

Tuning for Better
PERFORMANCE

Annual Report 2010

Year ended March 31, 2010

“Anything about cars, you find at **AUTOBACS**”

AUTOBACS SEVEN was launched in 1974 as Japan's first one-stop shopping format for automotive goods. Today, AUTOBACS SEVEN's operations extend beyond automotive goods to include maintenance and vehicle sales. Our goal is for drivers to recall that “Anything about cars, you find at AUTOBACS.” We constantly propose the best ways for customers to enjoy motoring, to create a rich, car-loving society.

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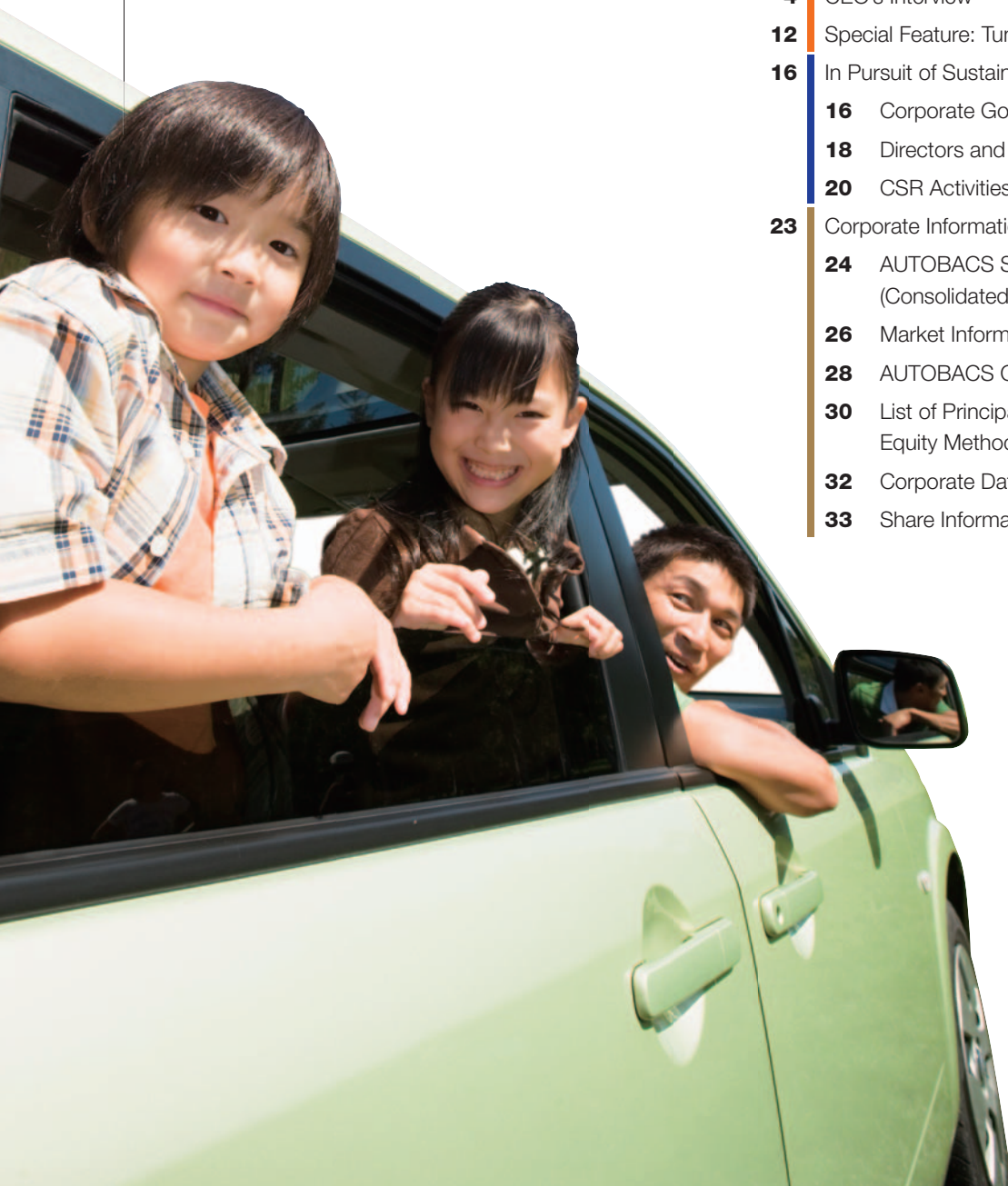
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Forward-looking statements in this annual report that are not historical facts and that concern future strategies and operational developments are management's judgments based on information currently available. Actual results may differ from such forward-looking statements due to changes in various risk factors, listed on pages 8 and 9 of the financial section.

Explanation of names

In this report, “AUTOBACS SEVEN” and the “Company” refer to the parent company, while the “AUTOBACS Consolidated Group,” the “AUTOBACS SEVEN Group” and the “Group” refers to the consolidated group.



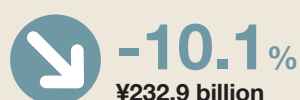
Highlights of Consolidated Financial Results

AUTOBACS SEVEN Co., Ltd. and Subsidiaries

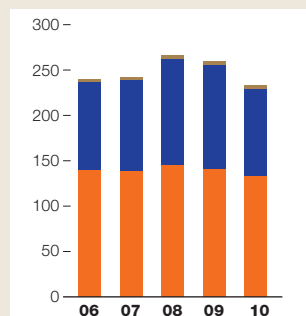
Fiscal year ended on March 31 for each displayed year	Millions of yen			Thousands of U.S. dollars
	2008	2009	2010	2010
Net sales:				
Wholesale	¥ 145,072	¥ 140,741	¥ 132,390	\$ 1,423,548
Retail	117,182	114,600	96,813	1,041,000
Others	4,174	3,803	3,734	40,151
Total	266,430	259,144	232,937	2,504,699
Operating income	6,937	5,090	10,171	109,366
Income (loss) before income taxes and minority interests	4,972	(3,938)	10,575	113,710
Net income (loss)	1,467	(3,398)	5,866	63,075
Net cash provided by (used in) operating activities	¥ (646)	¥ 7,028	¥ 18,949	\$ 203,753
Net cash (used in) provided by investing activities	(7,993)	4,543	(4,694)	(50,473)
Free cash flows	(8,639)	11,571	14,255	153,280
Net cash used in financing activities	(729)	(9,259)	(12,187)	(131,043)
Per share data (Yen and Dollars):				
Basic net income (loss)	¥ 38.37	¥ (90.29)	¥ 161.97	\$ 1.74
Cash dividends	100.00	100.00	125.00	1.34
Dividend payout ratio (%)	260.6%	—	77.2%	
Return on equity (%)	0.9%	(2.1%)	3.8%	
Return on assets (%)	0.6%	(1.5%)	2.7%	
Capital expenditures	9,753	4,870	3,061	32,914
Depreciation and amortization	7,463	6,347	5,207	55,989
AT YEAR-END				
Cash and cash equivalents	¥ 49,637	¥ 51,749	¥ 53,786	\$ 578,344
Current assets	117,407	136,968	133,883	1,439,602
Current liabilities	43,571	44,842	41,521	446,462
Total assets	234,126	224,168	210,652	2,265,075
Equity	164,336	154,763	151,397	1,627,925
Total number of stores	640	634	537	
Of which, overseas stores	117	116	26	
Number of employees	6,492	5,933	4,483	

U.S. dollar amounts are converted at a rate of ¥93=US\$1, which prevailed on March 31, 2010.

Net Sales

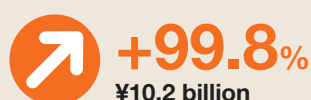


(¥ billion)



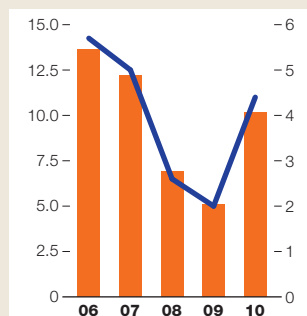
■ Wholesale ■ Retail ■ Others

Operating Income and Operating Income Margin



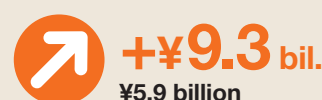
(¥ billion)

(%)



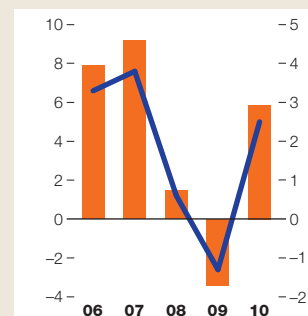
■ Operating income
— Operating income margin

Net Income (Loss) and Net Income (Loss) Margin



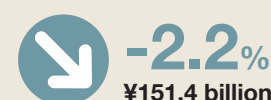
(¥ billion)

(%)



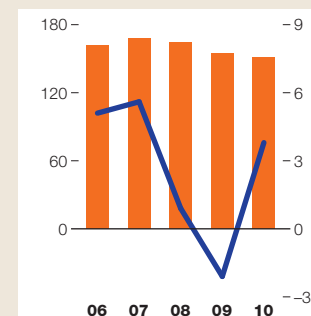
■ Net income (loss)
— Net income (loss) margin

Equity and Return on Equity



(¥ billion)

(%)



■ Equity
— Return on equity

CEO's Message

By offering even greater value to our customers, we aim to live up to our corporate slogan of “Anything about cars, you find at AUTOBACS.”



Setsuo Wakuda
Representative Director and
Chief Executive Officer

A Year in Which Profits Recovered Significantly with Implementation of the AUTOBACS BIG Plan

The business environment remained challenging in the fiscal year ended March 31, 2010. There was a slight year-on-year decline in sales of the automotive goods at our main store formats in Japan. Strong sales of electronic toll collection (ETC) devices and goods for long-distance driving in the fiscal first half in connection with the decline of some expressway tolls were offset in the fiscal second half as tire sales slumped due to the late start of the snowfall season and a decline in unit prices. Meanwhile, in our statutory safety inspections and maintenance service business, sales promotions at stores and the rolling out of a new offerings including a maintenance pack service that combines maintenance services and products led to a 15.3% year-on-year increase in the number of statutory safety inspections, to 447,000 vehicles. In the car sales and purchases business, our efforts to strengthen the sales framework and enhance training resulted in a 21.9% year-on-year increase in vehicles sold on a same-store basis. However, on a total-store basis, the number of vehicles sold at sales outlets dropped by 8.9% year-on-year to 14,657 vehicles, due to a reduction of the number of affiliated outlets in this business.

Consolidated net sales declined by 10.1% year-on-year to ¥232.9 billion, reflecting the drop in sales at stores and drop in wholesale sales in conjunction with inventory adjustments by our franchisees.

Consolidated operating income increased by 99.8% year-on-year to ¥10.2 billion. This was due to our efforts to withdraw from unprofitable businesses, reduce purchase costs, and control all expenses. Net income improved by ¥9.3 billion year-on-year to ¥5.9 billion.

I believe that this significant recovery in profits reflects the positive impacts of the strategies established in the AUTOBACS BIG Plan, our mid-term business plan launched in fiscal year ended March 31, 2008. With respect to shareholder returns, in line with the Company's target of a dividend-on-equity (DOE) ratio of 3% under the mid-term business plan, we paid an annual dividend of ¥125 per share, an increase of ¥25 compared to the previous fiscal year. In addition to canceling 1.8 million shares of treasury stock in May 2009, we executed a share buyback of 1.6 million shares in the fiscal year ended March 31, 2010.

New “AUTOBACS 2010 Medium-Term Business Plan” Formulated to Achieve Sustainable Growth Amid a Continued Challenging Business Environment

As I discussed above, the AUTOBACS BIG Plan yielded results with a major improvement in earnings following the restructuring of unprofitable businesses and efficiency improvements to our cost-structure. However, our business environment is undergoing significant changes. On one hand, the economic slowdown, a growing trend by consumers to economize, and a decline in vehicle ownership have created a challenging situation for AUTOBACS; on the other hand, changes in the business environment which create new business opportunities have also emerged, including the increasing average age of vehicles and a decline in the number of automobile dealerships and gas stations. In this business environment, customers' needs for car goods and maintenance services are constantly shifting. We decided as a new strategy to focus on the domestic franchise chain business in order for the Group to achieve sustainable growth. To this end, we have formulated the “AUTOBACS 2010 Medium-Term Business Plan,” a four-year plan covering fiscal 2011 ending March 31, 2011 through fiscal 2014.

In fiscal 2011, the first year of the new medium-term business plan, we anticipate a fall in consolidated net sales of 3.0% year-on-year to ¥225.9 billion, due to a decline in sales related to ETC devices, which we expect to outweigh our efforts to bolster tire sales and the statutory safety inspections and maintenance services business. We look for consolidated operating income to increase by 4.2% year-on-year to ¥10.6 billion, on the back of further improvements in profitability and cost-efficiency under the new medium-term business plan. Moreover, we expect net income to grow by 5.2% versus the previous fiscal year to ¥6.1 billion. In terms of store opening and closings, we plan to establish seven new stores, scrap-and-build and relocate six stores, and close seven stores. Overseas, we plan to open one new store and close one store in China, and open one new store in Thailand.

Overhaul the Domestic Franchise Chain Business for Improved Store Profitability and Larger Market Share

Currently, the most important thing for the entire Chain is to build support and trust of local customers for each store based on our slogan, “Anything about cars, you find at AUTOBACS;” and to this end, to reconstruct the value that we provide from the customer's perspective.

In the first half of the new medium-term business plan period, we will reform our store front layouts from the customer's point of view in an effort to improve the profitability of our stores. In the second half of the period, we will proactively open new, highly cost-competitive stores to expand our market share. Through these initiatives, we will aim to achieve a new stage of growth for the entire Chain and raise our corporate value.

