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Folder Title:
NAW (National Association of Wholesale-Distributors) 1/23/92 [OA 7567]

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NAWD

Dirk Van Dongen, president of
872-0885

extremely supportive of Admin.
-thank them

~ 18,000 members

civil rts.

against federal mandates
parental leaves
against tax increases

leadership in HEAL
Dirk is co-ch. of Health Care
Equity Act League

Molly working on details

call for support of economic
growth pkg.

TBD:

Will make presentation
to POTUS

intend to have backdrop
NAM ~~salutes~~ ^{salutes} Bush

Bill/skins one side
#1

(diff. favorite superboard)
GB #1 other side

Issues important

- health care reform
- tax policy
rates mean more than tax credits
- product liability reform
- employer mandates
parental leave
work w/ Admin. to ~~support~~ ^{sustain}
veto
- not happy w/ civil vs. ~~or~~ ADA

They like President

- Nick Calio, prior to 1st trip to
WtH, was Sr. VP of govt. relations

13-Q ticket.
day after Dutka's get
nominations

- 1st trade asso. to endorse

- 2nd time met w/ PTUS
1st time was week after inaug.
PTUS had (anyways)
(same people will be at this,
they will remember?)

Will send copy of annual report

Current Sr VP Gov Rel.

Alan Kranowitz, had
McCure's job in ^{ent of} Reagan admin.

ack — Dirk
Alan

video done last yr.

industry of entrepreneurial
"John Wayne Repubs."

strong supporters of Admin.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Memo	Carol Aarhus to Andy Ferguson, re: Nat'l Association of Wholesale Distributors (NAW). (1 pp.)	01/15/91	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Speechwriting, White House Office of
Series: Speech File, Backup
Subseries:
WHORM Cat.:
File Location: NAW [National Association of Wholesale Distributors] 1/23/92

**Open on Expiration of PRA
(Document Follows)**

By SN (NLGB) on 4/5/2005

Date Closed: 11/16/2004	OA/ID Number: 07567
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Re-review Case #: 2004-2265-S	
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MR Case #:	Appeal Case #:
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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P-5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
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- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- (b)(9) Release would disclose geological or geophysical information

January 15, 1991

MEMORANDUM FOR ANDY FERGUSON

FROM:

CAROL AARHUS *CA*

SUBJECT:

NAT'L ASSOCIATION OF WHOLESALE DISTRIBUTORS (NAW)

I just spoke with the president of the Association, Dirk VanDongen (for future reference, his telephone number is 872-0885). He is sending via messenger a copy of their annual report, but here's what we discussed on the phone...

This is the second time the group has met with the President. The first time was right after the inauguration -- the President had laryngitis, so Sununu got to do most of the speaking. The people who will be in attendance at this event were also at the last one. The laryngitis factor may lend itself toward a joke or two. POTUS did a video for the group last year.

The Association claims to be the first trade association to endorse the Bush-Quayle ticket. They endorsed the day after Dukakis got the nomination. We never like to say that a group was the first, just because they claim it doesn't always necessarily mean its true. However, we can say that the President thanks them for their support early on in the campaign and for their continued support... blah, blah, blah.

Acknowledge in the beginning of the speech -- Dirk VanDongen and Alan Kranowitz, the Senior VP for government relations.

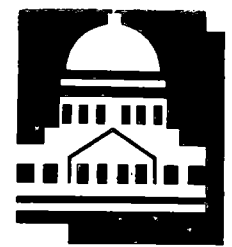
VanDongen says that this group is an industry of entrepreneurial "John Wayne Republicans". He said although they are individualistic, they are very committed to George Bush and the Administration.

Important issues: health care reform; tax policy -- rates mean more to them than tax credits; product liability reform; employer mandates (i.e. parental leave) they work with the Administration to sustain vetoes, the group is not happy with the Civil Rights Act or the Americans with Disabilities Act. We probably shouldn't even mention them.

The whole purpose of this event is to thank them for their continued support of the Administration and the President, and to encourage support of the new economic growth initiatives that will be announced in the State of the Union. You might want to talk to Tony about what we can say about these initiatives.

I'll give you more as I get it. Call if you need anything else. I'm at extension 7754.

NAW REPORT



July • 15 • 1988

Presidential Endorsement

WDPAC Backs George Bush

The NAW Wholesaler-Distributor Political Action Committee's (WDPAC) Board of Directors has unanimously endorsed George Bush for President. WDPAC is believed to be the first national association PAC formally to announce its backing of the Vice President.

While WDPAC's principal mission is to support pro-business candidates in House and Senate races, the Board of Directors voted to endorse Vice President Bush at this time to dramatize the importance of the choice facing wholesaler-distributors in this November's presidential election.

"Our membership has charged us with the responsibility of supporting candidates from both parties who are pro-business," says George Seeds, President of Findley Welding Supply, Inc., Youngstown, Ohio, and WDPAC's Chairman of the Board. "When you run down the list of economic policy issues of critical importance to wholesaler-distributors, George Bush almost

always is on the record in favor of our positions. Michael Dukakis generally is not.

"Take taxes. George Bush is against raising taxes to cut the deficit. Governor Dukakis refuses to rule out tax increases on business.

"Take mandated health insurance. Bush is against this explosively costly proposal. Dukakis already has established it in Massachusetts and has endorsed Sen. Kennedy's federal initiative.

"Take Claude Pepper's long-term home health care bill. Bush opposed this five-year \$30 - \$60 billion payroll tax increase, as did a majority of the Democratic-controlled House of Representatives. Dukakis came out in favor of it.

"Take mandated parental leave. Bush opposes it. Dukakis has endorsed it.

"Basically," says WDPAC Treasurer and NAW President Dirk Van Dongen, "George
(Continued on back page.)



Vice President George Bush, in his White House office, meets with NAW President Dirk Van Dongen and Senior Vice President-Government Relations Nick Calio.

How to Win in Washington

NAW helps orchestrate a stunning victory on costly long-term care/payroll tax increase proposal. P. 4

Florida Senate Race

WDPAC profiles Rep. Connie Mack (R-FL). P. 8

Two New Insurance Products

NAW offers improved business travel accident and group term life insurance programs. P. 12

Status



Legislative, regulatory overview for wholesaler-distributors. P. 2

OSHA's HCS

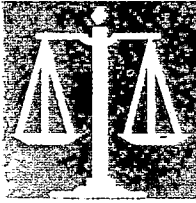


Despite temporary stay of regulation, wholesaler-distributors should proceed with implementation. P. 14.

Supreme Court Decision



High court define permissible 'gray-market' imports. P. 16.



Supreme Court Issues Ruling on 'Gray-Market' Imports

On May 31, in *K Mart Corp. v. Cartier Inc., et al.*, a sharply divided Supreme Court voted to permit some gray-market imports and to prohibit others by invalidating certain provisions of the Customs Regulations.

The Customs Regulations in question allowed entry of gray market products: (1) if both the foreign and the U.S. trademark are owned by the same business entity, (2) the foreign and domestic trademark owners are subject to common ownership or control, or (3) the trademark has been applied to the foreign product under authorization of the U.S. owner.

The Supreme Court decision was based primarily on an evaluation of common ownership and control of the trademark:

- when a U.S. firm registers a domestic trademark for goods manufactured by an **affiliate** abroad, an unaffiliated third-party **may** buy the goods and ship them to the U.S. According to published sources, most U.S. gray market imports fall in this category and are legal under the Supreme Court's ruling.

- however, when a U.S. firm holding a U.S. trademark authorizes production by an **independent** foreign manufacturer, the foreign manufacturer may **not** ship them to the U.S. without authorization, nor may a third-party buy them and ship them to the U.S. without authorization.

For 50 years the Customs Service regulations have not applied a prohibition to all

goods bearing a valid U.S. trademark but imported without the consent of the trademark owner. Despite objections from U.S. manufacturers holding prestigious trademarks, the Customs Service has allowed gray market imports under a "common-control" exception (in the case of affiliated entities) and under an "authorized use" exception where the foreign goods bear a trademark under authorization of the U.S. owner (although the foreign manufacturer is independent of the trademark holder).

Certain wholesalers and retailers carved out a price advantage for themselves by purchasing goods abroad and, even after paying import duties, selling them at prices well below authorized competitors.

The case found its way to the courts when a group of U.S. manufacturers founded the Coalition to Preserve the Integrity of American Trademarks (COPIAT). COPIAT brought suit seeking judicial reversal of the regulations permitting gray market imports under the common-control and authorized-use exceptions. The group was generally disappointed with the ruling and has vowed to continue its efforts by filing additional lawsuits and by seeking federal legislative relief.

No federal legislation on the issue is likely in 1988 and prospects for next year are unclear.

Those seeking additional information may write NAW for its Legal Advisory on the subject, *Supreme Court Defines Permissible Gray Market Imports*.

.....
A "gray market" product is a foreign-manufactured good, bearing a valid U.S. trademark, that is imported without the consent of the U.S. trademark holder.

WDPAC Backs George Bush

(Continued from page 1.)

Bush relies on the free market to meet our nation's needs, while Dukakis is much more inclined to use federal taxing, spending, and regulatory authority. Our strong preference for marketplace solutions makes it logical that we support George Bush for President."

WDPAC's analysis of where Bush and Dukakis fall on the public policy spectrum is widely shared by political observers. As

the *Washington Post* recently noted in a front-page article, a look at Dukakis' economic positions reveals an attitude about government's role that "hardly qualifies as conservative. During his recent campaign for president, [he] has advanced proposals that would substantially increase government intervention in a wide range of areas. . . . Sometimes these entail 'publ. private partnerships' in which government and business work together. Sometimes they entail more coercive methods."

Interview With Vice President Bush

George Bush was elected Vice President in 1980 and re-elected in 1984. He is a candidate for the Republican Presidential nomination in 1988. NAW has had numerous opportunities to work with the Vice President and his staff over the last seven years, including the NAW Forum on Tax Reform, held in New Orleans in 1985, at which the Vice President met in a town-meeting forum with over 300 NAW members.

Prior to becoming Vice President, Mr. Bush served as Director of the Central Intelligence Agency, Ambassador to China, Chairman of the Republican National Committee, and as a member of the House of Representatives. NAW recently had the opportunity to discuss current issues and the Presidential race with the Vice President.

NAW Report: Mr. Vice President, the Reagan/Bush administration enacted the Kemp-Roth tax reform bill in 1981 and pushed through the historic 1986 Tax Reform Act, in which numerous tax preferences were exchanged for lower marginal tax rates. How important are lower tax rates to economic growth? And what kind of priority would you give to preserving them in your administration?

Vice President Bush: I am opposed to tax increases.

For too long, tax increases have been used to feed congressional spending, not for true deficit reduction. This should be a warning to all future Presidents against tax hikes—unless we can control Congress' spending, increased revenues will mean increased spending.



Pro-Business Voter Registration

Business needs to turn out the vote in November.
P. 4



NAW President Dirk Van Dongen and Senior Vice President-Government Relations Nick Calio meet with Vice President George Bush in his White House office.

SPECIAL ISSUE

88

Get Out The Business Vote!

"NAW has joined with several other major associations to form Free Enterprise '88, an initiative to turn out the pro-business vote in November. This may well be the most important thing we do this year."

Victor Kanners
NAW Chairman of the Board

Please immediately mark your and your spouse's personal and office calendars with reminders to **VOTE ON ELECTION DAY, NOVEMBER 8**. Every business employee who votes is critical if we are to positively affect the outcome of the Presidential, Congressional, State and Local races.

