

# anything about cars:



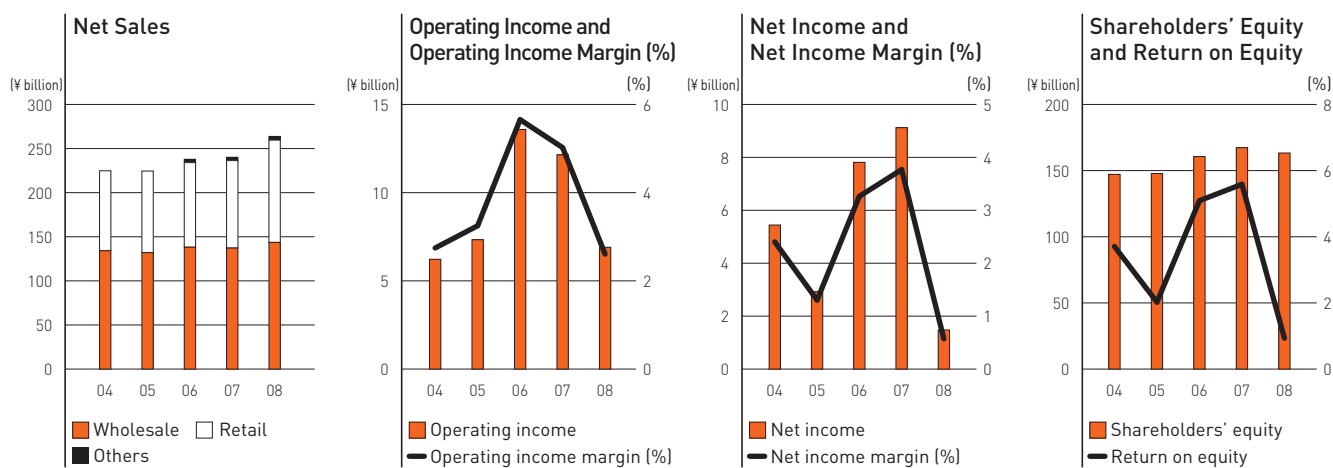
# HIGHLIGHTS OF CONSOLIDATED FINANCIAL RESULTS

AUTOBACS SEVEN CO., LTD. and Subsidiaries

Fiscal Years Ended March 31

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
<b>FISCAL YEAR</b>				
<b>Net sales:</b>				
Wholesale	¥ 139,544	¥ 138,586	<b>¥ 145,072</b>	<b>\$ 1,450,720</b>
Retail	96,865	100,151	<b>117,182</b>	<b>1,171,820</b>
Others	3,798	3,793	<b>4,174</b>	<b>41,740</b>
Total	240,207	242,532	<b>266,430</b>	<b>2,664,300</b>
Operating income	13,638	12,220	<b>6,937</b>	<b>69,370</b>
Income before income taxes and minority interests	13,866	16,549	<b>4,972</b>	<b>49,720</b>
Net income	7,861	9,165	<b>1,467</b>	<b>14,670</b>
Cash flow (used in) provided by operating activities	¥ 24,137	¥ 17,216	<b>¥ (646)</b>	<b>\$ (6,460)</b>
Cash flow used in investing activities	(26,997)	(7,102)	<b>(7,993)</b>	<b>(79,930)</b>
Free cash flows	(2,861)	10,113	<b>(8,639)</b>	<b>(86,390)</b>
Cash flow (used in) provided by financing activities	5,177	(4,698)	<b>(729)</b>	<b>(7,290)</b>
<b>Per share data (Yen and Dollars):</b>				
Basic net income	¥ 210.36	¥ 239.01	<b>¥ 38.37</b>	<b>\$ 0.38</b>
Cash dividends	52.00	58.00	<b>100.00</b>	<b>1.00</b>
Dividend Payout Ratio (%)	24.7	24.3	<b>260.6</b>	
Return on equity (%)	5.1%	5.6%	<b>0.9%</b>	
Return on assets (%)	3.6%	3.9%	<b>0.6%</b>	
Capital expenditures	11,400	10,356	<b>9,753</b>	<b>97,530</b>
Depreciation and amortization	5,068	6,471	<b>7,463</b>	<b>74,630</b>
<b>AT YEAR-END</b>				
Cash and cash equivalents	¥ 53,622	¥ 59,227	<b>¥ 49,638</b>	<b>\$ 496,380</b>
Current assets	112,020	119,265	<b>117,407</b>	<b>1,174,070</b>
Current liabilities	44,046	48,882	<b>43,571</b>	<b>435,710</b>
Total assets	227,707	240,628	<b>234,126</b>	<b>2,341,260</b>
Shareholders' equity	161,536	167,995	<b>164,336</b>	<b>1,643,360</b>
Total number of stores	533	544	<b>648</b>	
Of which, overseas stores	19	21	<b>117</b>	
Number of employees	4,406	4,621	<b>6,492</b>	

U.S. dollar amounts are converted at a rate of ¥100=US\$1.00, the exchange rate prevailing on March 31, 2008.



## 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 p10-11 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" and the "Group" refers to the consolidated group.

# anything about cars:

“Anything car-related, you find at AUTOBACS”

In 1974, AUTOBACS SEVEN CO., LTD. launched Japan’s first one-stop shopping store for automotive goods and services, based on the idea of communicating to customers the joy of cars and providing them with more comfortable driving experiences. In the more than 30 years since its foundation, the AUTOBACS Group has continued to offer one-stop shopping for customers who want to keep their cars maintained and personalized under a corporate brand consistent idea from the beginning: “Anything car-related, you find at AUTOBACS.”

<b>anything about cars:</b>	<b>1</b>
“Anything car-related, you find at AUTOBACS”	
<b>everywhere:</b>	<b>2</b>
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<b>everything:</b>	<b>4</b>
Full-range merchandise lineup	
<b>quality:</b>	<b>6</b>
Top-quality services	
<b>comprehensive:</b>	<b>8</b>
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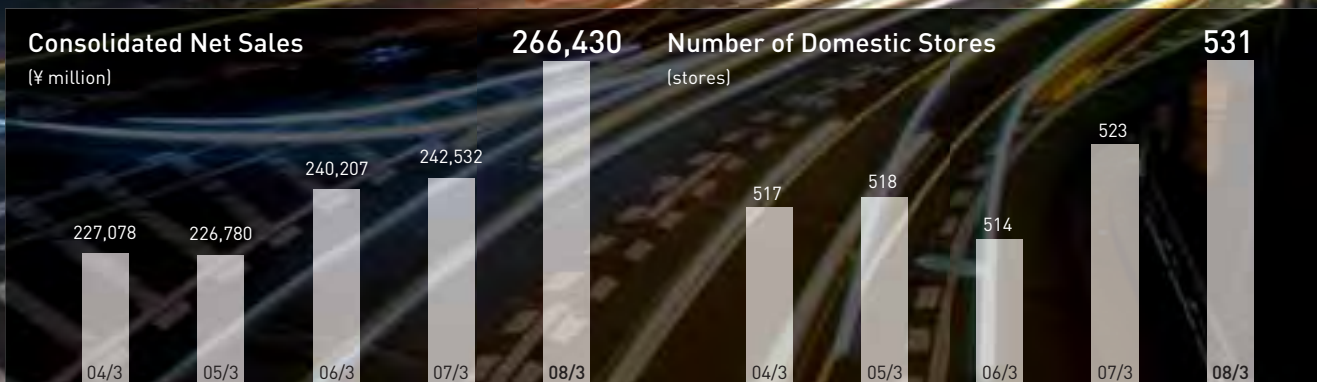


# everywhere:

## Dominant store network in Japan

AUTOBACS has a nationwide network of 531 stores\* in Japan, and its net sales account for 56.5% of the combined revenues of Japan's top nine companies specializing in automotive goods and services. We average approximately 38 million customer visits per year. We make every effort to satisfy the needs of as many customers as possible by offering stores of varying sizes and formats.

\* Total number of AUTOBACS, SUPER AUTOBACS, AUTO HELLOES, AUTOBACS *Hashiriya Tengoku Secohan Ichiba*, AUTOBACS EXPRESS, and RICOLAND stores (as of March 31, 2008).





# everything:

## Full-range merchandise lineup

The full-range merchandise lineup at our stores is achieved through our unparalleled purchasing power and predominant distribution system, which we are proud of in its efficiency. These elements benefit from economies of scale to meet every conceivable customer need. Not restricted to national brand goods, our merchandise range also includes both high-quality and reasonable-priced private brand goods. We endeavor to offer the best-fit goods that customers truly want.





Number of Automotive Goods Items (excl. second-hand automotive goods, as of March 31, 2008)

Motorcycle Goods 0.3%  
Batteries 0.7%  
Oil 3.4%  
Car Leisure 4.4%  
Wheels 6.4%  
Car Repair Goods 6.7%



Motor Sports Goods 24.3%  
Accessories 22.4%  
Maintenance Parts 13.6%  
Car Electronics 9.5%  
Tires 8.3%



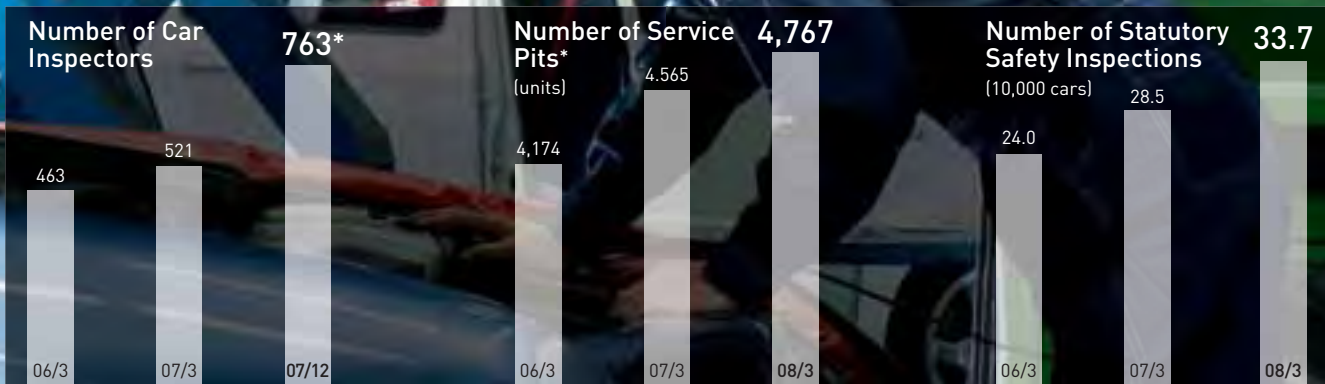


# quality:

## Top-quality services

Our stores offer car pit services, through which our customers can have their purchases quickly fitted and have suitable maintenance services on the spot. Recently, we are taking advantage of this strength as a quick fit service provider and starting new offerings such as statutory car safety inspection and maintenance services. To this end, we are increasing the number of mechanics with specialist know-how and qualified vehicle inspectors, so that customers can leave their cars at convenient locations with total peace of mind.





