



FOR IMMEDIATE RELEASE

**Pep Boys Reports Fourth Quarter and Fiscal 2009 Results
-Fourth Quarter and Fiscal Year Net Earnings of \$0.04 and \$0.44 per Share -**

PHILADELPHIA – April 7, 2010 – The Pep Boys – Manny, Moe & Jack (NYSE: "PBX"), the nation's leading automotive aftermarket service and retail chain, today announced results for the thirteen (fourth quarter) and fifty-two weeks (fiscal year) ended January 30, 2010.

Operating Results

Fourth Quarter

Sales

Sales for the thirteen weeks ended January 30, 2010 decreased by \$12.6 million, or 2.7%, to \$452.9 million from \$465.5 million for the thirteen weeks ended January 31, 2009. Comparable sales decreased 3.9% due to a 4.9% comparable merchandise sales decrease partially offset by a 0.7% comparable service revenue increase. In accordance with GAAP, service revenue is limited to labor sales, while merchandise sales include merchandise sold through both our service center and retail lines of business. Re-categorizing Sales into the respective lines of business from which they are generated, comparable Service Center Revenue (labor plus installed merchandise and tires) decreased 2.4%, while comparable Retail Sales (DIY and Commercial) decreased 5.1%.

Earnings

Net Earnings for the fourth quarter of fiscal 2009 increased to \$2.3 million (\$0.04 per share) from a loss of \$33.3 million ((\$0.63) per share) recorded in the same period last year. The 2009 results include a \$1.2 million tax benefit due to a change in the Company's tax planning strategies. The fourth quarter 2008 results included, on a pre-tax basis, a net charge of \$14.2 million consisting of an \$8.0 million increase in legal and inventory-related accruals, \$4.4 million of asset impairments, \$1.2 million in debt pre-payment costs and a \$0.6 million charge for costs associated with cost-cutting initiatives. The 2008 results also included approximately \$7.0 million in reduction of the Company's tax benefit due to changes in the Company's effective tax rate.

Fiscal Year

Sales

Sales for the fiscal year ended January 30, 2010 decreased by \$16.9 million, or 0.9%, to \$1,910.9 million from \$1,927.8 million for the fiscal year ended January 31, 2009. Comparable sales decreased 1.2% due to a 2.6% comparable merchandise sales decrease partially offset by a 4.7% comparable service revenue increase. Re-categorizing Sales (see above), comparable Service Center Revenue increased 2.5%, while comparable Retail Sales decreased 4.3%.

Earnings

Net Earnings for fiscal 2009 increased to \$23.0 million (\$0.44 per share) from a loss of \$30.4 million ((\$0.58) per share) recorded in the same period last year. The 2009 results include, on a pre-tax basis, a net benefit of \$7.0 million, consisting of a \$6.2 million gain from bond repurchases, a \$1.2 million gain from sale leaseback transactions, a \$2.0 million reduction in inventory-related accruals and a \$0.7 million gain from an insurance settlement partially offset by a \$3.1 million asset impairment charge. The 2009 results also include a \$1.2 million tax benefit due to a change in the Company's tax planning strategies. The 2008 results included, on a pre-tax basis, a net charge of \$2.0 million consisting of an \$8.0 million increase in legal and inventory-related accruals, \$5.4 million of asset impairments, \$1.2 million in debt pre-payment costs and a \$0.6 million charge for costs associated with cost-cutting initiatives largely offset by a \$3.5 million gain resulting from bond repurchases and a \$9.7 million gain from asset dispositions (primarily sale leaseback transactions). The 2008 results also included a one-time tax benefit of \$2.2 million resulting from the recording of a deferred tax asset.

Commentary

"We are pleased to report that we met our 2009 'Back in Black' commitment – to return to profitability – for both the full year and each quarter," said CEO Mike Odell. "The foundation of our turnaround has been our commitment to our customers and our focus on core automotive products and services. While we did not enjoy a comparable store sales increase in the fourth quarter, as we did in the third quarter, we did achieve customer count increases in both service and commercial. Two years into our three-year turnaround plan, our improved disciplines in category management, expense controls and margin controls resulted in our fourth quarter profitability despite the soft holiday season."