Registration

- You voted in the last election—you're registered to vote, right? **WRONG!**
- **If you have moved or changed your name, you must re-register as a new voter.** In some states if you missed voting in the last election, your registration is no longer valid.
- If you're not sure you're registered, call the number listed below for your state and ask for information on how you can register today. **Act today to ensure that you can exercise your Right to Vote on Election Day!**

Absentee Voting

- Absentee voting requires you to plan ahead. Every state and the District of Columbia permit you to vote by

absentee ballot if you will be traveling and unable to get to the polls on Election Day (including overseas travel). If you think you or your spouse might be out of town on Election Day, call the number listed below for your state to learn how you can obtain an absentee ballot. Request these materials immediately so you have sufficient lead time to vote absentee.

- Besides travel, the states have varying requirements regarding other valid reasons for voting by absentee ballot, including blindness, disability, military or student status or for religious reasons. You may call the appropriate number listed below to learn which requirements apply in your state of residence.
- Make sure you send an absentee ballot far enough in advance of Election Day to ensure that your vote will be counted. In many states, absentee ballots must be returned several days before the election to be counted. **Don't forfeit your Right to Vote just because you are out of town.** Remember, ***every vote counts!***

NAW REPORT 

Editor, Philip B. Jaffa ©1988

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Voter Contacts By State

Alabama
(205) 261-3126
Alaska
(907) 586-6181
Arizona
(602) 267-8683
Arkansas
(501) 371-1010
California
(916) 445-0820
Colorado
(303) 866-2041
Connecticut
(203) 566-3106
Delaware
(302) 736-4277
District of Columbia
(202) 727-2504
Florida
(904) 488-7690
Georgia
(404) 656-2871
Hawaii
(808) 548-3415

Idaho
(208) 334-2852
Illinois
(217) 782-1547
Indiana
(317) 232-3939
Iowa
(515) 281-5781
Kansas
(913) 296-4559
Kentucky
(502) 564-7100
Louisiana
(504) 925-7885
Maine
(207) 289-3501
Maryland
(301) 974-3711
Massachusetts
(800) 462-8683
Michigan
(517) 373-2540
Minnesota
(612) 296-9218
Mississippi
(601) 359-1383

Missouri
(314) 751-4875
Montana
(406) 444-4732
Nebraska
(402) 471-2554
Nevada
(702) 885-5203
New Hampshire
(603) 271-3242
New Jersey
(609) 292-3760
New Mexico
(505) 827-3620
New York
(518) 474-6220
North Carolina
(919) 733-7218
North Dakota
(701) 224-2900
Ohio
(614) 466-2585
Oklahoma
(405) 521-2391
Oregon
(503) 378-4144

Pennsylvania
(717) 787-5280
Rhode Island
(401) 277-2345
South Carolina
(803) 748-4944
South Dakota
(605) 773-3537
Tennessee
(615) 741-7956
Texas
(512) 475-3091
Utah
(801) 533-5115
Vermont
(802) 828-2304
Virginia
(804) 786-6551
Washington
(206) 753-7121
West Virginia
(304) 345-4000
Wisconsin
(608) 266-8005
Wyoming
(307) 777-7378

X-RAYED

Cardi Arhus
111 1/2 Old Exec
Office Bldg.

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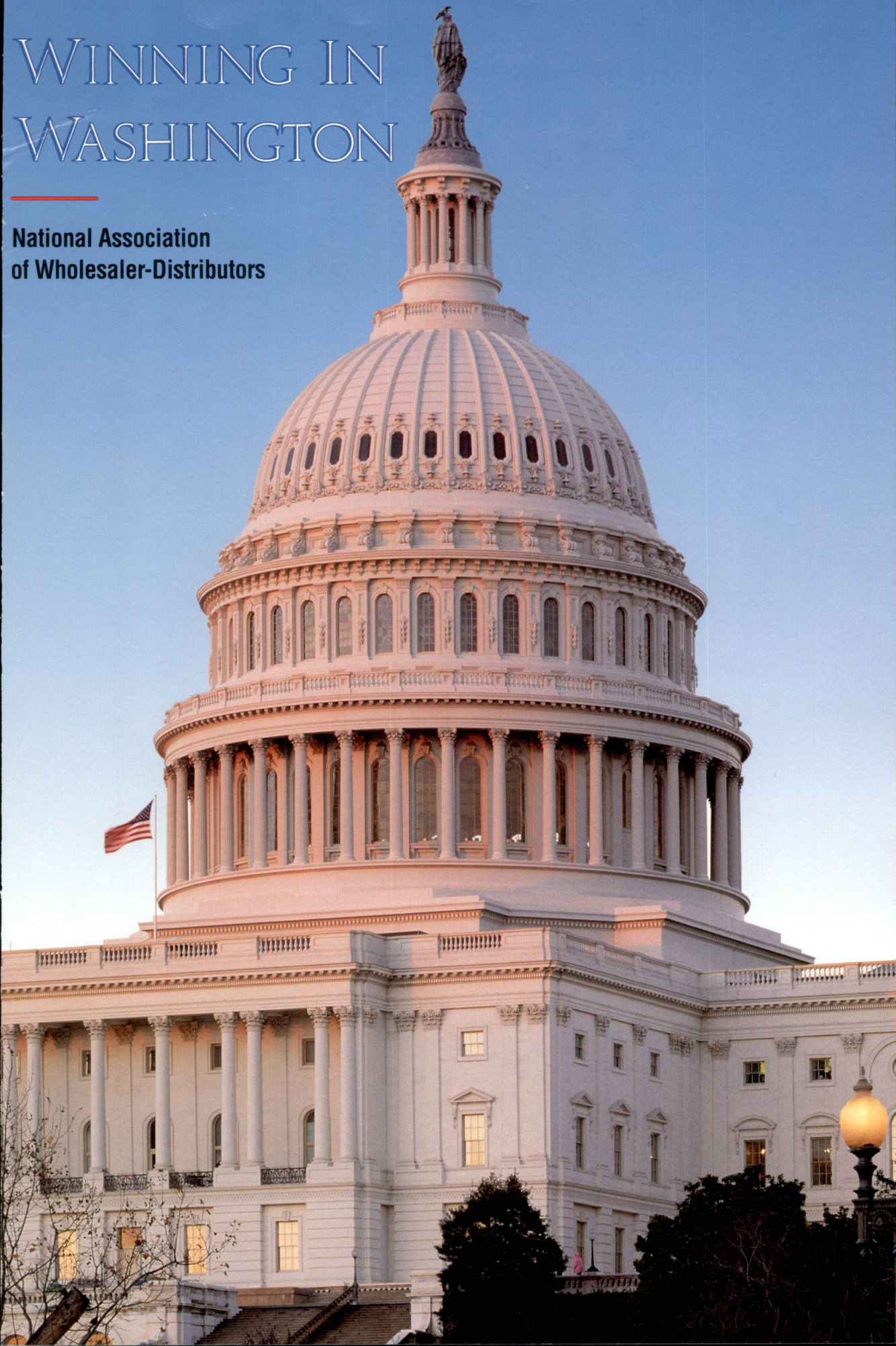
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Dirk Van Dongen

N.A.W.



WINNING IN WASHINGTON

**National Association
of Wholesaler-Distributors**

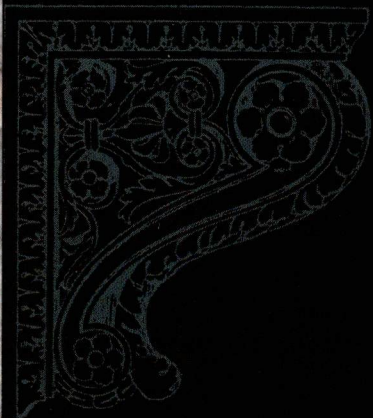


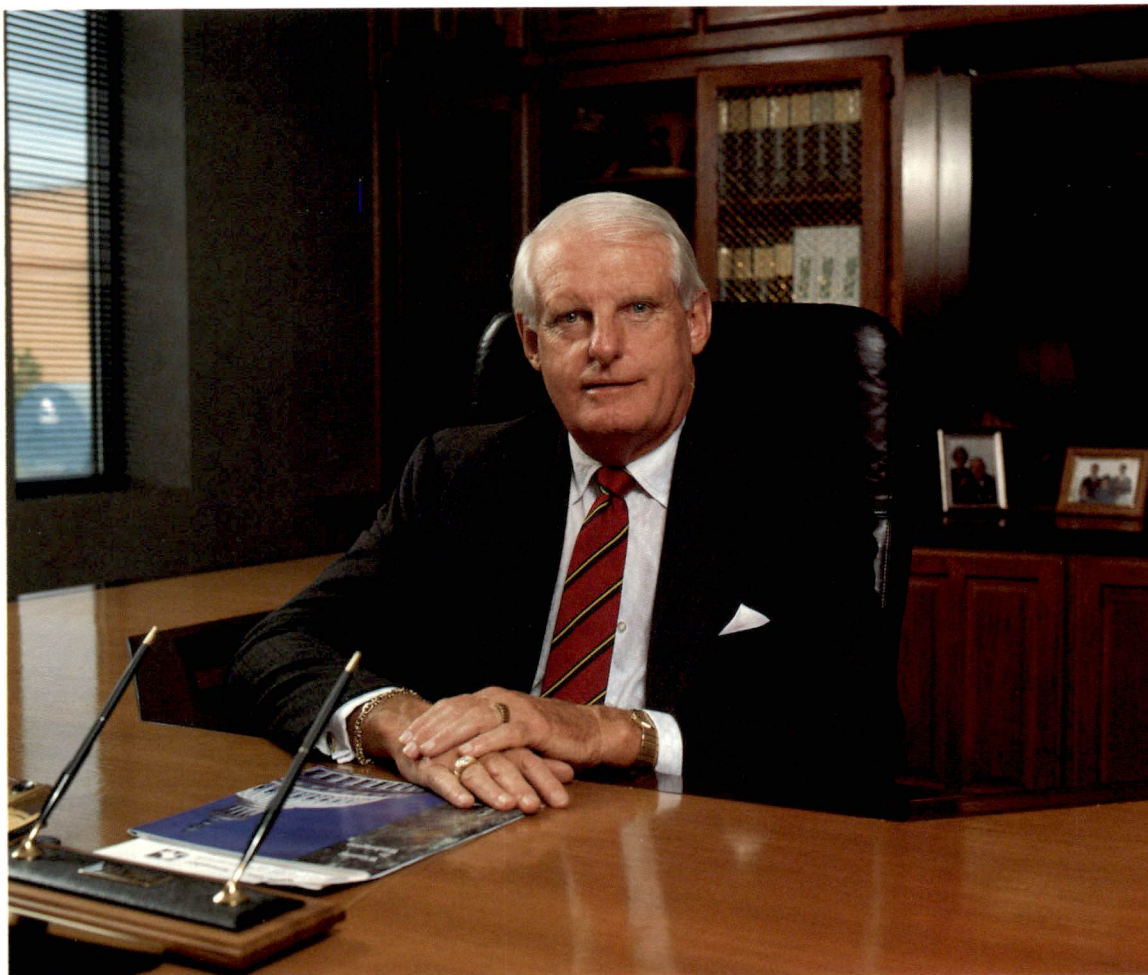
**1990 ANNUAL
REPORT**





T*he National Association of Wholesaler-Distributors (NAW) is composed of thousands of Direct Member companies and a federation of national, regional, state, and local commodity line Associations and their member firms which, collectively, total more than 40,000 companies. In addition to its government relations program, NAW's scope encompasses the activities of the Wholesaler-Distributor Political Action Committee (WDPAC), the Distribution Research & Education Foundation (DREF), and the NAW Service Corporation (SC).*





Don Carlson, President, Carlson Systems, NAW Chairman of the Board

How do you feel about what goes on in Washington, DC? Are you too busy to worry about it? Are you so cynical that you figure you can't do anything about it?