\* As of December 2007

\* Refers to AUTOBACS, SUPER AUTOBACS, and AUTO HELLOES

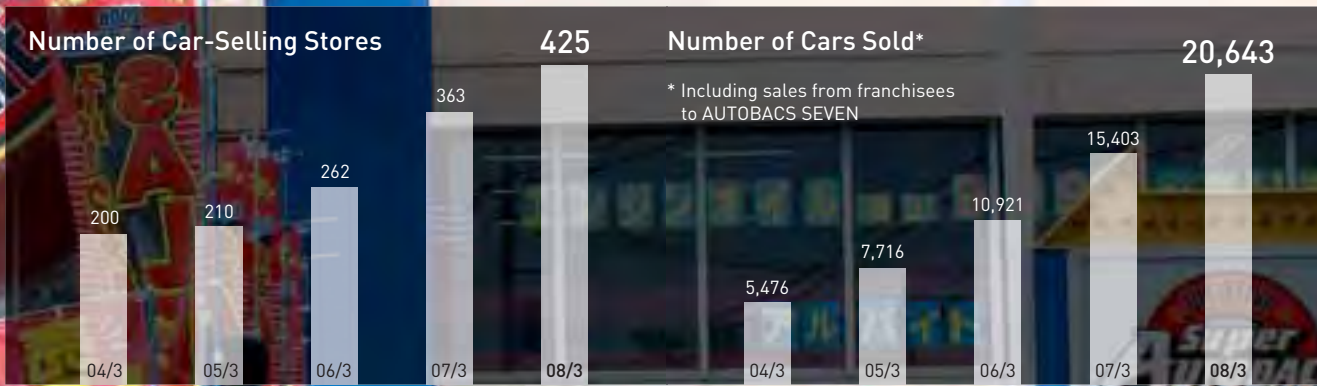


# comprehensive:

## Providing true "total car-life services"

We aim to be a true provider of "total car-life services" from purchase to transfer of the car ownership by not only selling automotive goods, but by also offering safety inspection and maintenance services, as well as car sales and purchasing services. We will continue to use the latest equipment and most appropriate technologies to provide customers with the best goods and best services.





Providing true "total car-life services".





# satisfaction:

## Aiming to be No.1 in customer satisfaction

The goal for our stores is to provide customers with enjoyable and trustworthy shopping experiences based on the AUTOBACS motto, "The Customer is No.1." To maintain this goal, in addition to enhancing our broad merchandise lineup and pit services, we are training all of our sales and workshop staff to guarantee the most courteous services backed up by specialist know-how.



# corporate:

## The AUTOBACS Strategy

To date, the AUTOBACS Group has sought to transform itself into a provider of “total car-life services” while pursuing a strategy emphasizing the expansion of business domains and scale of operations. However, we recently adopted a renewed Mid-Term Business Plan to respond to huge changes in the business environment. Under this plan, we are changing course to a new strategy that concentrates our corporate resources on core businesses.

## A MESSAGE FROM THE CEO

AUTOBACS will strive to improve profitability by concentrating on its three core businesses of automotive goods and services sales, safety inspection and maintenance services, and car sales and purchases, while improving cost efficiency through the consolidation of functions.



Representative Director  
and Chief Executive Officer  
SETSUO WAKUDA



## “SELECTION AND CONCENTRATION” UNDER NEW MANAGEMENT SYSTEM AIMING AT IMPROVING PROFITABILITY

AUTOBACS SEVEN has established a dominant position as a leader in the domestic automotive goods and services sales market. However, the operating environment has become increasingly challenging amid a slump in new and used car registration, a trend of the younger generation being unconcerned with cars, and the adoption of more car electric devices or wheels as standard fits. We also face harsher competition from car dealers, mass market home appliance stores, and new forms of competition, such as online sales. In response to these huge changes, we have pursued for several years various possibilities to expand our business by becoming a provider of “total car-life services.” In Japan, we have worked to establish a business foundation underpinned by our three main businesses of automotive goods and services sales, safety inspection and maintenance services, and car sales and purchases, and overseas, we have expanded our business areas.

However, this rapid business expansion in recent years has undeniably increased costs and caused the dispersion of corporate resources. In response, we have formulated a Business Improvement Plan, called AUTOBACS BIG Plan\*<sup>1</sup>. Guided by a fundamental business policy of improving capital efficiency, the plan seeks to enhance corporate value going forward through the “selection and concentration” of corporate resources with an emphasis on profitability. I, Setsuo Wakuda, started leading the Company as Representative Director and Chief Executive Officer with a new management system since June 26, 2008, and established a renewed Mid-Term Business Plan, based on the AUTOBACS BIG PLAN. By implementing this renewed Mid-Term Business Plan, I will ensure a firm foothold for the future prosperity of the entire AUTOBACS Group including franchisees.

## PERFORMANCE OVERVIEW

In the fiscal year ended March 31, 2008 [fiscal 2008], consolidated net sales grew 9.9% year on year, to ¥266.4 billion.

Our domestic chains\*<sup>2</sup> reported a 1.9% increase in net sales, to ¥304.2 billion. This result was mainly attributable to higher sales from car sales and statutory safety inspection and maintenance services. Although we benefited from higher sales prices of our mainstay merchandise lines—tires, engine oil, and batteries—these gains were offset by a drop in the price of car navigation systems and other electronics appliances.

Overseas, we benefited from strong sales of STRAUSS Discount AUTO, the U.S. chain of auto parts stores that we acquired in May 2007. Back in Japan, the consolidation of PALSTAR K.K., a general engine oil distributor, contributed to revenues.

Operating income fell 43.2%, to ¥6.9 billion. This decline stemmed from strategic investments in order to strengthen our business foundation, which included a new point-of-sale (POS) system, employee recruitment and training, and a new used car purchasing system, as well as additional selling, general, and administrative expenses incurred accompanying the purchase of the network of STRAUSS Discount AUTO.

Net income fell 84.0%, to ¥1.5 billion. Main factors were a loss on the sale of investment securities due to devaluation of securitized products held by the Company among the instability in financial markets caused by the U.S. subprime mortgage crisis, as well as a loss from the write-off of investment securities.

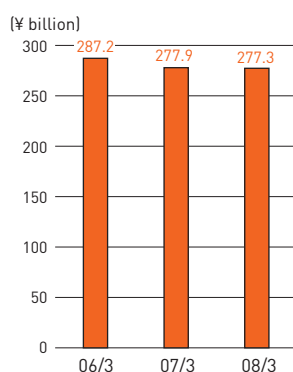
We realize it is a major problem that a substantial drop occurred in earnings from investments outside our core business areas, and we have decided not to purchase securitized products with uncertain risks.

With respect to the payment of dividends, the Company’s target is a dividend-on-equity (DOE) ratio of 3% for the year ending March 31, 2011. In fiscal 2008, we announced year-end cash dividends of ¥40.0 per share, raising annual dividends to ¥100.0 per share, up ¥42.0 from fiscal 2007, marking a DOE of 2.3%.

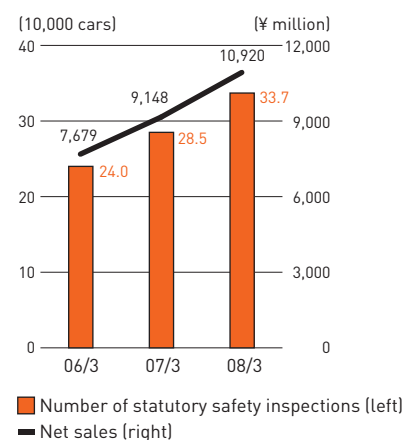
\*<sup>1</sup> BIG = Business Improvement and Governance

\*<sup>2</sup> Figures for AUTOBACS, SUPER AUTOBACS, AUTO HELLOES, AUTOBACS Hashiriya Tengoku Secohan Ichiba, AUTOBACS CARS (excluding independent stores)

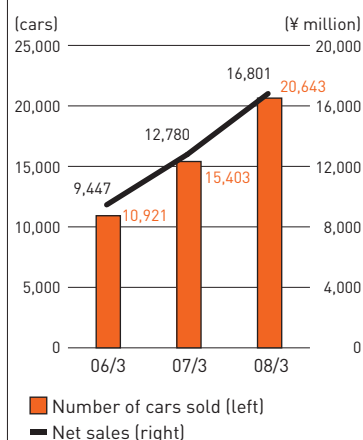
**Sales of Automotive Goods and Services**



**Number of Statutory Safety Inspections and Net Sales**



**Number of Cars Sold\* and Net Sales**



\* Including sales from franchisees to AUTOBACS SEVEN.

# SUMMARY OF PREVIOUS MID-TERM BUSINESS PLAN AND THE RENEWED PLAN

## STARTING FROM SCRATCH

AUTOBACS SEVEN has taken the decision to renew its existing Mid-Term Business Plan, scheduled for end in March 2009.

Under that plan, which started in May 2005, the Company sought to expand its businesses and strengthen competitiveness in Japan, and accelerate expansion in overseas markets. To achieve these aims, we pursued three key strategies: the Area Dominant Strategy\*<sup>1</sup>, Total Car-Life Business Strategy\*<sup>2</sup>, and Overseas Business Strategy\*<sup>3</sup>.

The aim of the Area Dominant Strategy was to expand market share in each business domain through the optimal placement of different store types, such as AUTOBACS and SUPER AUTOBACS, while stepping up cooperation between stores. However, we experienced delays in establishing new stores due to a shortage of suitable properties in urban areas stemming from soaring land prices. As a result, in pursuit of continuing the optimal store placement plan, centering on metropolitan areas with large populations, we put a priority to improve capital efficiency. According to this strategy, we will invest in activating existing stores in metropolitan areas.

Through the Total Car-Life Business Strategy, we sought not only to expand our business of automotive goods and services sales, but also to be recognised as a provider of "anything about cars." By pursuing this strategy, cars undergoing statutory vehicle safety inspection and maintenance services and car sales and purchasing volume grew.

However, improvements in earnings fell behind the plan's initial targets. Under the renewed Mid-Term Business Plan, we have determined that it is the right time to reinforce profitability by concentrating our resources on our three main business segments.

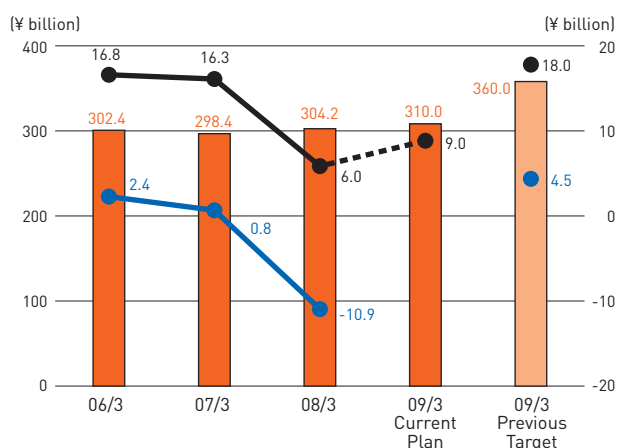
Implementation of the Overseas Business Strategy contributed to an expansion in overseas operations. For example, we acquired the network of STRAUSS Discount AUTO, a U.S. car parts retail chain of 89 stores, and opened new outlets in France and China. Unfortunately, soaring gasoline prices around the world, for example, worked against us, resulting in operating losses in the United States, France, and China in the fiscal year ended March 2008. The new plan calls for initiatives that prioritize profitability ahead of expansion.

\*<sup>1</sup> **Area Dominant Strategy:** Higher market share and improved profitability in each marketing area through a multiple-format store mix that matches the area's characteristics (population, competition), while stepping up cooperating among stores.

\*<sup>2</sup> **Total Car-Life Business Strategy:** Transformation into a provider of total car-life services that leverage the Company's unsurpassed merchandise lineup to provide lifelong support for the automotive needs of our customers.

\*<sup>3</sup> **Overseas Business Strategy:** Improving profitability by broadening overseas operations to position our overseas business as a key growth driver in the future.

Previous Mid-term Business Plan Objectives and Results



■ Retail sales including Franchise Chain stores (left)  
— Consolidated ordinary income (right)  
— Mauqe\* (right)

\* Mauqe (Measurement of Autobacs Universal Quality Earnings)  
 = Ordinary income – (operating assets × hurdle rate 8.8%)



# NEW MID-TERM BUSINESS PLAN

## OUTLINE OF MID-TERM BUSINESS PLAN

Having confirmed that it will be difficult to achieve the targets set under the former Mid-Term Business Plan, AUTOBACS has formulated a new plan. Based on the AUTOBACS BIG Plan, the new plan's aim is to maximize corporate value through the re-establishing of a Business Strategy, a Financial Strategy, and a Governance System.

