SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 25, 1999

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 0-18914

R&B, INC.

Incorporated pursuant to the Laws
of the Commonwealth of Pennsylvania

IRS - Employer Identification No. 23-2078856

3400 East Walnut Street, Colmar, Pennsylvania 18915
(215) 997-1800

Securities Registered pursuant to Section 12(b) of the Act: NONE
Securities Registered pursuant to Section 12(g) of the Act: Common Stock, $0.01 Par Value

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

As of March 17, 2000 the Registrant had 8,231,034 common shares, $.01 par value, outstanding, and the aggregate market value of voting stock held by non-affiliates of the Registrant was $11,833,063.

DOCUMENTS INCORPORATED BY REFERENCE

PART III - Certain information from the Registrant's definitive Proxy Statement for its Annual Meeting of Shareholders presently scheduled to be held on May 18, 2000.

R & B, INC.

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DECEMBER 25, 1999

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PART I

Item 1. Business.

General

R&B, Inc. was incorporated in Pennsylvania in October 1978. As used herein, unless the context otherwise requires, "R&B" or the "Company" refers to R&B, Inc. and its subsidiaries.

The Company is a leading supplier of "hard-to-find" parts, fasteners and service line products primarily for the automotive aftermarket, a market segment which it helped to establish. The Company designs, packages and markets over 60,000 different automotive replacement parts, fasteners and service line products manufactured to its specifications, with approximately half consisting of "hard-to-find" parts and fasteners. "Hard-to-find" parts are those which were traditionally available to consumers only from original equipment manufacturers or junk yards and include, among other parts, window handles, headlamp aiming screws, power steering filler caps, pedal pads and carburetor pre-heater hoses. Fasteners include such items as oil drain plugs and wheel lug nuts. Approximately 85% of the Company's products are sold under its brand names and the remainder are sold for resale under customers' private labels, other brands or in bulk. The Company's products are sold primarily in the United States through automotive aftermarket retailers (such as AutoZone, The Pep Boys and Advance), national, regional and local warehouse distributors (such as Auto Value, Carquest and NAPA) and specialty markets including parts manufacturers for resale under their own private labels (such as Federal Mogul and Dana), automotive dealers and salvage yards. Through its Scan-Tech subsidiary, the Company is increasing its international distribution of automotive replacement parts, with sales into Europe, the Middle East and the Far East.

The Automotive Aftermarket

The automotive replacement parts market is made up of two components: parts for passenger cars and light trucks, which accounted for sales of approximately $160 billion in 1999, and parts for heavy duty trucks, which accounted for sales of approximately $57 billion in 1999. The Company currently markets products primarily for passenger cars and light trucks.

Two distinct groups of end-users buy replacement automotive parts: (i) individual consumers, who purchase parts to perform "do-it-yourself" repairs on their own vehicles; and (ii) professional installers, which include automotive repair shops and the service departments of automobile dealers. The individual consumer market is typically supplied through retailers and through the retail arms of warehouse distributors. Automotive repair shops generally purchase parts through local independent parts wholesalers and through national warehouse distributors. Automobile dealer service departments generally obtain parts through the distribution systems of automobile manufacturers and specialized national and regional warehouse distributors.

The increasing complexity of automobiles and the number of different makes and models of automobiles have resulted in a significant increase in the number of products required to service the domestic and foreign automotive fleet. Accordingly, the number of parts required to be carried by retailers and wholesale distributors has increased substantially. These pressures to include more products in inventory and the significant consolidation among distributors of automotive replacement parts have in turn resulted in larger distributors.

Retailers and others who purchase aftermarket automotive repair and replacement parts for resale are constrained in the short-term to a finite amount of space in which to display and stock products. Thus, the reputation for quality, customer service and line profitability which a supplier enjoys is a significant factor in a purchaser's decision as to which product lines to carry in the limited space available. Further, because of the efficiencies achieved through the ability to order all or part of a complete line of products from one supplier (with possible volume discounts), as opposed to satisfying the same requirements through a variety of different sources, retailers and other purchasers of automotive parts seek to purchase products from fewer but stronger suppliers.

Products

The Company sells over 60,000 different automotive replacement parts, fasteners and service line products to meet a variety of needs, including "hard-to-find" parts sold primarily under the HELP!® brand name, a comprehensive array of automotive and hardware fasteners sold under the Dorman® and Pik-A-Nut® brand names, service line products sold under the Champ® brand name and traditional automotive replacement parts sold under the Company's other brand names as well as under customers' private label brands. The Company markets these parts primarily through its Motormite ® and Dorman® divisions. Many of the Company's parts are sold under "dual brands" in order to provide the Company's customers with an individualized identity or to satisfy a particular brand preference. For example, a customer could purchase a line of window handles under either the Motormite ® HELP!® brand or the Dorman ® brand. Certain of the Company's brands, such as Metal Work!™, are offered as a single brand through both the Motormite ® and Dorman ® divisions. Approximately 85% of the Company's revenues are derived from products sold under its more than sixty brand names including, among others, the following:

* HELP!®	- An extensive array of replacement parts, including window handles, knobs and switches, door handles, control knobs, cigarette lighters, interior trim parts, pedal pads, wheel center caps, headlamp aiming screws and retainer rings, license plate frames and parts, windshield washer parts, hood latch release cables, radiator parts, battery hold-down bolts, valve train parts, spring U-bolts, tailgate cables, and power steering filler caps
* Dorman ®	- An extensive array of replacement parts, including many hard-to-find parts and fasteners. The Dorman brand is designed to provide the customer with a competitive brand alternative.
* Speedi-Boot!™	- Constant velocity joint boots and clamps
* Quick-Boot ®	- Constant velocity joint boots and clamps
* Mighty Flow!®	- Air intake, carburetor preheater and defroster duct hoses
* Start!™	- Alternator and starter repair components
* Look!®	- Sideview mirror glass
* Clutch-In!™	- Clutch cables, bushings, forks and pilot tools
* Cable-All!™	- Accelerator, detent and transhift cables
* Gear-Up!®	- Flywheels, ring gears and flex plates
* Cool-Aid!®	- Air conditioning O-rings, gaskets, valves, tubes and switches
* Strut-Tite!®	- Strut mounts and related parts
* Conduct-Tite!®	- Electrical connectors
* Oil-Tite!®	- Oil drain plugs and gaskets
* Wheel-Tite!®	- Wheel studs and lug nuts

* HPX ®	- High performance fasteners
* Metal Work!™	- A program of metal-working related categories, including welding supplies and accessories, cutting equipment and supplies, abrasives and related tools and brushes for hand and power applications
* Safety✓Counts!™	- Safety products relating to compliance items, gear for personal protection and first aid
* Pik-A-Nut ®	- An extensive array of automotive and hardware fasteners
* Platinum Parts ™	- An extensive array of automotive replacement parts and supplies for automotive dealers and salvage yards
* Champ®	- Service line products including tire repair equipment, floor mats, gauges and mops
* Brakeware®	- Hydraulic brake parts, including wheel cylinders and related hardware

The remainder of the Company's revenues are generated by the sale of parts packaged by the Company, or others, for sale in bulk or under the private labels of parts manufacturers (such as Federal Mogul and Dana), national warehouse distributors (such as NAPA) and automobile manufacturers or their dealers (such as General Motors' "AC/Delco" brand). During the years ended December 1999, 1998 and 1997, no single product or related group of products accounted for more than 10% of gross sales.

Product Development

Product development is central to the Company's business. The development of a broad range of products, many of which are not conveniently or economically available elsewhere, has in part, enabled the Company to grow to its present size and is important to its future growth. In developing its products, the Company's strategy has been to design and package its parts so as to make them better and easier to install and/or use than the original parts they replace and to sell automotive parts for the broadest possible range of uses. Through careful evaluation, exacting design and precise tooling, the Company is frequently able to offer products which fit a broader range of makes and models than the original equipment parts they replace, such as an innovative neoprene replacement oil drain plug which fits not only a variety of Chevrolet models, but also Fords, Chryslers and a range of foreign makes. This assists retailers and other purchasers in maximizing the productivity of the limited space available for each class of part sold. Further, where possible, the Company improves its parts so they are better than the parts they replace. Thus, many of the Company's products are simpler to install or use, such as a replacement "split boot" for a constant velocity joint that can be installed without disassembling the joint itself and a replacement spare tire hold-down bolt that is longer and easier to thread than the original equipment bolt it replaced. In addition, the Company often packages different items in complete kits to ease installation.

Ideas for expansion of the Company's product lines arise through a variety of sources. The Company maintains an in-house engineering staff that routinely generates ideas for new parts and expansion of existing lines. Further, the Company maintains an "800" telephone number and an Internet site for "New Product Suggestions" and receives, either directly or through its sales force, many ideas from the Company's customers as to which types of presently unavailable parts the ultimate consumers are seeking.

Each new product idea is reviewed by the Company's engineering staff, as well as by members of the production, sales, finance, marketing and administrative staffs. In determining whether to produce an individual part or a line of related parts, the Company considers the number of vehicles of a particular model to which the part may be applied, the potential for modifications which will allow the product to be used over a broad range of makes and models, the average age of the vehicles in which the part would be used and the failure rate of the part in question. This review process winnows the many new product suggestions to those most likely to enhance the Company's existing product lines or to support new product lines.

Sales and Marketing

The Company markets its parts to three groups of purchasers who in turn supply individual consumers and professional installers:

(i) Approximately 41% of the Company's revenues are generated from sales to automotive aftermarket retailers (such as AutoZone, The Pep Boys and Advance), local independent parts wholesalers and national general merchandise chain retailers. The Company sells some of its products to virtually all major chains of automotive aftermarket retailers;

(ii) Approximately 30% of the Company's revenues are generated from sales to warehouse distributors (such as Auto Value, Carquest and NAPA), which may be local, regional or national in scope, and which may also engage in retail sales; and

(iii) The balance of the Company's revenues are generated from international sales and sales to special markets, which include, among others, hardware (such as Home Depot and Lowe's) salvage yards, automobile dealers and the parts distribution systems of parts manufacturers (such as Federal Mogul and Dana).

