

USS

Used car
System
Solutions

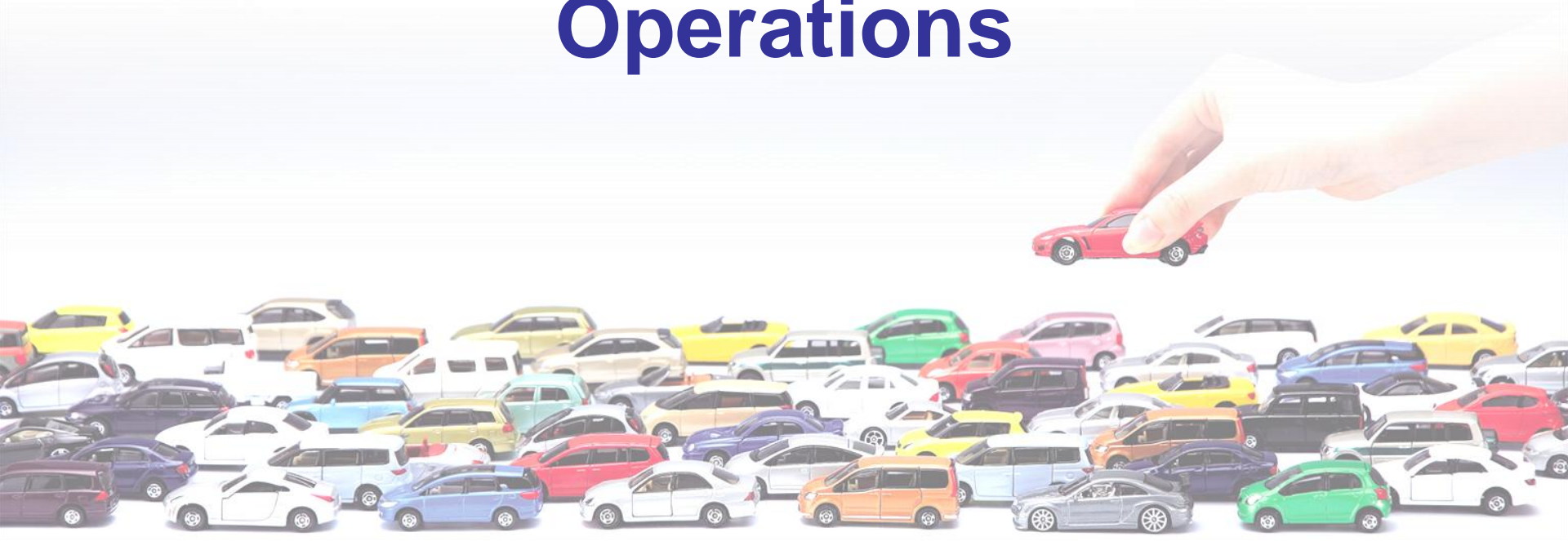
Consolidated Results of Operations

The third quarter, fiscal year ending March 31, 2014

USS Co., Ltd.
February 2014



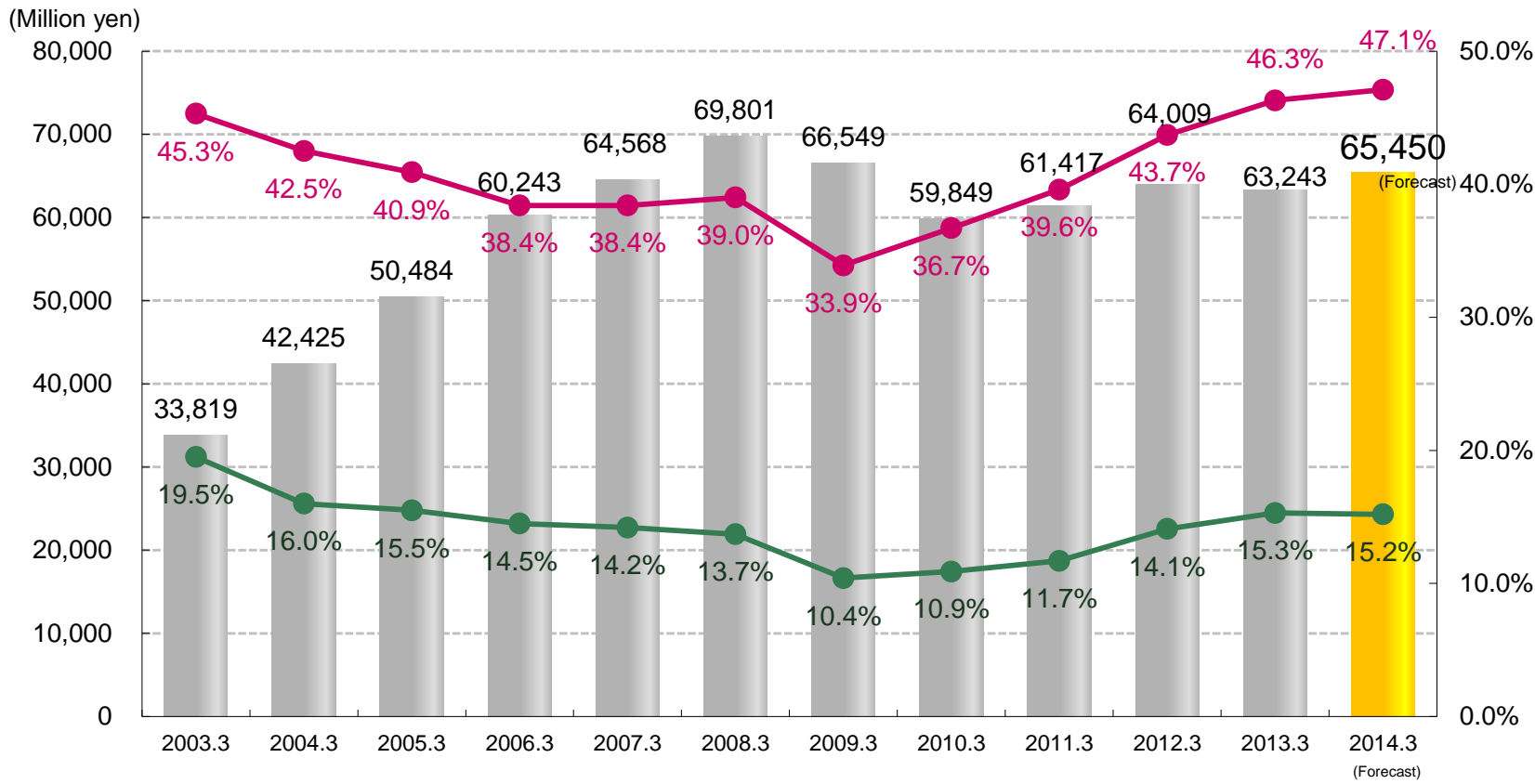
USS Profile and Results of Operations



(1) Consolidated Sales, Operating Margin and ROE

