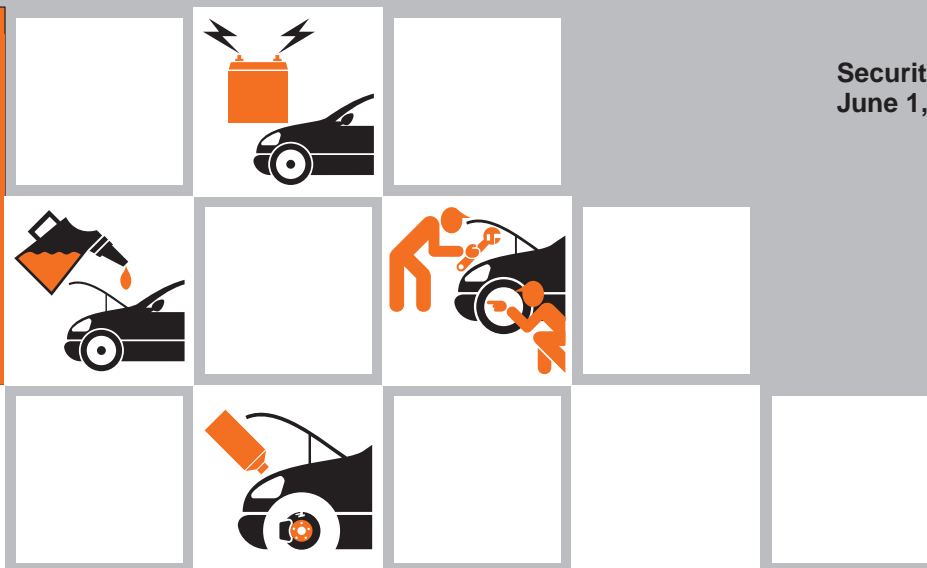


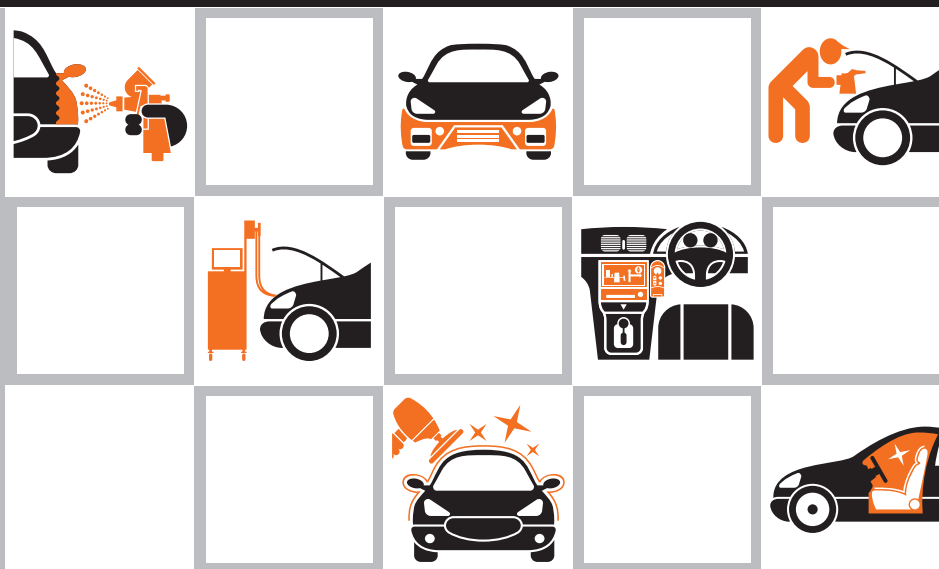


Securities code: 9832
June 1, 2010



AUTOBACS SEVEN CO., LTD.

THE 63RD ORDINARY GENERAL MEETING OF SHAREHOLDERS



▣ **Convocation notice**

▣ **Appendices**

Business Report
Financial Statements
(consolidated/non-consolidated)
Audit Report

▣ **Reference Documents**

(Translation)

(Securities code 9832)

[Disclaimer: Please note that this document is a translation of the official Japanese notice of convocation of the 63rd ordinary general meeting of shareholders of AUTOBACS SEVEN CO., LTD. prepared for the convenience of shareholders outside Japan with voting rights, for reference purposes only. In the case where there is any discrepancy between this translation and the official Japanese notice, the latter shall prevail.

June 7, 2010

Corporate philosophy of AUTOBACS Chain

The mission of AUTOBACS is to continue offering customers optimum car life experience and help create an affluent and healthy car society.

Corporate Code of Conduct of AUTOBACS SEVEN Group

We, all officers and employees of the AUTOBACS SEVEN Group, aspire to grow together with every one of our stakeholders through the implementation of all corporate activities while enhancing mutual relationships of trust. In so doing, we abide by the following corporate code of conduct.

[Attitude toward customers]

We offer customers optimum products, as well as technical and other services, from the standpoint of the customers, and serve their needs with the aim of achieving the customers' sense of security, satisfaction and trust.

[Attitude toward employees]

We respect each other's individuality and personality, and endeavor to create a sound and comfortable working environment.

[Attitude toward business partners]

We develop a fair business relationship with every business partner and conduct business transactions in good faith and in conformity with applicable laws, regulations and contracts.

[Attitude toward shareholders and investors]

We realize the social responsibility which we bear as a listed company, and therefore provide accurate corporate information in an appropriate and timely manner so as to receive correct evaluation and understanding of our corporate group.

[Attitude toward society]

We realize that we are members of the society and observe the social code. We also contribute to creating a better society by fulfilling the expectations and needs of the constantly changing society.

[Attitude toward corporate property]

We properly manage and protect the property and rights of our corporate group, tangible or intangible, and do not use them for illicit purposes. We also respect others' properties and rights.

[Attitude toward antisocial forces]

We show, to antisocial forces that pose threats to the order and security of civil societies and prevent companies from healthy growth and development, our firm resolve to cut off any relationship with such forces and to reject unreasonable demand.

* Selective excerpts of the code of conduct from the revised version dated December 25, 2009 of the "Corporate Code of Conduct and Action Guideline of the AUTOBACS SEVEN Group"

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Convocation Notice

Business Report

Consolidated
Financial Statements

Non-consolidated
Financial Statements

Audit Report

Reference Documents

To Our Shareholders

[Securities code: 9832]

June 1, 2010

6-52, 5-Chome, Toyosu, Koto-ku, Tokyo

AUTOBACS SEVEN CO., LTD.

Representative Director and CEO Setsuo Wakuda

NOTICE OF CONVOCAION OF THE 63RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Sirs and Madams:

You are cordially invited to attend the 63rd ordinary general meeting of shareholders. The meeting will be held as described below.

When attending the meeting in person, please submit the enclosed Exercise of Voting Rights form to the receptionist.

Particulars

1. Date and Time: 10:00 a.m., Thursday, June 24, 2010

2. Place: Hotel East 21 Tokyo, 3rd floor, Eitai Hall
3-3, Toyo 6-chome, Koto-ku, Tokyo

3. Agenda of the meeting:

Matters to be reported:

1. Reports on the business report, consolidated financial statements and audit results of the consolidated financial statements by the Accounting Auditors and the Board of Corporate Auditors for the 63rd Fiscal Term (from April 1, 2009 to March 31, 2010)
2. Report on the non-consolidated financial statements for the 63rd Fiscal Term (from April 1, 2009 to March 31, 2010)

Matters to be resolved:

Agenda Item No.1: Appropriation of retained earnings

Agenda Item No.2: Election of eight (8) directors

Agenda Item No.3: Election of one (1) corporate auditor

4. Guide for the exercise of voting rights by postal, via the Internet etc.

- (1) If you are unable to attend the meeting, you can exercise your voting rights by postal mail (the Exercise of Voting Rights form) or via the Internet (electromagnetic means). Please review the reference documents for the general meeting of shareholders and be sure to exercise your voting rights by **5:50 p.m., Wednesday June 23, 2010**.
 - ① To exercise voting rights by postal mail:

Indicate in the enclosed Exercise of Voting Rights form approval/disapproval for the respective proposals, and send the completed form to arrive us by the above time limit of voting.
 - ② To exercise voting rights via the Internet:

Comprehend well the “Guide to exercising voting rights via the Internet” (page 6) before accessing the website for exercising voting rights (<http://www.webdk.net>). Follow the instructions on the screen to enter approval/disapproval for the respective proposals, and send your votes electronically by the above time limit of voting.
- (2) In the case of exercising voting rights by postal mail, no indication of approval or disapproval for the respective proposals in the Exercise of Voting Rights form shall be deemed as approval for such proposals.
- (3) If you have exercised your voting rights several times via the Internet and there is a discrepancy among your votes for the same proposal, only the final execution shall be deemed effective.
- (4) If you have exercised your voting rights both by sending the Exercise of Voting Rights form and via the Internet, the vote made via the Internet shall be deemed effective.
- (5) AUTOBACS SEVEN participates in the “ICJ platform,” a platform for electronic exercise of voting rights by institutional investors which is operated by Investor Communications Japan, Inc (ICJ). In addition to the exercise of voting rights via the Internet, nominee shareholders (including standing proxies) such as trust banking companies may use the said platform as another electromagnetic means of exercising voting rights. The use of the platform needs application in advance.
- (6) If any modifications are made to the reference documents for the general meeting of shareholders, as well as to the business report, consolidated financial statements or non-consolidated financial statements, such modifications will be posted on the company website (<http://www.autobacs.co.jp>).

Guide to exercising voting rights

It is an important right of shareholders to exercise voting rights at the general shareholders' meeting. We, therefore, strongly suggest that you make sure to exercise your voting rights.

There are three ways to exercise voting rights as shown below:

- ① Attending the general shareholders' meeting



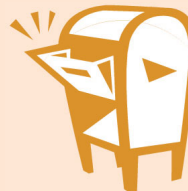
Submit your completed Exercise of Voting Rights form to the receptionist



- ② Sending the Exercise of Voting Rights form by postal mail to arrive in time



Indicate approval/disapproval for respective proposals before posting the form



- ③ Exercising voting rights via the Internet



Please see pages 6-11.

**Ballots received before 5:50 p.m.
June 23, 2010 are deemed valid.**

Guide to exercising voting rights via the Internet

To exercise voting rights via the internet, access the website for exercising voting rights (<http://webdk.net>) and follow the instructions on the screen to enter your approval or disapproval for the proposals.

<http://www.webdk.net>

[Inquires on the exercise of voting rights via the Internet]

If you have any questions about how to exercise your voting rights via the Internet, please contact the administrator below by calling the dedicated support line.

**Shareholder registry administrator: Stock Transfer Agency Department,
The Sumitomo Trust & Banking Co., Ltd.**

Dedicated support line: 0120-186-417 (toll-free in Japan, 24 hours a day)

Using a PC to access the website for exercising voting rights

1 Access the website for exercising voting rights

住友信託銀行

<Sample screen>

インターネット議決権行使 ログインページ

■「議決権行使コード」と「パスワード」を入力してください。

「議決権行使コード」「パスワード」を入力してください。
最初のログイン時には自動的にパスワード変更の画面へ移りますので、新しいパスワードを設定してください。

<ご注意>
当行からご郵送させていただいた「議決権行使コード」および「パスワード」は、半角大文字にてご入力願います。
また、パスワードの登録に際しまして、半角大文字、半角小文字のいずれでも登録可能となりますのでご留意願います。

議決権行使コード: [] [] [] []
パスワード: [] [] [] [] [] [] [] []

ログイン パスワード変更

終了する

Enter the “Exercise of Voting Rights Code” and “Password” printed in the Exercise of Voting Rights form enclosed with the convocation notice.

2 Select a choice to exercise voting rights

住友信託銀行

<Sample screen> 株主番号 00000

インターネット議決権行使

議決権行使 / 議決権行使確認 / 議決権行使完了

会社名
印 刷
開催日 年 月 日
議決権の数

※参考情報: 添付書類はここにアップ

■会社提案の全ての議案に賛成の場合: ① 全ての議案に賛成

■議案毎に議決権を行使される場合: ② 議案毎に行使

■不統一行使をされる場合: 不統一行使

ログアウト

お問合せ先: 住友信託銀行 証券代行部 ☎0120-100-417(インターネット議決権行使専用)
受付時間: 24時間

Choose either (1) Approve all proposals or (2) Exercise on each proposal.

3 If choosing (1) Approve all proposals

住友信託銀行

<Sample screen> 株主番号 00000

インターネット議決権行使

議決権行使 / 議決権行使確認 / 議決権行使完了

下記の内容で行使いたします。
よろしければ送信ボタンを押してください。
(なお、変更のある場合は「やり直し」ボタンを押してください。)

会社名
印 刷
開催日 年 月 日
議決権の数

■会社提案の全ての議案に賛成します。

プリントをお持ちの方で行使内容を確認してご保存ください。場合は画面右下の印刷ボタンを押してください。

印刷 送信 やり直し ログアウト

お問合せ先: 住友信託銀行 証券代行部 ☎0120-100-417(インターネット議決権行使専用)
受付時間: 24時間

Click the "Submit" button to approve all the proposals.

4 Enter approve/disapprove status in the case of (2) Exercise on each proposal

<Sample screen>

株主番号 00000271

インターネット議決権行使

議決権行使 / 議決権行使確認 / 議決権行使完了

会社名: 〇〇 株式会社
 役 職 名: 〇〇
 開催日: 2022年2月1日
 議決権の倍率: 〇〇

参考資料: 送付書類はこちらへどうぞ

■議決権行使を行う場合:

お手持の「議決権行使書」の裏面、議決権の一欄について「承認」または「否認」のいずれかを選択し、承認する場合は「承認」を選択してください。

議案 1号	役員候補者	<input type="radio"/> 承認 <input type="radio"/> 否認
議案 2号	定款変更	<input type="radio"/> 承認 <input type="radio"/> 否認
議案 3号	取締役選任	<input type="radio"/> 承認 <input type="radio"/> 否認
議案 4号	議決権行使	<input type="radio"/> 承認 <input type="radio"/> 否認

次へ

戻る ログオフ

お問合せ先: 株式会社〇〇 総務部 〇〇〇〇-100-417 (24時間受付専用)
 受付時間: 24時間

5. Choose "Approve" or "Disapprove" for each proposal by clicking in a circle, and then click the "Next" button

5 Confirm your choices in the case of (2) Exercise on each approval.

<Sample screen>

株主番号 00000271

インターネット議決権行使

議決権行使 / 議決権行使確認 / 議決権行使完了

下記の内容で行います。
 よろしければ「送信」ボタンを押してください。
 (なお、変更のある場合は「やり直し」ボタンを押してください。)

会社名: 〇〇 株式会社
 役 職 名: 〇〇
 開催日: 2022年2月1日
 議決権の倍率: 〇〇

議案 1号	役員候補者	<input type="radio"/> 承認 <input type="radio"/> 否認
議案 2号	定款変更	<input type="radio"/> 承認 <input type="radio"/> 否認
議案 3号	取締役選任	<input type="radio"/> 承認 <input type="radio"/> 否認
議案 4号	議決権行使	<input type="radio"/> 承認 <input type="radio"/> 否認

送信

やり直し

戻る ログオフ

ブラウザをお持ちの方で「送信」ボタンを押して保存された場合は、画面右下の「送信」ボタンを押してください。

Confirm your choices and if your choices are correct, click the "Submit" button. To change your choice, click the "Return" button.

6 Completion screen of exercising voting rights



Accessing the website for exercising voting rights via mobile handset

Example procedure using an NTT Docomo mobile phone

The website is accessible also by other mobile carriers, such as au and Softbank but not accessible by certain models of those carriers and by EMOBILE and WILLCOM.

1 Logon screen

住友信託銀行

ログイン

■「議決権行使コード」と「パスワード」を入力してください。

議決権行使コード：
[] []
[] [] -
[] []
パスワード：
[] [] [] []
[] [] [] []

[ログイン]

<ご注意>
当社からご案内させていたたきました「議決権行使コード」、および「パスワード」にてご入力願います。

お問合わせ先
☎0120-186-417

2 Main Menu screen

住友信託銀行

メインメニュー

◆株主番号
IBMO00112

◆株主氏名
代行 太郎

議決権行使画面へ

利用ガイドを読む
パスワード変更へ

※氏名に表示できない文字が存在する場合はスペースにて表示しております。(例：代行 太郎)

お問合わせ先
☎0120-186-417

3 Approve All Proposals/Exercise on Each Proposal screen

住友信託銀行

議決権行使

◆株主番号
00003510

■会社提案の全ての議案に賛成の場合・
全ての議案に賛成

(注) こちらを選択されますと、会社提案の全ての議案に「賛成」
と統一して投票することになります。

■議案毎に議決権行使する場合・
議案毎に行使

ログオフ

お問合わせ先
☎0120-186-417

To the Confirm Approvals for All Proposals screen

4 Exercise on Each Proposal screen

住友信託銀行
個別行使入力

▲姓を添呈
○の議案は、株主成
案の議案です。

議案 1号
○賛成
○否認
但し、以下は否認
Ja
☐72
☐73

次へ
やり直し
ログオン

お問合わせ先
☎0120-186-417

To the Confirm Choices for Each Proposal screen

5 Confirm Approvals for All Proposals screen

住友信託銀行

全議案賛成確認

下記の内容で行使いたします。
よろしければ「送信」ボタンを押してください。

※印の議案は、株主提案の議案です。

※印の議案は、株主提案の議案です。

送信:
やり直し
ログオフ

お問合わせ先
☎0120-186-417

6 Confirm Choices for Each Proposal screen

住友信託銀行

個別行使確認

下記の内容で行使いたします。
よろしければ「送信」ボタンを押してください。

※印の議案は、株主提案の議案です。

議案 1号
賛成

送信:
やり直し
ログオフ

お問合わせ先
☎0120-186-417

7 Exercise Completion screen

お問合わせ先
☎0120-186-417

議決権をご行使いただき、ありがとうございました。

続けて議決権行使される方は[こちら](#)へどうぞ

お問合わせ先
☎0120-186-417

8 Log Off screen

住友信託銀行

ご利用いただきありがとうございました。

お問合わせ先
☎0120-186-417

Business Report for the 63rd Fiscal Term

Annexed to the Convocation Notice of the 63rd Ordinary General Meeting of Shareholders

From April 1, 2009

To March 31, 2010

1. Current Status of the AUTOBACS Group

(1) Business Progress and Results

< Business environment and efforts by the AUTOBACS Group >

During the fiscal term under review, the Japanese economy showed signs of benefiting from a recovery in consumption in certain industries, including the home appliance industry, reflecting the impact of stimulus measures taken by the government. However, with worsening deflation, in addition to a continued slump in consumer spending reflecting uncertainty over the prospects for employment and incomes, the operating environment of Japanese companies remained severe.

In the car aftermarket industry in Japan, demand for electronic toll collection (ETC) equipment and merchandise for long-distance driving* increased, reflecting the introduction of the partial cuts in expressway tolls. However, with consumers continuing to be inclined to cut expenses, combined with a fall in sales prices, the industry continued to face a difficult operating environment.

Responding to these circumstances, the AUTOBACS Group pursued its mid-term business plan, which focused on improving management efficiency and strengthening corporate governance. Accordingly, the Group has continued with its restructuring measures. Meanwhile, the Group focused on offering a lineup of merchandise and appropriate prices to adapt to the rapidly changing consumer environment, it sought to strengthen its business foundations, particularly in the domestic franchise business, under the slogan of a "Return to the basics."

* Merchandise useful for long-distance driving: cushions, digital audio FM transmitters, portable toilet, portable navigation systems, etc.

