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For Immediate Release:

USS Co., Ltd.
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President and Representative Director
Stock Code: 4732
Stock Listings: Tokyo and Nagoya

USS Acquires New Subsidiary

USS Co., Ltd. today announced that it would acquire Rabbit Japan Co., Ltd., a used-car agency developing a nationwide franchise network, through a private placement of 1,780 Rabbit Japan shares worth ¥206,480 thousand. USS will also purchase 1,370 shares worth ¥158,920 thousand from individual shareholders, bringing its equity interest in the company to 88.5%. Rabbit Japan will become a subsidiary of USS, with details as follows.

1. Rationale for Acquisition

USS manages 10 auction sites nationwide, including those operated by subsidiaries, and a satellite TV auction system. In June 2000, USS formed a business alliance with Rabbit Japan. Under this alliance, Rabbit Japan had strengthened its business relationship with USS by serving as an agency for USS' MyCar auctions, launched in November 2000, in which individuals can directly submit used cars for sale.

With the view to expanding its business, Rabbit Japan approached USS with the investment proposal. USS agreed to acquire an 88.5% stake in Rabbit Japan through a private placement of shares and other means, thereby making Rabbit Japan a subsidiary.

In October 2001, Rabbit Japan will be merged and absorbed into wholly owned subsidiary USS CarbankNet Co., Ltd., a provider of used-car information services over the Internet. Subsequently, Mitsubishi Corporation will take a 25% equity interest in the company. USS will foster USS CarbankNet as the nucleus of the group's Internet and used-car businesses in the B2C arena.

2. Overview of the new subsidiary

- (1) Name: Rabbit Japan Co., Ltd.
- (2) Representative: President and representative director Kiyotaka Yanai
- (3) Business lines: Used-car trading
- (4) Established: May 1998
- (5) Capital: ¥192,240 thousand (After increase)
- (6) Address: Noda-shi, Chiba Prefecture
- (7) Employees: 12 (As of June 30, 2001)
- (8) Branch network: 342 stores (339 franchised stores and 3 directly managed stores; as of June 30, 2001)
- (9) Business results: Stores projected to increase to 540 by April 30, 2002, with projected sales of ¥8 million and projected ordinary loss of ¥40 million

3. Outlook

This acquisition will have a negligible effect on USS' results.

4. Strategic position of USS CarbankNet following merger with Rabbit Japan.

(1) The company will establish a new business model that will transform Rabbit Japan's franchised stores into a nationwide network of agencies for the purchase of used cars from individuals, thus serving as an effective customer interface.

USS will fully apply its vast store of information and systems, developed through its Internet business, to minimize the risk of operating this nationwide agency network.

(2) As the nucleus of the USS group's B2C operations, the new company will establish a distinctive business model rooted in auction information that provides expanded support for registered members of USS group companies. USS CarbankNet will offer online services targeting individuals such as "Used Car Bazaar," in parallel with support for the expansion of USS' MyCar auction service.

(3) The new company will establish a viable brand in the B2C arena of the used-car business by integrating the provision of used-car information services over the Internet and its agency business. At the same time, it will aggressively form business alliances and engage in peripheral businesses.

