



Automotive Aftermarket

Quarterly Dashboard

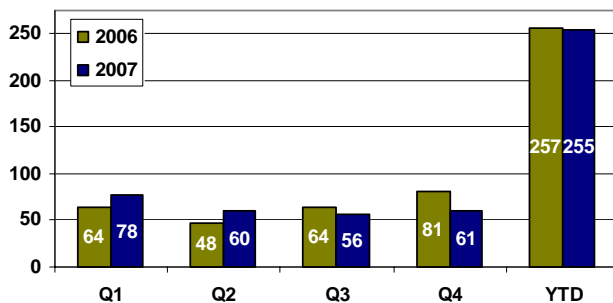
Market Intelligence for Industry Players

Q4 2007

Fourth Quarter and 2007 M&A Commentary

Merger and acquisition activity in the auto aftermarket got off to a fast start in 2007 with 138 transactions through the first two quarters of the year -- a 23% increase year-over-year. However, deal activity moderated in the back half of 2007 and the year end tally came in at 255 total transactions, just two less than 2006's record-breaking pace.

Auto Aftermarket Transactions by Quarter



Capstone expects M&A activity to continue at a healthy, but slightly reduced pace in 2008. We believe the recent debt market correction that surfaced in the second half of 2007 negatively impacted M&A activity as buyers and lenders became more cautious. In addition, the uncertainty surrounding the economy will cause some buyers to take a wait-and-see approach. That said, there are numerous factors that will continue to drive industry consolidation, including:

- ▶ Industry remains highly fragmented;
- ▶ Industry's structure often favors scale;
- ▶ Private equity continues to be abundant;
- ▶ Strategic buyers remain active; and
- ▶ Credit market issues will impact middle market much less than "mega-buyout" market.

Selected Fourth Quarter Deal Briefs

Platinum Equity sues PPG Industries over Buyout.

Although the buyout was announced in the third quarter, Platinum Equity moved to sue PPG Industries Inc. in the closing days of 2007 to terminate or renegotiate its \$500 million deal to buy PPG's troubled auto-glass business. Platinum claims the business is in poorer financial shape than the seller represented during the sale process.

Platinum Equity Principal Mark Barnhill said his firm was still "willing and able" to buy the division -- which makes sunroofs and windshields -- "as long as the terms fairly reflect the state of the business."

Platinum alleges that PPG Industries lied about the glass unit's projected 2008 sales and profitability, failed to disclose that two major customers intended to reduce their purchases in 2008, hid financial documents and blocked Platinum Equity's access to the division's management, "claiming they did not wish to disturb them," the complaint says. PPG believes that Platinum's claims are without merit and intends to defend itself against the suit.

1-800-Radiator (Radiator Express Warehouse) Acquires JMAC Radiator and Air.

1-800-Radiator, a fast growing auto-parts distribution franchise and independent auto parts distributor, has acquired JMAC Radiator and Air. JMAC holds a key position in the air conditioning market as a \$13 million dollar company with 18 locations, covering two thirds of the country.

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Automotive Aftermarket

Quarterly Dashboard

Selected Fourth Quarter Deal Briefs (continued)



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Lund International, Inc. acquired by Linsalata Capital Partners and Resilience Capital Partners.

Linsalata and Resilience teamed up to acquire Lund, a designer and manufacturer of branded accessories primarily for light and heavy trucks, sport utility vehicles (SUVs), crossover utility vehicles (CUVs) and passenger cars, in a secondary buyout from Harvest Partners. Harvest had purchased a controlling stake from the founder in 1997 and has since bolted on Deflecta-Shield, Auto Vent Shade, and Trenz.

Resilience and Linsalata are far from newcomers to the auto aftermarket. In August of 2005, Linsalata purchased Transtar, a leading distributor of automotive aftermarket transmission repair parts and a manufacturer of automotive refinishing products. Linsalata also previously owned Highland Group, a manufacturer and upfitter of commercial truck bodies and equipment. Resilience purchased Penda, a manufacturer of bedliners and tonneau covers, in the third quarter of 2007.

Accent Equity Partners acquires Mont Blanc. Accent Equity must have been paying close attention to the fast and furious activity around Thule, another Swedish roof rack manufacturer. Thule has experienced three separate buyouts and no less than nine add-on acquisitions in recent years.

