



MAXIMIZING CORPORATE VALUE

by

Enhancing Effective Operation and Reinforcing Corporate Governance

Business Strategy

- Improving profitability by concentrating corporate resources on domestic franchise business and increasing cost efficiency
- Selecting businesses and domains that will form growth pillars in the future

Financial Strategy

- Improving asset and capital efficiency

Governance System

- Reorganizing the management system
- Reinforcing risk management

Basic Concept of the AUTOBACS BIG PLAN

Changing from “Expansion-oriented” to “Profit-oriented” Company



Former Mid-term Business Plan

Emphasizing Expansion

- Expanding car parts and accessories retail business and associated business
- Expanding overseas business as for our future growth driver
- Changing the headquarters functions to concord with sales growth
- Improving return on investment through sales growth
- Separating supervision from execution in order to accelerate execution

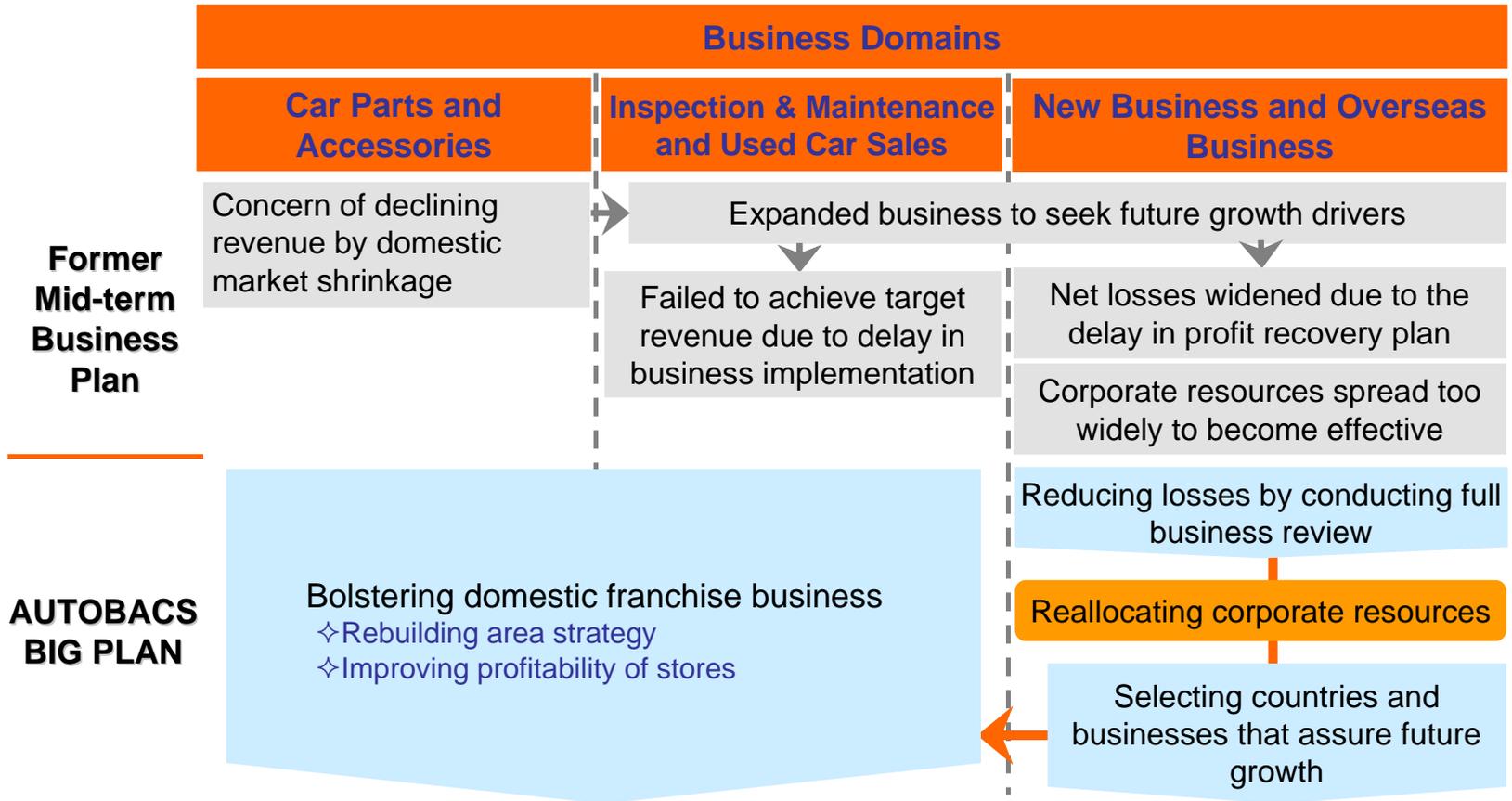
AUTOBACS BIG PLAN

Emphasizing Profitability

- Early implementation of selection and concentration of our business, and construction of the foundation for future growth
- Improving profitability by concentrating corporate resources on selected businesses and effective costing
- Bolstering corporate governance to elaborate decision-making process