As NAW Board Chairman, I've traveled all over the country. I've talked to wholesaler-distributors in many different commodity lines. Typically, executives in our industry consider our nation's tax-and-spend-and-regulate-the-heck-out-of-business policies to be a major threat to our future ... and they curse the darkness.

Well, folks, it's time to light a candle. It's time to join

NAW as a dues-paying Direct Member. It's time to understand the issues, and voice your position to your elected officials. Write them. Call them—or better yet, get a group of wholesalers and go visit them. It's time to contribute to our Political Action Committee.

Cursing the darkness won't work. You've got to stand up for what you believe in.

As I see it, there isn't any excuse whatsoever for the most prosperous and powerful nation in the history of the world continuously living beyond its means.

But it's up to us to do something about it.

As you page through this Annual Report, I think you'll see what NAW can do for you ... and you can do for NAW ... in government relations ... in political action ... in research and education ... and in improving the productivity and profitability of that miracle in the U.S. economy—wholesale distribution.

Don Carlson
President
Carlson Systems
Omaha, Nebraska
NAW Chairman of the Board



NAW's members achieved important objectives in 1990. Mandated parental leave legislation was defeated. Punitive estate tax provisions were amended. Unrealistic provisions affecting truck fleet operations were deleted from a clean air bill.

There was a critical victory, too, on the judicial front. The Supreme Court largely followed NAW's brief in *Hasbrouck v. Texaco*. The lower courts and 35 state attorneys general had sought to make normal wholesale distribution procedures illegal under the antitrust laws.

NAW's work in research and education also moved forward. The association convened a conference on distribution technology and released a new productivity-enhancing study, *The Technology Maze in Wholesale Distribution: Choosing the*



Dirk Van Dongen, NAW President

Right Path. Given the industry's evolving financing needs, the association also published *Financing Wholesale Distribution in the 1990s*. And NAW's executive training program at The Ohio State University School of Business, the Wholesale Distribution Executive Management Courses, received their highest ratings ever.

The NAW Service Corporation chalked up its eighth straight year of increased services to wholesaler-distributors.

Unfortunately, the year ended with the economy slowing. The political mood appeared to have turned unfriendly to the business community's interests. It has been many years since we

have faced so many imponderables in our economic and political future.

One thing, though, is certain. NAW is working to promote your financial well-being. Your membership in NAW is a business investment on which we are committed to giving you a high rate of return.

Dirk Van Dongen
NAW President

**NAW makes
a difference
where it
counts ... on
your bottom
line.**



The Wallace Co., Inc., Houston, Texas brought home the bacon for the wholesale distribution industry in 1990. They were one of four companies awarded the prestigious Malcolm Baldrige National Award for Quality by the Commerce Department. "Investing in quality has completely turned our business around," says Michael Spiess, Executive Vice President and Chief Operating Officer. "In the past three years, we have increased sales 70% and operating profits 750%. We have invested in NAW for the same reason we invested in quality. NAW's work on taxes, regulations, and in court have a significant impact on our profitability. We also like their promotional work on behalf of our industry. It's difficult to establish relationships with suppliers and customers if they don't have any idea what a wholesaler-distributor does."

The Wallace Co. distributes pipes, valves, and fittings, primarily to the oil and chemical industry.



Clockwise from top left are John Wallace, Chief Executive Officer of Wallace Co. Inc.; C.S. Wallace, Jr., President; and C.S. Wallace, Sr., Chairman of the Board.



President Bush congratulates John Wallace, Wallace Co.'s CEO, on receiving the prestigious Malcolm Baldrige Award.





MEMBERSHIP

NAW and its member associations have a division of labor, says Joe Cook, Executive Vice President of the National Association of Chemical Distributors. "The commodity line groups handle specific marketplace issues. NAW addresses the broad, industry-wide concerns. It's a perfect complement. However, for NAW to have the resources to do its job, firms need to belong to NAW as dues-paying Direct Members."



Joe Cook, Executive Vice President, National Association of Chemical Distributors



Left to right are John (Vice President), Jere (President), and Matthew Fonda (Vice President) of the John Day Co.

Jere W. Fonda, President, John Day Co. (center), proudly poses with his two sons, Matthew W. Fonda, Vice President, and John D. Fonda, Vice President (left), at their corporate headquarters in Omaha, Nebraska. "I get as many, if not more

benefits from NAW than any other organization to which I belong," says the senior Fonda. "Take one issue: Estate taxation. I've worked my entire life to create a family company. Congress enacted 2036(c) in 1987, which made it difficult to

keep a family business intact. NAW went to work on the issue. We secured repeal in 1990. I call that a valuable Direct Member benefit." John Day Co. distributes farm equipment and industrial supplies.

Paul Ahrendt is President of Tool House/Henkle & Joyce, a wholesaler-distributor of hardware and construction supplies in the Midwest. "I'm living proof of the value of association-sponsored research and education," says Ahrendt. "I completed a leveraged buyout just days before the big recession hit the farm economy out here in '84. With the roof collapsing on me, I bought books and went to seminars and completely changed my business practices. I'm very grateful to the Specialty Tools & Fasteners Distributors Association and NAW for their collective assistance. My advice to wholesaler-distributors is: Join NAW and your commodity line association, buy their publications, and attend their programs."

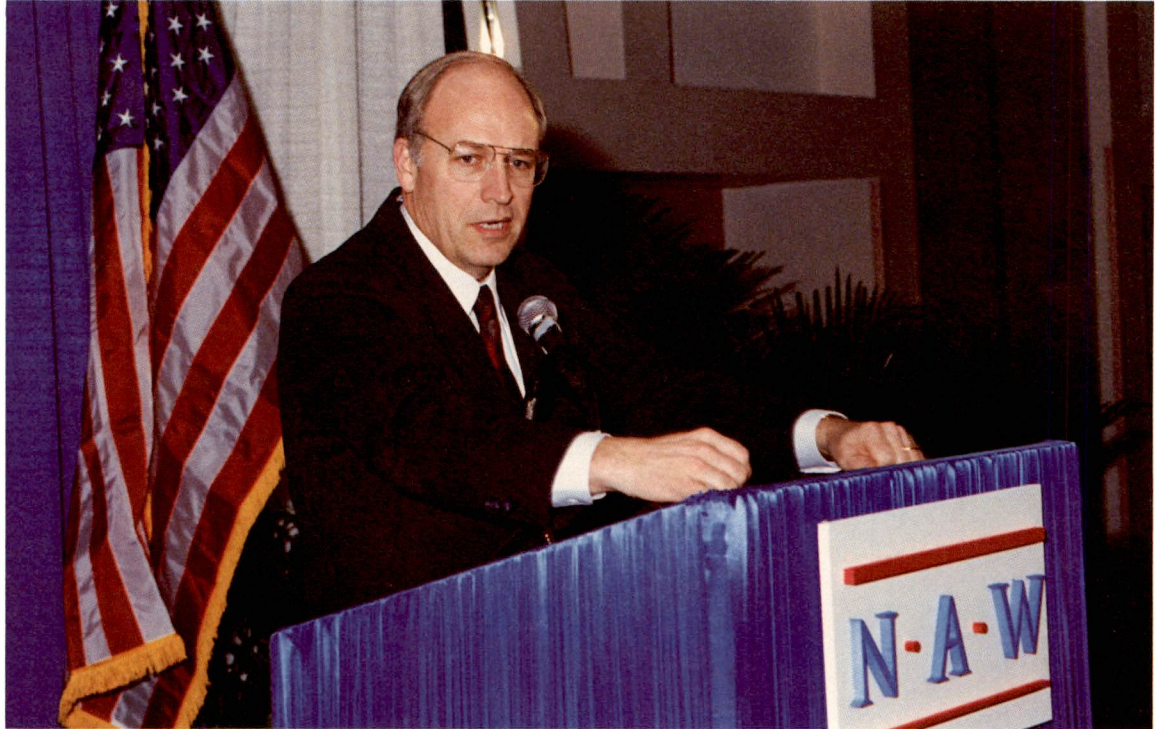


Paul Ahrendt, President, Tool House/Henkle & Joyce



Tom Fernley, Chairman of the Board, Fernley & Fernley, Inc.

The secret to NAW's effectiveness is its unique partnership with its member associations," says Thomas A. Fernley III, Chairman of the Board, Fernley & Fernley, Inc., and Managing Director of the National Wholesale Hardware Association, Philadelphia, Pennsylvania. "Collectively, we bring the entire resources of a \$1.8-trillion-per-year industry to bear on legislative, regulatory, and judicial issues ... on industry public relations ... on general research and education programs ... and on business services. There is no more effective lobbying effort for distribution than NAW. The association is very well respected on Capitol Hill and at 1600 Pennsylvania Avenue."



Secretary of Defense Richard Cheney

It was an extraordinary time to hold a public policy meeting. The Soviet Empire was collapsing. The U.S. was turning inwards to define a whole new set of national priorities.

In this atmosphere, the collective, voluntary leadership of the wholesale distribution industry was treated to an extraordinary parade of influential policymakers at the 1990 NAW Annual Meeting and Washington Conference.

On everybody's mind, quite literally, was the question, "What lies ahead as we chart our course for the '90s ... both as wholesaler-distributors and as concerned Americans."

Secretary of Defense Richard Cheney gave a *tour de force* review of national security in the Gorbachev era. He noted that America faced other security threats besides the Soviets. In light of the

events in the Persian Gulf, his remarks seem eerily on target.

Then-Labor Secretary Elizabeth Dole underscored the administration's strong

objections to mandated benefits. She promised a presidential veto of parental leave legislation if it passed the Congress ... a promise President Bush fulfilled.



Then-Labor Secretary Elizabeth Dole receives a *Special Leadership Award* from NAW's *Jim Anderson, Senior Director-Government Relations*, and *Dirk Van Dongen, President*.

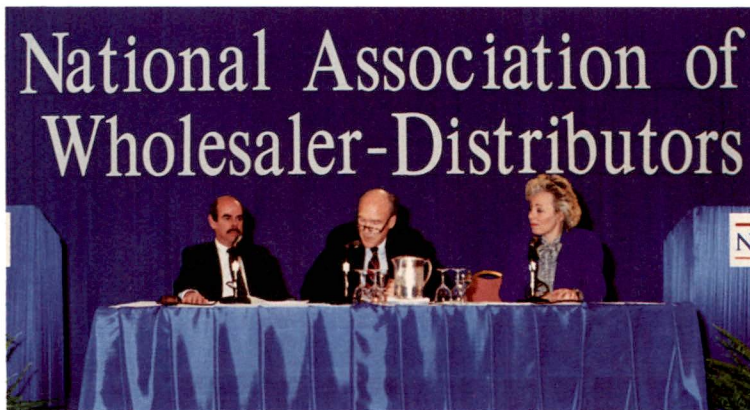


FBI Director William Sessions

FBI Director William Sessions briefed wholesaler-distributors on the growing—not diminishing—level of military and industrial espionage.

Sessions also spent a considerable portion of his time addressing the issues of illegal drug usage and the role employers have to play in ridding the nation of that problem.