Mike continued, "Our commitment for 2010 is to 'Get to Great' as we focus on growing sales and continue to improve our execution, disciplines and profitability. First quarter 2010 sales have rebounded across all lines of business and, quarter to date, we are running a 3% comparable store sales increase."

"Our expectation is to run a single-digit total sales increase this year. A portion of that sales increase will come from our growth strategy of opening new Service & Tire Centers," Mike added. "During the fourth quarter, we opened five more Service & Tire Centers, bringing our 2009 openings to 24. We also added one new Supercenter in the fourth quarter."

"At year end, we had approximately \$39.3 million in cash on hand and no borrowings on our revolving credit line," remarked CFO Ray Arthur. "We continue to be well positioned to fund our store growth."

Pep Boys has over 6,000 service bays within over 580 stores located in 35 states and Puerto Rico. Along with its full-service vehicle maintenance and repair capabilities, the Company also serves the commercial auto parts delivery market and is one of the leading sellers of replacement tires in the United States. Customers can find the nearest location by calling 1-800-PEP-BOYS or by visiting www.pepboys.com.

Certain statements contained herein constitute "forward-looking statements" within the meaning of The Private Securities Litigation Reform Act of 1995. The word "guidance," "expect," "anticipate," "estimates," "forecasts" and similar expressions are intended to identify such forward-looking statements. Forward-looking statements include management's expectations regarding implementation of its long-term strategic plan, future financial performance, automotive aftermarket trends, levels of competition, business development activities, future capital expenditures, financing sources and availability and the effects of regulation and litigation. Although the Company believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be achieved. The Company's actual results may differ materially from

the results discussed in the forward-looking statements due to factors beyond the control of the Company, including the strength of the national and regional economies, retail and commercial consumers' ability to spend, the health of the various sectors of the automotive aftermarket, the weather in geographical regions with a high concentration of the Company's stores, competitive pricing, the location and number of competitors' stores, product and labor costs and the additional factors described in the Company's filings with the SEC. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

Investors have an opportunity to listen to the Company's quarterly conference calls discussing its results and related matters. The call for the fourth quarter will be broadcast live on Thursday, April 8 at 8:30 a.m. ET over the Internet at the Vcall Web site, located at <http://www.investorcalendar.com>. To listen to the call live, please go to the Web site at least 15 minutes early to register, download and install any necessary audio software. For those who cannot listen to the live broadcast, a replay will be available shortly after the call. Supplemental financial information will be available the morning of April 8 on Pep Boys' Web site at www.pepboys.com.

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Pep Boys Financial Highlights

<u>Thirteen Weeks Ended</u>	<u>January 30, 2010</u>		<u>January 31, 2009</u>	
Total revenues	\$	452,896,000	\$	465,536,000
Net earnings (loss)	\$	2,268,000	\$	(33,267,000)
Basic earnings per share:				
Average shares		52,452,000		52,223,000
Basic earnings (loss) per share	\$	0.04	\$	(0.63)
Diluted earnings per share:				
Average shares		52,808,000		52,223,000
Diluted earnings (loss) per share	\$	0.04	\$	(0.63)
<u>Fifty-Two Weeks Ended</u>	<u>January 30, 2010</u>		<u>January 31, 2009</u>	
Total revenues	\$	1,910,938,000	\$	1,927,788,000
Net earnings (loss)	\$	23,036,000	\$	(30,429,000)
Basic earnings per share:				
Average shares		52,397,000		52,136,000
Basic earnings (loss) per share	\$	0.44	\$	(0.58)
Diluted earnings per share:				
Average shares		52,667,000		52,136,000
Diluted earnings (loss) per share	\$	0.44	\$	(0.58)

CONSOLIDATED STATEMENTS OF OPERATIONS

(dollar amounts in thousands, except per share amounts)

