



MEMBERSHIP

October 24, 2006

For Immediate Release:

USS Co., Ltd.
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Announcement of Merger of Subsidiaries

USS Co., Ltd. announced today that, by a Board of Directors resolution dated October 24, 2006 at USS Kobe Co., Ltd. (a wholly-owned subsidiary of USS Co., Ltd., hereinafter referred to as USS Kobe) and USS Osaka Co., Ltd. (a wholly-owned subsidiary of USS Co., Ltd., hereinafter referred to as USS Osaka), the two companies will merge to form a new company. The company will bear the name USS Kansai Co., Ltd. and will be headquartered at 2-7-106, Nakashima, Nishiyodogawa-ku, Osaka City.

1. Purpose of merger

The USS Group decided the merger of USS Kobe and USS Osaka as part of their efforts to fulfill Project 343 (a medium-term management plan ending in the fiscal year of March 2009 with goals of 3 million vehicles up for auction annually, a market share of 40%, and a consolidated recurring income of 30 billion yen). This merger is specifically designed to further increase their share in the used car auction market in the Kansai region and establish a business foundation encompassing the entire Kansai region.

2. Conditions of the merger, etc.

(1) Schedule of the merger

October 24, 2006	Board of Directors meeting at USS Kobe and USS Osaka to approve merger agreement, etc.
October 24, 2006	Conclusion of merger agreement (between USS Kobe and USS Osaka)
November 15, 2006	Shareholders meeting at USS Kobe and USS Osaka to approve merger agreement, etc.
January 1, 2007	Proposed effective date of merger agreement

(2) Method of the merger

USS Kobe, as an ongoing concern, shall absorb USS Osaka, which shall be subsequently dissolved.

(3) Merger ratio and cash payment upon this merger

As USS Kobe and USS Osaka are wholly-owned subsidiaries of USS Co., Ltd., there shall be no agreements about merger ratios.

(4) Overview of account processing

In regards to 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

September 30, 2006

Company Name	USS Kobe Co., Ltd. (surviving company)	USS Osaka Co., Ltd. (company to be dissolved)
Core Business	Operations of Used Car Auctions	Operations of Used Car Auctions
Established	September 27, 2004	July 26, 2001
Head Office	1-4-6 Minatojima, Chuo-ku, Kobe City	2-7-106 Nakashima, Nishiyodogawa-ku, Osaka City
Company Representative	President Yukihiro Ando	President Yukihiro Ando
Capital	50 million yen	50 million yen
Fiscal Year-End	March 31	March 31
Shareholder	USS Co., Ltd. 100%	USS Co., Ltd. 100%

4. After the merger

(1) Company Name	USS Kansai Co., Ltd.
(2) Core Business	Operations of Used Car Auctions
(3) Head Office	2-7-106, Nakashima, Nishiyodogawa-ku, Osaka City
(4) Company Representative	President Yukihiro Ando
(5) Capital	90 million yen
(6) Fiscal Year-End	March 31
(7) Shareholder	USS Co., Ltd. 100%

5. Effect on Performance

This merger does not affect the performance of the USS Group as USS Kobe and USS Osaka are consolidated subsidiaries of the USS GROUP.