Sessions advised CEOs to educate their managers on the issue. Most employers, he notes, are simply unaware of what this problem is costing them.



Left to right are Rep. Henry Waxman (D-CA), Sen. Alan Simpson (R-WY), and Mary Tavenner, NAW Senior Director-Government Relations.

Assistant Senate Republican Leader Alan Simpson (R-WY) and Health and Environment Subcommittee Chairman Rep. Henry Waxman (D-CA) went head-to-head on health care policy.

Waxman proposed a version of Senator Kennedy's mandated health insurance proposal costing perhaps \$50 billion per year.

Simpson expressed the basic sentiment of most wholesaler-distributors: "Who the hell is going to pay for it?"

*The leaders of the
wholesale distribution
industry meet with
leading policymakers in
the nation's capital.*

Senator Chuck Robb (D-VA) gave industry leaders a look at fiscal conservatism in the Democratic Party. The budget cannot be balanced, in Robb's view, unless legislators are willing to say "no" even to worthwhile expenditures. Robb, who frequently is mentioned as a "future" Democratic candidate for President, also talked about his efforts to move his party back towards the political center—specifically, his founding of the Democratic Leadership Council.

Senator Conrad Burns (R-MT), one of the Senate's most colorful members, regaled wholesaler-distributors with a Westerner's view of the nation's capital. Burns was particularly concerned with the growing legislative activity in environmental areas.



Senator Chuck Robb (D-VA), left, shares a few thoughts with NAW President Dirk Van Dongen before addressing the NAW Annual Meeting.



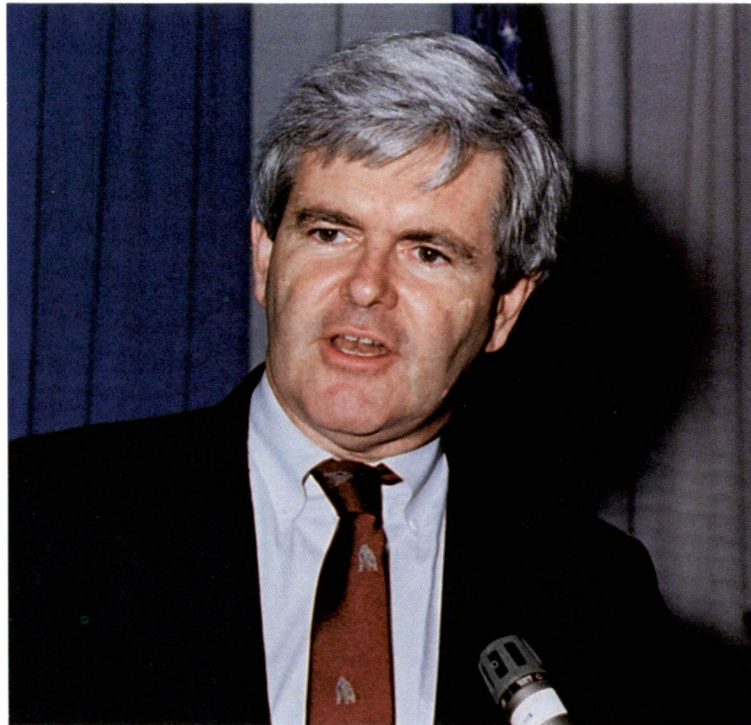
Senator Conrad Burns, center, reviews NAW's 1989 Annual Report, hot off the press, with Jim Anderson, left, NAW Senior Director-Government Relations, and Don Carlson, right, NAW Chairman of the Board and President of Carlson Systems, Inc.

A skilled politician can put on quite a show. That's exactly what Newt Gingrich (R-GA), the House Republican Whip, gave wholesaler-distributors at the NAW Annual Meeting.

Gingrich laid out a mission to empower the American people to change laws and the current bureaucracy ... to make an ailing system work ... to rethink our old approaches to education, health care, and other programs.

Wholesaler-distributors certainly got an inspirational message from the Republicans' "lightning rod" in the House of Representatives.

Later in the year, Gingrich launched a spirited debate within Republican circles over the "soul" of the party by refusing to back the budget compromise package that



House Republican Whip Newt Gingrich (GA)

included higher taxes. The dust from that whirlwind has yet to settle!

Senator Pete Domenici (R-NM), the Ranking Republican on the Senate Budget Committee, gave wholesaler-distributors a pessimistic (and unfortunately accurate) analysis of the emerging budget negotiations.

Domenici predicted that little real progress on the budget would be achieved without an increased Republican presence in the Congress.



Senator Pete Domenici (R-NM)



The federal government. What it does for you, or to you, can have a large impact on your bottom line.

NAW's primary mission is to ensure that the federal legislative, executive, and judicial branches of government give wholesale distribution the consideration its economic importance warrants. We accomplish this in a number of ways.

Washington Advocacy: NAW regularly works with Members of Congress and the Executive Branch to discuss key issues. We also submit position papers and congressional and regulatory testimony.

Coalitions: NAW works with more than 30 legislative and regulatory coalitions, usually in a leadership capacity. Coalitions help prevent "divide and conquer" tactics from being used to implement anti-business legislative and regulatory initiatives.

Grassroots Action: NAW's effectiveness is largely dependent upon the willingness of wholesaler-distributors to write letters, make phone calls, send telegrams, and meet face-to-face with Members of Congress. NAW advises wholesaler-distributors on when and where to make their views known most effectively through its many

publications and through its Washington Action Network (a cooperative venture between NAW and more than 100 member associations listing wholesaler-distributors who know Members of Congress personally).

Media Relations: NAW produces a wealth of materials for the general media and the trade press. Key legislative and regulatory issues often are decided by the way they are reported and the way policymakers and the public respond. NAW works to establish a reputation as a reliable source of information on business issues.



Some of NAW's most important work consists of meeting with policymakers and helping establish an agenda. Shown here, meeting in the office of the Vice President of the United States, are (left to right), Dirk Van Dongen, NAW President; Vice President Quayle; Alan Kranowitz, NAW Senior Vice President-Government Relations; and Jim Anderson, NAW Senior Director-Government Relations.

In 1990, it became a lot easier to keep a family business in the family. Congress passed and the President signed into law a repeal of Section 2036(c) of the Internal Revenue Code. The “estate tax freeze” was thereby reinstated.

This issue is a classic example of industry government relations. The Internal Revenue Service had attempted to get rid of estate freezes through administrative action. It was rebuffed in the courts. The IRS then persuaded congressional tax writers to effectively ban the estate freeze by inserting provisions at the 11th hour in a tax bill—without hearings. Reinstating the freeze then faced an immense obstacle: Estate freezes lose revenue, which violates budget guidelines.

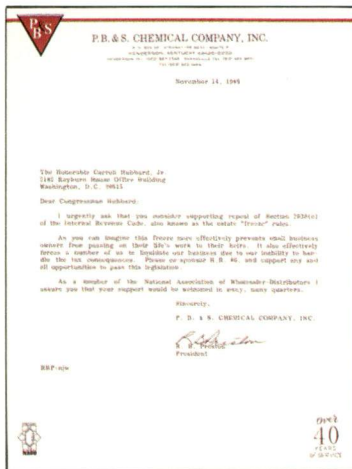
The wholesale distribution industry, which is heavily populated with family-owned



Rep. Raymond McGrath (R-NY), left, a member of the House Ways and Means Committee, talks with NAW Board Chairman Don Carlson just after the NAW official's testimony on the estate freeze. Carlson, whose brother, son, two nephews, and daughter and son-in-law all are in the family business, imparted a personal perspective to this issue.

businesses, helped lead the charge. NAW met with government officials, testified at congressional hearings, and

helped turn out the grass roots. In October, 1990, three solid years of work culminated in repeal.



Letters from home...like the one from Ray Preston, President, P.B.& S. Chemical Company, Inc.—helped persuade Congress to repeal 2036(c).





President Bush meets with representatives of the business community to plot strategy for sustaining his veto of mandated leave. Seated at his right is Mary Tavenner, NAW Senior Director-Government Relations.

Legislation requiring employers to offer mandated family and medical leave to their workers passed the Congress in 1990. President Bush vetoed it. His veto was sustained in the House of

Representatives. In fact, despite extraordinary pressure by the unions, not one single Representative who earlier voted against the measure “turned” and voted to override the President.

This was a big victory for NAW. The association serves as Executive Secretariat of the Concerned Alliance of Responsible Employers, the leading business group opposing the measure. Defeating mandated benefit proposals is one of the industry’s top legislative priorities.

Mandated benefits are undesirable for the economy because they introduce rigidity and inefficiency into the labor markets. They are a potential political disaster for the country because they offer a way to move federal “benefit” programs off-budget.

The veto fight over mandated leave became a test of strength between business and labor. Labor lost. As a result, many labor-backed initiatives were shelved in the 101st Congress.

The 1990 budget summit between the White House and congressional leaders was a fiasco. Little was done to cut spending. Taxes were raised.

The political damage was even worse. A decade-long debate about federal overspending was transformed into one about whether the rich paid their fair share.

NAW strongly opposed the final budget package. Higher tax rates will distort economic decisions. The phaseout of personal exemptions and reductions in itemized deductions are so complicated that they probably will be short-lived.

NAW and the wholesale distribution industry face a difficult year in 1991. The nation's political leadership does not appear willing to address the root cause of the

budget deficit—ever-increasing federal spending for entitlement programs.

A number of other NAW-opposed items made their way into the budget package (a continuing problem with “omnibus” budget legislation). Congress raised the Pension Benefit Guaranty Corporation premiums that employers pay when they have single-employer defined benefit pension plans. And a new, higher, variable excise tax was established for employers recouping excess assets from defined benefit pension plan terminations.

Also in 1990, Congress and the President rushed to enact a new law to help the disabled—the Americans With Disabilities Act (ADA). Certainly helping the disabled was a noble objective. But the

ADA was another proverbial steamroller coming down the legislative pike, with few opportunities for improvement.

As a result, the ADA is extremely vague. No one really knows yet how the law is going to work and it could spawn a considerable amount of litigation—a major problem for wholesaler-distributors and other employers. NAW will be closely watching the Equal Employment Opportunity Commission and the Justice Department for their implementing regulations.



Don Carlson, NAW Chairman of the Board and President of Carlson Systems, Inc., testifies before the House Ways and Means Committee. His message: Don't raise tax rates.

NAW helped defeat legislation that would have spawned costly litigation and transferred huge sums from wholesaler-distributors and other businesses to trial lawyers.

NAW devoted great energy in 1990 to defeating a so-called civil rights bill. It would have allowed current or former employees to use statistical imbalances in an employer's workforce to create a legal presumption of discrimination.

"Guilty by reason of statistics" would have been the verdict even if an employer did not intend to discriminate ... and even if an employer's practices had no discriminatory effect. The result would have been a huge amount of costly litigation—and hiring and promotion quotas.

President Bush showed great political courage in vetoing it just before an election.



President Bush's veto of so-called civil rights legislation was upheld by a single vote. The election to the Senate of Rep. Larry Craig (R-ID), a long-time legislative ally, will certainly help in 1991. Shown here meeting in Craig's Capitol Hill office are NAW's Jim Anderson, Senior Director-Government Relations; Alan Kranowitz, Senior Vice President-Government Relations; Mary Tavenner, Senior Director-Government Relations—and Rep. (now Sen.) Craig.



Getting together for a Capitol Hill strategy session are Senator Rockefeller (left) and Jim Anderson, NAW Senior Director-Government Relations.