We thank our shareholders and all other investors for their ongoing support and understanding as we prepare to meet the challenges of the future.

July 2010



Setsuo Wakuda

Representative Director and Chief Executive Officer



TUNING STRATEGY for **BETTER**

PERFORMANCE

Implementing the AUTOBACS BIG Plan brought about a recovery in earnings. In this interview the CEO talks about the strategies that will be employed by the AUTOBACS Group to achieve sustainable growth amid a challenging market environment characterized by a low birthrate and aging population, and declining interest in cars among young people.



What were the achievements and challenges for the AUTOBACS BIG Plan?



We were able to achieve a certain level of results, such as restructuring unprofitable businesses, but the market is undergoing major changes and we must further strengthen the domestic franchise chain business.

The most significant aspect of the AUTOBACS BIG Plan was to revise the expansion strategy with a focus on efficiency. The plan aimed to increase profitability by concentrating our formerly diversified management resources on our core business, the domestic franchise chain business. Our first step was to withdraw from unprofitable businesses. In Japan, based on the level of contribution and the growth potential of the franchise chain business, we withdrew from a subsidiary engaged in the fuel business as well as the motorcycle goods business. Overseas, upon careful analysis of market growth potential and our competitive position in the marketplace, we made the decision to withdraw from our business in the United States. Moreover, we cut costs both at stores and at headquarters, and restructured functional subsidiaries with overlapping functions.

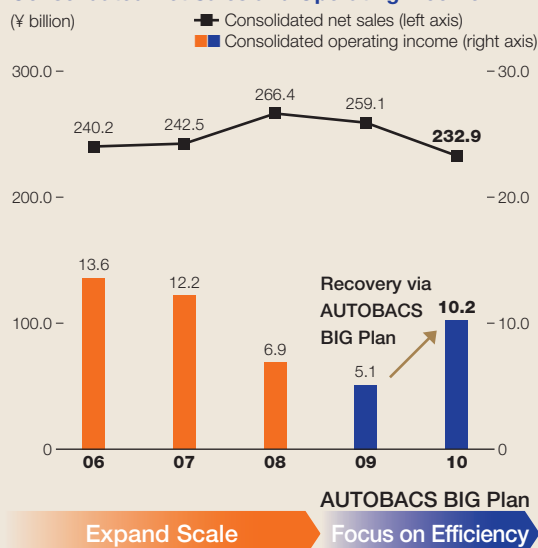
With respect to our financial strategy, we attempted to adjust our liquidity to the optimal level needed to continue our business operations. We also achieved our target consolidated dividend-on-equity ratio (DOE) of 3% by disposing of investment securities to reduce our assets along with increasing our dividend amount and executing a share buyback. Furthermore, we enhanced our corporate governance system by increasing the number of outside directors and outside auditors and by establishing a Corporate Governance Committee. I believe that these actions yielded a certain amount of success.

However, we must now turn to strengthening our domestic franchise chain business further given the increasingly challenging market environment and changes in customers' needs.

Evaluation of AUTOBACS BIG Plan

		Initial Aims	Current Evaluation
Business Strategy	Domestic	<ul style="list-style-type: none"> Enhance the AUTOBACS franchise chain business Improve store profitability (raise service ratio) Rebuild area strategy 	<ul style="list-style-type: none"> Certain results have been achieved, such as store consolidation and increasing the service ratio, but achieving the initial profit target will be difficult
	Overseas	<ul style="list-style-type: none"> Eliminate losses via comprehensive business overhauls 	<ul style="list-style-type: none"> May get out of the red by the fiscal year ending March 2011 due to withdrawal from U.S. business and improved profits in France
	Headquarters Functions/ Costs	<ul style="list-style-type: none"> Make headquarters functions/ costs more efficient 	<ul style="list-style-type: none"> Achievements so far include the restructuring of functional subsidiaries and reduction of non-consolidated expenses
Financial Strategy		<ul style="list-style-type: none"> Raise asset/capital efficiency 	<ul style="list-style-type: none"> Capital efficiency was raised but failed to reach 7% ROE Expect to achieve consolidated DOE of 3%
Corporate Governance System		<ul style="list-style-type: none"> Rebuild management framework and enhance risk management 	<ul style="list-style-type: none"> Achievements so far include increasing the number of outside directors/auditors and establishing a Corporate Governance Committee

Consolidated Net Sales and Operating Income





**There have been major changes in the market environment.
What is your outlook on the market environment going forward?**



I believe the market is trending smaller, but car maintenance-related demand will increase going forward.

The changes in the market environment surrounding the AUTOBACS Group can be divided into two parts: changes in the market environment and changes among customers. The changes in the market environment include a decline in vehicle ownership, a drop in the number of car dealerships and gas stations, an increase in the ratio of genuine parts fitted to vehicles, and other developments reflecting major trends in the automobile after-sales market. Customer changes include trends that directly impact consumption, such as growing environmental awareness, the increasing average age of vehicles, and a declining interest in cars among the younger generation. Overall, there are numerous factors which are leading to a contraction in the automobile after-sales market.

However, while we view the market environment with a sense of urgency, we plan to respond to these changes proactively based on our belief that tough situations often represent opportunities. For example, the decline in the number of gas stations reflects the contraction of the automobile-related market, but also means that consumers will have fewer places to take their vehicles to receive maintenance services, so by enhancing our maintenance services, we will be able to raise our market share in this area. Heightened environmental awareness on the part of consumers has spurred a decline in vehicle ownership, but it has also led to increased demand for eco-friendly products and maintenance services to improve the fuel efficiency of vehicles, as well as boosting demand for products and services for electric and hybrid vehicles. We believe that we can raise our market share by addressing such needs ahead of our competitors.

Changes in the Market Environment

Changes in the Economic Environment

- Unstable gasoline prices
- Economic slowdown
- Decline in disposable income

Changes in the Social Environment

- Decline in vehicle ownership
- People returning to live in cities
- Decline in the number of dealers and gas stations

Changes in the Technological Environment

- Longer replacement cycle due to improved performance of automobile parts
- Increase in ratio of genuine parts fitted to vehicles
- Increase in number of hybrid vehicles and other eco-friendly vehicles



Changes Among Consumers

Changes in Consumer Awareness

- Greater environmental awareness
- Stronger desire to save money
- More frequent use of car-sharing and rental cars

Changes in Car Use

- Increasing age of vehicles
- Use of vehicles is shifting from leisure to a means of living (higher ratio of mini-cars)
- Declining interest in cars among young people

Changes in Driver Profiles

- Decline in driving population due to the low birthrate and aging population
- Rising average age of driver's license holders



Q Amid this complex business environment, you announced the new “AUTOBACS 2010 Medium-Term Business Plan.” What are your aims under this plan?

A We aim to reconstruct the value we deliver from the customer's perspective, and firmly realize the concept of our corporate slogan, “Anything about cars, you find at AUTOBACS.”

The Value AUTOBACS Aims to Deliver

Quality Merchandise and Services at Reasonable Prices

- High-quality merchandise and services that customers seek at reasonable prices

Convenience

- Contact points with customers through diverse channels
 - Stores that are closer to customers, and offer sales through the Internet
- Stores that make it easy for customers to select and purchase merchandise

Security and Reliability

- Customer service and technologies backed by strong expertise and technical capabilities
- Customer service that is reassuring and provides appropriate advice

Our aim is to realize our slogan, “Anything about cars, you find at AUTOBACS.” In other words, we want our stores to be supported and trusted by customers, and for customers in all regions to immediately think of their local AUTOBACS when they have some sort of automobile-related need. To make this happen, we need to reconstruct the value we deliver from the customer's perspective, focusing on three areas: quality merchandise and services at reasonable prices, convenience, and security and reliability.

Historically, AUTOBACS Group has managed stores with a primary focus on providing a rich selection of merchandise, and this was one of the Group's strengths. However, customers' needs are changing along with the changes in the market. While it is important to provide a more complete lineup of merchandise than our competitors, we must not allow an overly extensive lineup to cause difficulties for customers when they shop. Currently, we are bolstering our statutory safety inspections and automobile sales, with the aim of upgrading our stores. We intend to increase customer satisfaction by creating stores that are able to address all types of automobile-related needs while still being as easy to visit as the local supermarket.



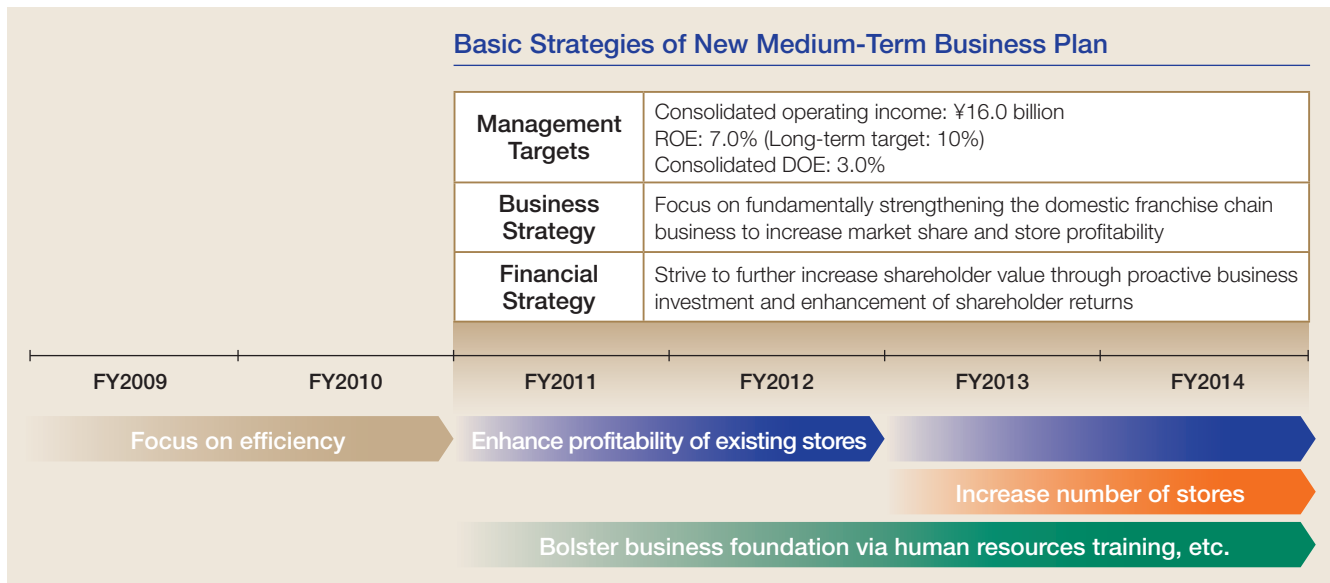
Q Please give us an overview of the new medium-term business plan?

A We aim to achieve our business strategy targets and management targets by focusing on enhancing the domestic franchise chain business.

With respect to our business strategy, we will strengthen the domestic franchise chain business from the ground up in order to expand our market share and raise the profitability of stores. Our business strategy targets include lifting our share* of the after-sales market from 14% to 18%, and raising the operating margin at existing AUTOBACS-format stores from 5.4% to 6.9%. To achieve these targets, we will implement three measures to improve store profitability: reform our stores, reform our merchandise and purchasing systems, and reform our human resources and operations. By implementing these at all of the approximately 400 AUTOBACS-format stores, we will raise our operating margin. We also plan to achieve our targets by pushing through with initiatives to increase market share including opening new stores, developing service formats, and adopting multi-channel strategies.

*Market defined by Auto Mart Network Inc. (AM+NETWORK) magazine. The market includes automotive goods and services, and wages in conjunction with car goods and sales of car goods. At car shops, it includes service division sales, such as statutory safety inspections. Figures are calculated based on an estimate that in 2013 the market will be 12% smaller than current level.

Through these initiatives we will aim for management targets which include consolidated operating income of ¥16 billion, return-on-equity (ROE) of 7.0% (our long-term target is 10%) and a consolidated dividend-on-equity ratio (DOE) of 3.0%. The AUTOBACS 2010 Medium-Term Business Plan will span a four-year period, from fiscal 2011 through fiscal 2014. During the first two years of the period, we will focus on enhancing the profitability of existing stores, while in the second half of the period we will work to expand our market share through an aggressive program to open new stores.



It seems that reforming stores is a key part of your strategy. What will you do specifically to raise the profitability of stores?



We will improve store layouts to create enjoyable stores that make it easy for customers to select and purchase merchandise. We will also reform our operations in line with these store changes.

Our effort to reform our stores will involve improving our displays and sales promotional tools. This will include setting up comprehensive maintenance corners that offer a complete range of maintenance-related goods and services, such as oil and tires. Other changes involve improving store layouts, adding multi-facing displays of hot items, and installing simple, easy-to-understand point-of-purchase displays. At our pilot store in Makuhari, Chiba Prefecture, store sales and other key indicators improved following such changes. Going forward, we will continue to study store reform strategies, with each store making its own adjustments as part of the process for reforming stores. In fiscal 2011, we plan to refurbish approximately 100 stores. (For details, please refer to “Special Feature: Tuning Operation for Customer Value” on Page 12.)

As customers’ maintenance-related needs grow, we will turn our attention to merchandise and purchasing reforms. In addition to raising the ratio of maintenance-related goods and enhancing the service pit menu, we will actively work with suppliers to propose and develop new merchandise that meets customers’ needs. Moreover, we will aggressively develop our own high-quality and cost-competitive merchandise (private brand and exclusive brand items).

