



June 24, 2009

Dear Shareholders and Investors:

Company Name: USS Co., Ltd.
(Code No. 4732: TSE/NSE Section 1)
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Notice Regarding the Allotment of Stock Options (Stock Acquisition Rights)

USS Co., Ltd. (hereinafter the “Company”) hereby announces that at a meeting of the Board of Directors held on June 24, 2009 the Company decided subscription requirements for stock acquisition rights to be issued as stock options and passed a resolution concerning matters including an offer for subscription of said stock acquisition rights to the Company’s directors (excluding outside directors).

I. Reason for the necessity of the offer for subscription of stock acquisition rights

Having reviewed the compensation system for directors linked to enhancement of corporate value and abolished the retirement benefit system, the Company aims to provide additional incentive and motivation to increase corporate value by further increasing the directors’ level of interest in the Company’s share price and business performance and having the directors share with the shareholders the benefits of share price increases and the risk of share price declines.

II. Terms of issuance of stock acquisition rights

1. Name of stock acquisition rights: USS Co., Ltd. Seventh Stock Acquisition Rights (for Directors)
2. Total number of stock acquisition rights: 1,452

The above total number is the planned number of stock acquisition rights to be allotted. If the total number of stock acquisition rights to be allotted decreases, including in the case of non-subscription, the total number of stock acquisition rights to be allotted shall be the total number of stock acquisition rights to be issued.

3. Class and number of shares for the purpose of stock acquisition rights

The class of shares for the purpose of stock acquisition rights shall be the Company’s common stock, and the number of shares for the purpose of each stock acquisition right (hereinafter the “Number of Shares Granted”) shall be 10 shares.

The total number of shares for the purpose of stock acquisition rights shall be 1,4520 shares.

The above total number is the planned number of shares to be allotted. If the total number of stock acquisition rights to be allotted decreases, including in the case of non-subscription, the total number of shares to be allotted shall be the total number of stock acquisition rights allotted multiplied by the Number of Shares Granted.

It is provided, however, that if after the date of allotment of the stock acquisition rights stipulated in section 13. below (hereinafter the “Allotment Date”) the Company implements a stock split (including a gratis allotment of the Company’s common stock; hereinafter the same shall apply to the description “stock split”) or a stock consolidation of the Company’s common stock, the Company shall adjust the number of shares granted using the following formula.

Adjusted Number of Shares Granted = Number of Shares Granted before adjustment × Stock split or stock consolidation ratio

The adjusted Number of Shares Granted shall apply on or after the day following the record date of the relevant stock split in the event of a stock split or on or after the effective date of the stock consolidation in the event of a stock consolidation; provided, however, that in the event of a stock split to be conducted on the condition that a proposal for increasing capital and capital reserve by decreasing retained earnings be approved at a General Meeting of Shareholders of the Company, and if the record date of the stock split shall be any day prior to the conclusion day of such Annual General Meeting of Shareholders, the adjusted Number of Shares Granted shall apply retrospectively to the day following such record date, on or after the day following the day on which such Annual General Meeting of Shareholders concludes.

In addition to the above, if it is appropriate to adjust the number of shares granted after the Allotment Date due to a merger or divestiture by the Company, the Board of Directors can make any adjustment to the Number of Shares Granted it judges necessary.

Moreover, any fractional shares arising as a result of the above adjustment shall be rounded down.

Furthermore, when the number of shares granted is adjusted, the Company shall give notice or publicly announce the necessary matters to persons holding stock acquisition rights listed in the register of stock acquisition rights (hereinafter "Stock Acquisition Rights Holder") no later than the day prior to the day when the adjusted Number of Shares Granted will apply; provided, however, that if the Company cannot give notice or make a public announcement prior to such date of application, the Company shall subsequently promptly give notice or make a public announcement.

4. Value of assets contributed upon the exercise of stock acquisition rights

The payment upon the exercise of stock acquisition rights shall be the product of ¥1 per share of stock that can be obtained due to the exercise of the stock acquisition rights (the exercise price) multiplied by the Number of Shares Granted.

