



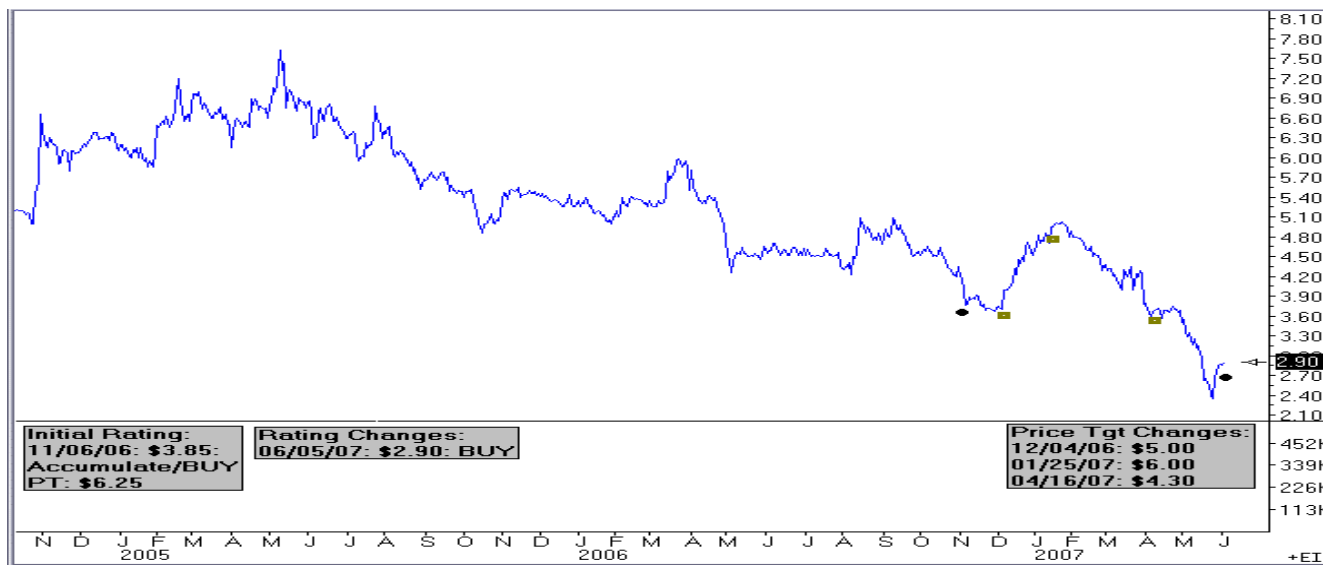
Update Report

3Q07, the peak cooling months; however, previously announced restructuring costs flatten the seasonality in EPS.

PLI is now trading even farther than before below its book value, which is \$4.46 per share as reported, or about \$5.30 per share when the \$13 million of negative goodwill from the 2005 Modine acquisition is added back to the balance sheet. The recent price of \$2.90 represents almost a 50% discount.

We maintain our target price of \$4.30, which translates to about 16x our projected 2008 earnings of \$0.35, discounted back at 10% this year and 20% next year. This represents nearly a 50% gain from the current price of \$2.90. Accordingly, both for valuation reasons, and also because we think the management change boosts PLI's prospects, we raise our rating from ACCUMULATE to **BUY**.

Proliance International, Inc. (AMEX: PLI) of New Haven, Connecticut, is an international manufacturer and distributor of aftermarket heat exchange and temperature control products for automotive and heavy-duty applications serving North America, Central America and Europe.



This report was prepared from data and information believed reliable but not guaranteed by us as to its accuracy and does not purport to be complete. It is not to be considered as an offer to sell or a solicitation of an offer to buy the securities of the companies covered by this report. Opinions expressed are subject to change without notice. Catalyst Financial Resources LLC, its affiliates and other associates may have positions and may effect transactions in securities of companies mentioned herein. ©Catalyst Financial Resources LLC. Suite 201, 3220 SW 1<sup>st</sup> Ave. Portland, Or. 97239; (503)-241-1880.

