W/SOLENOIDS	100	80.0	70.3	67.2	64.3	NA	45.0	NA
WIPER MOTORS	100	80.0	75.0	69.6	NA	NA	48.8	NA
WATER PUMPS	100	80.0	70.0	64.3	NA	NA	44.4	NA
(1) 100	80.0	74.6	72.4	NA	NA	50.0	NA	NA
CONSTANT VELOCITY D/S	100	NA	75.0	NA	NA	NA	52.5	NA

NA = NOT APPLICABLE

(1) = USED ON FEW COMPETITIVE
PART NUMBERS

DECEMBER 6, 1982

TERMS OF SALES

All sales by Rayloc are made through the NAPA Distribution Centers. Many times, we ship direct to the Jobber, but the NAPA Distribution Center supplying him is always billed and, in turn, the NAPA Distribution Center bills the Jobber. Likewise, all credits are issued to the NAPA Distribution Centers, who in turn issue credit to the Jobbers.

The normal terms of our sales are 10th, prox, i.e., if material is shipped and billed in one month, we are to receive payment by the 10th of the following month.

There are times when we encourage "dating terms" on certain lines. You will be notified on these dating orders. Terms of this type are handled on an individual line-by-line basis. The primary lines where dating is encouraged are brake shoes, alternators, and water pumps. This is done with the thought in mind of making sure that the NAPA Distribution Center, and, in turn, the Jobber has the merchandise on his shelf, reducing to a minimum the possibility of a lost sale. This dating is usually based on seasonal sales periods. Not all NAPA Distribution Centers take advantage of dating orders, but the advantages of this should be pointed out to each NAPA Distribution Center President and Sales Manager, and they should be encouraged to participate. As an example, water pump dating orders are usually shipped during the months of August and September, for the winter service period, with payment due the 10th of the following December.

CORE POLICY

It is important that our customers know all they possibly can about the handling of cores and what cores can mean in their profit picture.

Occasionally, our customers have questions concerning our pricing policy. So many mis-conceptions exist that we want all Jobbers to know about the Rayloc thinking on cores:

1. Our suggested price sheets are designed in such a way that the Jobber makes a 10% profit on all core deposits sold.
2. Past records indicate that out of every one hundred items sold on a deposit basis, only 85% are returned. This is an average figure; in many lines the returns are far less. On the average, the Jobber is making 10% on at least 15% of all Rayloc cores sold.
3. Looking at it in a different way, this 10% profit in effect compensates the Jobber for carrying Rayloc cores in stock.
4. Whenever any suggested price change takes place reducing core values on any items, there are usually off-setting exchange value increases to be found in the total price sheet. In other words, the Jobber inventory value is still there. When the above is taken into consideration, along with the extra thirty days minimum at which the Jobber is allowed to return cores at the old price, the Jobber cannot be hurt.

We work hard to see that the Jobber is treated fairly in all our dealings.

We need the help of all our Jobbers in sending back usable cores taken in from a Rayloc exchange sale only. These are the only ones we want.

As will be mentioned later, credit up to the amount purchased by each Jobber each year will be allowed. Any excess returns are either junked or credits held until purchases allow release. Each account is allowed two years to balance out an over-returned core situation.

Cores are the backbone of our business. However, if they are not properly controlled, they become a real problem.

In many cases, the customer complains more about cores than anything else, because he has his money tied up and where his money is, "that's where his heart is." He also distrusts all rebuilders --- as to the way they receive, credit, price, and control cores.

We, to the very best of our ability, issue just credit on all cores received. We do not try to make money on cores, neither can we afford to lose. We will be satisfied to break even at the end of the year.

In all areas that we serve, a pick up service is provided. This service is on a regular scheduled basis, and the Jobber is to have his cores tagged and ready for pick up on a specific date. A tag is to be placed in each container of cores showing the Jobber's name and location. An RGN or pick up ticket is to accompany each return. This RGN or pick up ticket need not list the items by part number and quality, but this can be done. When an RGN is used, it is helpful to

show the items and quantity of each. For example:

50 brake shoes, 10 clutches, etc.

A pick up ticket is always used showing the number of containers; example: 4-1/2 barrels. The Receiving Department here at Rayloc will identify the parts and credit will be issued according to the identification by Rayloc personnel.

