



FOR IMMEDIATE RELEASE

Pep Boys Reports Second Quarter 2009 Results
- Net Earnings Up 42% -

PHILADELPHIA – September 8, 2009 – The Pep Boys – Manny, Moe & Jack (NYSE: "PBYY"), the nation's leading automotive aftermarket service and retail chain, today announced results for the thirteen (second quarter) and twenty-six (first half) weeks ended August 1, 2009.

Operating Results

Second Quarter

Sales

Sales for the thirteen weeks ended August 1, 2009 were \$488.9 million, as compared to \$500.0 million for the thirteen weeks ended August 2, 2008. Comparable sales decreased 2.3%, consisting of a 5.2% comparable service revenue increase and a 4.0% comparable merchandise sales decrease. In accordance with GAAP, service revenue is limited to labor sales and merchandise sales includes 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) increased 2.3%, while comparable Retail Sales (DIY and Commercial) decreased 6.0%.

Earnings

Earnings From Continuing Operations Before Income Taxes increased to \$12.8 million for the second quarter of fiscal 2009 from the \$6.6 million recorded in the same period last year. Net Earnings increased to \$7.7 million (\$0.15 per share) for the second quarter of fiscal 2009 from the \$5.4 million (\$0.10 per share) recorded in the same period last year. The second quarter 2009 results reflect Service Center revenue growth, improved gross margin rates and tight spending control. The second quarter 2008 results included a \$4.1 million gain from the disposition of assets and a one-time \$2.2 million tax benefit resulting from the recording of a deferred tax asset.

First Half Sales

Sales for the twenty-six weeks ended August 1, 2009 were \$985.4 million, as compared to \$998.1 million for the twenty-six weeks ended August 2, 2008. Comparable sales decreased 1.3%, consisting of a 4.5% comparable service revenue increase and a 2.6% comparable merchandise sales decrease. Re-categorizing Sales (see above), comparable Service Center Revenue increased 2.8%, while comparable Retail Sales decreased 4.6%.

Earnings

Earnings From Continuing Operations Before Income Taxes increased to \$32.8 million for the first half of 2009 from the \$16.0 million recorded in the same period last year. Net Earnings increased to \$18.6 million (\$0.36 per share) for the first half of fiscal 2009 from the \$10.1 million (\$0.19 per share) recorded in the same period last year. The first-half 2009 results reflect Service Center revenue growth, improved gross margin rates, tight spending control and reduced interest expense. The first-half 2009 results also include a \$6.2 million gain resulting from bond repurchases. The first-half 2008 results included a \$3.5 million gain resulting from bond repurchases, a \$9.6 million net gain from dispositions of assets (primarily from sale leaseback transactions) and a one-time \$2.2 million tax benefit resulting from the recording of a deferred tax asset.

Commentary

“We are pleased with our performance for the quarter and year-to-date and remain on-track with our turnaround,” said CEO Mike Odell. “Our service center and commercial businesses show strong revenue growth and our core DIY retail business is stable. The current environment for sales of more discretionary items remains challenging for now.” The second quarter of 2009 is the last quarter where comparable sales are impacted by a prior period’s sell down of non-core merchandise (\$2.4 million in Q2 2008).

Mike continued, “On the store growth front, we have started to prove out our ‘hub and spoke’ strategy by opening five new service and tire centers since our first quarter earnings release, bringing our year-to-date openings to six.”

“During the quarter, we continued to improve store execution and maintain our customers first focus, while simultaneously maintaining tight spending control,” commented CFO Ray Arthur. “Our first half SG&A expense was over \$24 million less in 2009 than 2008, helping us end the first half of 2009 with \$45 million less net debt than we had at the beginning of the year.”

Pep Boys has approximately 6,000 service bays within over 560 retail 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 second quarter will be broadcast live on Wednesday, September 9 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 September 9 on Pep Boys' Web site at www.pepboys.com.

