



April 26, 2019

AUTOBACS SEVEN announces Partial Amendment of the Articles of Incorporation

April 26, 2019 (Tokyo, Japan) — AUTOBACS SEVEN Co., Ltd. (“the Company,” Representative Director and Chief Executive Officer: Kiomi Kobayashi) announces that its Board of Directors resolved at the meeting held today to propose a partial amendment of its Articles of Incorporation at its 72nd Ordinary General Meeting of Shareholders scheduled to be held on June 21, 2019.

1. Purpose of the amendment to the Articles of Incorporation

1) As separately disclosed in the notice “AUTOBACS SEVEN announces Transition to Company with an Audit and Supervisory Committee” dated January 28, 2019, the Company shall make a transition to a company with an Audit and Supervisory Committee from a company with an Audit and Supervisory Board in order to further enhance the corporate governance structure, sustain its growth and enhance its value in the medium and long terms subject to the approval at the 72nd Ordinary General Meeting of Shareholders scheduled to be held on June 21, 2019. Amendments to the Articles of Incorporation in connection with the transition are as follows.

- (1) Establishment of provisions pertaining to the Audit and Supervisory Committee and the directors who will be the members of it, as well as deletion of the provisions relating to the Audit and Supervisory Board and its members.
- (2) Establishment of provision to enable all or part of important business execution decisions (excluding matters set forth in items of Article 399-13, Paragraph 5 of the Companies Act) to be delegated to a director, by resolution of the Board of Directors.
- (3) Other necessary amendments to certain articles in line with the transition to a company with an Audit and Supervisory Committee.

2) Other overall amendments to the Articles of Incorporation

In conjunction with the above amendments, revisions will be made as necessary to the numbering of Articles and wording.

2. Details of the amendment

The details of the amendment are as stated in the appendix.

3. Schedule (Tentative)

Ordinary General Meeting of Shareholders for
the amendment to the Articles of Incorporation : Friday, June 21, 2019

Effective date of the amendment to the
Articles of Incorporation : Friday, June 21, 2019

【Appendix】

The proposed amendments are as follows.

(Underlined parts to be amended)

Present Articles	Proposed Amendment
<p>CHAPTER 1. GENERAL PROVISIONS Article 1-3: <Omitted></p> <p>(Establishment of Organs) Article 4: The Company shall have the Board of Directors, <u>the audit and supervisory board members, the Audit and Supervisory Board</u> and the independent auditor, in addition to the general meeting of shareholders and directors.</p> <p>Article 5: <Omitted></p>	<p>CHAPTER 1. GENERAL PROVISIONS Article 1-3: <Unchanged></p> <p>(Establishment of Organs) Article 4: The Company shall have the Board of Directors, <u>the Audit and Supervisory Committee</u> and the independent auditor, in addition to the general meeting of shareholders and directors.</p> <p>Article 5: <Unchanged></p>
<p>CHAPTER 2. SHARES Article 6-10: <Omitted></p> <p>(Shareholder Register Administrator) Article 11: <Omitted></p> <p>2. The shareholder register administrator and its workplace shall be designated by a resolution of the Board of Directors and announced publicly.</p> <p>3. <Omitted></p> <p>Article 12: <Omitted></p>	<p>CHAPTER 2. SHARES Article 6-10: <Unchanged></p> <p>(Shareholder Register Administrator) Article 11: <Unchanged></p> <p>2. The shareholder register administrator and its workplace shall be designated by a resolution of the Board of Directors <u>or a director authorized by a resolution of the Board of Directors</u> and announced publicly.</p> <p>3. <Unchanged></p> <p>Article 12: <Unchanged></p>
<p>CHAPTER 3. GENERAL MEETING OF SHAREHOLDERS Article 13-19: <Omitted></p>	<p>CHAPTER 3. GENERAL MEETING OF SHAREHOLDERS Article 13-19: <Unchanged></p>
<p>CHAPTER 4. DIRECTORS AND BOARD OF DIRECTORS (Number of Directors) Article 20: <u>The number of directors of the Company shall be twelve (12) or less.</u></p> <p><New establishment></p> <p>(Election of Directors) <New establishment></p> <p>Article 21: A resolution for the election of directors shall be adopted by a majority vote of the shareholders in attendance having one-third (1/3) or more of voting rights exercisable at the general meeting of shareholders.</p> <p><u>2.</u> <Omitted></p> <p>(Term of Office of Directors) Article 22: The term of office of directors shall expire at the end of the ordinary general meeting of</p>	<p>CHAPTER 4. DIRECTORS AND BOARD OF DIRECTORS (Number of Directors) Article 20: <u>The number of directors of the Company (excluding directors who are audit and supervisory committee members) shall be seven (7) or less.</u></p> <p>2. <u>The number of directors of the Company who are audit and supervisory committee members shall be five (5) or less.</u></p> <p>(Election of Directors) Article 21: <u>Directors shall be elected at the general meeting of shareholders by distinguishing directors who are audit and supervisory committee members and other directors.</u></p> <p><u>2.</u> <Unchanged></p> <p><u>3.</u> <Unchanged></p> <p>(Term of Office of Directors) Article 22: The term of office of directors <u>(excluding directors who are audit and supervisory committee</u></p>