Image of Business Reform by the BIG PLAN

Reallocating corporate resources to areas with high growth potential

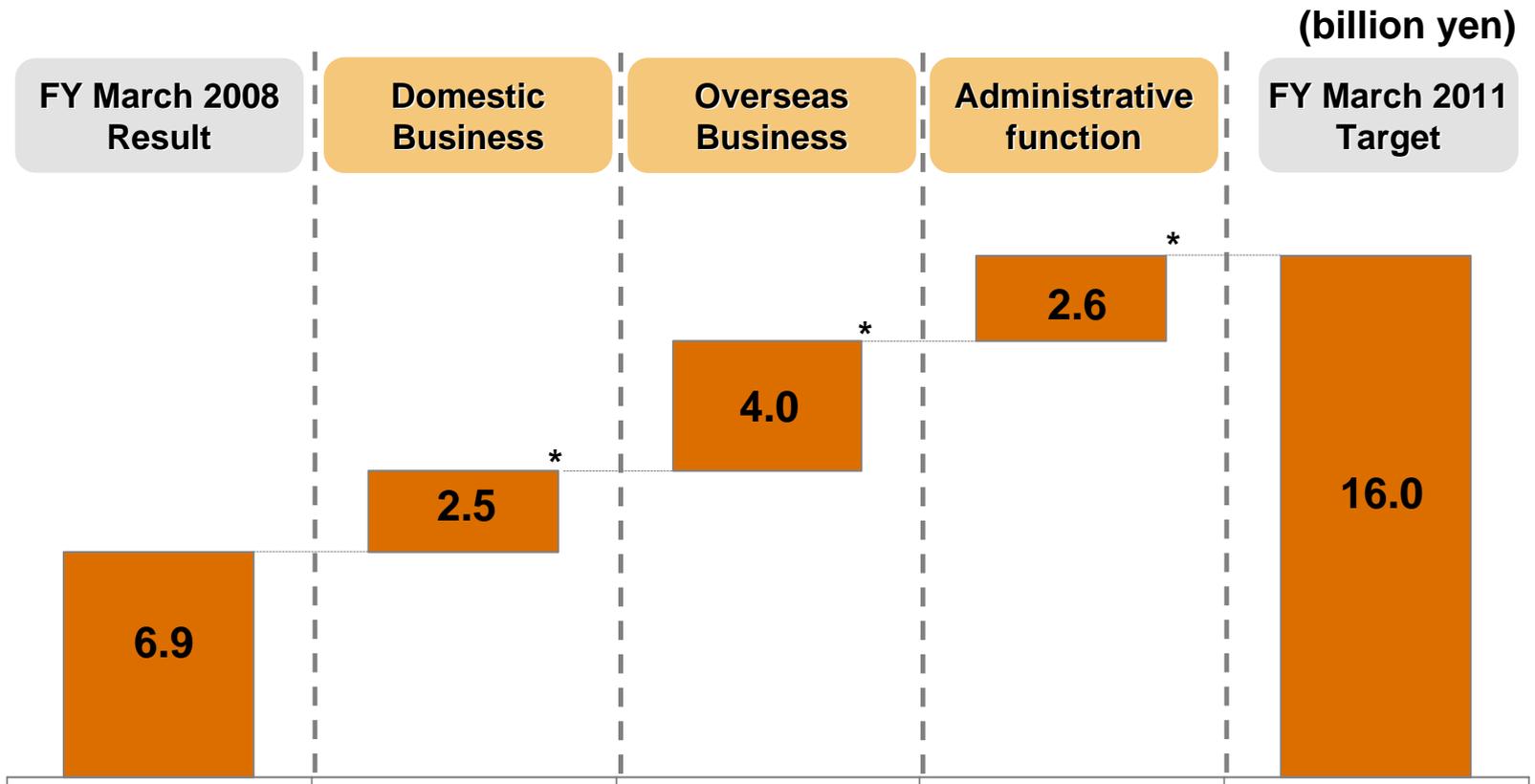


Summary of the former Mid-term Business Plan



		Initial Goals	Actual Results
Major Business Strategies	Domestic Business	<ul style="list-style-type: none"> ➤ Total Car-Life Business Strategy: Expanding car parts and accessories sales business, and associated business ➤ Area Dominant Strategy: Establishing optimal placement of stores to assure market share leadership in each business area 	<ul style="list-style-type: none"> ➤ Direction was right but not profitable due to delayed business development at Safety Inspection & Maintenance Services and Used Car Sales Business ➤ Corporate resources spread out among too many business segments, while the company had expanded in a very short period of time ➤ Failed to expand market share due to the shortages of appropriate land in urban areas and the delay in the small format business development
	Overseas Business	<ul style="list-style-type: none"> ➤ Expanding overseas business as our future growth driver 	<ul style="list-style-type: none"> ➤ Profit recovery plan were behind schedule and further net losses had been incurred
	Administrative function	<ul style="list-style-type: none"> ➤ Changing the Headquarters to concord with business expansion 	<ul style="list-style-type: none"> ➤ Increased administrative costs following broad deployment of new and overseas business
Financial		<ul style="list-style-type: none"> ➤ Improving return on investment through sales growth 	<ul style="list-style-type: none"> ➤ Quick expansion of new business and overseas business had deteriorated asset and capital efficiency
Corporate Governance		<ul style="list-style-type: none"> ➤ Introducing the executive officer system to separate supervision from execution 	<ul style="list-style-type: none"> ➤ The Company's control system or cross-check function was not well prepared for the faster decision-making

