Pep Boys Announces Cost Reduction Initiatives

PHILADELPHIA – January 30, 2009 – The Pep Boys – Manny, Moe & Jack (NYSE: "PBY"), the nation's leading automotive aftermarket retail and service chain, announced that it will implement approximately $20.1 million in pre-tax cost reduction initiatives to improve the Company's 2009 financial performance.

These initiatives include a Company-wide freeze on merit increases; the elimination of approximately 50 positions, representing 11% of the store support workforce; and numerous other spending reductions. In addition, 401(k) matching contributions and certain other retirement contributions have been conditioned on the Company achieving profitability targets in 2009. A pre-tax charge of approximately $0.6 million has been recorded in the fourth quarter of the 2008 fiscal year for costs associated with the workforce reductions.

"We have taken these steps to accelerate the Company's return to profitability, which we project will occur in the upcoming year," said CEO Mike Odell. "Our store base remains strong and no closures are planned, nor are any of our stores impacted by the staff reduction."

"We expect positive cash flow for fiscal 2009 which, together with our strong balance sheet, provides us with the ability to fund the expansion initiatives of our long-term strategic plan by adding additional service-only locations," said CFO Ray Arthur.

The Company previously announced closing a new $300 million senior secured revolving credit facility with a syndicate led by Bank of America, Wells Fargo and Regions Bank.

Pep Boys has over 560 retail stores and approximately 6,000 service bays 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.

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