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For Immediate Release

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Notice of Submission of Proposals Concerning the Elimination of the Retirement benefit system for Directors and Statutory Auditors and Directors' Remuneration etc. (Stock Options for Stock-Linked Compensation) at the 27th Ordinary General Meeting of Shareholders

USS Co., Ltd. (hereinafter the "Company") today announced that the Company resolved at a meeting of the Board of Directors held on May 8, 2007 to submit at the 27th Ordinary General Meeting of Shareholders (hereinafter the "General Meeting") a proposal to eliminate the retirement benefit system for directors and statutory auditors and make one-time discontinuation payments of retirement benefits to directors and statutory auditors currently holding office and a proposal to revise the amount of directors' remuneration and decide the details thereof for the purpose of granting to directors stock options for stock-linked compensation as a new form of remuneration to replace the retirement benefits to be eliminated. Details are described below.

1. Elimination of the retirement benefit system for directors and statutory auditors and one-time discontinuation payment of retirement benefits

The Company will eliminate the retirement benefit system for directors and statutory auditors effective the date of conclusion of the General Meeting.

The Company plans to submit at the General Meeting a proposal to make a one-time discontinuation payment of retirement benefits for the term of service up to the above date of elimination of the retirement benefit system to directors serving prior to that date (excluding outside directors) and to make the one-time discontinuation payment when said directors retire from the Company. The Company plans not to make said one-time discontinuation payment of retirement benefits to outside directors or statutory auditors.

2. Submission of a proposal concerning stock options for stock-linked compensation at the General Meeting

In line with the elimination of the retirement benefit system for directors, for the reasons set forth below the Company plans to submit at the General Meeting a proposal having the details set forth below for the purpose of granting the Company's directors (excluding outside directors) stock options for stock-linked compensation as a new form of remuneration to replace the retirement benefits to be eliminated. The Company plans to grant said stock options for stock-linked compensation to the Company's directors (excluding outside directors) for the purpose of raising motivation and morale to increase enterprise value by enhancing directors' sensitivity to the Company's stock price and business performance and having directors share with the shareholders the benefit of stock price increases and

the risk of stock price decreases.

Following approval of a proposal with the details set forth below at the General Meeting, the Company plans to decide the details of the above stock options by means of a resolution of the Company's Board of Directors and to grant said stock options to the Company's directors (excluding outside directors) not under especially favorable terms.

The Company does not plan to offer said stock options for stock-linked compensation to outside directors or statutory auditors.

Proposal: Setting the Amount and Details of Stock Option Remuneration for Directors

Reasons for Submission of the Proposal

With regard to directors' remuneration, the Company, having conducted a review of its remuneration systems linked to enterprise value enhancement and eliminated the retirement benefit system, for the purpose of raising motivation and morale to increase enterprise value by enhancing sensitivity to the Company's stock price and business performance and having directors share with shareholders the benefit of stock price increases and the risk of stock price decreases, intends to grant directors (excluding outside directors) so-called stock options for stock-linked compensation beginning the fiscal year ending March 2008 using stock acquisition rights for which the amount paid for each share issuable upon the exercise of each stock acquisition right shall be ¥1.

Following enforcement of the Company Law, stock acquisition rights granted as stock options are considered to be a part of directors' remuneration. Accordingly, the Company will submit at the General Meeting a proposal to revise the amount of remuneration for directors (excluding outside directors) for the purpose of granting to directors (excluding outside directors) stock acquisition rights as stock options and decide the details of the aforementioned stock acquisition rights and request approval by means of an ordinary resolution.

The amount of remuneration relating to stock acquisition rights granted as stock options is calculated using as a basis factors including a portion of the amount of retirement benefits, which the Company has decided to eliminate as set forth above, following consideration of the Company's business performance, the directors' (excluding external directors) execution of business and contribution in the Company. With regard to the details thereof, stock acquisition rights are granted as so-called stock options for stock-linked compensation and are decided using as a basis the Company's business performance and the directors' (excluding external directors) execution of business and contribution in the Company. The Company, on the basis of the above aim, taking into consideration that stock acquisition rights are granted as so-called options for stock-linked compensation, considers the specific details thereof to be reasonable.

As the Company employs outside directors for the purpose of enhancing the supervisory function of the Board of Directors, the Company does not plan to grant stock acquisition rights as stock options to outside directors.

The Company currently has 18 directors (including 4 outside directors) and plans to have 18 directors (including 4 outside directors) at the conclusion of the General Meeting if a proposal concerning the election of directors (Election of 18 Directors) is approved and resolved as proposed.

Details of the Proposal

1. An annual amount not to exceed ¥500 million was approved at the 26th Ordinary General Meeting of Shareholders as the amount of directors' remuneration, which approval remains in effect. The Company requests approval to establish an amount of remuneration not to exceed ¥150 million with respect to stock acquisition rights as detailed below as stock options for stock-linked remuneration for

the Company's directors (excluding outside directors) as a separate amount from the above amount of directors' remuneration.

The above amount of remuneration does not include employee salaries of directors concurrently serving as employees.

2. Planned details of the stock acquisition rights are as follows:

(1) Total number of stock acquisition rights

The total number of stock acquisition rights to be issued on a date within one year of the date of the Ordinary General Meeting of Shareholders for each fiscal year shall not exceed 4,000.

(2) Class and number of shares to be issued upon exercise of stock acquisition rights

The type of shares to be issued upon exercise of stock acquisition rights shall be the Company's common stock, and the number of shares to be issued upon exercise of each stock acquisition right (hereinafter the "number of shares") shall be 10 shares. (The maximum number of shares to be issued upon exercise of stock acquisition rights shall be 40,000, and in the event the number of shares is adjusted, the maximum number shall be the number obtained by multiplying the number of shares granted after the adjustment by the above total number of stock acquisition rights.)

In the event that it becomes necessary to adjust the above number of shares, such as in the event that the Company implements a stock split (including a gratis allotment of the Company's common stock) or a stock consolidation of the Company's common stock after the date of approval of this proposal, the Company may adjust the number of shares within reasonable limits.

(3) Amount of assets to be paid upon the exercise of stock acquisition rights

Assets to be paid upon the exercise of stock acquisition rights shall be cash.

The amount paid for each share issuable upon the exercise of each stock acquisition right shall be ¥1. The amount of assets paid upon the exercise of stock acquisition rights shall be the amount obtained by multiplying this amount by the number of allotted shares.

(4) Exercise period for stock acquisition rights

The exercise period for stock acquisition rights shall be the period decided by the Board of Directors to fall within 25 years from the allocation date.

(5) Conditions for the exercise of stock acquisition rights

- 1) The holders of stock acquisition rights may exercise the rights on or after the day after the date they lose their positions as directors and executive officers of the Company.
- 2) Other conditions for the exercise of rights shall be decided by the Board of Directors.

(6) Restrictions on transfer of stock acquisition rights

Any transfer of stock acquisition rights shall be subject to approval of the Board of Directors.

(7) Other details of stock acquisition rights

Details of (1) and (6) above and other details of stock acquisition rights not stated in (1) and (6) shall be decided by the Board of Directors.