	Thirteen Weeks Ended				Fifty-Two Weeks Ended			
	January 30, 2010		January 31, 2009		January 30, 2010		January 31, 2009	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Merchandise sales	\$ 364,511	80.5	\$ 379,792	81.6	\$ 1,533,619	80.3	1,569,664	81.4
Service revenue	88,385	19.5	85,744	18.4	377,319	19.7	358,124	18.6
Total revenues	452,896	100.0	465,536	100.0	1,910,938	100.0	1,927,788	100.0
Costs of merchandise sales	258,375	70.9	290,588	76.5	1,084,804	70.7	1,129,162	71.9
Costs of service revenue	84,474	95.6	82,760	96.5	340,027	90.1	333,194	93.0
Total costs of revenues	342,849	75.7	373,348	80.2	1,424,831	74.6	1,462,356	75.9
Gross profit from merchandise sales	106,136	29.1	89,204	23.5	448,815	29.3	440,502	28.1
Gross profit from service revenue	3,911	4.4	2,984	3.5	37,292	9.9	24,930	7.0
Total gross profit	110,047	24.3	92,188	19.8	486,107	25.4	465,432	24.1
Selling, general and administrative expenses	103,181	22.8	123,599	26.5	430,261	22.5	485,044	25.2
Net (loss) gain from dispositions of assets	(106)	-	161	-	1,213	0.1	9,716	0.5
Operating profit (loss)	6,760	1.5	(31,250)	(6.7)	57,059	3.0	(9,896)	(0.5)
Non-operating income	595	0.1	170	-	2,261	0.1	1,967	0.1
Interest expense	6,380	1.4	8,071	1.7	21,704	1.1	27,048	1.4
Earnings (loss) from continuing operations before income taxes	975	0.2	(39,151)	(8.4)	37,616	2.0	(34,977)	(1.8)
Income tax (benefit) expense	(1,860)	(190.8) ⁽¹⁾	(6,324)	16.2 ⁽¹⁾	13,503	35.9 ⁽¹⁾	(6,139)	17.6 ⁽¹⁾
Earnings (loss) from continuing operations	2,835	0.6	(32,827)	(7.1)	24,113	1.3	(28,838)	(1.5)
Discontinued operations, net of tax	(567)	(0.1)	(440)	(0.1)	(1,077)	(0.1)	(1,591)	(0.1)
Net earnings (loss)	2,268	0.5	(33,267)	(7.1)	23,036	1.2	(30,429)	(1.6)
Retained earnings, beginning of period	374,461		396,697		358,670		406,819	
Cumulative effect of change in method of accounting for split dollar life insurance, net of tax	-		-		-		(1,165)	
Cash dividends	(1,577)		(3,560)		(6,286)		(14,111)	
Dividend reinvested and other	(316)		(1,200)		(584)		(2,444)	
Retained earnings, end of period	\$ 374,836		\$ 358,670		\$ 374,836		\$ 358,670	
Basic earnings (loss) per share:								
Earnings (loss) from continuing operations	\$ 0.05		\$ (0.63)		\$ 0.46		\$ (0.55)	
Discontinued operations, net of tax	(0.01)		-		(0.02)		(0.03)	
Basic earnings (loss) per share	\$ 0.04		\$ (0.63)		\$ 0.44		\$ (0.58)	
Diluted earnings (loss) per share:								
Earnings (loss) from continuing operations	\$ 0.06		\$ (0.63)		\$ 0.46		\$ (0.55)	
Discontinued operations, net of tax	(0.02)		-		(0.02)		(0.03)	
Diluted earnings (loss) per share	\$ 0.04		\$ (0.63)		\$ 0.44		\$ (0.58)	
Cash dividends per share	\$ 0.0300		\$ 0.0675		\$ 0.1200		\$ 0.2700	

⁽¹⁾ As a percentage of earnings from continuing operations before income taxes

THE PEP BOYS - MANNY, MOE & JACK AND SUBSIDIARIES**(UNAUDITED)****CONSOLIDATED BALANCE SHEETS***(dollar amounts in thousands, except share and per share amounts)*