Present Articles	Proposed Amendment
<p>shareholders held with respect to the last business year that end within one (1) year after their appointment.</p> <p><New establishment></p> <p><u>2.</u> The term of office of a director who was elected due to <u>an increase in the number of directors or as a substitute for a director who resigned prior to the expiration of his/her term of office shall expire at the time of expiration of the term of office of other serving directors.</u></p> <p>(Representative director) Article 23: The Board of Directors shall appoint a representative director by its resolution.</p> <p>Article 24: <Omitted></p> <p>(Convocation of Board of Directors Meeting) Article 25: Convocation notices for Board of Directors meetings shall be issued to the respective directors <u>and audit and supervisory board members</u> at least three (3) days prior to the date of such meeting. Provided, however, that this period may be shortened in case of emergency. Board of Directors meetings may be convened without notice in the presence of the consent of all directors <u>and audit and supervisory board members.</u></p> <p>Article 26: <Omitted></p> <p><New establishment></p> <p>(Board of Directors Regulations) Article <u>27</u>: Board of Directors regulations decided by the Board of Directors shall govern matters relating to the Board of Directors.</p> <p>(Remuneration, etc. of Directors) Article<u>28</u>: Remuneration, bonus and other property benefits received from the Company as compensation for execution of duties (<u>hereinafter referred to as "Remuneration, etc."</u>) of directors shall be determined by a resolution of general meeting of shareholders.</p>	<p><u>members</u>) shall expire at the end of the ordinary general meeting of shareholders held with respect to the last business year that end within one (1) year after their appointment.</p> <p><u>2.</u> The term of office of directors who are audit and supervisory committee members shall expire at the end of the ordinary general meeting of shareholders held with respect to the last business year that end within two (2) years after their appointment.</p> <p><u>3.</u> The term of office of a director who <u>are an audit and supervisory committee member and</u> was elected as a substitute for <u>such director</u> who resigned prior to the expiration of his/her term of office shall expire at the time of expiration of the term of office <u>of the resigned director who was an audit and supervisory committee member.</u></p> <p>(Representative director) Article 23: The Board of Directors shall appoint a representative director <u>from among the directors (excluding directors who are audit and supervisory committee members)</u> by its resolution.</p> <p>Article 24: <Unchanged></p> <p>(Convocation of Board of Directors Meeting) Article 25: Convocation notices for Board of Directors meetings shall be issued to the respective directors at least three (3) days prior to the date of such meeting. Provided, however, that this period may be shortened in case of emergency. Board of Directors meetings may be convened without notice in the presence of the consent of all directors.</p> <p>Article 26: <Unchanged></p> <p><u>(Delegation of Decisions on the Execution of Important Business)</u> Article <u>27</u>: The Company may delegate, in whole or in part, decisions on the execution of important business <u>(excluding items stated in Article 399, Paragraph 13-5 of the Companies Act) to directors by resolutions of Board of Directors pursuant to Article 399, Paragraph 13-6 of the said Act.</u></p> <p>(Board of Directors Regulations) Article <u>28</u>: Board of Directors regulations decided by the Board of Directors shall govern matters relating to the Board of Directors, <u>in addition to laws and regulations or the Articles of Incorporation.</u></p> <p>(Remuneration, etc. of Directors) Article <u>29</u>: Remuneration, bonus and other property benefits received from the Company as compensation for execution of duties of directors shall be determined by a resolution of general meeting of shareholders <u>by distinguishing such benefits for directors who are audit</u></p>

