



Stephens Inc. Conference



November 2007



Safe Harbor Statement

This presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements contained herein other than statements of historical fact are “forward-looking statements” for purposes of these provisions, including any statements of the plans and objectives for future operations and any statement of assumptions underlying an future operations and any statement of assumptions underlying any of the foregoing. In some cases, forward-looking statements can be identified by the use of terminology such as “may”, “will”, “expects”, “plans”, “anticipates”, “estimates”, “potential” or “continue”, or the negative thereof or other comparable terminology. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that our assumptions made in connection with the forward-looking statements are reasonable, we cannot assure investors that our assumptions and expectations will prove to have been correct. Actual results could differ materially from our forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



Overview of Pep Boys

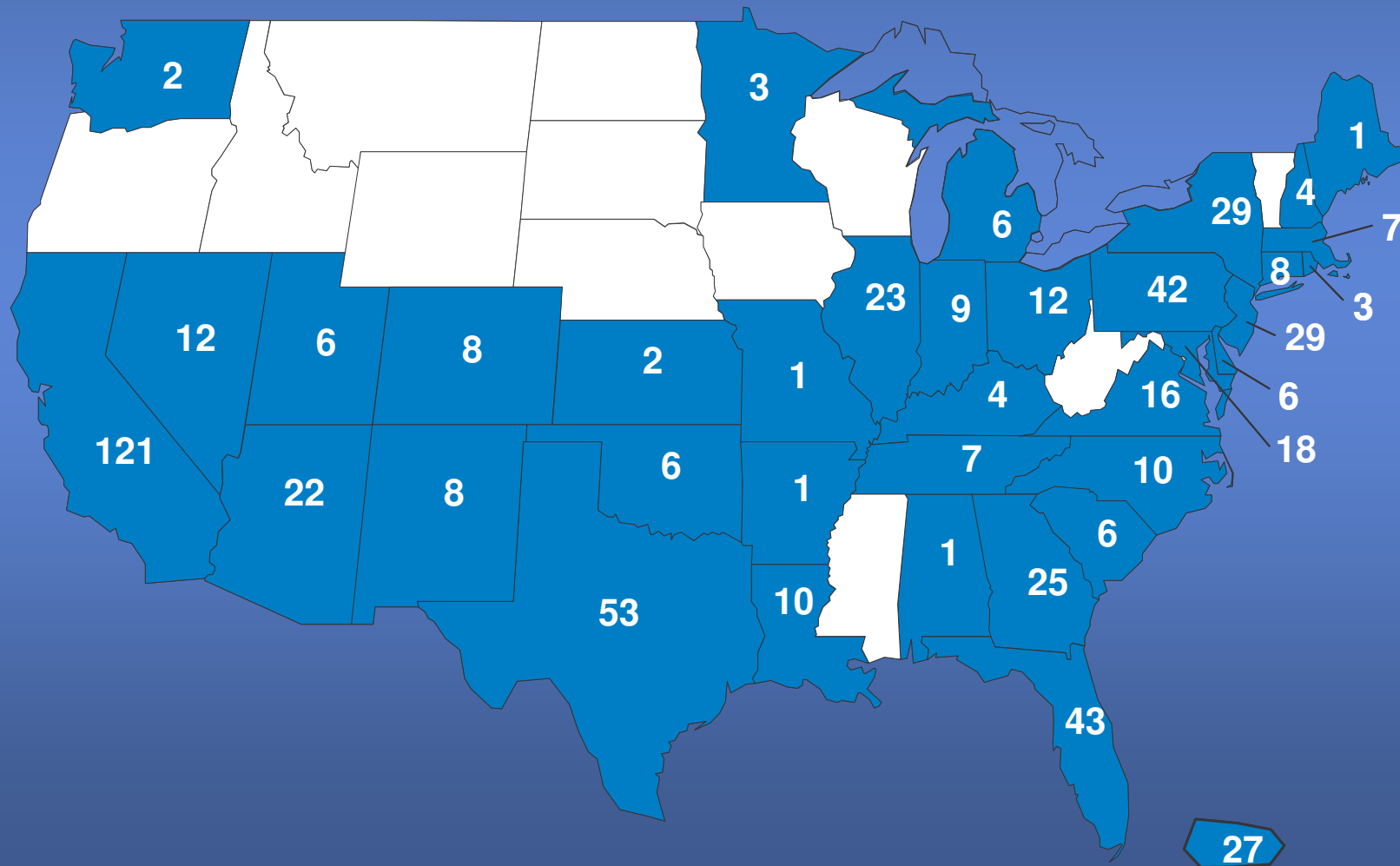
Pep Boys Profile

- Leading automotive retail and service chain with a durable franchise
 - Over 85 years old, formed in 1921
 - Publicly traded since 1946
- Diversified revenue streams
 - 592 locations in 36 states and Puerto Rico
 - Serve the “do-it-yourself” (DIY) and “do-it-for-me” (DIFM), replacement tires and commercial parts delivery markets
 - 12 million square feet of retail space, including over 6,000 service bays
- Strong real estate position
 - 324 of total stores are owned