<b>Proliance</b>												
\$ in thousands, except EPS												
	2005	1Q06A	2Q06A	3Q06A	4Q06A	2006A	1Q07A	2Q07E	3Q07E	4Q07E	2007E	2008Proj.
Net sales	\$ 296,838	\$ 91,336	\$ 112,110	\$ 120,734	\$ 91,915	\$ 416,095	\$ 91,938	\$ 116,271	\$ 120,577	\$ 99,045	\$ 427,831	\$ 439,898
Cost of sales	247,430	70,388	83,074	90,327	80,473	324,262	74,580	87,121	90,348	74,214	\$ 326,264	333,883
Gross Profit (Loss)	49,408	20,948	29,036	30,407	11,442	91,833	17,358	29,149	30,229	24,831	101,567	106,015
Gross Margin	16.6%	22.9%	25.9%	25.2%	12.4%	22.1%	18.9%	25.1%	25.1%	25.1%	23.7%	24.1%
SG & A	66,313	22,932	24,376	23,923	22,580	93,811	20,589	21,471	22,442	17,588	82,090	83,141
SG&A as a percent of revenues	22.3%	25.1%	21.7%	19.8%	24.6%	22.5%	22.4%	18.5%	18.6%	17.8%	19.2%	18.9%
Restructuring and other special charges	3,854	520	134	837	1,638	3,129	275	1100	1,011	1,011	3,397	\$ 1,450
Operating (loss) income from continuing operations	(20,759)	(2,504)	4,526	5,647	(12,776)	(5,107)	(3,506)	6,578	6,776	6,232	16,080	21,425
Operating Margin	-7.0%	-2.7%	4.0%	4.7%	-13.9%	-1.2%	-3.8%	5.7%	5.6%	6.3%	3.8%	4.9%
Interest Expense	7,958	2,253	2,691	3,634	2,650	11,228	2,681	3,415	3,480	3,157	12,733	12,733
Income (Loss) from continuing operations before taxes	(28,717)	(4,757)	1,835	2,013	(15,426)	(16,335)	(6,187)	3,163	3,296	3,075	3,346	8,692
Income tax (benefit) provision 1.	(986)	302	793	754	-129	1,720	145	1,154	1,203	1,122	3,625	3,259
Tax rate	3.4%	-6.3%	43.2%	37.5%	0.8%	-10.5%	-2.3%	36.5%	36.5%	36.5%	108.3%	37.5%
Income Tax fully taxed at 37%											1,238	
Income (Loss) from continuing operations	(27,731)	(5,059)	1,042	1,259	(15,297)	(18,055)	(6,332)	2,008	2,093	1,953	(278)	5,432
Income (Loss) fully taxed												
Income from discounted operations, net of tax	848	-	-	-	-	-	-	-	-	-	-	-
Gain on sale of discontinued operations, net of tax	3,899	-	-	-	-	-	-	-	-	-	-	-
Extraordinary income- write - off of negative goodwill	13,053	-	-	-	-	-	-	-	-	-	-	-
Net (loss) income	(9,931)	(5,059)	1,042	1,259	(15,297)	(18,055)	(6,332)	2,008	2,093	1,953	(278)	5,432
Net (loss) income fully taxed												
EPS Fully diluted												
Continuing operating	\$ (2.59)	\$ (0.33)	\$ 0.07	\$ 0.08	\$ (1.00)	\$ (1.18)	\$ (0.42)	\$ 0.13	\$ 0.14	\$ 0.13	\$ (0.02)	\$ 0.35
Discontinued operation	\$ 0.08	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain on sale of discontinued operation	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From extraordinary income/write-off of negative goodwill	\$ 1.22	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net (loss) income	\$ (0.93)	\$ (0.33)	\$ 0.07	\$ 0.08	\$ (1.00)	\$ (1.19)	\$ (0.42)	\$ 0.13	\$ 0.14	\$ 0.13	\$ (0.02)	\$ 0.35
Net Income fully taxed											\$ -	
Shares outstanding:												
Basic	10,714	15,256	15,256	15,256	15,250	15,254	15,259	15,259	15,259	15,259	15,259	15,500
Diluted	10,714	15,256	15,838	15,803	15,250	15,254	15,259	15,259	15,259	15,259	15,259	15,500

## DISCLOSURES

This update report has been commissioned by Proliance International, Inc. (the Company) as part of an on-going research and awareness program contracted between Catalyst Financial Resources LLC (CFR), and the Company. CFR has been paid or promised payment for the production and editorial content of this report. The Company is paying CFR \$6,000 per month for 12 months for services rendered. However, the opinions, forecasts and price targets are based on our examination of company fundamentals, conversations with management, independent analysis of markets, economic conditions, and other publicly available information.

