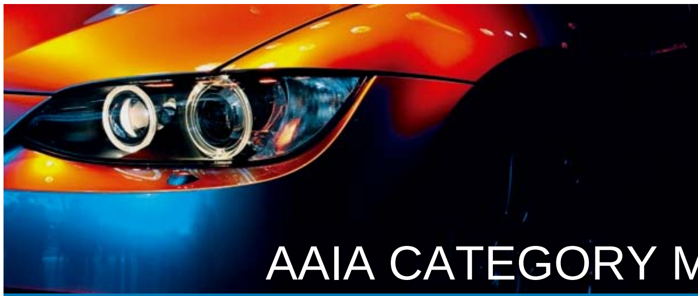

THE NPD GROUP
AAIA CATEGORY MANAGEMENT COMMITTEE NEWS

July 2009

Welcome to the July 2009 edition of NPD's Category Management Committee News. The purpose of this communication is to provide you an update regarding the progress that NPD is making with the development of the point-of-sale Service for the Auto Parts Channel; NPD's *Aftermarket Industry Monitor*.

New Application Categories Released

We are pleased to announce that point–of–sale information for two additional application categories has been released since the Category Management Committee met in Huntington Beach. NPD remains on track to deliver full store information for all participating retailers and distributors, and we're down to only the few remaining application categories! The initial focus was the re-release of those categories previously tracking retail sales from 5 participants, which has been completed. These final categories have never been released and now include information for both retail and commercial sales for over 18,000 outlets nationwide.

Application Electrical and Ignition Systems Now Available

Both Categories Ahead of Schedule!

Application Electrical: Delivered in April, the Application Electrical category POS information includes the subcategories of Vehicle Computers, Engine Management Sensors, Application Switches/Relays and more. For the 12 month period ending May 2009, Application Electrical delivered just over $600 million in total channel volume in NPD's *Aftermarket Industry Monitor*. Retail and commercial dollar sales combined for the category increased an impressive 7.9% versus same period year ago. The single largest segment is the Oxygen Sensors segment, which represents approximately one fourth of total category dollar volume. Window lift motors is the second largest segment, and posted impressive gains for the period. Initial release of the category is at the segment level. Attribute reporting at a future date will be in large part due to the support by manufacturers that have been so helpful in providing input for the coding process.

Ignition Systems: This category was released with May data, delivered in June. The Ignition System category POS information includes the two subcategories of Ignition Wires and Ignition Components. The category (total retail & commercial) contributed almost $760 Million for the most recent 12 month period. Dollar volume declined slightly versus the same period year ago. Ignition is dominated by the OE/Standard Ignition Wire segment of the Ignition Wires subcategory, and represents roughly twenty five percent of category volume. The second largest segment is Ignition Coils which has actually posted double digit percentage increases for the most recent data period. This category was released at the segment level. NPD will work together with the Category Management Committee and the Hard Parts Data Work Group to identify and prioritize category attributes which will be reported at a later date.

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Category Release Schedule

There are two tables to the right which detail the history and upcoming schedule for application category releases. This order of priority has been collaboratively determined by the Category Management Committee. We are pleased to report that the latest two categories of Application Electrical and Ignition Systems were delivered ahead of schedule!

It is remarkable to see the progress that the aftermarket has made in regards to point-of-sale release on application categories. A very collaborative industry effort has resulted with the availability of 15 categories over the last two years that have either been re-released with information from all participants, or released for the first time!

NPD is moving forward as planned with the development of both Emission and Engine. Those very complex categories are on track and expected to be delivered in September and December, respectively. We are in the process of reaching out to a variety of industry experts in order to gain access to the information necessary to keep these release dates on track.

Thanks To These Companies

A sincere thank you goes out to all of the companies that are helping NPD stay on track and release application categories as scheduled. The industry involvement and support of the Category Management Committee has been unprecedented.

We greatly appreciate the participation from those manufacturers, retailers & wholesalers who stepped up and provided assistance that allowed us to get both the Application Electrical and Ignition Categories released ahead of schedule. We could not have achieved this without the input of these companies. Thanks to Advance Auto Parts, Mr. Gasket, O'Reilly Auto Parts, Pep Boys, Prestolite, Standard Motor Products, and Wells Manufacturing.