Overview of Pep Boys

Nationwide Presence – 592 Stores, \$2.3 BB Sales

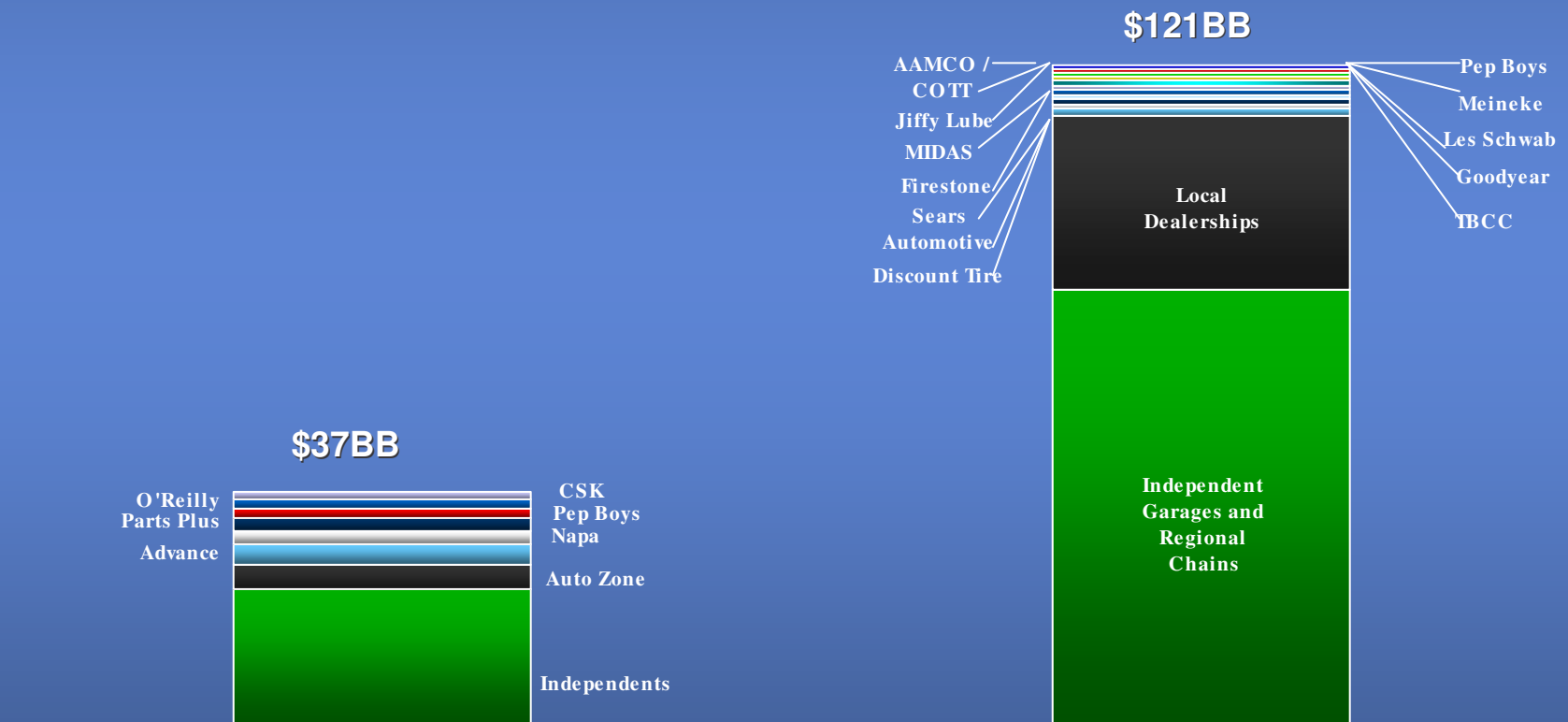


Pep Boys - Aftermarket Industry Competitive Landscape



DIY Market: Relatively fragmented – top 5 automotive retail chains represent 33% of the market

DIFM and Tire Market: Highly fragmented – top five players represent 5% of market