	January 30, 2010	January 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 39,326	\$ 21,332
Accounts receivable, less allowance for uncollectible accounts of \$1,488 and \$1,912	22,983	28,831
Merchandise inventories	559,118	564,931
Prepaid expenses	24,784	25,390
Other current assets	65,428	62,421
Assets held for disposal	4,438	12,653
Total current assets	716,077	715,558
Property and equipment - net	706,450	740,331
Deferred income taxes	58,171	77,708
Other long-term assets	18,388	18,792
Total assets	\$ 1,499,086	\$ 1,552,389
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 202,974	\$ 212,340
Trade payable program liability	34,099	31,930
Accrued expenses	242,416	254,754
Deferred income taxes	29,984	35,848
Current maturities of long-term debt	1,079	1,453
Total current liabilities	510,552	536,325
Long-term debt, less current maturities	306,201	352,382
Other long-term liabilities	73,933	70,322
Deferred gain from asset sales	165,105	170,204
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value \$1 per share:		
Authorized 500,000,000 shares; issued 68,557,041 shares	68,557	68,557
Additional paid-in capital	293,810	292,728
Retained earnings	374,836	358,670
Accumulated other comprehensive loss	(17,691)	(18,075)
Less cost of shares in treasury - 16,164,074 shares and 14,124,021 shares	276,217	219,460
Less cost of shares in benefits trust - 2,195,270 shares	-	59,264
Total stockholders' equity	443,295	423,156
Total liabilities and stockholders' equity	\$ 1,499,086	\$ 1,552,389

CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollar amounts in thousands)

Fifty-Two Weeks Ended	January 30, 2010	January 31, 2009
Cash flows from operating activities:		
Net earnings (loss)	\$ 23,036	\$ (30,429)
Adjustments to reconcile net earnings to net cash provided by (used in) continuing operations:		
Discontinued operations	1,077	1,591
Depreciation and amortization	70,529	73,207
Amortization of deferred gain from asset sales	(12,325)	(10,285)
Stock compensation expense	2,575	2,743
Gain on debt retirement	(6,248)	(3,460)
Deferred income taxes	13,446	(6,258)
Gain from dispositions of assets	(1,213)	(9,716)
Loss from asset impairment	2,884	3,427
Other	345	537
Changes in operating assets and liabilities:		
Decrease in accounts receivable, prepaid expenses and other	7,175	23,904
Decrease (increase) in merchandise inventories	7,039	(3,779)
Decrease in accounts payable	(9,640)	(33,083)
Decrease in accrued expenses	(13,238)	(34,993)
Increase (decrease) in other long-term liabilities	2,384	(11,992)
Net cash provided by (used in) continuing operations	87,826	(38,586)
Net cash used in discontinued operations	(603)	(921)
Net cash provided by (used in) operating activities	87,223	(39,507)
Cash flows from investing activities:		
Cash paid for master lease properties	-	(117,121)
Cash paid for property and equipment	(43,214)	(34,762)
Proceeds from dispositions of assets	14,776	210,635
Life insurance proceeds received	-	15,588
Acquisition of Florida Tire, Inc.	(2,695)	-
Other	(500)	-
Net cash (used in) provided by continuing operations	(31,633)	74,340
Net cash provided by discontinued operations	1,762	4,386
Net cash (used in) provided by investing activities	(29,871)	78,726
Cash flows from financing activities:		
Borrowings under line of credit agreements	249,704	205,162
Payments under line of credit agreements	(273,566)	(223,345)
Borrowings on trade payable program liability	192,324	196,680
Payments on trade payable program liability	(190,155)	(179,004)
Payment for finance issuance cost	-	(6,936)
Proceeds from lease financing	-	8,661
Long-term debt and capital lease obligations payments	(11,990)	(26,798)
Dividends paid	(6,286)	(14,111)
Other	611	878
Net cash used in financing activities	(39,358)	(38,813)
Net increase in cash and cash equivalents	17,994	406
Cash and cash equivalents at beginning of period	21,332	20,926
Cash and cash equivalents at end of period	\$ 39,326	\$ 21,332
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 4,768	\$ 1,330
Cash paid for interest	\$ 24,509	\$ 26,548
Accrued purchases of property and equipment	\$ 1,738	\$ 1,214

THE PEP BOYS - MANNY, MOE & JACK AND SUBSIDIARIES

COMPUTATION OF BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

(in thousands, except per share data)