In a press release, Jan Ohlsson, CEO of Accent stated, "Mont Blanc has a highly motivated management and well-positioned products featuring good design, safety and quality. We also see great potential in the form of both improved internal efficiency and growth potential on existing and new markets." Per Ekholm, CEO of Mont Blanc added, "We are happy to be participating in the acquisition together with Accent and believe that there is great potential for developing Mont Blanc organically -- both geographically and in terms of products. With access to Accent's capital and competence we also plan to grow via acquisitions."

Mont Blanc is a car load carrier manufacturer with approximately \$20 million in sales. The company was previous owned by JAC Products, a manufacturer of step rails and running boards, grab rails, storage bins, air dams, cargo systems, and other specialty automotive functional trim products.

Accent Equity is a Swedish private equity firm with nearly \$750 million under management. The firm previously owned Autoadapt, a global provider of vehicle adaptation solutions for persons with reduced or limited mobility.

Selected Fourth Quarter Deal Briefs (continued)

3M buys Bondo Corporation. 3M's purchase of Bondo is interesting because it is not everyday that \$50 billion plus global conglomerates buy companies in the auto aftermarket industry. There is no doubt that 3M felt strongly about the company and its prospects since they approached Bondo's parent company directly and made, in the words of P. Kelly Tompkins, RPM Executive Vice President, "an offer we couldn't refuse."

3M, whose brands include Scotch, Post-it, Thinsulate, and Scotchguard, surely recognized the strong brand equity Bondo has garnered over the years. The iconic, dent-filling grey putty used by generations of auto-body do-it-yourselfers has virtually become a generic name for all such products.

Kinderhook Industries acquires Extang Corporation, TruXedo, and Blitz. Kinderhook Industries, a New York-based private equity firm, had a very busy fourth quarter in 2007 -- completing the acquisitions of three different companies in the auto aftermarket industry. The firm's simultaneous purchases of Extang and TruXedo, both soft tonneau cover manufacturers for the light truck market, creates the undisputed market share leader in the segment.

Kinderhook's other fourth quarter acquisition was Blitz USA, Inc., a leading manufacturer and supplier of portable fuel containers, oil change accessories, vehicle lifting aids and winter care products in the U.S. Kinderhook also owns Carry-On Trailer, a premier manufacturer of utility and cargo trailers and related parts and accessories.

Pilot Automotive acquires Design Motorsports Engineering (DME) and DC Sports. Ever since Mitch Williams, former SEMA Chairman, joined Pilot as COO, the company has been aggressively making acquisitions and building shareholder value. In February of 2007, Pilot bought the troubled assets of American Products Company (APC) from The Riverside Company. In October, the company added DME, a specialty tuner of highly engineered performance exhaust products, and DC Sports, a well recognized brand in performance exhaust, headers, and strut tower bars. Pilot is a supplier and distributor of car and truck accessories, import performance accessories, lighting products and wiper blades. Judging by Pilot's recent acquisition activity, it seems to prefer well branded accessory manufacturers in close proximity to its City of Industry, California headquarters.

American Capital acquires Dynojet Research. Dynojet has become a private equity favorite. American Capital's recent buyout of Dynojet represents the third such buyout of the company in just eight years. The company was bought by The Riverside Company in August of 2000 and by Graham Partners in February of 2004. As a leader in aftermarket performance enhancing parts and accessories and diagnostic equipment for the motorsports markets, Dynojet is hoping to continue its impressive run.