Operating Income Targets designed by BIG PLAN



*The above amounts for each business strategy are targets of improvement based on rough assumption

Themes and Measures of AUTOBACS BIG PLAN



		Themes of the PLAN	Measures of Implementation
Major Business Strategies	Domestic Business	<ul style="list-style-type: none"> ➤ Reinforcing FC business ➤ Effective reallocation of corporate resources 	<ul style="list-style-type: none"> ➤ Improving profitability of each store <ul style="list-style-type: none"> -Boosting profitability by raising volume of high-margin products and services, such as Tires, Oil, Batteries and Safety Inspection & Maintenance services -Heightening sales and cost efficiency by implementing “customer relationship management” -Expanding used car sales and purchases with an aggressive deployment of <i>Sugogai</i>, the used car purchasing system ➤ Rebuilding “Area Dominant Strategy” <ul style="list-style-type: none"> -Continuing the optimal store placement plan -Expanding sales stronghold -Activating existing stores by renewal and remodeling -Revising area based management system
	Overseas Business	<ul style="list-style-type: none"> ➤ Conducting full review of present operation ➤ Concentrating investments to countries that lead to future growth 	<ul style="list-style-type: none"> ➤ Reviewing strategy of each country and cutting losses by the end of March 2011 <ul style="list-style-type: none"> -Selecting countries that will form growth pillars in the future
	Administrative function	<ul style="list-style-type: none"> ➤ Making the headquarters functions/costs more efficient 	<ul style="list-style-type: none"> ➤ Reducing cost by concentrating overlapped functions and unifying cost management ➤ Upgrading level of functions through personnel training
Financial		<ul style="list-style-type: none"> ➤ Improving asset/capital efficiency 	<ul style="list-style-type: none"> ➤ Reducing investment securities and non-core business assets ➤ Reinforcing shareholders’ returns by increasing dividends and acquiring own shares
Corporate Governance		<ul style="list-style-type: none"> ➤ Rebuilding management system and reinforcing risk management 	<ul style="list-style-type: none"> ➤ Increasing outside directors and outside auditors ➤ Elaborating decision-making processes etc.

Directions of Overseas Business Policy

Conduct full review of each country and select areas to invest



➤ **Assessing invested-business plans of the countries**

- Freezing investment for business expansion during evaluation
- Conducting objective, third-party assessment
- Starting from July 2008, under new management



➤ **To evaluate if each business contributes to improve corporate value**

- Examining business whether it produces profitability in the future or needs additional investment

YES

➤ **To allocate corporate resources to make business profitable in the future**

- Defining achievement targets
- Reassessing business if deviated from the plan

NO

➤ **Withdrawal**

- The judgment on “when” and “how” to exit the business is made under consideration of the respective situation

Augmentation of shareholders' returns by dividends increase and own share acquisition



➤ Reinforcing distribution policy based on our new financial strategy

- Keeping approx. 30 billion yen of liquidity on hand
- Ensuring financial strength (safety)
- Improving capital efficiency

Dividends

- Determining the payout level according to a review of business results
- The target dividends on equity (DOE) for the fiscal year ending March 31, 2011 are 3%

Planning year-end dividend of 70 yen/share for the fiscal year ended March 31, 2008, an increase of 40 yen over the initial forecast (annual dividend of 100 yen/share).

The annual dividend for the fiscal year ending March 31, 2009 is planned as 100 yen/share (interim dividend: 50 yen; year-end dividend: 50 yen).

Own Share Acquisition

- Flexible acquisition of own share

Acquiring own shares up to 800,000 shares and up to 2.8 billion yen from May 16 through June 20 (announced on May 15)

Strengthening Corporate Governance



Actions taken since December 2007

Efforts going forward

Strengthening management system

- Appointing additional two Outside Directors and one Outside Auditor (to be proposed at the GMS in June 2008)
- Setting up Corporate Governance & Internal Control Office
- Improving a timely disclosure system
- Improving quality of decision-making process and risk assessment process
- Revising roles of the Management Committee and setting up an Executive Officer Committee

- Reviewing company-wide organization structure
- Reviewing the executive officer system
- Designing optimal allocation of human resources
- Setting up Governance Committee
- Improving decision-making process
 - Enhancement of post-audit process
 - Improving the collective decision-making system (enhancing cross-check function)

Reinforcing Risk management

- Developing risk management policy
- Conducting company-wide risk assessment
- Setting up Risk Management Committee
- Developing Risk Management and Emergency Management Rules and their manuals

- Redeveloping rules on risk management
- Assessing and introducing risk control measures

Objectives of the AUTOBACS BIG PLAN



**Transforming from an “Expansion-oriented”
to a “Profit-oriented” company**
Setting a profitability index for as a target



The Announcement Schedule of the BIG PLAN