The pick up ticket number is the control number used at Rayloc. The RGN date is shown on the bottom of the credit memo. When you find it necessary to inquire about a return or credit memo, always refer to the pick up ticket number and date.

We feel that many of the complaints about core credits come about through lack of communication between us and the Jobber, and also the fact that we have not spent enough time educating the Jobber on how to tabulate and handle his cores in his place of business.

The following are some suggestions that may be used in helping a Jobber set up and make accurate counts on cores returned:

1. Set aside a specific area for the storage of cores to be returned.
2. Return only full barrels of cores. (This applies where we have pick up service.)
3. Do not mix defective items in with old cores.
4. Prepare and submit a separate RGN on defective items.
5. Each RGN should show the number of barrels or cartons to which it pertains.
6. Cores should be counted and written up on the RGN,

if an RGN is used, the day before the scheduled pick up if at all possible.

7. Certain cores are not rebuildable due to being damaged or due to their construction by O.E. manufacturers. On such units sent in, we show no value (NV). The Jobber should be educated on cores that are not rebuildable.

8. We should suggest to the Jobber that his sales be made on an outright basis unless the customer brings the core in when the purchase is made. When the core is brought in, a credit can be written by the Jobber. In this way, the Jobber will know that in cases where he shows an exchange sale and/or has a credit memo, a core should be in his store. However, the above should not be the final rule in making up an RGN, if an RGN is used on old cores returned. A complete and accurate count as indicated in item #6 above is the only way he can be sure. We at Rayloc cannot be responsible for cores when the count is cumulative over a long period of time.

Some of the things we run into here at Rayloc when checking in cores are:

1. No Jobber identification on the container. Jobber should stamp or write out plainly his name on the RGN or pick up ticket.
2. No notation as to number of containers sent in by the Jobber. (Where we have pick up service, it is the responsibility of the driver to indicate the number of containers on the pick up ticket.)

3. No RGN's accompanying the return. Where a pick up ticket is used, it is not absolutely necessary to prepare and submit an RGN.

In the majority of cases dealing with Jobbers we never have any complaints on the manner in which we handle cores. However, in those trouble areas, we should insist that the Jobber concerned prepare an RGN on each return. As mentioned before, he should not attempt to identify by part number as we do not feel that a counter man is familiar enough with all parts to identify them properly.

As a general rule and except during peak seasons, credit on cores returned is issued within a thirty day period from the time these cores are picked up from the Jobber. The extreme time required will not exceed forty-five days. The above is the practice we try to follow. If you hear of cases where this is not being done, let us hear from you.

We maintain a core bank on cores returned. When a Jobber returns more cores than his purchases, we do not issue credit on these until such time as his purchases are enough to offset the cores returned. Information on purchases by Jobbers is supplied by the Distribution Center supplying the particular Jobber.

We do not issue credit direct to the Jobber. Instead, credit is issued to the Distribution Center under the Jobber's name, and the Distribution Center issues the credit to the Jobber.

Please assure each and every Jobber that we handle his returns on an individual basis and do it in an honest and

straight-forward manner. If he would like to make a trip to Atlanta, or to any one of our plants to check out our procedures for the checking in of cores, we will be very happy to have him. He does not need an appointment.

On Jobbers where you continually have complaints on cores, keep us informed. You might even recommend that he make a trip to Rayloc and if he shows any interest in this, let us know. In some cases, we will work with the Distribution Center to share the expense of his visit.

A pamphlet has been prepared entitled "Core Pick Up - Policies- Practices - Procedures." This pamphlet should be in the hands of every Jobber. He will benefit from becoming familiar with the contents of this pamphlet. The Rayloc Representative should go over this pamphlet with the Jobber and instruct him in the actual use of the core pick up card distributed with the pamphlet.

It is very important that you get to know the core driver in your area. He is in contact with the Jobbers more than anyone from Rayloc, and is a very important part of Rayloc's Sales team. Keep him posted on what is going on in your area of responsibility --- he can and will help. We also recommend that our Rayloc Salesmen schedule at least one trip a year during which they ride with the core driver. This can be very beneficial to both participants.

TECHNICAL SERVICE

A few years ago, Rayloc added a service known as the Hot Line to aid our customers wherever Rayloc parts are sold. This service can be obtained by dialing a toll-free number. The phone number is 800-241-9988. All customers outside the State of Georgia should have the above number and should be encouraged to use it when they have a technical problem with our units. This Hot Line may also be used to obtain catalog and interchange information. Information as to how to handle warranties may also be obtained through this system.