Source: AAIA, public filings, press releases, PBY analysis

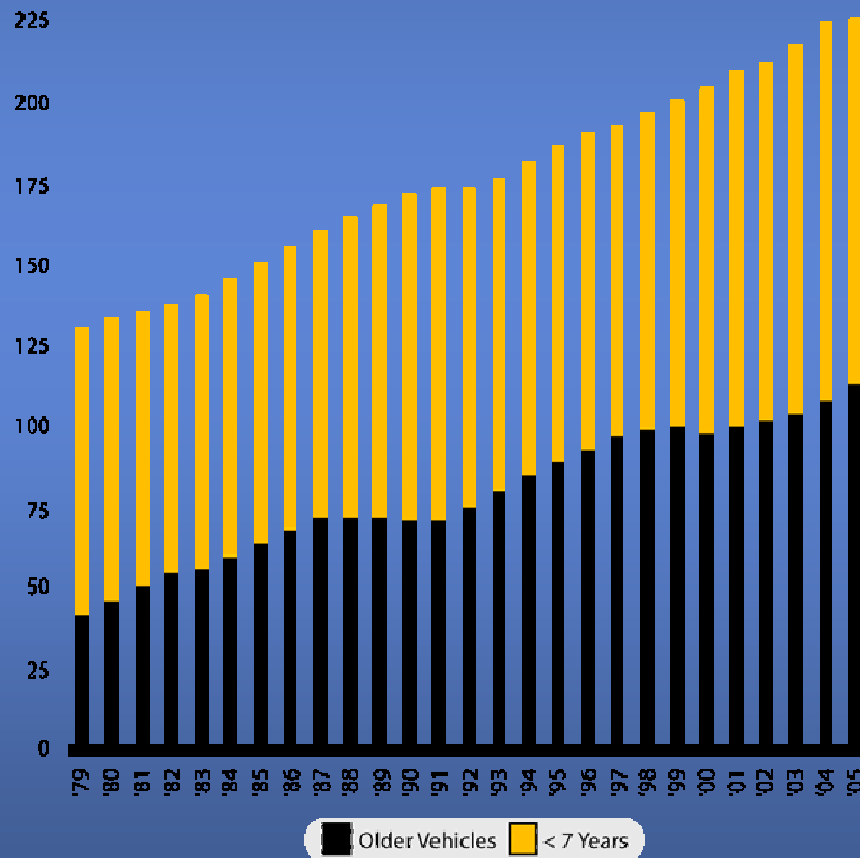


Pep Boys Positive Long-Term Trends in Automobile Demographics

- ◆ Increasing vehicle counts, older cars, and more miles driven each year are all favorable long-term trends for the segment

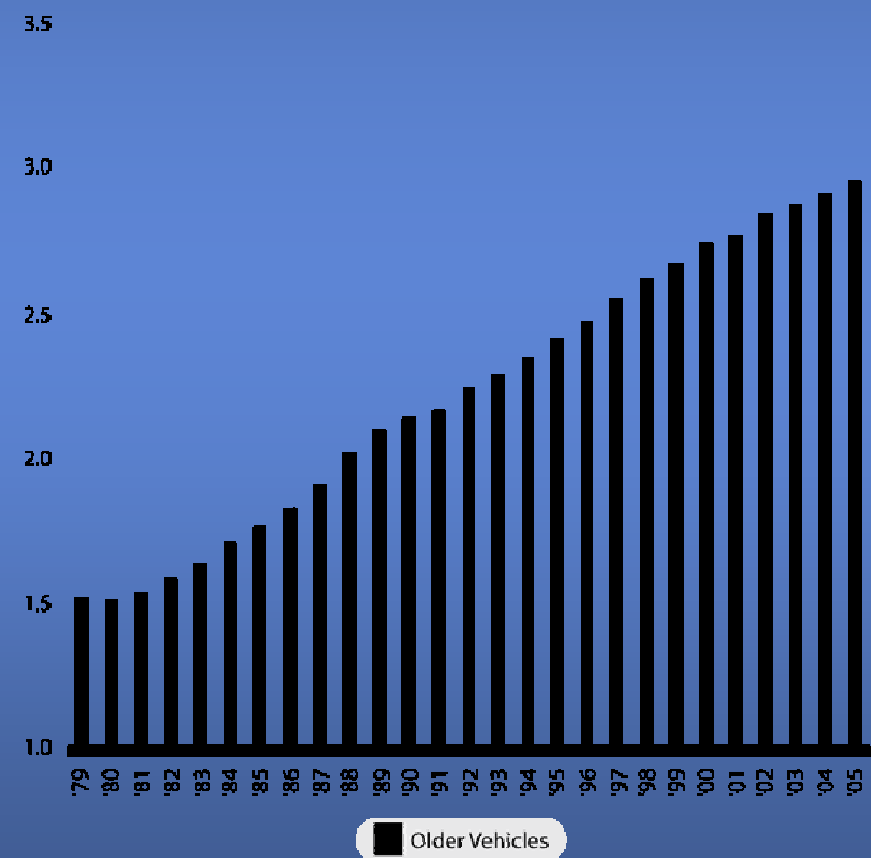
(in millions)

Increasing Vehicle Count, Increasing Older Vehicles



(in millions)

Miles Driven Increasing



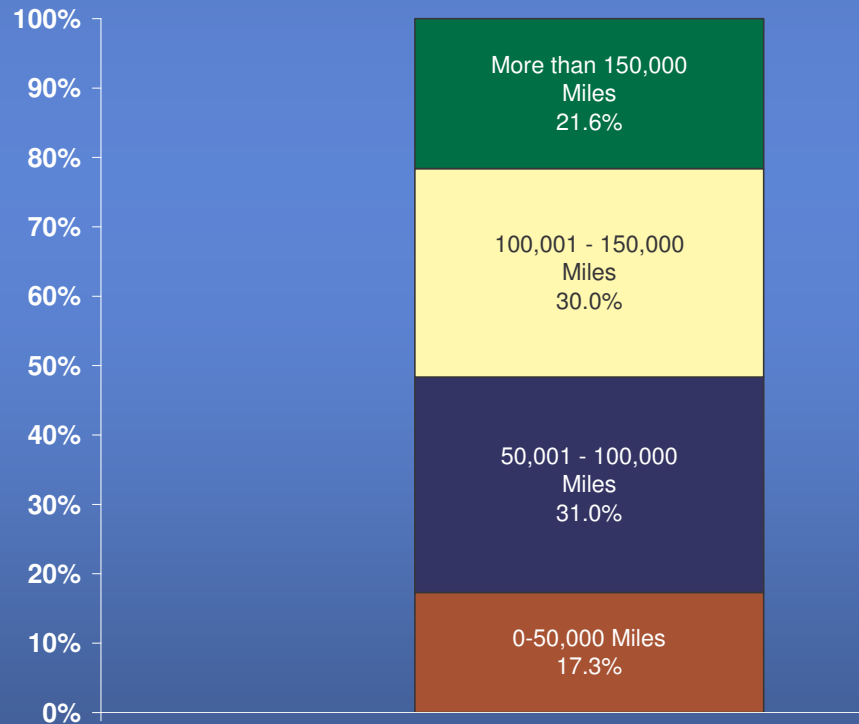
Source: Ward's Automotive Yearbook through 1999, R. L. Polk Company data 2000 through 2006. USDOT Federal Highway Administration website.