<Overview of the domestic business>

In the automotive goods and services business in the AUTOBACS Chain, including its domestic franchise outlets, the Group took steps to bolster sales of ETC equipment, which benefited from a strong increase in demand, and expand the sales space for equipment related to long-distance driving. It also launched promotional campaigns for tires and portable navigation systems using newspaper and television advertising. Moreover, by introducing private brands and exclusive merchandise, centering on tires and wheels, the Group strengthened its lineup of goods that meet consumer demands for low-end merchandise.

As a result of these initiatives, sales of ETC equipment, portable navigation systems, tires and oil remained robust until the second quarter of the fiscal term under review. Starting the third quarter, however, sales of tires fell by 1.2% year on year, given delays in the arrival of the snowy season nationwide and lower unit prices, which offset higher demand for studless snow tires attributable to heavy snowfall on the Sea of Japan side.

Sales of ETC equipment also began to decline from October 2009, reflecting market saturation and consumers' hesitation to buy the equipment as they anticipated changes in highway policies.



ETC equipment



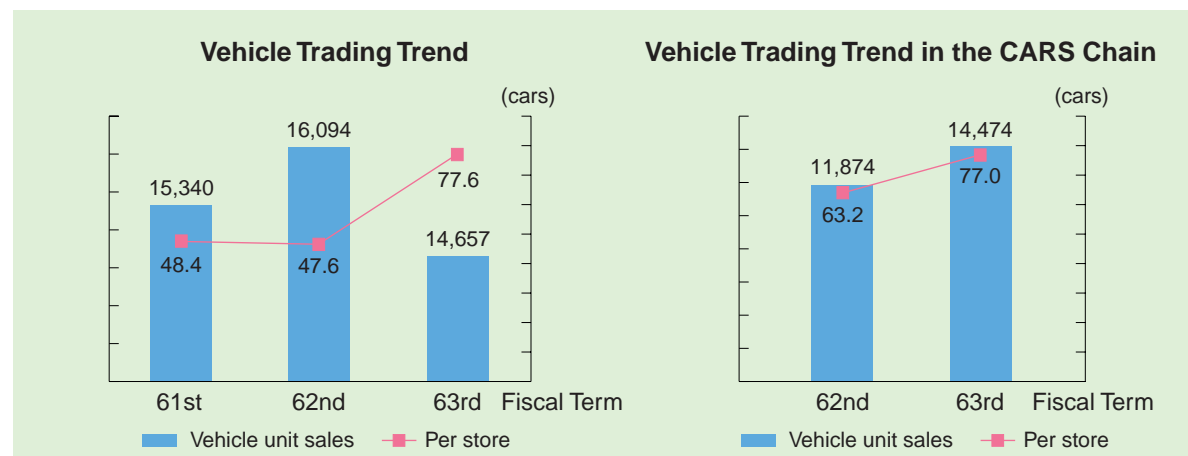
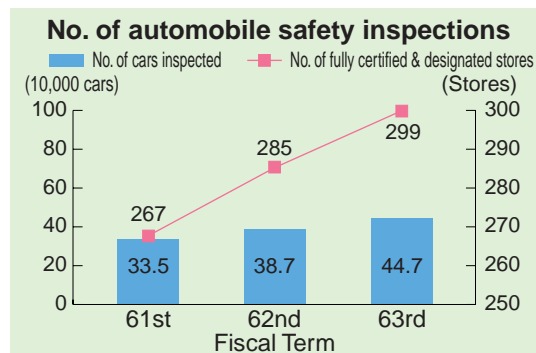
AUTOBACS Group's proprietary minivan tire "Overtake RV"

In the statutory safety inspection and maintenance services business, the Group conducted sales promotion activities in stores and advertised its services to members of the point-up card program by telephone, by regarding the trend to extend the life of automobiles as an opportunity to bolster sales. In November 2009, it also began selling a maintenance pack that combines a maintenance menu and merchandise. As a result of these initiatives, the number of cars that underwent statutory inspections at the AUTOBACS Chain stores rose by 15.3% year on year, to 447,000 units. Consequently, total sales of automotive goods and

services and statutory safety inspections and maintenance from the mainstay AUTOBACS, Super AUTOBACS, and AUTO HELLOES stores declined by 0.4% from the previous year on a same-store basis.

In the vehicle trading business, the number of vehicle sales of the AUTOBACS Chain including sales by franchise outlets to the Company fell by 8.9%, to 14,657 units. This decline mainly reflected the Company's initiative – starting the consolidated fiscal term under review – to scale back the number of outlets engaged in this business, and the liquidation of CARS Sapporo Co., Ltd. (Sales from the used-car auction was excluded from total sales.)

In addition to the above factors, the operating environment was challenging, as the price competitiveness of used cars declined with the introduction of the eco point system to new cars. In response, the Group took steps to strengthen the vehicle trading structure in each store and improve its training system. As a result, the number of vehicles sold of the CARS Chain (188 stores as of the end of March 2010) rose by 21.9% year on year on a same store basis.



With respect to store consolidation, the Group opened a total of three new stores, including the store transformation: two AUTOBACS stores and one Super AUTOBACS store. Meanwhile, it closed a total of ten stores: four AUTOBACS stores, one Super AUTOBACS store, and five *Hashiriya Tengoku Secohan Ichiba* stores. The Group also relocated four AUTOBACS stores, and transferred one directly owned store of RICOLAND, which deals with motorcycle goods. As a result, the number of the Group's domestic stores as of the end of the consolidated fiscal term under review fell by eight stores from the previous fiscal term, to 511 stores.

Store openings and closing in the 63rd Fiscal term

No. of stores at end of year: 511 (519 in the previous fiscal term)

	No. of stores as of April 1, 2009	New	Close	No. of stores as of March 31, 2010	Increase/ decrease
AUTOBACS	397	2	4	395	△2
Super AUTOBACS	77	1	1	77	±0
AUTO HELLOES	8	—	—	8	—
AUTOBACS <i>Hashiriya Tengoku Secohan Ichiba</i>	30	—	5	25	△5
AUTOBACS EXPRESS	6	—	—	6	—
RICOLAND	1	—	1	0	△1
TOTAL	519	3	11	511	△8

Note: In addition, four AUTOBACS stores were relocated.

AUTOBACS Narita Store
Relocation and re-opening on October 22, 2009



Super AUTOBACS ADACHI
Newly open on November 20, 2009



<Overview of the overseas business>

The overseas business environment remained severe, with one store closed in France following the withdrawal from a franchise operation because of the sluggish French economy. As a result, sales decreased by 5.3% from the previous fiscal term in comparable store basis. In this environment, the Company provided guidance to stores to strengthen their services from the perspective of customers in the same manner as those in Japan, and reviewed store management. It also bolstered sales of essential goods and consumable goods, especially tires. Moreover, the Company took specific action to develop a store management system and reform its cost structure, including workforce downsizing at local companies.

In China, to redevelop its business model, the Company cancelled contracts with certain franchise outlets, and focused on reviewing the management structures of local subsidiaries, resulting in the closure of seven stores. As a result, net sales in China declined. As new initiatives, the local subsidiary began to develop a new store model by opening one directly owned store in Shanghai in March 2010.

In other regions in Asia (Thailand, Taiwan and Singapore), the Company took steps to control costs and bolster same-store sales, mainly by focusing on consumable goods such as tires, oil and batteries. As a result, the Company achieved its expected results.

As mentioned in the Company's press release on December 12 and 19 2009, lawsuits were filed against the Company by AUTOBACS STRAUSS Inc. and other company in United States Bankruptcy Court for the District of Delaware on December 11, 2009 and in United States District Court for the District of New Jersey on December 17, 2009. These cases are currently pending in court. Although the bankruptcy proceedings of AUTOBACS STRAUSS Inc. are still in process under Chapter 11 of the US Bankruptcy Code, there is no affiliate or personnel relationship between the Company and AUTOBACS STRAUSS Inc. currently.

The Company believes that it has many factual and legal defenses to the claims being asserted by the plaintiffs and that the level of damages asserted by the plaintiffs is groundless. The Company intends to vigorously pursue its proof of claim and defend against the claims asserted by the plaintiffs.

<Consolidated business results>

The Group's consolidated sales for the fiscal term under review decreased by 26,207 million yen (10.1%) from the same period in the previous fiscal term, to 232,936 million yen.

In wholesale operations to franchise outlets, although sales of ETC equipment, car navigation systems and repair goods were strong, demand for wheels and motor sports goods was down, reflecting the economic slump and declining interest in cars among the younger generation. As a result, sales of wholesales operations declined by 5.9% from the previous fiscal term, to 132,389 million yen.

In retail operations, in step with the business restructuring program set out in its mid-term business plan, the Company withdrew from operations in the United States, transferred shares of subsidiaries in Taiwan, withdrew from the motorcycle-related goods retail business, and liquidated CARS Sapporo Co., Ltd. As a result, sales of retail operations declined. In Japan, sales of ETC equipment, oil and statutory safety inspections from subsidiary stores were strong, but sales of wheels, motor sports goods, and cut-price batteries were lower.

Overseas, sales of overseas subsidiaries fell, primarily reflecting a cutback in the number of stores in France and China and the impact of exchange rate fluctuations. As a result, sales of retail operations declined by 15.5% from the previous fiscal term, to 96,813 million yen.

Consolidated Sales Component and Percentage by Division

	The 62nd Fiscal term (Apr. 1, 2008-Mar. 31, 2009)		The 63rd Fiscal term (Apr. 1, 2009-Mar. 31, 2010)		Increase- decrease amount (¥million)	Increase- decrease ratio (%)
	Amount (¥million)	Ratio (%)	Amount (¥million)	Ratio (%)		
Wholesale	140,741	54.3	132,389	56.8	△ 8,351	△ 5.9
Retail	114,600	44.2	96,813	41.6	△ 17,786	△ 15.5
Others*	3,802	1.5	3,733	1.6	△ 69	△ 1.8
Total	259,144	100.0	232,936	100.0	△ 26,207	△ 10.1

*Note: "Others" is consisted of revenue of Lease.

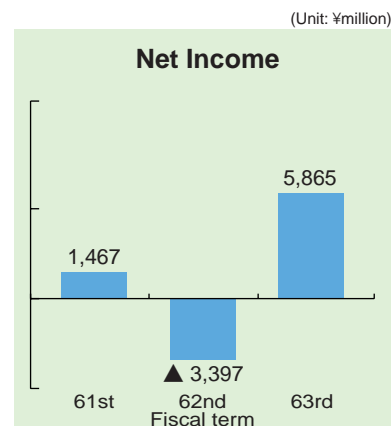
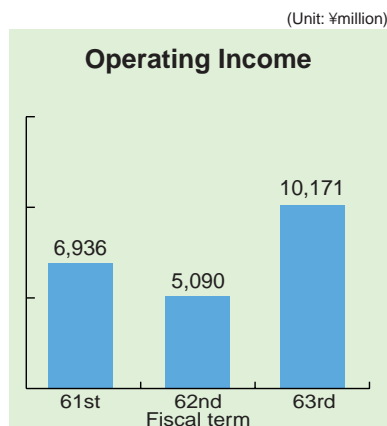
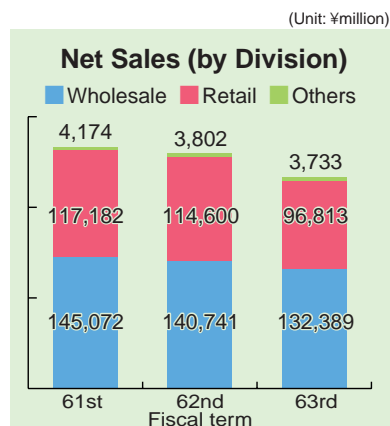
Gross profit fell by 7,197 million yen from a year earlier, to 73,996 million yen, mainly reflecting lower net sales, following business restructuring. However, the gross margin rose to 31.8%, up from 31.3% a year earlier. This improvement was mainly obtained by the impact of initiatives to further reduce sales costs in Japan, through measures such as streamlining the number of items of merchandise, a rise in the share of sales of ETC equipment and its installation charges, and the withdrawal from businesses with a poor gross margin.

Selling, general and administrative expenses declined by 12,278 million yen, or 16.1%, from the previous year, to 63,825 million yen. This decline was mainly attributed by a fall in overall expenses, as a result of the streamlining of overseas subsidiaries, and a reduction in expenses associated with information technology systems and advertising, offsetting an increase in expenses linked to the acquisition of stores from franchise outlets.

As a result, consolidated operating income rose by 5,080 million yen (99.8%) from the same period in the previous fiscal term, to 10,171 million yen. Consolidated ordinary income increased by 5,200 million yen (79.3%), to 11,757 million yen, primarily gained by a fall in the foreign exchange loss and the loss on revaluation of investment of securities posted as non-operating expenses. This offset a decline in dividend income and interest income compared with the previous year.

The Group also posted extraordinary income of 3,654 million yen from the reversal of the allowance for business restructuring following the assignment of all shares of AUTOBACS STRAUSS Inc., to the third party, and profits from the sales of those shares. Meanwhile, the Group recorded extraordinary losses of 4,986 million yen, primarily attributable to the transfer to an allowance for doubtful receivables following the AUTOBACS STRAUSS Inc. share assignment, and impairment losses on fixed assets associated with Tama Driving School Co., Ltd., and Seibu Driving School Co., Ltd., as well as business restructuring expenses in France.

As a result, net income for the fiscal term under review rose by 9,263 million from the previous fiscal term, to 5,865 million yen.



<Progress Overview of the Mid-term Business Plan>

During the fiscal term under review, the AUTOBACS Group continued to implement various measures with focus on strengthening business strategies, financial strategies and corporate governance, in line with “AUTOBACS Big Plan,” a mid-term business plan launched in May 2008.

		Initial aims	Steps taken during the consolidated fiscal term under review
Business strategies	Domestic business	Bolstering the franchise business <ul style="list-style-type: none"> • Improving store profitability • Rebuilding “Area Dominant Strategy” Reassessing new business	① Experiment and verification of store layout reforms were conducted nationwide. → Nationwide rollout of partial store review → Nationwide rollout of full-scale store reform planned as a future gradual step ② The area management system was reinforced through merger and abolition of subsidiaries and franchise companies as well as transfer of stores. ③ The transfer of motorcycle goods stores and the share transfer of driving schools were carried out.
	Overseas business	Conducting a full review of existing operations to eliminate losses	① Measures were implemented to improve profitability in France. ② Development of a new business model to increase store profit was undertaken in Shanghai, China. → For more details, see page 16 (“Overview of the overseas business”).
	Administrative function/cost	Making headquarters functions/ costs more efficient	① Human resource development was promoted. (Implementation of job training, etc.) ② Costs were reduced on a non-consolidated basis. (Reduction of approx. ¥2.2 billion, or approx. 7%)
Financial strategies		Improving asset/capital efficiency	① Acquisition of treasury stock (Approx. ¥5.3 billion) ② Retirement of treasury stock (Approx. 1.8 million stocks) ③ Increased dividend payments (Annual dividend to be ¥125/stock) (expected)
Corporate governance		Rebuilding the management system and reinforcing risk management	① The results of the exercise of voting rights were disclosed. ② Potential company-wide risks were examined, and measures against them were considered.

① Business strategies

To strengthen its domestic franchise business, the Company reshaped its business management system, including the business transfer of between franchise outlets, conversion of franchisees into subsidiaries, and consolidations of subsidiaries. Moreover, a project to establish the next store model was launched, with the aim of creating “easy to find, easy to shop” stores from the perspective of consumers. A subsidiary store in Chiba Prefecture was designated as a pilot store, in which store environment, layout, displays and sales promotion tools were reviewed.

As a result, improvement was made in sales, the number of customers, and the efficiency of store operation. Responding to this, changes were made to stores nationwide in displays and sales promotion tools for some products. The renovation of sales floors as a whole will also be implemented gradually in the stores nationwide.

With regard to new business in Japan, the Company has almost completed the consolidations of its domestic business, including the transfer of a motorcycle goods stores and the share transfer of driving schools.

The Company also made the functions and costs of the headquarters more efficient, by providing management and other training designed for individual employee positions, as part of efforts to develop human resources, and by achieving ¥2.2 billion worth of savings in advertising and other expenditures on a non-consolidated basis. For more details on the Company's efforts for overseas business, please see page 16 “Overview of the overseas business.”

② Financial strategies

With regard to financial strategies, the Company implemented the purchases of treasury stock, in line with its policy to increase the efficiency of its assets and capital and enhancing the benefits for shareholders. Moreover, the Company retired some 1.8 million shares of the treasury stock that it owned as of May 2009.

③ Strengthening of corporate governance

In the Executive Committee, an advisory body to the board of directors, lively and detailed discussions were held for more fulfilling deliberations at board meetings, as part of efforts to reinforce corporate governance. Following recommendations by the Governance Committee consisting of outside directors and representative directors, the results of the exercise of voting rights at the general shareholders' meeting were disclosed, and the system to evaluate directors and corporate officers was improved.

With respect to risk management, important company-wide potential risks were examined and measures to avoid such risks were considered under the initiative of the Risk Management Committee.

The strengthening of the Company's governance system has been further promoted by encouraging corporate auditors to attend management meetings and board meetings and make remarks where appropriate.

(2) Status of Capital Investment

During the consolidated fiscal term under review, the Company implemented a total of ¥3,061 million worth of capital investment, including land purchase for opening new stores, the renovation of logistics centers, and investment in in-house information system.

(3) Status of Fund Procurement

During the consolidated fiscal term under review, the cash and deposits available and funds obtained from operating activities were used to implement the above-mentioned capital investment and carry out initiatives to strengthen shareholder return. For the operating funds of its subsidiaries, a total of ¥468 million was secured by borrowing.

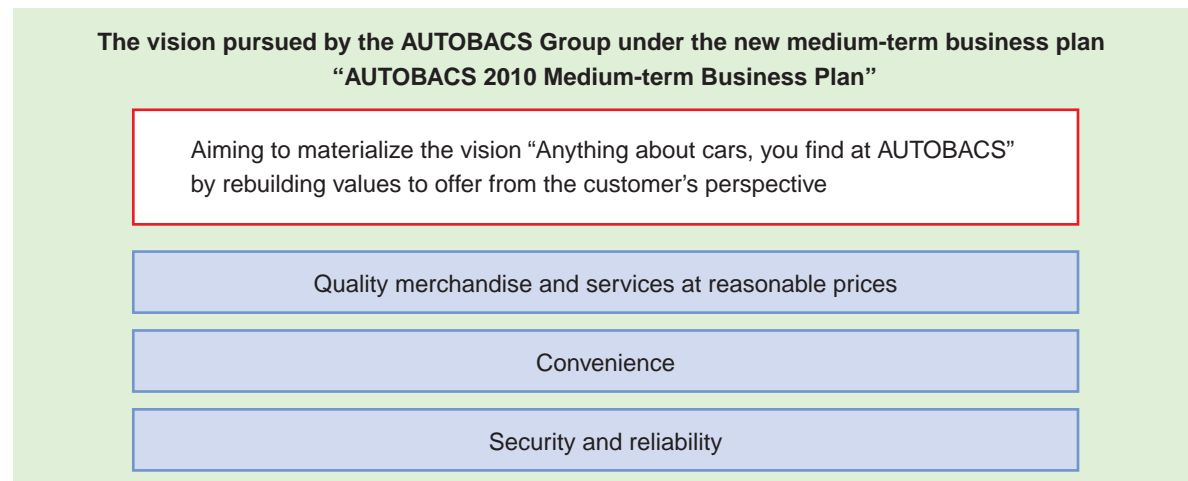
(4) Targets to be Achieved

Looking at the automotive goods and services business in Japan, the Company expects that the automotive goods market is likely to continue to contract, reflecting a decline in the number of automobiles owned, a rising consciousness among consumers when it comes to cutting expenses, and the declining interest among young people in cars. Based on this anticipated business environment, the AUTOBACS Group has established a new medium-term business plan, “AUTOBACS 2010 Medium-term Business Plan,” for the four years from the fiscal term ending March 2011 to the fiscal term ending March 2014.