ROE target is 15% backed by medium-term growth and high profitability

■ Net sales ● Operating income ● ROE

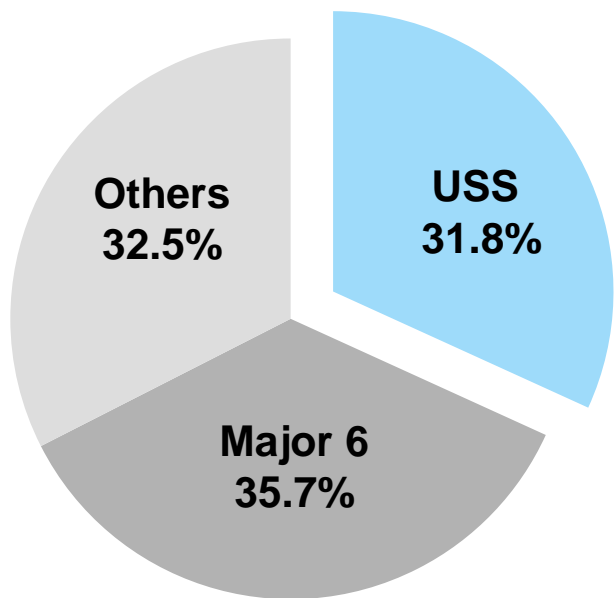


2003.3 - 2013.3
 Avg. 10-year growth rate Sales **6.5%** Operating income **6.7%**
 Avg. 10-year operating margin **39.9%**
 Average 10-year ROE **13.6%**