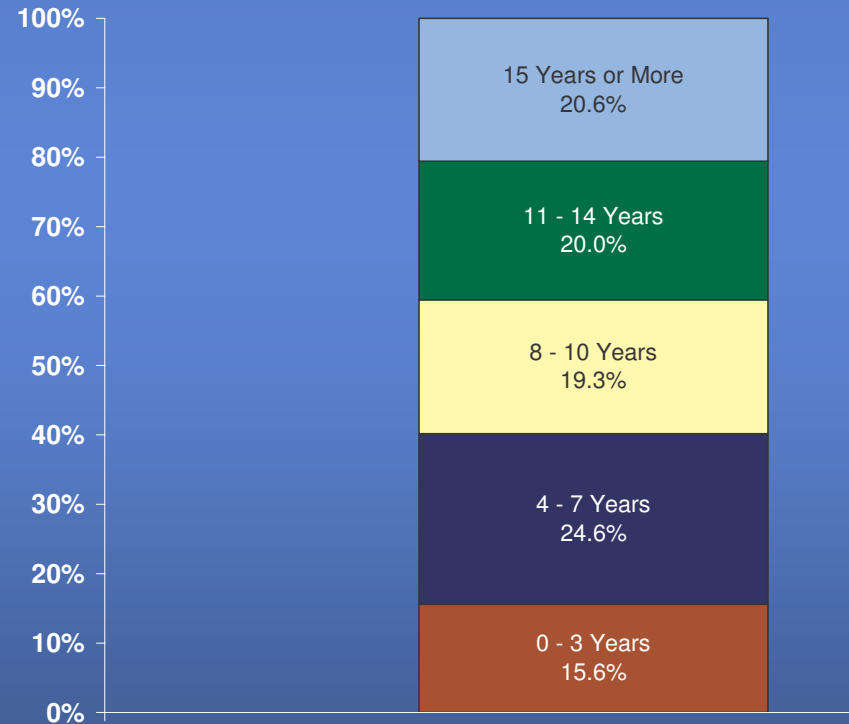
Pep Boys Vehicle Demographics - 2006

◆ Over half the cars on the road today have >100,000 miles, and over 40% have been on the road more than 10 years

Total Miles on Vehicle



Vehicle Age



Source: AAIA Factbook 2007

Note: Represents demographic information for Auto Parts Stores.