The Hot Line is manned from 8:30 a.m. until 5:00 p.m. Atlanta time (Eastern Daylight Saving Time or Eastern Standard Time, depending on the time of year).

We feel that the Hot Line service is well-worth the cost. It is a real plus for the Jobber in more ways than one. We have had customers tell us that this service means much to them in making additional sales and also in being able to supply information to their customers on the spot.

Jerry Wilson normally mans the Hot Line phone. However, others in the Office help out when the load demands. Jerry is very knowledgeable on all Rayloc lines and continues to do a fine job both from the standpoints of supplying information and also in customer relations.

RAYLOC CLINICS

One of the best ways to get our story over to our NAPA Jobbers and their customers is through the media of clinics.

Rayloc has four basic clinics that are available:

BRAKES

ELECTRICAL

CORES

THE RAYLOC STORY

The Rayloc Story is basically a plant tour of our facilities. These clinics should be scheduled whenever possible to keep our Jobbers and Dealers better informed on technical, as well as product information.

All of our clinics are continually updated to supply you with the most current information and are a tremendous sales tool.



RAYLOC

DIVISION OF GENUINE PARTS COMPANY
600 RAYLOC DRIVE, S. W.
P. O. BOX 43146
ATLANTA, GEORGIA 30336
PHONE 404 / 691-3780

BULLETIN NO. 504-A
NOVEMBER 25, 1978

B U L L E T I N

TO: CERTAIN NAPA DISTRIBUTION CENTERS
GENERAL MANAGERS
SALES MANAGERS
D. C. SALESMEN
RAYLOC REGIONAL MANAGERS
RAYLOC SALESMEN

SUBJECT: JOBBER COMPETITIVE PRODUCTS CHANGEOVER TO RAYLOC

We at Rayloc place a high priority in securing increased sales through competitive changeovers. Our Distribution Center Salesmen and Rayloc Salesmen continue to achieve these in large numbers each year, and we want to make their task as easy as possible.

Attached is Rayloc Bulletin No. 504, dated October 28, 1978, outlining our change-over policy which will give our sales people some options where variable conditions exist. There is basically nothing new in this bulletin, because at one time or another we have made changeovers within all of these guidelines. However, we feel by having this information in printed form, these changeovers can be planned better, and conducted in a more efficient, time saving and profitable manner for all.

This increased business can be big for all of us, and we at Rayloc want to support you in having all our jobbers 100% NAPA.

It is easy to do business with Rayloc.

Yours truly,

Toby Moore
RAYLOC
Sales Manager



RAYLOC

DIVISION OF GENUINE PARTS COMPANY
600 RAYLOC DRIVE, S. W.
P. O. BOX 43146
ATLANTA, GEORGIA 30336
PHONE 404 / 691-3780

**B
U
L
L
E
T
I
N**

BULLETIN NO. 504

OCTOBER 28, 1978

**TO: CERTAIN NAPA DISTRIBUTION CENTERS
GENERAL MANAGERS
SALES MANAGERS
D. C. SALESMEN
RAYLOC REGIONAL MANAGERS
RAYLOC SALESMEN**

SUBJECT: JOBBER COMPETITIVE PRODUCTS CHANGEOVER TO RAYLOC

The following are recommendations on changing over competitive exchange lines to NAPA - Rayloc. For several reasons it may be necessary to follow procedures other than just renumber to Rayloc. Using any of the procedures listed below, we ask the following information be prepared first:

1. An inventory list by competitive part numbers and manufacturer be prepared and mailed to the Sales Office, Rayloc - Atlanta, giving as much lead time as possible to the scheduled changeover date. Rayloc Sales Representatives have the forms for this information to be listed. In the event this list is made by a D. C. Sales Representative, forms will be furnished to them.

A. NORMAL CHANGEOVER

After receiving the competitive inventory list, we will interchange to Rayloc numbers. This competitive information along with preprinted labels will be returned to the Rayloc Sales Representative, or the location designated. We prefer to relabel the existing competitive box, however, damaged boxes will be replaced.