Released Hard Parts Categories

Rotating Electrical	April, '07
Batteries	July, '07
Brakes	August, 07
Filters	October, 07
Fuel Systems	November, 07
Cooling	February, 08
Suspension	May, '08
Steering	June, '08
Climate Control	August, '08
Exhaust	September, '08
Gaskets	November, '08
Driveline	January, '09
Wiper Components	February, '09
Application Electrical	April, '09
Ignition	June, '09

Remaining Hard Parts Categories

Emission	September, '09
Engine	December, '09

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No 2009 Hierarchy Review Process

When we met in Huntington Beach, we shared a glimpse of a new corporate architecture in development which will support all of NPD's business units. This is being done to accommodate the vastly expanding amount and granularity of data we manage today, and will allow for much more powerful data delivery tools in the future. These long term benefits will come with a short term change.

For the past six years the AAIA Data Work Group has met annually to review feedback from the industry on front-of-store data reporting hierarchies. Each year the Data Work Group strives to consider all input from across the manufacturing community, retailers, distributors, and other industry experts. Changes have decreased each year because of the ongoing refinement through suggestions by many industry experts that have helped develop the highly detailed hierarchies we have today. No other industry can claim to have such a collaborative and organized cooperation amongst its constituents.

NPD's Automotive BU is on the forefront of this development process, and entering a period where the databases need to be locked down from making any major changes to ensure the data integrity throughout this transitional process. The lock-down is essential during the development process because parallel databases are created and they need to be perfectly in sync. Implementing hierarchy changes during this period makes keeping parallel systems in sync nearly impossible.

Because of this major system upgrade the Data Workgroup agreed to the following steps:

1. We will forego the annual hierarchy solicitation process this year and not make the changes associated with the review. With all of the major changes and detailed cleanup of the hierarchies in recent years, we have strong hierarchies.

2. We plan to launch the next Hierarchy Solicitation in June of 2010.

3. If necessary, NPD will be able to make minimal, (high priority) changes to front-of-store categories before reaching the point of total lock-down on the database in September 2009. Any such input would need to be sent to Jason Toups at NPD on or before August 1st, 2009. Jason_Toups@npd.com

Cat #	
25	Air Fresheners
14	Antifreeze / Coolant
27	Anti-Theft Products
24	Appearance Accessories
11	Appearance Chemicals
34	Automotive Lighting
31	Batteries
09	Battery Accessories
02	Body Repair
05	Cargo Management
35	Electrical
21	Exterior Accessories
33	Filters
39	Fluid Management and Accessories
42	Food and Beverage
44	General Merchandise
13	Greases / Lubes
41	Hand Cleaners
36	Hand Tools
38	Hardware
20	Interior Accessories
07	Light-Duty Shop Equipment
04	Mobile Electronics
10	Motor Oil
03	Non-Auto Batteries / Flashlights
00	Paint / Coatings
12	Performance Chemicals
29	Reference and Entertainment
17	Refrigerants and Accessories
19	Safety
01	Sealants / Adhesives / Compounds
32	Spark Plugs
47	Tape
23	Tire and Wheel Accessories
26	Towing and Hitch
16	Transmission Fluid
15	Washer Fluids
30	Wipers

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July 2009

Brake Category Enhancements

Feedback from both manufacturer and retailer/distributor users of the Brake category point-of-sale data clearly suggested a need for enhancements to the Brake category Brand/Grade Grid. The AAIA Category Management Committee's Hard Parts Workgroup hosted a conference call earlier in the year to evaluate the current reporting structure and to recommend changes to the hierarchy. Attendance was unprecedented, as there were 29 individuals across 11 brake category manufacturers and participation from nearly every POS data sharing partner.

The following sums up the changes as a result of that discussion.