Human resources and store operation reforms will also be important in order to bolster sales and make our operations more efficient. Currently, at many stores each staff member is allocated responsibility only for a certain range of merchandise. Under our new system we will expand the merchandise and service-related knowledge of each staff member to develop multi-skilled individuals able to deal with a wide range of products. The goal is to develop a framework where a smaller number of staff are equipped to make the best proposals to customers relating to an extended range of goods and services. With the growing number of female and elderly customers visiting our stores, we are also going to run a customer service training program to further improve on the basics of welcoming customers, and ensure that they enjoy a positive shopping experience.



Q **Staff training at stores will clearly play an important role. What kind of training program are you going to carry out?**

A **We will create a training team to provide customer service and treatment training to 3,000 store employees (one-third of the total in Japan) in fiscal 2011.**

While we will carry out a variety of measures to reform our stores as well as merchandise and services from the customer's point of view, the most important thing is the actual service that our store employees provide in their contact with customers. In addition to "customer service," we are using the word "treatment" this time around. By using this word, we hope that all our employees, both in the headquarters and in stores, will realize that we are trying to reexamine our basic manner with customers and the way that we communicate with them.

In the franchise chain business, there are many rules and regulations between franchise stores and the headquarters, and different stores have different merchandise, prices and services. However, since all franchise stores use the AUTOBACS brand, their manner with customers and level of service needs to be of a uniform standard. To ensure this, in fiscal 2011 a special training team will begin by providing customer service and treatment training to 3,000 store employees (roughly one-third of the total number of store employees in Japan), to establish a uniform standard of customer service and treatment at stores. We will also work to improve skills, including service pit technologies for hybrids and other next-generation eco-cars.



Q **You have withdrawn from the U.S. business. What are your plans with respect to the overseas business?**

A **During the span of the new medium-term business plan, we first aim to turn a profit for the overseas business as a whole.**

After examining our overseas business, which had been posting significant losses, we decided to withdraw from the U.S. business, sell the shares of our Taiwanese subsidiary and restructure our business in France. In the next four years, we will look to quickly turn a profit in the business in France and continue to experiment in China, where future growth is expected.

In the new medium-term business plan, concentrating on the domestic franchise chain business is a top priority, but of course in the longer term we must also think about our business development overseas, as that will be important in determining the situation of AUTOBACS 10 or 15 years down the road. We view China as an extremely important market, as automobile sales are growing vigorously there. However, China has yet to reach the point where an ordinary person can purchase a car.

In this market, which is very different from Japan, we are conducting a variety of repeated trials at a store owned by our wholly owned subsidiary in Shanghai and other locations aimed at building a base for the AUTOBACS brand to thrive in China in the future. Meanwhile, we will continue to build stores that meet Chinese customers' needs and adjust our business model to suit the Chinese market.



Q You said that you will begin increasing the number of locations in two years. Please tell us about your measures to increase market share, which is the second pillar of your business strategy.

A In order to increase our market share, we will open new stores with new formats that will be free to depart from the AUTOBACS format.

Approach to New Store Openings

Market Environment

- Decline in number of competitors' maintenance spots resulting in increased customer needs



New Store Format

- Small commercial-zone format to serve zones not covered by existing store network
- Develop stores with low investment and operating costs
- Develop stores which focus on tires and statutory safety inspections



Increase customer convenience and market share

Development of Service Formats

Basic Policy

- Develop formats for statutory safety inspections, bodywork/painting, and other services

Measures (current plan)

- Open independent stores specializing in statutory safety inspections in areas where AUTOBACS stores have not yet been opened
- Enhance alliances with statutory safety inspection and maintenance service providers as well as bodywork and painting companies as outside contractors
- Establish a bodywork and painting center to support stores

Multi-Channel Strategy

Basic Policy

- Provide an environment where customers are able to use multiple channels such as the Internet and in-store terminals in an integrated manner, in addition to the existing store network

Measures (current plan)

- Enhance sales channels other than stores
- Build a system to exchange customer information between stores, the Internet, and catalogs to enable service pit reservations to be made on the Internet, and installation at stores of items purchased on the Internet
- Internet sales of merchandise with small sales volumes, such as motor sports goods

Our target is to open 120 new stores across the country by the end of fiscal 2014. This is more than just a move to expand our business—the aim is really to address needs from the viewpoint of customers. Currently, the number of dealers and gas stations are declining, and many gas stations are becoming self-service stations. These trends are making it increasingly inconvenient for customers to receive maintenance services, resulting in a demand for service stations closer to hand. The current AUTOBACS-format stores target a 10 km radius, so many fail to meet this need for many customers. Prioritizing the needs of these customers, we can, for example, go outside the scope of traditional AUTOBACS-format stores to open small stores focusing on maintenance services. There is still room to open such stores in the market.

During fiscal 2011, we will develop a store format with low break-even points through a variety of efforts, including reforming our sales structure. We will open around five pilot stores using this format in fiscal 2011, accumulating additional store development and operating expertise in the process.

We will accelerate the opening of new stores like these by bolstering support for franchisees, opening company-owned stores and encouraging subsidiaries to open store as well. Support for franchisees will include a store-opening support system and the standardization of stores under the guidance of headquarters to curb investment costs.

We are positioning the development of service formats and multi-channel strategies as keys for new growth, and will focus on bringing out their potential during the period of the new medium-term business plan. With respect to new service formats, we will study options such as developing stores dedicated to statutory safety inspections, developing a bodywork and painting center, as well as other options such as partnering with bodywork and painting service providers. The top priority in our multi-channel strategies is raising the level of convenience for customers. With this in mind, in addition to our network of stores in existing

formats, we aim to provide an environment where customers can use multiple channels, such as the Internet, catalogs, and in-store terminals, in an integrated manner. All new developments will be considered from the customer's perspective.



Q Please discuss your financial strategy, which is another one of your basic policies.

A We aim to further increase shareholder value by investing for growth and through shareholder returns.

We plan to actively invest a total of approximately ¥33 billion in the four-year period ending in March 2014 as part of our business strategy which involves new store openings and store remodeling associated with store reforms. We also plan to generate a total of approximately ¥58 billion in operating cash flows over the same four-year period by boosting the profitability of stores and increasing our market share.

With respect to shareholder returns, we plan to continue paying stable dividends and flexibly conduct share buybacks, aiming to maintain a DOE of 3% while keeping an eye on the stability of our performance and financial position. With respect to increasing our asset and capital efficiency, we expect a ¥9 billion increase in fixed assets in conjunction with business investment, but plan to reduce total assets by approximately ¥8 billion by improving efficiency in our inventories and liquidity on hand.



Q What is your philosophy on CSR (Corporate Social Responsibility)?

A We have positioned CSR as an important management issue, and actively pursue CSR activities.

CSR is an important management issue in the new medium-term business plan. Our CSR activities focus specifically on four areas: environmental conservation initiatives, compliance, risk management and social contributions. In our environmental conservation initiatives we will begin with initiatives at stores, such as proactive recycling efforts, and we will strive to conduct business operations with a small environmental footprint through our headquarters. We will also begin to experiment with eco-friendly stores: the IKARUGA Store (provisional name, Nara Prefecture) which opens in September 2010 and the FUCHU-MUSASHIDAI Store (provisional name, Tokyo), which we plan to open in March 2011.

In terms of compliance, we will not only continue to thoroughly comply with all laws and regulations, but will also continue to ensure thorough application of the Code of Conduct and its Guidelines which have been established for the Group.

Although it is not a part of the new medium-term business plan, we will of course continue to enhance our corporate governance system, paying careful attention to the business environment and social trends.



Special Feature ▶▶ Tuning Operation for **Customer Value**

Reconstructing the value we deliver to customers

Store Front Reform Concept

We are reforming our store fronts to raise value, both from the customer's perspective and the store's perspective.



Powerful and Diverse Merchandise Lineup is the Strength of our Stores

Since the opening of the first AUTOBACS store in 1974, the first car goods specialty store in Japan, the AUTOBACS Chain has developed its business from the customer's perspective, always keeping the "customer comes first" principle in mind. Currently, there are approximately 500 stores in operation, and the Chain has established a dominant position in the automobile goods retail industry in Japan, both in terms of number of stores and annual retail sales. One reason for this success is the fact that we have offered a much broader merchandise lineup than our competitors to fit with customers' requirements and preferences.

However, by adding merchandise to satisfy customers' needs over a span of many years, in many cases our display shelves have grown higher and store aisles have grown narrower, reducing the overall balance of our stores and making the shopping experience difficult from a customer perspective. From the perspective of our stores meanwhile, handling a large amount of merchandise has led to a decline in sales and inventory efficiency.

Launch of Reforms From the Perspective of Both Customers and Stores

Meanwhile, the market environment has been changing significantly. Changes include the declining birthrate and aging of the population, the slump in new car sales, the rising average age of cars, weakening consumer sentiment, and growing inclination to shop for low prices. Our customer profile has also been changing: previously our customers were mainly younger males, we are now seeing an increase in comparatively elderly customers as well as more female shoppers.

Given these developments, we decided that it was necessary to reform our store front layouts, making it easy for customers to select, locate and understand merchandise. We are also working to increase the profitability of existing stores under a strategy to bolster the domestic franchise business outlined in the new medium-term business plan. In order to enhance profitability, each of the Chain's stores must be supported and trusted by its customers. We have launched the Advanced Store Development Project to reform store front layouts in response to such needs.

Chiba Makuhari Store: Pilot Store for Radical Changes

We started making store front reforms on a trial basis at the AUTOBACS Chiba Makuhari Store in the ultra-competitive Makuhari area of Chiba Prefecture.

For starters, we added more lighting to make the store brighter, and widened the aisles so that customers could pass through them more easily. We then revised the number of items on central shelves displaying car accessories and products for car washing, and multi-faced popular products to make them stand out to customers. We also created signs and added point-of-purchase displays to provide customers with necessary information. Subsequently, we executed six pilot plans, which included upgrading the central shelves, creating a comprehensive maintenance and services counter, improving the store environment, reforming overall store operations, building a special events area and reforming the wall layout.

These reforms created a less complicated store environment for customers and led to an improvement in store management efficiency.

The Six Pilot Plans

Upgrade of Central Shelves

- ▶ Multi-faced displays of popular products and revision of number of items
- ▶ Merchandise layout and purchase information that make it easier for customers to select items by themselves

Establishment of Comprehensive Maintenance and Service Counter

- ▶ Create comprehensive sales area for maintenance-related merchandise and services
- ▶ Offer more information to educate customers about maintenance

Improvement of Store Environment

- ▶ Create store signs and displays that are easy for customers to understand
- ▶ Provide product information that will encourage purchases

Reform of Overall Store Operations

- ▶ Divisional sectioning and staff placement following reform of store front composition
- ▶ Increase the scope of merchandise and store front areas covered by each employee

Construction of a Special Events Area

- ▶ Seasonal information and suggestions for recommended items

Reform of Wall Layout

- ▶ Zoning in accordance with customers' needs and use
- ▶ Display and development in accordance with sales composition and growth potential

Examples of Store Front Reforms

Upgrading of Central Shelves

Because we carry a larger range of merchandise than our nearby competitors, we created multi-faced displays for popular items, thereby making it easy to select and purchase them, and also improving the efficiency of shelves by eliminating stock-outs.



Establishment of Comprehensive Maintenance and Service Counter

We created a maintenance and service counter where we keep maintenance-related items and help customers with a wide range of services, from oil and battery replacement to statutory safety inspections and services.



We made it easier for customers to select what they need by bringing all maintenance-related items together in one location and providing better information.

Improvement of Store Environment

In addition to making it easy to locate merchandise, we set up point-of-purchase displays so that customers can quickly find items that they are looking for. Not only does this please customers, it also leads to more efficient customer service as it decreases the number of product location inquiries and other simple questions for staff. We also kept aisles to a clear width and made the main aisle wider than the others, making the store easier to browse.



Reform of Overall Store Operations

We will position staff in line with the store front reforms and move to a teamwork system of operation, thereby raising the level of customer service. By doing so, we aim to enhance the ability of staff to address various customer needs.

Construction of a Special Events Area

Using this area, we convey seasonal information and merchandise, encouraging customers to purchase these products.



Reform of Wall Layout

By arranging merchandise according to price zone and manufacturer, we made it easier for customers to select products. We also aim to improve inventory efficiency through the reforms.



We clarified the category divisions and used step-shelves to create a sense of volume. We also created an independent display space in the center of the store where we showcase recommended products depending on the season.



Store Reform Pilot Results

Less Complicated

Main aisle passage ratio

Ratio of customers who passed through the main aisle
(Number of customers that passed through main aisle/
Number of customers)

24.8% >>> 43.1%

Sales area visit ratio

Ratio of customer visits to each area (Number of customers visiting sales area/Number of customers)

2.0%~
15.0% >>> 9.0%~
21.3%

Enhanced Efficiency

Customer service ratio

Ratio of customers who were given service (Number of customers served/Number of customers)

Weekdays: 31.2% >>> 52.8%

Weekends and Holidays: 20.6% >>> 46.1%

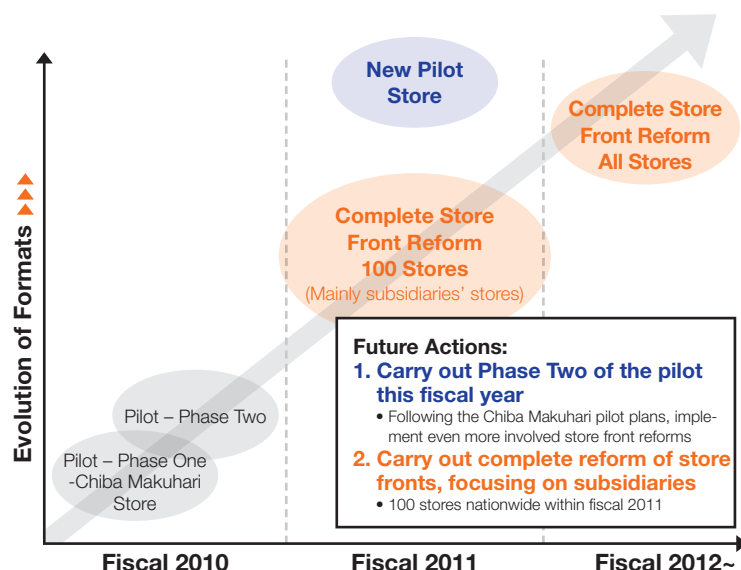
Working ratio

Ratio of work volume spent on things other than helping customers (Time waiting to help customers/Working time)

30.3% >>> 14.2%

Rollout at All Chain Stores

The pilot store reforms yielded significant results, and we plan to carry out more reforms to further raise the level of convenience for customers and store efficiency. Based on these pilot results, we will completely redesign the store fronts of all AUTOBACS stores in the four-year period of the new medium-term management plan. In the fiscal year ending March 2011, we are scheduled to completely redesign 100 stores. Furthermore, this store reform pilot will be applied to newly-opened stores and the new format of small commercial-zone stores that we will open on a trial basis.