B. REBOX CHANGEOVER

Where competitive boxes are in poor condition, or are multiple color and printing, and relabeling would not provide a neat appearance, new Rayloc boxes should be used. When the competitive inventory information is returned to Rayloc, it should indicate when new boxes are required. Shipping instructions should also be included as to the new location, attention of, etc. When competitive products are reboxed in new Rayloc boxes and labels, they should be stamped—"REBOXED".

(Over)

C. COMPETITIVE INVENTORY LIFTED

There are times when it is necessary to remove the competitive exchange products from the jobber location, and replace with Rayloc inventory. Conditions that direct an inventory lift are: Poor quality, more than one brand of products, previous competitive relabel or changeover, not a compatible interchange regarding application, or reasons that would prevent the jobber from having a normal transition on the changeover. The reasons mentioned above also would make it unsatisfactory to rebox and ship this merchandise to other Rayloc customers. When the decision is made to lift competitive inventory, Rayloc will receive this merchandise back at 50% of D. C. cost on exchange and full core credit at Rayloc prices.

2. CLASSIFICATION AND INVENTORY

At the time of the physical changeover to Rayloc, we suggest the stock be inventoried and classified to the recommended class. Numbers that are not on hand in jobber classification should be ordered in. Numbers on hand that are not in the jobber's classification should be returned under the conditions listed in paragraph 1—section C.

3. WARRANTY ON COMPETITIVE PRODUCTS

After the competitive changeover, Rayloc will assume the warranty responsibility as though it was of Rayloc production.

4. SHIPPING

Merchandise that is to be returned to Rayloc under the above policy, should be returned to the Distribution Center and returned to Rayloc - Atlanta by the Rayloc truck that delivers finished goods. (NOT THE RAYLOC CORE TRUCK.)

We are always anxious to assist and support our Distribution Centers in securing new business through competitive changeovers. If there are opportunities that the above programs will not cover, we will be pleased to discuss them on an individual basis.

Yours truly,

Toby Moore
RAYLOC
Sales Manager

'NOTE FROM ED JONES'

Below is a copy of a note from Ed Jones, Vice President, Genuine Parts Company, written back in 1972. We feel that this should be part of the Sales Policy Manual, because it is applicable today just as it was in 1972.

TO: GENERAL MANAGERS

We understand that there has been some confusion on the pricing of purchases made from our Distribution Centers by Rayloc Sales personnel. We would like to clear this matter with everyone in order to prevent confusion in the future.

Purchases that are made for personal use should be billed under the regular employee program of cost plus 10 percent. Purchases made for use on Company vehicles are to be charged to Rayloc-Atlanta at cost. Billing of this type, of course, should be signed by the Rayloc personnel making the purchase.

Best regards,

Ed Jones

cc: Division Vice Presidents

John Aderhold-Rayloc

Wesley Combs-Rayloc-Atlanta

Dan Childress-Rayloc-Memphis

NOVO16839

American Brakeblok Division

May 18, 1971

Mr. Wes Combs
Rayloc
600 Rayloc Drive, S.W.
Atlanta, Georgia 30378

Dear Wes:

The attachment helps explain the significance of the edge coding on linings. There are no doubt a number of jobbers who would welcome this information so as to be sufficiently versed on the subject should a customer raise the question.

You may want to circularize this information in a jobber bulletin.

Sincerely,

Patrick J. Meade
Technical Service Engineer

PJM/pn

Attachment

INTERPRETING EDGE CODE ON LININGS

There are six states having a Brake Lining Standard requiring an edge coding on the friction material. The six states are:

New York
New Jersey
Massachusetts
Rhode Island
Kentucky
North Carolina

Pennsylvania too has a Brake Lining Standard but does not require the edge coding. However, we code all our materials irrespective.

The Friction Classification assigned to the material is based on a one inch square lining sample subjected to a laboratory test on a Chase Friction Machine under the SAE J661-a test series. The Friction Classification is stated with two letters of the alphabet with the first letter representing the normal friction and the second letter denoting the hot friction.

Noted below is the complete Classification Code:

<u>Code Letter</u>	<u>Coefficient of Friction</u>
D	Over 0.15 but not over 0.25
E	Over 0.25 but not over 0.35
F	Over 0.35 but not over 0.45
G	Over 0.45 but not over 0.55
H	Over 0.55

NOVO16841

While the friction classification, to a degree, can serve as a general basis for comparing friction levels it can mislead depending on the high or low spectrum of the scale the material finds itself. It follows that all linings with the same friction classification will not necessarily give the same performance on similar makes and models of vehicles. Formulations of the varied manufacturers have their individual characteristics as they relate to variations in temperature, pressure and speed.