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Pep Boys Financial Highlights

<u>Thirteen Weeks Ended</u>	<u>August 1, 2009</u>		<u>August 2, 2008</u>	
Total Revenues	\$	488,911,000	\$	500,043,000
Net Earnings	\$	7,735,000	\$	5,448,000
Basic Earnings Per Share:				
Average Shares		52,384,000		52,153,000
Net Earnings	\$	0.15	\$	0.10
Diluted Earnings Per Share:				
Average Shares		52,699,000		52,236,000
Net Earnings	\$	0.15	\$	0.10
<u>Twenty Six weeks ended</u>	<u>August 1, 2009</u>		<u>August 2, 2008</u>	
Total Revenues	\$	985,399,000	\$	998,086,000
Net Earnings	\$	18,644,000	\$	10,120,000
Basic Earnings Per Share:				
Average Shares		52,359,000		52,109,000
Net Earnings	\$	0.36	\$	0.19
Diluted Earnings Per Share:				
Average Shares		52,538,000		52,204,000
Net Earnings	\$	0.36	\$	0.19

CONSOLIDATED STATEMENTS OF OPERATIONS

(dollar amounts in thousands, except per share amounts)

	Thirteen Weeks Ended				Twenty Six weeks ended			
	August 1, 2009		August 2, 2008		August 1, 2009		August 2, 2008	
	Amount	% Sales	Amount	% Sales	Amount	% Sales	Amount	% Sales
Merchandise Sales	\$ 392,071	80.2	\$ 408,077	81.6	\$ 790,248	80.2	811,411	81.3
Service Revenue	96,840	19.8	91,966	18.4	195,151	19.8	186,675	18.7
Total Revenues	488,911	100.0	500,043	100.0	985,399	100.0	998,086	100.0
Costs of Merchandise Sales	275,790	70.3	284,416	69.7	556,825	70.5	570,339	70.3
Costs of Service Revenue	84,931	87.7	85,193	92.6	170,783	87.5	169,347	90.7
Total Costs of Revenues	360,721	73.8	369,609	73.9	727,608	73.8	739,686	74.1
Gross Profit from Merchandise Sales	116,281	29.7	123,661	30.3	233,423	29.5	241,072	29.7
Gross Profit from Service Revenue	11,909	12.3	6,773	7.4	24,368	12.5	17,328	9.3
Total Gross Profit	128,190	26.2	130,434	26.1	257,791	26.2	258,400	25.9
Selling, General and Administrative Expenses	109,482	22.4	122,603	24.5	217,535	22.1	241,618	24.2
Net (Loss) Gain from Dispositions of Assets	(16)	-	4,077	0.8	(13)	-	9,608	1.0
Operating Profit	18,692	3.8	11,908	2.4	40,243	4.1	26,390	2.6
Non-operating Income	539	0.1	1,162	0.2	942	0.1	1,492	0.1
Interest Expense	6,466	1.3	6,452	1.3	8,402	0.9	11,879	1.2
Earnings From Continuing Operations Before Income Taxes	12,765	2.6	6,618	1.3	32,783	3.3	16,003	1.6
Income Tax Expense	4,907	38.4 ⁽¹⁾	866	13.1 ⁽¹⁾	13,862	42.3 ⁽¹⁾	4,960	31.0 ⁽¹⁾
Net Earnings From Continuing Operations	7,858	1.6	5,752	1.2	18,921	1.9	11,043	1.1
Discontinued Operations, Net of Tax	(123)	-	(304)	(0.1)	(277)	-	(923)	(0.1)
Net Earnings	7,735	1.6	5,448	1.1	18,644	1.9	10,120	1.0
Retained Earnings, beginning of period	367,882		406,819		358,670		406,819	
Cumulative effect adjustment for adoption of EITF 06-10, net of tax	-		-		-		(1,165)	
Cash Dividends	(1,577)		(3,533)		(3,152)		(7,028)	
Effect of Stock Options	(8)		(25)		(8)		(37)	
Dividend Reinvestment Plan	(69)		(358)		(191)		(358)	
Retained Earnings, end of period	\$ 373,963		\$ 408,351		\$ 373,963		\$ 408,351	
Basic and Diluted Earnings per Share:								
Net Earnings From Continuing Operations	\$ 0.15		\$ 0.11		\$ 0.36		\$ 0.21	
Discontinued Operations, Net of Tax	-		(0.01)		-		(0.02)	
Earnings per Share	\$ 0.15		\$ 0.10		\$ 0.36		\$ 0.19	
Cash Dividends per Share	\$ 0.0300		\$ 0.0675		\$ 0.0600		\$ 0.1350	

⁽¹⁾ As a percentage of earnings from continuing operations before income taxes and cumulative effect of change in accounting principle.

