

Growth Scenario 2: Boosting Profitability at Existing Auction Sites



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Accelerating Leadership Growth

USS has built a network of **30 sites** across Japan, from Hokkaido in the north to Kyushu in the south, connected by a satellite network. The 16 USS sites and 14 affiliate auction sites can take advantage of USS' new mechanism, which allows them to transcend geographical, time, and cost barriers. USS is seeking to gain a greater market share in this segment.

Promoting Strategies Designed to Make Each USS Site the Best in Its Area

USS has adopted a strategy designed to make each site the best in its area. A variety of expansion and upgrading initiatives are in progress to boost the convenience to our member firms at the existing sites, including the introduction of the two-lane system, which offers extremely efficient and effective bidding, expansion of parking space to accommodate more vehicles, and the construction of stockyards.

A New Site in Kobe for an Enhanced Presence in the Kansai Region

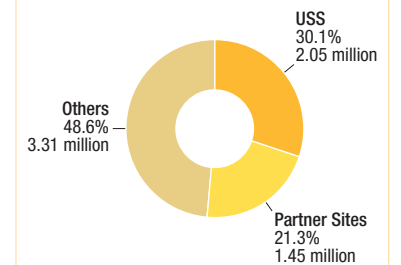
A new site is under construction on a 66,000-square-meter lot purchased by USS in the Port Island City section of Kobe. Slated to open on September 11, 2005, the new site is situated in an easily accessible prime location close to the future site of New Kobe Airport. It will feature a seven-story, eight-layer all-weather stockyards with a storage area for 6,500 vehicles. The state-of-the-art auction facilities will include a four-lane auction system and 1,100 point-of-sale (POS) terminals. USS aims to attract 5,000 vehicles per auction.



USS Kobe Site

Nationwide Coverage by Globe Network

Since 1995, USS has conducted the largest remote auctions in Japan using communications satellites. The auction venue of a USS partner site is wired with satellite-TV circuits, which allow remote bidding by TV members. Globe Network sites account for 51.4% of the domestic auction market.



Partner Auction Sites in Globe Network
Auto auction market share for the period January–December 2004, based on the number of vehicles put up for auction.

Share of the Auction Market in Number of Vehicles by Region in 2004 (January–December)

Hokkaido Region		
Total number of auctioned vehicles:	219,378	
USS Sapporo	107,673	49.1%
JU Sapporo	56,697	25.9%
Sapporo AA	22,860	10.4%
C.JA	8,383	3.8%
JU Obihiro	4,682	2.1%
Others	19,083	8.7%

Tohoku Region		
Total number of auctioned vehicles:	334,525	
USS Tohoku	96,615	28.9%
TAA Tohoku	62,208	18.6%
JU Miyagi	59,521	17.8%
IAA	32,814	9.8%
JU Fukushima	32,044	9.6%
Others	51,323	15.3%

Kanto-Koshinetsu Region		
Total number of auctioned vehicles:	2,547,673	
USS Tokyo	547,656	21.5%
USS Yokohama	137,008	5.4%
USS Gunma	101,542	4.0%
USS West Tokyo	74,880	2.9%
RAA	150,819	5.9%
JAA Kasai	230,499	9.0%
JU Saitama	166,491	6.5%
TAA Kanto	139,919	5.5%
Others	998,859	39.3%

Chubu Region		
Total number of auctioned vehicles:	1,336,267	
USS Nagoya	408,066	30.5%
USS Shizuoka	83,483	6.2%
USS-R Nagoya	36,278	2.7%
CAA Chubu	204,423	15.3%
JU Gifu	145,233	10.9%
JU Aichi	100,916	7.6%
TAA Chubu	85,100	6.4%
CAA Gifu	80,366	6.0%
Others	192,402	14.4%

Kansai Region		
Total number of auctioned vehicles:	1,023,530	
HAA Kobe	365,039	35.7%
Bay-Auc	129,672	12.7%
HAA Osaka	120,920	11.8%
USS Osaka	100,732	9.8%
TAA Kinki	89,564	8.7%
Others	217,603	21.3%

Chugoku/Shikoku Region		
Total number of auctioned vehicles:	346,986	
USS Okayama	76,732	22.1%
LAA Shikoku	73,967	21.3%
JU Okayama LAA	68,694	19.8%
KCAA Yamaguchi	62,859	18.1%
JU Obihiro	25,222	7.3%
Others	39,512	11.4%

Kyushu Region		
Total number of auctioned vehicles:	691,586	
USS Kyushu Gold	178,991	25.9%
USS Fukuoka	80,253	11.6%
TAA Kyushu	84,161	12.2%
KCAA Fukuoka	81,813	11.8%
JU Fukuoka	73,842	10.7%
Others	192,526	27.8%