Based on this Group strategy, the Company will focus on bolstering its mainstay domestic AUTOBACS business. With these initiatives, it will aim to improve store profitability and the market share. Moreover, with its financial strategy, the Company will invest actively to execute its business strategy, seeking to generate operating cash flows, strengthen shareholder return and streamline assets. The Company aims to improve shareholder value with these actions.

In the new medium-term business plan, the AUTOBACS Group aims to materialize its vision “Anything about cars, you find at AUTOBACS” by building values to offer from the customer’s perspective. The values to offer are “quality merchandise and services at reasonable prices,” “convenience,” and “security and reliability.” The Group pursues its efforts to establish a corporation with a store network widely supported and trusted by consumers.

The targets to be achieved are as follows:



<Basic Policy of the New Medium-Term Business Plan>

Management targets	Consolidated operating income: ¥16 billion Consolidated return on equity (ROE): 7% (long-term target: 10%) Consolidated dividend-on-equity (DOE): 3%
Business strategies	Increasing market share and profitability at stores by focusing on the domestic franchise business and fundamentally strengthening it
Financial strategies	Working to increase shareholder value by aggressively investing in businesses and strengthen shareholder return

The period of the Plan is four years from fiscal term ended March 2011 to fiscal term ended March 2014

<Target business indicators>

The AUTOBACS Group has adopted a set of key business indicators in its new medium-term business plan, which concludes in the fiscal term ending March 2014. Specifically, it aims to achieve an operating income of 16 billion yen, a ROE of 7% or better, and a DOE of 3.0%.

<Business strategies of the New Medium-Term Business Plan>

To increase store profitability, the Company will implement reforms in three areas: “store reform,” “merchandise/purchase reform” and “human resources/store operation reform.” The objective of store reform is to create a store that allows first-time customers to find it easier to find and purchase merchandise and enjoy shopping, by drastically overhauling store layout, displays and sales promotion tools. The merchandise/purchase reform aims to provide goods and services desired by customers at reasonable prices, develop private brands and exclusive merchandise that satisfy new demand, and promote the sales structure with focus on car maintenance. In the human resources and store operation reforms, emphasis will be placed on improving customer service and treatment, expanding the capabilities of store staff so that customers enjoy shopping, and develop pit staff with a wide range of technology.

To expand market share, a new store format that is different from the conventional system will be developed based on the results of the above reform efforts, to accelerate the pace of opening new stores. For future growth, the Company will also develop several formats for statutory safety inspections and services for maintenance, bodywork and paint; and provide an environment where customers are able to use multiple channels such as the Internet and a store terminal in an integrated manner, in addition to the existing store network.

Moreover, it will build a more robust management system to enable the steady implementation of the new medium-term business plan. The efforts include fostering core function personnel to promote strategies, making sure that the management vision of this plan is shared in the Company, and enforcing a monitoring system.

<Financial strategies of the New Medium-Term Business Plan>

The Company expects to make capital outlays of approximately ¥30 billion over the next four years, opening new stores and renovating stores to reform sales sites as part of its efforts to execute the above business strategies.

With respect to shareholder returns, the Company has set a DOE of 3% as a target for the distribution of profits, and it will flexibly engage in share buybacks. It will also aim to improve assets and capital efficiency by developing an investment management structure that focuses on improving inventory efficiency and investment profitability.

<Reinforcement of CSR Activities>

Positioning CSR as an important management issue, the AUTOBACS Group will pursue CSR activities. In environmental conservation initiatives, focus will be given to the promotion of reuse and recycling and business operation with a low environmental load. Moreover, actions will be taken in the areas of “social contributions,” “compliance,” and “risk management.”

For more details on the new medium-term business plan, please refer to the “Notice on the Establishment of a New Medium-term Business Plan,” disclosed on May 13, 2010.

(5) Assets and Operating Results

① Corporate group assets and operating results

Classification		The 60th Fiscal term 〔 Apr. 1, 2006- Mar. 31, 2007 〕	The 61st Fiscal term 〔 Apr. 1, 2007- Mar. 31, 2008 〕	The 62nd Fiscal term 〔 Apr. 1, 2008- Mar. 31, 2009 〕	The 63rd Fiscal term 〔 Apr. 1, 2009- Mar. 31, 2010 〕
Net sales	(¥million)	242,532	266,429	259,144	232,936
Operating income	(¥million)	12,219	6,936	5,090	10,171
Ordinary income	(¥million)	16,323	6,062	6,556	11,757
Net income	(¥million)	9,165	1,467	△3,397	5,865
Net income per share	(¥)	239.01	38.37	△90.29	161.97
Total assets	(¥million)	240,627	234,126	224,168	210,652
Net assets	(¥million)	168,650	165,205	155,478	151,852
Capital-to-asset ratio	(%)	69.8	70.2	69.0	71.9
ROE	(%)	5.6	0.9	△2.1	3.8
Dividend payout ratio	(%)	24.3	260.6	—	77.2
DOE	(%)	1.4	2.3	2.4	3.0

② AUTOBACS SEVEN's assets and operating results

Classification	The 60th Fiscal term [Apr. 1, 2006- Mar. 31, 2007]	The 61st Fiscal term [Apr. 1, 2007- Mar. 31, 2008]	The 62nd Fiscal term [Apr. 1, 2008- Mar. 31, 2009]	The 63rd Fiscal term [Apr. 1, 2009- Mar. 31, 2010]
Net sales (¥million)	203,272	204,284	199,002	190,938
Operating income (¥million)	13,763	10,443	8,912	10,539
Ordinary income (¥million)	17,159	8,321	8,562	11,470
Net income (¥million)	10,716	3,158	△6,723	6,162
Net income per share (¥)	279.41	82.62	△178.62	170.14
Capital (¥million)	33,998	33,998	33,998	33,998
No. of shares outstanding (shares)	39,255,175	39,255,175	39,255,175	37,454,204
Total assets (¥million)	237,684	228,746	214,154	208,970
Net assets (¥million)	169,617	167,923	154,601	151,691

(6) The AUTOBACS Group's Major Business Line (as of March 31, 2010)

The AUTOBACS Group is engaged in wholesale and retail of automotive related goods both in Japan and overseas car sales and purchases; and installment loan and credit card business. It also provides its Group companies with money lending service; store leasing service; consultancy; back-office agency service; advertising agency service; information services, and general insurance agency service.

Division	Description of business
Wholesale	Sale of automotive-related goods to the Group's franchisees Major products: tires & wheels, car electronics, etc.
Retail	Sale of automotive-related goods and services to general consumers Major store brands: AUTOBACS, Super AUTOBACS, AUTO HELLOES, AUTOBACS <i>Hashiriya Tengoku Secohan Ichiba</i> , etc. Major products: tires & wheels, car electronics, etc.
Other	Business support for the wholesale and retail divisions as well as franchisees; and the development of new store formats

(7) Major Business Locations of AUTOBACS SEVEN (as of March 31, 2010)

Headquarters	6-52, Toyosu 5-chome, Koto-ku, Tokyo	
Business offices	Northern Japan Regional Division	Izumi-ku, Sendai City, Miyagi Pref.
	Kanto Regional Division	Ichikawa City, Chiba Pref.
	Chubu Regional Division	Meito-ku, Nagoya City, Aichi Pref.
	Kansai Regional Division	Suita City, Osaka Pref.
	Southern Japan Regional Division	Hakata-ku, Fukuoka City, Fukuoka Pref.
Distribution centers	Eastern Japan Logistics Center	Ichikawa City, Chiba Pref.
	Western Japan Logistics Center	Miki City, Hyogo Pref.

(8) Key Subsidiaries (as of March 31, 2010)

Company name	Location	Capital	AUTOBACS SEVEN's investment ratio	Line of business
A.M.C. Co., Ltd.	Nishi-ku, Sapporo	¥495 million	100.0%	Automotive goods retail business
AUTOBACS FRANCE S.A.S.	Pierrelaye, France	EUR76.74 million	100.0%	Automotive goods wholesale/retail business
AUTOBACS Financial Service Co., Ltd.	Koto-ku, Tokyo	¥15 million	100.0%	Leasing business

(9) Key Affiliate Companies (as of March 31, 2010)

Company name	Location	Capital	AUTOBACS SEVEN's investment ratio	Line of business
PUMA Ltd.	Tonami City, Toyama	¥33 million	31.0%	Automotive goods retail business
FUNUS Corporation	Minato-ku, Tokyo	¥200 million	25.0%	Automotive goods retail business
Buffalo Ltd.	Kawaguchi City, Saitama	¥510 million	24.2%	Automotive goods retail business

(10) Employment Situation (as of March 31, 2010)

The AUTOBACS Group's employment situation

(Unit: persons)

Divisions	No. of employees	Increase/decrease from the previous consolidated fiscal term
Wholesale	551 (36)	△ 11 (0)
Retail	3,451 (1,156)	△ 1,228 (△ 493)
Company-wide (common)	481 (9)	△ 211 (△ 27)
Total	4,483 (1,201)	△ 1,450 (△ 520)

- (Notes) 1. The number of employees indicates the employed population, and the yearly average number of temporary employees is shown in parentheses.
2. The number of employees shown in "Company-wide (common)" indicates that of people belonging to the divisions that cannot be categorized into specific divisions.
3. A decline in the number of employees by 1,450 from the number at the previous fiscal term-end is mainly due to the exclusion of AUTOBACS STRAUSS Inc. from consolidation.

The Employment status of AUTOBACS SEVEN

No. of employees	Year-on-year increase/decrease	Average age	Average number of years of employment
1,023	△3	39.2	11.7

(11) Major Lenders and Loan Amount (as of March 31, 2010)

Lenders	Balance of loans (unit: ¥million)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,408
Sumitomo Mitsui Banking Corporation	3,200
Nippon Life Insurance Company	2,900
The Sumitomo Trust & Banking Co., Ltd.	1,162

2. Status of the Company (as of March 31, 2010)

(1) Status of Shares

① **Total Number of Shares Issued:** Common Stock: 37,454,204 shares (including 1,601,522 own shares)

② **Number of Shareholders:** 14,056

③ **Major Shareholders (Top 10 shareholders)**

Name	Status of contribution to the Company	
	Number of shares held (Thousands)	Voting ratio (%)
Ichigo Asset Trust	5,325	14.85
Sumino Holdings Incorporated	5,060	14.11
Japan Trustee Service Bank, Ltd. (Trust Account)	1,385	3.86
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,180	3.29
The Yuumi Memorial Foundation for Home Health Care	1,000	2.79
Silchester International Investors International Value Equity Trust	921	2.57
Northern Trust Company (AVFC) Sub Account American Client	875	2.44
Sumisho Holdings, Ltd.	800	2.23
Northern Trust Company (AVFC) Re U.S. Tax Exempted Pension Funds	669	1.87
K&Y Sumino, Ltd.	565	1.58

(Notes) 1. Voting ratio is calculated by deducting own shares from the total number of shares with voting rights.

2. The Company confirmed that Ichigo Asset Trust, which is included in the list of "Major Shareholders" above, is the name recorded in the register of shareholders and that the beneficial owner of shares of Ichigo Asset Trust is Ichigo Asset Management International Pte. Ltd.

3. The amendment to the substantial shareholding report was filed with the Director-General of Kanto Local Finance Bureau by Silchester International Investors Limited on September 2, 2009 pursuant to Article 27-25, Paragraph 1 of the Financial Instruments and Exchange Act. However, the Company could not confirm the number of shares held as of March 31, 2010. As a result, the number of shares held by Silchester International Investors Limited is not included in the list of "Major Shareholders" above. Contents of the amendment report are as follows:

Substantial shareholder: Silchester International Investors Limited

Number of shares held by the reporter: 2,319,000 (Holding ratio: 6.19%)

④ Other Significant Matters Concerning Shares

Acquisition, disposal, etc. of own shares and the holding thereof

(Unit: shares)

Own shares held at the end of the last fiscal term		1,800,971・・・①
Acquired shares	Acquisition through purchase of shares constituting less than one (1) unit	1,522・・・② (Aggregate acquisition value: 4,450,000 yen)
	Acquisition of own shares in accordance with the provision of Article 156 of the Companies Act as applied under Article 165, Paragraph 3 of the said act.	1,600,000・・・③ (Aggregate acquisition value: 5,369,119,000 yen)
Disposed shares		1,800,971・・・④
Shares held as of the end of the current fiscal term		1,601,522 (①+②+③-④)

(2) Status of the Company's Officers

① Directors and Corporate Auditors

Title	Name	Responsibility and representation in other major organizations
Representative Director	Setsuo Wakuda	Chief Executive Officer and Chief Chain Officer
Director	Yasuhiro Tsunemori	Chief Operating Officer, Head of Information Systems & General Affairs, Overseas Operation and Car Dealing
Director	Hidehiro Ide	Senior Executive Officer, Head of Finance & Accounting
Director	Yasuo Nakata	Outside Director of Kojima Co., Ltd. Representative Director of Nakata Yasuo Office Co., Ltd.
Director	Eiju Miyauchi	Outside Corporate Auditor of Santen Pharmaceutical Co., Ltd.
Director	Hironori Morimoto	Senior Executive Officer, Head of Chain Strategy
Director	Tatsuya Tamura	Representative Director of Global Management Institute Inc., Chair of Japan Independent Directors Network (Zenkoku Shagai Torishimariyaku Network in Japan) (specified nonprofit corporation), Outside Director of Nippon Koa Insurance Co., Ltd.
Director	Norio Hattori	Executive Officer, Kanto Region
Director	Teruyuki Matsumura	
Senior Corporate Auditor	Akira Nogami	
Senior Corporate Auditor	Kotaro Morino	
Senior Corporate Auditor	Hiroshi Sumino	
Corporate Auditor	Kensuke Tanabe	
Corporate Auditor	Tomoaki Ikenaga	Partner at Anderson Mori & Tomotsune

- (Notes) 1. Four (4) directors, Mr. Yasuo Nakata, Mr. Eiju Miyauchi, Mr. Tatsuya Tamura and Mr. Norio Hattori, are outside directors, as provided for in Article 2, Item 15 of the Companies Act.
2. Three (3) corporate auditors, Mr. Kotaro Morino, Mr. Kensuke Tanabe and Mr. Tomoaki Ikenaga, are outside corporate auditors, as provided for in Article 2, Item 16 of the Companies Act.
3. Six (6) officers, namely Directors Mr. Yasuo Nakata, Mr. Eiju Miyauchi, Mr. Tatsuya Tamura and Mr. Norio Hattori, and Corporate Auditors Mr. Kensuke Tanabe and Mr. Tomoaki Ikenaga, are independent officers registered with Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd.

② Remuneration etc. Paid to Directors and Corporate Auditors

a. Basic policy concerning officers' remuneration

Remuneration to the Company's directors comprises the contents that help maintain and increase corporate value and secure human resources capable of effective supervision of the Company's business operation. The officers' remuneration system is subject to continuous review.

b. Composition of officers' remuneration

The Company officers' remuneration comprises "basic remuneration," which is a fixed remuneration, and "performance-based remuneration."

The range of change of the performance-based remuneration is 0-140% of the basic remuneration. The amount of remuneration changes depending on consolidated performance and stock prices.

By paying performance-based remuneration based on the evaluation of performance and achievement against each officer's responsibilities, the Company attempts to improve its performance and corporate value both on short-term and medium- and long-term bases.

However, performance-based remuneration, in the light of its nature, is not applied to outside directors and corporate auditors who are independent from the Company's business operation.

c. Ensuring objectivity and transparency of officers' remuneration system

The Company strives to ensure the objectivity and transparency of the officers' remuneration system through the following steps.

- i) Examining the system, standard and other matters concerning remuneration at the Governance Committee, a consultative body for the Board of Directors, and reporting the findings to the Board of Directors.
- ii) Studying and determining the validity of a remuneration standard by comparing it with data of other companies of the same industry or the same size contained in the databases built by third-party organizations.

d. Remuneration Paid to Directors and Corporate Auditors

Classification	Basic remuneration		Performance-based remuneration		Total amount
	Number of paid persons (persons)	Amount of payment (million yen)	Number of applicable persons (persons)	Amount of payment (million yen)	Amount of payment (million yen)
Corporate Directors	6	165	5	135*	300*
Outside Directors	4	48	0	—	48
Corporate Auditors	2	41	0	—	41
Outside corporate auditors	3	40	0	—	40
Total	15	294	5	135*	429*

- (Notes) 1. Director's remuneration limit: ¥480 million per year (based on a resolution at the ordinary general meeting of shareholders held on June 28, 2006)
2. Corporate Auditor's remuneration limit: ¥120 million per year (based on a resolution at the ordinary general meeting of shareholders held on June 28, 2006)
3. The above table includes one (1) director who retired from office at the conclusion of the 62nd Ordinary General Meeting of Shareholders held on June 25, 2009.
4. The performance-based remuneration above represents a total reserve amount for performance-based remuneration planned for payment during the 64th fiscal term. Therefore, "Amount of Payment" and "Total" (*) for corporate directors represent amounts projected for payment.