CONSOLIDATED BALANCE SHEETS

(dollar amounts in thousands, except per share amounts)

	August 1, 2009	January 31, 2009	August 2, 2008
Assets			
Current Assets:			
Cash and cash equivalents	\$ 21,886	\$ 21,332	\$ 56,215
Accounts receivable, less allowance for uncollectible accounts of \$1,799; \$1,912 and \$1,805	21,801	28,831	28,556
Merchandise inventories	548,763	564,931	560,209
Prepaid expenses	18,567	25,390	36,245
Other	53,151	62,421	47,907
Assets held for disposal	9,912	12,653	20,695
Total Current Assets	674,080	715,558	749,827
Property and Equipment - net	719,008	740,331	759,408
Deferred income taxes	77,578	77,708	41,328
Other	18,092	18,792	30,011
Total Assets	\$ 1,488,758	\$ 1,552,389	\$ 1,580,574
Liabilities and Stockholders' Equity			
Current Liabilities:			
Accounts payable	\$ 222,974	\$ 212,340	\$ 228,723
Trade payable program liability	2,614	31,930	28,212
Accrued expenses	236,144	254,754	257,547
Deferred income taxes	41,118	35,848	9,453
Current maturities of long-term debt and obligations under capital leases	1,079	1,453	2,304
Total Current Liabilities	503,929	536,325	526,239
Long-term debt and obligations under capital leases, less current maturities	308,335	352,382	335,576
Other long-term liabilities	69,872	70,322	66,838
Deferred gain from asset sales	164,947	170,204	173,732
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	68,557
Additional paid-in capital	293,037	292,728	297,125
Retained earnings	373,963	358,670	408,351
Accumulated other comprehensive loss	(16,477)	(18,075)	(10,636)
Less cost of shares in treasury - 14,042,311 shares, 14,124,021 shares and 14,525,633 shares	218,141	219,460	225,944
Less cost of shares in benefits trust - 2,195,270 shares	59,264	59,264	59,264
Total Stockholders' Equity	441,675	423,156	478,189
Total Liabilities and Stockholders' Equity	\$ 1,488,758	\$ 1,552,389	\$ 1,580,574

CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollar amounts in thousands)

Twenty Six weeks ended	August 1, 2009	August 2, 2008
Cash Flows from Operating Activities:		
Net Earnings	\$ 18,644	\$ 10,120
Adjustments to reconcile net earnings to net cash provided by continuing operations:		
Discontinued operations	277	923
Depreciation and amortization	35,338	36,928
Amortization of deferred gain from asset sales	(6,086)	(4,297)
Stock compensation expense	1,284	1,872
Gain on debt retirement	(6,248)	(3,460)
Deferred income taxes	4,455	(670)
Loss (gain) from dispositions of assets	13	(9,608)
Other	235	478
Changes in Operating Assets and Liabilities:		
Decrease in accounts receivable, prepaid expenses and other	24,143	26,024
Decrease in merchandise inventories	16,168	943
Increase (decrease) in accounts payable	10,634	(16,700)
Decrease in accrued expenses	(18,658)	(34,449)
Increase (decrease) in other long-term liabilities	1,972	(475)
Net cash provided by continuing operations	82,171	7,629
Net cash used in discontinued operations	(543)	(415)
Net Cash Provided by Operating Activities	81,628	7,214
Cash Flows from Investing Activities:		
Cash paid for master lease properties	-	(117,121)
Cash paid for property and equipment	(17,481)	(13,989)
Proceeds from dispositions of assets	1,098	208,211
Other	(500)	-
Net cash (used in) provided by continuing operations	(16,883)	77,101
Net cash provided by discontinued operations	1,758	-
Net Cash (Used in) Provided by Investing Activities	(15,125)	77,101
Cash Flows from Financing Activities:		
Borrowings under line of credit agreements	222,017	98,504
Payments under line of credit agreements	(244,284)	(140,019)
Borrowings on trade payable program liability	35,300	85,408
Payments on trade payable program liability	(64,616)	(71,450)
Payment for finance issuance cost	-	(182)
Proceeds from lease financing	-	8,661
Long-term debt and capital lease obligations payments	(11,451)	(23,339)
Dividends paid	(3,152)	(7,028)
Other	237	419
Net Cash Used in Financing Activities	(65,949)	(49,026)
Net Increase in Cash and Cash Equivalents	554	35,289
Cash and Cash Equivalents at Beginning of Period	21,332	20,926
Cash and Cash Equivalents at End of Period	\$ 21,886	\$ 56,215
Supplemental Disclosure of Cash Flow Information:		
Cash paid for income taxes	\$ 2,585	\$ 558
Cash paid for interest	\$ 12,366	\$ 13,859
Accrued purchases of property and equipment	\$ 1,170	\$ 1,075