This report has been written in accordance with current SEC regulations and the Standards of Practice developed by the Association of Investment Management & Research (AIMR). Our research has been conducted by employing analytical practices generally accepted as standard within the analytical industry. In this instance, a comparison of financial strength, a bottom-up earnings projection based on a recovery in the U.S. economy, and relative multiples, were employed. The target price was calculated on comparative EPS, sales and book value multiples, a projection of potential multiples given other similar operations, and our knowledge of small-cap markets when enjoying both a sector and a cyclical rebound. Our conclusions are, by the very nature of forecasting, speculative, but are also reasonable, supportable and consistent.

Key to disclosures:

- (1) Catalyst Financial Resources LLC (CFR) does not make markets in any securities and has not managed or co-managed a public offering of securities for the subject company within the past 12 months.
- (2) CFR received compensation for investment banking services from the Subject Company within the past 12 months.
- (3) CFR expects to receive or intends to seek compensation for investment banking services from the Subject Company within the next 3 months.
- (4) The research analyst or a member of the research analyst's household has a financial interest in the securities of the Subject Company in the form of a (a) long position (b) short position (c) right (d) warrant (e) future or (f) call option in such securities.
- (5) CFR and/or its officers or affiliates may either hold a position in this company's share or own options, rights or warrants to purchase any of the securities of the subject company.
- (6) The research analyst principally responsible for preparing this research report received compensation based upon various factors, including CFR total revenue, a portion of which was generated by CFR's investment banking services.
- (7) The research analyst or a member of the analyst's household serves as an officer, director, or advisory board member of the subject company;
- (8) An affiliate of CFR may have a different view from the views expressed herein.
- (9) CFR and/or its affiliates beneficially own 1% or more of the subject company.
- (10) The Subject Company is a client of CFR or one of its affiliates.
- (11) CFR is a client of the Subject Company or one of its affiliates.

The analyst hereby certifies that the research conclusions and recommendation contained herein accurately reflects his/her personal views about the industry, company and shares and also hereby certifies that no part of his/her research compensation was or will be directly or indirectly related to the earnings estimates, target price or recommendation about the security.

The research provided herein should not be considered a complete analysis of every material fact regarding the companies, industries or securities named above. The opinions expressed herein reflect the analysis and judgment of the author on the date of publication and are subject to change without notice. Facts have been obtained from sources considered reliable but should not be construed as complete and are not guaranteed to be accurate. Catalyst Financial Research LLC; its members; employees and their families may have positions in the securities covered within the research material above and may make purchases or sales while this report is in circulation. Additional information on the subject companies is available upon request.

### EQUITY RECOMMENDATION SYSTEM:

<b>Buy</b>	Immediate purchase is recommended. The security expected to outperform the market over the next 12 to 18 months.
<b>Accumulate</b>	Purchase of the stock is recommended for above average appreciation over the next 12 to 18 months, but the buyer may have an opportunity to acquire the stock within a 10% trading range.
<b>Hold</b>	Holding the stock is recommended because the share price has moved above the specific "Buy" range and, therefore, appreciation potential is less than or equal to the market.
<b>Sell</b>	The stock has reached the target price objective and/or conditions have changed sufficiently to alter the outlook for the stock.

### EQUITY RISK SYSTEM:

<b>High</b>	The security is more volatile than the market and/or the company is more leveraged than its peer group.
<b>Moderate</b>	The security has about the same volatility as the market and/or the company carries a level of leverage in line with its peer group.
<b>Low</b>	The security is less volatile than the market and/or the company is less leveraged than its peer group.

### DISTRIBUTION OF RECOMMENDATIONS:

At this time, there are an insufficient number of companies under coverage to generate usable distribution information or draw any conclusions regarding bias about the research methodology. Prospective companies are screened and evaluated by sales personnel and research analysts with the investment thesis and overall research recommendation developed before the commission is established.