③ Matters Concerning Outside Officers

a. Relationship between the Company and the Organizations Concurrently Served by Outside Officers

Classification	Name	Companies concurrently served	Title concurrently held	Relationship with the Company
Outside Director	Yasuo Nakata	Kojima Co., Ltd.	Outside Director	None
		Nakata Yasuo Office Co., Ltd.	Representative Director	None
Outside Director	Eiju Miyauchi	Santen Pharmaceutical Co., Ltd.	Outside corporate auditor	None
Outside Director	Tatsuya Tamura	Global Management Institute Inc.	Representative Director	None
		Japan Independent Directors Network (Zenkoku Shagai Torishimariyaku Network in Japan) (specified nonprofit organization)	Chair	The Company is a corporate member of this organization.
		Nippon Koa Insurance Co., Ltd.	Outside Director	None
Outside Director	Norio Hattori			
Outside corporate auditor	Kotaro Morino			
Outside corporate auditor	Kensuke Tanabe			
Outside corporate auditor	Tomoaki Ikenaga	Anderson Mori & Tomotsune	Partner	None

b. Relationship with special related business partners such as major clients

Not applicable

c. Major activities during the current fiscal term

i. Attendance at meetings

Classification	Name	Board of Directors' Meetings			Board of Corporate Auditors' Meetings		
		Regular meetings (12 times)	Extraordinary meetings (8 times)	Attendance rate (%)	Regular meetings (14 times)	Extraordinary meetings (8 times)	Attendance rate (%)
Directors	Yasuo Nakata	11 times	6 times	81%			
	Eiju Miyauchi	12 times	8 times	95%			
	Tatsuya Tamura	12 times	9 times	100%			
	Norio Hattori	12 times	8 times	95%			
Corporate Auditors	Kotaro Morino	12 times	9 times	100%	10 times	8 times	100%
	Kensuke Tanabe	12 times	9 times	100%	10 times	8 times	100%
	Tomoaki Ikenaga	12 times	8 times	95%	10 times	8 times	100%

ii. Activities

Classification	Name	Board of Directors' Meetings
Directors	Yasuo Nakata	Made necessary and appropriate comments on agenda items by drawing on his abundant experience and extensive knowledge about corporate management.
	Eiju Miyauchi	Made necessary and appropriate comments on agenda items from a global perspective by drawing on his abundant overseas experience and extensive knowledge about corporate management.
	Tatsuya Tamura	Made necessary and appropriate comments on agenda items by drawing on his abundant financial knowledge and extensive experience as an outside director. Also, contributed to the improvement and promotion of the Company's corporate governance as the chair of the Company's Governance Committee.
	Norio Hattori	Made necessary and appropriate comments on agenda items based on his extensive experience and knowledge about organizational operation, including crisis management and prevention of involvement with antisocial forces, as well as on his abundant experience in foreign affairs.
Corporate Auditors	Kotaro Morino	Fully functioned as auditor by asking questions about and commenting on, as needed, matters to be resolved or reported matters, by drawing on his abundant experience as a business person and extensive knowledge about finance and accounting.
	Kensuke Tanabe	Fully functioned as auditor by asking questions about and commenting on, as needed, matters to be resolved or reported matters, by drawing on his abundant experience in corporate management and extensive knowledge about finance and accounting.
	Tomoaki Ikenaga	Fully functioned as auditor by asking questions about and commenting on, as needed, matters to be resolved or reported matters from an objective viewpoint by drawing on his experience as a lawyer.

d. Outline of the contents of the liability limitation agreement

- i. The Company has entered into an agreement with four (4) outside directors which limits the liability set forth in Article 423, Paragraph 1 of the Companies Act, and the liability limit pursuant to such agreement shall be the greater of (i) 10 million yen or (ii) the total amount of the amounts A) and B) described below, which are set forth in Article 425, Paragraph 1 of the Companies Act.
 - A) The amount obtained by multiplying (x) the amount calculated by the method set forth in Article 113 of the Companies Act Enforcement Regulations as the amount equivalent to the annual amount of the property benefits received or to be received from the Company as consideration for the execution of a director's duties while he or she is in office by (y) 2.
 - B) In the cases where he or she has subscribed for the Company's stock acquisition rights (set forth in Article 2, Item 21 of the Companies Act) (limited to the cases listed in each Item in Article 238, Paragraph 3 of the Companies Act), the amount calculated by the method set forth in Article 114 of the Companies Act Enforcement Regulations as the amount equivalent to the amount of the property benefits concerning such stock acquisition rights.
- ii. The Company has entered into an agreement with three (3) outside corporate auditors which limits the liability set forth in Article 423, Paragraph 1 of the Companies Act, and the liability limit pursuant to such agreement shall be the greater of (i) 5 million yen or (ii) the total amount of the amounts A) and B) described below, which are set forth in Article 425, Paragraph 1 of the Companies Act.
 - A) The amount obtained by multiplying (x) the amount calculated by the method set forth in Article 113 of the Companies Act Enforcement Regulations as the amount equivalent to the annual amount of the property benefits received or to be received from the Company as consideration for the execution of an outside corporate auditor's duties while he or she is in office by (y) 2.
 - B) In the cases where he or she has subscribed for the Company's stock acquisition rights (set forth in Article 2, Item 21 of the Companies Act) (limited to the cases listed in each Item in Article 238, Paragraph 3 of the Companies Act), the amount calculated by the method set forth in Article 114 of the Companies Act Enforcement Regulations as the amount equivalent to the amount of the property benefits concerning such stock acquisition rights.

e. The total amount of remuneration, etc. received as an officer for the current fiscal term from the parent company or subsidiaries of the Company

Not applicable

(3) Status of the Accounting Auditor

① **Name:** Deloitte Touche Tomatsu LLC.

(Note) Due to the change of the registered accounting auditor type, Deloitte Touche Tomatsu changed into Deloitte Touche Tomatsu LLC as of July 2009.

② **Amount of remuneration, etc.**

	Amount of payment
Amount of remuneration, etc. for the current fiscal term	93 (million yen)
Total amount of money and other property benefits payable to the accounting auditor from the Company and its subsidiaries	93

(Notes) 1. Since the amount of audit remuneration of the audit based on the Companies Act and that based on the Financial Instruments and Exchange Act are not clearly distinguished under the audit agreement between the Company and the accounting auditor and may not be distinguished substantially, the amounts above include the aggregate amount of such remunerations.

2. AUTOBACS FRANCE S.A.S., a Company's subsidiary, is audited by Deloitte and Associates, which belongs to the same network as the certified public accountants etc. who audit the Company.

③ **Policy concerning dismissal or non-reappointment of the accounting auditor**

The Board of Directors shall consider the dismissal and non-reappointment of an accounting auditor when he or she falls under the cases set forth in each item of Article 340, Paragraph 1 of the Companies Act or when he or she receives a disciplinary action severer than warning as an administrative disposition from competent authorities.

Corporate auditors shall dismiss an accounting auditor when he or she falls under the cases set forth in each item of Article 340, Paragraph 1 of the Companies Act, subject to consent from all corporate auditors.

In such cases, a corporate auditor selected by the Board of Corporate Auditors shall report that the accounting auditor was dismissed and the reasons for his or her dismissal at the first General Meeting of Shareholders following such dismissal.

3. System and Policy of the Company

(1) Outline of the resolution concerning the systems that ensure directors' compliance with laws & ordinances and the Company's article of incorporation in executing their duties and the systems that ensure the appropriateness of other operations of corporations

With respect to the "Basic Policy for Establishing Internal Control System," the resolution of which passed at the Board of Directors' Meeting held in May 2006, the Company, with the aim of further strengthening its "integrated risk management system," resolved to iron out the definition of the "integrated risk management system," and reorganize and clarify the roles of the risk management and crisis management systems (at the Board of Directors' Meeting held in March 2010).

The current "Basic Policy for Establishing Internal Control System" is as follows.

① Systems that ensure directors and employees comply with laws & ordinances and the Company's article of incorporation in executing their duties

- a. Officers and employees engage in business activities with high ethical standards pursuant to the "Code and Principles of Conduct of AUTOBACS SEVEN Group" established on June 2, 2004 and revised on December 25, 2009.
- b. With the Company's internal control department playing the central role, the Board of Directors will promote establishment, maintenance and improvement of the Internal Control System in accordance with the "Internal Control System Establishment Master Plan" (established on February 28, 2007), with the aim of developing the internal control system focused primarily on compliance and integrated with the risk management system.
- c. Directors will maintain and improve the supervisory function with respect to the execution of their duties by continuously electing outside directors and promoting the separation of execution and supervision functions through the introduction of executive officer system.
- d. Corporate auditors will audit the execution of directors' duties from an independent standpoint, including the development and implementation statuses of the internal control system.
- e. The internal audit department will audit whether the internal control system functions effectively.
- f. Internal regulations concerning compliance will be established. Based on these regulations, the executive officer in charge will be appointed as a person responsible for controlling all compliance-related matters. Under the control of the executive officer, a compliance department will be established with the function of a secretariat and is responsible for the overall control of compliance issues across the Company. In addition, maintenance and improvement of the awareness of officers and employees with respect to compliance will be promoted. Moreover, early detection and correction of problems will be promoted by using the "Orange Hot Line" (the Group's notification system), which serves as a notification system for reporting violations of laws & ordinances and other compliance issues directly to an outside commissioned company.
- g. The Company will develop a foundation for complying with legal requirements by identifying laws & ordinances, etc. applicable to the Company's businesses and keeping related divisions informed of the contents of said laws & ordinances, etc.
- h. The Company will keep a resolute attitude against, cut off any relationships with and reject any unlawful demands from the antisocial forces which pose a threat to the order and security of civil society and impede the sound development of corporations.

② Systems for storing and controlling information relating to the execution of directors' duties

With respect to information concerning decision-making at the "Board of Directors" meeting, "Executive Committee" meeting, "Officers' Committee" meeting and any other important meetings, and with respect to information concerning important approvals of the representative director, chief, executive officers, and other, and with respect to information concerning financial and other administrative operations, risks, and compliance, the Company will store and control said information in the reliable and searchable conditions that suit relevant storage media and keep them available for view as may be necessary, pursuant to laws & ordinances, the Company's article of incorporation and internal rules, etc.

③ Rules and other systems concerning the control of risks of loss

- a. The Company will develop a risk management system designed to accurately identify and evaluate and appropriately control the various risks that may prevent the Company from achieving its goals. The Company will also put in place a crisis management system that prevents the spread of harm and minimizes damage and loss in the event of serious incidents. By combining these two systems, the Company will establish an integrated risk management system, thereby fulfilling its social responsibility.
- b. The risk management system will comprise the Risk Management Committee and the Secretariat of the Risk Management Committee. The Risk Management Committee, which will be chaired by the representative director/chief executive officer and consists of directors/executive officers and executive officers in charge of internal control, formulate annual risk management policies. In accordance with said annual policies and risk management rules, the Committee will promote risk management activities in a smooth and appropriate manner.
- c. The crisis management arrangements will comprise the Crisis Management and Response Headquarters and the Secretariat. In the event of serious incidents, the representative director/chief executive officer who chairs the Risk Management Committee will set up a Crisis Management and Headquarters in accordance with the crisis management rules and the reporting manual for serious incidents, and take a leadership in ensuring quick and appropriate response and recovery.
- d. Corporate auditors and the Corporate Audit Office will audit the effectiveness of the Company's risk management systems.

④ Systems for ensuring the efficient execution of directors' duties

- a. To ensure the efficient execution of directors' duties, the Company will hold a regular Board of Directors' meeting on a monthly basis as well as extraordinary meetings as may be necessary. Important matters concerning the Company's management policies and management strategies will be preliminarily discussed at the Executive Committee meetings. The Executive Committee will identify and assess risks, study relevant measures through deliberations at its meetings, and provide important materials for decision-making, so that management decisions can be worked out based on high-quality, fruitful discussions at the Board of Directors' Meetings.
- b. The Company will further promote efficiency in its directors' duties, by introducing the executive officer system and separating the execution and supervision of business activities, thereby enabling the directors to concentrate on the supervisory role.

⑤ Systems that ensure appropriateness of business operations by the corporate group comprising the Company and its subsidiaries

- a. The Company will strive to work in close cooperation with its group companies (subsidiaries, affiliates and other franchisee companies). With respect to its corporate group, which includes subsidiaries, the Company will implement compliance promotion activities and raise awareness about compliance and corporate ethics, in accordance with “AUTOBACS SEVEN Group's Code of Conduct and its Guidelines.”
- b. The Company will draw up basic policies and operational policies for the management of subsidiaries in a way that respects the independence of such subsidiaries.
- c. The Company will ensure the appropriateness of its business operations through the proper use of information technology in a relevant range of operations of the Company and its subsidiaries.
- d. Corporate auditors and the Corporate Audit Office will audit the appropriateness of the business operations of the Company and its subsidiaries.

⑥ Matters pertaining to employees assisting with the duties of corporate auditors where corporate auditors request the deployment of such employees

Directors will deploy appropriate employees to assist with the duties of corporate auditors if requested by the Board of Corporate Auditors.

⑦ Matters pertaining to the independence from the directors of the employees mentioned in the preceding paragraph

The Board of Corporate Auditors will be responsible for evaluating the performance of employees who assist with the duties of corporate auditors, and corporate auditors and directors will consult with each other with respect to the transfer of said employees.

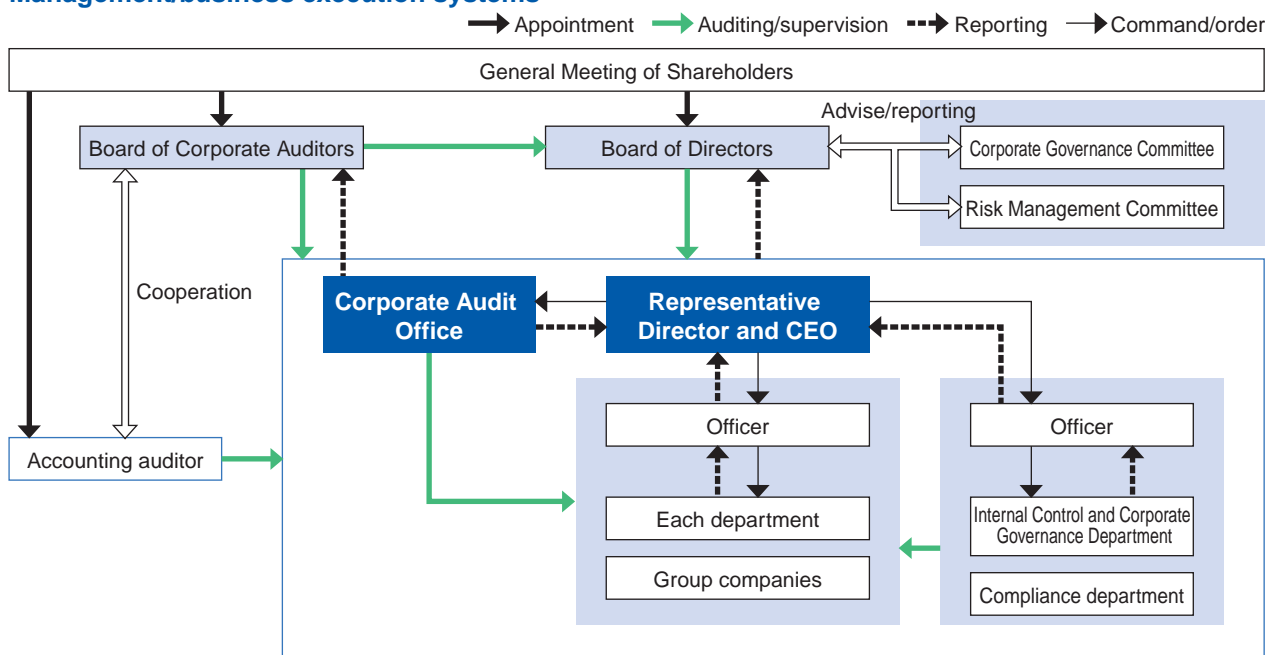
⑧ Systems for directors and employees to report to corporate auditors and other systems for reporting to corporate auditors

- a. To help corporate auditors efficiently execute their duties, directors, executive officers and employees will report to the corporate auditors important matters on company management and business operations, as well as statuses and results of the execution of important duties.
- b. Directors will immediately report to the Board of Corporate Auditors in the case where they discover anything that may inflict substantial damage on the Company.
- c. As a rule, reports to the corporate auditors must be made sincerely and without omission. In addition to regular reports, supplementary reports must be provided as needed without delay.

⑨ Other systems that ensure effective auditing by corporate auditors

- Corporate auditors will hold regular meetings with the representative director as important opportunities to audit directors' execution of duties, which is the major responsibility of the corporate auditors, and to further improve the audit system, thereby deepening mutual recognition and trust with the representative director.
- Corporate auditors will attend not only the Board of Directors' Meetings but also in the Executive Committee meetings, the Officers' Committee meetings, and any other important meetings, in order to grasp in a timely manner the contents of duties being executed by directors, executive officers and employees, thereby ensuring the effective execution of said duties.
- Corporate auditors may request directors, officers and employees for report whenever necessary.
- In order to help corporate auditors execute their duties in an appropriate manner, directors will cooperate with corporate auditors in facilitating communication and information gathering/exchange between the corporate auditors and the directors, corporate auditors, or internal audit departments of the subsidiaries, etc.
- Directors will ensure an environment where corporate auditors can work with lawyers, certified public accountants, and other experts outside the Company, when the corporate auditors believe it necessary to do so in executing their duties.

Management/business execution systems



Note: The Corporate Governance Committee gives advice both on nomination and remuneration.

(2) Policy Concerning Company Control

Since the opening of the first AUTOBACS store in 1974, the Company has been striving to contribute to enriching our customers' car life by developing and expanding the AUTOBACS franchise chains comprising AUTOBACS headquarters, the Company's directly operated stores, and its domestic and foreign franchisee stores.

Based on its founding management principle, namely "constantly suggesting the most appropriate car life to each customer and creating a rich and sound motorized society," our Group has been making all-out, concerted efforts to communicate our vision, "Anything about cars, you find at AUTOBACS," thereby winning support and trust from our customers.

In the years ahead, we are determined to develop AUTOBACS franchise chains even further, continuously enhance our corporate governance and investor relations, and ensure greater transparency of our Group's management. These steps, we believe, will contribute toward maximizing profits for all our stakeholders, particularly our shareholders.

In this context, the Company is convinced that the people who make decisions on the Company's financial and business policies must be those who understand the importance of mutual trust among franchisee stores, clients, employees and other parties concerned in the AUTOBACS franchise chains and who are willing and able to improve our medium- and long-term corporate values and shareholders' common profit.

(3) Policy for Decisions on Distribution of Surpluses, etc.

The Company views returning profits to shareholders as one of the most important management tasks.

The Company's basic policy for the distribution of profit is to (i) maintain the liquid assets required for continuation of business, and (ii) conduct stable and continuous distribution as well as agile acquisition of its own stock, taking into consideration the Company's operational results and financial stability, while targeting at the consolidated dividend on equity ratio (DOE) of three (3)%.

This fiscal term, the year-end dividend is to be increased by 15 yen from the same period of the previous year to 65 yen per share. Combined with the interim dividend, the Company plans to pay an annual dividend of 125 yen per share.

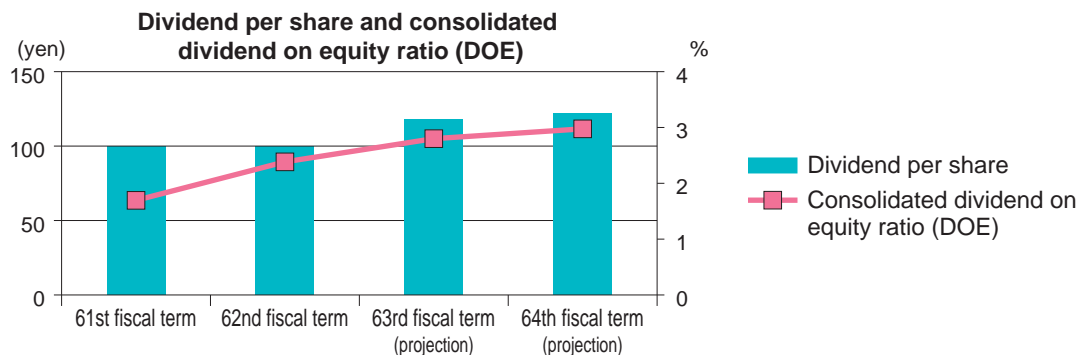
As a result, the consolidated dividend on equity ratio (DOE) will be 3.0 %.

For the next fiscal term, the Company plans to pay 65 yen per share both at the interim and year-end periods, which will result in an increase of 5 yen from this year to an annual dividend of 130 yen per share.