The Business Strategy seeks to improve profitability by concentrating resources on the domestic franchise business, which is the Company's major strength, and by lowering costs, which have risen. The goal of the Financial Strategy is to improve asset and capital efficiency. In establishing an appropriate Governance System, we seek to create a company that earns the trust of all stakeholders by reorganizing our management system and reinforcing risk management. Under the plan, we have set targets of consolidated ROE of 7% or greater and operating income of ¥16.0 billion in the year ending March 2011, which is the final year of the plan.

## I. BUSINESS STRATEGY: CONCENTRATE RESOURCES ON CORE DOMESTIC BUSINESSES

The Business Strategy continues the direction taken to transform the Company into a provider of total car-life services. While focusing on its domestic business, we will concentrate our corporate resources on our three core businesses of automotive goods and services sales, safety inspection and maintenance services, and car sales and purchasing. We will strive to bolster competitiveness in two aspects: improving store profitability and re-establishing an area strategy.

### 1. Domestic: Improving Store Profitability and Re-establishing an Area Strategy

Recently, registrations for new and used car in Japan have slumped, and more people are keeping their cars for a longer period of time. To improve store profitability, we will promote

the provision of lifetime car support to customers by boosting sales of consumables, such as tires, oil, batteries, and maintenance-related goods. In addition to maintaining previously introduced systems of product category management and supply chain management, we will also boost the gross profit ratio by developing private brand goods.

In safety inspection and maintenance services, our goals are to increase the number of cars inspected to 500,000 by the year ending March 2011, and to increase sales at an annual rate of 15-20%. To achieve these goals, we will encourage existing stores to obtain official certification required for providing statutory safety inspection, raise the technological capabilities of maintenance, and increase the number of repeat inspections of our membership customers.

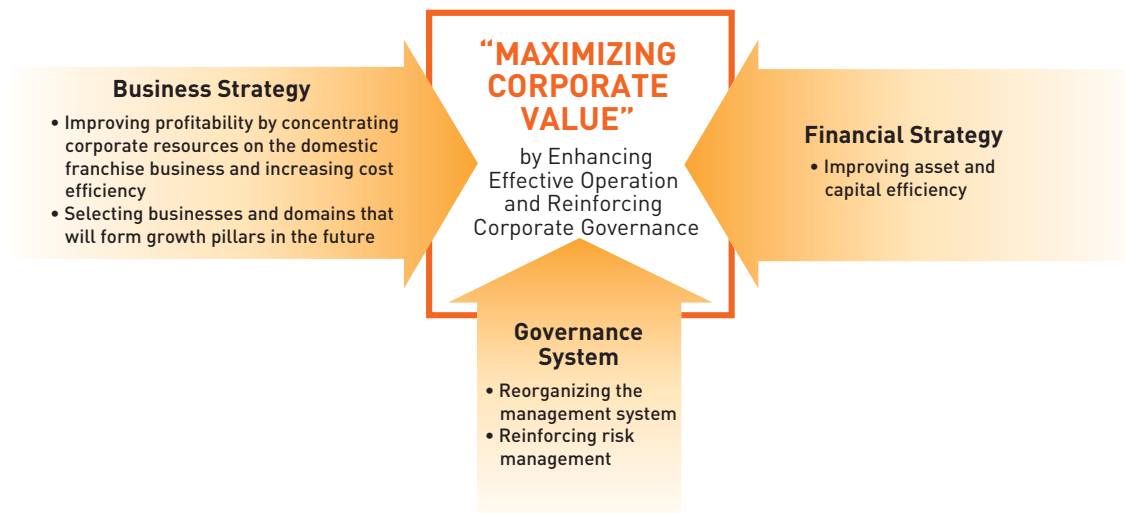
In car sales and purchasing, our aim is to sell 50,000 vehicles by the year ending March 2011. To reach this goal, we are installing the *Sugokai*<sup>\*4</sup> automated used car valuation system in all Group stores including Franchise Chain stores, to increase the number of vehicles we purchase. We will enhance the reliability of our used car sales business by providing specific services such as engine diagnostic service in addition to normal repair services, thereby differentiating AUTOBACS from its competitors.

We also plan to increase sales and attract customers by implementing customer relationship management (CRM)<sup>\*5</sup> processes to meet the needs and enhance satisfaction of the roughly 13 million customers of the AUTOBACS Group's points-based membership programs. We will capitalize on the recently introduced POS system to pursue efficient marketing activities that target different customer segments based on their profiles, such as regional characteristics, age, gender, and vehicle model.

<sup>\*4</sup> *Sugokai*: This automated system performs car valuations and sets purchase prices, thus eliminating the need for specialist knowledge and experience.

<sup>\*5</sup> *CRM*: Enhancing customer convenience and satisfaction using information systems to build a long-term relationship with the customers.

## Objectives of Mid-Term Business Plan



In re-establishing an area strategy, we aim to build a solid position in the domestic market for our network of total car-life service stores. We will achieve this by activating existing stores through remodeling, while at the same time establishing new stores and rebuilding and relocating other stores in key areas, such as large metropolitan areas.

## 2. Overseas: Prioritize Profitability

In fiscal 2008, our overseas business posted a loss of approximately ¥4.0 billion due to losses by overseas companies and head office support costs. We will consider various options to return these companies to profitability while carefully examining whether or not the businesses in each country have the potential to enhance future corporate value. In addition, we have taken back our strategy to expand overseas markets through large-scale M&A activities, which had been under consideration during the period of the previous Mid-Term Business Plan.

## 3. Improve Operational and Cost Efficiency

We will thoroughly pursue the reduction of costs and improvement in operational efficiency. To this end, we will examine carefully to ensure that there is no duplication of functions by our head office and consolidated subsidiaries that outsource administration, personnel, accounting, sales promotion, IT system development, and other work. At the same time, we will actively invest in improving the skills of our employees, who are the resource of added value for the AUTOBACS Group.

## II. FINANCIAL STRATEGY

Our Financial Strategy consists of two themes. First, we will appropriately manage liquidity (cash and equivalents + securities) needed to continue our business. Secondly, we aim to

make our asset portfolio smaller by selling non-core assets with low profitability and investment securities that do not contribute to raising corporate value. We plan to use the funds raised from these sales to enhance returns to shareholders, including dividends and flexible share repurchases.

In this way we will promote capital efficiency as we manage financial stability. As a result, we aim to derive a slim financial structure that can artlessly reach targets of ROE of 7% or greater and a consolidated DOE of 3% for the fiscal year ending March 2011 (these metrics were 0.9% and 2.3% respectively in fiscal year ended March 2008).

## III. REINFORCE GOVERNANCE SYSTEM

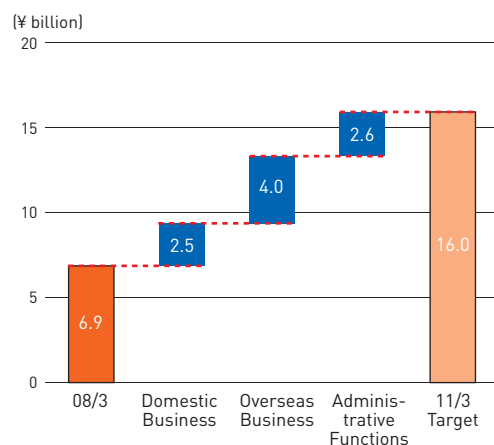
With respect to the Company's system of corporate governance, we will rebuild the management system and reinforce risk management. In June 2008, we instituted a new management system, which included the appointment of two additional outside directors and one outside auditor to reinforce corporate governance. A Governance Committee, made up of the representative director and outside directors, will undertake periodic checks of the governance system. Also, we will strive to measure and verify the outcomes of the implementation of these strategies, provide comprehensive reporting, and improve decision-making processes.

## OUTLOOK FOR FISCAL 2009

For the fiscal year ending March 31, 2009, we expect consolidated net sales to rise 5.8%, to ¥282.0 billion, operating income to increase 0.9%, to ¥7.0 billion, ordinary income to grow 48.5%, to ¥9.0 billion, and net income to jump 315.8%, to ¥6.1 billion.

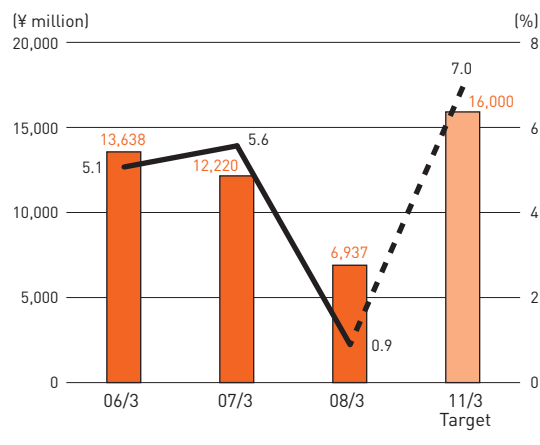
We will increase our share of the car goods and services market by reinforcing sales of tires, engine oil, and batteries, which enjoy sustained demand even in depressed conditions.

Operating Income Targets Under the AUTOBACS BIG PLAN



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

Consolidated Return on Equity and Operating Income Margin



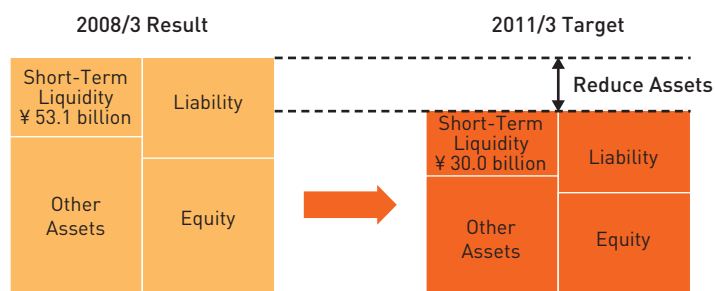
■ Consolidated operating income margin (left)  
— Consolidated return on equity (right)



## Themes and Measures of Mid-Term Business Plan

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

## Balance Sheet Objectives



In our safety inspection and maintenance service business, we will increase the number of stores with official certification of statutory safety inspection and introduce a vehicle diagnostics system that differentiates our services from those of our competitors.

In the auto sales business, we will increase the number of outlets with "AUTOBACS CARS Franchise Chain Agreements" to 400, and bolster revenues by promoting car valuations and purchasing among Group members.

As for operating income, we expect increases in personnel expenses, costs associated with sales promotions of tires and used cars, and expenses incurred due to the deployment of the POS system. However, we anticipate that these higher costs will be offset by improved profitability at overseas subsidiaries and other factors. At the end of fiscal 2008, the balance of securitized products amounted to ¥2.7 billion due to a loss on valuation of investment securities. However, we expect that any further losses will be limited.

The huge increase in net income estimated for the next fiscal year is attributable to an expected extraordinary gain accompanying a change in the accounting standard for lease

transactions. Under the new standard, from fiscal 2009 Company-owned buildings that are rented to franchises will treated as leased assets.

In fiscal 2009 and beyond, the AUTOBACS Group will strive to improve the profitability of domestic franchises, enhance asset and capital efficiency, and reinforce its governance system by implementing its Mid-Term Business Plan, with the aim of achieving an ROE of 7% or greater by the year ending March 2011.

We thank shareholders and all of investors for their ongoing support and understanding as we embrace the challenges of the future.

