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For Immediate Release:

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Announcement Regarding Conclusion of a Basic Agreement on Stock-for-stock Exchange Transaction

USS Co., Ltd. (hereinafter referred to as "USS") announced today that the company has reached a basic agreement with KUA HOKURIKU Co., Ltd. (hereinafter referred to as "KUA HOKURIKU") to make KUA HOKURIKU a wholly-owned subsidiary of USS through a stock-for-stock exchange transaction, and concluded a basic agreement on December 19, 2006.

1. Purpose of Making KUA HOKURIKU a Wholly-owned Subsidiary

USS considered it imperative to strengthen the business foundation in the Hokuriku region (where the USS Group had not yet opened offices) as part of 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). USS' decision to make KUA HOKURIKU a subsidiary of the USS Group is intended to strengthen KUA Katayamazuru Auto Auction (operated by KUA HOKURIKU in Kaga City, Ishikawa Prefecture) and thereby establish a solid foundation in the Hokuriku region.

2. Conditions of Stock-for-stock Exchange Transaction, etc.

(1) Schedule of stock-for-stock exchange transaction

December 19, 2006	Board of Directors meeting to approve basic agreement (at USS and KUA HOKURIKU)
December 19, 2006	Conclusion of basic agreement (at USS and KUA HOKURIKU)
End of January, 2007 (scheduled)	Board of Directors meeting to approve stock-for-stock exchange transaction agreement (at USS and KUA HOKURIKU)
End of January, 2007 (scheduled)	Conclusion of stock-for-stock exchange transaction agreement (at USS and KUA HOKURIKU)

End of February, 2007 (scheduled)	Extraordinary shareholders' meeting to approve stock-for-stock exchange transaction agreement (at KUA HOKURIKU)
Beginning of March, 2007 (scheduled)	Implementation of stock-for-stock exchange transaction (effective date)
Beginning of March, 2007 (scheduled)	Stock certificate delivery date

Note: Pursuant to Article 796 Paragraph 3 of the Corporate Law, USS implements the stock-for-stock exchange transaction based on the simplified procedure which does not require the approval of the general meeting of shareholders.

(2) Stock-for-stock exchange ratio, etc.

USS will discuss matters related to the stock-for-stock exchange transaction (including the stock-for-stock exchange ratio) with KUA HOKURIKU, and will announce decisions as they are made.

(3) Handling of equity warrants and bonds with warrants of the entity to become a wholly-owned subsidiary

There is no relevant matter.

(4) Overview of account processing

Regarding accounting for business mergers, the transaction is expected to be categorized as an acquisition. The effect of goodwill depreciation on the consolidated business performance is insignificant.

3. Summary of Parties to Stock-for-stock Exchange Transaction

(As of September 30, 2006)

(As of June 30, 2006)

(1)	Company Name	USS Co., Ltd. (Parent company)	KUA HOKURIKU Co., Ltd. (Wholly-owned subsidiary)
(2)	Core Business	Operation of Used Car Auction	Operation of Used Car Auction
(3)	Established	October 1980	July 1988
(4)	Head Office	507-20 Shinpo-machi, Tokai City, Aichi Prefecture	1-1 I, Ikiri-machi, Kaga City, Ishikawa Prefecture
(5)	Company Representative	Representative Chairman Futoshi Hattori President Yukihiro Ando	Representative Director Nobuo Motoya
(6)	Capital	18,538 million yen	60 million yen
(7)	Number of Shares Outstanding	32,590,532 shares	1,200 shares
(8)	Shareholders' Equity	101,764 million yen	290 million yen
(9)	Total Assets	138,427 million yen	635 million yen

(10)	Fiscal Year-End	March 31		June 30			
(11)	Number of Employees	1,069 (on a consolidated basis)		9			
(12)	Principal Customers	Auction members (38,188 companies)		Auction members (1,410 companies)			
(13)	Major Shareholders and Shareholding Ratio	Futoshi Hattori	10.2%	Nobuo Motoya	19.1%		
		The Master Trust Bank of Japan, Ltd. (Money Trust)	7.2%	BIC Honda Ishikawa Co., Ltd.	12.5%		
		Japan Trustee Services Bank, Ltd. (Money Trust)	5.4%	Clean Auto Center Co., Ltd.	10.0%		
		State Street Bank and Trust Company	4.9%	Hiroataka Onagawa	10.0%		
		Yukihiro Ando	2.7%	Toshiyuki Mamekawa	10.0%		
(14)	Main Banks	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd.		The Hokuriku Bank, Ltd. The Hokkoku Bank, Limited			
(15)	Relationships between the Companies Concerned	Capital Relationship	USS owns 2.5% of the number of shares outstanding of KUA HOKURIKU.				
		Management Relationship	There is no relevant matter.				
		Business Relationship	USS and KUA HOKURIKU concluded an affiliation agreement to enable KUA HOKURIKU to link up with the auction system operated by USS via satellite TV terminals.				
(16)	Operating Results for the Past Three Fiscal Years						
		USS Co., Ltd. (Parent Company)			KUA HOKURIKU Co., Ltd. (Wholly-owned Subsidiary)		
Fiscal Year		2004	2005	2006	2004	2005	2006
Operating Revenues	(millions of yen)	42,425	50,484	60,243	1,257	1,522	1,553
Operating Income	(millions of yen)	18,017	20,673	23,103	7	5	60
Recurring Profit	(millions of yen)	18,207	21,096	23,544	4	4	57
Net Income	(millions of yen)	8,907	11,814	13,203	5	0	33
Net Income per Share	(yen)	300.72	377.69	407.08	4,965.02	236.65	27,999.60

Cash Dividend per share	(yen)	50.00	65.00	80.00	3,000.00	3,000.00	4,000.00
Net Assets per Share	(yen)	2,189.02	2,652.32	3,008.92	220,206.07	217,442.72	242,442.33

Note: USS Co., Ltd. gives financial data on a consolidated basis.

4. After Stock-for-stock Exchange Transaction

- (1) The company name of KUA HOKURIKU will be changed to USS Hokuriku Co., Ltd. on the date of the stock-for-stock exchange transaction.
- (2) The representative of KUA HOKURIKU will be replaced by USS President Yukihiro Ando on the date of the stock-for-stock exchange transaction.
- (3) The fiscal year-end of KUA HOKURIKU will be changed to March 31.
- (4) The company name, core business, head office, company representative, capital and fiscal year-end of USS will remain unchanged.
- (5) Details given in “3. Summary of Parties to Stock-for-stock Exchange Transaction” will remain unchanged for USS and KUA HOKURIKU.

5. Effect on Performance

The effect of the stock-for-stock exchange transaction on USS' performance (on a consolidated/non-consolidated basis) is insignificant.

The outlook of business performance ending in March 2007 remains unchanged because the stock-for-stock exchange transaction is scheduled for the beginning of March 2007.