Fourth Quarter Automotive Aftermarket M&A Transactions

Announced / Closed	Target / Acquirer	Target Description	Implied EV (\$mm)	EV/LTM	
				Revenue	EBITDA
12/27/2007 12/27/2007	JMAC Radiator and Air Radiator Express Warehouse	Operates as a distributor of air conditioners.	-	-	-
12/24/2007 12/24/2007	The Vehicle Application Centre AssetCo plc (AIM:ASTO)	Provides vehicle modifications for vans and light trucks.	17.6	0.5x	-
12/20/2007 Pending	PPG Auto Glass, LLC PPG Industries Inc. (NYSE:PPG)	Distributes automotive replacement glasses in the United States. It offers auto glass installation tools and accessories.	75.0	-	-
12/17/2007 12/17/2007	KTS Co. Ltd. Chicago Pneumatic	Japanese maker of handheld pneumatic tools for the vehicle service market.	-	-	-
12/17/2007 Pending	Brown Brothers Ltd. PPG Industries Inc. (NYSE:PPG)	Operates 34 distribution branches that supply refinish paint to bodyshops.	-	-	-
12/14/2007 12/14/2007	DP Ikaterm YU Point d.o.o.	Manufacturer of parts and accessories for vehicles. The company manufactures water coolers, oil coolers, heat exchangers, cooling systems and heaters.	0.4	-	-
12/11/2007 12/11/2007	Mascof Truck Parts Ltd. ArvinMeritor	Remanufacturer of transmissions, drive axle carriers, steering gears and drivelines.	-	-	-
12/11/2007 Pending	Holger Christiansen A/S Robert Bosch GMBH	Manufactures and distributes automotive components. The company offers alternators, starter motors, motors, switches and sensors, lighting, relays, and compressors.	-	-	-
12/11/2007 12/11/2007	Central del Neumatico Rodi T.R. S.L.	Operates as a manufacturer of car tires.	-	-	-
12/10/2007 12/10/2007	Robbins L.L.C. Grey Mountain Partners, LLC	Manufactures and distributes inner tubes, curing tubes, precure envelopes, and tire retreading accessories.	-	-	-
12/7/2007 12/7/2007	Homann Tires, Inc. American Tire Distributors, Inc.	Operates as a tire distributor.	-	-	-
12/5/2007 12/5/2007	DURA Automotive Systems, Inc., Jack and Tool Kit Business Autoline Industries Limited	Produces automotive bottle jacks, scissor jacks and related products.	0.9	-	-
12/4/2007 12/4/2007	Eurolight S.P.A. Cape Natix SGR SpA	Manufactures and supplies a range of lighting applications for the automotive lighting spare parts market worldwide.	-	-	-
12/3/2007 12/21/2007	Engine Control Systems Limited Catalytic Solutions, Inc. (AIM:CTS)	Manufactures original equipment and aftermarket products for treating harmful exhaust emissions from diesel, propane, gasoline, and natural gas engines.	21.2	0.9x	-
12/3/2007 12/3/2007	Lund International Holdings, Inc. Linsalata Capital Partners, Resilience Capital Partners LLC	Manufactures and distributes aftermarket automotive accessories and other products for light and heavy duty trucks, sport utility vehicles, vans, and passenger cars.	-	-	-
12/3/2007 12/3/2007	Pommier SA Crédit Agricole Private Equity	Manufactures and markets equipment and accessories for the truck body building industry.	-	-	-
11/29/2007 11/29/2007	WaveBlue, Inc. Parrot, Inc.	Distributes Bluetooth products in California. It offers portable car kits, which include drive, minikit, and headset; and installs car kits.	1.8	-	-
11/28/2007 11/28/2007	Avenue West Motor Works Inc. Central Auto Parts Distributors Ltd.	Distributes automobile parts and equipment.	-	-	-
11/22/2007 11/22/2007	Dynojet Research, Inc. American Capital Strategies, Ltd. (NasdaqNM:ACAS)	Engages in the development of after-market performance products and diagnostic tools for the motorcycle and automotive industries.	118.0	-	-
11/22/2007 11/22/2007	Auto & Marine Howard Basford Ltd.	Provides automobile repair services.	-	-	-
11/20/2007 11/20/2007	EF Products, Inc. Interdynamics, Inc.	Manufactures automotive air conditioning products.	-	-	-
11/19/2007 11/19/2007	Your Auto Service Corp. Vegas Equity International Corp. (OTCPK:VGS)	Operates two franchised auto service locations. These franchised stores provide auto repairing and servicing.	0.4	-	-
11/15/2007 11/15/2007	J&B Maskinteknik AB Opus Prodox AB (OM:OPUS)	Provides service and calibration of equipment for vehicle inspection and workshops.	0.6	0.4x	-
11/15/2007 11/15/2007	Exlang Corporation Kinderhook Industries	Manufactures tonneau covers and accessories for light trucks.	-	-	-
11/15/2007 11/15/2007	TruXedo Kinderhook Industries	Manufacturer of soft tonneau covers for light trucks.	-	-	-
11/15/2007 Pending	Aadco Vehicle Disposal Service Inc. Quorum Group of Companies	Offers benign dismantling and resale of parts from insurance salvage and end-of-life automobiles.	0.1	-	-
11/15/2007 11/15/2007	Mike's Towing Inc. Menzel Enterprise Inc.	Provides towing and road services in the Dane County area, Wisconsin. It offers contract towing services for government and private groups.	-	-	-
11/13/2007 11/13/2007	Cognis GmbH, G-Cure Business Nuplex Industries Ltd. (NZSE:NPX)	Consists of acrylic polyol-based resins for the industrial coatings industry. G-Cure products are sold primarily into the heavy and light-duty industrial maintenance and automotive refinish markets.	-	-	-
11/12/2007 Pending	Condellis Group, Car Retail Activities and Spare Parts Sfakianakis SA (ATSE:SFA)	Offers motor vehicle and spare parts retail services.	19.0	-	-
11/8/2007 Pending	Mace Security International, Inc. Wash Depot Holdings, Inc.	Offers car washing services.	13.9	-	-

