



Pep Boys Completes Term Loan Financing; Reduces Interest Rate on Existing Facility

PHILADELPHIA – October 30, 2006 – The Pep Boys – Manny, Moe & Jack (NYSE: “PBY”), the nation’s leading automotive aftermarket retail and service chain, announced that it closed on a \$120 million expansion of its senior secured term loan facility syndicated by Wachovia Capital Markets, LLC.

The facility was amended and restated to (i) increase the size from \$200,000,000 to \$320,000,000, (ii) extend the maturity from January 27, 2011 to October 27, 2013, (iii) reduce the interest rate from London Interbank Offered Rate (LIBOR) plus 3.00% to LIBOR plus 2.75% (with the ability to further reduce the interest rate to LIBOR plus 2.50%, upon achieving a specified leverage ratio). An additional 87 stores (bringing the total to 241 stores) were added to the collateral pool securing the facility.

Proceeds were used to satisfy and discharge \$119 million in outstanding convertible notes that mature June 1, 2007. Such notes, however, do remain convertible into shares of the Company’s common stock, at approximately \$22.40 per share, through maturity. The Company expects (i) to record, in the third quarter, approximately \$3.5 million dollars in costs associated with such satisfaction and discharge and (ii) to earn, in future periods through the notes’ maturity date, an approximately equivalent amount of interest on the funds placed into escrow to effectuate such satisfaction and discharge.

CFO Harry Yanowitz said, “We are very pleased with the support we received from our current lenders in expanding this facility. This final piece of a three-year program of extending our debt maturity schedule now leaves the Company with no significant funded debt maturities until 2013, allowing Pep Boys to focus its energies squarely on operating improvements.”

About Pep Boys

Pep Boys has 593 stores and more than 6,000 service bays in 36 states and Puerto Rico. Along with its vehicle repair and maintenance 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 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 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.

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