Less there be any misunderstanding, the edge code has no bearing whatever on the quality of the product per se.

NOVO16842

BRAKE LINING INFORMATION

For quite some time, we have heard many comments regarding the friction rating (code number on the side of the lining segment) on the lining we are using on our brake shoe sets.

Attached is some information compiled on this for us which should prove helpful to you. However, in addition to the attached information, we would like to make a few comments that might be helpful.

The main thing we hear has to do with the Coefficient of Friction. First, we need to define the terms --- Brother Webster defines the terms as follows:

Coefficient - a number or letter that serves as a measure of some property or characteristic.

Friction - Resistance to motion between two bodies in contact.

Examples of the above are listed below:

1. A bar of soap rubbing against the bottom of a bathtub would have a very low coefficient of friction, whether it be hot or cold. Conversely, a piece of sandpaper rubbing against a piece of wood would have a high coefficient of friction, be it hot or cold. Of course, the coefficient of friction would be slightly less at high temperatures. It is obvious that neither of the substances listed above would give a good brake.
2. Another example: A piece of sandpaper rubbed against a brake drum would have a much higher coefficient of friction than a piece of brake lining rubbed against the same drum. Which of the two materials would give

the better brake over the long haul? The answer is obvious.

Far more important, but not directly related to the above tests, are the following characteristics:

1. Stability
2. Wear resistance
3. Fade characteristics (Some relationship)
4. Composition of the material
5. Physical strength of the material
6. Water resistance, etc.

The above just goes to show that the coefficient of friction rating has very little relationship to the overall performance of the brake system. Those who are pushing the coefficient of friction rating have very little left to push.

Our brake lining meets all specifications established by the states listed on the attached sheet, and we rate high in the spectrum; i.e., on the FF material, we rate near the .45 side. Likewise, we rate very high on the FE rating.

If you have any questions, please let us know. We want you to have the ammunition needed to fight the battle.

REBUILD AND RETURN ITEMS

We have received complaints from our customers on the handling of rebuild and return items. These complaints primarily concern the length of time it takes to get an item to the plant, rebuild it, return it, and also the fact that many times the necessary suggested jobber net pricing is not placed on the packing slip along with the unit when it is returned.

In order to eliminate complaints, and with the thought in mind of giving the best possible service on rebuild and return items, it is requested that each of you inform the jobbers and Distribution Centers as you call on them of the following procedure:

1. Items being sent in for rebuild and return should be sent to Rayloc-Atlanta, and/or Rayloc-Memphis, attention Special Order Departments, depending on who supplied the item.
2. The items should be packaged separately from the cores, and each package should contain an RGN covering the item. Information relative to the item such as the make and model of vehicle on which the unit is used should also be written on the RGN.
3. If the unit received is not listed in our catalog, it should be listed as "special" on the invoice, and packing slip with no part number assigned. We will refer to the RGN which forwarded the unit on both the box and the label so the jobber will not have any problem tying the unit in with an RGN. If the item can be identified as one

of our part numbers, then this part number will appear on the label, invoice, and packing slip.

4. The suggested jobber net price on the unit and core will be shown on the invoice and packing slip in all cases.

5. Units sent in for rebuild and return should, if at all possible, be forwarded to us by UPS or some service like that. Much time will be saved. If the unit is sent in with old cores, it could take a week or ten days, or even longer for the unit to reach the plant, depending on the routing of the core truck.

Bill Daniel
Gerry Wilson 4/6/83 RK
February 25, 1983

TO: NAPA General Managers
FROM: Ted Bennett - Rayloc
SUBJECT: REBUILD AND RETURN ITEMS

Our customers are sometimes inconvenienced by excessive delays in rebuild and return items because these items are sent to the incorrect plant for processing.

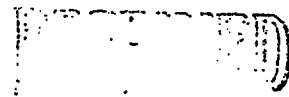
On the reverse side of this memorandum is a schedule broken down by product line, showing the plant or plants properly equipped to handle most items in the rebuild and return category. If you would pass this along to your Jobber Sales and Service Department, it would help them to give our Jobbers the correct serving plant when they have a rebuild and return item.

Best regards.