5. Period during which stock acquisition rights may be exercised

From July 10, 2009 to June 30, 2034

6. Matters concerning an increase in capital and capital reserve in the event of the issuance of stock upon the exercise of stock acquisition rights

(1) In the event of the issuance of stock upon the exercise of stock acquisition rights, the amount of increase in capital will be half the maximum increase in the amount of capital calculated in accordance with Article 17-1 of the Corporate Accounting Regulations, and any fraction less than one yen arising from the calculation shall be rounded up to the nearest yen.

(2) In the event of the issuance of stock upon the exercise of stock acquisition rights, the amount of increase in capital reserve will be the amount remaining after subtracting the increase in capital provided for in (1) above from the maximum increase in capital provided for in (1) above.

7. Restriction on the acquisition of stock acquisition rights by transfer

Approval of the Company's Board of Directors is required for the acquisition of stock acquisition rights by transfer.

8. Provisions for the acquisition of stock acquisition rights

The Company may acquire stock acquisition rights without compensation on a date separately determined by the Board of Directors if a proposal with respect to (1) to (5) below is approved by the Company's General Meeting of Shareholders (or a resolution of the Company's Board of Directors or the decision of the chief executive officer in the case where a resolution of the General Meeting of Shareholders is not required).

(1) A proposal for approval of a merger agreement under which the Company is to become a dissolved company

(2) A proposal for approval of a separation agreement under which the Company is to become a separated company

(3) A proposal for approval of a share exchange agreement or share transfer plan under which the Company is to become a wholly owned subsidiary

(4) A proposal for approval to change the Company's Articles of Incorporation to establish provisions concerning the requirement for the Company's approval with regard to the acquisition of all outstanding shares issued by the Company through a transfer

(5) A proposal for approval to change the Company's Articles of Incorporation to establish provisions concerning the requirement for the Company's approval with regard to the acquisition through a transfer of shares for the purpose of stock acquisition rights or concerning the acquisition by the

Company of said type of shares by resolution of the Company's General Meeting of Shareholders

9. Policy for determining details of cancellation of stock acquisition rights in an organizational restructuring and the granting of stock acquisition rights of the restructured company

In the event that the Company conducts a merger (only in the event that the Company is to become a dissolved company due to the merger), an absorption-type corporate divestiture or an establishment-type corporate divestiture (only in the event that the Company is to become a separated company), or a share exchange or share transfer (only in the event that the Company is to become a wholly owned subsidiary) (the above are hereinafter collectively referred to as "Organizational Restructuring"), the Company shall grant stock acquisition rights of one of the stock corporations listed in Article 236, Paragraph 1-8, (i) to (v) of the Companies Act of Japan (hereinafter "Restructured Company"), as the case may be, to Stock Acquisition Rights Holders having stock acquisition rights remaining (hereinafter "Remaining Stock Acquisition Rights") immediately prior to the day the Organizational Restructuring takes effect (the date the absorption-type divestiture takes effect for an absorption-type corporate divestiture, the date of establishment of the newly established company for an establishment-type corporate divestiture, the date the share exchange takes effect for a share exchange, or the date of establishment of the wholly owning parent company for a share transfer) in accordance with the conditions stipulated below; it is provided, however, that this shall apply only to cases in which the granting of stock acquisition rights of the Restructured Company in accordance with the items below is provided for in the absorption-type merger agreement, establishment-type merger agreement, absorption-type corporate divestiture agreement, establishment-type corporate divestiture agreement, share exchange agreement, or share transfer plan.

(1) Number of stock acquisition rights of the Restructured Company to be granted

The same number of stock acquisition rights as the Remaining Stock Acquisition Rights held by Stock Acquisition Rights Holders

(2) Class of shares of the Restructured Company for the purpose of stock acquisition rights

The Restructured Company's common stock

(3) The number of shares of the Restructured Company for the purpose of stock acquisition rights

To be decided pursuant to section 3. above based on consideration of the terms of the Organizational Restructuring and other factors

(4) Value of assets contributed upon the exercise of stock acquisition rights

The value of assets contributed upon the exercise of each stock acquisition right to be granted shall be the amount resulting from multiplying the paid-in amount after restructuring, as specified below, by the number of shares of the Restructured Company to be issued for the purpose of issuing stock acquisition rights, as decided pursuant to section 3. above. The paid-in amount after restructuring shall be one yen per share of the Restructured Company issuable upon the exercise of each stock acquisition right granted.

