



June 28, 2019

**AUTOBACS SEVEN announces Disposal of Treasury Shares as
Restricted Stock Remuneration**

AUTOBACS SEVEN Co., Ltd.

June 28, 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 dispose treasury shares (the “Disposal of Treasury Shares” or “Disposal”) as follows.

1. Overview of the Disposal

(1)	Disposal date	July 26, 2019
(2)	Class and number of shares to be disposed	5,000 shares of the Company’s Common stock
(3)	Disposal price	¥1,806 per share
(4)	Total value of shares to be disposed	¥9,030,000
(5)	Recipients of shares to be disposed, number of recipients and number of shares to be disposed	Three directors of the Company (excluding outside directors and audit and supervisory board members); 5,000 shares

2. Purpose and reason for the Disposal

The Company resolved at the meeting of the Board of Directors held on April 26, 2019 to introduce a restricted stock remuneration plan (the “Plan”) for the Company’s directors (excluding outside directors and directors who are audit and supervisory committee members; “Eligible Directors”) for the purpose of providing a medium- to long-term incentive to sustainably increase the Company’s corporate value and of further enhancing value sharing with shareholders. Subsequently, at the 72nd Ordinary General Meeting of Shareholders held on June 21, 2019, it was approved that, pursuant to the Plan, monetary remuneration claims not exceeding ¥100 million per year shall be paid to the Eligible Directors as monetary remuneration as properties contributed to acquire restricted stocks (the “Restricted Stock Remuneration”), and that the transfer restriction period for restricted shares shall be the period specified by the Board of Directors of the Company, which is a period between three to thirty years from the day on which such shares are allotted.

An overview of the Plan and other relevant details are shown below.

[Outline of the Plan]

Under the Plan, the Eligible Directors shall pay in all monetary remuneration claims provided by the Company as properties contributed in kind and receive the issuance or Disposal of the Company’ common stock. In addition, under the Plan, the total number of shares of common stock of the Company that the Eligible Directors receive by issuance or Disposal by the Company shall be no more than 100,000 shares per year. The paid-in amount per share shall be determined by the Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution by the Board of Directors (or the closing price on the trading day immediately prior thereto if no transaction is made on such business day) within the extent that the amount will not be particularly advantageous to Eligible Directors who will subscribe the Company’s common stock under the Plan.

Furthermore, the issuance or Disposal of the Company’s common stock under the Plan shall be subject to a

restricted share allotment agreement to be entered into by and between the Company and each Eligible Director. The agreement shall include (1) provisions prohibiting Eligible Directors from transferring, creating any security interest on, or otherwise disposing of shares of the Company's common stock that have been received by allotment under the restricted share allotment agreement for a specified period, and (2) the Company shall acquire the said shares without contribution in the case where specified events happen.

On this occasion, after considering the purpose of the Plan, the Company's current business results, the scope of duties of each Eligible Directors, and other factors, the Company has decided to grant a total of 9,030,000 yen as the monetary remuneration claim (the "Monetary Remuneration Claim"), and 5,000 shares of the Company's common stock. In addition, considering that the purpose of introduction of the Plan is to provide an incentive to further promote shared values with shareholders over long-terms, the Company has decided the transfer restriction period as 30 years.

With the Disposal of Treasury Shares, three Eligible Directors, the planned allottees of shares, shall pay in all of the Monetary Remuneration Claim, which are claims against the Company, in the form of property contributed in kind for acquisition of the restricted shares, and shall receive the shares of the Company's common stock (the "Allotted Shares") pursuant to the Plan. With the Disposal of Treasury Shares, the overview of the restricted share allotment agreement (the "Allotment Agreement") to be entered into by and between the Company and each Eligible Director, is shown in the following item 3.

3. Overview of the Allotment Agreement

(1) Transfer restriction period: July 26, 2019 to July 25, 2049

(2) Condition for releasing transfer restrictions

The Company shall release transfer restriction on all of the Allotted Shares at the expiry of the transfer restriction period on the condition that the Eligible Directors continued to be the Company's Board member during the transfer restriction period.

(3) Treatment when an Eligible Director retires from its position during the transfer restriction period due to the expiry of term of office, reaching retirement age, or other justifiable reason

① Time of releasing transfer restrictions

In the event that an Eligible Director retires from the position of the Company's Member of the Board due to the expiry of term of office, reaching retirement age, or other justifiable reason (excluding retirement by death), the transfer restrictions shall be released at the time immediately after the retirement. In the case of retirement by death, the transfer restriction will be released at a time decided separately by the Board of Directors after the death.

② Number of shares subject to release

The number of shares of the Eligible Director whose transfer restrictions are released shall be calculated by multiplying the number of Allotted Shares held at the time of retirement by the number obtained (if such number exceeds 1, the number shall be rounded down to 1) by dividing the term of office (by month) subject to the transfer restriction period by 12 (provided, however, fractional shares less than one 100 shares will be dropped from the number of shares obtained by the calculation).

(4) Acquisition without cost by the Company

The Company shall take back all the Allotted Shares without cost after expiration of the transfer restriction period or the time of releasing transfer restriction shares prescribed in (3) above, if transfer restriction on Allotted Shares in question is still to be released



(5) Management of shares

The Allotted Shares shall be managed in dedicated accounts at Nomura Securities Co., Ltd. opened by each Eligible Director to ensure it is not possible to transfer, create any security interest on, or otherwise dispose of the shares during the transfer restriction period. The Company has entered into an agreement with Nomura Securities Co., Ltd. concerning management of the accounts of the Allotted Shares that are held by each Eligible Director to ensure the effectiveness of the transfer restrictions, etc. relating to the Allotted Shares. In addition, the Eligible Directors have agreed to the details of the management of the accounts.

(6) Treatment during reorganization, etc.

If an agenda item regarding a merger agreement in which the Company is to be the non-surviving company, or a share exchange agreement or share transfer plan in which the Company is to become a wholly owned subsidiary of another company, or other matters concerning reorganization, etc. is approved at the Company's General Meeting of Shareholders (or by Company's Board of Directors, if the reorganization, etc. does not require the approval of a general meeting of shareholders of the Company) during the transfer restriction period, the transfer restriction shall be lifted, subject to resolution of the Board of Directors, as of the time immediately before the business day prior to the effective date of said organizational restructuring, etc., in respect of the number of the Allotted Shares calculated by multiplying the number of the Allotted Shares held at said time by the number obtained (if such number exceeds 1, the number shall be rounded down to 1) by dividing the number of months between the month when the transfer restriction period started and the month to which the date of said approval belongs by 12 (provided, however, that if any fraction, less than 100 shares, arises as a result of the above calculation, the fraction shall be rounded off to the nearest hundred).

4. Basis of calculating the amount to be paid in for the Allotment Shares and other specific details

The Disposal of Treasury Shares to the planned allottees is carried out by using monetary compensation receivables provided to them as restricted share-based remuneration for the 73rd fiscal period of the Company pursuant to the Plan, as property contributed in kind. To eliminate any arbitrariness in the disposal value, the closing price of the Company's common stock on the First Section of Tokyo Stock Exchange on June 27, 2019 (the business day immediately preceding the date of resolution by the Board of Directors) of 1,806 yen is used as the disposal value. The Company believes that this value is reasonable insofar as it represents the share price on the market on the day immediately preceding the day of the relevant

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