The Company utilizes a number of different methods to sell its products. The Company's approximately 25 person direct sales force solicits purchases of the Company's products directly from customers, as well as managing the activities of more than 10 independent manufacturer's representative agencies. The Company uses independent manufacturer's representative to help service existing retail and warehouse distribution customers, providing frequent on-site contact. The sales focus is designed to increase sales by adding new product lines and expanding product selection within existing customers and secure new customers. For certain of its major customers, and its private label purchasers, the Company relies primarily upon the direct efforts of its sales force, who, together with the marketing department and the Company's executive officers, coordinate the more complex pricing and ordering requirements of these accounts.

The Company's sales efforts are not directed merely at selling individual products, but rather more broadly towards selling groups of related products that can be displayed on attractive Company-designed display systems, thereby maximizing each customer's ability to present the Company's product line within the confines of the available area.

The Company prepares a number of catalogs, application guides and training materials designed to describe the Company's products and other applications as well as to train the customers' salesmen in the promotion and sale of the Company's products. Every three to four years the Company prepares a new master catalog which lists all of its products. The catalog is updated periodically through supplements.

The Company currently services more than 12,000 active accounts. During 1999 and 1998, one customer (AutoZone), accounted for approximately 21% and 15% of sales, respectively. During 1997 two customers (AutoZone and The Pep Boys), each accounted for 10% or more of sales and in the aggregate accounted for 24% of sales.

Manufacturing

Substantially all of the products sold by the Company are manufactured to its specifications by third parties, although replacement sideview mirror glass (sold under its Look! trademark), is manufactured by the

Company. Because numerous contract manufacturers are available to manufacture its products, the Company is not dependent upon the services of any one contract manufacturer or any small group of them, so no one vendor supplies 10% or more of the Company's products. In 1999, as a percentage of the total dollar volume of purchases made by the Company, approximately 65% of the Company's products were purchased from various suppliers throughout the United States and approximately 35% of the Company's products were purchased directly from a variety of foreign countries.

Once a new product has been developed, the Company's engineering department produces detailed engineering drawings and prototypes which are used to solicit bids for manufacture from a variety of vendors in the United States and abroad. After a vendor is selected, tooling for a production run is produced by the vendor at the Company's expense. A pilot run of the product is produced and subjected to rigorous testing by the Company's engineering department and, on occasion, by outside testing laboratories and facilities in order to evaluate the precision of manufacture and the resiliency and structural integrity of the materials used. If acceptable, the product then moves into full production.

Packaging, Inventory and Shipping

Finished products are received at one or more of the Company's facilities, depending on the type of part. Samples of each shipment are tested upon receipt. If cleared, these shipments of finished parts are logged into the Company's computerized production tracking systems and staged for packaging.

The Company employs a variety of custom-designed packaging machines for "blister packaging," in which individual parts are dropped into plastic "blister" cups to which a preprinted card backing with appropriate graphics is sealed, and for "skinning," in which parts are pre-positioned on a printed card backing, over which a malleable plastic "skin" is laid and fixed by vacuum- and heat-treatment processes. In either event, the printed card contains the Company's label (or a private label), a part number, a universal packaging bar code suitable for electronic scanning, a description of the part and appropriate installation instructions. Products are also sold in bulk to automotive parts manufacturers and packagers. Computerized tracking systems, mechanical counting devices and experienced workers combine to assure that the proper variety and number of parts meet the correct packaging and backing materials at the appropriate places and times to produce the required quantities of finished products.

Completed inventory is stocked in the warehouse portions of the Company's facilities and is organized according to historical popularity in order to aid in retrieval for shipping. The Company strives to maintain a level of inventory to adequately meet current customer order demand with additional inventory to satisfy new customer orders and special programs. In the aggregate, this has resulted in approximately a three month supply of its products, packaged and readily available for shipment, and a three to six month supply of product in finished bulk form ready for packaging.

The Company ships its products from all of its locations, either by contract carrier, common carrier or parcel service. Products are generally shipped to the customer's central warehouse for redistribution within their network. In certain circumstances, at the request of the customer, the Company ships directly to the customer's stores.

Competition

The replacement automotive parts industry is highly competitive. Various competitive factors affecting the automotive aftermarket are price, product quality, breadth of product line, range of applications and customer service. Substantially all of the Company's products are subject to competition with similar products manufactured by other manufacturers of aftermarket automotive repair and replacement parts. Some of these competitors are divisions and subsidiaries of companies much larger than the Company, and possess a longer history of operations and greater financial and other resources than the Company. Further, some of the Company's private label customers also compete with the Company.

Proprietary Rights

While the Company takes steps to register its trademarks when possible, it does not believe that trademark registration is generally important to its business. Similarly, while the Company actively seeks patent protection for the products and improvements which it develops, it does not believe that patent protection is generally important to its business.

Employees

At December 25, 1999, the Company had 1,160 employees, of whom 1,094 were employed full-time and 66 were employed part-time. Of these employees, 805 were engaged in production, inventory, or quality control, 42 were involved in engineering and product development, 135 were employed in sales and order entry, and the remaining 178, including the Company's 7 executive officers, were devoted to administration, finance and strategic planning.

No employee is covered by any collective bargaining agreement. The Company considers its relations with its employees to be generally good.

Investment Considerations

Increasing Service Life. Advancing technology and competitive pressures have compelled original equipment automobile and parts manufacturers to use parts with longer service lives, which are covered by longer and more comprehensive warranties. This may have the effect of reducing demand for the Company's products by delaying the onset of repair conditions requiring their use.

Competition for Shelf Space. Since the amount of space available to a retailer and other purchasers of the Company's products is limited, the Company's products compete with other automotive aftermarket products, some of which are entirely dissimilar and otherwise non-competitive (such as car waxes and engine oil), for shelf and floor space. No assurance can be given that additional space will be available in a customers' stores to support expansion of the number of products offered by the Company.

Concentration of Sales to Certain Customers. A significant percentage of the Company's sales have been, and will continue to be, concentrated among a relatively small number of customers. In 1999 and 1998 one customer (AutoZone) accounted for approximately 21% and 15% of sales, respectively. During 1997, the Company's two largest customers (AutoZone and The Pep Boys) accounted for approximately 24% of the Company's net sales. The Company anticipates that this concentration of sales among customers will continue in the future. The loss of a significant customer or a substantial decrease in sales to such a customer could have a material adverse effect on the Company's sales and operating results. In 1997, Monroe Auto Equipment Co. ("Monroe") began to manufacture or source directly a series of products previously purchased from the Company, with a resulting reduction of sales to the Company of approximately $5.0 million annually. See "Management's Discussion and Analysis of Results of Operations and Financial Condition" and "Business-Sales and Marketing."

Dependence on Senior Management. The success of the Company's business will continue to be dependent upon Richard N. Berman, Chairman of the Board, President and Chief Executive Officer and Steven L. Berman, Executive Vice President, Secretary-Treasurer and Director. The loss of the services of one or both of these individuals could have a material adverse effect on the Company's business.

Dividend Policy. The Company does not intend to pay cash dividends for the foreseeable future. Rather, the Company intends to retain its earnings, if any, for the operation and expansion of the Company's business.

Control by Officers, Directors and Family Members. Richard N. Berman and Steven L. Berman, who are officers and directors of the Company, their father, Jordan S. Berman, and their brothers, Marc H. Berman and Fred B. Berman, beneficially own approximately 49 % of the outstanding Common Stock and are able to elect the Board of Directors, determine the outcome of most corporate actions requiring shareholder approval (including certain fundamental transactions) and control the policies of the Company.

Possible Environmental Liability. See "Legal Proceedings."

Item 2. Properties.

Facilities

The Company currently has approximately 15 warehouse and office facilities located throughout the United States and Sweden. Three of these facilities are owned and the remainder are leased. The Company's headquarters and principal warehouse facilities, are as follows:

Location	Description
Colmar, PA	Warehouse and office - 334,000 sq. ft. (leased) (1)
Warsaw, KY	Warehouse and office - 285,000 sq. ft. (owned) (2)
Carrollton, GA	Warehouse and office - 100,000 sq. ft. (leased) (3)

In the opinion of management, the Company's existing facilities are in good condition.

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(1) Leased by the Company from a partnership (the "partnership") of which Richard N. Berman, President and Chief Executive Officer of the Company, and Steven L. Berman, Executive Vice President of the Company, their father, Jordan S. Berman, and their brothers, Marc H. Berman and Fred B. Berman, are partners. Under the lease the Company paid rent of $3.24 per square foot ($1.1 million per year) in 1999. The rents payable will be adjusted on January 1 of each year to reflect annual changes in the Consumer Price Index for All Urban Consumers - U.S. City Average, All Items. In addition, the lessor has exercisized its option effective January 1, 2000, to increase the rent to an amount determined by an independent appraiser to be the then fair market rent. The lease also provides that, as between the Company and the related partnership lessor, the lessor and its partners will bear any environmental liability and all related expenses, including legal expenses, incurred by the Company or the lessor as a result of matters which arose other than from activities of the Company (although for any environmental liability arising from the Company's activities, the Company will bear all such liability and any related expenses, including legal expenses, incurred by the Company or the lessor). The lease will expire on December 28, 2002. In the opinion of management, the terms of this lease are no less favorable than those which could have been obtained from an unaffiliated party.

The property is being purchased by the partnerships from the Montgomery County Industrial Development Corporation ("MCIDC") under an installment sale agreement. MCIDC has, in turn, borrowed approximately $1,971,000 from First Union National Bank and approximately $1,161,000 from the Pennsylvania Industrial Development Authority ("PIDA") to fund in full its purchase and development of the Pennsylvania property. The partnerships' payments to MCIDC under the installment sale agreement are required to be at least equal to the principal and interest payable by MCIDC under these two loans, and the Company's rental payments on the Pennsylvania property are required to be at least equal to the partnership's payments under the installment sale agreement with MCIDC. The Company has guaranteed the obligations of the partnerships and MCIDC to First Union and of MCIDC to PIDA. Under the provisions of the agreement pursuant to which the partnerships acquired the property, the partnerships may be required to indemnify the seller of that property for environmental liabilities which existed at the time of the sale.

