



March 24, 2014

To All Stakeholders:

Company: USS Co., Ltd.  
Chairman and President: Yukihiro Ando  
Stock code: 4732  
Stock exchange listings: Tokyo and Nagoya (first sections)  
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Senior Managing Director, Officer, Supervisory Office

### **Announcement of Split of Consolidated Subsidiary (Incorporation-type Company Split)**

USS Co., Ltd. will establish a company on July 1, 2014 for the purpose of reorganizing as a separate company the used vehicle sales and purchasing business, which is operated using the Rabbit brand, of consolidated subsidiary R&W Co., Ltd. The newly established company will be a wholly owned subsidiary of USS.

#### 1. Reason for the split

Ensuring a supply of even higher-quality vehicles for its auctions will be vital to the ability of USS to increase its share of Japan's used vehicle auction market. To strengthen the used vehicle sales and purchasing business, the Rabbit-brand used car purchasing stores operated by the Rabbit Division of R&W will be divested from R&W to form a new company. As of the end of December 2013, there were 23 directly operated Rabbit stores and 150 franchised stores.

USS believes that making Rabbit a separate company will make it possible to meet customers' needs with greater speed and flexibility. The goal is to establish an operating framework that will make this business even more competitive and able to grow faster.

#### 2. Summary of the split

##### (1) Timetable

March 24, 2014		Approval of divestiture by Board of Directors of USS and R&W
April 25, 2014	(plan)	Approval of divestiture plan by R&W shareholders
July 1, 2014	(plan)	Divestiture
July 1, 2014	(plan)	Establishment of the new company

##### (2) Method

The new company will be formed by splitting R&W into two companies and the new company will be a wholly owned subsidiary of USS.

- (3) Allocation of stock  
The newly established company will issue 1,000 shares of common stock and all of this stock will be allocated to R&W. On July 1, 2014, R&W will transfer all of this stock to USS as a dividend from retained earnings as stipulated in Article 763-12-b of the Companies Act.
- (4) Payment for stock  
There will be no payment for the stock of the newly established company.
- (5) Reduction in capital due to the divestiture  
This divestiture will have no effect on the capital of USS.
- (6) Stock acquisition rights and bonds with stock acquisition rights of R&W  
Not applicable because R&W has no stock acquisition rights or bonds with stock acquisition rights
- (7) Rights and obligations assumed by the newly established company  
The newly established company will receive assets, liabilities, employment contracts and other rights and obligations on July 1, 2014 in accordance with the divestiture plan.
- (8) Outlook for ability to fulfill financial obligations  
After the divestiture, USS believes that the newly established company and R&W will have no difficulty fulfilling their financial obligations. Both companies will have more assets than liabilities. In addition, no problems are currently foreseen regarding profitability that could prevent either company from fulfilling its financial obligations.

### 3. Profiles of the R&W and the newly established company

		R&W		Newly established	
(1)	Name	R&W Co., Ltd.		Rabbit Co., Ltd. (tentative)	
(2)	Activities	Purchase and sale of accident-damaged vehicles		Purchase and sale of used vehicles	
(3)	Established	October 30, 1982		July 1, 2014 (planned)	
(4)	Head office	1830 Funakata, Noda, Chiba		507-20 Shinpomachi, Tokai, Aichi	
(5)	CEO	Eiichi Arai, President		Eiichi Arai, President	
(6)	Capital	63,028 thousand yen		50,000 thousand yen	
(7)	Shares issued	2,628		1,000	
(8)	Net assets	929,618 thousand yen		729,151 thousand yen	
(9)	Total assets	1,810,735 thousand yen		1,349,991 thousand yen	
(10)	Fiscal year end	March 31		March 31	
(11)	Employees	253		125 (planned)	
(12)	Shareholder/Ownership	USS Co., Ltd.	100%	USS Co., Ltd.	100%
(13)	Relationships	Capital	None		
		Personnel	R&W and the new company will share three directors and one corporate auditor		
		Business	None		

\* R&W information is as of December 31, 2013. Information for Rabbit is estimates after the divestiture based on performance as of December 31, 2013.

#### (14) Three-year financial highlights (thousand yen, except per share data)

	R&W Co., Ltd. (Non-consolidated)		
Years ended March 31	2011	2012	2013
Net sales	12,490,593	12,471,444	11,545,194
Operating income	674,632	610,588	588,791
Ordinary income	694,470	634,288	608,319
Net income	392,185	349,868	360,094
Net income per share	149,233.30	133,131.10	137,022.17
Dividend per share	132,039.57	149,162.86	152,207.00
Net assets per share	471,321.91	455,290.15	387,213.40

### 4. Profile of business to be divested

#### (1) Business activities

Operation of Rabbit used car purchasing stores; 23 directly operated stores and 150 franchised stores as of December 31, 2013

(2) Sales and operating income (thousand yen, year ended March 31, 2013)

	Business divested(a)	R&W (b)	Ratio (a/b)
Net sales	8,106,856	11,545,194	70.2%
Operating income	424,751	588,791	72.1%

(3) Assets and liabilities (thousand yen, March 31, 2013)

Assets		Liabilities	
	Book value		Book value
Current assets	1,095,830	Current liabilities	497,195
Non-current assets	254,161	Non-current liabilities	123,644
Total	1,349,991	Total	620,840

\* Assets and liabilities to be received by the newly established company from R&W are based on balance sheet values as of December 31, 2013. The actual amounts of assets and liabilities received may differ.

5. R&W after the split

There will be no change in the name, business activities, head office, CEO, capital or fiscal year at R&W due to the divestiture.

6. Effect of the split on results of operations

The split will have only a negligible effect on consolidated results of operations because R&W and the newly established company are wholly owned subsidiaries of USS.