EV = Enterprise Value

LTM = Last 12 Months

Source: Capital IQ

Fourth Quarter Automotive Aftermarket M&A Transactions (continued)

Announced / Closed	Target / Acquirer	Target Description	Implied EV (\$mm)	EV/LTM	
				Revenue	EBITDA
11/7/2007	Brake Pro, Ltd. Affinia Group, Inc.	Engages in the development and manufacture of heavy-duty brake friction materials in North America.	-	-	-
11/6/2007	Berco Produktion AB Panaxia Security AB (NGM:PAXA)	Manufactures and sells covers for trucks, trailers, semi-trailers, and swap bodies.	-	-	-
11/6/2007	Bondo Corporation 3M Co. (NYSE:MMM)	Manufactures and markets automotive body repair, household repair, and marine products.	-	-	-
11/6/2007	M&M Knopf Auto Parts LLC Undisclosed	Recovers and remanufactures automotive components such as undercarriage, airconditioning and electronics.	18.5	-	-
11/5/2007	Life-Time Fenders, LLC Betts Spring Company, Inc.	Manufactures and sells truck fenders. It offers tandem fenders, poly fenders, installation kits, mounting brackets, grating, mudflaps, and flame half fenders.	-	-	-
11/1/2007	Edaran Otomobil Nasional Bhd (KLSE:EON) HICOM Holdings Berhad	Engages in the marketing of vehicles and related spare parts in Malaysia. It is involved in the marketing of Proton and non-Proton motor vehicles and related spare parts and servicing of vehicles.	60.8	0.1x	3.2x
11/1/2007	Ultra Auto Cosmetics Carclo plc (LSE:CAR)	Operates as a distributor of LED based car lights and styling products.	2.8	-	-
10/31/2007	United Auto Parts Inc. Oliver C. Joseph United Auto Parts Inc.	Operates auto parts stores in Belleville and Southern Illinois. It serves police; fire; ambulances; and local, state, and federal government agencies.	-	-	-
10/30/2007	Centric Parts Power Performance Group	Manufacturer of the Power Slot brand of performance brake products.	-	-	-
10/30/2007	Toad (UK) Ltd., Sextons Division Car Electronics Ltd.	Engages in the distribution of in-car entertainment and satellite navigation systems.	-	-	-
10/30/2007	PROformance Powertrain Products (Mexico) PROformance Technologies, LLC	Engages in the manufacturing and marketing of automotive parts and components.	-	-	-
10/26/2007	Prime Automotive Warehouse, Inc. Marubeni America Corporation	Distributes automotive parts, tools, equipment, supplies, chemicals, and accessories to automotive jobbers, tool distributors, warehouses, and independent parts stores.	-	-	-
10/26/2007	Design Motorsports Engineering Pilot Automotive	Manufactures engineered performance exhaust, diversion panels and engine dampers.	-	-	-
10/26/2007	DC Sports Pilot Automotive	Manufactures cat-back exhaust systems, ceramic and stainless steel headers, and strut tower bars.	-	-	-
10/26/2007	Manufacturing Plant of Cycle Country Accessories Undisclosed	Offers automotive components manufacturing services.	2.3	-	-
10/25/2007	Replacement Parts Depot Ltd. Uni-Select Inc. (TSX:UNS)	Distributes automotive parts in Ontario.	-	-	-
10/25/2007	Goss Tire Corporation Nokian Tyres Oyj (HLSE:NRE1V)	Operates auto service stores.	-	-	-
10/23/2007	Imperial Supplies LLC American Capital Strategies, Ltd. (NasdaqNM:ACAS)	Green Bay, Wisconsin-based distributor of aftermarket components to fleet and facility-based markets.	-	-	-
10/22/2007	Drivetrain Australia Pty Ltd. Coote Industrial Group (ASX:CXG)	Engages in the supply and service of off-highway powertrain components in Australia.	10.6	-	-
10/22/2007	Dr. Gas, Inc. Franchise Capital Corp. (OTCPK:FCCN)	Produces and distributes exhaust systems for street and pro-race exhaust applications.	-	-	-
10/22/2007	Auto Color Co., Inc. Finishmaster Inc. (OTCPK:FMST)	Offers automotive paint and collision -repair supplies and materials for the collision repair industry.	-	-	-
10/18/2007	Tiger Automotive Ltd. (JSE:TAL) Ethos Private Equity	Operates a chain of motor vehicle tires retail stores in South Africa. Its stores offer alloy wheels and passenger tires.	148.9	-	-
10/17/2007	SCT, Inc. Centerfield Capital Partners, L.P., Tillery Capital LLC	Provides tuning tools for vehicles. It offers flash devices and tuners, single/multi-program chips, and big air MAF meters and accessories.	-	-	-
10/16/2007	Sentinel Capital Partners Vintage Parts	Supplier of slow moving and inactive OEM replacement parts.	-	-	-
10/16/2007	Classic Motorsports Group, LLC B&M Racing & Performance Products LLC	Markets and distributes motor overdrive conversion kits to the consumer sector. The company offers transmission conversion kits for cars and automobiles.	-	-	-
10/11/2007	ChipsAway International Myhome International PLC (AIM:MYH)	Provides small medium area repair techniques (Smart) repair products. The company focuses on cosmetic damage, paint scratches, dents, and trim repairs.	40.7	3.9x	-
10/11/2007	Culligan Auto Place West-Herr Automotive Group Inc.	Operates as a Porsche and auto place resale center. It sells and services cars and accessories in Western New York.	-	-	-
10/9/2007	Pneufin, Gaia Gomme Gruppo Pneuservice SpA	Wholesaler of car, light vehicle, motorcycle and scooter tires.	74.1	-	-
10/5/2007	Hayden's Auto Supply Fisher Auto Parts	Leonardtown, Maryland-based distributor of auto parts.	-	-	-
10/5/2007	Blitz USA Kinderhook Industries	Leading manufacturer and supplier of portable fuel containers, oil change accessories, vehicle lifting aids and winter care products in the United States.	-	-	-
10/2/2007	Bodyshop in Matlock Nationwide Accident Repair Services plc (AIM:NARS)	Provides automotive repair services and is located in Matlock, United Kingdom.	-	-	-