Pep Boys Unique Business Model

- Only national auto aftermarket chain with both retail and service segments

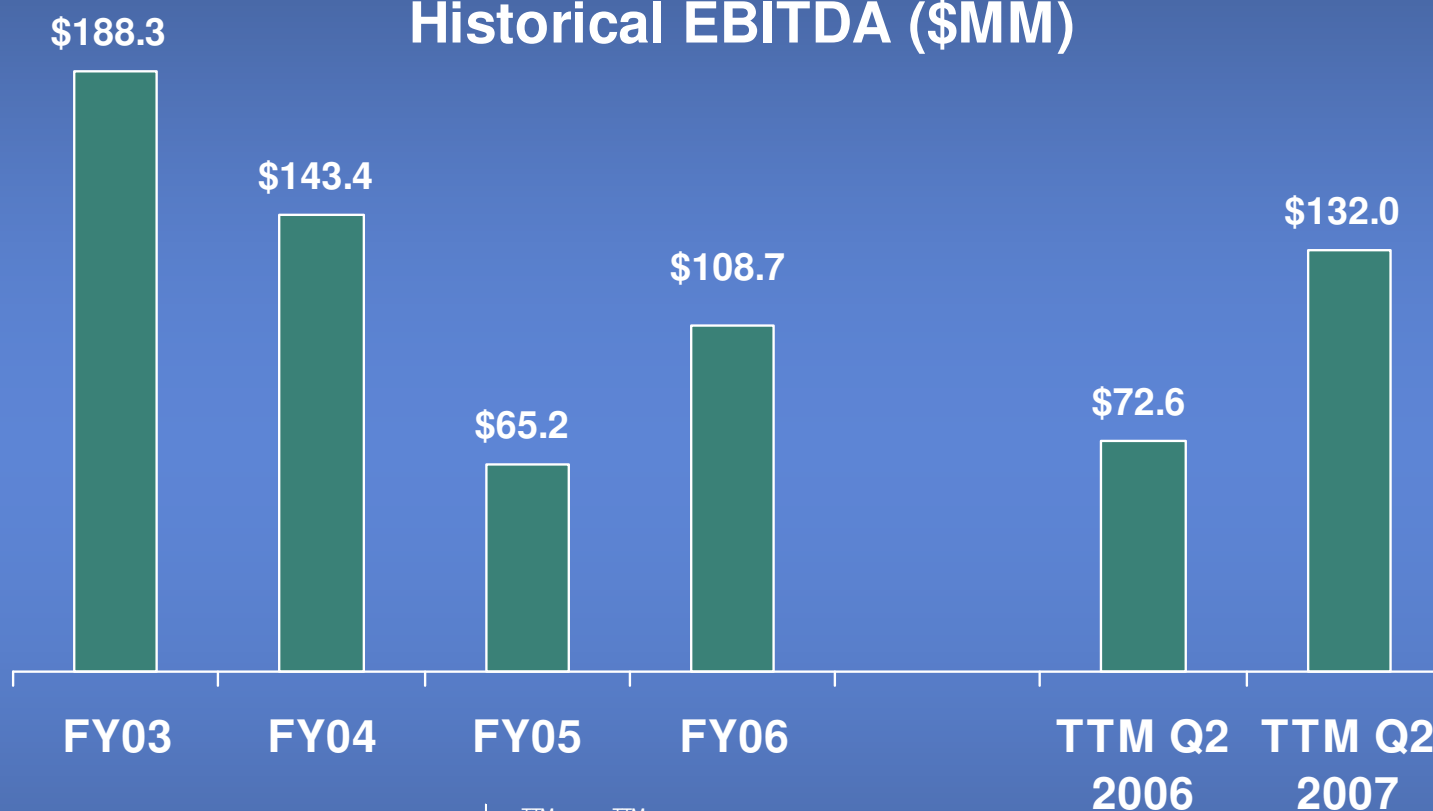
	<u>Pep Boys</u>	<u>Advance Auto Parts</u>	<u>AutoZone</u>	<u>CSK Auto</u>	<u>O'Reilly</u>	<u>Monro</u>
Revenue Mix						
Avg. Square Footage	20,086	7,500	6,368	7,290	6,700	4,500
# of States	36	38	48	19	18	18
Total Stores	592	2,500+	3,300+	1,100+	1,100+	600+
		Retail				Service

Source: Public Filings



Pep Boys –Financial Performance Already Rebounding

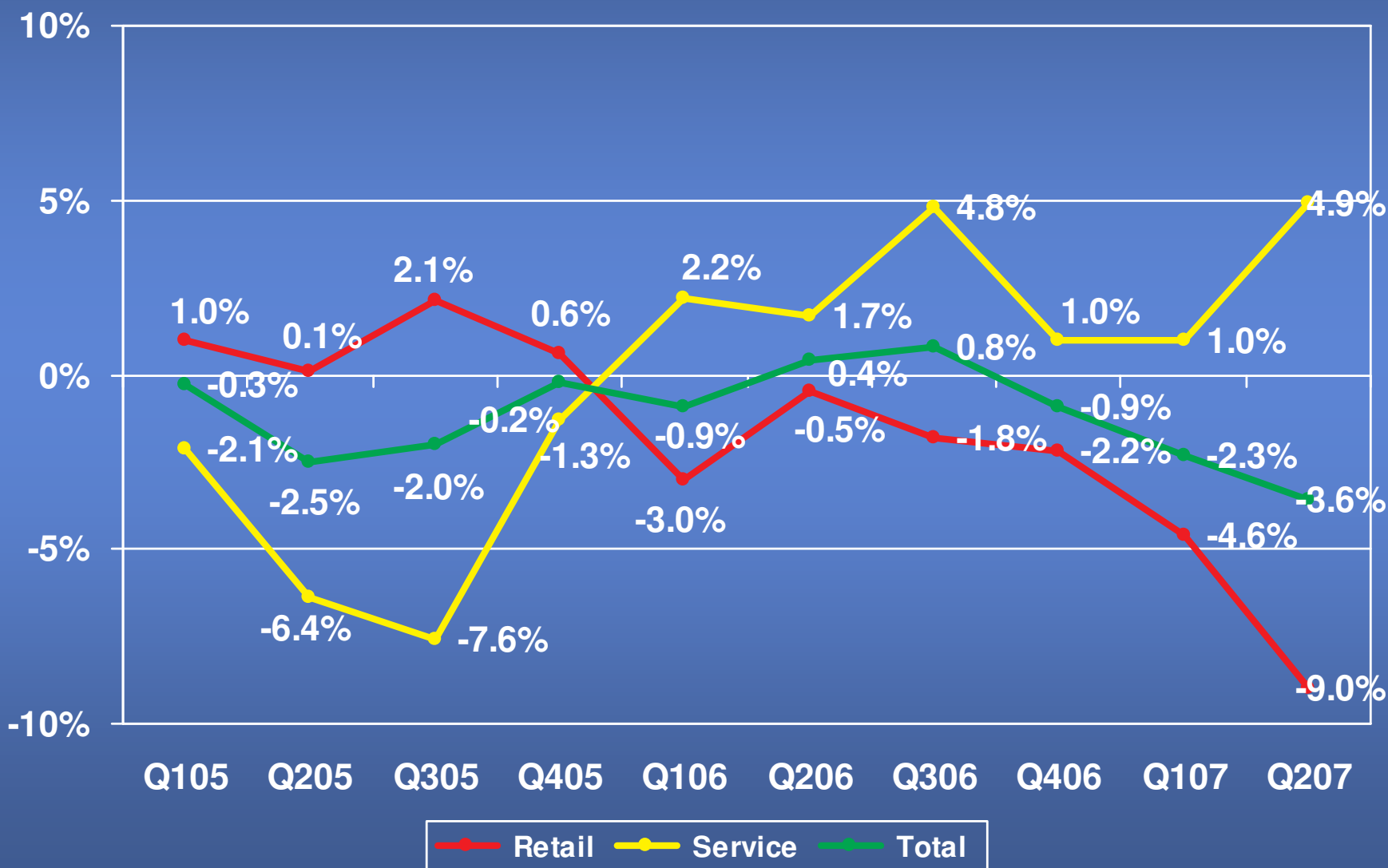
Historical EBITDA (\$MM)