Ted
Ted Bennett

TB:jh

cc: Larry Prince
John Aderhold
Ed Kipling
Dan Childress
Joe Huff
Terry White
Hubert Maloney
Toby Moore



1983

SALES DEPT.

RAYLOC
REBUILD AND RETURN ITEMS

<u>PRODUCT LINE</u>	<u>SERVING PLANT</u>
THICK BLOCK SHOES	ATLANTA
CLUTCH DISC & PLATE	ATLANTA - MEMPHIS
ALTERNATORS	ATLANTA
BRAKE SHOES	ATLANTA - MEMPHIS - PAYSON
CALIPERS	HANCOCK
CONNECTING RODS	ATLANTA
DISTRIBUTORS	HANCOCK
FUEL PUMPS	ATLANTA
GENERATORS	ATLANTA
POWER STEERING PUMPS	HANCOCK
SOLENOIDS	ATLANTA
STARTERS	ATLANTA - MEMPHIS
WIPER MOTORS	HANCOCK
WATER PUMPS	ATLANTA - MEMPHIS - PAYSON

2/25/83

OBSOLESCENCE & CLASSIFICATION

This word obsolescence implies a loss, and that is just what it is to us at Rayloc if we do not watch it closely.

Rayloc has an obligation to its customers to cover them on obsolete items. This obligation is extended for one year after the item is put in the obsolete category. However, it is to our advantage, and also, the customers' to watch the movement on items which are nearing this category and get them returned before the item actually becomes obsolete.

In view of the above, we should work closely with the Jobbers and Distribution Centers. Reminding them from time to time to watch their slow moving items and do not let them go obsolete before returning. They should review their cards frequently and weed out the cats and dogs unless they have a specific need for the unit.

Each and every part number is reviewed annually and a classification is established on the unit based on movement. Also, the potential movement on the unit is taken into consideration when establishing the classification. Work on classification is begun in July or August of each year and is completed and new sheets are ready for distribution in November. These sheets will be distributed to you as soon as available. Upon receipt of the classification sheet, you should review them and be in position to discuss them with Jobbers and to help them determine their stock level. Items that are going obsolete should be removed from the Jobber's stock by the

Distribution Center's classification personnel as soon as he no longer has a need for them. The Distribution Center actually makes the return to us. The Distribution Center must then obtain permission from Rayloc to make returns on any items, be they obsolete, classification, or stock adjustment.

When a Jobber is changed over to the Rayloc line, he receives the same obsolescence protections as he would receive had he been carrying Rayloc units all along.

It is important that obsolete and/or classification returns be made as early in the year as possible, so that we will be in better position to control our inventory here and not get overloaded on slow moving units.

The Distribution Centers are encouraged to retain in their stock units classified "A" and above, due to the high cost of handling on both ends and also, the freight cost involved which is absorbed by the Distribution Center.

Each Rayloc Sales Representative is encouraged to work with his respective Distribution Center(s) in the processing of their classification and stock adjustment return request by pointing out the savings that can be realized by not returning highly classified items.

NOVO16850

The following letters to Jim O'Grady and Jim Hudgins are for information only. They really tells the core story and point out that we have nothing to be ashamed of in our method of handling cores. The thoughts in these letters still stand and can be of help to you in dealing with Jobbers on items relating to cores.

At this writing (March, 1983), we have a system where returns are monitored much more closely than ever before. We receive a print out from each Distribution Center on purchases and returns by each Jobber on a line by line basis. These purchases are compared with the Jobber's returns and where he (the Jobber) is over-returned on cores on a line, credit is withheld until such time as his purchases match his returns. When this is done, credit is released.

If you have any questions regarding our core handling as far as credits are concerned, contact Andrew Pitts.

NOVO16851

October 28, 1969

TO: Jim O'Grady - NAPA-Roanoke
FROM: John Aderhold - RAYLOC-Atlanta

I appreciate your calling this morning and indicating to me that Rayloc has an opportunity to tell its "core story." The questions which were asked by Jack Martin are not at all unusual and generally speaking, I have always found, express a genuine desire to understand their business.

First of all, Jim, there are several things that all rebuilders are accused of as far as cores are concerned. They are:

- (a) Giving an incorrect count,
- (b) Identifying erroneously, and
- (c) Fiddling with core prices to their customer's detriment.

I believe this pretty well summarizes the general impression of rebuilders on cores.