(2) The Kentucky facility is being purchased, pursuant to a lease purchase agreement, from the City of Warsaw, Kentucky (the "City"). The City's acquisition of the fee interest and building construction was financed with $6,500,000 Floating/Fixed Rate Industrial Building Revenue Bonds, Series 1988 (SDI Operating Partners L.P. Project) (the "Bonds"). Under the lease agreement for the Kentucky property, the Company pays interest monthly on the Bonds at a floating rate, and makes a monthly "sinking fund" payment to cover the annual principal payment of $300,000 or $350,000 in alternating years, with the final payment due in July, 2009. In 1999 the Company paid $350,000 in principal and $115,000 in interest under the Bonds.

(3) Leased by the Company from a partnership (the "partnership") of which Richard N. Berman, President and Chief Executive Officer of the Company, and Steven L. Berman, Executive Vice President of the Company, their father, Jordan S. Berman, and their brothers, Marc H. Berman and Fred B. Berman, are partners. Under the lease, the Company paid rent of $2.51 per square foot ($0.25 million per year) in 1998. The lease will expire on January 2, 2005. In the opinion of management, the terms of this lease are no less favorable than those which could have been obtained from an unaffiliated party.

Item 3. Legal Proceedings.

In addition to commitments and obligation which arise in the ordinary course of business, the Company is subject to various claims and legal actions from time to time involving contracts, competitive practices, trademark rights, product liability claims and other matters arising out of the conduct of the Company's business.

The Company's primary operating facility in Colmar, Pennsylvania, which is leased from the partnership, is located within an area identified by the Environmental Protection Agency ("EPA") as a possible source or location of volatile organic chemical contamination. In November 1990, the EPA sent a general notice letter to certain present and former owners and operators of properties within this area, informing them that they may be liable under the Comprehensive Environmental Response, Compensation and Liability Act with respect to this contamination. As a current operator of the Colmar property, the Company received such a general notice letter. The Company may be deemed jointly and severally liable, together with all other potentially responsible parties, for (i) the costs of performing a study of the nature and extent of the contamination and the possible alternatives for remediation, if any, as well as (ii) the costs of effectuating that remediation. The Company's operations do not generally have, and have not generally had, an adverse impact upon the environment or produce or use the materials of environmental concern that caused the contamination being investigated by the EPA. Based on data generated by the EPA in 1998, the Company believes that its Colmar site has not historically been a source of such contamination, and as such, the Company believes that any remediation order issued by the EPA would not include the Company or the Colmar site. In addition, the Company's lease for its Colmar facility provides that, as between the Company and the related partnership lessor, the lessor and its partners will bear any environmental liability and all related expenses, including legal expenses, incurred by the Company or the lessor as a result of the presence of hazardous substances at the facility (although for any environmental liability arising from the Company's activities, the Company will bear all such liability and any related expenses, including legal expenses, incurred by the Company or the lessor).

On February 27, 1996, the Company's subsidiary, Dorman Products of America, Ltd. ("Dorman"), filed a complaint in the United States District Court for the Eastern District of Pennsylvania against SDI Operating Partners, L.P. ("SDI") for damages resulting from, inter alia, an alleged breach of various representations and warranties contained in the Asset Purchase Agreement dated as of October 5, 1994 between Dorman and SDI. On April 25, 1996, SDI filed a complaint in the Court of Common Pleas, Montgomery County, Pennsylvania against Dorman and the Company for damages of approximately $450,000 resulting from, inter alia, Dorman's alleged failure to use its "best efforts" to assist SDI in collecting certain past due accounts receivable which were not transferred to Dorman as a result of the acquisition. In addition, SDI is seeking declaratory judgment that SDI has not breached the representations and warranties of the Asset Purchase Agreement as alleged by Dorman in the federal court action. In May 1996, the issues were consolidated and will proceed in the Court of Common Pleas.

Item 4. Submission of Matters to a Vote of Security Holders.

There were no matters submitted to a vote of the security holders of the Company during the fourth quarter of fiscal year 1999.

Item 4.1 Certain Executive Officers of the Registrant.

The following table sets forth certain information with respect to the executive officers of the Company:

Name	Age	Position with the Company
Mathias J. Barton	40	Senior Vice President, Chief Financial Officer
Richard N. Berman	43	President, Chief Executive Officer, Chairman of the Board of Directors, and Director

Steven L. Berman	40	Executive Vice President, Secretary-Treasurer, and Director
Edward L. Dean	43	Senior Vice President, Marketing
David A. Eustice	39	Senior Vice President, Chief Operating Officer
Ronald R. Montgomery	58	Senior Vice President, Sales
Barry D. Myers	40	Senior Vice President, General Counsel and Assistant Secretary

Mathias J. Barton joined the Company in November 1999 as Senior Vice President, Chief Financial Officer. Prior to joining the Company Mr. Barton was Senior Vice President and Chief Financial Officer of Central Sprinkler Corporation, a manufacturer and distributor of automatic fire sprinklers, valves and component parts. From May 1989 to September 1998, Mr. Barton was employed by Rapidforms, Inc., most recently as Executive Vice President and Chief Financial Officer. He is a graduate of Temple University.

Richard N. Berman has been President, Chief Executive Officer and a Director of the Company since its inception in October 1978. He is a graduate of the University of Pennsylvania.

Steven L. Berman has been Executive Vice-President, Secretary-Treasurer and a Director of the Company since its inception. He attended Temple University.

Edward L. Dean joined the Company in November 1997 as Vice President, Marketing and was named Senior Vice President, Marketing in December 1999. Prior to joining the Company Mr. Dean was the Vice President of Sales with Angelo Brothers Co., a lighting products company. He is a graduate of Cincinnati Technical College.

David A. Eustice joined the Company in December 1996 as Vice President, Operations and was named Chief Operating Officer in January 1998. Prior to joining the Company Mr. Eustice was the Vice President of Operations with the Baldwin Hardware Division of Masco Corporation. Baldwin is a high end manufacturer and international distributor of architectural hardware. From August 1990 to January 1994, Mr. Eustice was a Senior Project Manager for USC Consulting, a operational improvement firm. While with USC Consulting, Mr. Eustice consulted to clients including IBM, Copper Industries, PPG Industries and Masco Corporation. He is a graduate of The State University of New York at Buffalo.

Ronald R. Montgomery joined the Company in June 1997 as Vice President, Sales and was named Senior Vice President, Sales in December 1999. Prior to joining the Company Mr. Montgomery was Senior Vice President, Sales for the Coleman Company, responsible for North American sales in the outdoor and camping equipment division. From December 1979 to October 1995, Mr. Montgomery held various senior sales positions with Black & Decker, Inc. He is a graduate of Miami University (Ohio).

Barry D. Myers has been an employee of the Company since March 1988, and was Vice President, General Counsel and Assistant Secretary for more than five years. In December 1999, Mr. Myers was named Senior Vice President, General Counsel and Assistant Secretary. He is a graduate of Moravian College and Syracuse University College of Law, and is a member of the Pennsylvania Bar.

PART II

Item 5. Market for Registrant's Common Equity and Related Shareholder Matters.

The Company's shares of common stock are traded publicly in the over-the-counter market under the NASDAQ system. At March 17, 2000, there were 154 holders of record of common stock, representing more than 1,500 beneficial owners. The last price for the Company's common stock on March 17, 2000, as reported by NASDAQ, was $2.875 per share. Since the Company's initial public offering, it has paid no cash dividends. The Company does not presently contemplate paying any such dividends in the foreseeable future. The range of high and low sales prices for the Company's common stock for each quarterly period of 1999 and 1998 are as follows:

	1999		1998	
	High	Low	High	Low
First Quarter	$9.00	$7.13	$11.00	$9.38
Second Quarter	8.75	6.50	13.88	10.06
Third Quarter	10.75	5.50	12.00	7.25
Fourth Quarter	6.50	4.41	9.50	6.13

Item 6. Selected Financial Data.

Selected Consolidated Financial Data

	Year Ended December				
(in thousands, except per share data)	1999 (a)	1998	1997	1996	1995
Income Statement Data:					
Net sales	$236,689	$178,301	$153,046	$146,952	$113,826
Income from operations	1,633	16,419	14,784	13,244	10,455
Net income (loss)	(3,602)	7,556	6,714	5,662	4,433
Earnings (loss) per share:					
Basic	(0.43)	0.91	0.83	0.71	0.56
Diluted	(0.43)	0.90	0.83	0.71	0.56
Balance Sheet Data:					
Total assets	188,004	183,948	128,707	128,970	106,475
Working capital	96,612	97,620	58,609	63,368	51,559
Long-term debt	85,283	80,004	44,336	56,248	46,629
Shareholders' equity	68,234	71,614	61,162	54,169	48,221

(a) Results for 1999 include a restructuring charge of $11,400 ($7,500 after tax or $0.90 per share).

Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition.

General

Over the periods presented, the Company has focused its efforts on providing an expanding array of new product offerings and strengthening its relationships with its customers. To that end, the Company has made significant investments to increase market penetration, primarily in the form of product development, customer service, customer credits and allowances, and strategic acquisitions.

The Company calculates its net sales by subtracting credits and allowances from gross sales. Credits and allowances include costs for co-operative advertising, product returns, discounts given to customers who purchase new products for inclusion in their stores, and the cost of competitors' products that are purchased from the customer in order to induce a customer to purchase new product lines from the Company. The credits and allowances are designed to increase market penetration and increase the number of product lines carried by customers by displacing competitors' products within customers' stores and promoting consolidation of customers' suppliers.

The Company may experience significant fluctuations from quarter to quarter in its results of operations due to the timing of orders placed by the Company's customers. Generally, the second and third quarters have the highest level of customer orders, but the introduction of new products and product lines to customers may cause significant fluctuations from quarter to quarter.

In January 1998, the Company acquired Scan-Tech USA/Sweden A.B. and related entities ("Scan-Tech"). Headquartered in Stockholm, Sweden, Scan-Tech is a global distributor of replacement automotive parts, primarily Volvo and Saab.