Dividends and Acquisition of Own Stock in the Latest Three (3) Consolidated Fiscal Term

* Figures determined on the basis of the assumption that a bill concerning the disposition of surpluses will be carried at the 63rd Ordinary General Meeting of Shareholders

	61st fiscal term [April 1, 2007 to March 31, 2008]	62nd fiscal term [April 1, 2008 to March 31, 2009]	63rd fiscal term (projection) [April 1, 2009 to March 31, 2010]
Dividend per share (annual)	100 yen	100 yen	125 yen
Total amount of dividends (annual)	3,823 million yen	3,745 million yen	4,481 million yen
Consolidated dividend payout ratio	260.6%	—%	77.2%
Value of own stock acquired	5 million yen	2,457 million yen	5,373 million yen
Return to shareholders ratio	261.0%	—%	168.0%



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(April 1, 2009-March 31, 2010)

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Consolidated Balance Sheet (as of March 31, 2010)

(Unit: million yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
Current assets	133,882	Current liabilities	41,521
Cash and deposits	43,829	Notes payable and trade accounts payable	15,807
Notes receivable and trade accounts receivable	23,256	Short-term borrowings	4,901
Lease investment assets	14,594	Current portion of bonds	80
Marketable securities	13,996	Lease liabilities	57
Merchandise	16,711	Accounts payable	11,160
Deferred tax assets	2,153	Income taxes payable	1,771
Short-term loans	297	Reserve for points	307
Accounts receivable	17,440	Accrued liability for business restructuring	1,324
Other current assets	1,894	Other current liabilities	6,110
Allowance for doubtful receivables	△ 293	Non-current liabilities	17,278
Non-current assets	76,769	Bonds	140
Tangible non-current assets	37,877	Long-term borrowings	8,228
Buildings and Structures	11,442	Lease obligations	811
Machines and equipment and delivery equipment	1,128	Deferred tax liabilities	73
Tools, instruments and fixtures	2,255	Accrued retirement benefits	109
Land	22,693	Accrued retirement benefits to officers	271
Leased assets	282	Other non-current liabilities	7,643
Construction in progress	73	Total liabilities	58,799
Non-tangible non-current assets	7,237	(Net assets)	
Goodwill	1,027	Shareholders' equity	151,273
Software	5,366	Common stock	33,998
Leased assets	45	Capital surplus	34,278
Other non-tangible non-current assets	797	Retained earnings	88,398
Investments and other assets	31,653	Treasury stock, at cost	△ 5,402
Investment securities	3,829	Valuation and variance of translation	122
Long-term loans	905	Other stock variance of the estimate	107
Deferred tax assets	5,123	Foreign currency translation adjustments	15
Rental deposits	20,561	Minority interests	456
Other investments and other assets	5,341	Total net assets	151,852
Allowance for doubtful receivables	△ 4,108	Total net assets and liabilities	210,652
Total assets	210,652		

Consolidated Statement of Income (April 1, 2009-March 31, 2010)

(Unit: million yen)

Account Item	Amount	
Sales		232,936
Cost of sales		158,940
Gross profit		73,996
Selling, general and administrative expenses		63,825
Operating income		10,171
Non-operating income		
Interest received	200	
Dividends received	29	
Investment income by the equity method	91	
Fees receivables	688	
Lease revenue - system equipment	1,246	
Miscellaneous income	2,460	4,717
Non-operating expenses		
Interest paid	241	
Foreign exchange loss	96	
Lease cost - system equipment	1,458	
Loss from valuation of investment securities	126	
Loss from retirement of non-current assets	146	
Miscellaneous expenses	1,059	3,130
Ordinary income		11,757
Extraordinary income		
Gain on sales of non-current assets	53	
Gain on sales of affiliated companies' stock	218	
Reversal of allowance for doubtful receivables	215	
Reversal of allowance for business restructuring	3,436	
Other extraordinary income	38	3,961
Extraordinary losses		
Loss from sales of non-current assets	28	
Impairment loss	630	
Loss from sales of affiliated companies' stock	6	
Provision for doubtful receivables	3,744	
Loss on disposal of stores	91	
Expenses for business restructuring	610	
Other extraordinary losses	31	5,144
Income before income taxes and other adjustments		10,574
Corporation, resident and enterprise taxes	2,273	
Adjustment amount for income taxes	2,344	4,617
Minority interests in net income		91
Net income		5,865

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Consolidated Statement of Changes in Net Shareholders' Equities (April 1, 2009-March 31, 2010)

(Unit: million yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total shareholders' equity
Balance at March 31, 2009	33,998	34,511	94,297	△ 8,000	154,807
Change of items during the consolidated fiscal term					
Dividends from surplus			△ 4,023		△ 4,023
Net income			5,865		5,865
Purchase of treasury stock				△ 5,375	△ 5,375
Cancellation of treasury stock		△ 233	△ 7,740	7,974	—
Net change of items other than shareholders' equity during the period					
Total change of items during the period	—	△ 233	△ 5,898	2,598	△ 3,533
Balance at March 31, 2010	33,998	34,278	88,398	△ 5,402	151,273

	Valuation and variance of translation			Minority Interests	Total Net Assets
	Other stock variance of the estimates	Foreign Currency Translation Adjustments	Total valuation and variance of translation		
Balance at March 31, 2009	△ 217	173	△ 44	715	155,478
Change of items during the consolidated fiscal term					
Dividends from surplus					△ 4,023
Net income					5,865
Purchase of treasury stock					△ 5,375
Cancellation of treasury stock					—
Net change of items other than shareholders' equity during the period	325	△ 158	167	△ 259	△ 91
Total change of items during the period	325	△ 158	167	△ 259	△ 3,625
Balance at March 31, 2010	107	15	122	456	151,852

Notes to Consolidated Financial Documents

[Notes: Important information for producing Consolidated Financial Report]

1. Issues relating to scope of consolidation

- (1) Number of subsidiaries subject to consolidation accounting 42 companies (including addition of 2 companies and excluding 15 companies)
- (2) Names of major subsidiaries subject to consolidation accounting
AMC Co., Ltd., AUTOBACS France S.A.S., AUTOBACS Financial Service Co., Ltd.

2. Issues relating to application of equity method

- (1) Number of associate companies subject to equity method 8 companies (including addition of 1 company)
- (2) Names of major associate companies subject to equity method
PUMA Co., Ltd., FUNUS Corporation, Buffalo Inc.

3. Issues relating to fiscal period of subsidiaries subject to consolidation accounting

The individual overseas subsidiaries whose accounting closing dates are different from that of the consolidation accounting were requested to produce provisional financial statements as of the closing date specified for consolidation accounting. These provisional financial statements have been used for producing the Consolidated Financial Report.

4. Issues relating to accounting standards

(1) Valuation standards and methods applied to important assets

① Valuation standards and methods applied to securities

Held-to-maturity securities amortized cost method (straight line method)

Other securities

Other securities with market prices market price method based on the prescribed conditions, including the value marked by each type of securities on the market as of the closing date (All differences between the market and book values have been processed and recognized in a separate account of net assets, and the amount of the sales cost has been determined under the moving average approach.)

Other securities without market prices costing method under the moving average approach

② Valuation standard and method applied to derivative instruments

Derivative instruments market price method

③ Valuation standards and methods applied to Merchandise

Wholesale business principally, costing method under the moving average approach (In relation to the declining profitability, the book value of each affected inventory item has been written down to renew the value recognized on the balance sheet)

Retail business principally, costing method and retail method (In relation to the declining profitability, the book value of each affected inventory item has been written down to renew the value recognized on the balance sheet)

(2) Amortization and depreciation methods applied to major items of depreciable assets

① Tangible non-current assets, excluding lease assets

basically, declining balance method The followings are major types of such Tangible non-current assets and lengths of their respective useful lives.

Store buildings and structures principally, the lengths of their useful economic lives independently estimated and determined by AUTOBACS Group. With respect to the buildings and structures located on the leased land lots legally furnished with fixed-term leasehold interest for commercial use, the Group has applied the number of years set forth in the respective contracts as the useful lives of such store buildings and structures.

Buildings and structures 3-20 years

Tangible non-current assets, excluding those mentioned above

Buildings and structures 3-45 years

Machines and equipment and delivery equipment 2-15 years

Tools, instruments and fixtures 2-20 years

② Non-tangible non-current assets, excluding leased assets

Straight line method With respect to the software products used by AUTOBACS Group companies subject to consolidation accounting, each product's book value has been determined as a result of applying straight line method based on the fact that its useful economic life in AUTOBACS Group is usually within the range of 2 to 5 years.

③ Leased Assets

Straight line method, in which each asset item's useful economic life is equivalent to the respective lease period and its residual value is reduced to nil at the end of the period. Among the financing and leasing transactions without transfer of title to assets, leasing transactions whose commencement dates are on or before March 31, 2008 with the lessee being any of the companies subject to consolidated accounting have been processed in accordance with such an accounting method that is in conformity with the method applicable to conventional leasing and rental transactions.

(3) Accounting standard of provisioning mainly for

① Doubtful receivables

In the event of any loss incurred from bad loans, it is the basic policy for AUTOBACS Group companies located in Japan and subject to consolidation accounting to apply actual bad loan ratio to general receivables and separately assess the possibility of recovering each item of doubtful receivables and non-performing monetary loans for the purpose of creating provision in the estimated uncollectible amount.

② Point cards

In preparation of customers' use of point card privilege as well as the resultant sales reduction, AUTOBACS Group employs the method of calculating the number of points offered to customers during each fiscal period and estimating the number of points to be used in the future with a view to creating appropriate provision at the end of the fiscal period.

③ Business Restructuring

In case of any loss arising from business restructuring, AUTOBACS SEVEN has estimated and created such an appropriate amount of provision that will cover the loss to be incurred by the company.

④ Retirement Benefits

In preparation of payment of retirement benefits to employees, it is a standard practice for a part of the subsidiaries subject to consolidation accounting to estimate the amount of benefit payment obligations and pension plan assets for the purpose of appropriate provisioning at the end of each fiscal period.

⑤ Retirement benefits for directors and corporate auditors

In anticipation of payment of retirement benefits to directors and corporate auditors, it is the basic policy of AUTOBACS Group companies subject to consolidation accounting to create, in compliance with their internal regulations, appropriate amounts of allowances that will be necessary to supply the benefits at the end of each fiscal period. Due to the revisions in the retirement benefit system applicable to directors and corporate auditors, neither has AUTOBACS SEVEN provided for the retirement benefits payment scheduled in and after July 2002, nor have the subsidiaries subject to consolidation accounting, excluding exceptions, provisioned for the payment scheduled in and after April 2005.

(4) Standard of accounting for income and expenses

Revenue from financing and leasing transactions without transfer of title to assets

Recording the sales and the Cost of sales upon receipt of the relevant lease fees

(5) Standard of translating major foreign currency-based assets and liabilities into yen

Each item of the foreign currency-based credit and liabilities has been translated into yen by means of applying the spot foreign exchange rates as of the consolidation accounting closing date. The differences arising from translation have been processed and reported on the Consolidated Income Statement. With respect to the assets and liabilities held by subsidiaries outside Japan, the value of each item has been translated into yen by applying the spot foreign exchange rate as of each holder's closing date while any income or loss relevant to these assets and liabilities has been translated into yen based on the average foreign exchange rate recorded during the fiscal period. Any translation difference has been recognized and included in either foreign currency translation adjustments or minority interests in the net assets section.

(6) Important hedge accounting method

① Hedge accounting method

It is AUTOBACS Group's basic policy to appropriate changes in the mark-to-market value of each hedge financial instrument over the fiscal period. Special treatment is applied to interest rate swap transactions, should they satisfy the prescribed conditions.

② Types of hedge instruments and items subject to hedging

- | | |
|--------------------------|------------------------------------|
| 1. Hedge instrument type | currency swap transactions |
| Items subject to hedging | foreign currency-based receivables |
| 2. Hedge instrument type | interest rate swap transactions |
| Items subject to hedging | interest on borrowings |

③ Hedging policy and method of measuring hedging effect

In order to avoid risks arising from future fluctuations in exchange rates applicable to foreign currency-based transactions, it is AUTOBACS Group's policy to employ currency swap transactions, on condition that their amounts are limited to the outstanding balance of foreign currency-based receivables or the estimated amount of planned trade transactions. The relevant hedging effect is measured and confirmed by Accounting Department. Interest rate swap transactions are employed to avoid risks that may arise from fluctuations in interest rates applicable to borrowings. The items subject to hedging are separately assessed and identified, whenever individual relevant contracts are concluded. Special treatment is applied to the items subject to hedging, should they satisfy the prescribed requirements, although evaluation of their hedging effect is omitted.

(7) Other basic information relating to production of Consolidated Financial Report

In respect of consumption and other taxes, AUTOBACS employs before-tax accounting methods.

5. Issues relating to valuation of assets and liabilities held by subsidiaries subject to consolidation accounting

With regard to the assets and liabilities held by the subsidiaries subject to consolidation accounting, each item's book value has been assessed and determined entirely based on the market price method.

6. Issues relating to amortization of goodwill and negative goodwill

AUTOBACS Group employs the method of amortizing its goodwill by applying straight line method based on the reasonable period up to 20 years.

[Notes to Consolidated Balance Sheet]

1. Assets encumbered in security lien	Land	271million yen
Types of liabilities requiring encumbrance	Receivables	82million yen
	Short-term borrowings	250million yen
	<u>Long-term borrowings</u>	<u>290million yen</u>
	Total	622million yen
2. Accumulated depreciation of Tangible non-current assets		37,158million yen
3. The figures herein presented have been rounded down to the nearest million yen.		

[Notes to Consolidated Income Statement]

1. Losses from impaired assets

For the fiscal period, AUTOBACS Group has accounted for losses arising from impaired assets, which belong to the following asset types

Purpose/Status	Location	Asset Type	Amount of Long-term borrowings (Unit: million yen)
Stores	AUTOBACS Hashiriya Tengoku Secohan Ichiba, Izumi-Kamo Store (Izumi-ku, Sendai City)	Buildings and other asset items Miscellaneous	24
	AUTOBACS Hashiriya Tengoku Secohan Ichiba, Neyagawa Store (Neyagawa City, Osaka)	Buildings and other asset items	16
	AUTOBACS, Otaru Store (Otaru City, Hokkaido)	Buildings and other asset items	3
Driving Schools	Tama Driving School Co., Ltd. (Hino City, Tokyo)	Land Buildings and other asset items Miscellaneous	291
	Seibu Driving School Co., Ltd. (Kodaira City, Tokyo)	Buildings Goodwill	156
Non-performing Assets	West Japan Logistic Center (Miki City, Hyogo)	Land	110
	Palstar K.K., former Kanto Branch Office (Ushiku City, Ibaragi)	Land Buildings	27

AUTOBACS Group considers shops as the smallest basic units capable of generating cash flows, and categorizes non-performing assets and leased assets into separate asset types. Given the fact that the market prices of land lots owned by the Group have decreased since acquisition due to the decline of general land prices, the Group has identified asset types whose total cash flow amounts went below their respective book values and reduced the book values to the collectible amounts. The total reduction amount (630 million yen) has been recognized as losses from impaired assets in extraordinary losses. These asset types consisted of land (377 million yen), goodwill (150 million yen), buildings and other asset items (96 million yen), and miscellaneous asset items (6 million yen). Each asset type's collectible amount is the higher of its current sale price and its value in use. The current sale price has been determined based on the value measured by a certified real estate appraiser or based on the closest roadside land price. The reduction ratio of the value in use has been set as 7.49%, which is weighted average cost of capital (WACC).

2. The figures herein presented have been rounded down to the nearest million yen.

[Notes to Consolidated Statement of Changes in Net Assets]

1. Number and type of company shares issued and outstanding (at end of fiscal period)
 - ordinary shares 37,454,204 shares
2. Issues relating to dividends
 - (1) Amount of Dividend Payment

Approved by	Type of Shares	Total Dividends Amount (Unit: million yen)	Amount of Dividend per Share (Unit: yen)	Record Date	Declaration Date
General Shareholders' Meeting (June 25, 2009)	Ordinary shares	1,872	50	March 31, 2009	June 26, 2009
Meeting of Board of Directors (November 6, 2009)	Ordinary shares	2,151	60	September 30, 2009	December 10, 2009

- (2) With respect to the dividends whose record date belongs to the fiscal period and which will become effective during the next fiscal period, AUTOBACS Group plans to obtain necessary approval according to the schedule provided below

Approved by	Type of Shares	Total Dividends Amount (Unit: million yen)	Dividend Resource	Amount of Dividend per Share (Unit: yen)	Record Date	Declaration Date
General Shareholders' Meeting (June 24, 2010)	Ordinary shares	2,330	Retained earnings	65	March 31, 2010	June 25, 2010

[Financial Instruments]

1. Issues relating to status of financial instruments

- (1) Basic policies applied to financial instruments

It is AUTOBACS Group's basic policy to borrow fund mainly from banks in accordance with the Group's facility investment plan, when such borrowing is deemed necessary. The Group applies the method of managing the fund pooled temporarily for next investment opportunities mainly in the forms of relatively safe financial assets.

- (2) Content of, and risks involved in, financial instruments

Notes receivable and trade accounts receivable arising from business operations expose AUTOBACS Group to credit risks inherent in individual customers. Marketable and investment securities, which mainly consist of held-to-maturity bonds, listed company shares and other securities, involve market price fluctuation risks. Long-term loans are offered to AUTOBACS franchisees and expose the Group to the individual franchisees' credit risks. The Group's store buildings, mostly constructed based on AUTOBACS original specifications, are rented by their respective owners for sub-let to franchisees. Rental deposits, most of which have been placed on the building owners under the respective rental or lease contracts, involve these owners' credit risks. Given the fact that major lease investment assets, among the aforementioned store buildings, are owned by AUTOBACS Group and leased to the franchisees, the Group is exposed to the individual franchisees' credit risks. Most of the Notes payable and trade accounts payable arising from business operations are due within one month. Borrowings and bonds, principally aimed at procuring necessary fund for continued business operations and facility investment, include items with the farthest redemption date scheduled in six years after the consolidation accounting closing date.

- (3) System for controlling and managing risks arising from financial instruments

- ① Credit risks (Risks involved in default or other breach of contracts on the part of AUTOBACS' business partners and customers)

In AUTOBACS SEVEN, individual divisions are, in compliance with the credit and loan management regulations, assigned to monitor the financial positions and business performance of each major business partner or customer at a regular interval in relation to the credit and loan transactions arising from business operations. For each business partner or customer, these divisions are required to control and manage the outstanding balances and maturity dates relevant to credit and loan transactions. In addition, these divisions are working hard to obtain, at an earliest possible date, information on any doubtful accounts that may arise from deteriorating financial and/or business performance of the business partners or customers, so that the company can reduce doubtful accounts, thereby minimizing any impact that they may have on the company performance. This is the same with the subsidiaries subject to consolidation accounting, where their credit and loan transactions are dealt with in accordance with AUTOBACS SEVEN's credit and loan management regulations. With respect to held-to-maturity securities, together with bonds and other debt securities included in other securities, the company, in conformity with its fund management policies, limits its purchase to those issued by high-rated entities; the corresponding credit risks are relatively small or negligible.

- ② Market-related risks (exchange and interest rate fluctuation risks)

In respect of marketable and investment securities, AUTOBACS Group employs the method of examining their market prices, together with the financial positions and other performance of individual issuers (transacting parties), at a regular interval. Efforts continue to be made to review the Group's portfolio, based on consideration to each issuer's financial performance, market trends and other related factors. Exchange and interest rate fluctuations, which tend to bring about differences of relatively small amounts and have limited impact on the Group's financial results, have been excluded from disclosures.

③Liquidity risks associated with fund procurement (Risks of AUTOBACS' possible failure in payment according to the provided schedule)

As AUTOBACS SEVEN's standard practice, the department in charge of financing is assigned to produce and revise the company's funding plan based on the reports received from individual departments and hold necessary fund in hand and implement other necessary action with a view to controlling and managing liquidity risks. The Group's subsidiaries subject to consolidation accounting apply the method of procuring necessary fund from AUTOBACS SEVEN by utilizing the Group financing system.

(4) Supplementary explanations on issues relating to fair values and other aspects of financial instruments

The fair values of individual financial instruments are either the prices actually quoted for such financial instruments on the market or the values calculated and determined by AUTOBACS Group in a reasonable and appropriate manner, if such quoted market prices are not available. In estimating fair values of such financial instruments, the Group has taken account of fluctuating factors. For this reason, these estimates may vary based on different assumptions or other conditions.

2. Issues relating to the fair values and other conditions of financial instruments

In relation to the individual types of financial instruments employed by AUTOBACS Group, the followings are their values recognized in the Consolidated Balance Sheet as of March 31, 2010, their estimated fair values and differences discovered between the two types of figures. Please note, however, that these financial instruments do not include those with extremely difficulties to determine their fair values (refer to Notes 2).

