

**AUTOBACS SEVEN announces Transition to Company
with an Audit and Supervisory Committee**

(Translation of Major Points of Japanese Release)

January 28, 2019 (Tokyo, Japan) – AUTOBACS SEVEN Co., Ltd. (Representative Director and CEO: Kiomi Kobayashi) announces that it has resolved at the Board of Directors meeting held today, a policy on transitioning to a company with an Audit and Supervisory Committee from a company with an Audit and Supervisory Board, subject to approval at the 72nd general shareholders' meeting to be held on June 21, 2019.

1. Background and purpose for transition

We have taken several measures to improve our corporate governance structure. These measures include increasing the presence of independent outside directors on the Board to more than 30%, and establishing a Corporate Governance Committee, an advisory organ to the Board of Directors. At the same time, we have taken actions to rejuvenate our domestic AUTOBACS business and nurture future growth drivers.

We decided to shift to a company with an Audit and Supervisory Committee as we believe it leads us to further sustainable growth and medium- to long-term improvement in corporate value with a more effective corporate governance system; separating business execution and supervision to pursue both effective and swift decision-making and appropriate monitoring of the management of the Company.

Under the new system, some voluntary undertakings are to be implemented. One of them is the establishment of a governance committee, which is an advisory organ to the Board of Directors that appoints candidates for directors and deliberate on important issues related to executive remuneration and corporate governance. The other is an election of a full-time audit and supervisory committee member. After transition, three out of seven directors of the Board are scheduled to be independent outside directors, bringing up the percentage of independent outside directors from the current 38% to 43%.

2. Transition schedule

The transition is scheduled to be effective after the approval of the necessary amendments to the articles of incorporation at the 72nd general shareholders' meeting to be held on June 21, 2019.

3. Others

- 1) The executive appointments after the transition to a company with an audit and supervisory committee has been separately disclosed today in the press release titled “AUTOBACS SEVEN announces Executive Appointments following the Transition to a Company with an Audit and Supervisory Committee” as of today.
- 2) The contents of amendments to the Articles of Incorporation relating to this matter is to be announced as soon as determined.