In September 1998, the Company began its acquisition of selective assets of the Service Line Division ("Champ") of Standard Motor Products, Inc. Champ includes the Champ Service Line, Pik-A-Nut and Everco. The acquisition was completed in stages with the final stage (Everco) occurring in January 1999.

In October 1998, the Company acquired the assets of Allparts, Inc. Headquartered in Louisiana, Missouri, Allparts is a leading supplier of automotive hydraulic brake parts to the automotive aftermarket.

The Company operates on a fifty-two, fifty-three week period ending on the last Saturday of the calendar year.

Results of Operations

The following table sets forth, for the periods indicated, the percentage of net sales represented by certain items in the Company's Consolidated Statements of Income.

	Percentage of Net Sales		
	Year Ended		
	December 25, 1999	December 26, 1998	December 27, 1997
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	68.3	60.5	60.8
Gross profit	31.7	39.5	39.2
Selling, general and administrative expenses	31.0	30.3	29.6
Income from operations	0.7	9.2	9.6
Interest expense, net	3.0	2.6	2.7
Income (loss) before taxes	(2.3)	6.6	6.9
Provision (benefit) for taxes	(0.8)	2.4	2.5
Net income (loss)	(1.5%)	4.2%	4.4%

1999 Compared to 1998

Restructuring Charges - In the fourth quarter of fiscal 1999, the Company recorded a restructuring charge of $11.4 million ($7.5 million after tax or $0.90 per share) to reflect costs primarily related to inventory write downs associated with the elimination of a significant number of underperforming products, as well as the closing of a warehouse and production facility in Carrollton, Georgia, and a work force reduction of 158 people. A total of $9.8 million, representing inventory write downs, was charged to cost of sales and $1.6 million was charged to selling, general and administrative expenses.

Net sales increased to $236.7 million in 1999 from $178.3 million in 1998, an increase of $58.4 million, or 32.7 %. Approximately $29 million of this increase is the result of a full year of sales in 1999 from two acquisitions that were completed in 1998 – Allparts and Champ. The remaining increase is primarily the result of sales volume increases in the Company's core product lines.

Cost of goods sold increased to $161.7 million in 1999 from $107.9 million in 1998, an increase of $53.8 million. Restructuring charges accounted for $9.8 million of this increase. Cost of goods sold as a percentage of sales before the restructuring charges were 64.2% compared to 60.5% in 1998. This increase is primarily attributable to lower profitability in the Company's core business and a change in mix as the businesses acquired in 1998 have higher cost of goods sold as a percentage of sales than the Company's core business. The lower profitability in the core business is the result of lower selling prices to a number of customers in 1999 as a result of consolidation in the automotive aftermarket.

Selling, general and administrative expenses in 1999 increased to $73.4 million from $54.0 million in 1998, an increase of $19.4 million, or 36.0%. Restructuring charges accounted for $1.6 million of this increase, and approximately $5 million of the increase is the result of a full year of costs in 1999 of acquisitions made in 1998. Selling, general and administrative expenses as a percentage of sales before restructuring charges were 30.3% in 1999 and 1998.

Interest expense, net increased to $7.0 million in 1999 from $4.6 million in 1998. The increase resulted from higher average debt levels in 1999 and higher interest costs on the Company's Revolving Credit Facility. Borrowing levels increased in 1999 due to higher working capital levels primarily related to higher inventory, and were at higher average levels for the year due to the acquisitions made in 1998.

The Company recorded an income tax benefit at an effective rate of 32.4% in 1999. This compares to an effective income rate of 35.9% in 1998. The lower effective income tax rate in 1999 is primarily due to the lack of a state income tax benefit on the $11.4 million restructuring charge recorded in 1999.

1998 Compared to 1997

Net sales increased to $178.3 million in 1998 from $153.0 million in 1997, an increase of $25.3 million or 16.5%. The acquisitions completed during 1998 - Scan-Tech, Champ and Allparts - accounted for $21.7 million of this increase while the remaining increase of $3.6 million resulted from an increase in core business sales.

Cost of goods sold increased to $107.9 million in 1998 from $93.0 million in 1997, an increase of 16.0%. As a percentage of net sales, cost of goods sold decreased in 1998 to 60.5% from 60.8% in 1997. This improvement resulted primarily from a reduction in the material cost component of cost of goods sold.

Selling, general and administrative expenses for 1998 increased to $54.0 million from $45.2 million in 1997, an increase of 19.4%. As a percentage of net sales, selling, general and administrative expenses increased in 1998 to 30.3% from 29.6% in 1997. This increase resulted from inefficiencies related to three concurrent events in 1998, namely: 1) the installation of a new company-wide computer system; 2) the reorganization of two of the Company's three primary facilities; and, 3) the purchase and integration of the Champ Service Line Division. These three events occurred during the Company's third quarter leading to a reduction in service levels to customers. Solutions implemented during the third and fourth quarters included, among other things, increases in inventory levels, warehouse space and warehouse personnel, all of which contributed to increased selling, general and administrative expenses.

Interest expense, net, increased to $4.6 million in 1998 from $4.2 million in 1997. This increase resulted from higher average debt levels in 1998 relating to the funding of the acquisitions made by the Company during the year and the expansion in working capital assets, offset partially by lower average interest rates.

A provision for income taxes was recorded in 1998 of $4.2 million and $3.9 million in 1997. The Company's effective tax rate decreased to 35.9% in 1998 from 36.5% in 1997. This change reflects the slightly lower foreign tax rates and increased benefit of contributed property.

Liquidity and Capital Resources

The Company has financed its growth through the combination of cash flow from its operations, issuance of senior notes, borrowings under its credit facilities and industrial revenue bonds. Working capital was $96.6 million as of December 25, 1999 and $97.6 million as of December 26, 1998. The Company believes that cash generated from operations and borrowings under its revolving credit facility will be sufficient to meet the Company's working capital needs and to fund expansion for the foreseeable future.

Net cash used in operating activities was $ 6.0 million in 1999 and $11.1 million in 1998 compared to net cash provided from operating activities of $16.3 million in 1997. During 1999, the net loss, offset by non-cash provisions for depreciation, amortization and restructuring charges, and lower accounts receivable levels provided $21.0 million in positive cash flow, however, these increases were offset by $27.0 million in cash used as a result of increases in inventory, other assets and reductions in accounts payable. During 1998, net income, depreciation and amortization and an increase in accounts payable provided the majority of the $24.0 million in positive cash flow, however, these increases were more than offset by $35.1 million in cash used related primarily to increases in accounts receivable and inventories. During 1997, net income, non-cash charges, a reduction in inventories and increases in current liabilities provided $20.5 million in cash flow which was partially offset by cash uses of $4.2 million relating to increases in accounts receivable, prepaids and other assets.

Net cash used in investing activities amounted to $7.9 million in 1999, $16.8 million in 1998, and $4.5 million in 1997. In 1998, the acquisitions of Scan-Tech, Champ and Allparts accounted for $13.4 million in cash used while additions to property, plant and equipment required an additional $7.7 million in cash. This was partially offset by $4.3 million in proceeds from a sale/leaseback transaction. Additions to property, plant and equipment accounted for all cash used in 1999 and 1997.

Net cash provided by financing activities amounted to $14.5 million in 1999 and $27.2 million in 1998, compared to cash used in financing activities of $11.1 million in 1997. During 1999, revolving credit facility borrowings provided $15.0 million in cash which was used to fund cash used in operating and investing activities. During 1998, proceeds from the issuance of the senior notes provided $60.0 million in cash which was used to partially paydown other debt and fund acquisitions and working capital increases. During 1997 cash was used to reduce the amounts outstanding under the Company's revolving credit facility and for repayments of term debt and capitalized lease obligations.

The Acquisition of Scan-Tech. In January 1998, Scan-Tech was acquired with the payment of $1 million in cash, up to350,000 shares of the Company's common stock and assumption of certain liabilities including approximately $0.8 million in bank debt.

The Acquisition of Champ. In September 1998, the Company began its acquisition of selective assets of Champ from Standard Motor Products, Inc. for approximately $2.3 million representing the net asset value of inventories. The acquisition was completed in stages with the final stage (Everco) occurring in January 1999 and requiring a payment of approximately $0.4 million representing the net asset value of inventories.

The Acquisition of Allparts. In October 1998, the Company acquired the assets of Allparts from JPE, Inc., for approximately $10.1 million in cash.

Senior Notes. In August 1998, the Company completed a private placement of $60 million in 6.81% Senior Notes ("Notes") due August 21, 2008 on an unsecured basis. The ten-year Notes bear a 6.81 percent fixed interest rate, payable quarterly, with an initial four-year interest only period.

Revolving Credit Facility. In connection with the Notes, the Company amended its $35 million revolving credit facility with First Union National Bank and National City Bank. As amended, the commitment for the line was extended for a five-year term on an unsecured basis with interest at Libor plus 125 basis points. Proceeds from the Notes were used, among other things, to paydown the term debt portions of the bank credit facilities previously advanced to the Company by the bank syndicate. Borrowings under the revolving credit facility amounted to $28.5 million at December 25, 1999.

In March 2000, the Company received a waiver of compliance with one covenant of the revolving credit facility as of December 25, 1999 and the lenders under the facility agreed to amend the borrowing agreement. The terms of the amended agreement will include revisions to certain debt coverage covenants, require the Company to obtain $1.0 million in new financing, and provide for mandatory reductions in the facility to $20.0 million and $15.0 million by December 31, 2000 and June 30, 2001, respectively. In addition, the amendment provides for an increase in the facility's interest rate to a maximum of Libor plus 300 basis points. Upon the occurrence of an Event of Default, as defined in the loan agreement, the banks, at their option, may require a lien on substantially all of the company's assets. The Company believes that the amended facility together with cash generated from operations will provide sufficient funding to meet the Company's working capital needs for the foreseeable future.

