

Growth Scenario 4:
Measures to Strengthen Reutilization
and Recycling



4 million

Accelerating Leadership Growth

The Vehicle Recycling Law came into force in January 2005. End-of-life vehicles such as scrapped cars amount to about **4 million units** per year. USS has initiated a variety of undertakings in an effort to fully explore this promising market.

Our Challenge: To Create Business Models Appropriate for the Recycling-Oriented Society of the 21st Century

The Vehicle Recycling Law, which was fully implemented in January 2005, encourages reutilization and recycling of components and materials in end-of-life vehicles. It also requires vehicle owners to pay recycling fees and makers to take back scrapped cars. Consequently, Japan's recycling market related to the disassembly of end-of-life vehicles is poised to enter a full-fledged growth stage.

With this trend in mind, USS, a leader in the used vehicle distribution market, develops and pursues

business models appropriate for the recycling-oriented society of the 21st century, where a shift is anticipated from mass production and mass disposal to reutilization and recycling.

Expanding and Upgrading Auctions for Reusable Vehicles

In August 2003, USS began auctions for reusable vehicles, which are defined as older models in good condition capable of adding more miles despite the high mileage already recorded. In June 2004, an auction site dedicated to reusable vehicles, the USS-R Nagoya site, opened its doors as the first such auction site in Japan. It was followed by another site for reusable vehicles, the USS-R Tokyo site, which opened in May 2005. In addition, USS is attempting to boost the auction market for reusable vehicles by improving trading conditions, lowering consignment fees, and reducing transport costs borne by participants. USS is also taking steps to encourage the listing of reusable vehicles by setting up a scheme that allows consignors to sell their vehicles to USS if the vehicles are considered to have no resale value and remain unsold.



USS-R Nagoya Site

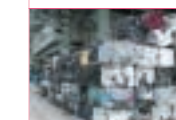


USS-R Tokyo Site

Establishment of ARBIZ, Our Consolidated Subsidiary Specializing in Recycling

Given the increase in reusable vehicles put up for auction, the number of vehicles remaining unsold should also expand to a certain degree. To utilize these vehicles, in December 2003 USS established ARBIZ, a consolidated subsidiary specializing in recycling, to salvage scrap materials.

ARBIZ' activities mainly center on (1) recycling and salvaging parts to bring incremental profit, (2) sorting metals and plastics from scrapped cars after crushing, and (3) manufacturing inputs for materials and solid fuels. Currently, USS recycles 120 vehicles per day. To facilitate its business, ARBIZ plans to open a new recycling plant in Tokyo in the fall of 2005.



A press



Raw and other materials



Solid fuel