Present Articles	Proposed Amendment
<p><u>(Audit and Supervisory Board Regulations)</u> <u>Article 35: Audit and Supervisory Board regulations decided by the Audit and Supervisory Board shall govern matters relating to the Audit and Supervisory Board.</u></p> <p><u>(Remuneration, etc. of Audit and Supervisory Board Members)</u> <u>Article 36: Remuneration, etc. for audit and supervisory board members shall be determined by a resolution of general meeting of shareholders.</u></p> <p><u>(Exemption from Liability of Audit and Supervisory Board Members)</u> <u>Article 37: The Company may give exemption to audit and supervisory board members (including persons who have served as audit and supervisory board members) from liability within the amount of limit stipulated by laws and regulations, by a resolution of Board of Directors meeting.</u> <u>2. The Company may conclude an agreement with audit and supervisory board members to limit their liability under Article 427, Paragraph 1 of the Companies Act. The amount of limit of liability for damages under such agreement shall be the minimum amount of limit of liability stipulated by laws and regulations.</u></p>	<p><Deleted></p> <p><Deleted></p> <p><Deleted></p>
<p><New establishment></p> <p><New establishment></p> <p><New establishment></p> <p><New establishment></p>	<p><u>CHAPTER 5. AUDIT AND SUPERVISORY COMMITTEE</u> <u>(Convocation of Audit and Supervisory Committee Meetings)</u> <u>Article 31: Convocation notices for Audit and Supervisory Committee Meetings shall be issued to the respective audit and supervisory committee members at least three (3) days before the dates of such meeting. Provided, however, that this period may be shortened in case of emergency. Audit and supervisory committee meetings may be convened without notice in the presence of the consent of all audit and supervisory committee members.</u></p> <p><u>(Full-time audit and supervisory committee member)</u> <u>Article 32: The Audit and Supervisory Committee may select full-time audit and supervisory committee members by its resolutions.</u></p> <p><u>(Audit and Supervisory Committee Regulations)</u> <u>Article 33: The Audit and Supervisory Committee regulations decided by the Audit and Supervisory Committee shall govern matters relating to the Audit and Supervisory Committee in addition to laws or the Articles of Incorporation.</u></p>
<p>CHAPTER 6. ACCOUNTS Article <u>38-42</u>: <Omitted></p>	<p>CHAPTER 6. ACCOUNTS Article <u>34-38</u>: <Unchanged></p>
<p><New establishment> <New establishment></p>	<p><u>SUPPLEMENTARY PROVISIONS</u> <u>(Interim Measure Relating to the Exemption of Audit</u></p>



Present Articles	Proposed Amendment
	<p>and Supervisory Board Members from Liability) <u>Article 1: With respect to acts prior to the effectuation of the partial amendment of the Articles of Incorporation resolved at the 72nd Ordinary General Meeting of Shareholders, the Company may, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, by resolution of Board of Directors, give exemption to audit and supervisory board members from liability for damages to the Company caused by negligence of their duties within the amount of limit stipulated by laws and regulations.</u></p>

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