Industrial Revenue Bonds. Construction of the Company's Warsaw, Kentucky facility in 1990 was funded by the Bonds. The Bonds bear interest at an annual rate of 4% payable monthly and require annual principal payments of $300,000 or $350,000 in alternating years with the final payment due in July, 2009.

Capitalized Leases. The Company's leases for its Pennsylvania and Georgia facilities are recorded as capitalized leases in the Company's financial statements. In addition, in 1998 and 1999, the Company entered into three sale/leaseback transactions relating to computer hardware and software. The aggregate amount outstanding under all capital leases amounted to $4.4 million at December 25, 1999.

Foreign Currency Fluctuations. In 1999, approximately 35% of the Company's products were purchased from a variety of foreign countries. The products generally are purchased through purchase orders with the purchase price specified in U.S. dollars. Accordingly, the Company does not have exposure to fluctuation in the relationship between the dollar and various foreign currencies between the time of execution of the purchase order and payment for the product. However, to the extent that the dollar decreases in value to foreign currencies in the future, the price of the product in dollars for new purchase orders may increase. The Company attempts to lessen the impact of these currency fluctuations by resourcing its purchases to other countries.

Year 2000 Compliance

The efficient operation of the Company's business is dependent in part on its computer software programs and operating systems ("Programs"). The Company evaluated its Programs to identify potential Year 2000 compliance problems. This evaluation led to the selection and implementation of a comprehensive enterprise resource planning package and related programs ("New System"). This New System, installed in 1998, is used in several key areas of the company's business including inventory purchasing and management, production planning, forecasting, pricing, sales, shipping and financial reporting and replaces the majority of the Company's previous Programs. Those Programs not replaced by the New System were also evaluated for Year 2000 compliance and appropriate adjustments were made to bring them into compliance either through modification or replacement. The most significant of these are the Company's Human Resource, payroll and time keeping systems, which were replaced with a combination of purchased software and third party services during the first quarter of 1999.

The investment in capital expenditures to implement the New System was approximately $4.3 million. The Company estimates that the expenses associated with the replacement and upgrade to the Human Resources, payroll and time keeping systems were approximately $0.5 million.

The Company has experienced no problems or issues relating to the Year 2000 problem as of the date of this report. We will gain more confidence that this issue will not impede our business once we have gone through a transaction cycle with every customer and vendor. We anticipate that this cycle should be complete, for the most part, by the end of our first fiscal quarter in the year 2000. We will maintain our contingency plans until we are satisfied that the business will not be impacted by the possibility of a Year 2000 problem.

Impact of Inflation

The Company has not generally been adversely affected by inflation. The Company believes that price increases resulting from inflation generally could be passed on to its customers, since prices charged by the Company are not set by long-term contracts.

Cautionary Statement Regarding Forward Looking Statements

Certain statements periodically made by or on behalf of the Company and certain statements contained herein including statements in Management's Discussion and Analysis of Financial Condition and Results of Operation; certain statements contained in Business, such as statements regarding litigation; and certain other statements contained herein regarding matters that are not historical fact are forward looking statements (as such term is defined in the Securities Act of 1933), and because such statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by such forward looking statements. Factors that cause actual results to differ materially include but are not limited to those factors discussed in "Business - Investment Considerations."

Item 7A. Quantitative and Qualitative Disclosure about Market Risk

The Company's market risk is the potential loss arising from adverse changes in interest rates. With the exception of the Company's revolving credit facility, long-term debt obligations are at fixed interest rates and denominated in U.S. dollars. The Company manages its interest rate risk by monitoring trends in interest rates as a basis for determining whether to enter into fixed rate or variable rate agreements. Under the terms of the Company's revolving credit facility, a change in either the lender's base rate or LIBOR would affect the rate at which the Company could borrow funds thereunder. The Company believes that the effect of any such change would be minimal.

Although the Company continues to evaluate derivative financial instruments to manage foreign currency exchange rate changes, the Company does not currently hold derivatives for managing these risks or for trading purposes.

Item 8. Financial Statements and Supplementary Data.

The financial statement schedules of the Company that are filed with this Report on Form 10-K are listed in Item 14(a)(2), Part IV, of this Report.

ARTHUR ANDERSEN

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To R&B, Inc.:

We have audited the accompanying consolidated balance sheets of R&B, Inc. (a Pennsylvania corporation) and subsidiaries as of December 25, 1999 and December 26, 1998, and the related consolidated statements of income, shareholders' equity and cash flows for the each of the three years in the period ended December 25, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of R&B, Inc. and subsidiaries as of December 25, 1999 and December 26, 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 25, 1999, in conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP

Philadelphia, Pa.,
March 22, 2000

R&B, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)	For the Year Ended December 25, 1999	December 26, 1998	December 27, 1997
Net Sales	$236,689	$178,301	$153,046
Cost of goods sold	161,676	107,897	93,032
Gross profit	75,013	70,404	60,014
Selling, general and administrative	73,380	53,985	45,230
Income from operations	1,633	16,419	14,784
Interest expense, net	6,961	4,629	4,205
Income (loss) before taxes	(5,328)	11,790	10,579
Provision (benefit) for taxes	(1,726)	4,234	3,865
Net Income (loss)	$ (3,602)	$ 7,556	$ 6,714
Earnings (loss) Per Share:			
Basic	$ (0.43)	$ 0.91	$ 0.83
Diluted	$ (0.43)	$ 0.90	$ 0.83
Average Shares Outstanding:			
Basic	8,375	8,330	8,043
Diluted	8,375	8,421	8,083

The accompanying Notes are an integral part of these Consolidated Financial Statements.

R&B, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)	December 25, 1999	December 26, 1998
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,467	$ 915
Accounts receivable, less allowance for doubtful accounts and customer credits of $8,764 and $9,715	49,979	55,585
Inventories	70,272	68,401
Deferred income taxes	4,574	1,674
Prepaids and other current assets	2,543	861
Total current assets	128,835	127,436
Property, Plant and Equipment, net	22,919	20,761
Intangible Assets, net	33,212	33,640
Other Assets	3,038	2,111
Total	$ 188,004	$ 183,948
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current portion of long-term debt	$ 11,910	$ 3,089
Accounts payable	12,867	18,309
Accrued compensation	2,820	2,652
Other accrued liabilities	4,626	5,766
Total current liabilities	32,223	29,816
Long-Term Debt	85,283	80,004
Deferred Income Taxes	2,264	2,514
Commitments and Contingencies (Note 11)		
Shareholders' Equity:		
Common stock, par value $.01; authorized 25,000,000 shares; issued 8,393,796 and 8,344,082	84	83
Additional paid-in capital	33,517	33,133
Cumulative translation adjustments	(181)	(18)
Retained earnings	34,814	38,416
Total shareholders' equity	68,234	71,614
Total	$ 188,004	$ 183,948

The accompanying Notes are an integral part of these Consolidated Financial Statements.

R&B, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except share data)	Common Stock Shares Issued	Common Stock Par Value	Additional Paid-In Capital	Cumulative Translation Adjustment	Retained Earnings	Total
Balance at December 28, 1996	8,026,254	$ 80	$ 29,943	$ -	$ 24,146	$ 54,169
Common stock issued to Employee Stock Purchase Plan	717	-	1	-	-	1
Common stock issued to 401(k) Retirement Plan	39,377	1	277	-	-	278
Shares issued under Incentive Stock Plan	195	-	-	-	-	-
Net income	-	-	-	-	6,714	6,714
Balance at December 27, 1997	8,066,543	81	30,221	-	30,860	61,162
Common stock issued for purchase of Scan-Tech USA/Sweden AB (Note 5)	250,000	2	2,668	-	-	2,670
Common stock issued to Employee Stock Purchase Plan	5,631	-	42	-	-	42
Common stock issued to 401(k) Retirement Plan	17,251	-	170	-	-	170
Shares issued under Incentive Stock Plan	4,657	-	32	-	-	32
Comprehensive Income:						
Net income	-	-	-	-	7,556	7,556
Currency translation adjustments	-	-	-	(18)	-	(18)
Total comprehensive income						7,538
Balance at December 26, 1998	8,344,082	83	33,133	(18)	38,416	71,614
Common stock issued for purchase of Scan-Tech USA/Sweden AB (Note 5)	3,479	-	29	-	-	29
Common stock issued to Employee Stock Purchase Plan	11,505	-	73	-	-	73
Common stock issued to 401(k) Retirement Plan	34,268	1	277	-	-	278
Shares issued under Incentive Stock Plan	462	-	5	-	-	5
Comprehensive Income:						
Net (loss)	-	-	-	-	(3,602)	(3,602)
Currency translation adjustments	-	-	-	(163)	-	(163)
Total comprehensive (loss)						(3,765)
Balance at December 25, 1999	8,393,796	$ 84	$ 33,517	$ (181)	$ 34,814	$68,234

The accompanying Notes are an integral part of these Consolidated Financial Statements.

R&B, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended		
(in thousands)	December 25, 1999	December 26, 1998	December 27, 1997
Cash Flows from Operating Activities:			
Net income (loss)	$ (3,602)	$ 7,556	$ 6,714
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:			
Depreciation and amortization	7,551	6,396	4,258
Provision for doubtful accounts	1,058	649	417
Provision for deferred income tax	(3,150)	256	2,474
Provision for restructuring	11,400	-	-
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	4,548	(13,355)	(2,819)
Inventories	(11,671)	(20,181)	3,388
Prepaids and other current assets	(1,682)	899	(855)
Other assets	(2,318)	(1,513)	(499)
Accounts payable	(5,605)	6,695	1,836
Other accrued liabilities	(2,572)	1,501	1,363
Cash (used in) provided by operating activities	(6,043)	(11,097)	16,277
Cash Flows from Investing Activities:			
Property, plant and equipment additions	(7,890)	(7,744)	(4,511)
Proceeds from sale/leaseback transaction	-	4,338	-
Business acquisitions, net of cash acquired	-	(13,351)	-
Cash used in investing activities	(7,890)	(16,757)	(4,511)
Cash Flows from Financing Activities:			
Proceeds from senior notes	-	60,000	-
Net proceeds (repayment) from revolving credit	15,000	(5,000)	(5,350)
Repayment of term loans and capitalized lease obligations	(900)	(28,076)	(6,017)
Proceeds from common stock issuances	385	244	279
Cash (used in) provided by financing activities	14,485	27,168	(11,088)
Net Increase (Decrease) in Cash and Cash Equivalents	552	(686)	678
Cash and Cash Equivalents, Beginning of Year	915	1,601	923
Cash and Cash Equivalents, End of Year	$ 1,467	$ 915	$ 1,601
Supplemental Cash Flow Information			
Cash paid for interest expense	$ 6,692	$ 4,246	$ 3,627
Cash paid for income taxes	$ 3,327	$ 499	$ 3,068

The accompanying Notes are an integral part of these Consolidated Financial Statements.