Short terms changes (Brake Brand/Grade Grid):

- New brand/line additions by each retailer/wholesaler were identified.
- All discontinued lines were identified and noted on the new grid.
- Manufacturer brand name changes identified and corrected.
- Grade changes across different lines to reflect the marketplace.
- A new opening-price-point grade (Economy) for Pads was created.
- Private label manufacturer will only be identified with the brand name under which it is sold.

Future Enhancements (Brake Hierarchy):

- The work group will consider swapping the brake pad material identifier from the segment level to the attribute level, and move the grade-level to the segment level. This would be consistent with reporting methods used in other categories.
- Consideration will be given to the elimination of segments where manufacturing type (New and Reman) is used at the segment level currently, and move these identifiers into the attribute level.

Implementation Plan:

In the near term NPD is working to implement the recommendations for all grade changes. The most significant changes occurred in brake pads and shoes. In order to make these changes sooner, it was decided after further research and analysis we will not be restating the historical data. The biggest product grade changes were officially introduced to the market in July 2006 for brake pads but were phased in at different times across the retailers/distributors. In order to make the transition have the least affect on the historical data, NPD will make the grade changes across all lines start from the same point in time. This will allow for the most accurate trending and help to introduce a better perspective on what's happening in the evolving brake pad market. Timing for the official implementation of these changes will be communicated in the near future.

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July 2009

Industry Commentary

Market Insight from David Portalatin, Director of Industry Analysis for The NPD Group

2008 was the year of deferral for automotive purchases. As the recession set in, consumers sought ways to cut back. That included postponing automotive repair and maintenance as much as possible. In an April 2009 survey, NPD learned that about one third of needed services in the past 12 months were deferred for at least some time.

The good news is that 2009 is emerging as a year where consumers can no longer defer. In the same April survey, 58% said that they would spend more this year to keep their vehicle on the road longer. Many consumers still reeling from the economy are finding that maintenance and repair costs are preferable to replacement costs. This mindset, combined with an aging vehicle fleet created by lagging new car sales, are certainly positive factors for the automotive aftermarket.

Economists are constantly looking for “green shoots” that would signal a turning point and the auto parts channel exhibits some encouraging signs of spring. Dollar volume for January through May of 2009 is up 5% versus year ago. While unit volume in this time frame continues a long established declining trend (-3.1%), a closer look reveals that the aforementioned consumer mindset is beginning to stimulate sales. Consumers motivated to keep the old car going have lead to unit volume increases in some key replacement part categories including Batteries (+4.9%), Application Electrical (+3.9%), Suspension (+3.0%) and others. In addition, consumers may be returning to more rigorous maintenance practices to save money in the long run. In February and May, PCMO (Motor Oil) quart volume actually increased slightly versus year ago. Such increases have been rare in recent years and are a welcome sight in this bellwether category.

Although encouraging signs exist, aftermarket “green shoots” shouldn’t lead to “irrational exuberance.” Market conditions remain challenging. The greatest macro factors generating demand for the aftermarket are the number of vehicles in service and the number of miles they drive. 2009 may be a year where neither of these metrics increase. Manufacturers and retailers will need to sharpen their focus on the consumer value proposition they can offer to differentiate themselves in a competitive marketplace.

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Enhanced Data on Hard Parts

Now Available!!!

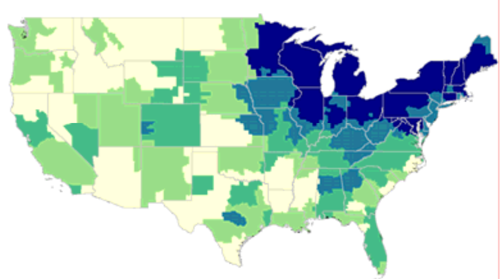
New measures and detailed regional reporting are now available for all categories (including hard parts) and for the commercial channel. These measures include:

- Sales Per Store
- % Store Selling
- Sales Per Store Selling
- Sales Per Point AIV
- and more

In addition, information for 50 DMA’s (Designated Market Areas) is available for all released hard parts categories, which gives us new insight into our industry.