	Value Recognized in Consolidated Balance Sheet (Unit: million yen)	Estimated Fair Value (Unit: million yen)	Difference (Unit: million yen)
(1) Cash and deposits	43,829	43,829	—
(2) Notes receivable and trade accounts receivable	23,256	22,985	△ 271
(3) Lease investment assets	14,594	17,827	3,232
(4) Marketable and investment securities	17,383	16,805	△ 578
(5) Short-term loans	297	306	8
(6) Accounts receivable	17,440	17,440	—
(7) Long-term loans	905	922	16
(8) Rental deposits	20,561	17,934	△ 2,627
Total assets	138,270	138,051	△ 218
(9) Notes payable and trade accounts payable	15,807	15,807	—
(10) Short-term borrowings	4,901	5,048	146
(11) Current portion of bonds	80	81	1
(12) Lease obligations (current liabilities)	57	111	53
(13) Accounts payable	11,160	11,160	—
(14) Income taxes payable	1,771	1,771	—
(15) Bonds	140	139	△ 0
(16) Long-term borrowings	8,228	8,321	93
(17) Lease obligations (Non-current liabilities)	811	1,063	251
Total liabilities	42,958	43,504	546

(Notes) 1. Issues relating to securities and the method of estimating fair values of individual financial instruments

Assets

(1) Cash and deposits (6) Accounts receivable

Since these types of financial instruments tend to be settled in relatively short periods, their carrying values approximate their fair values; their fair values are deemed the same as their respective book values.

(2) Notes receivable and trade accounts receivable (3) Lease investment assets (5) Short-term loans (7) Long-term loans (8) Rental deposits

It is AUTOBACS Group's basic policy to categorize these types of financial instruments by the lengths of periods and their respective credit risks for the purpose of credit control and management. For each credit risk category, the current fair values of the corresponding financial instruments have been calculated and estimated by discounting future cash flow based on treasury bond interest rates or other representative market rates plus AUTOBACS' spread.

(4) Marketable securities and investment securities

For individual security products belonging to these types, their fair values are the prices quoted in security exchange. The fair values of bonds are either quoted in security exchange or presented by financial institutions transacting with AUTOBACS Group.

Liabilities

- (9) Notes payable and trade accounts payable (13) Accounts payable (14) Income taxes payable

Since these types of financial instruments tend to be settled in relatively short periods, their carrying values approximate the fair values of these instruments; the fair values are deemed the same as their respective book values.

- (10) Short-term borrowings (12) Lease obligations (current liabilities) (16) Long-term borrowings (17) Lease obligations (Non-current liabilities)

In estimating current fair values for these types of financial instruments, AUTOBACS Group has summed the principal amounts of the financial instruments and discounted the total amount at a particular interest rate that would be applied on assumption that the Group entered into new borrowing arrangements or leasing transactions.

- (11) Current portion of bonds (15) Bonds

For these types of financial instruments, their total principal amount has been discounted by particular interest rates, which include margins determined in reference to the individual bonds' remaining periods to redemption, the respective issuers' creditability and other tenors.

2. Financial instruments with extreme difficulties to estimate their fair values

Category	Value Recognized in Consolidated Balance Sheet (Unit: million yen)
Unlisted company securities	442

Given the fact that no quoted market prices exist for this type of financial instruments and it is extremely difficult to estimate their fair values, these financial instruments have been excluded from the disclosures of marketable and investment securities.

(Additional information)

Since this fiscal period, AUTOBACS Group has started applying the Accounting Standards for Financial Instruments (corporate accounting standards No.10, March 10, 2008) and the Management Policies for Disclosure of Fair Values and Other Data of Financial Instruments (corporate accounting standards No.19, March 10, 2008).

[Notes to Per-share data]

- | | |
|-----------------------------------|--------------|
| 1. Amount of net assets per share | 4,223.55 yen |
| 2. Amount of net income per share | 161.97 yen |

[Noteworthy subsequent events]

Approval of share repurchase

As a result of the meeting of the board of directors held on May 13, 2010, the decision was made for share repurchase, which will be implemented in accordance with the provisions of Companies Act, Article 156, as applied under Article 165, Item 3 of the same.

1. Purpose of share repurchase

Improving capital efficiency and increasing investment returns to share holders

2. Details of acquisition

- | | |
|---|---|
| (1) Type of shares to be acquired | ordinary shares of AUTOBACS SEVEN CO., LTD. |
| (2) Total number of shares to be acquired | 1,600,000 shares (at maximum) |
| (3) Total amount of fund available for repurchase | 5,600 million yen (at maximum) |
| (4) Period specified for acquisition | May 17, 2010-September 17, 2010 |
| (5) Acquisition method | Entrusting to a creditable trust bank or company the fund for buying back the company shares from the open market |

Non-consolidated Financial Report for the 63rd Fiscal Term

(April 1, 2009-March 31, 2010)

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Non-Consolidated Balance Sheet (as of March 31, 2010)

(Unit: million yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
Current assets	124,905	Current liabilities	39,611
Cash and deposits	40,126	Trade accounts payable	13,250
Notes receivable	279	Short-term borrowings	4,365
Trade accounts receivable	14,709	Lease liabilities	182
Lease investment assets	20,852	Accounts payable	13,738
Marketable securities	13,996	Expenses payable	1,944
Merchandise	5,702	Income taxes payable	1,132
Prepaid expenses	972	Advances received	43
Deferred tax assets	597	Money deposits	3,054
Short-term loans	10,904	Advance received profit	721
Accounts receivable	16,614	Reserve for points	16
Other current assets	434	Accrued liability for business restructuring	1,160
Allowance for doubtful receivables	△ 284	Other current liabilities	2
Non-current assets	84,065	Non-current liabilities	17,668
Tangible non-current assets	28,165	Long-term borrowings	7,797
Buildings	4,676	Lease obligations	1,977
Structures	285	Accrued retirement benefits to officers	15
Machinery and equipment	705	Deposits received for guarantees	7,874
Vehicle and delivery equipment	24	Other non-current liabilities	3
Tools, furniture and fixtures	501		
Land	21,923	Total liabilities	57,279
Construction in progress	47		
Non-tangible non-current assets	5,888	(Net Assets)	
Leasehold	642	Shareholders' equity	151,583
Software	5,211	Common stock	33,998
Other non-tangible non-current assets	34	Capital surplus	34,278
Investments and other assets	50,011	Additional paid-in capital	34,278
Investment securities	2,182	Retained earnings	88,680
Affiliated company shares	12,212	Legal earned surplus	1,296
Long-term loans	536	Other retained earnings	87,383
Long-term loans to affiliated companies	10,001	Reserves for business expansion	665
Claims in bankruptcy, etc.	4,112	Reserves for reduction in assets	665
Long-term prepaid expenses	1,010	Other reserves	76,350
Deferred tax assets	4,194	Earned surplus carried forward	9,702
Rental deposits	19,924	Treasury stock	△ 5,373
Other investments and other assets	149	Valuation and variance of translation	107
Allowance for losses from investments	△ 246	Other securities variance of the estimates	107
Allowance for doubtful receivables	△ 4,065		
Total assets	208,970	Total net assets	151,691
		Total net assets and liabilities	208,970

Non-Consolidated Statement of Income (April 1, 2009-March 31, 2010)

(Unit: million yen)

Account Item	Amount	
Sales		190,938
Cost of sales		151,743
Gross profit		39,194
Selling, general and administrative expenses		28,655
Operating income		10,539
Non-operating income		
Interest received	392	
Interest on securities	73	
Dividends received	456	
Lease revenue - system equipment	1,703	
Miscellaneous income	1,118	3,744
Non-operating expenses		
Interest paid	189	
Foreign exchange loss	96	
Lease cost - system equipment	2,080	
Loss from valuation of investment securities	126	
Miscellaneous expenses	319	2,813
Ordinary income		11,470
Extraordinary income		
Gain on sales of non-current assets	38	
Reversal of allowance for doubtful accounts	515	
Gain on sales of affiliated companies' stock	48	
Reversal of accrued retirement benefits to officers	62	
Reversal of allowance for business restructuring	60	725
Extraordinary losses		
Loss on sale of fixed assets	20	
Impairment loss	146	
Loss from valuation of affiliated companies' stock	1,203	
Provision of allowance for losses from investments	113	
Loss on disposal of stores	91	
Expenses for business restructuring	138	
Other extraordinary losses	31	1,744
Income before income taxes		10,450
Corporation, resident and enterprise taxes	1,386	
Adjustment amount for income taxes	2,901	4,287
Net income		6,162

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Non-Consolidated Statement of Changes in Net Shareholders' Equities (April 1, 2009-March 31, 2010)

(Unit: million yen)

	Shareholders' Equity									
	Common Stock	Capital Surplus			Retained earnings					
		Additional paid-in capital	Other Capital Surplus	Total Capital Surplus	Legal earned surplus	Other Retained Earnings				Total Retained Earnings
						Reserve for business expansion	Reserve for reduction in assets	Other reserves	Earned surplus carried forward	
Balance at March 31, 2009	33,998	34,278	234	34,512	1,296	665	666	96,450	△ 4,796	94,281
Change of items during the fiscal term										
Reversal of reserve for reduction in assets							△ 0		0	—
Cancellation of contingency reserve								△20,100	20,100	—
Dividends from surplus									△ 4,023	△ 4,023
Net income									6,162	6,162
Purchase of treasury stock										
Cancellation of treasury stock			△ 234	△ 234					△ 7,739	△ 7,739
Net change of items other than shareholders' equity during the period										
Total change of items during the period	—	—	△ 234	△ 234	—	—	△ 0	△20,100	14,499	△ 5,600
Balance at March 31, 2010	33,998	34,278	—	34,278	1,296	665	665	76,350	9,702	88,680

	Shareholders' Equity		Valuation and variance of translation		Total Net Assets
	Treasury Stock	Total shareholders' equity	Other stock variance of the estimates	Total valuation and variance of translation	
Balance at March 31, 2009	△ 7,974	154,818	△ 216	△ 216	154,601
Change of items during the fiscal term					
Reversal of reserve for reduction in assets		—			—
Cancellation of contingency reserve		—			—
Dividends from surplus		△ 4,023			△ 4,023
Net income		6,162			6,162
Purchase of treasury stock	△ 5,373	△ 5,373			△ 5,373
Cancellation of treasury stock	7,974	—			—
Net change of items other than shareholders' equity during the period			323	323	323
Total change of items during the period	2,600	△ 3,234	323	323	△ 2,910
Balance at March 31, 2010	△ 5,373	151,583	107	107	151,691

Notes to Non-Consolidated Financial Documents

[Notes: Important Accounting Policies]

1. Asset valuation standards and methods

(1) Valuation standards and methods applied to securities

- ① Held-to-maturity securities amortized cost method (straight line method)
- ② Subsidiary and associate company shares Costing method under the moving average approach
- ③ Other securities

Other securities with market prices market price method based on the prescribed conditions, including the market value market by each type of securities on the market as of the closing date (All differences discovered between the book and market values have been processed and recognized in a separate account of net assets, and the amount of the sales cost has been determined under the moving average approach)

Other securities without market prices costing method under the moving average approach

(2) Valuation standard and method applied to derivatives

Derivatives market price method

(3) Valuation standards and methods applied to inventories

- ① Wholesale business principally, costing method under the moving average approach (In relation to the declining profitability, the book value of each affected inventory item has been written down to renew the value recognized on the balance sheet.)
- ② Retail business principally, costing method and retail method (In relation to the declining profitability, the book value of each affected inventory item has been written down to renew the value recognized on the balance sheet)

2. Amortization and depreciation methods applied to Non-current assets

(1) Tangible fixed assets, excluding leased assets basically, declining balance method

The followings are major types of tangible fixed assets and the lengths of their respective useful lives.

- ① Store buildings and structures principally, the lengths of their useful economic lives independently estimated and determined by AUTOBACS SEVEN. With respect to the buildings and structures located on the leased land lots legally furnished with fixed-term leasehold interest for commercial use, the company has applied the number of years set forth in the respective contracts as the useful lives of the store buildings and structures.

Buildings 3-20 years
Structures 3-20 years

② Tangible fixed assets other than the types mentioned above

Buildings 3-45 years
Structures 3-30 years
Machinery and equipment 5-15 years
Tools, furniture and fixtures 2-20 years

- (2) Non-tangible non-current assets, excluding leased assets straight line method With respect to the software products used by AUTOBACS SEVEN, each product's book value has been determined as a result of applying straight line method based on the fact that its useful economic life in the company is usually within the range of 2 to 5 years.

- (3) Leased assets Straight line method, in which each asset item's useful economic life is deemed equivalent to the respective lease period and its residual value is reduced to nil at the end of the period. Among the financing and leasing transactions without transfer of title to assets, leasing transactions whose commencement dates are on or before March 31, 2008 with the lessee being AUTOBACS SEVEN have been processed in accordance with such an accounting method that is in conformity with the method applicable to conventional leasing and rental transactions.

3. Accounting standard of provisioning mainly for

(1) Doubtful receivables

In the event of any loss incurred from bad loans, it is the company's basic policy to apply actual bad loan ratio to general receivables and separately assess the possibility of recovering each item of doubtful receivables and non-performing monetary loans for the purpose of creating provision in the estimated uncollectible amount.

(2) Investment losses

AUTOBACS SEVEN applies the method of creating provision for any loss that it may incur from investments in affiliated companies, by considering these companies' individual financial positions and other related conditions.

(3) Point card

In preparation of customers' use of point card privilege as well as the resultant sales reduction, AUTOBACS SEVEN employs the method of calculating the number of points offered to customers during each fiscal period and estimating the number of points to be used in the future, with a view to creating appropriate provision at the end of the fiscal period.

(4) Business restructuring

In the event of any loss arising from business restructuring, AUTOBACS SEVEN has estimated and created an appropriate amount of provision, presuming that in such a case, the company would have to bear greater responsibility than the related investments and loans.

(5) Retirement benefits for directors and corporate auditors

In anticipation of payment of retirement benefits to directors and corporate auditors, it is AUTOBACS SEVEN's standard practice to create, in accordance with the company's internal regulations, such an appropriate amount of allowance that will be necessary to supply the benefits at the end of each fiscal period. Due to the revisions in the retirement benefit system applicable to directors and corporate auditors, AUTOBACS SEVEN has stopped creating such allowance relevant to the retirement benefit payments scheduled in and after July 2002.

4. Standard of accounting for income and expenses

Revenue from financing and leasing transactions Accounting for sales and the Cost of sales upon receipt of the relevant lease fees.
without transfer of title to assets

5. Standard of translating foreign currency-based assets and liabilities into yen

The individual items of foreign currency-based credit and liabilities have been translated into yen as a result of applying the spot foreign exchange rates as of the accounting closing date. Any difference arising from translation has been processed and recognized as a gain or loss.

6. Hedge accounting method

(1) Hedge accounting method

AUTOBACS employs the method of appropriating changes in the mark-to-market value of each hedge financial instrument over the fiscal period.

(2) Types of hedge financial instruments and items subject to hedging

Hedge financial instrument type Currency swap transactions
Items subject to hedging Foreign currency-based receivables

(3) Hedging policy and method of measuring hedging effect

In order to avoid risks arising from future fluctuations in exchange rates applicable to foreign currency-based transactions, AUTOBACS SEVEN employs hedge financial instruments, on condition that their amounts are limited to the outstanding balance of foreign currency-based receivables or the estimated amount of planned trade transactions. The relevant hedging effect is measured and confirmed by Accounting Department.

7. Other basic information for producing financial report

In respect of consumption and other taxes, AUTOBACS applies before-tax accounting methods.

[Notes to Non-consolidated Balance Sheet]

1. Accumulated depreciation of tangible fixed assets	19,018 million yen
2. Short-term loans to affiliated companies	25,114 million yen
Long-term loans to affiliated companies	370 million yen
Short-term liabilities to affiliated companies	8,752 million yen
Long-term liabilities to affiliated companies	1,662 million yen

3. Loan commitment agreements and committed credit lines

The outstanding loan balance and the unused portion of the committed credit lines established in accordance with loan commitment agreements are as follows

Total amount of committed credit lines	11,120 million yen
Outstanding loan balance	2,771 million yen
Difference (unused portion of committed credit lines)	8,348 million yen

Given the fact that some of the loan commitment agreements mentioned above require the borrowers' creditability to be assessed and/or other conditions to be satisfied before proceeding to execution of loans, the entire part of the committed credit lines are not always in use.

4. The figures herein presented have been rounded down to the nearest million yen.

[Notes to Non-consolidated Income Statement]

1. Business transactions with affiliated companies

Sales from affiliated companies	67,558 million yen
Purchase from affiliated companies	12,284 million yen
Other business transactions with affiliated companies	5,082 million yen

2. Non-business transactions with affiliated companies

2,535 million yen

3. Impairment loss

For the fiscal period, AUTOBACS SEVEN has accounted for losses from impaired assets, which belong to the following asset types.

Purpose/Status	Location	Asset Type	Amount of Impaired Loss(Unit: million yen)
Store	AUTOBACS Hashiriya Tengoku Secohan Ichiba, Izumi-Kamo Store (Izumi-ku, Sendai City)	Buildings and other asset items, Miscellaneous	24
	AUTOBACS Hashiriya Tengoku Secohan Ichiba, Neyagawa Store (Neyagawa City, Osaka)	Buildings and other asset items	11
Non-performing Assets	West Japan Logistics Center (Miki City, Hyogo)	Land	110

AUTOBACS SEVEN considers shops as the smallest basic units capable of generating cash flows and categorizes non-performing assets and leased assets into separate asset types. Given the fact that the market prices of land lots owned by the company have decreased after acquisition due to the decline of general land prices, the company has identified asset types whose total cash flow amounts went below their respective book values and reduced the book values to the collectible amounts. The total reduction amount (146 million yen) has been recognized as losses from impaired assets in extraordinary losses. These asset types consisted of land (110 million yen), buildings and other asset items (33 million yen), and miscellaneous asset type (3 million yen). Each asset type's collectible amount is the higher of its current sale price and its value in use. The current sale price has been determined based on the value measured by a certified real estate appraiser or based on the closest roadside land price. The total reduction ratio of the value in use has been set as 7.49%, which is weighted average cost of capital (WACC).

4. The figures herein presented have been rounded down to the nearest million yen.

[Notes to Non-consolidated Statement of Changes in Net Assets]

Type and number of treasury stock at the end of the fiscal period
ordinary shares 1,601,522 shares

[Notes: Tax effect accounting]

Breakdown of deferred tax assets and liabilities of the fiscal period by cause

(Current)	(Unit: million yen)
Deferred tax assets	
Rejection of Impairment loss	278
Enterprise tax payable	112
Rejection of valuation losses of inventories	265
Excess of loss entries from allowance for doubtful receivables	93
Rejection of discount and installment payment relating to purchase of inventories	100
Rejection of provision for business restructuring	464
Other causes	26
Total deferred tax assets	1,341
Deferred tax liabilities	
Effect of application of accounting standard for leased assets	△ 743
Total deferred tax liabilities	△ 743
Net deferred tax assets	597

(Long-term)

Deferred tax assets

Excess of loss entries to amortization and depreciation account	796
Losses from impaired assets	1,844
Rejection of valuation losses of Affiliated companies' stock	2,608
Rejection of Provision of allowance for losses from investments	98
Rejection of valuation losses of investment securities	1,864
Excess of loss entries to allowance for doubtful receivables	1,329
Rejection of provision for retirement benefits for directors and corporate auditors	6
Rejection of valuation losses of golf club membership and other assets	11
Rejection of credit transfer losses	1,276
Other causes	195
Sub total of deferred tax assets	10,031
Valuation-related provision	△ 5,218
Total deferred tax assets	4,813

Deferred tax liabilities

Reserves for reduction in assets	△ 459
Net unrealized gains (losses) on available-for-sale securities	△ 71
Other causes	△ 88
Total deferred tax liabilities	△ 619
Net deferred tax assets	4,194

[Notes: Fixed assets used on a leasing basis]

In addition to the fixed assets accounted for on the balance sheet, some office equipment and devices are used under the agreements of financing and leasing without transfer of title to the assets.