Taking these items one at a time, let's look at (a) above. Our whole production process starts with our basic raw material entering the plant. The vast majority of our raw material, as you know, is the cores. Therefore, any miscount would completely throw our production planning and production scheduling off from its inception. We are just too big and our whole process is just too complicated to have this take place.

As to item (b), this is a similar situation in that if cores are mis-identified on our check in sheets and, as is the case, these check in sheets form our basis for scheduling production, then here again we would be off to an incorrect start, the expense of which would be the cost of total chaos in our production facility. Also, Jim, we recognize that employees might like to "help" the Company as far as cores are concerned. Recognizing that this is a possibility, we do not allow any price sheets in our Receiving Department whatsoever. We are not trying to be "holier-than-thou" by this attitude, but from an enlightened, self-interest standpoint, we recognize that if employees can "help" us they can also, if they are so disposed, "hurt" us. We would just rather our entire business not be determined by how the employees in the Receiving Department feel any given day. This is the reason for the safeguards to protect, not only our customers, but also ourselves in this instance.

NOVO16852

Item (c) above has caused questions of rebuilders since time started, I guess. It is a more complicated subject, but one I feel can be and should be explained. The principle which we follow on cores, Jim, is strictly that of the law of supply and demand. In other words, if we are selling out cores of a certain item more than we are receiving back in, then we of course, have to supplement our core supply by purchasing new items or going on the open core market and filling in. Logic would indicate that if we are short of these particular items, other rebuilders are probably short as well. Therefore, the price normally would be higher than otherwise would be the case --- we price accordingly. On the other hand, if we are receiving more cores back in of a certain number that we are selling, this creates a surplus, and, were we to continue maintaining a high core value, this would create a loss which we would have to replace some other way, presumably with a higher exchange value. This we would prefer not to do because we would soon find ourselves out of line in our exchange prices relative to new items. In other words, what I am saying, Jim, is that core prices and exchange prices can never really commingle successfully without something getting out of kilter.

We know that some companies have a flat charge on cores. Those who do, also, have with this a "core bank" on an item by item basis. Perhaps we will need to come to this some day, but as of this writing we have felt that all the extra work involved in this is not beneficial to us or to our customers --- certainly not to the extent which would be required to make it worthwhile. You will find with rebuilders who have this flat core policy that there will be a considerable number of cores on which there will never be any credit issued because of the excessive return on certain items over the purchases of that same item. I am not sure whether these competitors inter-mix their exchange prices with their core prices, but it is not unusual we find for those with a flat core charge to have a "slightly higher" exchange price. This might be worth checking related to the competitor which you mentioned on the phone.

Presuming that everyone has gotten this far and has given us the benefit of the doubt as they have proceeded, the question is surely bound to arise as to what effect all of this has on me? Recognizing Jim, that our core prices are not necessarily made to coincide with anyone else's prices because of our philosophy, we recognize that we also have a responsibility in a prudent fashion.

Let me give you an example of what all our price changes did last year, at least as far as the major lines are concerned. You will find this comparison attached. You will note that in each case, not only have the exchange prices gone up, but the core valuation of the jobber inventory, regardless of his size, has gone up also. This, of course, is a combination of the items which have gone down in value as well as the items which have gone up. Some lines go up and some go down more than others.

NOVO16853

Our customers are, however, always protected in the case of a downward movement by virtue of the fact that there is an extra 30 days at which to return cores at the old, higher price. This is not necessarily a panacea, however, because based on the compilation which you see, more prices have gone up at least during 1968, than have gone down. No one, of course, can foresee what the future holds; therefore, no one can say what the result will be in the future. For the last 2-1/2 years, however, Jim, I have found that we can say without question our customers have not been hurt in any way by our core pricing policy.

There is one further thing that should be borne in mind as far as cores are concerned and that is, on a national average only about 85% of all cores sold are returned. This is an industry-wide average on all rebuilt items, has certainly been our experience, and for any customer on a year-in, year-out basis, his experience would be very close. We always suggest that jobbers charge for cores when they are sold and issue credit when they are returned. This insures that they get the benefit of the profit which they make on cores for those which are never returned. We find that when a jobber charges for cores, he stands a better chance of getting back about 85% than would certainly be the case if he didn't charge. If he didn't charge for cores, you would see that he automatically loses on an average of 15% and with his customers not having any incentive to return them, he might lose even more. We, of course, as indicated earlier, have to go on the open market and replace those cores which we sell and never get returned.