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		Twenty Six weeks ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
(a) Net Earnings From Continuing Operations	\$ 7,858	\$ 5,752	\$ 18,921	\$ 11,043
Discontinued Operations, Net of Tax	(123)	(304)	(277)	(923)
Net Earnings	<u>\$ 7,735</u>	<u>\$ 5,448</u>	<u>\$ 18,644</u>	<u>\$ 10,120</u>
(b) Basic average number of common shares outstanding during period	52,384	52,153	52,359	52,109
Common shares assumed issued upon exercise of dilutive stock options, net of assumed repurchase, at the average market price	315	83	179	95
(c) Diluted average number of common shares assumed outstanding during period	52,699	52,236	52,538	52,204
Basic Earnings per Share:				
Net Earnings From Continuing Operations (a)/(b)	\$ 0.15	\$ 0.11	\$ 0.36	\$ 0.21
Discontinued Operations, Net of Tax	-	(0.01)	-	(0.02)
Basic Earnings per Share	<u>\$ 0.15</u>	<u>\$ 0.10</u>	<u>\$ 0.36</u>	<u>\$ 0.19</u>
Diluted Earnings per Share:				
Net Earnings From Continuing Operations (a)/(c)	\$ 0.15	\$ 0.11	\$ 0.36	\$ 0.21
Discontinued Operations, Net of Tax	-	(0.01)	-	(0.02)
Diluted Earnings per Share	<u>\$ 0.15</u>	<u>\$ 0.10</u>	<u>\$ 0.36</u>	<u>\$ 0.19</u>

THE PEP BOYS - MANNY, MOE & JACK AND SUBSIDIARIES
ADDITIONAL INFORMATION
(dollar amounts in thousands)

	Thirteen Weeks Ended		Twenty Six weeks ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Capital expenditures (A)	\$ 11,763	\$ 121,769	\$ 17,481	\$ 130,290
Depreciation and amortization	\$ 17,965	\$ 17,909	\$ 35,338	\$ 36,928
Non-operating income:				
Net rental revenue	\$ 487	\$ 782	\$ 789	\$ 954
Investment income	56	400	126	567
Other (expense) income	(4)	(20)	27	(29)
Total	\$ 539	\$ 1,162	\$ 942	\$ 1,492

Comparable sales percentages:				
Merchandise	-4.0 %	-8.0 %	-2.6 %	-7.1 %
Service	5.2 %	-5.2 %	4.5 %	-4.0 %
Total	-2.3 %	-7.5 %	-1.3 %	-6.6 %

Total square feet of retail space (including service centers) 11,534,000 11,514,000

Total Store Count 566 562

Sales and Gross Profit by Line of Business (B):

Retail Sales	\$ 259,435	\$ 275,890	\$ 523,846	549,215
Service Center Revenue	229,476	224,153	461,553	448,871
Total Revenues	\$ 488,911	\$ 500,043	\$ 985,399	\$ 998,086
Gross Profit from Retail Sales	\$ 70,746	\$ 78,375	\$ 144,301	151,779
Gross Profit from Service Center Revenue	57,444	52,059	113,490	106,621
Total Gross Profit	\$ 128,190	\$ 130,434	\$ 257,791	\$ 258,400

Comparable Sales Percentages (B):

Retail Sales	-6.0 %	-11.6 %	-4.6 %	-10.9 %
Service Center Revenue	2.3 %	-1.9 %	2.8 %	-0.6 %
Total Revenues	-2.3 %	-7.5 %	-1.3 %	-6.6 %

Gross Profit Percentage by Line of Business (B):

Gross Profit Percentage from Retail Sales	27.3 %	28.4 %	27.5 %	27.6 %
Gross Profit Percentage from Service Center Revenue	25.0 %	23.2 %	24.6 %	23.8 %
Total Gross Profit Percentage	26.2 %	26.1 %	26.2 %	25.9 %

(A) 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.