EBITDA Reconciliation

	FY03	FY04	FY05	FY06	TTM Q2 06	TTM Q2 07
Operating Profit (GAAP)	11.0	75.1	(11.2)	36.0	(5.0)	50.1
Adjustments						
Restructuring Charge	89.0					
Gain on Sale of Assets		(11.8)	(4.8)	(15.3)	(7.2)	(11.6)
Impairment of Long-Term Obligation	14.5		4.2		4.2	
Executive Severance Payment		6.9		1.1	1.1	4.7
Stock Based Compensation Expense	(4.5)	(3.4)	(2.9)		(1.5)	
Legal & Insurance Settlements				(4.4)	(4.4)	
Strategic Review Process				2.8	2.8	
Total Adjustments	99.0	(8.3)	(3.5)	(15.8)	(5.1)	(6.9)
Operating Profit as Adjusted	110.0	66.8	(14.7)	20.2	(10.1)	43.2
Depreciation & Amortization	78.3	76.6	79.9	88.5	82.7	88.7
EBITDA (as Adjusted)	188.3	143.4	65.2	108.7	72.6	132.0

Pep Boys – Service Improving, Retail Focused on Profitable Sales



Retail includes commercial; Service includes installed parts & tires.



Pep Boys – Q2 Highlights

	<u>Retail / Commercial</u>			<u>Service, Installed Parts & Tires</u>			<u>Total</u>		
	<u>Q2 2007</u>	<u>Q2 2006</u>	<u>% Chg</u>	<u>Q2 2007</u>	<u>Q2 2006</u>	<u>% Chg</u>	<u>Q2 2007</u>	<u>Q2 2006</u>	<u>% Chg</u>
Sales	322,464	353,554	-8.8%	236,425	225,011	5.1%	558,889	578,565	-3.4%
Gross Profit	93,141	100,180	-7.0%	56,997	44,922	26.9%	150,138	145,102	3.5%
Gross Profit % to Sales	28.9%	28.3%	0.5%	24.1%	20.0%	4.1%	26.9%	25.1%	1.8%
S,G&A							132,845	139,544	(4.8%)
Operating Profit Before Gain/Loss							<u>17,293</u>	<u>5,558</u>	<u>211.1%</u>
Net Gain on Sales of Assets							(15)	6,431	
Operating Profit							<u>17,278</u>	<u>11,989</u>	<u>44.1%</u>
Net Income							<u>4,179</u>	<u>1,352</u>	<u>209.1%</u>

<u>GAAP Equivalent</u>	<u>Q2 2007</u>	<u>Q2 2006</u>	<u>% Chg</u>
Merch Sales	458,569	481,997	-4.9%
Labor Sales	100,320	96,568	3.9%
Total Sales	558,889	578,565	-3.4%

<u>GAAP Equivalent</u>	<u>Q2 2007</u>	<u>Q2 2006</u>	<u>% Chg</u>
Merch Gross Profit	138,769	139,123	-0.3%
Labor Gross Profit	11,369	5,979	90.1%
Total Gross Profit	150,138	145,102	3.5%