Shinichi Fujiwara

Officer

Responsible for Advanced
Store Prototype Development

We will develop our approach as we continue reforming existing stores, making it easier for customers to shop and increasing sales efficiency.

Not even a year has passed since we began our effort to reform the store fronts at existing stores, but in Phase One of the Advanced Store Development Plan we gained some extremely satisfying results. After analyzing the benefits as well as the quantitative results, we have now started work on Phase Two.

My next task is to take these results and decide how we should apply them to reforms of other stores. The AUTOBACS Chain operates roughly 500 stores nationwide, and the issues and problems that stores face are not necessarily the same everywhere. Stores are managed differently, depending on their commercial area and the competitive environment. What works at the Chiba Makuhari Store may not work at another store. We will standardize the results we gained in this pilot to efficiently apply them at other stores as we re-create new AUTOBACS stores.

In our new medium-term business plan, we aim to improve the value of the Chain from the customer's point of view, as part of realizing our slogan, "Anything about cars, you find at AUTOBACS." Amid the dramatically changing business environment, we will work quickly to create stores that are "easy-to-understand," and that make it "easy-to-choose" merchandise. In addition to gaining the support and trust of our customers, these reforms of existing stores will also make our stores more efficient.

In Pursuit of Sustainable Growth

Corporate Governance

Basic Philosophy on Corporate Governance

Through the franchise system, the Company provides a variety of goods and services in the key business areas of automotive goods and services sales, statutory safety inspections and maintenance services as well as car sales and purchases to many customers. Through these businesses, we will continue to maintain and enhance the AUTOBACS brand and endeavor to fulfill our social responsibilities. The Company will earn further support and trust from all stakeholders, by improving corporate governance as we clarify management responsibilities and expedite decision-making through streamlining of the management structure, as well as raising management transparency by strengthening the management oversight function and enhancing proper, timely disclosure.

Corporate Governance System

The Company is a company with a Board of Corporate Auditors. Under this system, the Board of Directors is responsible for oversight of business execution and corporate auditors are responsible for oversight of the whole Company, thereby ensuring the double-checking of management. We have taken the following measures to enhance corporate governance:

- Introduction of officer system: Separation of business execution and oversight, clarification of management responsibilities
- Ratio of outside directors above 30%: Enhancement of the oversight function
- Establishment of committees primarily comprising outside directors: To ensure transparent, objective and sound management
- Appointment of independent outside directors and outside auditors: To protect general shareholders' interests
- Establishment of Executive Committee and Officers' Committee: To ensure appropriate and swift decision-making

Currently, three of the eight Company directors are outside directors, bringing the Company into the category of "Board of Directors Comprising Mainly Outside Directors," one of the three

models of corporate governance advocated by the Sectional Committee of Financial System. The Company has also created a Corporate Governance Committee comprising all of the outside directors and the representative director, resulting in a so-called "hybrid" corporate governance system featuring the functions of a company with committees while being based as a company with a Board of Corporate Auditors.

Five of the six outside executives (three outside directors, two outside auditors) are independent executives. With this structure the Company strives to increase the independence of outside directors and outside auditors, as well as protect the interests of general shareholders.

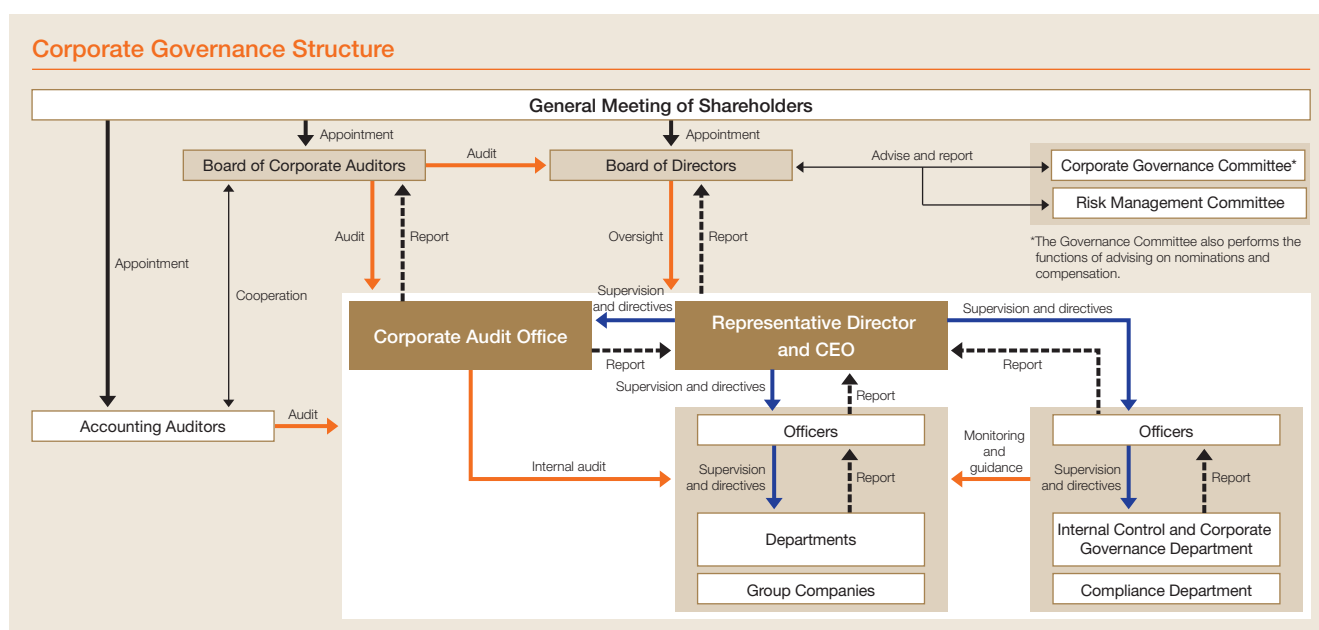
Key Initiatives in Fiscal 2010 to Enhance the Corporate Governance System

1. Reorganization of Corporate Governance Committee

The Company previously established a Corporate Governance Committee and a Nomination Advisory Committee as advisory bodies to the Board of Directors. To operate these advisory committees in a more effective and efficient manner, a resolution was passed at a Board of Directors meeting held in February 2010 to reorganize them, transferring the functions and powers of the Nomination Advisory Committee to the Corporate Governance Committee, thereby merging the two bodies (effective April 1, 2010).

Currently, under the following framework, the Corporate Governance Committee reports to and provides advice to the Board of Directors on the following matters:

- Corporate Governance Committee Chairman: Outside director
- Corporate Governance Committee members: All outside directors and representative director
- Matters deliberated: Candidates for directors, corporate auditors and executive officers
- Remuneration system for directors, corporate auditors and executive officers
- Other matters related to corporate governance



2. Disclosure of Voting Results of General Shareholders' Meeting

We are required to disclose the results of voting for all Annual General Shareholders' Meetings for business years ending on or after March 31, 2010. The Corporate Governance Committee urged the Board of Directors to disclose the results of voting starting with the Annual General Shareholders' Meeting held in June 2009. This decision followed discussions on the topic from the standpoint of accountability to shareholders and keeping an open General Shareholders' Meeting.

3. Improvement of Executive Evaluation System

In order to make comparisons with other companies and to ensure objective evaluations, the Company introduced a new third party evaluation system in addition to the system of peer assessments by directors and officers. The evaluation results are referenced when selecting director candidates, as well as for officer training and personnel changes.

4. Establishment of Independence Criteria for Outside Executives

Previously the Company had endeavored to call upon outside directors and corporate auditors who were highly-independent in order to bolster oversight and enhance the function of corporate auditors. Then, following the start of the independent executive system by the stock exchanges in Japan, a resolution was passed at the February 2010 Board of Directors meeting to formally establish independence requirements for outside directors and corporate auditors.

Directors and corporate auditors who satisfy the applicable requirements are deemed to be independent executives, and registered with both the Tokyo Stock Exchange and the Osaka Securities Exchange.

5. Executive Remuneration

In order to ensure appropriate remuneration for directors and corporate auditors, the Corporate Governance Committee examines remuneration systems and levels based on a policy on director and auditor remuneration, and makes a submission on these to the Board of Directors for a final decision.

In addition, during fiscal 2010, we used a database managed by a third party to compare remuneration levels with industry peers and other companies of a similar scale. These comparisons helped us to judge the rationality of remuneration levels and finalize them.

The remuneration amounts for directors and corporate auditors for fiscal 2010 (April 1, 2009 through March 31, 2010) were as follows:

Classification	Total Remuneration (¥ millions)	Fixed Remuneration		Performance-Linked Remuneration	
		Number of People	Amount Paid (¥ millions)	Number of People	Amount Paid (¥ millions)
Director (outside)	348 (48)	10 (4)	213 (48)	5 (0)	135 (-)
Corporate auditor (outside)	81 (40)	5 (3)	81 (40)	0 (0)	- (-)
Total	429	15	294	5	135

*Includes one director who retired at the conclusion of the 62nd Annual General Shareholders' Meeting held on June 25, 2009.

Corporate Governance Framework (as of June 21, 2010)

General		Configuration	Company with a Board of Corporate Auditors
Management and Business Execution Framework	Directors & Board of Directors	Board Chairman	Representative Director
		No. of directors	8 (3 outside directors, of whom 3 are independent directors; 5 also serve as officers)
		No. of Board meetings held in fiscal 2010	21 times (including 9 ad hoc meetings)
	Executive Committee	Members (Chairman)	Executive officers (Representative Director & CEO)
		Role	<ul style="list-style-type: none"> · Prior discussion of items to be decided by the Board of Directors · Formulate policies and plans for the entire company
		Number of meetings held in fiscal 2010	11 times
	Officers' Committee	Members (Chairman)	All officers (Representative Director & CEO)
		Role	<ul style="list-style-type: none"> · Management, analysis and countermeasures relating to progress of business strategies · Thorough implementation of policies, plans and strategies throughout the entire company
		Number of meetings held in fiscal 2010	12 times
Advisory bodies of the Representative Director and Board of Directors	Corporate Governance Committee	Members (Chairman)	Outside directors and representative director (outside director)
		Role	<ul style="list-style-type: none"> · Discuss candidates for directors, corporate auditors and executive officers · Discuss remuneration system for directors, corporate auditors and executive officers · Discuss other matters related to corporate governance
		Number of meetings held in fiscal 2010	14 times
	Risk Management Committee	Members (Chairman)	Officers with directorships and executive officer responsible for internal control (Representative Director & CEO)
		Role	Promote smooth and appropriate risk management
		Number of meetings held in fiscal 2010	4 times
Auditing Framework	Auditors and Board of Corporate Auditors	No. of corporate auditors	5 (3 outside auditors, of whom 2 are independent auditors)
		No. of meetings held in fiscal 2010	18 times (including 8 ad hoc meetings)
	Internal Auditing Organ	Internal Auditing Department	Corporate Audit Office
		Role	<ul style="list-style-type: none"> · Monitoring of internal control systems · Auditing business operations of internal departments and subsidiaries · Reporting of audit results to corporate auditors, Representative Director & CEO, and other officers
	Accounting Audit	Accounting auditor	Deloitte Touche Tohmatsu LLC

Directors and Officers (As of June 24, 2010)

Directors



Setsuo Wakuda
Representative Director

As the business environment surrounding the automobile-related industry undergoes drastic changes, the AUTOBACS SEVEN Group is also entering a period of great change. At this time, it is vital that we return to our roots and for each of our stores to work to ensure that local customers support and trust the entire AUTOBACS Chain in line with our slogan, "Anything about cars, you find at AUTOBACS."

Our franchise stores, employees and management team will work together to increase the value we deliver to our customers and achieve sustainable growth for the Chain, thereby meeting the expectations of our shareholders.



Yasuhiro Tsunemori Director

My goal is manage the Company appropriately, ensuring a balance between its business and financial strategies, while doing my best to increase corporate value. In terms of business strategy, my aim is to seek new growth by answering the needs of our diversifying customers to create a strong chain of stores that they trust and support. On the financial front, I seek to increase asset and capital efficiency from a long-term perspective. Our

decision-making process is based on the principles of being careful yet bold, and thinking outside the box. We will work fervently to meet the expectations placed upon us.



Eiiju Miyauchi Director (Outside)

For many years I worked on the international financial operations and business strategy of an operating company, and have been involved in the corporate management of a company in Japan. I also currently serve as an outside auditor at another company.