Once again, the political muscle of the trial lawyers prevented Congress from enacting product liability reform. NAW, however, which serves as Executive Secretariat of The Product Liability Alliance, believes there were some important advances in this long-haul struggle.

President Bush made product liability reform an administration priority in his 1990 State of the Union Address ... and Vice President Quayle assembled a cabinet-level council which pushed the measure. Moreover, a prominent Democrat on the Senate Commerce Committee, Jay Rockefeller (WV), began toiling in the trenches to line up support on his side of the aisle.

Liability insurance markets appear to be tightening up, which should, once

again, focus attention on this problem.

NAW has developed, with key lawmakers, a “product seller’s” provision that would essentially base the liability of wholesaler-distributors on fault. Most of the product liability claims made against industry firms are the result of

attorneys pursuing “deep pocket” legal theories—suing wholesaler-distributors, not because they have done something wrong, but because they have resources.



Vice President Quayle, left, presides over a White House meeting with the business community to discuss product liability reform. Jim Anderson, NAW Senior Director-Government Relations, is at the far right.

It was an exceptionally busy year for NAW on the legal front.

The U.S. Supreme Court, in *Hasbrouck v. Texaco* (closely following an *amicus* brief filed by NAW), upheld

the practice of suppliers offering a lower price to wholesaler-distributors. The lower courts—and, incredibly, 35 state attorneys general—had taken the position that wholesaler-

distributors could be subject to triple damages under the antitrust laws for carrying out their primary economic function.

Also, the Georgia Court of Appeals—in the *Mayer Electric* case—followed an NAW *amicus* brief and revived Georgia's Mechanic's Lien Act (which protects a wide range of distributors supplying the building trades).

And NAW filed an *amicus* brief with the Supreme Court in the *Pacific Mutual* case arguing that a \$1,037,500 punitive damage award for an employee who suffered \$2,500 in actual damages violated an employer's constitutional rights.

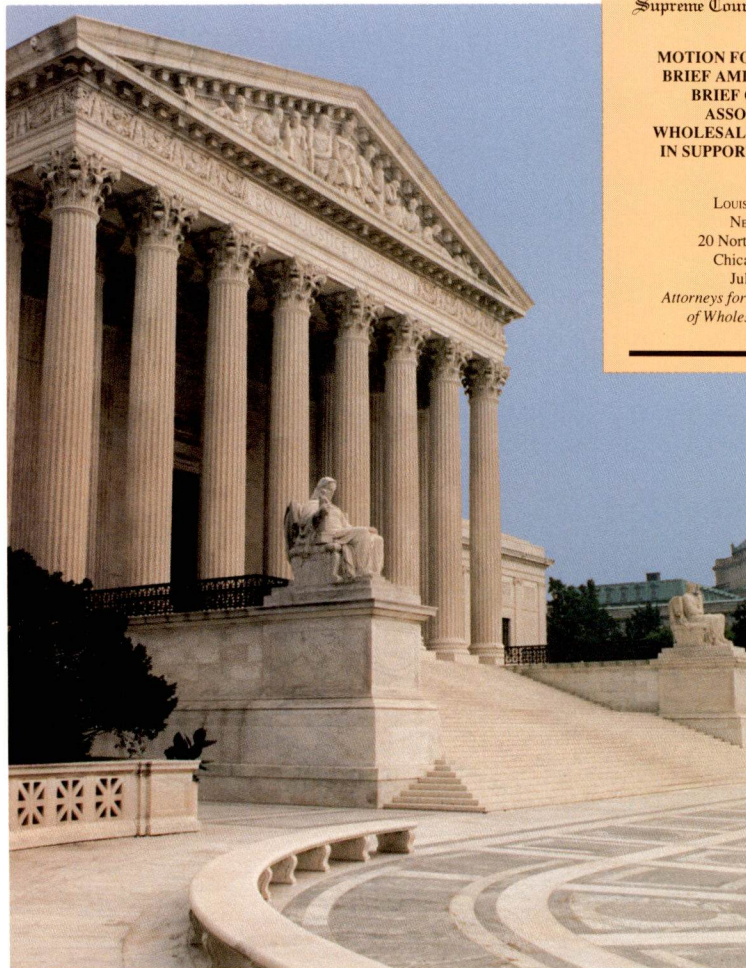
Finally, at year's end, NAW filed an *amicus* brief in the *Cooper Electric* case, disputing a federal District Court ruling that inside sales men and women in the

wholesale distribution industry are no different than sales clerks in the retail industry—and thus are subject to overtime requirements under the Fair Labor Standards Act.

The *Cooper Electric* ruling exposes wholesaler-distributors to large back pay claims and potential civil fines.

For the first time, the U.S. Supreme Court acknowledged the important economic role of our industry.

The U.S. Supreme Court



IN THE
Supreme Court of the United States

MOTION FOR LEAVE TO FILE
BRIEF AMICUS CURIAE AND
BRIEF OF NATIONAL
ASSOCIATION OF
WHOLESALE-DISTRIBUTORS
IN SUPPORT OF PETITIONER

LOUIS R. MARCHESI
NEIL J. KUENN
20 North Wacker Drive
Chicago, IL 60606
July 31, 1989

Attorneys for National Association
of Wholesaler-Distributors



The U.S. Supreme Court, in the *Maislin* case, reluctantly granted the trustees of bankrupt trucking firms the right to collect additional money from many shippers who already have paid their freight bills in full. The high court called upon Congress to fix the statute.

Unfortunately, a legislative remedy was sidetracked by some old-fashioned arm-twisting by the Teamsters Union. NAW plans a renewed legislative effort in the 102nd Congress.

In another transportation issue, NAW helped secure an important change in the Clean Air Act amendments. Wholesaler-distributors with commercial fleets will not be required to convert to clean-fuel vehicles when manufacturers do not offer them, as required under the initial House-passed version.

Instead, the law establishes a "pollution credit" program, under which fleet operators who are under their pollution standards can sell credits to operators who are over.

Regulatory Compliance: One of NAW's most important, and least understood functions, is dealing with the federal regulatory bureaucracy.

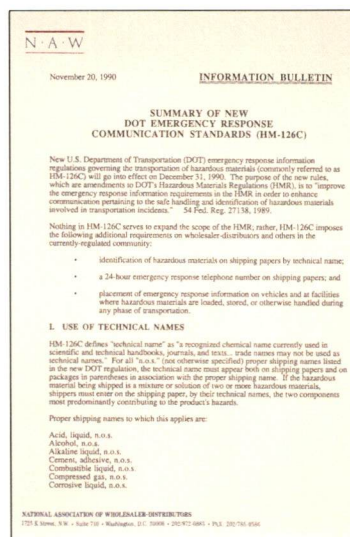
The popular notion that the regulatory system largely has a mind of its own, and often is unresponsive even to the President, has a great deal of validity. NAW does submit testimony and provide expertise to regulatory agencies to help in drafting regulations. And it does go to Congress and the White House to help



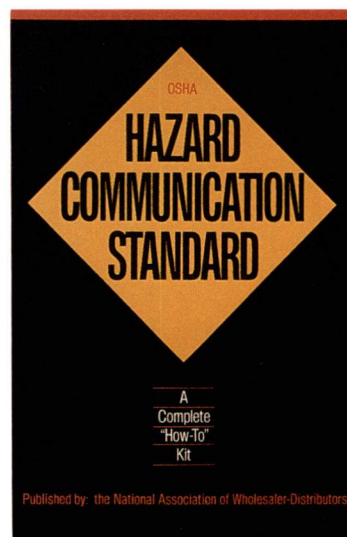
Bob Roberts, the President of Roberts Oxygen Co., Inc., Rockville, Maryland, an NAW Direct Member, poses next to one of his trucks. Fleet operators like Roberts Oxygen come under the Clean Air Act provisions.

in solving problems. But, oftentimes, NAW is left with the mission of explaining to wholesaler-distributors regulations that are convoluted, complex, and of little benefit.

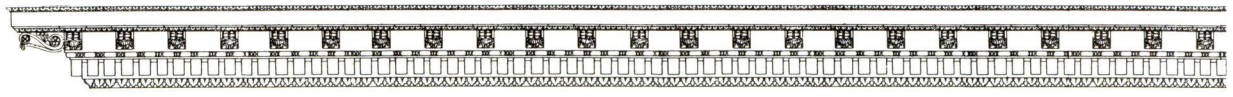
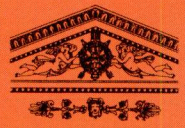
NAW routinely issues information bulletins, trade press articles, and regulatory compliance packages to help wholesaler-distributors with their regulatory obligations.



NAW helped wholesaler-distributors understand their obligations under new Department of Transportation regulations governing the shipment of hazardous materials.



NAW's model compliance program for OSHA's HCS has helped many wholesaler-distributors meet their legal obligations under a very complex law.



Most political action committees funnel their support—almost exclusively—to those who are in power.

NAW's Wholesaler-Distributor Political Action Committee (WDPAC) is different. It devotes a significant portion of its resources to changing the composition of Congress. The goal: A Congress and an executive branch that better understand that greater profits translate into bigger paychecks for the nation's workers and their families.

WDPAC supports candidates on a nonpartisan basis.

The 1990 elections, unfortunately, were indecisive. The Republicans continue to hold the executive branch. The Democrats have increased their grip on Congress a little bit. The President still appears to have sufficient support to uphold his vetoes.

This was, however, a disappointment.

The Republican party leadership persuaded a number of veteran pro-business Congressmen to give



Jim Anderson, NAW Senior Director-Government Relations, congratulates Rep. Hank Brown (R-CO) on his receiving WDPAC's endorsement for Senate. Brown won and is now the junior Senator from Colorado. The WDPAC Board of Directors authorizes contributions and support of candidates. The Board is composed of three wholesaler-distributor Chief Executive Officers, three industry association executives, and two NAW senior executives.

up safe House seats and challenge incumbent Senators. Almost all of them had adopted as their theme "Cut spending and don't raise taxes." That was music to NAW's ears. WDPAC endorsed every one of them.

Given the powers of incumbency, not all of these challengers would have won.

But, in our view, whatever chances they might have had simply disappeared with the confusion over the handling of the budget summit.



WDPAC Chairman of the Board is George Seeds, President of Findley Welding Supply, Youngstown, Ohio.

***NAW, through WDPAC,
seeks to elect federal
officials who understand
and support our free
market economy.***

It has been said that Democracy is the worst form of government, except for all the others.

So, too, our system of raising funds for political candidates has been roundly criticized—with many far worse systems (for example, taxpayer financing) waiting in the wings.

WDPAC raises money for its political agenda through a Political Action Fund (PAF) and a Corporate Political Education Fund (CPEF).

PAF funds are voluntary personal contributions from industry executives. They are donated 100 cents-on-the-dollar to candidates for federal office.

CPEF funds are tax-deductible contributions from



WDPAC Grand Prize Winner for the mid-year raffle is George Finley, President, C.C. Distributors Inc., Corpus Christi, Texas. "Now, more than ever," says Finley "the wholesale distribution industry needs a strong and effective political action effort."

wholesale distribution firms. They are used to mount voter registration and get-out-the-vote drives; send candidate

endorsement letters to local wholesaler-distributors; and defray WDPAC's fundraising expenses.