This letter has gone on much longer than I intended, Jim, but I think it is an important subject and one which we feel is the heart of our business. Therefore, we are very much concerned that our policies are correct, fair and straightforward. We, of course, can't expect everyone who doesn't know us as well as you do to accept our statement completely on face value. We are, however, completely and thoroughly convinced that the policies and practices which we are following are not in any way detrimental to our customers. If we ever find that this is not the case, you can be sure that a change will be made. We have no hesitancy, therefore, and I do so in this particular case, to invite anyone who has the good of their business at heart to visit with us and let us not only explain our procedures to them but actually show them how they work and why they work. If Mr. Martin could avail himself of the time required to do so, we would be more than happy to show him every part of our business and how we go about conducting it.

If you have any questions of any kind, Jim, please let me hear from you. In any event, I would appreciate it very much if you would advise if you think this letter adequately explains our program.

Thanks again for the opportunity of telling our story.

Best regards,

John Aderhold

NOVO16854

February 11, 1971

TO: Jim Hudgins - NAPA-Cleveland

FROM: John Aderhold - RAYLOC-Atlanta

Jim, thank you very much for your letter of the 5th, concerning the pick up situation where the driver wanted to make a pick up after 5:30. We will be getting back with him in regard to this situation, but in the meantime, I would like you to consider a few things on the other side of the fence, although, of course, we will not point these out to our driver. They are: (1) This is a hard, tough, mean job. (2) It is dirty work. (3) There is very little future other than more of the same. (4) They have a route to run if they are going to get around, and, consequently, if they are held up at any one place (believe it or not, some jobbers do hold them up) they have to impose on the good nature of subsequent stops to help them make this up. (5) I have made it a point in my business career to never ask anyone to do a job that I was not willing to do personally --- but this comes as close as any situation I know of!

I believe, and certainly our company philosophy is, to do everything we can to make the work of the jobbers easier and more profitable. Certainly, the pick up service is a wonderful asset to them in many ways. They are: (1) Virtually eliminates handling, (2) Eliminates cost of packing and trouble of calling freight lines, (3) Minimizes the time to get cores back to the source, (4) Speeds up the time of receiving credits.

Jim, it certainly behooves us, you and the jobbers to make this program work smoothly, perhaps with a little give and take both ways --- if necessary --- to do so.

You may be sure of our dedication to this. We would ask that every chance you get you tell our story, so that business of the jobbers, yours and ours can work smoothly with a minimum of difficulty --- therefore, more profitably to all!

Best regards,

John Aderhold

BONUSES FOR CHANGEOVERS

During our Sales Meeting in December of 1971, it was decided that a system of rewarding you for changeovers would be set up commencing January 1, 1972. This system is as follows:

1. Our product lines would be divided into two categories:
 - (a) Major Lines--Consisting of Brake Shoes, Disc Pads, Clutch Assembly and Discs, Water Pumps, Alternators, and Starters and Generators.
 - (b) Minor Lines--Calipers, Master Cylinders, Fuel Pumps, Solenoids, Connecting Rods, Distributors, Power Steering Pumps, Wiper Motors, and Constant Velocity Drive Shafts.
2. A bonus of \$10.00 to be allowed for each change-over of a major line.
3. A bonus of \$5.00 to be allowed for each change-over of a minor line.
4. Payment of these bonuses will be made on a quarterly basis.

UPDATED AS OF MARCH, 1983

'NOTE FROM ED JONES'

Below is a copy of a note from Ed Jones, Vice President, Genuine Parts Company, written back in 1972. We feel that this should be part of the Sales Policy Manual, because it is applicable today just as it was in 1972.

TO: GENERAL MANAGERS

We understand that there has been some confusion on the pricing of purchases made from our Distribution Centers by Rayloc Sales personnel. We would like to clear this matter with everyone in order to prevent confusion in the future.

Purchases that are made for personal use should be billed under the regular employee program of cost plus 10 percent. Purchases made for use on Company vehicles are to be charged to Rayloc-Atlanta at cost. Billing of this type, of course, should be signed by the Rayloc personnel making the purchase.

Best regards,

Ed Jones

cc: Division Vice Presidents

John Aderhold-Rayloc

Wesley Combs-Rayloc-Atlanta

Dan Childress-Rayloc-Memphis