Tapping my experience and knowledge, I participate in discussions at Board of Directors meetings based on my independent position and using my global perspective. I also oversee management and provide guidance through dialogue with corporate officers. To meet the expectations of shareholders and other stakeholders, I will continue to contribute to our efforts to further enhance both corporate governance and corporate value.



Hironori Morimoto Director

Up until now I have worked on enhancing the profitability of AUTOBACS stores by pursuing customer satisfaction in store operations and promoting our area strategy to build strong chain operations.

In fiscal 2011, I will work to reinforce the comprehensive specialty chain trusted by customers to fulfill our slogan, "Anything about cars, you find at AUTOBACS." Towards this goal, I will work to reinforce our management base, primarily by developing our employees, and to enhance the profitability of our overseas business. These efforts will help us realize the objectives of our new medium-term business plan and enhance our corporate value.



Tatsuya Tamura Director (Outside)

There are a number of major structural changes occurring in the automobile after-sales market, including a decline in the percentage of people using cars and a shift to electric and hybrid vehicles. We have built a strong share of the market, but unless we respond to these structural changes flexibly and as required, it will be difficult in the future for us to maintain the corporate value we have built.

As an outside director and independent officer, I will engage in Board of Directors' discussions emphasizing a more overarching and long-term perspective. I hope to contribute to expanding the common interests of the Company, its employees, shareholders and franchise companies.



Norio Hattori Director (Outside)

I have been serving as an outside director for AUTOBACS SEVEN Group for two years. During this time, we have considered the most important management issues to be further contributing to the wide range of stakeholders and offering optimal car life proposals to customers. All people in the AUTOBACS Chain are working together on these issues. I utilize the experience and knowledge gained from my many years in government in my

discussions with the Board of Directors and in my talks with employees, to contribute to enhancing corporate value and establishing the most effective system of corporate governance.



Teruyuki Matsumura Director

Since fiscal 2010 I have been leading the formulation of the new medium-term business plan as well as being in charge of a specific region. While recognizing that the business environment is challenging, we developed a plan that will help us become what we want to be and achieve growth going forward. From fiscal 2011, we will begin taking concrete steps to reconstruct the value we deliver from the customer's perspective and to turn our slogan, "Anything about

cars, you find at AUTOBACS," into a reality.

I am confident that achieving the targets of the new medium-term business plan will lead to shareholder returns and increased asset and capital efficiency.



Kiomi Kobayashi Director

Since joining the Company, I have gained experience in a broad range of operations on the retail front, including store management, product development, management guidance, and the overseas business. Our stores are our contact point with customers, and without making changes to them and to the level of service provided by employees working in them, we will be unable to reconstruct value from the customer's perspective.

I will continue to do my best to increase corporate value by committing myself to manage the Company from the customer's perspective, creating fun stores where it is easy for customers to select and purchase merchandise, ensuring that our treatment of customers offers them a reassuring, positive experience, and expanding the store network to bring stores closer to people.

Auditors



Hiroshi Sumino

Senior Corporate Auditor (Full-Time)

My role consists of auditing the duties of directors and officers based on a good understanding of the strengths and weaknesses of the Group, acquired through working as a board member of the Group for many years. In order to meet the expectations of all shareholders and other stakeholders and enhance corporate value, my auditing duties include verifying financial statements and internal documents, and monitoring the system of internal controls.



Kotaro Morino

Senior Corporate Auditor (Full-Time, Outside)

The duties required of auditors are becoming wider and deeper in scope, with design of internal control systems in accordance with the Companies Act and the Financial Instruments and Exchange Act of Japan, and the introduction of International Financial Reporting Standards. I am ready to contribute positively, speaking out and acting abreast of these new developments, and making full use of my experience and expertise from other companies as an outside auditor to help raise the standard of corporate governance in the Company.



Hidehiro Ide

Senior Corporate Auditor (Full-Time)

I have experience as a Senior Executive Officer and Head of Finance & Accounting in the Company, during which time I was responsible for controls over disclosure and budgeting, and financial strategy. I will use my experience in finance and accounting in my role of monitoring and verifying to further enhance the Company's internal control system in line with the Companies Act and the Financial Instruments and Exchange Act of Japan.



Kensuke Tanabe Corporate Auditor (Outside)

Having worked as chief auditor at the Bank of Japan, I have considerable experience in auditing commercial banks and financial institutions. I worked for Nidec Corporation immediately after it was listed on the New York Stock Exchange as manager in charge of planning as well as intellectual property and legal matters. I was responsible for compliance with the Sarbanes-Oxley Act in the United States. (This act was used as the model for Japan's current Financial Instruments and Exchange Act.) I have put my experience to good use in my work on the Company's internal control

system. My experience working in France has also enabled me to play a useful role in auditing the Company's French subsidiary. I will continue offering my candid opinions to directors and executive officers based on a perspective that is both independent and fair.



Tomoaki Ikenaga Corporate Auditor (Outside)

I endeavor to help improve the system of corporate governance through my knowledge and experience as a lawyer and executive of a foreign-affiliated securities company. The aim of the system is to realize transparent management through efficient and timely decision-making, in which internal and outside directors do not lose sight of the risks requiring consideration. In recent debate surrounding governance, there has been growing discussion on whether the same functions expected of independent directors should also be expected of corporate auditors. I hope to make a positive contribution so that we can approximate an ideal model.

Officers

Setsuo Wakuda

Chief Executive Officer and Chief Chain Officer

Yasuhiro Tsunemori

Vice Chief Executive Officer,
Vice Chief Chain Officer, and
Head of Finance & Accounting

Hironori Morimoto

Senior Managing Executive Officer,
Head of Information Systems, Human Resources,
General Affairs, Legal and Overseas Operations

Teruyuki Matsumura

Executive Officer, Head of Marketing &
Sales Strategy Planning

Kiomi Kobayashi

Executive Officer, Head of Sales Operation and
Area Strategy & Planning

Kozo Sumino

Executive Officer, Internal Control

Eiji Kaminishizono

Executive Officer, Chubu Region

Hiroki Yoshiyama

Executive Officer, Corporate Strategy & Planning and IR & PR

Yoshihiro Emoto

Officer, Northern Japan Region

Yuzuru Toide

Officer, Kanto Region

Tetsuya Kato

Officer, Kansai Region

Hiroaki Ito

Officer, Southern Japan Region

Shinichi Fujiwara

Officer, Advanced Store Prototype Development

Masachika Sumikura

Officer, Marketing & Sales Strategy Planning

Eiichi Kumakura

Officer, Car Goods & Services

Kosuke Kaya

Officer, Car Maintenance & Insurance and Car Sales

Satoshi Kohira

Officer, Human Resources, General Affairs and Legal

Isao Hirata

Officer, Information Systems

CSR Activities

In the new medium-term management plan, which started in fiscal 2011, AUTOBACS has positioned fulfillment of its responsibility to society as an important management issue. We will tackle this responsibility on four fronts: compliance, environmental initiatives, risk management and contribution to society.

Compliance

In addition to promoting a stronger compliance system, we are also working to ensure that AUTOBACS SEVEN headquarters and all stores of the AUTOBACS Chain, which includes stores of subsidiaries and franchise stores, are aware of the importance of legal and ethical business activities.

Basic Approach to Compliance System

We have clearly defined a Code of Conduct and Guidelines for it, that meet the reasonable expectations of all of our stakeholders, based on the principle that laws, regulations and corporate ethics should be observed as a matter of course, and that compliance consists of the actions that naturally follow such observation. The Code of Conduct and its Guidelines form the basic principles for thorough enforcement of compliance and related education activities that we are undertaking not only internally, but at franchise chain companies also.

One specific initiative we have taken is to hold a monthly Compliance Secretariat Meeting, comprising relevant divisions, to determine if there are any activities that fall outside of the scope of the Code of Conduct and its Guidelines. We check such activities and if they are problematic, deal with them quickly.

AUTOBACS SEVEN Group Code of Conduct

http://www.autobacs.co.jp/en/csr/compliance_en.html

Orange Hotline

The Orange Hotline is an internal reporting system, to facilitate reporting of compliance-related issues by employees. In addition to providing a reciprocal monitoring function to raise compliance-related awareness among executives and employees, the Hotline is designed to allow quick detection of unethical behavior.

Product Quality Control

The Company controls product quality, guided by its Product Quality Control Regulations. Our quality control system covers not only private brand merchandise, but also national brand items. Working closely with manufacturers and suppliers, we adopt a multifaceted approach to quality control, considering such aspects as the legality and safety of the products themselves and how they are used, as well as protection of consumers based on product liability laws.

1. Early Detection of Low-Quality Products

Many of our private brand products are manufactured at overseas plants. We ensure stable quality by monitoring production sites and offering advice. We inspect private brand products using the globally adopted Acceptable Quality Level (AQL) standard immediately before shipment from factories or on arrival at logistics centers. For both private brand and national brand items, we provide all our business partners with data on product defects as needed in order to prevent low-quality products from being sold.



Inspection based on AQL standard

2. Dealing with Low-Quality Products

On rare occasions, we will find a defect with a national brand item. In such instances, we require submission of an action plan by the manufacturer and investigate and propose measures to prevent recurrence, extending to the manufacturing process. We have also introduced a Defective Product Hotline on our online bulletin board to ensure that the relevant information is shared among AUTOBACS Chain stores on a timely basis.

3. Other Compliance-Related Activities Regarding Merchandise

Among our customers, there are some who want us to help them customize their own cars. In order to meet this need for original features, we are constantly improving our advanced technological capabilities, and even hold technology contests for cars customized at our stores. When customizing a car, we check that the vehicle complies with safety standards set out in the Road Transport Vehicle Act.

One of our duties as a leader in the industry is to promote compliance-related operations. AUTOBACS SEVEN fulfills this duty through its active participation in the activities of the Auto-Parts & Accessories Retail Association (APARA), and the Automotive Aftermarket Action League (AAAL).

Environmental Initiatives

As a company engaged in automobile-related businesses, we place importance on environmental initiatives. Our stores conduct environmental activities, while the Franchise Headquarters manages the business to ensure minimal impact on the environment.

Establishment of CO₂ Emissions Reduction

Targets at Stores

In the fiscal year ended March 31, 2010, the total amount of CO₂ emitted from all AUTOBACS Chain stores was approximately 90,000 tons. Going forward, we will increase the awareness of the importance of reducing our overall CO₂ emissions and consider future emissions reduction targets covering the entire chain.

Disposal and Recycling of Store Waste

Waste such as tires, oil and batteries is generated at our service pits. To ensure the proper disposal of this type of waste, we out-source handling and disposal of this type of waste to waste management companies, thereby preventing illegal disposal or dumping at any site in the Group. Using an online system we check that the waste management subcontractors used by every store are licensed, and check the subcontracting agreements and manifests for waste shipments to ensure legality. We also recycle more than 80% of tires, oil and batteries that would otherwise be discarded, and promote the reuse of fuel and raw materials.

Reducing the Environmental Impact of Packaging Materials

Our Logistics Center distributes a large number of products to approximately 500 domestic stores. Efforts to minimize the amount of cardboard boxes ultimately thrown away include using reusable folding containers and cushioning material. We also partner with an automotive goods retail industry group to encourage customers to use fewer plastic shopping bags by putting up posters at stores and asking customers to use fewer bags.

Prototype Eco-Friendly Stores

The Company is also working to introduce fixtures and equipment at stores that will reduce environmental impact. Franchise stores have been encouraged to use energy-efficient fluorescent lights and air conditioning units for quite some time. In addition, the Company has decided to conduct trials with two new eco-friendly stores, the AUTOBACS IKARUGA Store (provisional name) scheduled to open in September 2010, and the AUTOBACS FUCHU-MUSASHIDAI Store (provisional name), which is scheduled to open in March 2011. These stores are expected to be able to reduce annual energy consumption by about 30% compared to the standard level for existing stores by installing a variety of eco-

friendly features, including eco-friendly air conditioning and lighting systems as well as solar power generation systems and green roofs and walls. In-store monitors will display the amount of electricity used as well as the reductions in the amount of electricity and CO₂ emissions. We hope that these monitors will increase environmental awareness among both customers and employees.

Cleanup Activities

Since 2002, we have held an annual cleanup activity at Mount Fuji. Each autumn, we ask for volunteers from the entire AUTOBACS Chain, including franchise stores. We introduced this activity to not only make a contribution to the environment and society, but also as part of raising employee awareness of environmental issues. Unfortunately, the foothills of Mount Fuji are littered with a large amount of illegally dumped items, which even include car tires and batteries. As a company that is committed to achieving harmony between people, cars and the environment, we recognize that removing garbage illegally discarded is a necessary part of operating our business.

Also, since 2005 the Company has made a contribution as a corporate citizen by organizing a weekly cleanup of the area surrounding the head office.



Clean up activities on Mt. Fuji

Risk Management

The Company is engaged in continuous efforts for integrated risk management covering the entire AUTOBACS SEVEN Group, and aims to be a corporate Group trusted by stakeholders.