July 2008

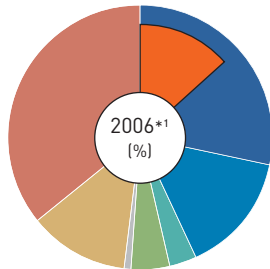
湧田節夫

Setsuo Wakuda  
Representative Director and Chief Executive Officer

# MARKET INFORMATION

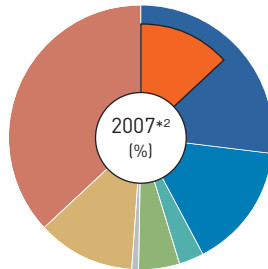
## SALES AND MARKET SHARE BY SALES CHANNEL

Market Share by Sales Channel (Years Ended March 31)



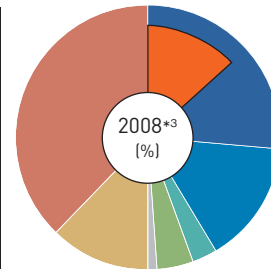
- 28.4 Car Goods and Services Stores
- 14.9 Tire Stores
- 3.1 Secondhand and Outlet Goods Shops
- 4.9 Home Centers
- 0.9 Discount Stores
- 12.1 Gasoline Stations
- 35.7 Car Dealers

● 13.3 AUTOBACS\*4



- 27.1 Car Goods and Services Stores
- 15.2 Tire Stores
- 3.1 Secondhand and Outlet Goods Shops
- 4.9 Home Centers
- 1.0 Discount Stores
- 12.0 Gasoline Stations
- 36.7 Car Dealers

● 13.2 AUTOBACS\*4



- 26.6 Car Goods and Services Stores
- 14.8 Tire Stores
- 3.1 Secondhand and Outlet Goods Shops
- 4.6 Home Centers
- 1.0 Discount Stores
- 12.3 Gasoline Stations
- 37.6 Car Dealers

● 13.3 AUTOBACS\*4

Period of estimate	Estimated number of stores selling car goods and services			Estimated retail sales of car goods and services (¥ million)						Estimated market share (%)		
	2006*1	2007*2	2008*3	2006*1	[2006/2005]	2007*2	[2007/2006]	2008*3	[2008/2007]	2006*1	2007*2	2008*3
<b>Car Goods and Services Stores*5:</b>												
National Chains	1,041	1,053	1,056	445,500	102.6%	433,300	97.3%	431,300	99.5%	20.63	20.15	20.18
Local Chains	179	179	180	77,400	105.7	71,700	92.6	70,910	98.9	3.58	3.33	3.32
Independent Stores	444	406	355	91,737	89.4	77,973	85.0	65,630	84.2	4.25	3.63	3.07
<b>Subtotal</b>	<b>1,664</b>	<b>1,638</b>	<b>1,591</b>	<b>614,637</b>	<b>100.8</b>	<b>582,973</b>	<b>94.9</b>	<b>567,840</b>	<b>97.4</b>	<b>28.46</b>	<b>27.11</b>	<b>26.57</b>
<b>Tire Stores:</b>												
Manufacturer-Affiliated Chains	2,092	2,217	2,251	230,360	109.0	242,660	105.3	242,070	99.8	10.67	11.29	11.33
Independent Stores	583	554	521	90,715	103.5	84,184	92.8	74,125	88.1	4.20	3.92	3.47
<b>Subtotal</b>	<b>2,675</b>	<b>2,771</b>	<b>2,772</b>	<b>321,075</b>	<b>107.4</b>	<b>326,844</b>	<b>101.8</b>	<b>316,195</b>	<b>96.7</b>	<b>14.87</b>	<b>15.21</b>	<b>14.80</b>
Secondhand and Outlet Goods Shops*6	755	760	775	66,000	91.0	66,300	100.5	67,325	101.5	3.06	3.08	3.15
Home Centers	3,549	3,540	3,643	106,313	107.0	105,545	99.3	97,539	92.4	4.92	4.91	4.56
Discount Stores	743	780	814	19,407	117.4	20,913	107.8	21,641	103.5	0.90	0.97	1.01
Gasoline Stations	37,397	35,843	34,127	261,181	88.6	258,070	98.8	263,799	102.2	12.09	12.00	12.34
Car Dealers	16,605	16,305	16,213	770,820	104.3	789,621	102.4	802,620	101.6	35.70	36.72	37.56
<b>Total</b>	<b>63,388</b>	<b>61,637</b>	<b>59,935</b>	<b>2,159,433</b>	<b>101.3</b>	<b>2,150,266</b>	<b>99.6</b>	<b>2,136,959</b>	<b>99.4</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: A-M NETWORK magazine, August 2005, September 2006, August 2007 and August 2008 issues, published by AutoMart Network Inc.

\*1 Estimated values from April 2005 through March 2006.

\*2 Estimated values from April 2006 through March 2007.

\*3 Estimated values from April 2007 through March 2008.

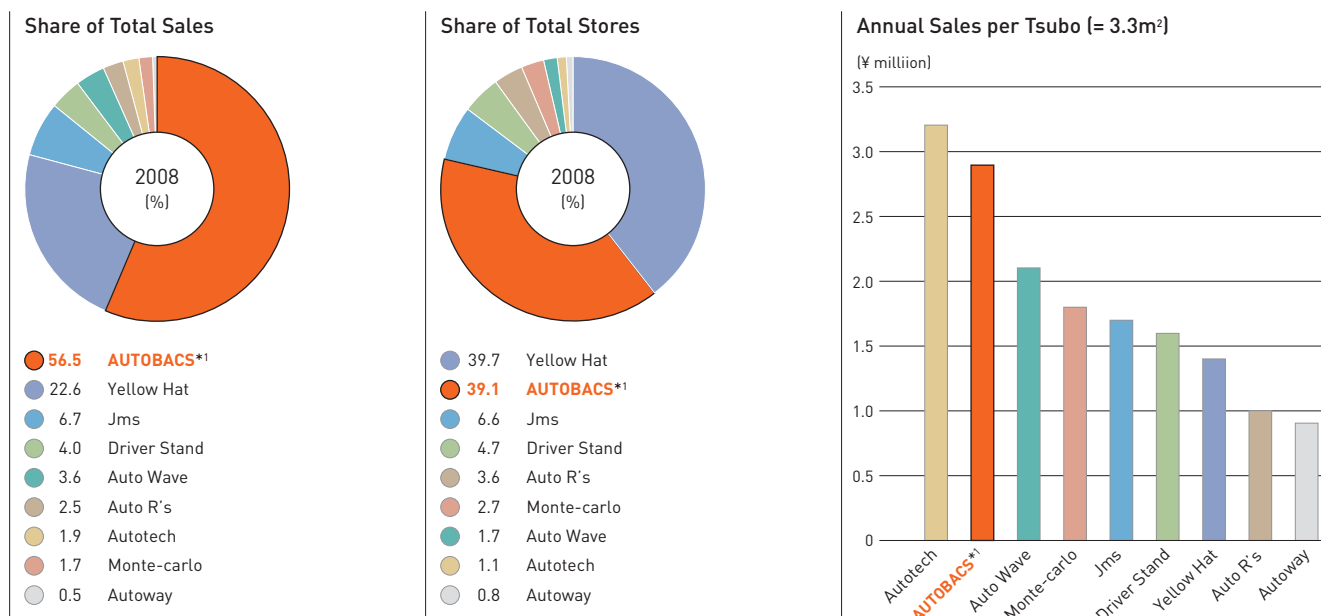
\*4 Sales at AUTOBACS, Super AUTOBACS, and AUTO HELLOES stores

\*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.

\*6 Includes sales at AUTOBACS Hashiriya Tengoku Secohan Ichiba.



## COMPARISON WITH COMPETITORS



	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)	
Period of estimate	2007*2	2008*3	2007*2	2008*3	2007*2	2008*3	2007*2	2008*3	2007*2	2008*3	2007*2	2008*3	2007*2	2008*3	2007*2	2008*3	2007*2	2008*3
AUTOBACS*1	282.9	283.8	483	484	93,754	96,212	9,165	9,403	585	586	194	199	19	19	3.0	2.9	30.9	30.2
Yellow Hat	115.6	113.7	494	491	80,802	79,986	5,548	5,489	234	235	164	166	11	11	1.4	1.4	20.8	20.7
Jms	34.8	33.8	76	81	19,499	20,914	1,322	1,408	457	417	257	258	17	17	1.8	1.7	26.3	24.0
Driver Stand*4	19.4	19.8	59	58	12,628	12,214	893	853	328	341	214	211	15	15	1.5	1.6	21.7	23.2
Auto Wave*5	18.4	17.9	22	21	8,601	8,541	890	700	837	852	391	407	40	33	2.1	2.1	20.7	25.8
Auto R's	12.3	12.6	44	45	12,107	12,436	606	641	279	280	275	276	14	14	1.0	1.0	20.3	19.7
Autotech*6	10.2	9.5	14	13	3,152	3,002	350	340	725	733	225	231	25	26	3.2	3.2	29.0	28.0
Monte-carlo	8.5	8.7	34	33	5,030	4,930	323	308	250	265	148	149	10	9	1.7	1.8	26.4	28.4
Autoway	3.0	2.4	12	10	3,091	2,556	125	102	250	236	258	256	10	10	1.0	0.9	24.0	23.1
Total	505.1	502.2	1,238	1,236	238,664	240,791	19,222	19,244	—	—	—	—	—	—	—	—	—	—

Source: A-M NETWORK magazine, August 2006, July 2007 and July 2008 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 2006 through March 2007.

Figures for number of stores, sales floor space, and number of employees are as of March 31, 2007.

\*3 Estimated retail sales values from April 2007 through March 2008.

Figures for number of stores, sales floor space, and number of employees are as of March 31, 2008.

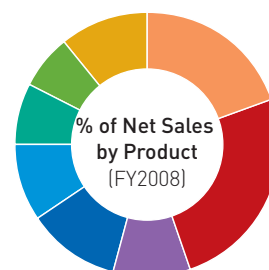
\*4 Driver Stand figures include COCOPIT (1 store) and CAR-G (1store) stores.

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

\*6 Autotech figures include PIT 100 (2 stores) stores.

# AUTOBACS GROUP AT A GLANCE (CONSOLIDATED)

The AUTOBACS Consolidated Group operates a chain of franchises that mainly sell car goods and services and provides set-up and installation services. The Consolidated Group's 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 merchandises and services in the following eight categories.



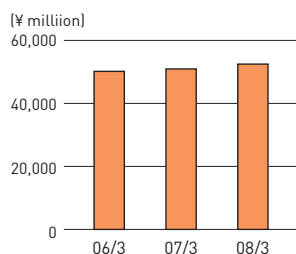
Tires and Wheels	19.7%
Car Electronics	25.1%
Oil and Batteries	9.5%
Car Exterior Goods	11.5%
Car Interior Goods	9.4%
Motor Sports Goods	7.4%
Services	6.8%
Others	10.6%

## TIRES AND WHEELS

We handle tires and wheels from manufacturers based in Japan and overseas, which include AUTOBACS private brand merchandises. In the fiscal year under review, sales increased owing to growth in store numbers in Japan and overseas, as well as higher demand for studless tires due to heavy snowfalls in Japan.

### Major Merchandises

- Private brand tires
- National and import brand tires
- High-performance tires
- Studless tires
- Private brand wheels
- Luxury wheels for car customizing
- Wheels for various types of vehicles

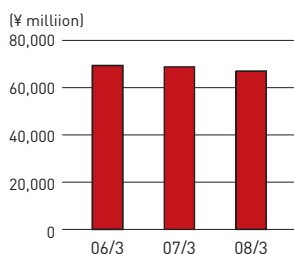


## CAR ELECTRONICS

We offer a range of car electronic appliances from domestic and overseas manufacturers, such as car navigation systems and audio and visual goods. In the year under review, sales were down due to a retraction in demand for terrestrial digital-related goods and electronic toll collection (ETC) equipment, as well as a fall in prices of navigation systems.