R&B, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 25, 1999

1. Summary of Significant Accounting Policies

R&B, Inc. (the "Company") is principally engaged in the business of selling a broad range of "hard-to-find" replacement auto parts, fasteners and service line products for the automotive aftermarket to retailers, wholesalers and others for use in the repair and maintenance of automobiles and trucks.

The Company operates on a fifty-two, fifty-three week period ending on the last Saturday of the calendar year.

Principles of Consolidation - The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates in the Preparation of Financial Statements - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Inventories - Inventories are stated at the lower of average cost or market.

Property and Depreciation - Property, plant and equipment are recorded at cost and depreciated over their estimated useful lives, which range from three to fifteen years, using the straight-line method for financial statement reporting purposes and accelerated methods for income tax purposes. Properties under capitalized leases are amortized over the related lease terms (3-15 years). The costs of maintenance and repairs are expensed as incurred. Renewals and betterments are capitalized.

Intangible Assets - Intangible assets consist primarily of goodwill which is amortized over periods from 10 to 40 years. Total accumulated amortization on intangible assets as of December 25, 1999 and December 26, 1998 was $6.1 million and $4.4 million, respectively. Amortization expense of these assets was $1.7 million in 1999, $1.4 million in 1998, and $1.1 million in 1997.

It is the Company's policy to review goodwill and other long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such review indicates that the carrying amount is not recoverable, it is the Company's policy to reduce the carrying amount of such assets to fair value.

Other Assets - Other assets consist of credits associated with certain customer multi-year sales arrangements which are capitalized and amortized against current and future sales; costs incurred for the preparation and printing of product catalogs which are capitalized and amortized upon distribution; and deferred financing costs which are capitalized and amortized over the term of the related financing agreement.

Foreign Currency Translation - Assets and liabilities of a foreign subsidiary are translated into U.S. dollars at the rate of exchange prevailing at the end of the year. Income statement accounts are translated at the average exchange rate prevailing during the year. Translation adjustments resulting from this process are recorded directly in shareholders' equity.

Income Taxes - Income taxes include federal, state and foreign taxes with deferred tax benefits and liabilities arising from temporary differences between financial and tax reporting.

Revenue Recognition - The Company records sales when its products are shipped. A provision is recorded for anticipated returns or allowances, based primarily on historical experience and current estimates.

Earnings Per Share - Earnings per share is computed under Statement of Financial Accounting Standards No. 128 , "Earnings Per Share". The Company has included basic and diluted earnings per share on the face of the Statements of Income for each year presented. Weighted average shares for diluted earnings per share includes the assumption of the exercise of all potentially dilutive securities ("in the money" stock options).

2. Restructuring Charges

In the fourth quarter of fiscal 1999, the Company recorded restructuring charges of $11.4 million ($7.5 million after tax or $0.90 per share) to reflect costs primarily related to inventory write downs associated with the elimination of a significant number of underperforming products, as well as the closing of a warehouse and production facility in Carrollton, Georgia, and a workforce reduction of 158 people. A total of $9.8 million, representing inventory write downs, was charged to cost of sales and $1.6 million was charged to selling, general and administrative expenses.

The following summarizes the restructuring charge and activity recorded in 1999:

(in thousands)	Charge	Costs Incurred	Balance at December 25, 1999
Inventory Disposals	$ 9,800	$ -	$ 9,800
Employee Termination Benefits	475	(124)	351
Facility Shutdown Costs	1,125	(300)	825
	$11,400	$ (424)	$ 10,976

3. Inventories

Inventories include the cost of material, freight, direct labor and overhead utilized in the processing of the Company's products. Inventories were as follows:

(in thousands)	December 25, 1999	December 26, 1998
Bulk product	$20,665	$31,181
Finished product	45,136	31,445
Packaging materials	4,471	5,775
Total	$70,272	$68,401

4. Property, Plant and Equipment

Property, plant and equipment consists of the following:

(in thousands)	December 25, 1999	December 26, 1998
Property under capitalized leases	$8,944	$ 8,768
Buildings	7,308	7,738
Machinery, equipment and tooling	14,069	11,756
Furniture, fixtures and leasehold improvements	2,551	2,144
Computer and other equipment	14,230	8,682
Total	47,102	39,088
Less-accumulated depreciation	(24,183)	(18,327)
Property, plant and equipment, net	$22,919	$20,761

5. Acquisitions

Scan-Tech - In January 1998, the Company acquired the outstanding stock of Scan-Tech USA/Sweden A.B. and related entities ("Scan-Tech"). Headquartered in Stockholm, Sweden, Scan-Tech is a distributor of replacement automotive parts, primarily Volvo and Saab, throughout Europe, the United States, Russia, the Middle East and Far East with annual sales of approximately $10 million in 1997. The acquisition was effected through the payment of $1 million in cash, 350,000 shares of the Company's common stock and assumption of certain liabilities including approximately $0.8 million in bank debt. Of the shares, 250,000 will vest over four years and are included in the computation of the purchase price. The remaining 100,000 are subject to performance criteria and are included in the computation of purchase price as the criteria are met. The Company accounted for this acquisition using the purchase method of accounting which resulted in the recording of goodwill of $2.7 million.

Champ - In September 1998, the Company began its acquisition of selective assets of the Service Line Division ("Champ") of Standard Motor Products, Inc. for approximately $2.3 million representing the net asset value of inventories. Headquartered in Edwardsville, Kansas, the Service Line Division included the Champ Service Line, Pik-A-Nut and Everco. The acquisition was completed in stages with the final stage (Everco) occurring in January 1999. The Company accounted for this acquisition using the purchase method of accounting which resulted in the recording of goodwill of $1.3 million.

Allparts - In October 1998, the Company acquired the assets of Allparts, Inc., from JPE, Inc., for approximately $10.1 million in cash. Headquartered in Louisiana, Missouri, Allparts is a leading supplier of automotive hydraulic brake parts to the automotive aftermarket. Allparts had annual sales of approximately $18 million in 1997. The Company accounted for this acquisition using the purchase method of accounting which resulted in the recording of goodwill of $1.2 million.

The unaudited pro forma consolidated results for the years ended December 26, 1998 and December 27, 1997, as if the acquisitions of Scan-Tech, Champ and Allparts had occurred at the beginning of 1997, are as follows:

(in thousands, except per share data)	1998	1997
Net sales	$202,071	$192,826
Net income	8,035	7,434
Diluted earnings per share	$0.95	$0.90

6. Long-Term Debt

Long-term debt consists of borrowings under senior notes, bank credit facilities, industrial revenue bonds and capitalized lease obligations as follows:

(in thousands)	December 25, 1999	December 26, 1998
Senior Notes	$ 60,000	$ 60,000
Bank credit facility	28,500	13,500
Industrial revenue bonds	3,224	3,544
Capitalized lease obligations	4,387	5,099
Subsidiary line of credit	1,082	950
Total	97,193	83,093
Less: Current portion	(11,910)	(3,089)
Total long-term debt	$85,283	$80,004

Senior Notes – In August 1998, the Company completed a private placement of $60 million in 6.81% Senior Notes due August 21, 2008 ("Notes") on an unsecured basis. The ten-year Notes bear a 6.81% fixed interest rate, payable quarterly, with an initial four-year interest only period. Terms of the Note Purchase Agreement require, among other things, that the Company maintain certain financial covenants relating to debt to capital ratios and minimum net worth.

Bank Credit Facility – In connection with the Notes, the Company amended its $35 million revolving credit facility. As amended, the commitment for the line was extended for a five-year term on an unsecured basis with interest at Libor plus 125 basis points. Prior to amendment, the revolving credit facility had a three year term, was secured by substantially all of the Company's assets and was subject to a borrowing base computation with interest at Libor plus 85 basis points. The prior bank credit facility also included two term loans with interest at Libor plus 110 and 150 basis points, respectively. Proceeds from the Notes were used, among other things, to pay off these term loans in full.

The average amount outstanding under the bank credit facility was $27.7 million and $27.6 million during 1999 and 1998, respectively. The maximum amount outstanding was $35.0 million in 1999 and $46.4 million in 1998.

In March 2000, the Company received a waiver of compliance with one covenant of the revolving credit facility as of December 25, 1999 and the lenders under the facility agreed to amend the borrowing agreement. The terms of the amended agreement will include revisions to certain debt coverage covenants, require the Company to obtain $1.0 million in new financing, and provide for mandatory reductions in the facility to $20.0 million and $15.0 million by December 31, 2000 and June 30, 2001, respectively. In addition, the amendment provides for an increase in the facility's interest rate to a maximum of Libor plus

300 basis points. Upon the occurrence of an Event of Default, as defined in the loan agreement, the banks, at their option, may require a lien on substantially all of the company's assets. The Company believes that the amended facility together with cash generated from operations will provide sufficient funding to meet the Company's working capital needs for the foreseeable future.

Industrial Revenue Bonds - The Bonds bear interest at an annual rate of 4% payable monthly and require annual principal payments of $300,000 or $350,000 in alternating years with the final payment due in July, 2009. The Bonds are secured by the Company's warehouse and office facility in Warsaw, Kentucky.