Everyone's a winner when they participate in the WDPAC raffle at NAW's Annual Meeting. Left to right are Jimmy Taylor, NAW First Vice Chairman and President of Taylor Parts & Supply Co; Gary Armstrong, President of General Air Service & Supply; Greg Gregory, Vice President of Suncoast Roofers Supply; Bob Larsen, President of the Insurance Administration Center; and Jay Church, NAW Chairman-Elect and President of Cordage Papers, Inc. Mr. Gregory was the Grand Prize Raffle winner and Mr. Armstrong was the winner of the Bonus Raffle.



DREF
& Management Information

NAW conducts a wide-ranging series of research and education activities. These are designed to provide wholesale distribution executives with the knowledge they need to remain highly profitable. And they are designed to provide public information about wholesale distribution to improve the business environment in which the industry functions.

A good place to start is NAW's Distribution Research & Education Foundation (DREF).

DREF carries out long-range research on basic issues, where wholesaler-distributors in many different commodity lines have a common interest.



DREF's Chairman of the Board is Jerry Rosenstone, Office of the Chairman, Continental Glass and Plastic Company, Chicago, Illinois.



In baseball, you've got to "hit 'em where they ain't." In wholesale distribution sales, you've got to "hit 'em where they are." Technology can do wonders in that area. Shown here, at Arthur Andersen Consulting's Logistics 2000 exhibit in Atlanta, is a color-coded system that allows inside sales representatives to quickly focus their efforts on the most profitable line-items and accounts.

Technology in a distribution environment ... there is probably no single business issue that generates more interest among—and inquiries from—NAW's membership. The sheer pace of technological change has become a staggering challenge.

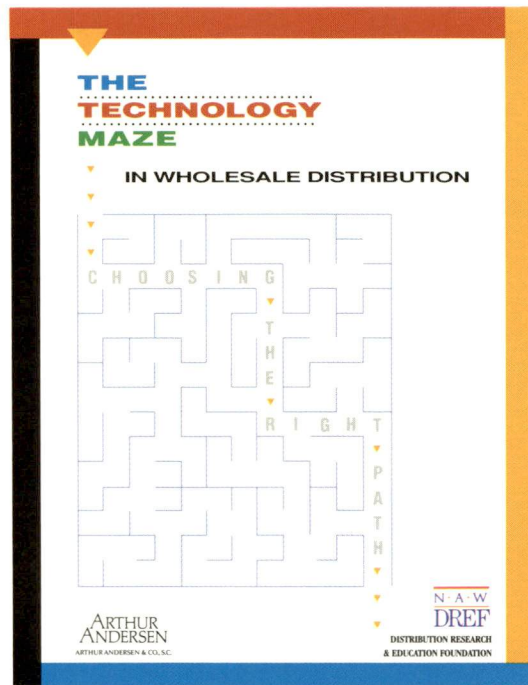
In August, 1990, DREF convened a *Distributor of the Future Technology Conference* in Atlanta. More than 100 wholesale distribution leaders—representing more than three dozen industry commodity lines—got a glimpse of high-tech wholesale distribution in the 1990s.

The conference was put together in conjunction with Arthur Andersen & Co., the international accounting and consulting firm. It also included a tour of Andersen Consulting's *Logistics 2000* facility—a model distribution company that integrates leading-edge technology.

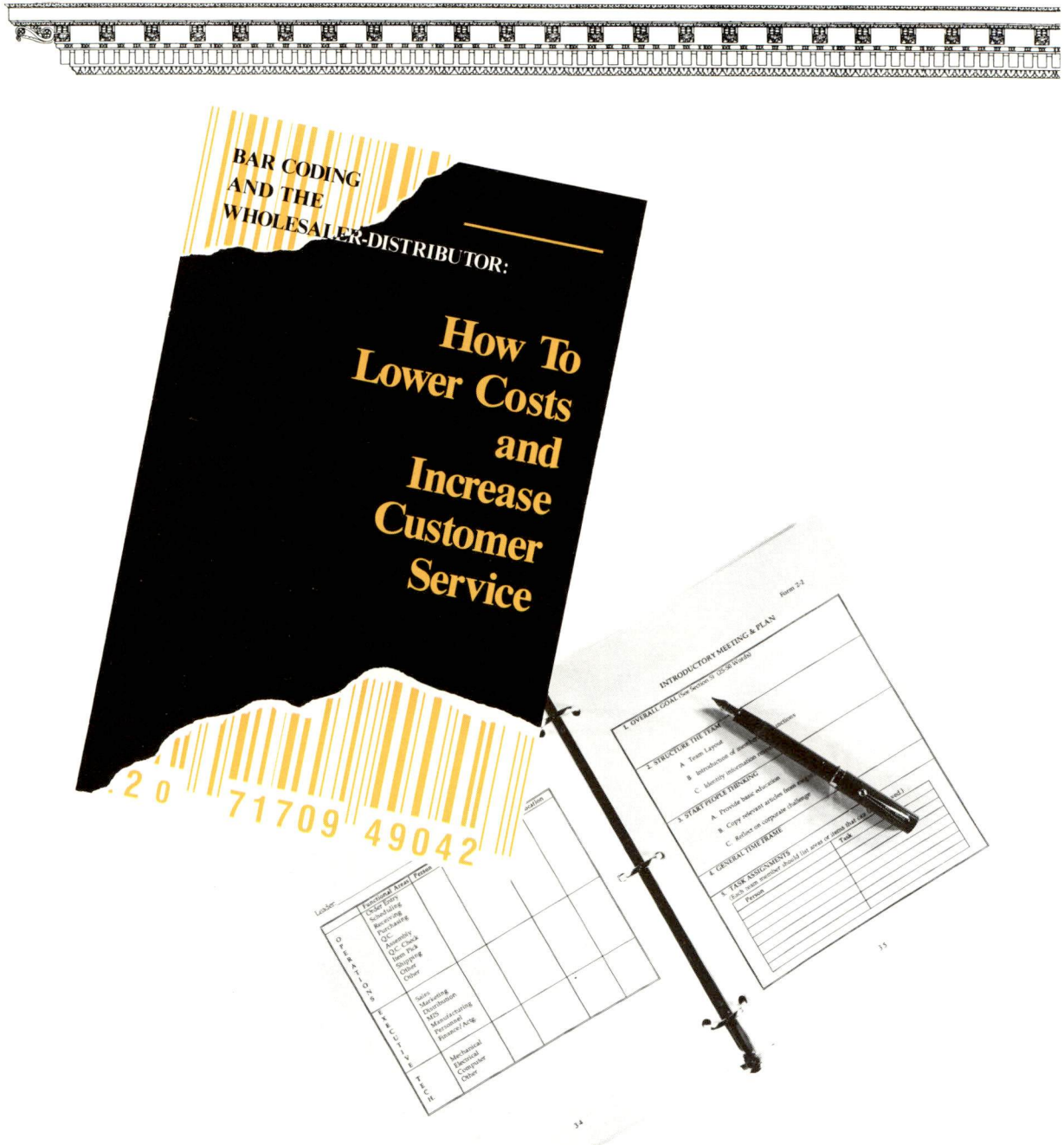
Conference participants got an advance-briefing on the results of DREF's new report *The Technology Maze in Wholesale Distribution: Choosing the Right Path*.

That study provides practical answers to such questions as, "What technology should I adopt?" ... "How much should I spend?" ... "How should I proceed to train my staff on the new systems?" ... and "When will it pay for itself?"

DREF's research indicates that technology is one of the crucial determinants of success or failure of wholesale distribution firms in the 1990s.



***Knowledge. It's the key
to running a successful
wholesale distribution
business. Educating
bankers, suppliers,
public policy officials ...
and others ... about
wholesale distribution
also is a critical
NAW/DREF function.***



Bar Coding: Wholesaler-distributors can significantly improve their productivity by using bar codes. In addition to the obvious inventory tracking applications, bar codes can be used in a variety of “front office” activities.

The benefits of bar coding are so great that NAW’s Distribution Research & Education Foundation (DREF), in 1990, published *Bar Coding and the Wholesaler-Distributor: How To Lower Costs and Increase Customer Service*.

Bar coding is a technology tailor-made for wholesale distribution. The error rate for scanning is approximately one in three million. The error rate for data entry via keypunching is approximately one in three hundred keystrokes.

Bar Coding is another in DREF’s series of studies on the use of technology to improve industry productivity and profits.

Financing: The 1990s are bringing even greater challenges to wholesaler-distributors. Competition is steeper. Technology is even more

needed—and costly.

Furthermore, companies—like products and people—have a life cycle. Different types of financing tend to be appropriate at different stages. The best wholesaler-distributors look beyond today’s or tomorrow’s operating requirements to develop a whole-life financing strategy.

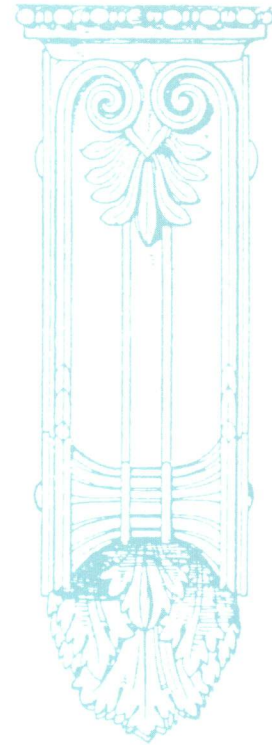
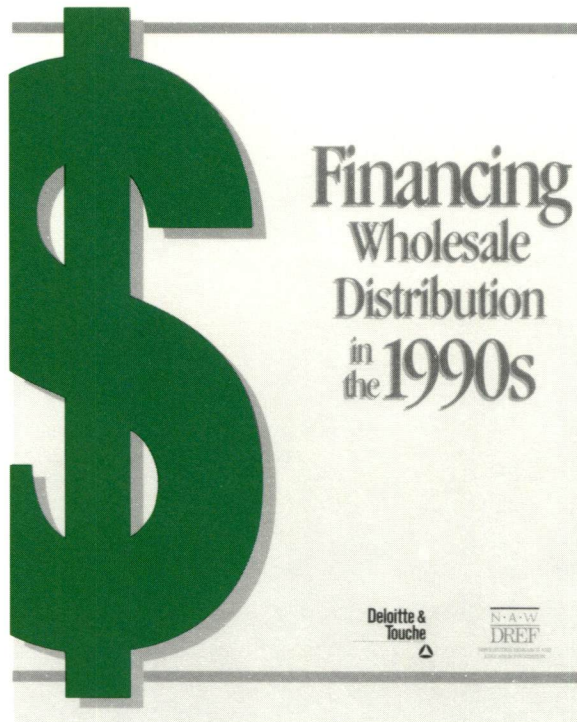
To meet these needs, DREF and the consulting firm of Deloitte & Touche have conducted one of the most comprehensive financial studies in industry history, *Financing Wholesale Distribu-*

tion in the 1990s. The book summarizes the industry's common financing experiences and presents the advantages and disadvantages of nearly two-dozen separate financing sources.

Wholesale Distribution Executive Management Course: NAW and The Ohio State University School of Business offer a one-week training course in the essential elements of wholesale distribution. It is an intensive review of marketing, finance, and human relations—targeted at wholesaler-distributors' particular concerns.

The course also offers participants a rare opportunity—a chance to compare business practices with other wholesaler-distributors who are not competitors.

The professors at The Ohio State University School of Business probably have more expertise in wholesale distribution than any other university. They've helped hundreds of wholesaler-distributors



improve their profitability.

In 1991, the course will be held June 9-14. Special emphasis is being placed on management techniques suitable for operating in a tough economic environment.