EV = Enterprise Value
LTM = Last 12 Months
Source: Capital IQ

Public Company Trading Multiples

(\$ in millions, except per share data)

Company Name	Stock Price	% of 52-Week High	Market Cap	Total Ent. Value	LTM		EV/LTM		P/LTM Diluted EPS ²	
					Revenue	EBITDA	Revenue	EBITDA ¹		
Manufacturers										
Aftermarket Technology Corp.	\$ 27.26	77.9%	\$ 603.0	\$ 582.2	\$ 523.7	\$ 79.1	1.1x	7.4x	14.5x	
Directed Electronics, Inc.	1.66	14.5%	42.0	346.5	459.5	53.5	0.8x	6.5x	5.3x	
Dorman Products, Inc.	14.29	95.3%	252.8	272.3	321.1	42.5	0.8x	6.4x	12.0x	
Proliance International, Inc.	1.80	35.4%	28.8	98.8	401.6	1.9	0.2x	NM	NM	
Standard Motor Products Inc.	8.16	42.0%	150.3	385.5	792.0	53.7	0.5x	7.1x	11.0x	
Tenneco Inc.	26.07	69.1%	1,214.0	2,573.0	5,828.0	483.0	0.4x	5.3x	13.8x	
							Average	0.6x	6.5x	11.3x
							Median	0.6x	6.5x	12.0x
Wholesalers/Distributors										
Genuine Parts Co.	\$ 46.30	89.6%	\$ 7,773.8	\$ 8,008.5	\$ 10,758.9	\$ 913.4	0.7x	8.8x	14.9x	
LKQ Corp.	21.02	88.8%	2,798.9	2,586.1	916.6	112.0	2.8x	23.1x	40.9x	
							Average	1.8x	15.9x	27.9x
							Median	1.8x	15.9x	27.9x
Retailers										
Advance Auto Parts Inc.	\$ 37.99	87.1%	\$ 3,834.2	\$ 4,407.5	\$ 4,812.2	\$ 565.6	0.9x	7.8x	15.4x	
AutoZone Inc.	119.91	85.5%	7,575.8	9,657.1	6,232.4	1,233.2	1.5x	7.8x	12.2x	
CSK Auto Corp.	5.01	26.2%	220.6	694.4	1,896.8	105.0	0.4x	6.6x	NM	
O'Reilly Automotive Inc.	32.43	83.5%	3,731.6	3,722.4	2,476.4	376.2	1.5x	9.9x	16.2x	
Pep Boys - Manny, Moe & Jack	11.48	51.0%	593.9	1,120.9	2,226.4	138.9	0.5x	8.1x	NM	
U.S. Auto Parts Network, Inc.	8.11	64.3%	242.1	201.0	160.4	12.5	1.3x	16.0x	NM	
							Average	1.0x	9.4x	14.6x
							Median	1.1x	8.0x	15.4x
Service Providers										
Midas Inc.	\$ 14.66	61.8%	\$ 209.7	\$ 314.4	\$ 176.8	\$ 39.0	1.8x	8.1x	20.8x	
Monro Muffler Brake Inc.	19.49	74.6%	392.2	452.7	431.2	63.2	1.0x	7.2x	17.6x	
							Average	1.4x	7.6x	19.2x
							Median	1.4x	7.6x	19.2x