[Notes: Business transactions with subsidiaries and affiliated and associate companies]

Subsidiaries and affiliated and associate companies and other

(Unit: million yen)

Type	Name of company/entity	Proportion of company's/entity's voting rights and other interest under AUTOBACS SEVEN's control	Types of relations with company/entity	Types of transactions	Transaction amount	Account item	Outstanding balance at end of fiscal period
Subsidiary	AUTOBACS Financial Service Co., Ltd.	100% under direct control	Financial assistance	Loans	6,858	Short-term loans, Long-term loans	6,094 7,141
Subsidiary	AUTOBACS France S.A.S.	100% under direct control	—	Undertaking the company's capital increase	4,215	—	—

(Remarks) 1. Conditions of transactions, basic policies for deciding such conditions, and other related information

It is AUTOBACS SEVEN's basic policy to examine and consider market interest rates before making decisions on the interest rates applicable to the loans.

2. AUTOBACS Financial Service Co., Ltd. changed its trade name from AUTOBACS Insurance Service Co., Ltd., after its merger with Alfi Ltd. in April 2009.

3. The amount indicated for undertaking the capital increase of AUTOBACS France S.A.S includes 2,476 million yen of debt/equity swap transactions.

[Notes: Per-share data]

1. Net asset per share	4,230.95 yen
2. Net income per share	170.14 yen

[Noteworthy subsequent events]

Approval of share repurchase

As a result of the meeting of the board of directors held on May 13, 2010, the decision was made for share repurchase in accordance with the provisions of Article 156 of the Companies Act, as applied under Article 165, Item 3 of the same.

1. Purpose of share repurchase

Improving capital efficiency and increasing returns to Shareholders

2. Details of acquisition

(1) Type of shares to be acquired	ordinary shares of AUTOBACS SEVEN CO., LTD.
(2) Total number of shares to be acquired	1,600,000 shares (at maximum)
(3) Total amount of fund available for purchase	5,600 million yen (at maximum)
(4) Period specified for acquisition	May 17, 2010-September 17, 2010
(5) Acquisition method	Entrusting to a creditable trust bank or company the fund for buying back the company shares from the open market

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**Appendices to the convocation notice of the
63rd ordinary general meeting of shareholders**

Auditors' Report for the 63rd Fiscal Term

**Accounting Auditors' Report on
Consolidated Financial Report**

Accounting Auditor's Report

**Auditors' Report by Board of
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Accounting Auditors' Report on Consolidated Financial Report

Independent Auditors' Report

Date: May 18, 2010

Board of Directors
AUTOBACS SEVEN CO., LTD.

Deloitte Touche Tohmatsu LLC

Shigeji Sugimoto, Certified Public Accountant,
Limited and Managing Partner (seal)

Yoshiharu Ishikawa, Certified Public Accountant,
Limited and Managing Partner (seal)

In accordance with Article 444, Paragraph 4 of Companies Act, Deloitte Touche Tohmatsu LLC has audited the Consolidated Financial Report produced by AUTOBACS SEVEN CO., LTD. regarding the fiscal period from April 1, 2009 to March 31, 2010. The Consolidated Financial Report consists of the Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Changes in Net Assets, and Notes to Consolidated Financial Statements. While responsibility for production of the Consolidated Financial Report rests with AUTOBACS SEVEN's company management, it is Deloitte Touche Tohmatsu LLC's responsibility to examine and express an opinion on these documents from an independent point of view.

Deloitte Touche Tohmatsu performed audits in accordance with auditing standards generally deemed fair and appropriate and accepted in Japan. These standards require that auditors examine the Consolidated Financial Report and identify, and conclude with reasonable assurance, as to whether the documents are free of material misstatement. For this reason, the implemented auditing procedures centered on verifying informative disclosures of the documents on a test basis and also included assessing the accounting policies and methods applied, and the estimates produced, by AUTOBACS SEVEN's company management, together with overall data and information contained in the Consolidated Financial Report. Through these auditing procedures, Deloitte Touche Tohmatsu LLC has come to believe that the audit results afford a reasonable basis for expressing an opinion.

Deloitte Touche Tohmatsu LLC is of the opinion that the aforementioned Consolidated Financial Report is in conformity with corporate accounting standards generally deemed fair and appropriate and accepted in Japan. It is hereby acknowledged that in all material respects, the Consolidated Financial Report fairly presents the status of property of assets held, and income or loss recorded, by AUTOBACS Group (AUTOBACS SEVEN CO., LTD. and its subsidiaries subject to consolidation accounting) during the specified fiscal period.

With respect to the disclosure requirement prescribed in the Certified Public Accountant Law, it is hereby declared that no conflict of interest exists between AUTOBACS SEVEN CO., LTD. and Deloitte Touche Tohmatsu LLC or its managing partners.

END

Accounting Auditor's Report

Independent Auditors' Report

Date: May 18, 2010

Board of Directors
AUTOBACS SEVEN CO., LTD.

Deloitte Touche Tohmatsu LLC

Shigeji Sugimoto, Certified Public Accountant,
Limited and Managing Partner (seal)

Yoshiharu Ishikawa, Certified Public Accountant,
Limited and Managing Partner (seal)

In accordance with Article 436, Paragraph 2, Item 1 of Companies Act, Deloitte Touche Tohmatsu LLC has audited the Non-Consolidated Financial Report for Fiscal 2009 and annexes produced by AUTOBACS SEVEN CO., LTD. regarding the fiscal period from April 1, 2009 to March 31, 2010. The Non-Consolidated Financial Report for Fiscal 2009 consists of the Non-consolidated Balance Sheet, the Non-consolidated Income Statement, the Non-consolidated Statement of Changes in Net Assets and the Notes to Non-consolidated Financial Statements. While responsibility for production of the Non-Consolidated Financial Report for Fiscal 2009 and annexes rests with AUTOBACS SEVEN's company management, it is Deloitte Touche Tohmatsu LLC's responsibility to examine and express an opinion on these documents from an independent point of view.

Deloitte Touche Tohmatsu performed audits in accordance with auditing standards generally deemed fair and appropriate and accepted in Japan. These standards require that auditors examine the Non-Consolidated Financial Report for Fiscal 2009 and annexes and identify, and conclude with reasonable assurance, as to whether the documents are free of material misstatement. For this reason, the implemented auditing procedures centered on verifying informative disclosures of the documents on a test basis and included assessing the accounting policies and methods applied, and estimates produced, by AUTOBACS SEVEN's company management, together with overall data and information contained in the Non-Consolidated Financial Report for Fiscal 2009 and annexes. Through these auditing procedures, Deloitte Touche Tohmatsu LLC has come to believe that the audit results afford a reasonable basis for expressing an opinion.

Deloitte Touche Tohmatsu LLC is of the opinion that the aforementioned Non-Consolidated Financial Report for Fiscal 2009 and annexes are in conformity with corporate accounting standards generally deemed fair and appropriate and accepted in Japan. It is hereby acknowledged that in all material respects, the Non-Consolidated Financial Report for Fiscal 2009 and annexes fairly present the status of property of assets held, and income or loss recorded, by AUTOBACS SEVEN CO., LTD. during the specified fiscal period.

With respect to the disclosure requirement prescribed in the Certified Public Accountant Law, it is hereby declared that no conflict of interest exists between AUTOBACS SEVEN CO., LTD. and Deloitte Touche Tohmatsu LLC or its managing partners.

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With regard to the company directors' performance of the provided assignments and responsibilities during the fiscal period from April 1, 2009 to March 31, 2010, individual corporate auditors of AUTOBACS SEVEN CO., LTD. produced corporate auditors' reports, based on which discussions were held during the meeting of the board of corporate auditors. The outcomes of these discussions were summarized in this report as follows:

1. Scope and methods of audits performed by individual corporate auditors and the board of corporate auditors
The board of corporate auditors, which established the auditing policies and made decisions on individual corporate auditors' assignments and responsibilities and other related details, has received from these members reports on the status and results of audits. In addition, the board has received reports on the company directors' performance of the provided assignments and responsibilities from these directors and other related staff members and accounting auditors. These reports have been supplemented by explanations provided upon request, when the board deemed such explanations necessary.

In accordance with the corporate auditors' auditing standards established by the meeting of the board of corporate auditors, the auditing policies, the provided assignments and responsibilities and other agreed-upon conditions, individual corporate auditors have worked hard to communicate with directors, related employees and other staff members of the company as well as with members of the internal audit division for the purpose of obtaining necessary information and developing a favorable environment for audits. Individual corporate auditors have participated in the meeting of the board of directors and other important meetings and have received reports from the directors, employees and other staff members of the company to examine the directors' performance of the provided assignments and responsibilities. These directors, employees and other staff members were requested to give explanations, whenever such explanations were deemed necessary. Individual corporate auditors have examined important documents, including documents for approval, and have visited head office and major business offices to assess the status of operations and property of assets. Individual corporate auditors have examined and assessed the content of the resolutions that were adopted by the meeting of the board of directors for developing a system designed to ensure that the directors' performance of the provided assignments and responsibilities is in compliance with the applicable laws, acts and ordinances and the company's articles of incorporation, together with a system necessary to ensure that limited companies perform appropriate operations as defined by Article 100, Paragraph 1 and 3 of Ordinance for Enforcement of the Companies Act. Furthermore, individual corporate auditors have examined and assessed the status of these internal control systems, which are under development in accordance with the resolutions.

With respect to internal control related to financial reports, the board of corporate auditors have received reports on assessment and audit results from the directors, employees and other staff members of the company as well as from Deloitte Touche Tohmatsu LLC. The board of corporate auditors requested explanations from the directors, employees, other staff members and accounting auditors, when such explanations were deemed necessary.

In respect of the basic policies introduced in the company's annual report in accordance with Article 118, Item 3, (i) of the Ordinance for Enforcement of the Companies Act, the board has examined the status and outcome of discussions held during the meeting of the board of directors and other related meetings, before giving consideration to the proposed details of the policies. The board has worked diligently to improve communications and information exchange with directors, corporate auditors and other related staff members of the company's individual subsidiaries and has received reports on the subsidiaries' business operations, where such reports were needed. Based on the aforementioned methods, the board has examined and assessed annual report relevant to the fiscal period, together with its annexes.

Furthermore, the board of corporate auditors has supervised and confirmed that accounting auditors maintained their independent positions and performed fair and appropriate audits. At the same time, the board has received from these accounting auditors reports on the status of the provided assignments and responsibilities and requested explanations, when such explanations were necessary. The accounting auditors informed the board of the fact that development of a "system designed to ensure that the provided

assignments and responsibilities are performed in an appropriate manner" (refer to the individual Items, Article 131 of the Company Calculation Rules) was in progress and in conformity with the quality control standards applicable to audits (established by corporate accounting council on October 28, 2005) and other related rules. The board has requested explanations from the accounting auditors, when such explanations were necessary.

As such, the board of corporate auditors has examined and assessed the company's Non-Consolidated Financial Report for Fiscal 2009 (i.e. Non-consolidated Balance Sheet, Non-consolidated Income Statement, Non-consolidated Statement of Changes in Net Assets and Notes to Non-Consolidated Financial Report) and annexes, as well as the Consolidated Financial Report for Fiscal 2009 (i.e. Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Changes in Net Assets, and Notes to Consolidated Financial Report).

2. Audit Results

(1) Results of audits of annual report and other documents

1. The board of corporate auditors hereby acknowledges that the company's annual report and annexes are in compliance with the applicable laws, acts, ordinances and the company's articles of incorporation and these documents present fairly the company's financial position and the status of the company's business operations.
 2. Audit results have revealed no vital findings indicating any fraud or any breach of the applicable laws, acts, ordinances and the company's articles of incorporation that may relate to the directors' performance of the provided assignment and responsibilities.
 3. The board of corporate auditors acknowledges that the content of the resolutions adopted by the meeting of the board of directors regarding the internal control systems is appropriate and reasonable. The board has not recognized any matter that should be pointed out in this Auditors' Report with respect to the directors' performance of the assignments and responsibilities provided in relation to internal control systems, including the internal control system applied to financial reports.
 4. In respect of the basic policies specifying the requirements of decision maker(s) responsible for the company's financial position and business operation policies, which are contained in Annual Report, the board of corporate auditors has not recognized any matter requiring corrections or improvements.
- (2) Audit results of the Non-Consolidated Financial Report for Fiscal 2009 and annexes
The board of corporate auditors hereby acknowledges that the auditing methods applied, and the audit results reported, by Deloitte Touche Tohmatsu LLC are reasonable.
- (3) Audit results of the Consolidated Financial Report for Fiscal 2009
The board of corporate auditors hereby acknowledges that the auditing methods applied, and the audit results reported, by Deloitte Touche Tohmatsu LLC are reasonable.

Date: May 28, 2010

The Board of Corporate Auditors of AUTOBACS SEVEN CO., LTD.

Akira Nogami, Corporate Auditor (full-time) (seal)

Kotaro Morino, Corporate Auditor (External Auditor) (full-time) (seal)

Yasushi Sumino, Corporate Auditor (full-time) (seal)

Kensuke Tanabe, External Auditor (seal)

Tomoaki Ikenaga, External Auditor (seal)

End of Document

End of Document

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Information Relative to the 63th Ordinary General Meeting of Shareholders

Agenda Item No. 1: Matters concerning the appropriation of surplus

Agenda Item No. 2: Matters concerning the appointment of eight (8) Directors

Agenda Item No. 3: Matters concerning the appointment of one (1) Auditor

Agenda Item No. 1 and Information

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Agenda Item No. 1: Matters concerning the appropriation of surplus

The Company proposes to conduct the appropriation of surplus as follows:

Matters concerning year-end dividends

The Company defines returning profits to its shareholders as one of its most important management tasks. The Company's basic policy is to maintain a stable payment of dividends, while attaining the target mark of consolidated dividends to shareholders' equity (DOE) ratio of 3%, as specified in the mid-term management plan (AUTOBACS BIG Plan) announced on May 15, 2008 and in the new mid-term management plan (AUTOBACS 2010 Mid-term Management plan) announced on May 13, 2010.

Accordingly, and reflecting the generally favorable business results, the Company proposes to pay year-end dividends for this fiscal term as described below:

(1) Type of assets to be distributed

Cash

(2) Matters concerning the allotment of assets to be distributed to the shareholders and the aggregate amount thereof

① Sixty-five (65) yen per ordinary share of the Company

② Total amounting to 2,330,424,330 yen

Since the Company has paid interim dividends at the rate of sixty (60) yen per share, the total annual dividends for this fiscal term shall be one hundred twenty-five (125) yen per share.

(3) Effective date of dividends from surplus

June 25, 2010

Agenda Item No. 2 and Information

Agenda Item No. 2: Matters concerning the appointment of eight (8) Directors

At the conclusion of this general meeting, the term of office of all the Directors (nine in number) will expire.

Accordingly, the Company requests the shareholders' approval for the appointment as Directors of the eight (8) candidates below. Information on the candidates is provided on the pages 75-84.

Candidate No.	Name	Career position and assignment in the Company	Notes (2)
1	Setsuo Wakuda	Representative Director, Chief Executive Officer, Chief Chain Officer	
2	Yasuhiro Tsunemori	Director, Vice Chief Executive Officer, Vice Chief Chain Officer, Head of Finance & Accounting	
3	Eiju Miyauchi	Director	Outside Director (independent officer)
4	Hironori Morimoto	Director, Senior Managing Executive Officer, Head of Information Systems, Human Resources, General Affairs, Legal and Overseas Operation	
5	Tatsuya Tamura	Director	Outside Director (independent officer)
6	Norio Hattori	Director	Outside Director (independent officer)
7	Teruyuki Matsumura	Director, Executive Officer, Head of Marketing & Sales Strategy Planning	
8	Kiomi Kobayashi	Executive Officer, Head of Sales Operation and Area Strategy & Planning	(Newly appointed)

Notes: 1. Each of the candidates has no special interest in the Company.

2. The "independent officer" refers to a Company Director who fulfills the conditions set forth in Article 436, Item 2 of the Securities Listing Regulations of Tokyo Stock Exchange Group Inc. and Article 7 of the Code of Corporate Conduct of Osaka Securities Exchange Co., Ltd., as well as other requirements stipulated by the Company.

Agenda Item No. 2: Appointment of Eight Directors and Information



Candidate No. 1:

Setsuo Wakuda

Career position and assignment in the Company:

Representative Director, Chief Executive Officer, Chief Chain Officer

◆ **Date of birth:** December 25, 1948

◆ **Number of service in the Company:** 7 years (at the conclusion of this general meeting)

◆ **Number of Company shares owned:** 26,914

Dear Shareholders,

As the business environment surrounding the automobile and related industries is drastically changing, AUTOBACS SEVEN Group is now at major turning point. This is the time to get back to our original spirit and ensure that every single AUTOBACS outlet can enjoy the confidence of communities and customers by living up to the slogan “Anything about cars, you find at AUTOBACS.”

I am determined to do my best, making sure that the franchisees, employees and the management work as one team, thereby enhancing the value we offer to our customers, realizing the Group’s sustainable growth and fully meet the shareholders’ expectations.

Reasons for the candidacy

Mr. Wakuda has abundant knowledge about and experience in AUTOBACS franchise business, essential for the Company’s long-term and sustainable growth as it strives to realize the slogan “Anything about cars, you find at AUTOBACS.”

Mr. Wakuda is a candidate for Director as in the previous fiscal term since it has been decided that the Company can benefit most by having him lead the Company’s management as Director drawing on his broad experience of many years as Director.

Brief professional background including major posts held

March 1967: Joined Fuji-Syokai Co., Ltd.

April 1998: General Manager of Chain Store Planning Office

June 1998: Director, General Manager of Chain Store Planning Office

June 2002: Executive Officer

June 2003: Director

March 2008: Representative Director,
Project Management Officer

June 2008: Representative Director, Chief Executive Officer

April 2009: Representative Director, Chief Executive Officer,
Chief Chain Officer (current position)



Candidate No. 2:

Yasuhiro Tsunemori

Career position and assignment in the Company:

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

◆ **Date of birth:** March 22, 1952

◆ **Number of service in the Company:** 7 years (at the conclusion of this general meeting)

◆ **Number of Company shares owned:** 200

Dear Shareholders,

I would like to contribute to the Company's corporate value enhancement through optimal management with balanced business and financial strategies. I will promote business strategies that will promote further growth and help construct a solid AUTOBACS chain that enjoys customers' trust and appreciation as in the phrase "Anything about cars, you find at AUTOBACS" by responding to diversifying customer needs. In financial management, I will work on increasing asset and capital efficiency from a long-term perspective. I will work with enthusiasm to respond to our investors' expectations, with my decision-making principle of "prudence and boldness, free from conventional notions."

Reasons for the candidacy

Mr. Tsunemori has contributed to the Company's management for many years in various posts including that of Director, with his broad knowledge and experience in not only AUTOBACS franchise business but also personnel, financial and general affairs.

Mr. Tsunemori is a candidate for Director as in the previous fiscal term since it has been decided that the Company can benefit most by having him continue to serve as Director, drawing on his abundant knowledge and experience.

Brief professional background including major posts held

April 1977: Joined Shoutensekkei Co., Ltd.
March 1978: Joined Daiho-Sangyo Co., Ltd.
April 2000: General Manager of Merchandise Department, AUTOBACS SEVEN CO., LTD.
June 2000: Director
June 2002: Executive Officer
June 2003: Director
June 2008: Director, Vice Chief Executive Officer
April 2009: Director, Vice Chief Executive Officer, Head of Information Systems and General Affairs, Overseas Operation and Car Dealing
April 2010: Director, Vice Chief Executive Officer, Vice Chief Chain Officer, Head of Finance and Accounting (current position)

**Candidate No. 3:**

Eiju Miyauchi

Career position and assignment in the Company:

Outside Director (independent officer)

◆ **Date of birth:** May 4, 1938

◆ **Number of service in the Company:** 5 years (at the conclusion of this general meeting)

◆ **Number of Company shares owned:** 0

Dear Shareholders,

I have worked in the field of international finance and business strategy of private businesses for many years. I have also been involved in corporate management in Japan. At present, I serve as an outside auditor of another corporation.