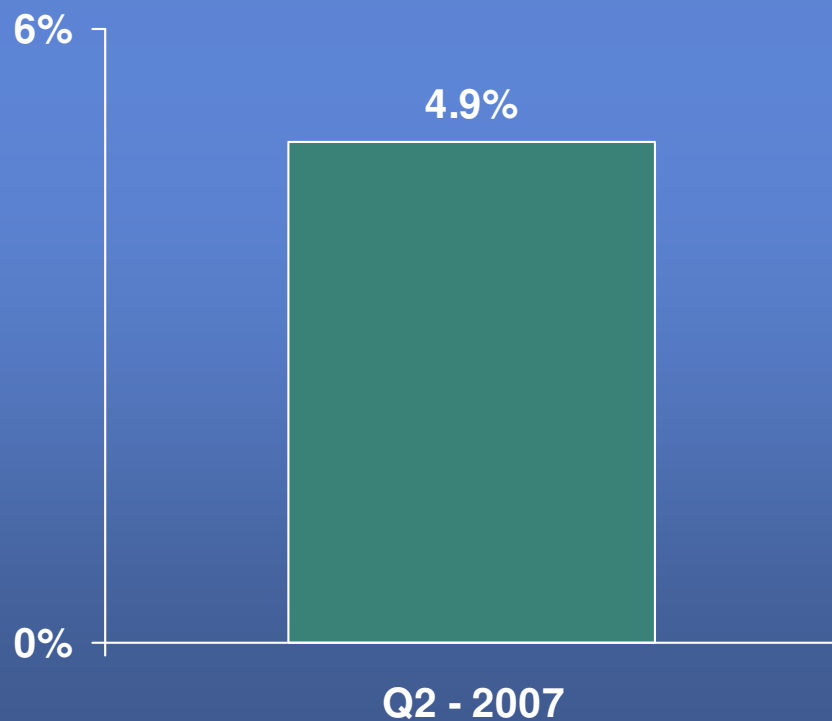


Pep Boys – Early Momentum In Service Renewal

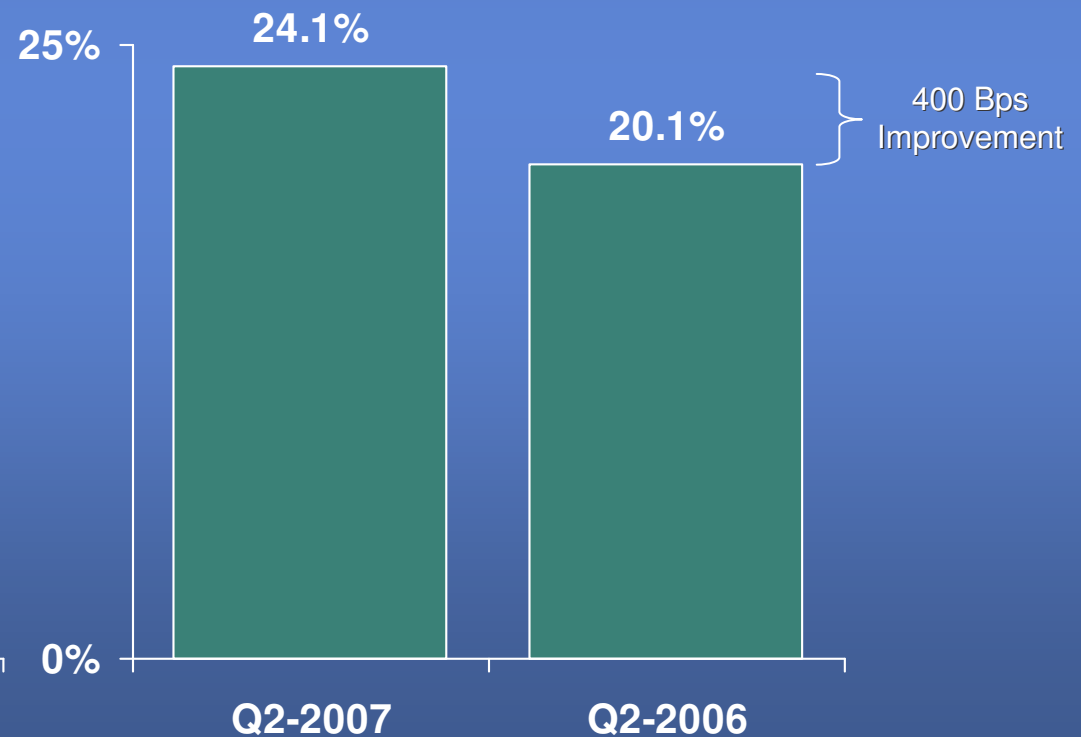
Drivers:

- Buy 3 Get 1 Free Tire Promotion
- Early Adoption of Variable Pricing
- Flat Rate Staffing Stability