Capitalized Lease Obligations - The Company's capitalized lease obligation for its primary operating facility is with a partnership related to the Company by common ownership ("Partnership 1") (see Note 8) and is payable monthly in installments of $47,500 including interest imputed at 13.96% through December 2002. The lease provides for contingent rental payments to Partnership 1 in amounts that, when added to the annual capitalized lease payments, do not exceed the fair market rental rate of the facility. The contingent rental payments are determined on an annual basis to approximate the change in the Consumer Price Index and are payable only to the extent that the Company has available sufficient pre-tax income in the preceding fiscal year to support the increase. The net book value of the assets under this capitalized lease was $0.6 million at December 25, 1999 and $0.8 million at December 26, 1998 (see Note 11).

In January 1990, the Company entered into a capitalized lease arrangement for certain office and warehouse facilities in Georgia with a partnership related to the Company by common ownership ("Partnership 2"). The lease is payable through January 2005 at $9,600 per month including interest imputed at 10.97%. The lease also provides for an annual adjustment in an amount which will approximate the change in the Consumer Price Index. The net book value of the assets under this capitalized lease was $289,000 at December 25, 1999 and $347,000 at December 26, 1998 (see Note 11).

In 1998, the Company entered into a $4.3 million sale/leaseback transaction with an equipment lease company to finance the Company's new computer system. The lease is payable in monthly installments of $126,500 including interest computed at 6.23% through June 2001.

The following is a schedule of approximate annual future minimum lease payments under the capitalized leases with Partnership 1 and Partnership 2 for the Company's facilities (exclusive of contingent rental payments) and other capital lease obligations as of December 25, 1999:

(in thousands)	Facilities	Equipment	Total
2000	$ 685	$ 1,720	$ 2,405
2001	685	1,030	1,715
2002	685	44	729
2003	115	-	115
2004	115	-	115
Thereafter	-	-	-
Total payments	2,285	2,794	5,079
Less - amounts representing interest	(450)	(242)	(692)
Total principal payments	$ 1,835	$ 2,552	$ 4,387

Aggregate annual principal payments applicable to long-term debt as of December 25, 1999 are as follows:

(in thousands)	
2000	$ 11,910
2001	6,786
2002	9,564
2003	24,020
2004	8,981
Thereafter	35,932
Total	$ 97,193

7. Operating Lease Commitments and Rent Expense

The Company leases certain equipment and automobiles under noncancelable operating leases. Approximate future minimum rental payments under these leases are summarized as follows:

(in thousands)	
2000	$ 713
2001	589
2002	350
2003	26
2004	12
Total	$ 1,690

Rent expense includes rental adjustment payments and contingent rentals paid to related parties (see Notes 6 and 8) of $0.6 million in 1999, 1998 and 1997, was $1.7 million in 1999, $1.5 million in 1998, and 1.3 million in 1997.

8. Related Party Transactions

The Company has entered into capital leases for two operating facilities with Partnership 1 and Partnership 2 (see Notes 6 and 11). The Company has guaranteed the mortgages of Partnership 1 and Partnership 2 on these facilities. These guarantees at December 25, 1999 were approximately $1.6 million. Total interest expense on these capitalized leases was $273,000 in 1999, $326,000 in 1998 and $370,000 in 1997.

9. Income Taxes

The components of the income tax provision (benefit) are as follows:

(in thousands)	1999	1998	1997
Federal:			
Current	$1,373	$3,773	$1,341
Deferred	(3,150)	243	2,384
Subtotal	(1,777)	4,016	3,725
State:			
Current	51	205	50
Deferred	-	13	90
Subtotal	51	218	140
Total	$(1,726)	$4,234	$3,865

The following is a reconciliation of income taxes at the statutory tax rate to the Company's effective rate:

	1999	1998	1997
Federal taxes at statutory rate	(34.0%)	34.2%	34.0%
State taxes, net of Federal tax benefit	0.6%	3.0%	3.0%
Contributed property and other	1.0%	(1.3%)	(0.5%)
Effective tax rate	(32.4%)	35.9%	36.5%

Deferred income taxes result from timing differences in the recognition of revenue and expense for tax and financial statement purposes. The sources of temporary differences are as follows:

(in thousands)	December 25, 1999	December 26, 1998
Assets:		
Inventories	$1,371	$ 1,816
Accounts receivable	(523)	(1,140)
Restructuring Charges	4,177	-
Capital Leases	332	369
Accrued expenses	450	629
Gross deferred assets	5,807	1,674
Liabilities:		
Depreciation	460	400
Goodwill	2,385	1,903
Other	652	211
Gross deferred liabilities	3,497	2,514
Net deferred asset (liability)	$2,310	$ (840)

10. Business Segments

The Company adopted Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," (SFAS No. 131) in 1998. In accordance with the provisions of SFAS No. 131, the Company has determined that its business comprises a single reportable operation segment, namely, the sale of replacement parts for the automotive aftermarket.

During 1999 and 1998, one customer accounted for approximately 21% and 15% of sales, respectively. During 1997, two customers each accounted for 10% or more of sales and in the aggregate accounted for 24% of sales. Sales to countries outside the US, primarily to Western Europe and Canada in 1999, 1998 and 1997 were $20.0 million, $12.6 million and $3.9 million, respectively.

11. Commitments and Contingencies

Environmental Matters - The Company's primary operating facility in Colmar, Pennsylvania, which is leased from Partnership 1, is located within an area identified by the Environmental Protection Agency ("EPA") as a possible source or location of volatile organic chemical contamination. In November 1990, the EPA sent a general notice letter to certain present and former owners and operators of properties within this area, informing them that they may be liable under the Comprehensive Environmental Response, Compensation and Liability Act with respect to this contamination. As a current operator of the Colmar property, the Company received such a general notice letter. The Company may be deemed jointly and severally liable, together with all other potentially responsible parties, for (i) the costs of performing a study of the nature and extent of the contamination and the possible alternatives for remediation, if any, as well as (ii) the costs of effectuating that remediation. The Company revised its lease agreement for its Colmar facility effective December 1990 to provide that, as between the Company and Partnership 1, Partnership 1 will bear any environmental liability and all related expenses, including legal expenses, incurred by the Company or Partnership 1 as a result of matters which arose other than from activities of the Company. The Company believes that the ultimate outcome of this matter will not have a material adverse impact upon the financial position or results of operations of the Company.

Shareholder Agreement - A shareholder agreement was entered into in September 1990 and subsequently amended in December 1992 and September 1993. Under the agreement, each of Richard Berman, Steven Berman, Jordan Berman, Marc Berman and Fred Berman has granted the others of them rights of first refusal, exercisable on a pro rata basis or in such other proportions as the exercising shareholders may agree, to purchase shares of the common stock of the Company which any of them, or upon their deaths their respective estates, proposes to sell to third parties. The Company has agreed with these shareholders that, upon their deaths, to the extent that any of their shares are not purchased by any of these surviving shareholders and may not be sold without registration under the Securities Exchange Act of 1933, as amended (the "1933 Act"), the Company will use its best efforts to cause those shares to be registered under the 1933 Act. The expenses of any such registration will be borne by the estate of the deceased shareholder.

12. Capital Stock

Undesignated Stock - The Company has 75,000,000 shares authorized of undesignated capital stock for future issuance. The designation, rights and preferences of such shares will be determined by the Board of Directors.

Incentive Stock Plan - In September 1990, the Board of Directors approved an incentive stock plan to issue as options, up to 322,500 shares of common stock, to employees, directors, consultants and advisors of the Company or its affiliates with no one "individual" to receive more than 10% of the total. In May 1997, the shareholders approved an increase in the number of shares to 422,500, in May 1998, the shareholders approved an additional increase in shares to 672,500, and in May of 1999, the shareholders approved an additional increase in shares to 922,500. All options shall be granted within ten years of the plan adoption date with the exercise price and period determined by the Board of Directors on a discretionary basis, but the option price per share shall not be less than 100% of the fair market value of a share on the date of grant (not less than 110% if granted to an individual possessing more than 10% of the voting rights of the Company's outstanding capital stock). No more than $100,000 of options may be exercised by one individual in any calendar year. The following is a summary of transactions under the plan:

		Number of Shares		
	Option Price Per Share	Outstanding	Exercisable	Available for Future Grants
Balance at December 28, 1996	$5.75-$8.875	238,625	29,625	84,143
Increase in available shares		-	-	100,000
Became exercisable		-	44,595	-
Exercised	7.75	(195)	(195)	-
Canceled	7.00-8.00	(31,805)	-	31,805
Options granted	7.25-9.50	125,500	-	(125,500)
Balance at December 27, 1997	5.75-9.50	332,125	74,025	90,448
Increase in available shares		-	-	250,000
Became exercisable		-	48,307	-
Exercised	5.75-8.875	(4,657)	(4,657)	-
Canceled	5.75-9.50	(52,093)	-	52,093
Options granted	6.25-12.625	302,000	-	(302,000)
Balance at December 26, 1998	5.75-12.625	577,375	117,675	90,541
Increase in available shares		-	-	250,000
Became exercisable		-	85,097	-
Exercised	6.125-7.25	(462)	(462)	-
Canceled	6.75-11.938	(172,388)	-	172,388
Options granted	1.00-9.25	512,929	-	(512,929)
Balance at December 25, 1999	$1.00-$12.625	917,454	202,310	-

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations in accounting for this plan. The following pro forma amounts were determined as if the Company had accounted for its stock options using the fair value method (Black-Scholes pricing model).

(in thousands, except per share data)	1999	1998	1997
Net income (loss):			
As reported	$ (3,602)	$ 7,556	$ 6,714
Pro forma	$ (3,951)	$ 7,364	$ 6,585
Earnings per share:			
As reported:			
Basic	($0.43)	$0.91	$0.83
Diluted	($0.43)	$0.90	$0.83
Pro forma:			
Basic	($0.47)	$0.88	$0.82
Diluted	($0.47)	$0.87	$0.82

Employee Stock Purchase Plan - In March 1992, the Board of Directors adopted the Employee Stock Purchase Plan which was subsequently approved by the shareholders. The Plan permits the granting of options to purchase up to 300,000 shares of common stock by the employees of the Company. In any given year, employees may purchase up to 4% of their annual compensation, with the option price set at 85% of the fair market value of the stock on the date of exercise. All options granted during any year expire on the last day of the fiscal year. During 1999, optionees had exercised rights to purchase 11,505 shares at prices from $3.93 to $8.00 per share for total net proceeds of $73,000.

