

July 28, 2003

USS Co., Ltd.

President and Representative Director: Futoshi Hattori

Stock Code: 4732

Stock Exchanges: 1st Section, Tokyo Stock Exchange

1st Section, Nagoya Stock Exchange

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**USS Gives Notification of Right to Exercise Call Option on
First Series of Unsecured Convertible Bonds**

USS Co., Ltd. hereby wishes to serve notice that on July 28, 2003, pursuant to clause 5, paragraph 9, Article 1 of the Bond Management Commission Contract, conditions were satisfied for the exercise of the 130% call option on the first series of unsecured convertible bonds (with financial covenants that entitle bondholders to equal claims to collateral) issued by USS on September 12, 2001. This call option allows USS to redeem all outstanding bonds prior to maturity at a redemption price of ¥100 for every security with par value of ¥100.

In the event that USS chooses to exercise the call option, USS shall give notice of redemption no later than 15 days after the day the right to exercise the call option has occurred, or within 30-60 days prior to the redemption date. At the present time, USS has not yet decided whether to exercise the call option.

The right to exercise the call option occurs when the closing price (excluding nominal quotations) of USS common stock traded on the Tokyo Stock Exchange exceeds the conversion price by 30% for 20 consecutive trading days. These conditions, already satisfied once, could therefore be satisfied again after July 29, 2003. This would give USS the right to exercise the call option in the future.