Model Wholesaling Course: To help improve the standing of wholesale distribution in

the nation's undergraduate and graduate programs, DREF, in 1990, worked with Professor Adel I. El-Ansary of the University of North Florida College of Business Administration.

Dr. El-Ansary has developed a model curriculum, "Wholesaling: Structure, Strategy, and Management," That course, now a part of the UNF curriculum, is being made available to other colleges and universities.

DREF also is underwriting a student internship at the University of North Florida.

Industry Data: NAW continues to provide the nation's news media with an analysis of the Producer Price Index. And NAW, in conjunction with Arthur Andersen & Co., continues to issue the Wholesale Distribution Industry Confidence Index—a quarterly gauge of industry business conditions.



University of North Florida Professor Adel El-Ansary congratulates Grady Heiss, a junior marketing major, who was selected to receive DREF's new wholesale distribution internship.

NAW-CIGNA Property/
Liability Insurance
Program: The NAW-
CIGNA partnership,
now in its ninth year, has
consistently delivered out-
standing coverage at a
competitive price in the
highly cyclical insurance
industry. NAW is CIGNA's
single largest customer—
generating more than \$90
million in annual premiums.

In 1990, intense price
competition in the property/
casualty marketplace kept
business insurance protection
broadly available and "afford-
able." It seems that only
workers' compensation (in

selected states) presented an
irritant to member firms.

In the fourth quarter,
though, the traded securities
of the major property/liability
insurers were flirting with 52-
week lows. This would
suggest that the "soft market"
will, in all likelihood, con-
tinue into 1991.

While this is good news
for member firms, it does
raise some serious questions
regarding the future financial
viability of those underwriters
who continue to extend their
market share at inadequate
prices.

CIGNA, the underwriter of
the NAW Property/Liability

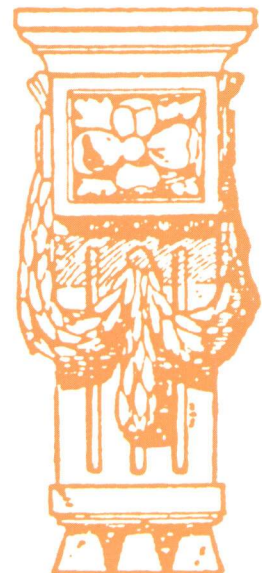
Program has intensified its
effort to become the primary
writer of property/liability/
auto/workers' compensation
for firms engaged in whole-
sale distribution. The recently
formed Wholesalers Insur-
ance Group (WIG) operates
as a CIGNA "company within
a company" with dedicated
underwriting, marketing, loss
control, and claims servicing
capabilities.

For the seventh consecu-
tive year, insured firms will
receive a return of premium
in the form of a significant
dividend totalling
\$4,863,000. This brings
aggregate dividends on the
NAW-CIGNA Program to
more than \$21 million in the
last four years.

Over the past twelve
months, the NAW-CIGNA
program has expanded both
in terms of written premium,
and, most importantly,
number of insured firms.
Given the complexity of the
CIGNA reorganization and
intense price competition in
the marketplace, this
achievement is remarkable.



"Last year," says Ray Gross (seated), President, Transply Inc., "we received a \$2,214 dividend under the NAW-CIGNA liability program. That's more than twice our annual membership dues." "But that's not all," notes Ray's brother Dean (standing), who serves as Vice President of the Dillsburg, Pennsylvania firm. "The NAW program gives us additional protection if we have a claim."



In politics, there is strength in numbers. That also is the case in business services. NAW's Service Corporation uses the collective muscle of 40,000 wholesaler-distributors to negotiate highly favorable terms and conditions with a variety of vendors.

NAW-New York Life Insurance Company Life/Health/Dental/Disability Insurance Program: Employee group health insurance continues as the number one insurance irritant facing most wholesaler-distributors. Restricted benefits, limited availability, and constantly increasing costs have pushed the traditional "indemnity" group health insurance coverage beyond the availability of many firms, their employees, and dependents.

NAW has embarked on an extensive survey of member firms in order to establish a clearer picture of the health insurance options being selected by member firms in various parts of the country. From the early survey results, a picture is emerging which confirms that an increasing percentage of wholesaler-distributors have moved away from traditional group health insurance towards the so-called "managed care" programs (i.e. HMO, PPO, "triple-option," etc.). Others are using "self insurance."

NAW is currently meeting with selected insurance companies to determine their interest in developing a health insurance program which encompasses these options.



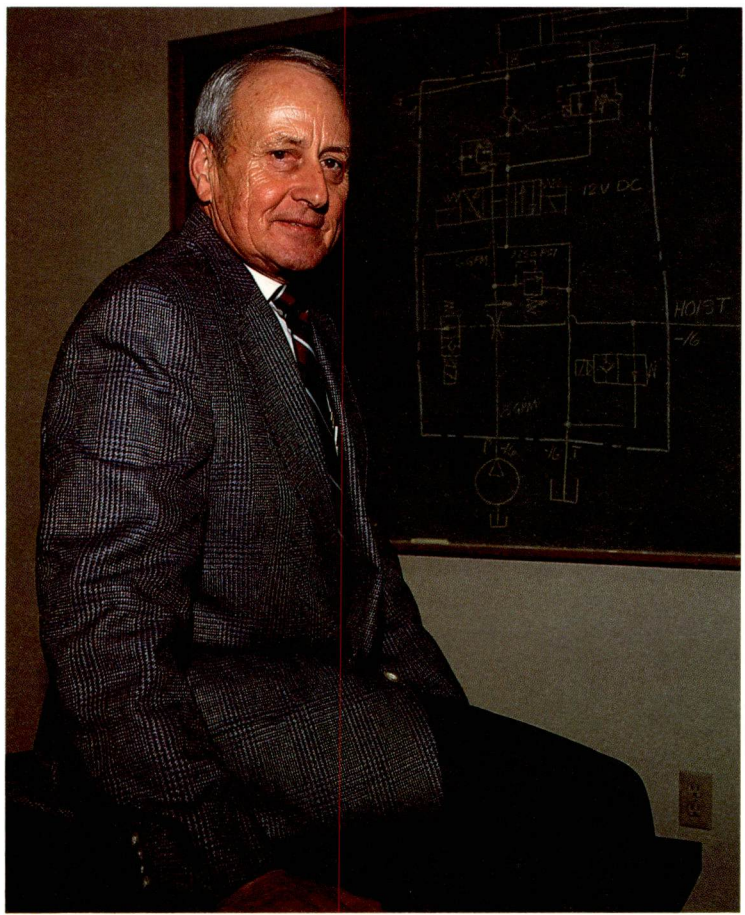
In 1990, George Valiga joined NAW as Vice President and General Manager of the NAW Service Corporation.

NAW-Hertz Car Rentals: The program continues to provide superior price and quality.

By combining special nationwide discounted rental rates and a high level of

service—including Hertz # 1 Gold Club, Computerized Driving Directions, Cellular Phones, and more—the NAW-Hertz Program has remained very popular.

NAW uses the economic power of 40,000 wholesale distribution firms to negotiate highly favorable terms and conditions for business services. One clear benefit: Broadly written, competitively priced insurance.



George Williams, President of Williams Equipment Co., Inc.—a fluid power distributor headquartered in Olathe, Kansas—has been quite pleased with the NAW-US Sprint program. “My staff has experienced three clear benefits from the service,” says Williams. “We’ve consolidated billing for our three locations. And that’s a real time-saver for our accounts payable people. We’ve found the Travel Card to be easier to use. This view has been unanimous among our outside sales group. And our monthly bills have dropped about 5%. That’s an excellent advantage to any company.”

NAW-US Sprint Long-Distance Telephone Program: Wholesaler-distributors in the NAW-US Sprint Program—to borrow a phrase—could reach out and touch a few more people in 1990 than they could in 1989. And they didn’t have to touch the bank account quite as often, either.

Among the new services were:

- discounts on intrastate as well as interstate Dial 1 and Dial 1 WATS service.
- Toll Free 800 service—at an extra 5% off US Sprint’s daytime rates.
- and international calling to every dial-direct country at a 10% discount.

The superior features of the NAW-US Sprint Program ... US Sprint’s high-level of service ... and the remarkable quality of US Sprint’s 100%

digital Fiber Optic Network ... have turned the NAW Program into US Sprint’s largest association customer, generating annualized volume in excess of \$1.5 million in 1990.

That is a notable achievement for a program in its first full year of operation.

NAW-Meridian One FAX Program: Wholesaler-distributors (and, indeed, their customers) can use the NAW program to purchase FAX machines from several manufacturers in both portable and full-size models. Meridian One offers machines with a tremendous array of features and options at pricing that is quite attractive.

NAW-Emery Worldwide Overnight Delivery Program: When is it good news when a shipper’s dropped something? When it’s his prices.

With strong competition in air courier and air freight express delivery, NAW and Emery were able to deliver excellent prices to wholesaler-distributors in 1990—as well as first-rate service.

The NAW-Emery Program offers discounts on Emery’s regular overnight delivery rates of up to 30% , on any size or any weight shipment, with no minimum usage requirement. In addition, the Program was extended in 1990 to include all shipments that are made within Canada, or between Canada and the United States, with savings of up to 25% off Emery’s list prices.

Emery also is one of the few carriers willing to handle cargoes considered hazardous

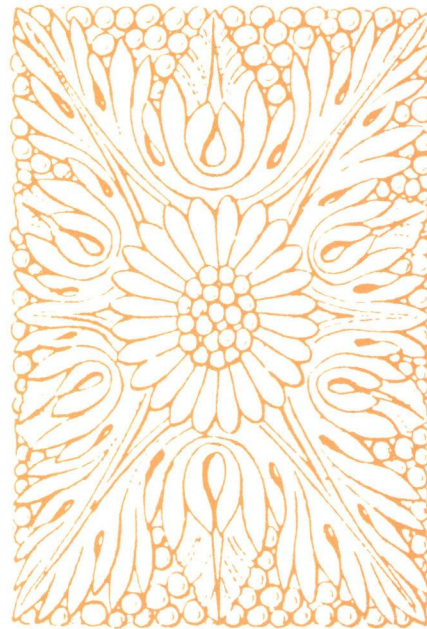
under U.S. shipping regulations.

For wholesaler-distributors with higher volume accounts (those with \$500 or more per month in total shipping activity with Emery), the NAW-Emery Program offers additional discounts over and above the standard NAW rates.

As a result, the NAW-Emery Program experienced strong growth in 1990—the first full year of the program—generating more than \$1 million in volume.

NAW VISA Gold Card:

NAW's VISA Gold Credit Card Program, offered in conjunction with First American Bank of Virginia, provides wholesaler-distributors with a superior personal credit card. Some of the special features include a minimum credit line of \$5,000; a guaranteed finance charge on unpaid balances of 5.5% above the prime rate, with a minimum of 14% and a maximum of 18%; a special, first-year annual fee of \$20.00 for the principal cardholder; and an array of travel services.



Customer service is the name of the game in wholesale distribution. That's just what Emery can help provide. At a recent NAW event, one of NAW's hardwood plywood distributors talked about a unique request his firm received—and fulfilled. An enormous walnut conference table was to be built for an international conference in Washington, DC. The conference was just days away! A walnut tree was located in the suburbs of the nation's capital. A logger was hired. The log was rushed by truck to a veneer manufacturer. The veneer was rushed by air to a Southern California cabinet shop. (No one local would touch the job!) The customer's table was shipped by air ... by Emery ... just in time for the prestigious event.