401(k) Retirement Plan - The Company's 401(k) retirement plan was amended in 1992 to permit contributions in cash or kind, including Company qualified securities. The Company accrued for a discretionary contribution for 1999 which will be funded in early 2000 consisting of cash and approximately 73,300 shares of Company common stock at a value of approximately $340,000. The Company made a discretionary contribution for 1998 consisting of cash and 34,268 shares of Company common stock, issued in 1999 at a value of approximately $280,000. The Company made a discretionary contribution for 1997 consisting of cash and 17,251 shares of stock, issued in 1998, at a value of approximately $170,000.

Supplementary Financial Information

Quarterly Results of Operations:

The following is a summary of the unaudited quarterly results of operations for the years ended December 25, 1999 and December 26, 1998:

(in thousands, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter (a)
		1999		
Net sales	$55,946	$68,018	$59,495	$53,230
Income (loss) from operations	3,784	6,082	3,640	(11,873)
Net income (loss)	1,351	2,780	1,260	(8,993)
Earnings (loss) per share	0.16	0.33	0.15	(1.07)
		1998		
Net sales	$39,012	$42,047	$44,509	$52,733
Income from operations	2,792	4,844	4,973	3,810
Net income	1,176	2,388	2,503	1,489
Earnings per share	0.14	0.28	0.30	0.18

(a) Results for the fourth quarter of 1999 include a restructuring charge of $11,400 ($7,500 after tax or $0.90 per share).

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None

PART III

Item 10. Directors and Executive Officers of the Registrant.

Information concerning the directors of the Company is incorporated by reference to the section entitled "Election of Directors" in the Company's Proxy Statement for its Annual Meeting of Shareholders to be held on May 18, 2000.

Information concerning executive officers of the Company who are not also directors is presented in Item 4.1, Part I of this Report on Form 10-K.

Item 11. Executive Compensation.

Incorporated by reference to the section entitled "Executive Compensation and Transactions" in the Company's Proxy Statement for its Annual Meeting of Shareholders to be held on May 18, 2000.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Incorporated by reference to the section entitled "Beneficial Ownership of Common Stock" in the Company's Proxy Statement for its Annual Meeting of Shareholders to be held on May 18, 2000.

Item 13. Certain Relationships and Related Transactions.

Incorporated by reference to the section entitled "Executive Compensation and Transactions" in the Company's Proxy Statement for its Annual Meeting of Shareholders to be held on May 18, 2000.

PART IV

Item 14. Exhibits, Consolidated Financial Statement Schedules and Reports on Form 8-K.

(a)(1) Consolidated Financial Statements. The consolidated financial statements of the Company and related documents are listed in Item 8, Part II, of this Report on Form 10-K.

Report of Independent Public Accountants

Consolidated Statements of Income for the years ended December 25, 1999, December 26, 1998 and December 27, 1997

Consolidated Balance Sheets as of December 25, 1999 and December 26, 1998

Consolidated Statements of Shareholders' Equity for the years ended December 25, 1999, December 26, 1998 and December 27, 1997.

Consolidated Statements of Cash Flows for the years ended December 25, 1999, December 26, 1998 and December 27, 1997.

Notes to Consolidated Financial Statements

(a)(2) Consolidated Financial Statement Schedules. The following consolidated financial statement schedule of the Company and related documents are filed with this Report on Form 10-K:

	Page
Report of Independent Public Accountants on Financial Statement Schedule...............	39
Schedule II - Valuation and Qualifying Accounts..	40

(a)(3) Exhibits.

Number	Title
3.1 (1)	Amended and Restated Articles of Incorporation of the Company.
3.2 (1)	Bylaws of the Company.
4.1 (1)	Specimen Common Stock Certificate of the Company.
4.2 (1)	Shareholders' Agreement, dated September 17, 1990.
4.2.1 (2)	Amendment to Shareholders' Agreement, dated December 29, 1992, amending 4.2.
4.2.2 (3)	Amendment to Shareholders' Agreement, dated September 14, 1993, amending 4.2.
4.2.3 (4)	Amendment to Shareholders' Agreement, dated March 14, 1994, amending 4.2.
10.1 (1)	Lease, dated December 1, 1990, between the Company and the Berman Real Estate Partnership, for premises located at 3400 East Walnut Street, Colmar, Pennsylvania.
10.1.1 (3)	Amendment to Lease, dated September 10, 1993, between the Company and the Berman Real Estate Partnership, for premises located at 3400 East Walnut Street, Colmar, Pennsylvania, amending 10.3.
10.1.2 (5)	Assignment of Lease, dated February 24, 1997, between the Company, the Berman Real Estate Partnership and BREP 1, for the premises located at 3400 East Walnut Street, Colmar, Pennsylvania, assigning 10.3.
10.2 (1)	Lease, dated January 3, 1990, between the Company and the Berman Real Estate Partnership, for premises located at 390 Old Bremen Road, Carrollton, Georgia.
10.2.1 (3)	Amendment to Lease, dated September 10, 1993, between the Company and the Berman Real Estate Partnership, for premises located at 390 Old Bremen Road, Carrollton, Georgia, amending 10.4.
10.2.2 (4)	Amendment to Lease, dated February 17, 1994, between the Company and the Berman Real Estate Partnership, for premises located at 390 Old Bremen Road, Carrollton, Georgia, amending 10.4.
10.3 (6)†	R&B, Inc. Amended and Restated Incentive Stock Plan.
10.4 (2)†	R&B, Inc. 401(k) Retirement Plan and Trust.
10.4.1 (7)†	Amendment No. 1 to the R&B, Inc. 401(k) Retirement Plan and Trust.
10.5 (2)†	R&B, Inc. Employee Stock Purchase Plan.
21	Subsidiaries of the Company (filed with this report)
24	Consent of Arthur Andersen LLP (filed with this report)
27	Financial Data Schedule (filed with this report)

† Management Contracts and Compensatory Plans, Contracts or Arrangements.

(1) Incorporated by reference to the Exhibits filed with the Company's Registration Statement on Form S-1 and Amendments No. 1, No. 2, and No. 3 thereto (Registration No. 33-37264).
(2) Incorporated by reference to the Exhibits files with the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 1992.
(3) Incorporated by reference to the Exhibits filed with the Company's Registration Statement on Form S-1 and Amendment No. 1 thereto (Registration No. 33-68740).
(4) Incorporated by reference to the Exhibits filed with the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1993.
(5) Incorporated by reference to the Exhibits filed with the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1996.
(6) Incorporated by reference to the Exhibits filed with the Company's Proxy Statement for the fiscal year ended December 27, 1997.
(7) Incorporated by reference to the Exhibits filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 25, 1994.

(b) Reports on Form 8-K.

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

R&B, Inc.

Date: March 24, 2000

By: \s\ Richard N. Berman

Richard N. Berman, Chairman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
\s\ Richard N. Berman Richard N. Berman	President, Chief Executive Officer, and Chairman of the Board of Directors (principal executive officer)	March 24 , 2000
\s\ Mathias J. Barton Mathias J. Barton	Chief Financial Officer (principal financial and accounting officer)	March 24, 2000
\s\ Steven L. Berman Steven L. Berman	Executive Vice President, Secretary-Treasurer, and Director	March 24, 2000
\s\ George L. Bernstein George L. Bernstein	Director	March 24, 2000
\s\ John F. Creamer, Jr. John F. Creamer, Jr.	Director	March 24, 2000
\s\ Paul R. Lederer Paul R. Lederer	Director	March 24, 2000
\s\ Edgar W. Levin Edgar W. Levin	Director	March 24, 2000
Jack A. Robinson	Director	March 24, 2000

ARTHUR ANDERSEN

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

To R&B, Inc.:

We have audited in accordance with auditing standards generally accepted in the United States, the financial statements of R&B, Inc. and subsidiaries included in this Form 10-K and have issued our report thereon dated March 22, 2000. Our audit was made for the purpose of forming an opinion on the statements taken as a whole. The schedule listed in Item 14(a)(2) is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the audit procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Philadelphia, PA
March 22, 2000

SCHEDULE II

(in thousands)	For the Year Ended		
	December 25, 1999	December 26, 1998	December 27, 1997
Allowance for doubtful accounts:			
Balance, beginning of period	$ 1,439	$ 1,009	$ 962
Provision	1,058	649	417
Charge-offs	(1,719)	(219)	(370)
Balance, end of period	$ 778	$ 1,439	$ 1,009
Allowance for customer credits:			
Balance, beginning of period	$ 8,276	$ 6,205	$10,343
Provision	32,928	26,039	23,268
Charge-offs	(33,218)	(23,968)	(27,406)
Balance, end of period	$ 7,986	$ 8,276	$ 6,205
Restructuring reserves:			
Balance, beginning of period	$ -	$ -	$ -
Provision	11,400	-	-
Charge-offs	(424)	-	-
Balance, end of period	$10,976	$ -	$ -

Exhibit 21

Subsidiaries of R&B, Inc.

Significant Subsidiaries	Jurisdiction
RB Distribution, Inc.	Pennsylvania
RB Management, Inc.	Pennsylvania
Dorman Products of America, Ltd.	Kentucky
RB Service Supply, L.P.	Georgia
RBPEACH, Inc.	Delaware
Cosmos International, Inc.	Minnesota
Motor Power Industries, Inc.	Delaware
Scan-Tech USA/Sweden, A.B.	Sweden
Allparts, Inc.	Delaware

ARTHUR ANDERSEN

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

To R&B, Inc.:

As independent public accountants, we hereby consent to the incorporation of our reports dated March 22, 2000 included in R&B, Inc.'s 10-K for the year ended December 25, 1999, into the Company's previously filed Registration Statements on Form S-1 (File Nos. 33-52946 and 33-56492)

Arthur Andersen LLP

Philadelphia, PA
March 24, 2000

Exhibit 27 - Financial Data Schedule

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