	Thirteen Weeks Ended		Fifty-Two Weeks Ended	
	January 30, 2010	January 31, 2009	January 30, 2010	January 31, 2009
(a) Earnings (loss) from continuing operations	\$ 2,835	\$ (32,827)	\$ 24,113	\$ (28,838)
Discontinued operations, net of tax	(567)	(440)	(1,077)	(1,591)
Net earnings (loss)	<u>\$ 2,268</u>	<u>\$ (33,267)</u>	<u>\$ 23,036</u>	<u>\$ (30,429)</u>
(b) Basic average number of common shares outstanding during period	52,452	52,223	52,397	52,136
Common shares assumed issued upon exercise of dilutive stock options, net of assumed repurchase, at the average market price	356	-	270	-
(c) Diluted average number of common shares assumed outstanding during period	52,808	52,223	52,667	52,136
Basic earnings (loss) per share:				
Earnings (loss) from continuing operations (a)/(b)	\$ 0.05	\$ (0.63)	\$ 0.46	\$ (0.55)
Discontinued operations, net of tax	(0.01)	-	(0.02)	(0.03)
Basic earnings (loss) per share	<u>\$ 0.04</u>	<u>\$ (0.63)</u>	<u>\$ 0.44</u>	<u>\$ (0.58)</u>
Diluted earnings (loss) per share:				
Earnings (loss) from continuing operations (a)/(c)	\$ 0.06	\$ (0.63)	\$ 0.46	\$ (0.55)
Discontinued operations, net of tax	(0.02)	-	(0.02)	(0.03)
Diluted earnings (loss) per share	<u>\$ 0.04</u>	<u>\$ (0.63)</u>	<u>\$ 0.44</u>	<u>\$ (0.58)</u>

THE PEP BOYS - MANNY, MOE & JACK AND SUBSIDIARIES

ADDITIONAL INFORMATION

(dollar amounts in thousands)

	Thirteen Weeks Ended		Fifty-Two Weeks Ended	
	January 30, 2010	January 31, 2009	January 30, 2010	January 31, 2009
Capital expenditures (A)	\$ 15,439	\$ 12,109	\$ 43,214	\$ 151,883
Depreciation and amortization	\$ 17,281	\$ 18,098	\$ 70,529	\$ 73,207
Non-operating income:				
Net rental revenue	\$ 522	\$ 123	\$ 1,774	\$ 1,193
Investment income	46	35	219	780
Other (expense) income	27	12	268	(6)
Total	<u>\$ 595</u>	<u>\$ 170</u>	<u>\$ 2,261</u>	<u>\$ 1,967</u>
Comparable sales percentages:				
Merchandise	-4.9 %	-9.1 %	-2.6 %	-8.4 %
Service	0.7 %	-5.5 %	4.7 %	-6.2 %
Total	-3.9 %	-8.5 %	-1.2 %	-8.0 %
Total square feet of retail space (including service centers)			11,687,000	11,514,000
Total store count			587	562
Sales and gross profit by line of business (B):				
Retail sales	\$ 243,187	\$ 255,314	\$ 1,013,308	1,058,021
Service center revenue	209,709	210,222	897,630	869,767
Total revenues	<u>\$ 452,896</u>	<u>\$ 465,536</u>	<u>\$ 1,910,938</u>	<u>\$ 1,927,788</u>
Gross profit from retail sales	\$ 64,904	\$ 53,123	\$ 275,051	273,262
Gross profit from service center revenue	45,143	39,065	211,056	192,170
Total gross profit	<u>\$ 110,047</u>	<u>\$ 92,188</u>	<u>\$ 486,107</u>	<u>\$ 465,432</u>
Comparable sales percentages (B):				
Retail sales	-5.1 %	-13.2 %	-4.3 %	-11.8 %
Service center revenue	-2.4 %	-1.9 %	2.5 %	-2.9 %
Total revenues	-3.9 %	-8.5 %	-1.2 %	-8.0 %
Gross profit percentage by line of business (B):				
Gross profit percentage from retail sales	26.7 %	20.8 %	27.1 %	25.8 %
Gross profit percentage from service center revenue	21.5 %	18.6 %	23.5 %	22.1 %
Total gross profit percentage	<u>24.3 %</u>	<u>19.8 %</u>	<u>25.4 %</u>	<u>24.1 %</u>

(A) Fiscal 2008 capital expenditures includes \$117.1 million for the purchase of master lease properties.

(B) Retail sales include DIY and commercial sales. Service center revenue includes revenue from labor and installed parts and tires.