Integrated Risk Management Policy

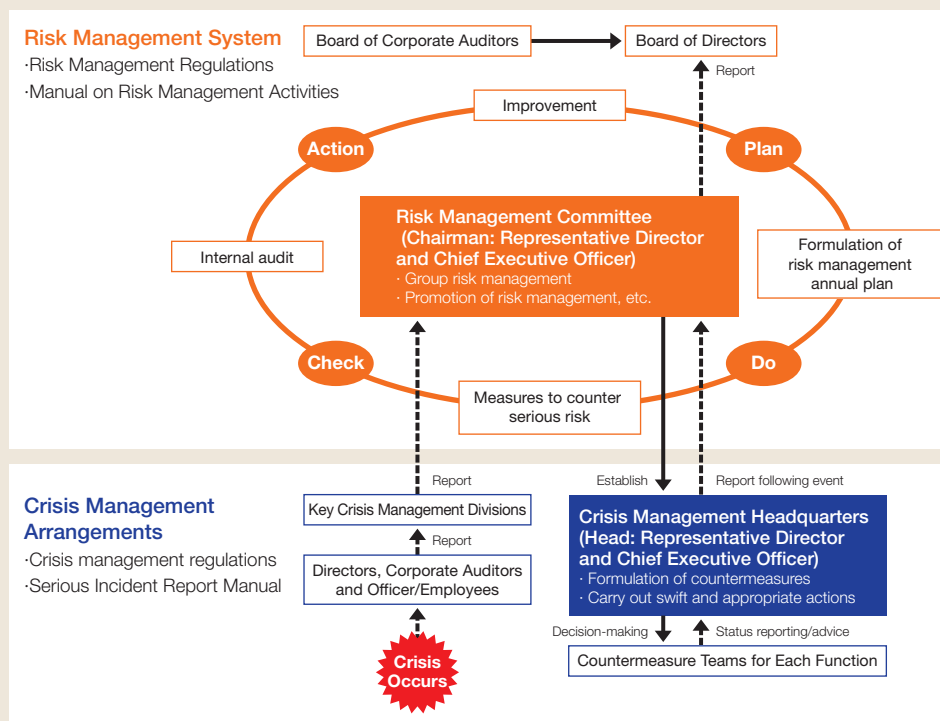
The Company has put in place integrated risk management arrangements, which combine a risk management system under normal conditions and crisis management arrangements during times of emergency. Based on the view that an ongoing risk management program is part of a company's social responsibility, the Company has established an integrated risk management policy which sets out the principles of integrated risk management.

In order to accurately identify, assess, and appropriately control various risks, a Risk Management Committee, chaired by the Representative Director and Chief Executive Officer, works to manage risks to the entire AUTOBACS Chain as well as build and promote a company-wide risk management system.

In the event that an unforeseen event that could have a serious impact on the AUTOBACS Chain occurs, or appears likely to occur, the Risk Management Committee chairman (the Representative Director and Chief Executive Officer) sets up

Crisis Management Headquarters and takes charge of implementing swift and appropriate actions to address the crisis and work toward a recovery.

Integrated Risk Management



- * Integrated risk management refers to the risk management system and crisis management arrangements
- * The term "crisis" refers to an event which may seriously impact, or has seriously impacted AUTOBACS SEVEN Group's management or business continuity.
- * Risk management at AUTOBACS includes a "system," which is a permanent part of the organization, as well as "arrangements" which include physical and mental preparedness.

Other Social Contribution Initiatives

We believe that making social contributions to local communities in which our stores are located is necessary in order for AUTOBACS Chain stores to gain the support and trust of customers. To this end, individual stores and regional headquarters carry out cleanup activities and sponsor local events.

Pavilion at KidZania

We have set up the "Car Life Support Center" pavilion at both KidZania Tokyo and KidZania Koshien, theme parks which provide children with a chance to experience different occupations in a hands-on setting. In addition to giving children an opportunity to experience the joy of working with cars, the pavilion aims to promote the understanding of traffic rules and to contribute to creating a traffic-safe society going forward.



Other Activities

We believe that providing people with spaces and opportunities to enjoy cars is another way that we can contribute to society. We co-sponsor several motorsports events, including the SUPER GT series, Japan's most popular car race, and have established the ARTA (AUTOBACS Racing Team AGURI) Project to support the development of world-class Japanese drivers.

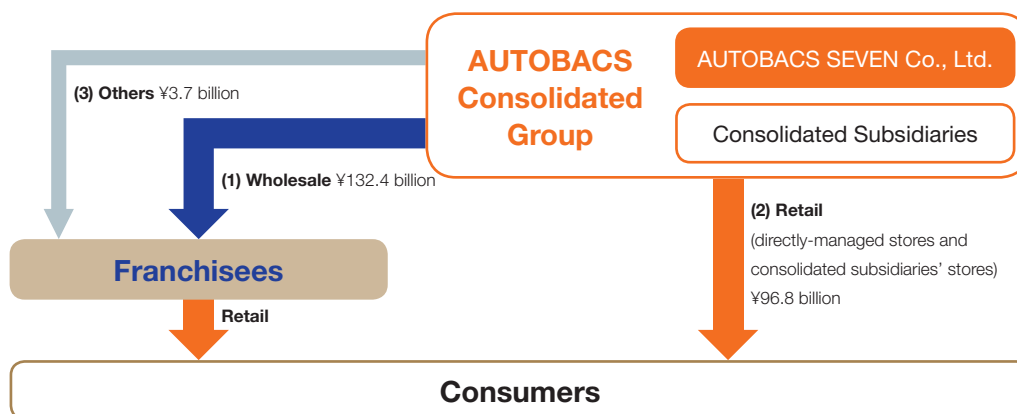


Corporate **INFORMATION**

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24	AUTOBACS SEVEN Group at a Glance (Consolidated)
26	Market Information
28	AUTOBACS Chain Store Formats and Network
30	List of Principal Consolidated Subsidiaries and Equity Method Affiliates
32	Corporate Data/Organization
33	Share Information

AUTOBACS Consolidated Group—Profit Structure



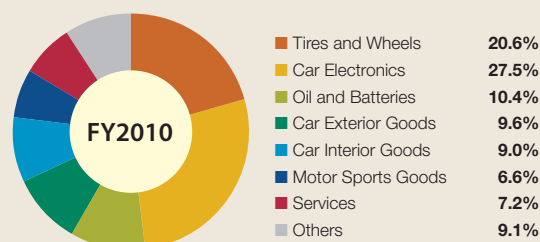
Consolidated net sales consist of wholesale sales (1), retail sales from directly-managed stores and consolidated subsidiaries' stores (2), and others sales (3).

AUTOBACS SEVEN Group at a Glance (Consolidated)

The AUTOBACS Consolidated Group operates a chain of franchise stores that sell automotive goods and services, provide statutory safety inspections and maintenance services, and buy and sell cars. The Group's consolidated net sales consist of wholesale sales to franchisees and retail sales through stores operated directly by the Company or its consolidated subsidiaries. The Consolidated Group sells merchandise and services in the following eight categories.

TIRES AND WHEELS	CAR ELECTRONICS	OIL AND BATTERIES	CAR EXTERIOR GOODS																																
<p>We provide tires and wheels from manufacturers worldwide, as well as AUTOBACS private brand merchandise. In fiscal 2010, sales for this category decreased year on year despite growth in demand for snow tires due to frequent snowfalls along Japan's western seaboard, as snows were late across the whole of Japan, and overall unit prices declined as the ratio of private brand and exclusive brand merchandise increased. Wheel sales also declined from the previous period on falling prices and lower demand for after-market wheels.</p>	<p>Merchandise in this category include a range of car electronics appliances from domestic and overseas manufacturers, such as car navigation systems and audio and visual goods. In fiscal 2010 sales rose year on year. Sales of electronic toll collection (ETC) devices were up sharply, particularly in the first half of the period, following a reduction in expressway tolls and the introduction of a subsidy scheme to assist installation. In addition to this, car navigation systems also enjoyed relatively strong demand.</p>	<p>Our lineup includes private brand items, such as the Vantage series of engine oil and the DYNAGRIDS series of batteries, as well as oil and batteries from domestic and overseas suppliers. In fiscal 2010 sales for the category declined year on year. While a reduction in expressway tolls encouraged greater use of private vehicles, boosting demand for consumables such as oil, sales of batteries were down due to a price reduction and a fall in summer demand attributed to cooler summer weather.</p>	<p>In this category we offer an extensive range of merchandise for car exteriors, such as wiper blades, tire chains, car washing supplies, waxes, coating agents, repair goods, and tools. In fiscal 2010 sales declined sharply, affected by our withdrawal from operations in the United States, which had a high ratio of maintenance parts, the absence of a boost in the previous period from a new regulation requiring elderly drivers to display a "Silver" sign, and a new regulation against fitting license-plate covers.</p>																																
<p>Major Merchandise</p> <ul style="list-style-type: none">• Private brand tires (domestic, import brands)• National brand tires (domestic, import brands)• Snow tires• Private brand wheels• National brand wheels• Tires and wheels for various types of vehicles	<p>Major Merchandise</p> <ul style="list-style-type: none">• Car navigation systems• Car audio equipment• Car visual equipment• Terrestrial digital-related goods• ETC devices	<p>Major Merchandise</p> <ul style="list-style-type: none">• Private brand engine oil• Genuine engine oil• High-performance engine oil• Transmission and differential gear oil• Automatic transmission fluid• Private brand batteries• High-performance-type batteries• Batteries for imported vehicles• Batteries for motorcycles	<p>Major Merchandise</p> <ul style="list-style-type: none">• Wiper blades• Tire chains• Car washing supplies• Waxes and coating agents• Repair goods• Tools																																
<p>(¥ million)</p> <table><tr><th>Year</th><th>Sales (¥ million)</th></tr><tr><td>08</td><td>52,000</td></tr><tr><td>09</td><td>51,000</td></tr><tr><td>10</td><td>48,000</td></tr></table>	Year	Sales (¥ million)	08	52,000	09	51,000	10	48,000	<p>(¥ million)</p> <table><tr><th>Year</th><th>Sales (¥ million)</th></tr><tr><td>08</td><td>65,000</td></tr><tr><td>09</td><td>63,000</td></tr><tr><td>10</td><td>62,000</td></tr></table>	Year	Sales (¥ million)	08	65,000	09	63,000	10	62,000	<p>(¥ million)</p> <table><tr><th>Year</th><th>Sales (¥ million)</th></tr><tr><td>08</td><td>25,000</td></tr><tr><td>09</td><td>26,000</td></tr><tr><td>10</td><td>24,000</td></tr></table>	Year	Sales (¥ million)	08	25,000	09	26,000	10	24,000	<p>(¥ million)</p> <table><tr><th>Year</th><th>Sales (¥ million)</th></tr><tr><td>08</td><td>30,000</td></tr><tr><td>09</td><td>28,000</td></tr><tr><td>10</td><td>22,000</td></tr></table>	Year	Sales (¥ million)	08	30,000	09	28,000	10	22,000
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% of Net Sales by Merchandise



% of Net Sales by Operation



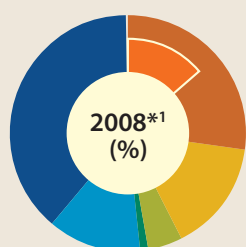
Net Sales
¥232.9 billion

CAR INTERIOR GOODS	MOTOR SPORTS GOODS	SERVICES	OTHERS																																
<p>This category includes air freshen-ers, deodorizers, dust bins, and other small car interior goods, as well as child safety seats. In fiscal 2010, overall sales for car interior goods declined year on year. A cooler summer saw weak sales of sunshades and related items, while a special sale of old merchandise at the start of our Advanced Store Prototype Development Project saw year-on-year sales rise in volume terms but fall in monetary terms.</p>	<p>We offer a wide range of highly appealing merchandise, such as after-market aero parts, mufflers, headlight bulbs, and theft preven-tion tools. Sales in this category for fiscal 2010 declined sharply year on year. The economic slump and a lack of interest in cars among the younger generation contributed to declining sales, particularly of tune-up and after-market accessories.</p>	<p>In our services category we offer installation of car electronics; changing of tires, oil, batteries and other parts; statutory safety inspec-tions and maintenance services; body work; and application of window film. In fiscal 2010, sales from services fell year on year despite an increase in Japan of sales for statutory safety inspection and maintenance services, due to the effects of our withdrawal from operations in the United States.</p>	<p>This segment includes sales of second-hand automotive goods, vehicles, motorcycle goods, and fuels sold at Company-operated stores and subsidiary stores, rev-enues from royalties paid by franchi-sees, and lease payments for stores that franchisees lease from the Group. In fiscal 2010 sales fell significantly as we reviewed the fuel business, transferred the motorcycle goods business, and liquidated subsidiary CARS Sapporo Co., Ltd.</p>																																
Major Merchandise	Major Merchandise	Major Services																																	
<ul style="list-style-type: none">• Radar detectors• Air fresheners and deodorizers• Dust bins• Seat covers• Child safety seats	<ul style="list-style-type: none">• Aero parts• Mufflers• Shock absorbers• High-intensity discharge (HID) lights• Bulbs• Theft prevention devices• Electric parts	<ul style="list-style-type: none">• Tire, oil and battery changes• Installations and changes of car electronics• Statutory safety inspections and maintenance• Body work and painting• Polymer processing• Window film application																																	
<p>(¥ million)</p> <table><tr><th>Fiscal Year</th><th>Sales (¥ million)</th></tr><tr><td>08</td><td>25,000</td></tr><tr><td>09</td><td>24,000</td></tr><tr><td>10</td><td>21,000</td></tr></table>	Fiscal Year	Sales (¥ million)	08	25,000	09	24,000	10	21,000	<p>(¥ million)</p> <table><tr><th>Fiscal Year</th><th>Sales (¥ million)</th></tr><tr><td>08</td><td>20,000</td></tr><tr><td>09</td><td>17,000</td></tr><tr><td>10</td><td>15,000</td></tr></table>	Fiscal Year	Sales (¥ million)	08	20,000	09	17,000	10	15,000	<p>(¥ million)</p> <table><tr><th>Fiscal Year</th><th>Sales (¥ million)</th></tr><tr><td>08</td><td>18,000</td></tr><tr><td>09</td><td>18,000</td></tr><tr><td>10</td><td>16,000</td></tr></table>	Fiscal Year	Sales (¥ million)	08	18,000	09	18,000	10	16,000	<p>(¥ million)</p> <table><tr><th>Fiscal Year</th><th>Sales (¥ million)</th></tr><tr><td>08</td><td>28,000</td></tr><tr><td>09</td><td>28,000</td></tr><tr><td>10</td><td>21,000</td></tr></table>	Fiscal Year	Sales (¥ million)	08	28,000	09	28,000	10	21,000
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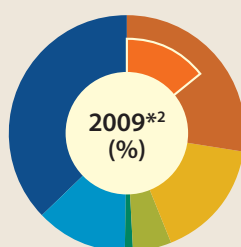
Market Information

