



January 30, 2007

For Immediate Release:

**USS Co., Ltd.**  
Futoshi Hattori  
Representative Chairman  
Stock Code: 4732  
Stock Exchanges: Tokyo and Nagoya  
Tel: +81-52-689-1129  
Contact: Masafumi Yamanaka  
Junior Managing Director, Officer, Supervisory Office

Announcement Regarding Arrangements to Make KUA HOKURIKU Co., Ltd. a Subsidiary Through a  
Stock-for-stock Exchange Transaction

USS Co., Ltd. (hereinafter referred to as "USS") announced today that the Board of Directors meetings held on January 30, 2007 at USS and KUA HOKURIKU Co., Ltd. (hereinafter referred to as "KUA HOKURIKU") approved and concluded the stock-for-stock exchange transaction agreement based on the Basic Agreement on Stock-for-stock Exchange Transaction concluded on December 19, 2006.

1. Purpose of Making KUA HOKURIKU a Wholly-owned Subsidiary Through a Stock-for-stock Exchange Transaction

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 Katayamazu Auto Auction (operated by KUA HOKURIKU in Kaga City, Ishikawa Prefecture) and thereby establish a solid foundation in the Hokuriku region.

2. Overview of the Stock-for-stock Exchange Transaction

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

Board of Directors meeting to approve stock-for-stock exchange transaction agreement	Tuesday, January 30, 2007
Conclusion of stock-for-stock exchange transaction agreement	Tuesday, January 30, 2007
Implementation of stock-for-stock exchange transaction (effective date)	Thursday, March 1, 2007 (scheduled)
Stock certificate delivery date	Beginning of March, 2007 (scheduled)

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

Company Name	USS (Parent company)	KUA HOKURIKU (Wholly-owned subsidiary)
Stock-for-stock exchange ratio	1	51.4

(Note) 1. Stock allocation ratio

51.4 USS common stocks will be allocated to one KUA HOKURIKU common stock. It should be noted that, in this stock-for-stock exchange transaction, USS stocks will not be allocated to 30 KUA HOKURIKU stocks owned by USS.

2. Number of new stocks issued in this stock-for-stock exchange transaction, etc.

USS will acquire all of the common stocks (60,138 stocks) allocated in this stock-for-stock exchange transaction, instead of issuing new stocks.

(3) Basis of calculating the stock-for-stock exchange ratio, etc.

Basis of calculation

USS designated Nikko Cordial Securities Inc. (hereinafter referred to as “Nikko”) as a third party to calculate the stock values of USS and KUA HOKURIKU that should be used as a reference in determining the stock-for-stock exchange ratio. The stock-for-stock exchange ratio was determined within the scope of Nikko’s preliminary calculations.

Nikko made an overall evaluation of USS and KUA HOKURIKU using the market stock price method (on the basis of the stock market value standard), the comparable companies comparative method (on the basis of the standard for comparing listed stock prices), the DCF (discounted cash flow) method (on the basis of the profitability standard), and the adjusted net asset method (on the basis of the asset characteristics standard). Nikko took into consideration the types/categories of business, financial conditions, operating results and stock price trends of the companies to be evaluated, and considered which method should take priority.

Nikko determined based on a preliminary calculation (using the market stock price method) that USS’ theoretical stock value is 7,841 yen per share.

(a) In the evaluation based on the market stock price method, Nikko used the mean value of closing prices on the Tokyo Stock Exchange and Nagoya Stock Exchange (where USS is listed) during the last one-month period from December 20, 2006 to January 19, 2007 through analyses of the range of temporary liquidity and presence of singularity (from the viewpoint of USS’ stock price analysis), as well as through analyses of comparable companies and the overall trend of the stock market (from the viewpoint of comparative analysis). The following results were obtained:

Stock value per share: 7,841 yen

Stock value: 252.156 billion yen

The theoretical stock value per share of KUA HOKURIKU was analyzed using the comparable companies comparative method (on the basis of the standard for comparing listed stock prices) and the capitalization method (on the basis of the profitability standard). The preliminary calculation showed the value ranging from 352,123 to 675,086 yen.

(b) In the comparable companies comparative method, Nikko analyzed the type/category of business, business model, business characteristics, financial scale, amount of transactions, etc. of KUA HOKURIKU. Nikko made a comparison with three comparable companies of KUA HOKURIKU (which manage similar auctions of used cars) based on

aggregate market value, business value and other indices which represent the financial situations. Nikko then made a preliminary calculation of the stock value. The following results were obtained:

Stock value per share: 444,687 – 675,086 yen

Stock value: 534 million – 810 million yen

(c) In the capitalization method, Nikko analyzed sales and profit levels (indicated in the prepared business plan) based on the financial figures of KUA HOKURIKU. Nikko adjusted the stock value to the current value at a certain discount rate (obtained by verification of the trend of the stock market, etc.) to make a preliminary calculation.

The following results were obtained:

Stock value per share: 352,123 – 414,923 yen

Stock value: 422 million – 498 million yen

#### Calculation process

As described in above, USS requested Nikko to calculate the stock values of USS and KUA HOKURIKU, and analyzed Nikko's preliminary calculation results and other businesses. USS and KUA HOKURIKU held consultations based on a comprehensive analysis before determining the stock-for-stock exchange ratio.

As described in above, Nikko evaluated USS and KUA HOKURIKU using the market stock price method and the comparable companies comparative method/capitalization method, respectively.

According to the preliminary calculations, the stock values per share of USS and KUA HOKURIKU are 7,841 yen and 444,687 – 675,086 yen (based on the comparable companies comparative method)/352,123 – 414,923 yen (based on the capitalization method), respectively.

It should be noted that significant increase/decrease in profit is not taken into account for profit planning on which calculations for KUA HOKURIKU using the capitalization method were based.

#### Relationship with the entity undertaking the calculation

Nikko does not fall under the category of a related party of USS or KUA HOKURIKU.

(4) Handling of equity warrants and bonds with warrants of the wholly-owned subsidiary in the stock-for-stock exchange transaction

KUA HOKURIKU does not issue equity warrants and bonds with warrants.

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 29, 1980		July 15, 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 (on a consolidated basis)		290 million yen (on a non-consolidated basis)	
(9)	Total Assets	138,427 million yen (on a consolidated basis)		635 million yen (on a non-consolidated basis)	
(10)	Fiscal Year-End	March 31		June 30	
(11)	Number of Employees	1,069 (on a consolidated basis)		9 (on a non-consolidated basis)	
(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.					
		Conditions applicable to the relevant parties	There is no relevant matter.					
(16)	Operating Results for the Past Three Fiscal Years							
		USS Co., Ltd. (Parent Company) (on a consolidated basis)			KUA HOKURIKU Co., Ltd. (Wholly-owned Subsidiary) (on a non-consolidated basis)			
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	

#### 4. After Stock-for-stock Exchange Transaction

(1) Details given in “3. Summary of Parties to Stock-for-stock Exchange Transaction” will remain unchanged for USS.

The company name, representative, and fiscal year-end of KUA HOKURIKU given in “3. Summary of Parties to Stock-for-stock Exchange Transaction” will be changed on the effective date of the stock-for-stock exchange transaction.

Company Name: USS Hokuriku Co., Ltd.

Company Representative: President Yukihiro Ando (USS President)

Fiscal Year-End: March 31

#### (2) 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) Outlook for the effect of the stock-for-stock exchange transaction on performance

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

The outlook for business performance ending in March 2007 remains unchanged because the stock-for-stock exchange transaction is scheduled for March 1, 2007.