### Major Merchandises

- Car navigation equipment
- Car audio equipment
- Car visual equipment
- Terrestrial digital-related goods
- ETC equipment

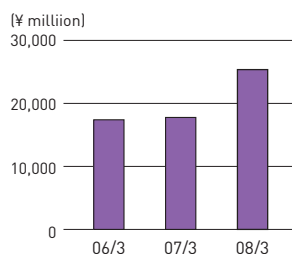


## OIL AND BATTERIES

Our merchandise range includes not only private brand items, such as the Vantage series of engine oil and the DYNAGRID series of batteries, but also oil and batteries from domestic and overseas suppliers. In the year under review, sales rose on the back of higher unit prices for oil and batteries.

### Major Merchandises

- Private brand engine oil
- Factory 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

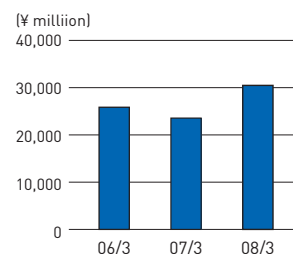


## CAR EXTERIOR GOODS

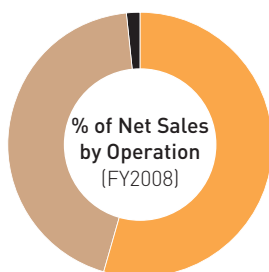
We provide an extensive range of merchandises for car exteriors, such as wiper blades, tire chains, car washing supplies, waxes, coating agents, repair goods, and tools. In the year under review, an increase in tire chain demand generated by winter snow contributed to growth in sales.

### Major Merchandises

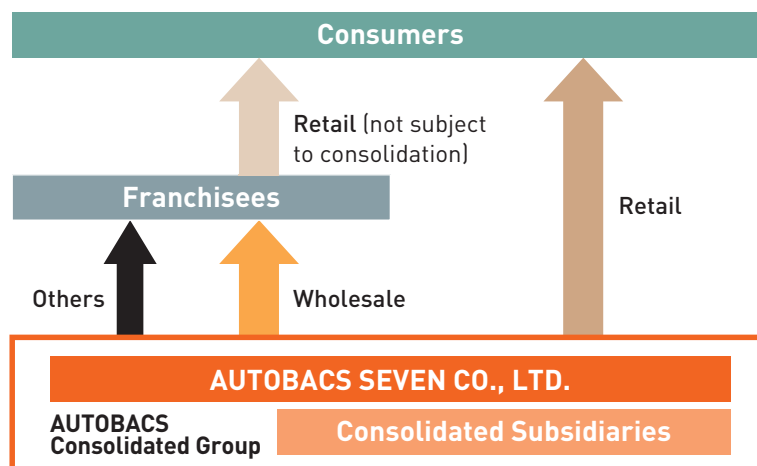
- Car washing supplies
- Waxes and coating agents
- Repair goods







**Net Sales**  
¥266,430 million

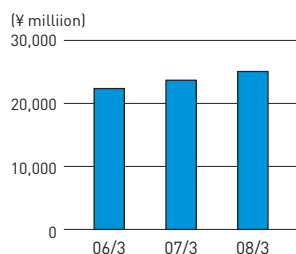


## CAR INTERIOR GOODS

This segment encompasses air fresheners, deodorizers, dust bins, and other small interior goods, as well as radar detectors and child seats. In the fiscal year under review, an increase in the number of stores in Japan and overseas contributed to a rise in sales, in spite of a decline in sales of some items, including a new model of radar detector that already had a high penetration rate.

### Major Merchandises

- Radar detectors
- Air fresheners and deodorizers
- Car interior goods
- Seat covers
- Child seats

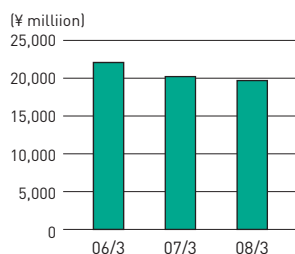


## MOTOR SPORTS GOODS

We offer a wide range of highly appealing merchandises, such as aero parts, mufflers, headlight bulbs, and theft prevention tools. In the fiscal year under review, sales of engine starters and theft prevention devices declined.

### Major Merchandises

- Aero parts
- Tune-up parts (sports mufflers, shock absorbers)
- High-intensity discharge (HID) lights
- Theft prevention devices
- Other electric parts

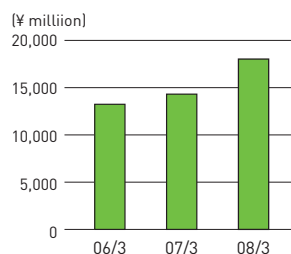


## SERVICES

Our services include installation of car electronics appliances; changing of tires, oil, batteries and other merchandises; statutory safety inspection and maintenance services; sheet metal work; and the application of window film. In the year under review, sales from these services increased thanks to a rise in the number of outlets with official certification for statutory safety inspection and active marketing to customers belonging to membership programs, which contributed to an increase in the number of cars inspected.

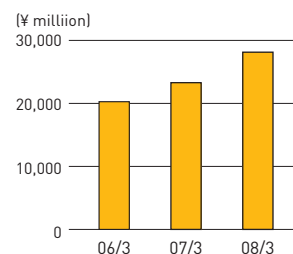
### Major Services

- Tire and oil changes
- Installations and changes of car electronics
- Statutory safety inspections and maintenance
- Body work and painting
- Polymer processing
- Window film application



## OTHERS

This segment includes sales of second-hand goods, cars, motorcycle goods sold at Group stores, sales of fuels sold at service stations, revenues from royalties paid by franchisees, and lease payments for stores that franchisees lease from the Company. In the year under review, we recorded increased sales of automobiles and motorcycle goods.



# AUTOBACS GROUP STORES



## Super AUTOBACS Type I, and Type II

Stores with considerably bigger sites and parking lots, as well as more counters and service bays, than conventional AUTOBACS stores. With a full lineup of offerings that reflect the latest trends, these stores provide enjoyable driving experiences. Type I stores (left) are the flagship stores of the Group with sales floor space of 1,650m<sup>2</sup> or more. Type II stores (right) are key regional stores with a sales floor space of between 990m<sup>2</sup> and 1,650m<sup>2</sup>.



## AUTOBACS

The first automotive goods and services stores in Japan to offer customers a one-stop shopping experience. Sales floor space ranges between 495m<sup>2</sup> and 990m<sup>2</sup>. Stores sell and fit car accessories, and engage in vehicles sales, statutory safety inspection and maintenance services.



## AUTO HELLOES

Stores based in Hokkaido. They provide multi-faceted support for customers living in a colder climate.



## AUTOBACS Hashiriya Tengoku Secohan Ichiba

Stores specialize in the sale of automotive goods traded in by customers at AUTOBACS Group stores and outlet products from manufacturers.



## AUTOBACS EXPRESS

Supplemental store type for small commercial areas. There are two types of AUTOBACS EXPRESS store: stores attached to gas stations, and those that sell automotive goods, centering on limited consumables.







### AUTOBACS CARS

Purchase and sale of used cars, as well as sale of new cars. With a few exceptions, AUTOBACS CARS counters are located inside AUTOBACS and SUPER AUTOBACS outlets.

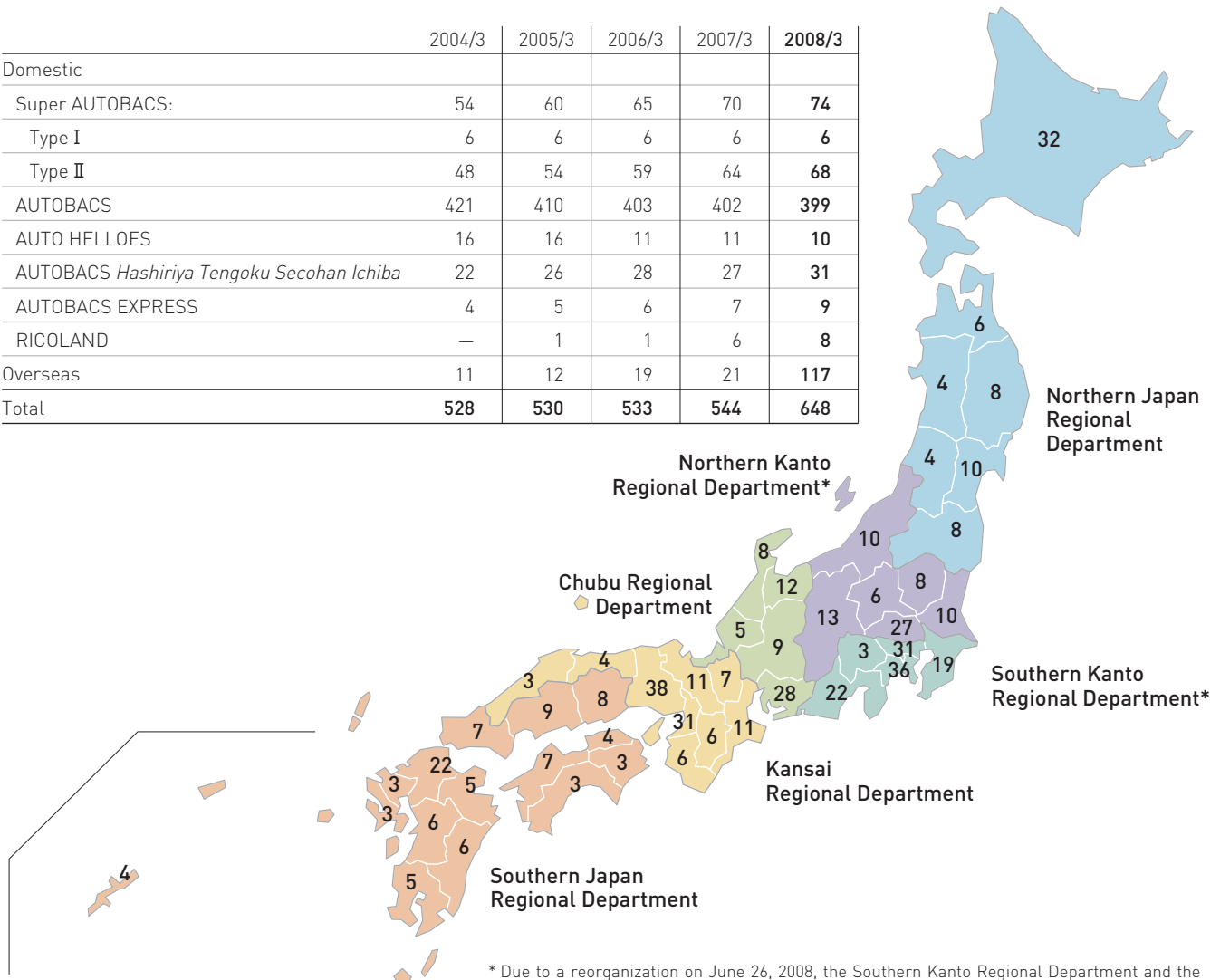


### RICOLAND

Stores specialize in the sale and fitting of motorcycle accessories and parts, as well as motorcycle safety inspections.