Sales and Market Share by Sales Channel

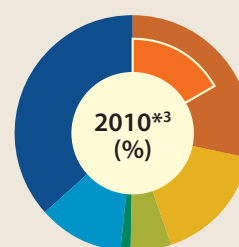
Market Share by Sales Channel (Years ended March 31)



Car Goods and Services Stores	27.4%
Tire Stores	15.3%
Home Centers	4.7%
Discount Stores	1.1%
Gasoline Stations	12.8%
Car Dealers	38.8%
AUTOBACS*4	13.7%



Car Goods and Services Stores	27.6%
Tire Stores	16.4%
Home Centers	5.3%
Discount Stores	1.1%
Gasoline Stations	12.6%
Car Dealers	37.0%
AUTOBACS*4	14.4%



Car Goods and Services Stores	28.6%
Tire Stores	16.3%
Home Centers	5.4%
Discount Stores	1.4%
Gasoline Stations	11.8%
Car Dealers	36.5%
AUTOBACS*4	15.1%

Period of estimate	Estimated number of stores selling car goods and services			Estimated retail sales of car goods and services (¥ million)						Estimated market share (%)		
	2008*1	2009*2	2010*3	2008*1	(2008/2007)	2009*2	(2009/2008)	2010*3	(2010/2009)	2008*1	2009*2	2010*3
Car Goods and Services Stores*5:												
National Chains	1,056	1,047	1,049	431,300	99.5%	415,400	96.3%	419,200	100.9%	20.84	21.72	22.94
Local Chains	180	161	154	70,910	98.9	56,370	79.5	50,330	89.3	3.43	2.95	2.75
Independent Stores	355	307	273	65,630	84.2	56,282	85.8	52,330	79.7	3.17	2.94	2.86
Subtotal	1,591	1,515	1,476	567,840	97.4	528,052	93.0	521,860	98.8	27.44	27.61	28.56
Tire Stores:												
Manufacturer-Affiliated Chains	2,251	2,286	2,262	242,070	99.8	244,580	101.0	231,020	94.5	11.70	12.79	12.64
Independent Stores	521	498	467	74,125	88.1	69,128	93.3	67,094	97.1	3.58	3.61	3.67
Subtotal	2,772	2,784	2,729	316,195	96.7	313,708	99.2	298,114	95.0	15.28	16.40	16.31
Home Centers	3,643	3,721	3,788	97,539	92.4	101,925	104.5	97,737	95.9	4.71	5.33	5.35
Discount Stores	814	795	849	21,641	103.5	19,893	91.9	26,149	131.5	1.05	1.04	1.43
Gasoline Stations	34,127	31,836	30,829	263,799	102.2	241,634	91.6	215,709	89.3	12.75	12.64	11.80
Car Dealers	16,213	15,992	15,587	802,620	101.6	707,108	88.1	667,790	94.4	38.78	36.98	36.54
Total	59,160	56,643	55,258	2,069,634	99.3	1,912,320	92.4	1,827,359	95.6	100.00	100.00	100.00

Source: AM+NETWORK magazine, August 2008, August 2009 and August 2010 issues, published by AutoMart Network Inc.

*1 Estimated values from April 2007 through March 2008.

*2 Estimated values from April 2008 through March 2009.

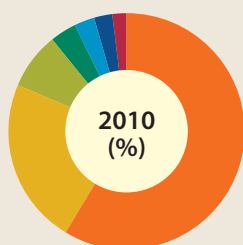
*3 Estimated values from April 2009 through March 2010.

*4 Sales at AUTOBACS, Super AUTOBACS, and AUTO HELLOES stores.

*5 Car goods and services stores are classified into national chains (AUTOBACS, Yellow Hat, and Jms), local chains (chains with more than 10 stores), or independent stores.

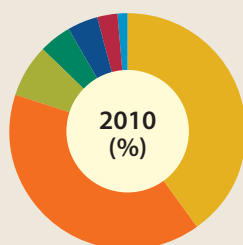
Comparison With Competitors

Share of Total



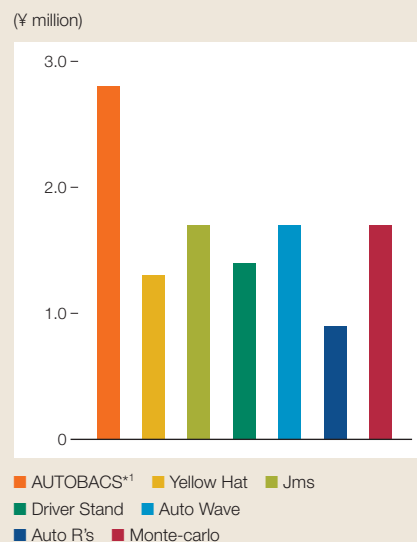
AUTOBACS*1	58.8%
Yellow Hat	22.7%
Jms	7.8%
Driver Stand	3.5%
Auto Wave	2.8%
Auto R's	2.6%
Monte-carlo	1.8%

Sales Share of Total Stores



Yellow Hat	40.2%
AUTOBACS*1	39.9%
Jms	7.1%
Driver Stand	4.5%
Auto R's	4.2%
Monte-carlo	2.7%
Auto Wave	1.3%

Annual Sales per unit floor space*



* Unit floor space = "tsubo" (3.3m²)

Period of estimate	Retail sales (¥ billion)		Total number of stores		Total sales floor space (tsubo)		Total number of employees		Annual sales per store (¥ million)		Sales floor space per store (tsubo)		Number of employees per store		Annual sales per tsubo (¥ million)		Annual sales per employee (¥ million)	
	2009*2	2010*3	2009*2	2010*3	2009*2	2010*3	2009*2	2010*3	2009*2	2010*3	2009*2	2010*3	2009*2	2010*3	2009*2	2010*3	2009*2	2010*3
AUTOBACS*1	275.7	276.0	482	480	99,300	99,461	10,950	11,174	571	575	206	207	23	23	2.8	2.8	25.2	24.7
Yellow Hat	106.3	106.6	483	484	80,043	80,071	5,550	5,561	220	220	166	165	12	12	1.3	1.3	19.2	19.2
Jms	33.4	36.6	82	85	21,254	21,997	1,336	1,422	407	431	259	259	16	17	1.6	1.7	25.0	25.7
Driver Stand*4	18.1	16.2	55	54	11,279	11,162	797	760	329	299	205	207	15	14	1.6	1.4	22.7	21.3
Auto Wave*5	15.1	13.3	15*6	16	7,600	7,614	433	340	1,007	887	507	508	29	23	2.0	1.7	34.9	39.1
Auto R's	12.2	12.4	48	51	13,168	13,940	663	711	254	243	274	273	14	14	0.9	0.9	18.4	17.4
Monte-carlo	8.8	8.5	33	33	4,930	4,930	294	303	266	257	149	149	9	9	1.8	1.7	29.9	28.0
Autoway*7	2.2	—	10	—	2,556	—	97	—	220	—	256	—	10	—	0.9	—	22.7	—
Total	471.8	469.5	1,208	1,203	240,130	239,175	20,120	20,271	391	390	199	199	17	17	2.0	2.0	23.4	23.2

Source: AM+NETWORK magazine, July 2009 and July 2010 issues, published by AutoMart Network Inc.

*1 Includes figures for major store formats (AUTOBACS, Super AUTOBACS, and AUTO HELLOES).

*2 Estimated retail sales values from April 2008 through March 2009.

Figures for number of stores, sales floor space, and number of employees are as of March 31, 2009.

*3 Estimated retail sales values from April 2009 through March 2010.

Figures for number of stores, sales floor space, and number of employees are as of March 31, 2010.

*4 Driver Stand figures include 28 Zrinkan stores and 1 CAR-G store.

*5 Auto Wave figures include Oilboy stores (excluding 1 franchise store).

*6 The number of stores for Auto Wave Chain includes the number of stores closed during the fiscal year.

*7 The Autoway chain no longer meets the survey target criteria of being a chain of 10 or more stores, and is therefore not included in the survey from fiscal 2010.

AUTOBACS Chain Store Formats and Network

Main Formats

AUTOBACS



Position:	Standard-type stores
Number of stores in Japan:	395
Annual sales per store:	¥477 million
Storefront area:	From 500 m ²
Commercial area:	5 km radius

Super AUTOBACS Type II



Position:	Large format store
Number of stores in Japan:	71
Annual sales per store:	¥1,017 million
Storefront area:	From 990 m ²
Commercial area:	10 km radius

AUTO HELLOES



This format is operated in Hokkaido. The storefront area is substantially the same as that of the AUTOBACS format.

In fiscal 2010, the annual sales per store came to ¥294 million.

Super AUTOBACS Type I



Position:	Large format store (Flagship store)
Number of stores in Japan:	6
Annual sales per store:	¥2,186 million
Storefront area:	1,650 m ²
Commercial area:	20 km radius

Other formats

AUTOBACS Hashiriya Tengoku Secohan Ichiba



These stores specialize in the purchase and sale of automotive goods traded in by customers at AUTOBACS Chain stores and outlet products from manufacturers.

AUTOBACS CARS



AUTOBACS CARS buys and sells used vehicles, as well as selling new vehicles. With a few exceptions, sales areas are located inside AUTOBACS and Super AUTOBACS outlets.

OVERSEAS STORE NETWORK (as of March 31, 2010)



France

Stores managed by consolidated subsidiary:	8
Stores managed by franchisees:	3



Thailand

Stores managed by consolidated subsidiary:	3
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China

Stores managed by consolidated subsidiary:	1
Stores managed by equity method affiliates:	2
Stores managed by franchisees:	3



Singapore

Stores managed by consolidated subsidiary:	2
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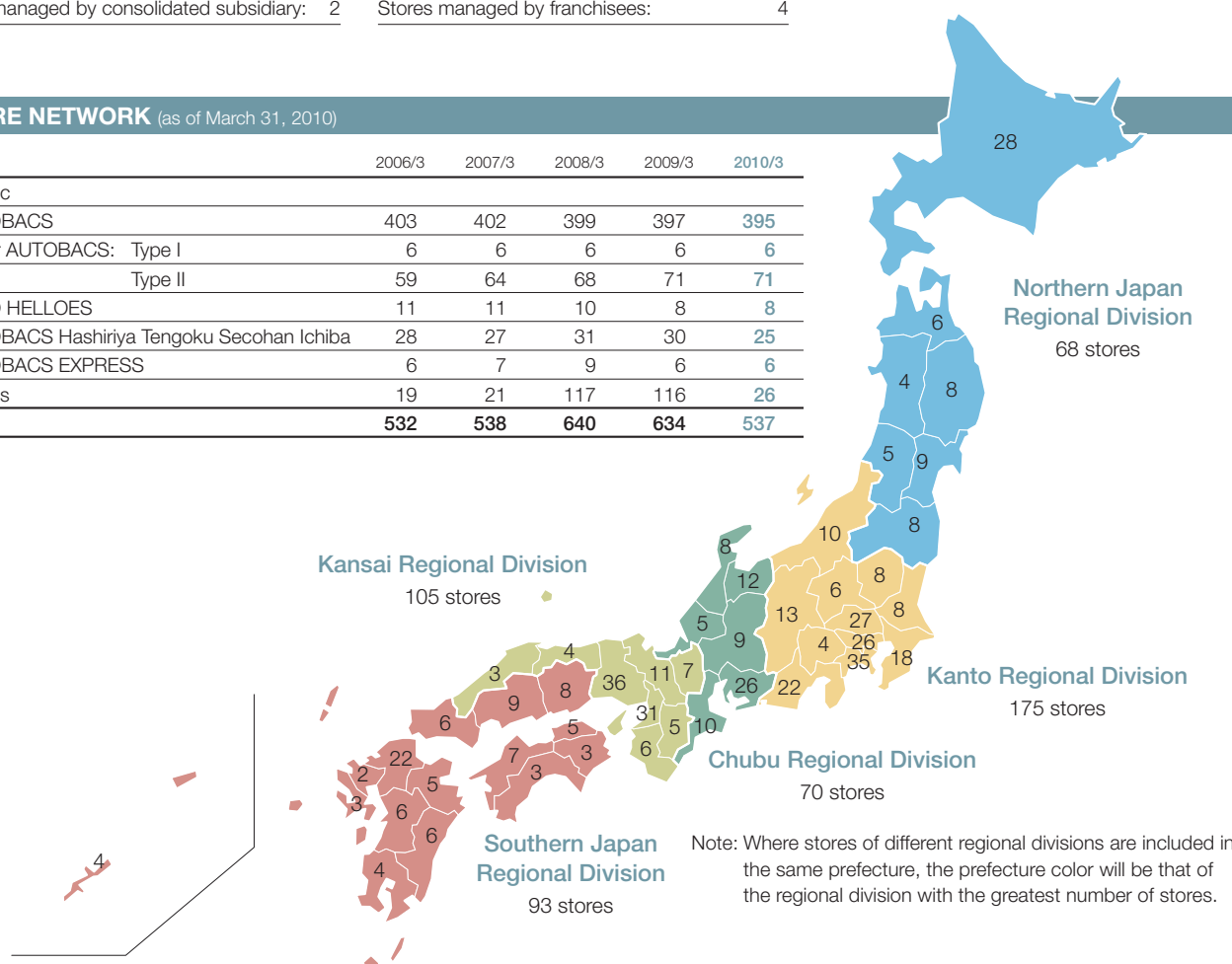


Taiwan

Stores managed by franchisees:	4
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STORE NETWORK (as of March 31, 2010)

	2006/3	2007/3	2008/3	2009/3	2010/3
Domestic					
AUTOBACS	403	402	399	397	395
Super AUTOBACS: Type I	6	6	6	6	6
Type II	59	64	68	71	71
AUTO HELLOES	11	11	10	8	8
AUTOBACS Hashiriya Tengoku Secohan Ichiba	28	27	31	30	25
AUTOBACS EXPRESS	6	7	9	6	6
Overseas	19	21	117	116	26
Total	532	538	640	634	537



List of Principal Consolidated Subsidiaries and Equity Method Affiliates

(As of March 31, 2010)

Wholesale Wholesale of car goods and automobiles to franchisees.