1) Excludes EV/EBITDA multiples greater than 25.0x

2) Excludes P/E multiples greater than 50.0x

NM = Not meaningful

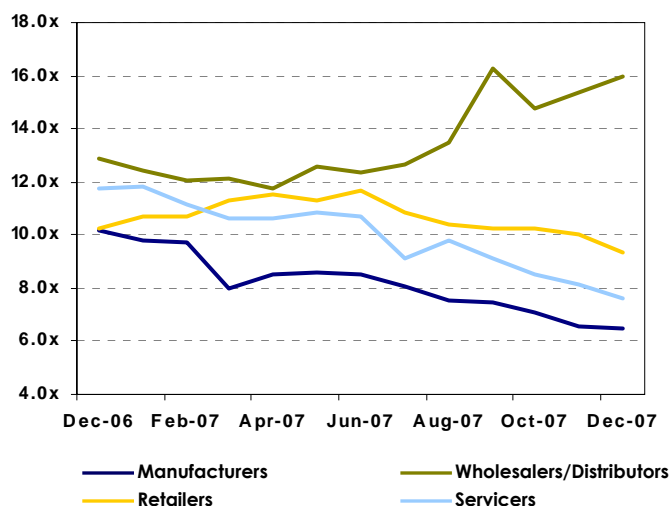
Source: Capital IQ as of December 31, 2007

Public Company EBITDA Multiples

► For the most part, valuations of public auto aftermarket companies declined in 2007. In particular, manufacturers and service providers were hardest hit. Manufacturers began 2007 trading at 10.2x EBITDA on average, yet finished at 6.5x. This reduction was driven in part by a significant decline in the valuation of Directed Electronics, which started the year trading north of 20.0x EBITDA. However, Directed Electronics experienced an 85.5% collapse in its share price due to declining sales and profitability, along with questions surrounding its ability to service future debt obligations.

► Service provider valuations declined the most of all auto aftermarket segments, falling from 11.7x EBITDA on average to 7.6x EBITDA by the end of the year. Midas led the decline with its multiple falling from 13.5x to 8.1x over the period. Diminished prospects due to weakness in consumer spending and slowing same store sales growth are the most likely causes of the decline.

Historical EV/EBITDA Multiples



Public Company EBITDA Multiples (continued)

- ▶ Wholesaler and distributor valuations increased from 12.9x EBITDA to 15.9x EBITDA on average. However, this increase was driven entirely by the LKQ-Keystone combination which was not reported on a proforma basis -- artificially boosting the company's valuation multiple. Genuine Part's valuation declined from 9.9x EBITDA to 8.8x EBITDA over the course of the year -- most likely due to flat comp store sales.
- ▶ Retailers fell from 10.3x EBITDA on average at the start of the year to 9.4x EBITDA by the end. CSK Auto and Pep Boys experienced the largest declines of the group, falling from 14.8x to 8.1x and 9.3x to 6.6x, respectively. Again, diminished prospects due to weakness in consumer spending and slowing same store sales growth are the most likely causes of the decline.