## STORE NETWORK (as of March 31, 2008)

	2004/3	2005/3	2006/3	2007/3	2008/3
Domestic					
Super AUTOBACS:	54	60	65	70	74
Type I	6	6	6	6	6
Type II	48	54	59	64	68
AUTOBACS	421	410	403	402	399
AUTO HELLOES	16	16	11	11	10
AUTOBACS Hashiriya Tengoku Secohan Ichiba	22	26	28	27	31
AUTOBACS EXPRESS	4	5	6	7	9
RICOLAND	—	1	1	6	8
Overseas	11	12	19	21	117
Total	528	530	533	544	648



\* Due to a reorganization on June 26, 2008, the Southern Kanto Regional Department and the Northern Kanto Regional Department were merged to form the Kanto Regional Division.

## OVERSEAS STORE NETWORK

(as of March 31, 2008)

### Europe



#### France

Stores managed by consolidated subsidiaries: 7  
Stores managed by franchisees: 2

### North America



#### United States

Stores managed by consolidated subsidiaries: 89  
(Includes 88 STRAUSS Discount AUTO stores)

### Asia



#### Thailand

Stores managed by consolidated subsidiaries: 2



#### Singapore

Stores managed by consolidated subsidiary: 1



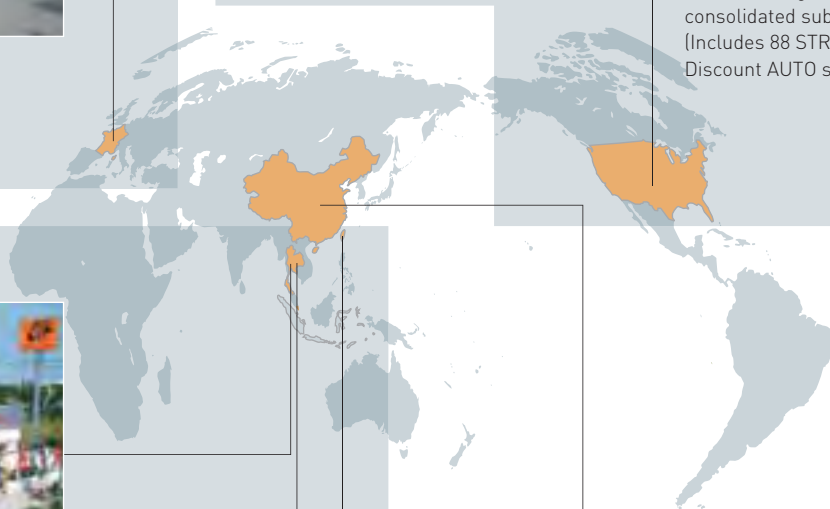
#### Taiwan

Stores managed by consolidated subsidiaries: 4



#### China

Stores managed by consolidated subsidiaries: 2  
Stores managed by equity method affiliates: 4  
Stores managed by franchisees: 6





# management:

## The AUTOBACS Management System

The Group is endeavoring to reinforce corporate governance by rebuilding its management system in order to obtain the support and trust of all its stakeholders. We also engage proactively in CSR initiatives as a good corporate citizen.

# CORPORATE GOVERNANCE

Through the franchise system, the AUTOBACS Group provides a variety of goods and services to a huge number of customers. We recognize that maintaining and enhancing the AUTOBACS brand to earn further support and trust from all stakeholders is our most important management challenge. Accordingly, we have worked continuously to clarify management responsibilities and increase the speed of decision-making by streamlining our management structure. At the same time, we are striving to raise management transparency by strengthening the management oversight function and enhancing timely disclosure, in order to fulfill our corporate social responsibilities.

## CORPORATE GOVERNANCE FRAMEWORK: IMPLEMENTATION STATUS

### Management Decision-Making and Control System

#### (1) System of Directors and Executive Officers

Since introducing an executive officer system in June 2002, AUTOBACS has worked to strengthen the oversight function of the Board of Directors by separating the Board of Directors' responsibilities for corporate decision making and the executive officers' responsibilities for execution.

On June 26, 2008, we appointed four independent outside directors and established the new Governance Committee, spearheaded by those outside directors, thus further strengthening the oversight function.

The Company has nine directors, five of whom serve concurrently as executive officers, including the representative director.

Four outside directors bolster the oversight function of the Board of Directors and enhance the quality of the Board's deliberations by drawing on their wide-ranging management experience and expertise.

Executive officers are appointed by the Board of Directors. Their tenures are limited to one year (as is the case with Board members) to ensure swift and flexible response to ever-changing business conditions and clarify their responsibilities on an annual basis.

The Chief Executive Officer has ultimate responsibility and the Chief Operating Officer is in charge of business strategies. Three Managing Executive Officers together handle business strategies and management control, as well as strategic functions related to personnel, finance, and information systems. These five executive officers, together with 14 officers, spearhead the Company's pursuit of swift and efficient operations.

#### (2) Decision-Making and Business Execution System

In addition to Board of Directors monthly meetings, there are two other important decision-making forums: the Executive Committee, chaired by the CEO and attended by executive officers, and the Officers Committee, attended by all officers. Both committees meet once a month.

Through meetings of the Executive Committee, company-wide policies and plans are formulated, and items to be resolved at Board of Directors meetings are discussed in advance. At meetings of the Officers Committee, the progress of mid-term and annual management plans is discussed and checked. At the same time, operating results, including those of subsidiaries, are discussed and measures for improvement are considered.

Officers adhere strictly to instructions and commands under the management system determined by the Board of Directors. They conduct in accordance with their delegated authority and execute business appropriately and efficiently. The five executive officers (who are also directors) are responsible for reporting matters related to business execution to the Board of Directors.

#### (3) Management Auditing and Oversight

In addition to reinforcing the independence of corporate auditors from the Board of Directors (pursuant to revisions of laws in recent years), we are also working to further strengthen the audit function of corporate auditors. To this end, we added one outside corporate auditor, bringing the total to five, including three outside corporate auditors.

Corporate auditors attend meetings of the Board of Directors, Executive Committee, and Officers Committee and offer advice and opinions. They also conduct internal audits, as well as audits of subsidiaries in Japan and overseas, in accordance with auditing policies and plans determined by the Board of Corporate Auditors. Corporate auditors implement rigorous oversight of the Board of Directors' decision-making and execution of operations.

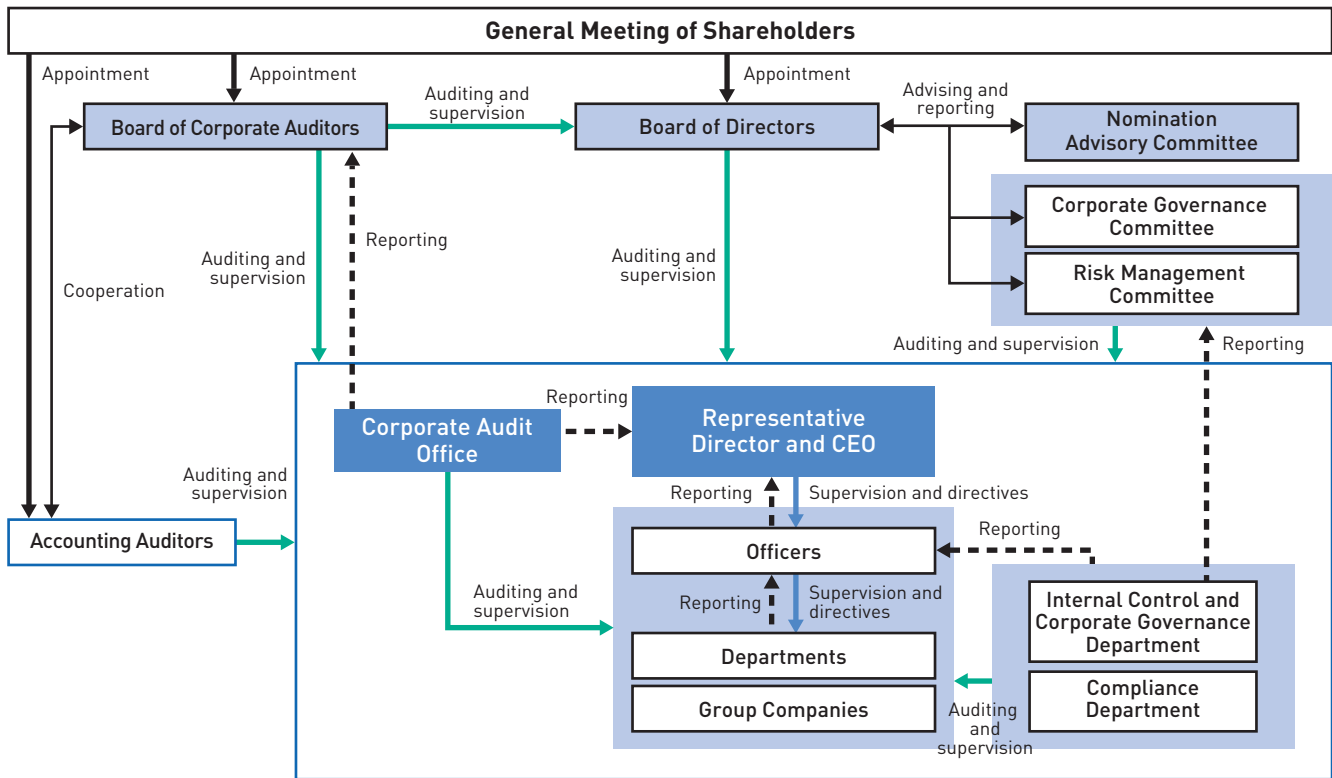
#### (4) Internal Auditing Organization

The Audit Office, which was established as an internal auditing organization, monitors the Company's internal control systems and flexibly performs internal audits of the Company and its subsidiaries. The Office reports the results of its audits to the corporate auditors, the CEO, and other executive officers and issues corrective guidance to relevant divisions.

The Compliance Department plays a key role to ensure



## Corporate Governance System



[As of June 26, 2008]

widespread observance of the AUTOBACS Group Code of Conduct and its guidelines. These have been established to ensure that directors, officers, and employees strictly comply with all laws and regulations, and that business activities conform to a high level of ethical standards. To complement these activities, the Group has established the Orange Hotline (AUTOBACS internal reporting system), a third-party framework enabling employees who notice suspected violations of the Code of Conduct to report such incidents directly. Through the Orange Hotline, the Company is working to further raise the spirit of legal compliance.

The Company also set up the Internal Control Administration Department as part of its establishment of a risk management framework. The Department also acts as the staff of the Governance Committee, which was formed as an advisory organ to the Board of Directors. Through these actions the Company is reinforcing the check function of its corporate governance system.

In addition, the Company formulated a set of Risk Management Regulations and established the Risk

Management Committee in order to operate and control an effective risk management system.

### (5) Process for Appointing Directors

The Nomination Advisory Committee, appointed as an advisory body by the Board of Directors, advises the Board regarding the suitability of candidates for directorships as an effort to improve the objectivity and transparency of the appointment process.

In appointing members for this Committee, the most important factor for the Board of Directors is ensuring the objectivity and transparency of the Committee.

# COMPLIANCE SYSTEM

In addition to strengthening its compliance system, the Company widely promotes the importance of business activities that conform to legal and ethical rules to all members of the AUTOBACS Group, including the head office, subsidiaries, and franchise stores.

From the AUTOBACS Group's standpoint, compliance extends far beyond adherence to legal regulations and corporate ethics. We define compliance to mean meeting the legitimate expectations of all our stakeholders. This is clearly explained in our Code of Conduct and its guidelines, which form the basis of our compliance system. Based upon this basis we are working to promote compliance.

Specific initiatives are spearheaded by the Compliance Task Force, which consists of representatives from relevant departments and meets monthly. The Task Force submits reports on behavior that contradicts the Code of Conduct and its guidelines to the officers and corporate auditors. In these ways, we are building a system to ensure swift Groupwide response to compliance-related issues.