Retail Sale of automotive goods, automobiles, and related services, including statutory safety inspections principally to consumers.

Others Operational support for wholesale operations, retail operations, and franchisees and development of new type of businesses.

CONSOLIDATED SUBSIDIARIES

Company name	Location	Capital stock or equity contribution (¥ million)	Percentage of voting rights held (%)
Retail			
A.M.C. Co., Ltd.	Sapporo, Hokkaido	495	100.0
ADR Ltd.	Shimohei-gun, Iwate	258	80.0
AUTOBACS Miyagi Ltd.	Sendai, Miyagi	150	100.0
AUTOBACS NEXT Ltd.	Ichikawa, Chiba	100	100.0
Yumesho Ltd.	Utsunomiya, Tochigi	100	100.0
Autobacs Chiba Ltd.	Kashiwa, Chiba	250	100.0
Autobacs Kanagawa Ltd.	Yokohama, Kanagawa	95	90.6
AUTOBACS Yamanashi Ltd.	Kofu, Yamanashi	120	99.0
Super Auto Nagoya Ltd.	Nagoya, Aichi	225	94.2
Hokusetsu Autobacs Ltd.	Takatsuki, Osaka	96	100.0
Autobacs Sun Ace Ltd.	Shijonawate, Osaka	130	100.0
Autobacs Izumi Ltd.	Sakai, Osaka	85	85.1
AUTOBACS Three Arrow Ltd.	Hiroshima, Hiroshima	95	100.0
O.P.S. Ltd.	Fukuoka, Fukuoka	85	89.2
AUTOBACS Fukuoka Ltd.	Onojo, Fukuoka	180	100.0
Siam Autobacs Co., Ltd.*1	Bangkok, Thailand	THB39.9 million	49.9

Wholesale and Retail			
AUTOBACS FRANCE S.A.S.*4	Pierrelaye, France	€76.7 million	100.0
AUTOBACS (CHINA) AUTOGOODS COMMERCE Co., Ltd.	Beijing, China	US\$5.0 million	100.0
AUTOBACS VENTURE SINGAPORE Pte. Ltd.	Singapore, Singapore	S\$6.4 million	93.8

Wholesale			
AUTOBACS SHANGHAI TRADING Co., Ltd.*1	Shanghai, China	US\$1.0 million	41.0
PALSTAR K.K.	Yokohama, Kanagawa	200	76.0
Auto Refine Co., Ltd.	Yokohama, Kanagawa	52	97.4
CORES INTERNATIONAL, Inc.	Sakai, Osaka	145	81.4

Company name	Location	Capital stock or equity contribution (¥ million)	Percentage of voting rights held (%)
Others			
AUTOBACS Management Service Ltd.	Koto-ku, Tokyo	90	100.0
BRAIN-ING Co., Ltd.*5	Koto-ku, Tokyo	50	100.0
A-I-P Ltd.	Koto-ku, Tokyo	72	65.0
AUTOBACS Insurance Service Co., Ltd.	Koto-ku, Tokyo	15	100.0

The Company has 15 consolidated subsidiaries in addition to the abovementioned companies, giving a total of 42 consolidated subsidiaries.

EQUITY METHOD AFFILIATES

Company name	Location	Capital stock or equity contribution (¥ million)	Percentage of voting rights held (%)
Retail			
Hokuei Shoji Ltd.*2	Morioka, Iwate	90	16.3
Puma Ltd.	Tonami, Toyama	33	31.0
BLUE OCEAN Ltd.*2	Kumagaya, Saitama	50	17.1
Buffalo Ltd.*3	Kawaguchi, Saitama	510	24.2
FUNUS Corporation	Minato-ku, Tokyo	200	25.0
ZHEJIANG YUANTONG AUTOGOODS Co., Ltd.	Hangzhou, China	RMB10 million	25.0

Wholesale and Retail			
Daytona International Trading Corporation*3	Shuchi-gun, Shizuoka	412	21.4

Others			
AUTOBACS SYSTEM SOLUTION Co., Ltd.	Koto-ku, Tokyo	95	14.9

*1 The Company holds 50% or less of the voting rights for this company. However, it is treated as a subsidiary because the Company effectively controls it.

*2 The Company holds 20% or less of the voting rights for this company. However, it is treated as an equity method affiliate because the Company effectively influences it.

*3 The entity issues financial statements.

*4 Classified as specified subsidiary.

*5 BRAIN-ING Co., Ltd. is scheduled to merge with AUTOBACS SEVEN Co., Ltd. on August 1, 2010.

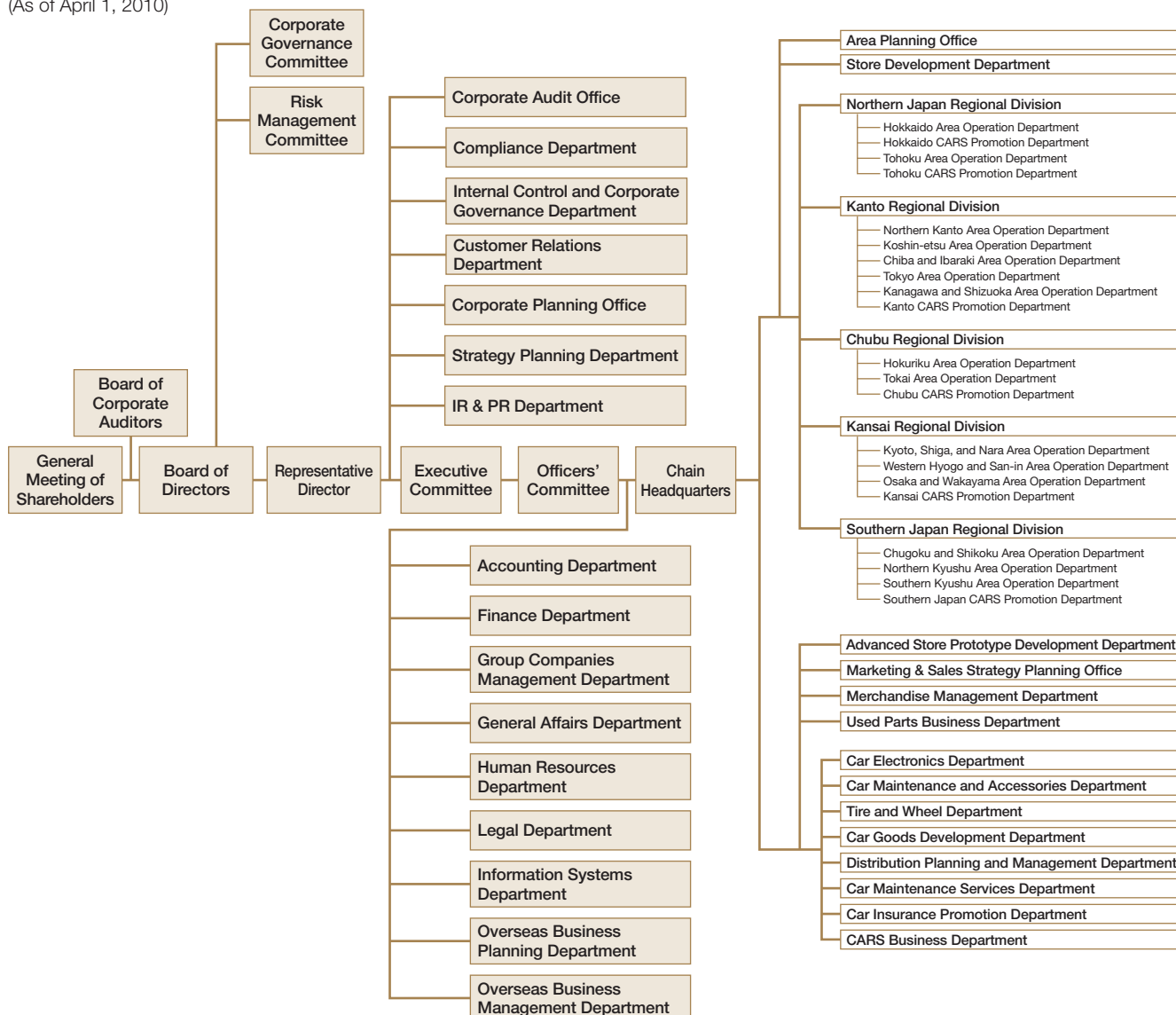
Corporate Data

AUTOBACS SEVEN Co., Ltd.

Head Office	6-52, Toyosu 5-chome, Koto-ku, Tokyo, 135-8717, Japan
Corporate Website	http://www.autobacs.co.jp/
Date of Foundation	February 1947
Paid-in Capital	¥33,999 million
(As of March 31, 2010)	
Number of Employees	4,483 (consolidated)
(As of March 31, 2010)	
Main Business Offices	Northern Japan Regional Division (Sendai, Miyagi)
(As of April 1, 2010)	Kanto Regional Division (Ichikawa, Chiba)
	Chubu Regional Division (Nagoya, Aichi)
	Kansai Regional Division (Suita, Osaka)
	Southern Japan Regional Division (Fukuoka, Fukuoka)

Organization

(As of April 1, 2010)



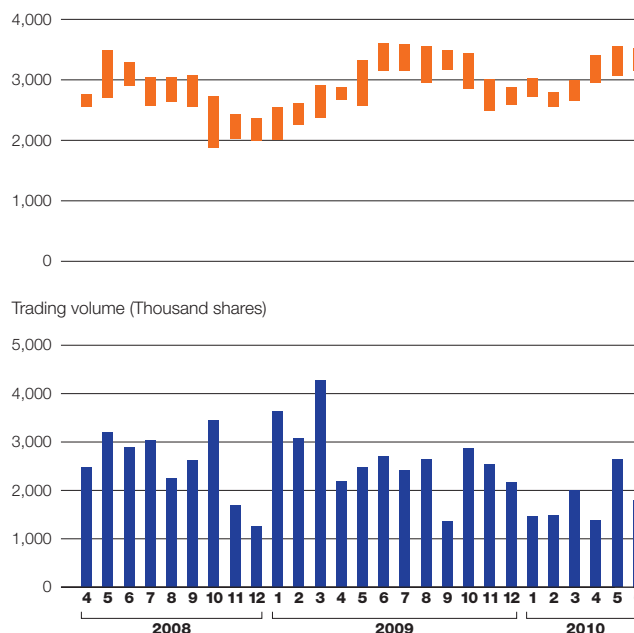
Share Information

(As of March 31, 2010)

Total Number of Authorized Shares	109,402,300 shares
Common Stock Issued	37,454,204 shares
Number of Shareholders	14,056
Settlement Date	March 31
Share Trading Unit	100 shares
Stock Listings	Osaka Securities Exchange Tokyo Stock Exchange
Independent Auditor	Deloitte Touche Tohmatsu LLC
Transfer Agent	The Sumitomo Trust and Banking Co., Ltd. 3-1, Yaesu 2-chome, Chuo-ku, Tokyo

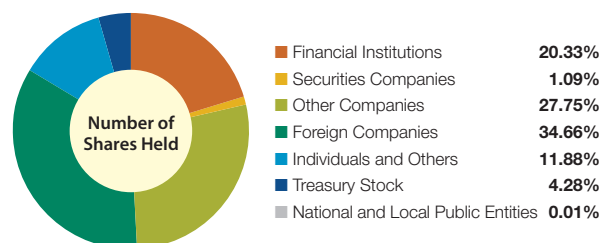
Share Price Trend

Share price (¥)



Note: Osaka Securities Exchange

Breakdown of Shareholders (by Size of Shareholding)



Breakdown of Shareholders (by Type)



Major Shareholders

Name or Trading Name	Number of Shares Held (Thousands)	Percentage of Total Shares Issued (%)
Ichigo Asset Trust	5,325	14.22
Sumino Holdings, Ltd.	5,060	13.51
Japan Trustee Service Bank, Ltd. (Trust Account)	1,385	3.70
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,180	3.15
The Yuumi Memorial Foundation for Home Health Care	875	2.34
The Silchester International Investors International Value Equity Trust	1,000	2.67
Northern Trust Co. (AVFC) Sub A/C American Clients	921	2.46
Sumisho Holdings, Ltd.	800	2.14
Northern Trust Co. AVFC Re U.S. Tax Exempted Pension Funds	669	1.79
K&Y SUMINO Ltd.	565	1.51
Total	17,783	47.49

Note: The number of treasury stocks held by the Company (1,601 thousand shares; percentage of shares held: 4.28%) is excluded from the abovementioned list of major shareholders due to the restrictions on the exercise of voting rights (as of March 31, 2010).



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