



June 28, 2005

For Immediate Release

**USS Co., Ltd.**

Futoshi Hattori

President of Representative Director

Stock Code: 4732

Stock Exchanges: Tokyo and Nagoya

Contract: Masafumi Yamanaka

General Manager, Finance Dept., Supervisory Office

TEL. +81-052-689-1129

## **Announcement of Concludes Stock Swap Contract**

USS Co., Ltd. Today announced that it has concluded a contract with USS Gunma., Co., Ltd for an exchange of stock, based on the approval of Stock Swap by board of Directors meeting hold on today. As a result of this deal, USS Gunma Co., Ltd. will become a wholly owned USS subsidiary on September 1, 2005. Details are as follows.

### **1. Reason for Stock Swap**

USS own 60% Shares of USS Gunma. We cooperate mutually as a group company and reinforcement of our management base positively. Based on such a business strategy, we judged that the best way to utilize our group synergy is to take the residual shares of USS Gunma, as a wholly owned USS subsidiary. As a result, we made an agreement of the stock swap.

### **2. Schedule for Stock Swap**

June 28, 2005:

Approval of stock swap contract by the Board of Directors

Conclusion of stock swap contract

August 11, 2005 (tentative):

Approval of stock swap contract at an Extraordinary General Meeting of Shareholders (USS Gunma)

September 1, 2005 (tentative)

Stock swap date

Note: USS plans to implement simplified stock-swap procedures pursuant to Article 358-1 of Japan's Commercial Code.

**3. Overview of Stock Swap Contract**

( 1 ) Stock Swap

USS Gunma will become a wholly owned USS subsidiary following an exchange of shares between USS and USS Gunma on September 1, 2005.

( 2 ) Stock Swap Ratio

Company Name	USS ( Parent company )	USS Gunma( wholly owned subsidiary )
Stock Swap Ratio	1	138

Notes:

1. Stock Allocation Ratio

USS will issue 240,120 common shares for the purposes of the stock swap. On the day prior to the effective stock swap date, USS Gunma common shareholders listed on the final USS Gunma shareholders' register shall be allocated 138 shares of USS common stock in exchange for every one share of USS Gunma common stock.

2. Basis for Calculation of the Stock Swap Ratio

USS requested Nikko Cordial Securities Inc. to determine the stock swap ratio. Based on the results of this process, USS and USS Gunma carried out discussions prior to concluding the above contract.

3. Results, Methodology and Basis of Calculations made by third-party institutions

In determining the stock swap ratio, Nikko Cordial Securities used the share market price method for USS. For USS Gunma, the listed peer company comparison, discounted cash flow (DCF) and adjusted net asset methods were applied. The range of the stock swap ratio was calculated based on a comprehensive evaluation of the results of this analysis.

( 3 ) Number of Shares to be Issued for the Stock Swap

240,120 common shares

( 4 ) Cash Payments for the Stock Swap

No cash payments will accompany the exchange of stock.

( 5 ) Start Date for Calculation of Dividends

The start date for the calculation of dividends paid to the new shares issued for the stock swap, shall be April 1, 2005.

## ( 6 ) USS Capital and Capital Reserve

Increase in capital: None

Increase in capital reserve: On the stock swap date, the net assets of USS Gunma ratio to the numbers of stock swap will be added to USS' capital reserve.

## 4. Summary of Parties to Stock Swap Contract

March 31, 2005

( 1 ) Company Name	USS Co., Ltd.	USS Gunma Co., Ltd.
( 2 ) Core Business	Auto Auction Business	Auto Auction Business
( 3 ) Established	October, 1980	December, 1997
( 4 ) Head Office	507-20 Shinpo-machi, Tokai City, Aichi Prefecture	387 Naka, Fujioka City, Gunma Prefecture
( 5 ) President	President of Representative Directors Futoshi Hattori	President of Representative Directors Eiichi Arai
( 6 ) Capital	17,580 million yen	250 million yen
( 7 ) Number of issued shares	31,981,969 shares	5,000 shares
( 8 ) Shareholders' Equity	74,832 million yen	1,351 million yen
( 9 ) Total Assets	99,460 million yen	2,013 million yen
(10) Accounting Period	March 31	March 31
(11) Number of Employees	242	21
(12) Principal Customers	Gulliver International Co., Ltd. etc.	Kantou Mazda Co., Ltd. etc.
(13) Major Shareholders	Futoshi Hattori 10.37% The Master Trust Bank of Japan, Ltd. (Money Trust) 9.21% Japan Trustee Services Bank, Ltd. (Money Trust) 9.19% Yukihiro Ando 2.78% The Chase Manhattan Bank N.A., London S.L. Omnibus Account 2.66% The Master Trust Bank of Japan, Ltd. (Retirement Benefits Trust Account for UFJ Bank Limited) 2.62%	USS Co., Ltd. 60.00% Eiichi Arai 4.00% Toubu Auto Co. Ltd. 4.00% Yoshimi Okamoto 4.00% Keiichi Kimura 4.00% Mishiro Auto Inc. 4.00% Hisasi Shimura 4.00% Norio Takahashi 4.00%
(14) Main Bank	UFJ Bank Ltd.	Mitsui Sumitomo Bank Ltd.

## The Relationship of the Issued Company

Capital	USS owns 60% shares of USS Gunma
Management	Two USS directors also serve as directors of USS Gunma concurrently
Business	Lease of facilities

## Operating Results for the Past Three Fiscal Years

( million of yen )

Fiscal Year (Ended)	USS Co. Ltd. ( consolidated )			USS Co. Ltd. ( Parent Company )		
	March 31, 2003	March 31, 2004	March 31, 2004	March 31, 2003	March 31, 2004	March 31, 2005
Sales	33,819	42,425	50,484	21,608	23,583	24,959
Operating Revenue	15,335	18,017	20,673	12,560	13,843	14,640
Ordinary Revenue	15,382	18,207	21,096	12,669	14,036	14,942
Net Income	7,645	8,907	11,814	6,269	6,883	8,871
Net income per share (yen)	279.47	300.72	377.69	229.58	232.96	283.66
Dividend per share (yen)	-	-	-	40	50	65
Shareholders' equity per share (yen)	1,596.96	2,189.02	2,652.32	1,520.32	2,055.56	2,338.72

Fiscal Year (Ended)	USS Gunma Co. Ltd (Subsidiary)		
	March 31, 2003	March 31, 2004	March 31, 2004
Sales	1,103	1,290	1,434
Operating Revenue	444	606	691
Ordinary Revenue	469	628	722
Net Income	247	338	407
Net income per share (yen)	48,341.63	66,280.08	79,965.80
Dividend per share (yen)	1,200	1,200	1,200
Shareholders' equity per share (yen)	124,932.51	190,012.59	268,778.39

Note: USS Gunma has not introduced consolidated accounts

## 5. Effect on Business Performance

Since USS Gunma was a consolidated subsidiary of USS before this contract, there will be no or considerable change on USS' business performance after USS Gunma became a wholly owned USS subsidiary.