To help automotive product marketers look beyond top-line sales volume for deeper insights, the Category Development Index (CDI) is a useful tool. This metric analyzes category sales volume by comparing that category’s contribution to total sales in a market to its contribution nationally. To calculate the index, simply divide a market’s category sales percentage of total volume by the market’s industry sales percentage of total volume. In this case, Los Angeles contributes over 4% of total tracked auto parts channel volume but just over 3% of Brake Category volume. Using our formula, the Brakes CDI for Los Angeles is 80. Far from being number one on this scale, Los Angeles ranks 130th in Brakes Category Development.

The most developed Brakes category in the country is Syracuse, New York where Brakes sales are almost twice as important to the sales mix as the national average. Variances in climate, driving conditions, road conditions and many other variables could help explain such a great difference in sales trends. Surely drivers in California stop at red lights just like they do in New York, but the inventory, distribution, and merchandising models used in California may not be the right ones to maximize sales in New York.



THE NPD GROUP
AAIA CATEGORY MANAGEMENT COMMITTEE **NEWS**

July 2009

Welcome Brian Holliday

Director, Retail Business Development

The NPD Group, Inc. is pleased to announce the appointment of **Brian Holliday** as Director of its Automotive Retail Business Group. Holliday is responsible for managing the partnerships that NPD maintains with aftermarket retailers and wholesalers throughout the U.S.

Holliday joins NPD with extensive experience in the automotive aftermarket industry. He was formerly general manager for Honeywell International's global filtration business where he was responsible for the global growth of the company's FRAM® branded filtration business, and prior to that position, Holliday led the marketing team for Honeywell's Prestone® brand and was responsible for the North American growth of the brand.

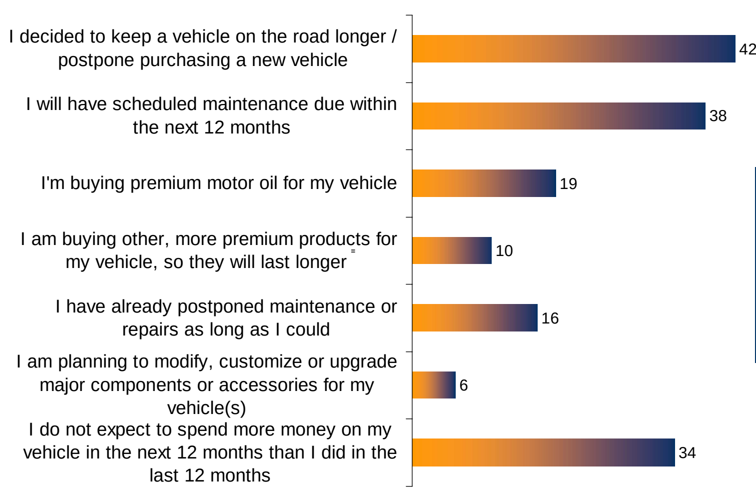
"Brian's unique combination of general management skills, product development, front-of-store and application parts experience will provide a valuable perspective to NPD's aftermarket clients," says Dawn Zieren, president, NPD's automotive business unit.

Brian replaces Bob Jennings who was recently promoted to head up the retail business group for NPD's consumer technology business unit. We thank Bob for his many contributions and wish him the best in his new role.

Special Report

Selling Automotive Products in Tough Economic Times

NPD has introduced a new report for the aftermarket: ***Selling Automotive Products in Tough Economic Times***. This report is designed to strengthen the industry's understanding of how best to serve, satisfy, and retain consumers in this economy. The content of this report is focused in four primary areas; general changes in consumers' behavior, evaluating long-term benefits of price discounts, retail behavior and brand behavior.



About two-thirds of consumers (64%) report at least one trigger event that will lead to increased spending on vehicle maintenance or repairs. This represents a tremendous opportunity as the majority of consumers appear poised to make major spends despite the consistent theme of increasing price-sensitivity.*

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**Q. There are a number of situations that might cause someone to expect or plan to spend more money on the maintenance, repair and appearance of their vehicle in the next 12 months than they have been in the past 12 months. Have you found yourself in any of the following situations? (Total Respondents, base: n=2161)*