## AUTOBACS Code of Conduct

(1) To customers	We consider peace of mind, satisfaction, and trust from the customer's viewpoint and provide the best merchandises, technologies, and services to meet customers expectations for total car-life services.
(2) To suppliers	We build fair relationships with all suppliers and implement sincere transactions in accordance with laws, regulations, and contracts.
(3) To shareholders and other investors	We act in the manner expected of a public company, fulfill our social responsibilities, and provide appropriate, timely disclosure of accurate company information, so that shareholders and investors can evaluate and understand the Company correctly.
(4) To society	We fully recognize our role as a member of society. We observe social rules and work for the betterment of society, aware of the public's ever-changing expectations and demands.
(5) To employees	We value diversity and inclusion and strive to create a sound and healthy work environment.
(6) To company assets	We manage and protect all of the company's tangible and intangible assets and rights and we do not use them inappropriately. At the same time, we respect the assets and rights of others.
(7) To antisocial behavior	We adopt an uncompromising attitude to anti-social behavior, which threatens the order and safety of civil society and prevents the sound advancement of the corporate sector. We sever any ties to such behavior and reject any improper demands.

## ORANGE HOTLINE

The Group established the Orange Hotline, an internal reporting system, to facilitate reporting of legal violations and compliance-related issues. 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. At its meeting in December 2006, the Board of Directors resolved to further strengthen the compliance system by formulating a set of regulations aimed at reinforcing the effectiveness of the Orange Hotline. In the year under review, five cases were reported via the Hotline.

## INFORMATION CONTROL SYSTEM

In April 2006, the Group revised Document Control Regulations and established Confidential Information Control Regulations in order to promote more effective management of information on a Groupwide basis. Important paper documents — such as materials distributed at meetings of the Board of Directors and Executive Committee, as well as minutes of such meetings — must be stored in securely locked cabinets. Access to the Group's information systems is strictly limited and encryption techniques used, while electronic documents must be password-protected.

To create a system for the proper protection of personal information, we also set up the Personal Information Protection Committee, which reports directly to the CEO. The Committee held 51 in-house training sessions in the year under review and pursues other initiatives aimed at assuring effective information control throughout the Group, including at the Company, subsidiaries, and stores.

## PRODUCT QUALITY CONTROL SYSTEM

The AUTOBACS Group undertakes quality control according to its Product Quality Control Regulations, which were revised in March 2007. Our quality control system covers not only in-house brand merchandises 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.

With the most abundant merchandise lineup in the industry, the AUTOBACS Group is stepping up activities aimed at providing consistent levels of quality control across the entire aftermarket.

## SOCIAL CONTRIBUTION INITIATIVES

The Company's aim is to "offer a valuable life through cars" to every person associated with the AUTOBACS Group. With this in mind, we actively engage in environmental protection initiatives and a wide range of support activities as part of our business operations.

### ENVIRONMENTAL PROTECTION

As a company whose business is associated with cars, the Company fully recognizes the need for an ongoing commitment to environmental protection. In line with this belief, we have a reporting system to check the status of waste disposal consignment at all Group stores, minimize and eliminate potential risks posed by any illegal waste disposal, and ensure that all waste is handled properly. Our Logistics Center strives to reduce packaging materials that place a burden on the environment. For example, it uses reusable foldable containers for distributing merchandises to stores. The Company sells second-hand goods traded in by customers at AUTOBACS *Hashiriya Tengoku Secohan Ichiba* stores, with the aim of maximizing product life cycles. As a responsible corporate citizen, we undertake a range of other environmental initiatives. These include an annual volunteer work on Mount Fuji to remove garbage and a weekly clean-up of the area surrounding the Company's head office.

In April 2008, we launched an environmentally friendly "Eco Car Life" program. Through the program we provide customers with environment-related information by attaching original ECO stickers to environmentally conscious items, including energy-saving oils and goods that fall under the Green Purchasing Law. We have also set up collection boxes in all of our stores nationwide for the blades and rubber parts of used window wipers. We intend to continue improving our customers' knowledge about environmentally friendly automotive goods and issues.



Annual clean-up activities at Mount Fuji

### MOTORSPORTS SPONSORSHIP

As a company whose business is related to automobiles, we provide venues and opportunities that allow many people to experience the excitement and thrill of cars. As part of these activities, we support a variety of motorsports, including the Super GT series, the most popular motorsports event in Japan.

Another activity is the ARTA (AUTOBACS RACING TEAM AGURI) Project, which we set up with Mr. Aguri Suzuki, prominent in Japan as a former F1 Driver. The aim of the project is to foster young Japanese racing drivers with the potential to succeed on the world stage. Our participation in motorsports ranges from domestic go-cart races at the grass roots level and to top-level events, such as the Super GT and Formula Japan.



ARTA Garaiya competing in the Super GT series

### KIDZANIA TOKYO

The Company established the Car Life Support Center at Kidzania Tokyo, a for-children-by-children town opened in October 2006. At the Center, children can experience an enjoyable day with cars and to get acquainted with traffic rules, with the aim of positively contributing to a safe car society.



Children being taught at the Car Life Support Center at Kidzania Tokyo



# DIRECTORS AND OFFICERS

[As of June 26, 2008]

## Directors



Norio Hattori   Yasuo Nakata   Kenichi Takeda   Yasuhiro Tsunemori   Setsuo Wakuda   Hidehiro Ide   Hironori Morimoto   Eiju Miyauchi   Tatsuya Tamura

## Auditors



Tomoaki Ikenaga   Kotaro Morino   Akira Nogami   Hiroshi Sumino   Kensuke Tanabe

## Directors

<b>Representative Director</b>	Setsuo Wakuda
<b>Directors</b>	Yasuhiro Tsunemori Hidehiro Ide Yasuo Nakata* <sup>1</sup> Eiju Miyauchi* <sup>1</sup> Hironori Morimoto Kenichi Takeda Tatsuya Tamura* <sup>1</sup> Norio Hattori* <sup>1</sup>

## Auditors

<b>Corporate Auditors</b>	Akira Nogami Kotaro Morino* <sup>2</sup> Hiroshi Sumino Kensuke Tanabe* <sup>2</sup> Tomoaki Ikenaga* <sup>2</sup>
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\*<sup>1</sup> Outside corporate director as stipulated under the Corporate Law of Japan

\*<sup>2</sup> Outside corporate auditor as stipulated under the Corporate Law of Japan

## Officers

Setsuo Wakuda Chief Executive Officer
Yasuhiro Tsunemori Chief Operating Officer, Corporate Strategy and Overseas Operation
Hidehiro Ide Senior Executive Officer, Business Management, Finance, Accounting and Group Companies Management
Hironori Morimoto Senior Executive Officer, Regional and Area Strategy
Kenichi Takeda Senior Executive Officer, Merchandising Strategy
Hiroaki Ito Northern Japan Region
Teruyuki Matsumura Kanto Region
Yuzuru Toide Chubu Region
Kiomi Kobayashi Kansai Region
Tetsuya Kato Southern Japan Region
Shinichi Fujiwara Area Strategy
Kozo Sumino Car Aftermarket Business and Merchandising Strategy Planning
Masachika Sumikura Car Maintenance Business
Kosuke Kaya AUTOBACS CARS Business
Yoshihiro Emoto Overseas Business
Satoshi Kohira Internal Control
Hiroki Yoshiyama Corporate Planning
Eiji Kaminishizono Human Resources and General Affairs
Isao Hirata Information Systems

# LIST OF PRINCIPAL CONSOLIDATED SUBSIDIARIES AND EQUITY METHOD COMPANIES

[As of March 31, 2008]

<b>Wholesale</b>	Wholesale of car goods and automobiles to franchisees.
<b>Retail</b>	Sale of automotive goods, automobiles, and related services, including statutory safety inspections principally to consumers.
<b>Others</b>	Operational support for wholesale operations, retail operations, and franchisees and development of new store formats.

## CONSOLIDATED SUBSIDIARIES

Company name	Location	Capital stock or equity contribution (¥ million)	Percentage of voting rights held [%]
<b>Retail</b>			
A.M.C. Co., Ltd.	Sapporo, Hokkaido	495	100.0
ADR Ltd.	Shimohei-gun, Iwate	258	80.0
Car Life Ltd.	Sendai, Miyagi	99	100.0
Autobacs Benefit Ltd.	Chiba, Chiba	150	100.0
AUTOBACS Alpha Ltd.	Ichikawa, Chiba	225	100.0
Autobacs Chiba Ltd.	Kashiwa, Chiba	200	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.	Neyagawa, 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 U.S.A., INC.	California, U.S.A.	US\$3.0 million	100.0
AUTOBACS STRAUSS INC.	Delaware, U.S.A.	US\$20.0 million	100.0 (100.0)
SHANGHAI AUTOBACS PAIAN AUTO SERVICE Co., Ltd.	Shanghai, China	US\$4.5 million	65.0
AUTOBACS TAIWAN Co., Ltd.	Taipei, Taiwan	NT\$84 million	100.0
Siam Autobacs Co., Ltd. * <sup>3</sup>	Bangkok, Thailand	39.9 million Thai baht	49.9
<b>Retail and Wholesale</b>			
AUTOBACS FRANCE S.A.S.	Pierrelaye, France	21.3 million euro	100.0
AUTOBACS VENTURE SINGAPORE Pte. Ltd.	Singapore, Singapore	S\$6.4 million	93.8
CARS Sapporo Co., Ltd.	Sapporo, Hokkaido	30	100.0
DIA BACS Co., Ltd.	Koto-ku, Tokyo	100	60.0
<b>Wholesale</b>			
AUTOBACS SHANGHAI TRADING Co., Ltd.* <sup>3</sup>	Shanghai, China	US\$1.0 million	41.0
AUTOBACS Qiche Yong Pin Co., Ltd.	Beijing, China	US\$5.0 million	100.0
PALSTAR.K.K.	Yokohama, Kanagawa	200	51.0
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 (%)
<b>Others</b>			
AUTOBACS SERVICE DEVELOPMENT CO.,Ltd.	Koto-ku, Tokyo	10	100.0
AUTOBACS Management Service Ltd.	Koto-ku, Tokyo	90	100.0
A.B. Consulting Co., Ltd.	Koto-ku, Tokyo	10	100.0
AUTOBACS SYSTEM SOLUTION CO., LTD.	Koto-ku, Tokyo	95	100.0
BRAIN-ING Co., Ltd.	Koto-ku, Tokyo	50	90.0
Car Life Comprehensive Institute Ltd.	Koto-ku, Tokyo	20	100.0
ALFI Ltd.	Koto-ku, Tokyo	490	100.0
A・I・P Ltd.	Koto-ku, Tokyo	245	65.0
AUTOBACS Insurance Service Co., Ltd.	Koto-ku, Tokyo	15	100.0
Support-A Ltd.	Shibuya-ku, Tokyo	35	92.9
Seibu Driving School Co., Ltd.	Kodaira, Tokyo	15	100.0
Tama Driving School Co., Ltd.	Hino, Tokyo	160	100.0

The Company has 21 consolidated subsidiaries in addition to the abovementioned companies, giving a total of 61 consolidated subsidiaries.

## EQUITY METHOD COMPANIES

Company name	Location	Capital stock or equity contribution (¥ million)	Percentage of voting rights held (%)
<b>Retail</b>			
Hokuei Shoji Ltd.* <sup>4</sup>	Morioka, Iwate	90	16.3
Puma Ltd.	Tonami, Toyama	33	30.5
BLUE OCEAN Ltd.* <sup>4</sup>	Kumagaya, Saitama	69	17.1
Buffalo Ltd.* <sup>5</sup>	Kawaguchi, Saitama	510	24.2
FUNUS Corporation	Minato-ku, Tokyo	200	25.0
ZHEJIANG YUANTONG AUTOGOODS Co., Ltd.	Hangzhou, China	RMB10 million	25.0
<b>Wholesale</b>			
Daytona International Trading Corporation* <sup>5</sup>	Shuchi-gun, Shizuoka	412	21.4

\*1 Percentage of voting rights held listed in brackets represents an indirect holding.