Indexed Stock Price Performance

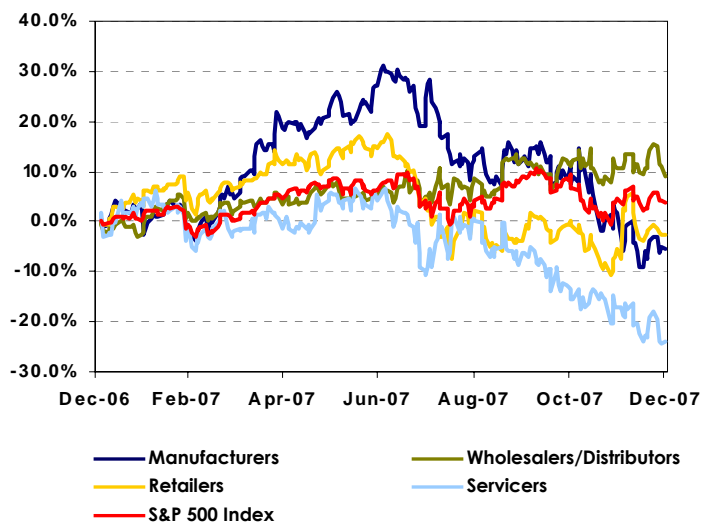
▶ Manufacturers underperformed the S&P 500 in 2007 by 9.2%. Led by declines in Directed Electronics (-85.5%), Proliance (-60.1%), and Standard Motor Products (-45.5%), the Capstone Auto Aftermarket Manufacturer Index finished 2007 at -5.5%. Standard Motor's decline is mostly likely attributable to margin pressure from cheaper Asian imports. Aftermarket Technology and Dorman Products were the star performers of the group with gains of 28.1% and 31.9% for the year, respectively. Aftermarket Technology gained due to new business award wins and secular trends favoring its drivetrain and logistics businesses.

▶ Wholesalers/distributors were the only segment in the industry to outperform the S&P 500 as a group in 2007. Bolstered by the strong performance of LKQ (+82.9%) due to its well received combination with Keystone Automotive Industries, the Capstone Auto Aftermarket Distributor Index finished the year with a gain of 8.9%, 5.2% better than the S&P 500.

▶ Retailers finished the year in negative territory despite the largest retailers – Advance Auto Parts (+6.8%), Autozone (+3.8%), and O'Reilly (+1.2%) – all posting positive gains on the year. CSK Auto Part's 70.8% drop in price and Pep Boys 22.7% decline dragged the Capstone Auto Aftermarket Retailer Index down to -2.4% at the end of 2007, 6.1% below the S&P 500. CSK's fall is attributable to its poor financial performance and lack of credibility with investors, while Pep Boys' decline is reflective of its hybrid retail and service bay model continuing to struggle with its parts coverage and merchandise mix.

▶ Service providers were by far the worst performers in the industry in 2007 with the Capstone Auto Aftermarket Service Index at -24.1% at the end of December, 27.8% worse than the S&P 500. Midas posted the worst performance of the group with a 36.3% decline on the year. Midas' decline is attributable to the weak retail environment, high gas prices, and increased deferred maintenance by consumers.

Public Stock Indices



Source: Capital IQ

Note: Proliance (negative EBITDA) excluded from Historical EV/EBITDA Multiples chart



Automotive Aftermarket

Representative Transactions

WORLD CLASS WALL STREET EXPERTISE – BUILT FOR THE MIDDLE MARKET

The following transactions were closed by Capstone Partners or professionals currently employed at Capstone Partners.



Has been acquired by

FRIEND SKOLER & CO.



Has divested assets to

ROMEO RIM, INC.
THE RESERVE GROUP



Has been acquired by

LUND INTERNATIONAL, INC.



Has been acquired by

LAB SAFETY SUPPLY, INC.



Has been acquired by

LUVERNE TRUCK EQUIPMENT, INC.



Has been acquired by

DUBIN CLARK & COMPANY

About Capstone Partners LLC

Capstone Partners LLC is a leading national investment banking advisory firm dedicated to serving the transaction needs of middle-market companies. The firm provides corporate sale & divestiture, merger & acquisition and private placement advisory services across three major industry practices: Specialty Products, Business Services and Technology & Media. Our team possesses significant experience spanning hundreds of M&A and financing transactions. All of our transactions are supported through industry-specific research and relationship coverage capabilities.



Capstone Partners LLC

www.capstonellc.com