Service Comparative Store Sales



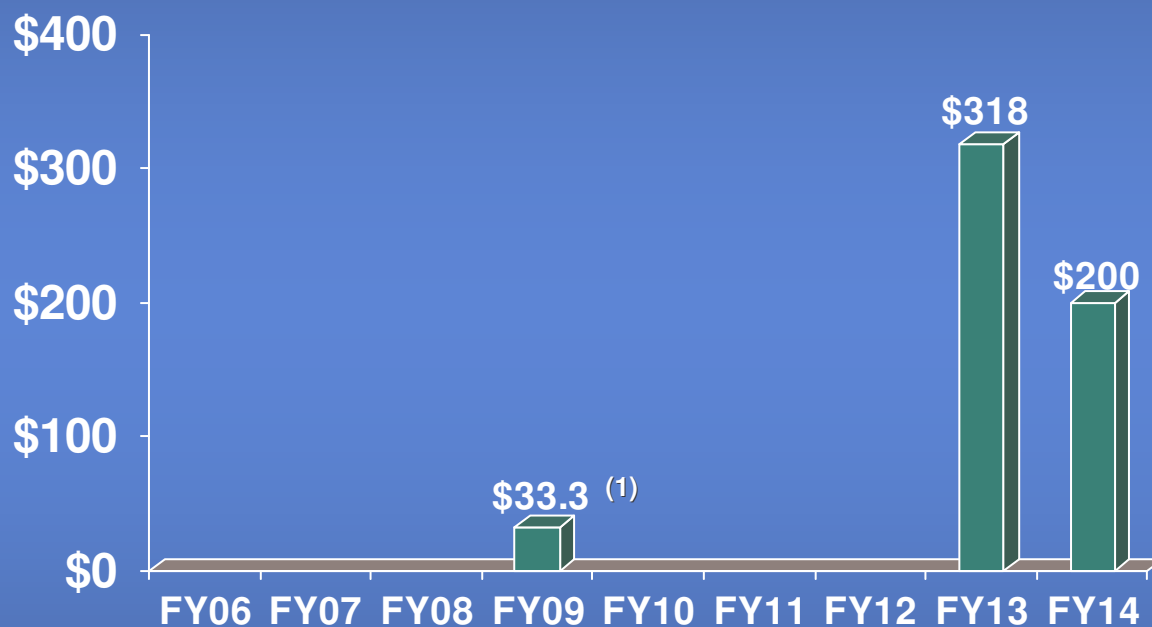
Service Gross Profit Rate





Substantial Financial Flexibility

Debt Maturity Schedule



(1) Amount represents outstandings on the ABL Revolver as of August 4, 2007

Note: Debt Maturity Schedule does not reflect Synthetic Lease Purchase Obligation due in FY08 (shown below)

Instrument	Amount Outstanding	Maturity
Synthetic Lease Purchase Obligation	\$116.3 Million	August-08
ABL Revolver	\$33.3 Million	December-09
Real Estate Term Loan	\$318.4 Million	October-13
High Yield Bonds	\$200.0 Million	December-14



New Leadership

Jeffrey C. Rachor
*President and Chief
Executive Officer*

Mr. Rachor joined Pep Boys in March 2007 after having most recently served as the President of Sonic Automotive for three years. Prior to serving as CEO of Sonic, Mr. Rachor served in various other capacities with Sonic after joining in 1997. Mr. Rachor has over 20 years of experience in automobile retailing.

Michael Odell
*Executive Vice
President – Chief
Operating Officer*

Mr. Odell joined Pep Boys in September 2007 after having most recently served as Executive Vice President and General Manager of Sears Retail & Specialty Stores, a \$27 billion division of Sears Holdings Corporations. Mike joined Sears in its finance department in 1994 where he served until he joined Sears' operations team in 1998. There he served in various executive operations positions of increasing seniority, including as Vice President, Stores - Sears Automotive Group.

Harry F. Yanowitz
*Senior Vice President –
Chief Financial Officer*

Mr. Yanowitz was named Senior Vice President – Chief Financial Officer in August 2004. Mr. Yanowitz joined the Company in June 2003 as Senior Vice President – Strategy & Business Development after having most recently served as Managing Director of Sherpa Investments, a private investment firm. Previously, he was President of Chapters, Canada's largest book retailer. Prior to joining Chapters, Mr. Yanowitz was a consultant with Bain & Company.

Scott Webb
*Senior Vice President –
Merchandising &
Marketing*

Mr. Webb joined Pep Boys in September 2007 after having most recently served as Vice President, Merchandising and Customer Satisfaction of AutoZone. Scott joined AutoZone in 1986 where he began his service in field management before transitioning, in 1992, to merchandising and hard parts sourcing.

Troy Fee
*Senior Vice President –
Human Resources*

Mr. Fee joined the Company in July 2007 after most recently serving as Senior Vice President of Human Resources Shared Services for TBC Corporation. Mr. Fee has more than 20 years of human resources and operations experience in the tire and automotive service business.

Joseph A. Cirelli
*Senior Vice President –
Service*

Mr. Cirelli was named Senior Vice President – Service in October 2005. Since March 1977, Mr. Cirelli has served the Company in positions of increasing seniority, including Vice President – Real Estate and Development, Vice President – Operations Administration, and Vice President – Customer Satisfaction.



Improving Efficiency/Reducing Cost Structure

- A committed program of reducing expenses across the organization, beginning in Fall '06, continuing through 2008
- Targeting 400 BPS total cost reductions (\$90 - \$100MM) profit enhancement run rate by end 2008
- Key opportunities
 - ▶ Store Support Center staffing level reductions and process outsourcing
 - ▶ Rationalization of below scale commercial operations
 - ▶ Service parts pricing enhancements
 - ▶ Freight and logistics costs
 - ▶ Global sourcing to reduce product acquisition costs
- Cost reduction program runs independently from operating initiatives, particularly restoring service center performance



Pep Boys Tactical Priorities

- Service / Tire Renewal
 - ▶ More prominence in marketing program
 - ▶ Staffing and training
 - ▶ Variable Pricing
 - ▶ Variable Compensation
 - ▶ Productivity and Efficiency
 - ▶ Operating Metrics and Drivers
 - ▶ Service Drive Process
- Retail
 - ▶ Accelerate focus on hard parts
 - ▶ Merchandising / Inventory productivity
 - ▶ Sales culture and customer experience



Long Term Strategic Plan

- Communicate comprehensive strategic plan November 28, 2007
- Strategic plan will answer the tough questions about Pep Boys business model including:
 - What is Pep Boys' go forward merchandising and service mix?
 - What should Pep Boys do with our existing footprint and store density dilemma?
 - How will Pep Boys address the excess square footage in current superstore box?
 - How will Pep Boys ultimate growth help the profitability and generate higher return for shareholders?



Question & Answer