\*2 Capital figure includes capital reserve as the capital is held for various purposes.

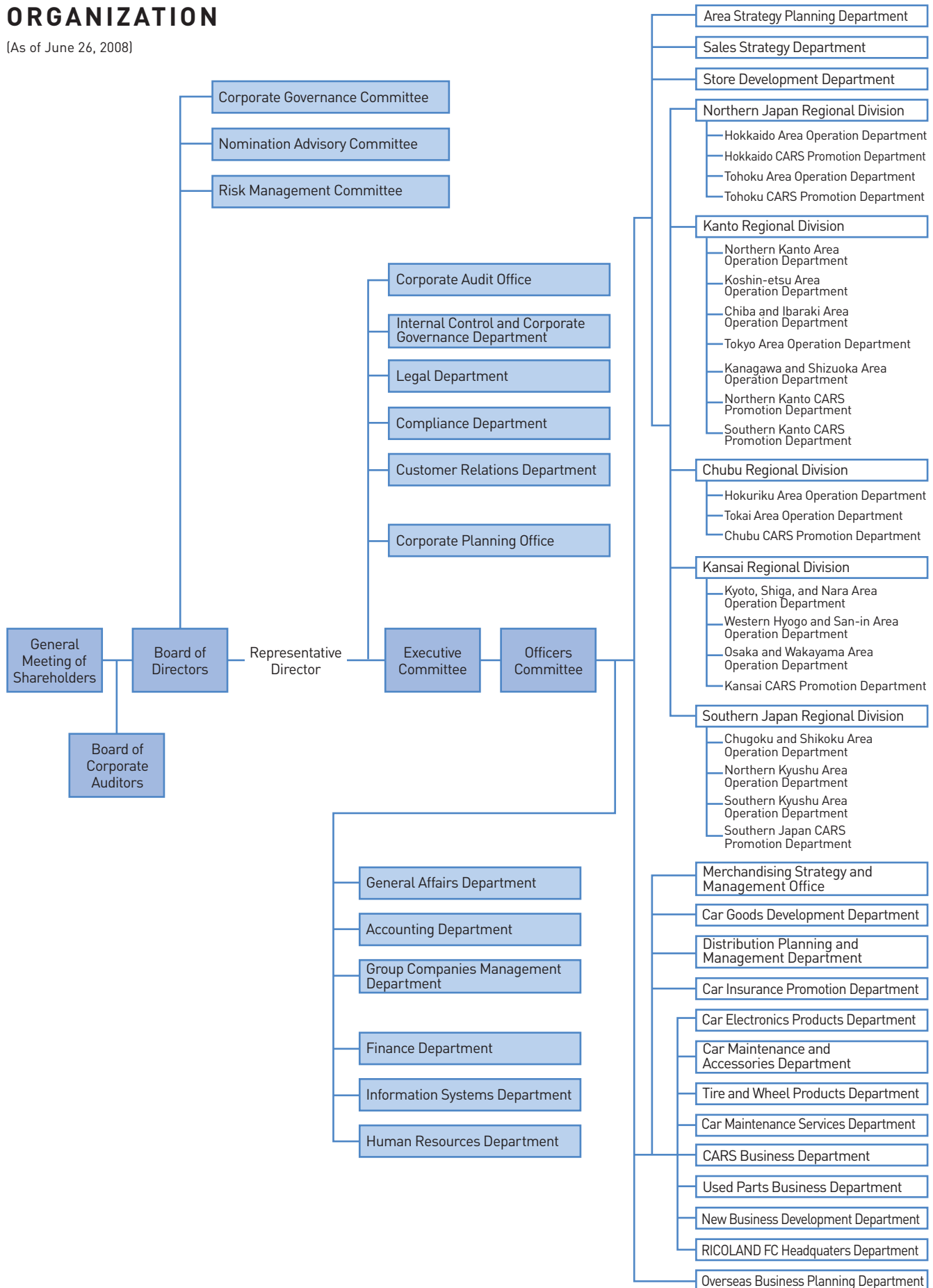
\*3. The Company holds 50% or less of the voting rights for this company. However, it is treated as a subsidiary because the Company effectively controls it.

\*4. The Company holds 20% or less of the voting rights for this company. However, it is treated as an equity method company because the Company effectively influences it.

\*5. The entity issues financial statements.

# ORGANIZATION

(As of June 26, 2008)



# CORPORATE DATA

[As of March 31, 2008]

## AUTOBACS SEVEN CO., LTD.

Head Office	6-52, Toyosu 5-Chome, Koto-Ku, Tokyo, 135-8717, Japan
Corporate Website	<a href="http://www.autobacs.co.jp/">http://www.autobacs.co.jp/</a>
Date of Foundation	February 1947
Paid-in Capital	¥33,999 million
Number of Employees	6,492 (consolidated)
Main Business Offices (As of June 26, 2008)	Northern Japan Regional Division (Sendai, Miyagi) Kanto Regional Division (Ichikawa, Chiba) Chubu Regional Division (Nagoya, Aichi) Kansai Regional Division (Suita, Osaka) Southern Japan Regional Division (Fukuoka, Fukuoka)

## CORPORATE HISTORY

February 1947	The late Toshio Sumino founded Suehiro Syokai as a privately owned wholesaler of automobile parts in Fukushima-ku, Osaka.
August 1948	Transferred into a joint-stock company to establish Fuji-Syokai Co., Ltd., in Osaka and began the wholesale of automobile parts.
January 1958	Wholesale division spun off to form DAIHO-SANGYO Co., Ltd.
December 1958	Established the Drive Shop Division.
November 1974	Opened AUTOBACS Higashi Osaka Store as the Company's first directly managed, one-stop specialty store for car goods and services.
April 1975	Opened AUTOBACS Hakodate Nakamichi Store as the Company's first franchise chain store.
February 1978	Changed trade name from Fuji-Syokai Co., Ltd., to AUTOBACS SEVEN CO., LTD.
March 1979	AUTOBACS SEVEN CO., LTD., merged with DAIHO-SANGYO Co., Ltd., and Autobacs Higashi Osaka Co., Ltd. and the new company was called DAIHO-SANGYO Co., Ltd.
March 1980	Trade name changed to AUTOBACS SEVEN CO., LTD.
April 1981	Opened first directly managed store in eastern Japan, in Koshigaya.
June 1984	Head office relocated to Suita, Osaka.
March 1989	Listed on Second Section of Osaka Securities Exchange.
June 1993	Head office relocated to Toyonaka, Osaka.
August 1993	Listed on Second Section of Tokyo Stock Exchange.
September 1993	Designated for listing on first sections of Tokyo Stock Exchange and Osaka Securities Exchange.
March 1995	Listed on London Stock Exchange.
March 1997	Opened first Super AUTOBACS store in Naganuma, Chiba, as a new store format targeting larger commercial areas.
October 1998	Formed capital and operational tie-up with AUTO HELLOES Co., Ltd. (currently A.M.C. Co., Ltd.)
August 1999	Established AUTOBACS SEVEN Europe S.A.S. (currently AUTOBACS FRANCE S.A.S.) as a joint venture company with RENAULT Societe Anonyme.
January 2001	Launched Internet shopping website: <a href="http://www.autobacs.com">http://www.autobacs.com</a> .
June 2001	Head office relocated to Minato-ku, Tokyo.
October 2002	AUTO HELLOES Co., Ltd. (currently A.M.C. Co., Ltd.), becomes a wholly owned subsidiary through an exchange of shares.
October 2004	Head office relocated to Koto-ku, Tokyo.
January 2006	Acquired six Eldorauto stores in France.
April 2006	Acquired franchise functions of RICOLAND, a retailer of motorcycle related goods, from RIDERS SUPPORT COMPANY Ltd.
March 2007	Delisted from London Stock Exchange.
May 2007	Acquired 89 stores of U.S. Car parts retailer STRAUSS Discount AUTO.
March 2008	Store network totaled 648 stores, comprising 282 stores included in consolidation (109 overseas and 173 domestic) and 366 franchise chain stores (8 overseas and 358 domestic).

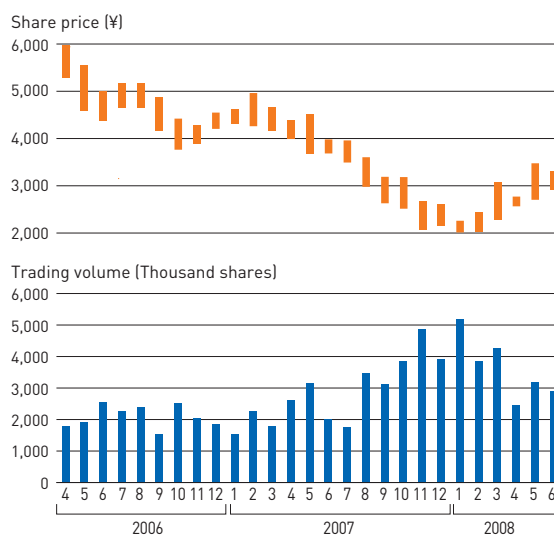


# SHARE INFORMATION

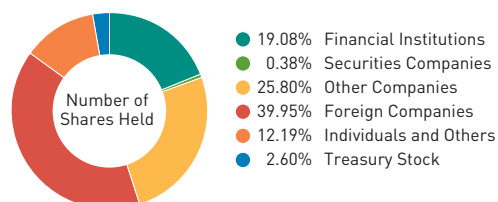
[As of March 31, 2008]

Total Number of Authorized Shares	109,402,300 shares
Common Stock Issued	39,255,175 shares
Number of Shareholders	12,342
Settlement Date	March 31
Record Dates	Annual General Shareholders' Meeting: March 31 Year-end dividends: March 31 Interim dividends: September 30 Prior notice of extraordinary dividends payments made as required.
Share Trading Unit	100 shares
Newspaper Used for Notifications	Nihon Keizai Shimbun The Company discloses balance sheets, statements of income, and related information at: <a href="http://www.autobacs.co.jp/">http://www.autobacs.co.jp/</a>
Stock Listings	Osaka Securities Exchange Tokyo Stock Exchange
Independent Auditor	Deloitte Touche Tohmatsu
Transfer Agent	The Sumitomo Trust and Banking Co., Ltd. 4-4, Marunouchi 1-chome, Chiyoda-ku, Tokyo

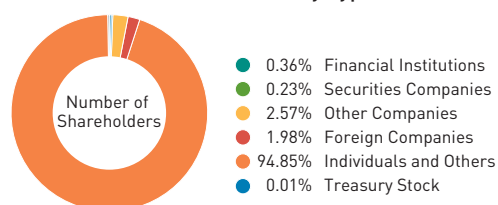
## Share Price Trend\*



## 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 (%)
Sumino Holdings, Ltd.	5,157	13.14%
Ichigo Asset Trust	2,810	7.16
Northern Trust Company (AVFC) Sub Account American Client	2,019	5.14
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,436	3.66
State Street Bank and Trust Company 505019	1,337	3.41
Japan Trustee Service Bank, Ltd. (Trust Account)	1,328	3.38
The Yuumi Memorial Foundation for Home Health Care	1,000	2.55
TAM TWO	896	2.28
Sumisho Holdings, Ltd.	800	2.04
Japan Trustee Service Bank, Ltd. (Trust Account 4)	740	1.89
Total	17,526	44.65



**AUTOBACS SEVEN CO., LTD.**

NBF Toyosu Canal Front., 6-52, Toyosu 5-Chome, Koto-Ku, Tokyo, 135-8717, Japan