(5) Period during which stock acquisition rights may be exercised

The exercise period shall start at the beginning of the period for exercising stock acquisition rights provided for in section 5. above or the date on which the Organizational Restructuring takes effect, whichever is later, and end on the final day of the period for exercising stock acquisition rights provided for in section 5. above.

(6) Matters concerning an increase in capital and capital reserve in the event of the issuance of stock upon the exercise of stock acquisition rights

To be decided pursuant to section 6. above

(7) Restriction on the acquisition of stock acquisition rights by transfer

Approval of the Board of Directors of the Restructured Company shall be required for the acquisition of stock acquisition rights by transfer.

(8) Provisions for the acquisition of stock acquisition rights

To be decided pursuant to section 8. above

(9) Other conditions for the exercise of stock acquisition rights

To be decided pursuant to section 11. below

10. Fractional shares arising from the exercise of stock acquisition rights

Any fractional shares of shares to be granted to Stock Acquisition Rights Holders who have exercised stock acquisition rights shall be rounded down.

11. Other conditions for the exercise of stock acquisition rights

- (1) During the period mentioned in section 5. above, a Stock Acquisition Rights Holder may exercise stock acquisition rights only after the holder is no longer a director (including an operating officer in a company with the committee system), corporate auditor, or operating officer of the Company; however, a Stock Acquisition Rights Holder may exercise stock acquisition rights only during the five-year period starting on the day after the end of one of the above positions (hereinafter the "Rights Exercise Starting Date").
- (2) The provisions in (1) above notwithstanding, a Stock Acquisition Rights Holder may exercise stock acquisition rights in cases provided for in (a) or (b) below (provided, however, that (b) shall exclude cases where stock acquisition rights of a Restructured Company are granted to Stock Acquisition Rights Holders in accordance with the terms stipulated in section 9. above).
 - (a) If the exercise period of the stock acquisition rights does not commence on or before June 30 of the year preceding the year in which the exercise period ends, the stock acquisition rights may be exercised from the day after the above date until the end of the exercise period.
 - (b) In the event that a proposal for approval of a merger agreement under which the Company is to become a dissolved company or a proposal for approval of a share exchange agreement or share transfer plan under which the Company is to become a wholly owned subsidiary is approved by the Company's General Meeting of Shareholders (or a resolution of the Company's Board of Directors or the decision of the chief executive officer in the case where a resolution of the General Meeting of Shareholders is not required)

A period of 15 days beginning on the day following such approval date
- (3) If a Stock Acquisition Rights Holder has renounced his stock acquisition rights, he may not exercise said stock acquisition rights.

12. Method for calculating the paid-in amount for stock acquisition rights

The paid-in amount for each stock acquisition right shall be the product of the option price per share calculated based on the formula below and the basic figures from (2) to (7) below multiplied by the Number of Shares Granted (with fractions less than one yen rounded up).

$$C = Se^{-qT}N(d) - Xe^{-rT}N(d - \sigma\sqrt{T})$$

In this formula,

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- (1) C = option price per share
- (2) S = share price: the closing price of the Company's common stock in ordinary trading on the Tokyo Stock Exchange on July 9, 2009 (or the reference price on the next trading day if there is no closing price on that date)
- (3) X = exercise price: one yen
- (4) T = projected remaining period: 12.5 years
- (5) σ = volatility: the share price volatility rate calculated based on the closing price of the Company's common stock in ordinary trading on each trading day from September 10, 1999, the date the Company's shares were listed, to July 9, 2009
- (6) γ = risk-free interest rate: the interest rate on Japanese government bonds whose remaining years to maturity correspond to the projected remaining period
- (7) q = dividend yield: the dividend per share (actual amount of the dividend for the term ended March 2008) divided by the share price defined in (2) above
- (8) N(.) = cumulative distribution function of the standard normal distribution

Note: The paid-in amount for stock acquisition rights is not an especially favorable term for Stock Acquisition Rights Holders. The Company will offset subscribers' rights to compensation from the Company against their payment obligations for the paid-in amount for stock acquisition rights.

13. Allotment date for stock acquisition rights

July 9, 2009

14. Due date for payment to be made in exchange for stock acquisition rights

The due date for payment shall be July 9, 2009.

15. Persons eligible for the allotment of stock acquisition rights and the number of eligible persons
14 directors of the Company, excluding outside directors under Article 2-15 of the Companies Act