National Associations

Air-conditioning & Refrigeration Wholesalers Association
 American Machine Tool Distributors Association
 American Supply Association
 American Traffic Safety Services Association, Inc.
 American Veterinary Distributors Association
 Appliance Parts Distributors Association, Inc.
 Associated Equipment Distributors
 Association of Steel Distributors
 Association of the Wall and Ceiling Industries-International
 Automotive Service Industry Association
 Aviation Distributors & Manufacturers Association

 Bearing Specialists Association
 Beauty & Barber Supply Institute, Inc.
 Bicycle Wholesale Distributors Association, Inc.
 Biscuit & Cracker Distributors Association

 Ceramic Tile Distributors Association
 Copper & Brass Servicenter Association
 Council for Periodical Distributors Association
 Council of Wholesale-Distributors National Kitchen & Bath Association

 Electrical-Electronics Material Distributors Association

 Farm Equipment Wholesalers Association
 Fire Suppression Systems Association
 Fluid Power Distributors Association, Inc.
 Food Industries Suppliers Association
 Food Marketing Institute
 Foodservice Equipment Distributors Association

 General Merchandise Distributors Council

 Health Industry Distributors Association
 Hobby Industry Association of America

 Independent Laboratory Distributors Association
 Independent Medical Distributors Association
 Independent X-Ray Dealers Association

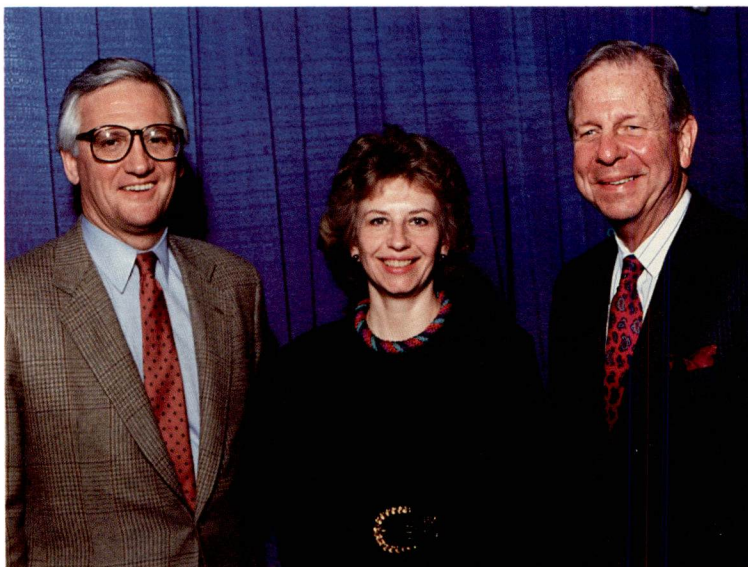
Industrial Distribution Association
 Institutional & Service Textile Distributors Association, Inc.
 International Sanitary Supply Association
 International Truck Parts Association
 Irrigation Association

 Jewelry Industry Distributors Association

 Machinery Dealers National Association
 Material Handling Equipment Distributors Association
 Motorcycle Industry Council
 Music Distributors Association

 National Appliance Parts Suppliers Association
 National Association of Aluminum Distributors
 National Association of Chemical Distributors
 National Association of Container Distributors
 National Association of Electrical Distributors
 National Association of Fire Equipment Distributors
 National Association of Floor Covering Distributors

National Association of Flour Distributors, Inc.
 National Association of Hose and Accessories Distributors
 National Association of Manufacturing Opticians
 National Association of Marine Services, Inc.
 National Association of Meat Purveyors
 National Association of Plastics Distributors
 National Association of Service Merchandising
 National Association of Sporting Goods Wholesalers
 National Association of Tobacco Distributors
 National Association of Writing Instrument Distributors
 National Beer Wholesalers Association
 National Building Material Distributors Association
 National Business Forms Association
 National Candy Wholesalers Association
 National Commercial Refrigeration Sales Association
 National Electronic Distributors Association
 National Fastener Distributors Association



Pausing for a break at one of NAW's semi-annual Association Executives Council meetings are Sandy Hill, Chairman-Elect of the AEC, who serves as Managing Director of three NAW Member Associations—the National Association of Chemical Distributors, the National Association of Hose and Accessories Distributors, and the Independent Laboratory Distributors Association; Beate Halligan, Chairman of the AEC, and who serves as Executive Vice President of the Power Transmission Distributors Association; and Marv Schylling, Past Chairman of the AEC, and who serves as President of the National Association of Electrical Distributors.

National Food Distributors Association
National Frozen Food Association
National Grocers Association
National Independent Poultry and Food Distributors Association
National Industrial Glove Distributors Association
National Insulation and Abatement Contractors Association
National Lawn & Garden Distributors Association
National Locksmith Suppliers Association
National Marine Distributors Association
National Paint Distributors, Inc.
National Paper Trade Association, Inc.
National Printing Equipment and Supply Association, Inc.
National Sash & Door Jobbers Association
National School Supply & Equipment Association
National Solid Wastes Management Association
National Spa and Pool Institute
National Truck Equipment Association
National Welding Supply Association
National Wheel & Rim Association
National Wholesale Druggists' Association
National Wholesale Furniture Association
National Wholesale Hardware Association
Northamerican Heating & Airconditioning Wholesalers Association
North American Horticultural Supply Association
North American Wholesale Lumber Association, Inc.

Optical Laboratories Association
Outdoor Power Equipment Distributors Association

Pet Industry Distributors Association
Petroleum Equipment Institute
Petroleum Marketers Association of America
Post Card Distributors Association of North America
Power Transmission Distributors Association, Inc.

Safety Equipment Distributors Association, Inc.
Shoe Service Institute of America
Specialty Tools & Fasteners Distributors Association
Steel Service Center Institute
Suspension Specialists Association

Textile Care Allied Trades Association
United Products Formulators & Distributors Association
Video Software Dealers Association
Wallcovering Distributors Association
Water and Sewer Distributors of America
Wholesale Florists & Florist Suppliers of America
Wholesale Stationers' Association, Inc.
Wine & Spirits Wholesalers of America, Inc.
Woodworking Machinery Distributors Association
Woodworking Machinery Importers Association

Associate Associations

Advertising Specialty Institute
Alabama Wholesale Beer & Wine Association
American Society of Computer Dealers
Associated Beer Distributors of Illinois
Association of Biotechnology Companies
Association of Ingersoll-Rand Distributors
Beer & Wine Association of Ohio
Beer Industry League of Louisiana
Beer Industry of Florida, Inc.
Beer Wholesalers Association of New Jersey
California Association of Tobacco & Candy Distributors
California Association of Wholesalers-Distributors
California Beer & Wine Wholesalers Association
Canadian Electrical Distributor Association
Canadian Institute of Plumbing & Heating
Canadian Wholesale Drug Association
Central Wholesalers Association
Chicago Metropolitan Distributors Association
Colorado Beer Distributors Association, Inc.
Computer Dealers & Lessors Association
Digital Dealers Association
Electrical Apparatus Service Association

Georgia Beer Wholesalers Association, Inc.
Greater Detroit Chamber of Commerce Wholesaler-Distributor Association
Greater North Dakota Association/WAM Council
Greater Washington Food Wholesalers
Indiana Beverage Alliance
Jobbers Credit Association
Los Angeles Fasteners Association
Michigan Association of Distributors
Michigan Beer & Wine Wholesalers Association
Michigan Distributors & Vendors
Mid-America Supply Association
Middle Atlantic Wholesalers Association
Mississippi Malt Beverage Association
Missouri Beer Wholesalers Association
National Appliance Service Association
National Association of Tobacco & Confectioners
National Office Products Association
North Carolina Beer Wholesalers Association
North Carolina Wholesalers Association, Inc.
New England Paper Merchandising Association
New England Wholesalers Association
New York State Beer Wholesalers Association
New York State Plumbing & Heating Wholesalers
Pacific Southwest Distributors Association
Scaffold Industry Association
South Carolina Beer Association
Southern Wholesale Hardware Association
Southern Wholesalers Association
Western Association of Fastener Distributors
Western Suppliers Association
Wholesale Beer Distributors of Arkansas
Wholesale Beer Distributors of Texas
Wholesale Distributors Association
Wisconsin Wholesale Beer Distributors Association

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WDPAC

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Mary Tavenner
Senior Director-Government
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Director-Campaign Research,
WDPAC

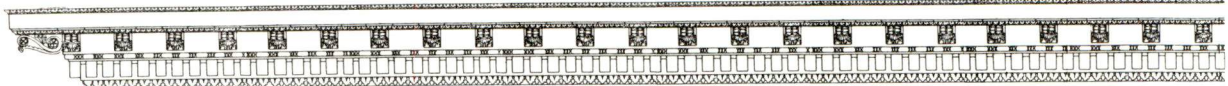
George Valiga
Vice President and General
Manager, NAW Service
Corporation



Phil Jaffa, NAW Director-Communications, receives an award from Frank Martineau of Association Trends for NAW Report, the association's newsletter. NAW also received awards for its 1988 and 1989 Annual Reports, its 1990 convention materials, marketing materials for its Hertz car rental program, and for an editorial column.

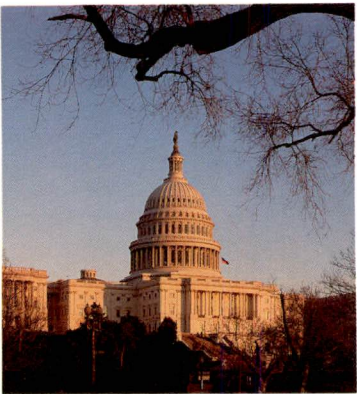
*In 1990, NAW's
communications programs
picked up six national
awards from five different
organizations.*





REVENUE

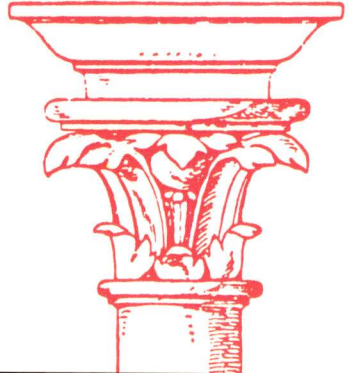
Total	\$6,362,000	
NAW	\$3,625,000	Includes dues, publications, seminars, annual meeting, coalitions
SC	\$2,306,000	Includes insurance, vehicle, credit card, accounts receivable, overnight delivery, long distance, and other programs
WDPAC	\$297,000	Includes Political Action Fund, Corporate Political Education Fund
DREF	\$134,000	Includes contributions, publication royalties



EXPENSE

Total	\$6,362,000	
NAW	\$3,872,000	Includes publications, seminars, annual meeting, coalitions, operations, provision for reserves
SC	\$2,001,000	Includes insurance, vehicle, credit card, accounts receivable, overnight delivery, long distance, and other programs, operations, and provision for taxes
WDPAC	\$325,000	Includes candidate contributions, operations
DREF	\$164,000	Includes project grants, operations

December 1, 1989–November 30, 1990



NAW SC

The mission of the NAW Service Corporation is to sponsor industry-wide service and product offerings that benefit wholesaler-distributors.

DREF

The mission of NAW's Distribution Research & Education Foundation is to sponsor and disseminate research into strategic management issues affecting the wholesale distribution industry. DREF aims to help merchant wholesaler-distributors remain the most effective and efficient channel of distribution.



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N · A · W

1725 K Street, N.W. • Suite 710 • Washington, D.C. 20006
202/872-0885 • FAX: 202/785-0586