



July 25, 2006

For Immediate Release:

USS Co., Ltd.
Futoshi Hattori
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Junior Managing Director, Officer, Supervisory Office

Announcement of Merger of Subsidiary

USS Co., Ltd. today announced that, by a resolution of the meeting of the Board of Directors held on July 25, 2006, the company has decided to absorb USS Recycle Auto Auction Co., Ltd. (head office: Minato-ku, Nagoya City, President: Yukihiro Ando). USS Recycle Auto Auction Co., Ltd. is a wholly-owned subsidiary of USS Co., Ltd.

1. Purpose of Merger

USS Co., Ltd. established USS Recycle Auto Auction Co., Ltd. in December 2003, and opened the USS-R Nagoya auction site (dedicated to reusable vehicles (older-model, high mileage cars)) in June 2004 in line with the enactment of the End-of-life Vehicle Recycling Law on January 1, 2005.

With the increase in the percentage of reusable vehicles in the used car market, the number of vehicles handled by the USS Group companies also grew significantly. As a result, the USS-R Tokyo auction site (a wholly-owned site of USS Co., Ltd. dedicated to reusable vehicles) was opened on the former USS Tokyo auction site in Noda, Chiba Prefecture in May 2005.

Against this backdrop, a decision was made at the Board of Directors meeting to absorb USS Recycle Auto Auction Co., Ltd. to increase the number of reusable vehicles handled by the USS Group companies and to enhance flexibility in business operations (e.g. sharing of facilities and systems of USS Co., Ltd. and personnel assignment).

2. Conditions of the merger, etc.

(1) Schedule of the merger

July 25, 2006	Board of Directors meeting to approve merger agreement
July 25, 2006	Conclusion of merger agreement
October 1, 2006	Effective date of merger (scheduled)
October 2, 2006	Official registration of merger (scheduled)

*Pursuant to the provisions of Article 796 Paragraph 3 and Article 784 Paragraph 1 of the Company Law, USS Co., Ltd. shall perform the merger with USS Recycle Auto Auction Co., Ltd. without the approval of the merger agreement by its shareholders.

(2) Method of the merger

USS Co., Ltd., as an ongoing concern, shall absorb USS Recycle Auto Auction Co., Ltd., which shall be subsequently dissolved.

(3) Merger ratio and cash payment upon this merger

Because USS Recycle Auto Auction Co., Ltd. is a wholly-owned subsidiary of USS Co., Ltd., there shall be no issuance of new shares or cash payment upon this merger.

(4) Overview of account processing

Regarding accounting for business mergers, this merger falls under the category of transaction under common control. It should be noted, however, that this merger will not affect the profit and loss of the business.

3. Summary of Parties to Merge

June 30, 2006

Company Name	USS Co., Ltd. (Merging Company)	USS Recycle Auto Auction Co., Ltd. (Merged Company)															
Core Business	Operation of Used Car Auction	Operation of Used Car Auction															
Established	October 29, 1980	December 18, 2003															
Head Office	507-20 Shinpo-machi, Tokai City, Aichi Prefecture	14-24 Showa-cho, Nagoya City, Aichi Prefecture															
Company Representative	President Yukihiro Ando	President Yukihiro Ando															
Capital	18,367 million yen	90 million yen															
Number of Shares Outstanding	32,525,362 shares	1,800 shares															
Shareholders' Equity (As of March 31, 2006)	81,958 million yen	592 million yen															
Total Assets (As of March 31, 2006)	110,355 million yen	1,037 million yen															
Fiscal Year-End	March 31	March 31															
Number of Employees	263	18															
Principal Customers	Used Car Sales Dealer	Used Car Sales Dealer															
Major Shareholders and Shareholding Ratio (As of March 31, 2006)	<table> <tr> <td>1</td><td>Futoshi Hattori</td><td>10.21%</td></tr> <tr> <td>2</td><td>The Master Trust Bank of Japan, Ltd. (Money Trust)</td><td>7.69%</td></tr> <tr> <td>3</td><td>Japan Trustee Services Bank, Ltd. (Money Trust)</td><td>6.55%</td></tr> <tr> <td>4</td><td>State Street Bank and Trust Company</td><td>5.03%</td></tr> <tr> <td>5</td><td>Yukihiro Ando</td><td>2.78%</td></tr> </table>	1	Futoshi Hattori	10.21%	2	The Master Trust Bank of Japan, Ltd. (Money Trust)	7.69%	3	Japan Trustee Services Bank, Ltd. (Money Trust)	6.55%	4	State Street Bank and Trust Company	5.03%	5	Yukihiro Ando	2.78%	USS Co., Ltd. 100%
1	Futoshi Hattori	10.21%															
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Main Banks	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. etc.	The Bank of Tokyo-Mitsubishi UFJ, Ltd. etc.															

Relationships between the Companies Concerned	Capital Relationship	USS Recycle Auto Auction Co., Ltd. is a wholly-owned consolidated subsidiary of USS Co., Ltd.	
	Management Relationship	USS directors also serve concurrently as directors and corporate auditors of USS Recycle Auto Auction Co., Ltd.	
		USS Co., Ltd.	USS Recycle Auto Auction Co., Ltd.
		Representative Chairman Futoshi Hattori	Concurrently serves as Representative Chairman
		Representative Vice Chairman Fumihiko Tamura	Concurrently serves as Director
		Representative Vice Chairman Shigeo Hara	Concurrently serves as Director
		President Yukihiro Ando	Concurrently serves as President
		Representative Executive Vice President Dai Seta	Concurrently serves as Representative Executive Vice President
		Executive Vice President Eiji Gono	Concurrently serves as Corporate Auditor
	Business Relationship	For the building and land of the USS-R Nagoya auction site which is operated by USS Recycle Auto Auction Co., Ltd. there is a lease contract with USS Co., Ltd.	

4 . Operating Results for the Past Three Fiscal Years

(millions of yen)

	USS Co., Ltd. (Merging Company)			USS Recycle Auto Auction Co., Ltd. (Merged Company)		
Fiscal Year	2004	2005	2006	2004	2005	2006
Operating Revenues	23,583	24,959	26,374	-	590	1,623
Operating Income (Loss)	13,843	14,640	15,163	(2)	185	648
Recurring Profit (Loss)	14,036	14,942	15,617	(2)	211	654
Net Income (Loss)	6,883	8,871	9,191	(2)	124	380
Net Income per Share (Loss) (yen)	232.96	283.66	283.40	(1,491.19)	69,242.40	211,637.85
Cash Dividend per Share (yen)	50.00	65.00	80.00	-	-	-
Shareholders' Equity per Share (yen)	2,055.56	2,338.72	2,532.46	48,508.80	117,751.21	329,389.07

Note: USS Recycle Auto Auction Co., Ltd. was established in December 2003 and started operations in June 2004.

4 . After the Merger

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| (1) Company Name | USS Co., Ltd. |
| (2) Core Business | Operation of Used Car Auction |
| (3) Head Office | 507-20 Shinpo-machi, Tokai City, Aichi Prefecture |
| (4) Company Representative | President Yukihiro Ando |
| (5) Capital | No increase or decrease in capital. |
| (6) Total Assets | The effect on total assets is insignificant. |
| (7) Fiscal Year-End | March 31 |
| (8) Effect on Performance | The effect of this merger will be insignificant. |