I intend to continue contributing to further enhancing the Company's corporate governance and corporate value to meet the expectations of the shareholders and other stakeholders, making use of my knowledge and experience, participating in Board of Directors discussions in my independent position and from a global perspective and supervising and guiding the Company's management through dialogs with Executive Officers.

Reasons for the candidacy

Mr. Miyauchi has extensive overseas experience as a business manager and has contributed to the Company in its corporate governance and other aspects of the management through his global and broad way of thinking.

Mr. Miyauchi is a candidate for Outside Director as in the previous fiscal term in recognition of his contribution to the Company's management and governance improvement, which he achieved as an Outside Director by offering the viewpoint of general shareholder protection in the discussions of the Board of Directors and the Governance Committee, on which he serves.

Brief professional background including major posts held

April 1961: Joined Sony Corporation
 September 1996: Joined USC Corporation
 June 1997: Senior Managing Director, USC Corporation
 April 1999: President and Representative Director, USC Corporation
 June 2002: General Counsel and Director, USC Corporation
 June 2005: Director, AUTOBACS SEVEN CO., LTD. (current position)
 June 2007: Auditor, Santen Pharmaceutical Co., Ltd. (current position)



Candidate No. 4:

Hironori Morimoto

Career position and assignment in the Company:

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

- ◆ **Date of birth:** June 2, 1957
- ◆ **Number of service in the Company:** 4 years (at the conclusion of this general meeting)
- ◆ **Number of Company shares owned:** 700

Dear Shareholders,

I have worked in AUTOBACS franchise business to improve store profitability mainly through store operations focused on customer accessibility and satisfaction and to construct a strong chain structure by promoting effective area strategies.

In the current fiscal term, in line with the vision “Anything about cars, you find at AUTOBACS” I would like to promote management basis restructuring centering on human resource development and enhance overseas operation profitability, thereby achieving the midium-term management plan and increasing our corporate value.

Reasons for the candidacy

Mr. Morimoto has accumulated abundant experience and made many great achievements in the reinforcement of the Company's relationships with corporate franchisees and store profitability, most important aspects of AUTOBACS franchise business.

Mr. Morimoto is a candidate for Director as in the previous year since it has been decided that the Company can benefit most by having Mr. Morimoto continue making use of his experience in enhancing overseas operation profitability, executing the Company's personnel and general affairs, and participating in the Company's management as a Director from a broad perspective.

Brief professional background including major posts held

- 1981: Joined AUTOBACS SEVEN CO., LTD.
- April 2006: Co-Chief Operating Officer in charge of Area Dominant Strategy, Sales Promotion, Store Development and Store Format Development; General Manager in charge of Sales Promotion
- June 2006: Director
- June 2008: Director, Senior Executive Officer
- April 2009: Director, Senior Executive Officer, Head of Chain Strategy
- April 2010: Director, Senior Managing Executive Officer, Head of Information Systems, Human Resources, General Affairs, Legal and Overseas Operation (current position)

**Candidate No. 5:**

Tatsuya Tamura

Career position and assignment in the Company:

Outside Director (independent officer)

◆ **Date of birth:** October 11, 1938

◆ **Number of service in the Company:** 2 years (at the conclusion of this general meeting)

◆ **Number of Company shares owned:** 0

Dear Shareholders,

The automobile after-sales service market is undergoing several major structural changes, against the backdrop of the declining car use, the emergence of electric and hybrid vehicles and so forth. While the Company has maintained a large share in the market for some time, it will be difficult to keep our corporate value intact in the years to come unless we make flexible and prompt responses to those structural changes.

As a Company Director and independent officer, I would like to do my best in my participation in the Board of Directors discussions from a long-term perspective with high aims, thereby contributing to enhancing the common profits of the Company, employees, shareholders and franchisees.

Reasons for the candidacy

Mr. Tamura has a profound knowledge in finance and an extensive experience as an outside director, as his profile indicates. With a deep understanding of an outside director's role in the board of directors, he has made many achievements in this regard. As the Chairman of the Japan Independent Directors Network, a non-profit corporation, he plays a leading role with regard to the establishment of outside directors in Japanese corporations.

Mr. Tamura is a candidate for Outside Director as in the previous year in recognition of his contribution to improving and promoting the Company's corporate governance as the Chairman of the Governance Committee and as an Outside Director for the last two years.

Brief professional background including major posts held

April 1961: Joined the Bank of Japan
 May 1986: Representative – Europe, Bank of Japan
 February 1992: Executive Director, Bank of Japan
 April 1996: Chairman, A. T. Kearney, Inc.
 June 1996: Adviser to the Board, Foreign and Colonial Pacific Investment Fund
 April 1999: Secretary, Keizai Doyukai (Japan Association of Corporate Executives)
 May 2002: President, Global Management Institute Inc. (current position); Auditor, Japan Center for Economic Research (current position)
 March 2003: Chairman, Japan Independent Directors Network (non-profit corporation; current position)
 June 2008: Director, AUTOBACS SEVEN CO., LTD. (current position)
 June 2009: Director, Nipponkoa Insurance Co., Ltd. (current position)



Candidate No. 6:

Norio Hattori

Career position and assignment in the Company:

Outside Director (independent officer)

◆ **Date of birth:** April 3, 1946

◆ **Number of service in the Company:** 2 years (at the conclusion of this general meeting)

◆ **Number of Company shares owned:** 0

Dear Shareholders,

During the two years I have served the Company as one of its Outside Directors, the Company has made corporate-wide efforts to fulfill its most important management tasks, including better serving its stakeholders and making optimal proposals to customers to enhance their driving pleasure. I would like to continue contributing, making the most of my experience and knowledge accumulated while working in the public administration for many years, to enhancing corporate value and realizing the best corporate governance through discussions in the Board of Directors and dialogs with the Company personnel.

Reasons for the candidacy

Mr. Hattori has abundant knowledge and experience in organizational administration, including risk management and prevention of involvement with antisocial forces in the public sector. He is also well-versed in situations outside Japan.

Mr. Hattori is a candidate for Outside Director as in the previous year in the recognition of his service as an Outside Director, through which role he has contributed to Board of Directors and Governance Committee discussions based on his abundant experience and knowledge from a broad perspective and while providing the viewpoint of general shareholder protection.

Brief professional background including major posts held

April	1970:	Joined the National Policy Agency
June	1974:	Long-term overseas researcher at Harvard School of Business Administration dispatched from the National Personnel Authority
June	1981:	First Secretary, Embassy of Japan in Israel
July	1991:	Director General, Yamanashi Prefectural Police Headquarters
August	1995:	Chief Inspection Officer, National Policy Agency
December	1996:	Director General, Saitama Prefectural Police Headquarters
July	1998:	Director General, Imperial Guard Headquarters
August	2000:	Director General, Kanto Regional Office Bureau
September	2001:	Retired from the National Policy Agency
October	2001:	Full-time General Counsel, All Nippon Airways Co., Ltd.
October	2006:	General Counsel, Fukoku Mutual Life Insurance Company (current position)
June	2008:	Director, AUTOBACS SEVEN CO., LTD. (current position)



Candidate No. 7:

Teruyuki Matsumura

Career position and assignment in the Company:

Director, Executive Officer, Head of Marketing & Sales Strategy Planning

◆ **Date of birth:** November 25, 1961

◆ **Number of service in the Company:** 1 year (at the conclusion of this general meeting)

◆ **Number of Company shares owned:** 1,221

Dear Shareholders,

Since the previous fiscal term, I have been involved in drawing up the new mid-term management plan, in addition to my duties in the Regional Division. The completed plan is designed to direct the Company toward its future vision and growth, despite the challenging environmental conditions. In the current fiscal term, we are finally taking concrete actions to restructure the value we offer from the customer's viewpoint, to fully become "Anything about cars, you find at AUTOBACS"

Specifically, we are working to reinforce the domestic franchise business and increase our market share and store profitability while winning customer support and trust and become the name that first comes to local people's mind in communities where AUTOBACS outlets are located when they need something for their cars. I am determined to do my best with the conviction that achieving the new mid-term management plan will result in better returns to the shareholders and asset and capital efficiency improvement.

Reasons for the candidacy

Mr. Matsumura has made great achievements in the many years he has served the Company in the field of sales for AUTOBACS franchise business. In the previous fiscal term, following his appointment as Director, he contributed to the reinforcement of the Company's business basis, drawing on his abundant knowledge and experience. Mr. Matsumura is a candidate for Director as in the previous year since it has been decided that, for further growth of AUTOBACS franchise business, which is now at the most important point from a mid-term perspective, the Company can benefit most by having him continue participating in its management, with his profound knowledge and experience in the Company's business.

Brief professional background including major posts held

March 1984: Joined AUTOBACS SEVEN CO., LTD.

April 2009: Senior Executive Officer;
General Manager,
Kanto Regional Division

June 2009: Director; Senior Executive Officer;
General Manager,
Kanto Regional Division

April 2010: Director; Executive Officer;
Head of Marketing & Sales Strategy
Planning (current position)



Candidate No. 8:

Kiomi Kobayashi (to be newly appointed)

Career position and assignment in the Company:

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

◆ **Date of birth:** February 11, 1956

◆ **Number of service in the Company:** 1 year (at the conclusion of this general meeting)

◆ **Number of Company shares owned:** 700

Dear Shareholders,

Since I joined the Company, I have worked in a broad range of business activities in the field, from store administration, product development, instruction in management and overseas operation. From this experience, I can say that the restructuring of value to offer from customers' perspective cannot be achieved unless we change the actions on the part of people working in the field and the stores, the true point of contact with customers.

I am determined to do my best to enhance the Company's corporate value by making all-out efforts for expanding and improving our network of outlets where customers find it easy to shop, choose and buy, with a sense of comfort, security and affinity.

Reasons for the candidacy

Mr. Kobayashi has made many great achievements in the many years he has worked in the field of sales and product development in AUTOBACS franchise business. He has also been involved in the Company's overseas operation and has therefore a deep understanding of the whole spectrum of the Company's business activities.

Mr. Kobayashi is a candidate for Director since it has been decided that the Company can benefit most from his abundant knowledge and experience, as well as his corporate-wide perspective, which he can put to optimal use as a Director.

Brief professional background including major posts held

March	1978:	Joined AUTOBACS SEVEN CO., LTD.
April	1995:	Manager, Tire
April	1998:	Manager, Tire and Sporting Goods
March	2000:	General Manager, Southern Japan Division
December	2001:	General Manager, Overseas Division
June	2002:	Operating Officer in charge of Overseas Business
May	2004:	Officer in charge of Overseas Business Strategy; General Manager, Overseas Division
April	2005:	Officer; General Manager, Northern Kanto Regional Division
April	2007:	Officer in charge of Automobile Accessory Business; Manager, Total Automobile Accessory Management
June	2008:	Executive Officer; General Manager, Kansai Regional Division
April	2010:	Executive Officer, Head of Sales Operation and Area Strategy & Planning (current position)

Special remarks on the candidates for the offices of Outside Directors

1. Messrs. Eiju Miyauchi, Tatsuya Tamura and Norio Hattori are candidates for the offices of Outside Directors as defined in Article 2, Item 15 of the Companies Act.

2. Liability limitation agreement with Outside Directors

Messrs. Eiju Miyauchi, Tatsuya Tamura and Norio Hattori, who currently serve as the Company's Outside Directors, have entered into an agreement with the Company which defines the limitations of liability as defined in Article 423, Item 1 of the Companies Act. In the event of their re-appointment as Outside Directors, the said agreement will be continued.

A summary of the liability limitation agreement

The liability limit pursuant to such agreement shall be the greater of ten million yen or the total sum of the amounts a) and b) described below as set forth in Article 425, Item 1 of the Companies Act.

a) The amount obtained by multiplying by two (2) the amount calculated by the method set forth in Article 113 of the Companies Act Enforcement Regulations as the amount equivalent to the annual property benefits received or to be received by each of the Outside Directors from the Company as consideration for the execution of their duties while in office.

b) In the case where each of the Outside Directors has subscribed to the Company's stock acquisition right as set forth in Article 2, Item 21 of the Companies Act (case whose application is limited as defined in the provisions of Article 236, Item 3 of the Companies Act), the amount calculated by the method set forth in Article 114 of the Ordinance for Enforcement of the Companies Act Regulations as the amount equivalent to the property benefits concerning the said stock acquisition rights.

3. Independence of Outside Directors

The candidates for the offices of Outside Directors whom the Board of Directors have nominated fulfill the conditions for Outside Directors as set forth in Article 2, Item 3, Number 7 of the Companies Act Enforcement Regulation as well as the requirements for the Outside Directors' independence adopted by the Board of Directors of the Company (established on February 24, 2010).

Requirements for the Outside Directors' Dependency

1. The Company's Outside Directors shall not have had any interest in the Company and its affiliates (hereinafter collectively referred to as AUTOBACS SEVEN Group) or specified corporations or entities in the last five years in any of the following manners:
 - ① Receiving remuneration (excluding the remuneration for the duty of a Company officer) or other assets from AUTOBACS SEVEN Group in the amount exceeding ten million yen per fiscal term
 - ② Serving any of the following corporations or entities (including holding companies) as a director, executive officer or in any other executive or managerial post:
 - a AUTOBACS SEVEN Group's customer or business partner whose amount of operation or trade with, or the amount paid or received by or to, AUTOBACS SEVEN Group accounts for 2% or more of the consolidated sales of either party.
 - b Corporation or entity which has an interest of essential nature with AUTOBACS SEVEN Group (main bank, corporate auditors, law firm, consultancy, etc.), regardless of the amount of trade
 - c Any major shareholder of the Company (owning 10% or more of the shares issued)
 - d Any corporation among whose major shareholders (owning 10% or more of the shares issued) is AUTOBACS SEVEN Group
 - e Any corporation which shares any number of mutually appointed Directors with AUTOBACS SEVEN Group (in the framework of cross-holding of shares involving mutual appointment of Directors)
2. The Company's Outside Directors neither be a spouse of, nor have any relation of the second degree of kinship or closer to any of AUTOBACS SEVEN Group's Directors or Executive Officers.
3. The Company's Outside Directors shall not share means of livelihood with any person corresponding to the description of Paragraph 1 above.
4. The Company's Outside Directors shall not be in any situation that may hinder them from performing their duties as the Company's independent officers.

(Established February 24, 2010)

Agenda Item No. 3 and Information

Convocation Notice

Business Report

Consolidated
Financial Statements

Non-consolidated
Financial Statements

Audit Report

Reference Documents

Agenda Item No. 3: Matters concerning the appointment of one (1) Auditor

At the conclusion of this general meeting, Mr. Akira Nogami, Auditor, will resign.

Accordingly, the Company requests the shareholders' approval for the appointment as Auditor of the candidate below.

The present Agenda Item has already been approved by the Board of Auditors.

Further information on the candidate below is provided on the page 86.

Candidate No.	Name	Career position and assignment in the Company
1	Hidehiro Ide	Director

(Notes) The candidate has no special interest in the Company.

Agenda Item No. 3: Appointment of One Auditor and Information



Candidate No.1:

Hidehiro Ide

Career position and assignment in the Company:

Director

◆ **Date of birth:** August 1, 1955

◆ **Number of Company shares owned:** 3,300

Dear Shareholders,

I have thus far served the Company as Director, Senior Executive Officer and Head of Finance and Accounting, working on disclosure control, budgetary control and financial strategic planning. I would like to put this experience in finance and accounting to maximum use in the Auditor's function of supervision and verification, toward further improvement of the Company's internal control system in compliance with the Companies Act and the Financial Instruments and Exchange Act.

Reasons for the candidacy

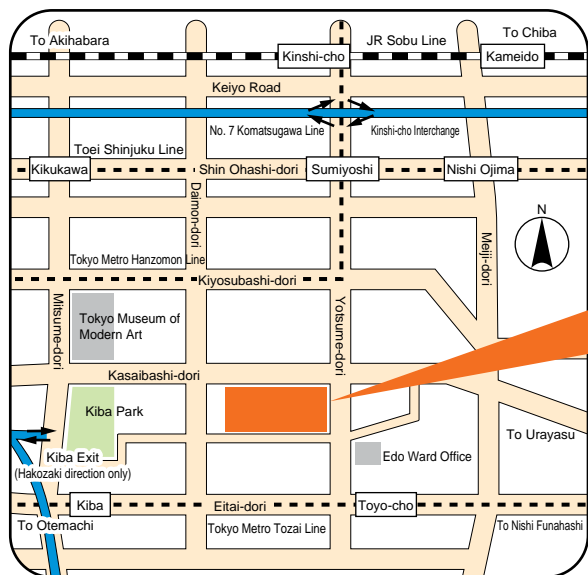
Mr. Ide has a profound knowledge of finance and accounting and has participated in the Company's management as a Director for many years, further accumulating experience and achievements in the Company's finance and accounting. He has also participated in instruction in management to AUTOBACS' corporate franchisees.

Mr. Ide is the candidate for Auditor in the current fiscal term since it has been decided that his rich experience and knowledge can best serve the Company in the new capacity.

Brief professional background including major posts held

- March 1974: Joined Fuji-Syokai Co., Ltd.
- April 1998: General Manager, Accounting Department; General Manager, Affiliates Department
- June 1998: Director; General Manager, Accounting Department, General Manager, Affiliates Department
- June 2002: Executive Officer in charge of Corporate Management Guidance
- June 2003: Director; Executive Officer in charge of Corporate Management Guidance
- June 2004: Director; Officer in charge of Financial Base Solidification
- April 2006: Representative Director and CEO, ALFI Ltd.; Representative Director and CEO, AUTOBACS Management Service Ltd.
- April 2007: Chairman of the Board of Directors, ALFI Ltd.
- June 2008: Director; Senior Executive Officer in charge of Business Management, Finance, Accounting and Group Companies' Management
- April 2010: Director

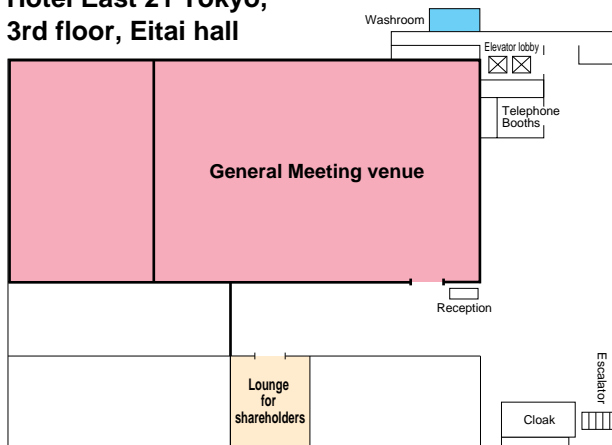
How to Get to
the Venue
of the General
Meeting of
Shareholders



Hotel East 21 Tokyo

< Venue Floor Plan >

Hotel East 21 Tokyo, 3rd floor, Eitai hall



* In the lounge, the Company's promotional literature will be made available, and panels will be posted for information purposes. Refreshments will also be served.

- 7 minutes on foot from Toyo-cho Station Exit No.1
- 10 minutes by Toei Bus (Higashi 22) from Sumiyoshi Station; get off at Toyosumibashi (in front of Tokyo East 21)
- 15 minutes by Toei Bus (Higashi 22) from Kinshi-cho Station; get off at Toyosumibashi (in front of Tokyo East 21)

Anything about cars,
you find at



AUTOBACS