(2) Competitive Edge in Japan's Auto Auction Industry

Largest Share of the Auto Auction Market

Market share (CY2013)



*Major 6 : TAA(9.6%), JAA(8.8%), CAA(6.4%), Arai AA(4.9%), KCAA(3.2%), LAA(2.8%)

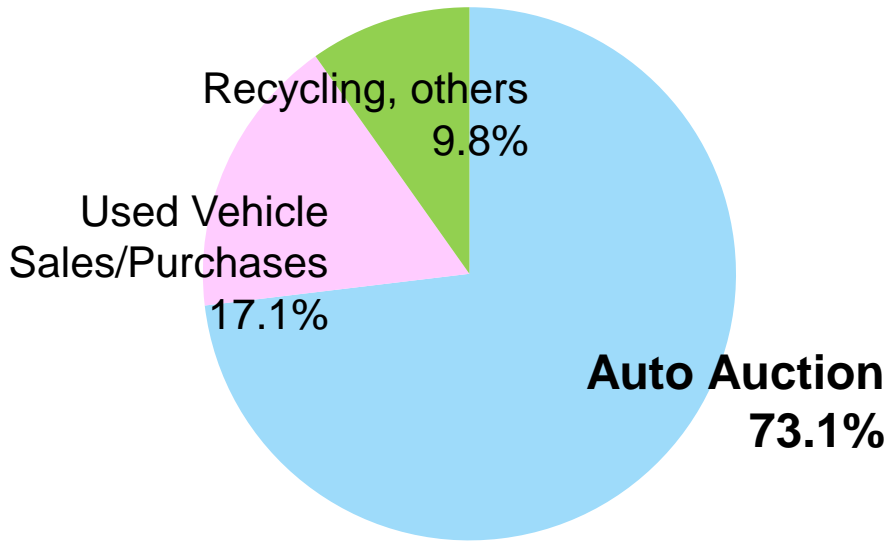
The Superiority of USS

- Overwhelming lead in the number of members: 45,000 companies
- The industry leader with 17 auction sites nationwide
- High-volume auction sites in Tokyo, Nagoya and other locations
- Off-site bidding system using satellite TV and the Internet
- USS created the industry standards for vehicle evaluations and auction systems
- A sound financial position
 - equity ratio of 85.7%

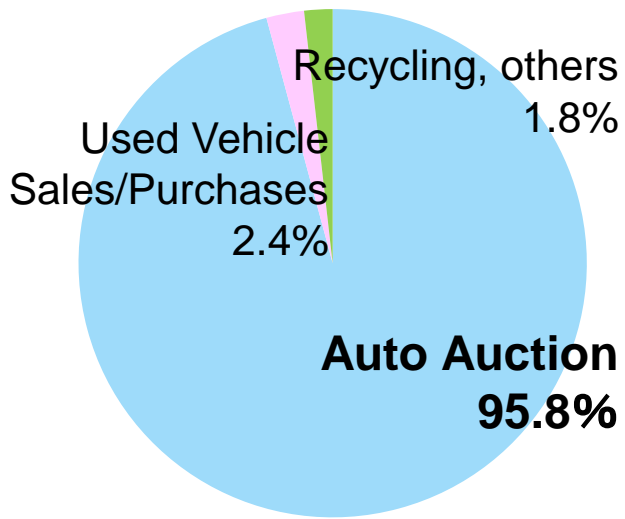
(As of end of Dec. 2013)

(3) Breakdown of Net sales and Operating income

Sales breakdown(1-3Q FY3/14)



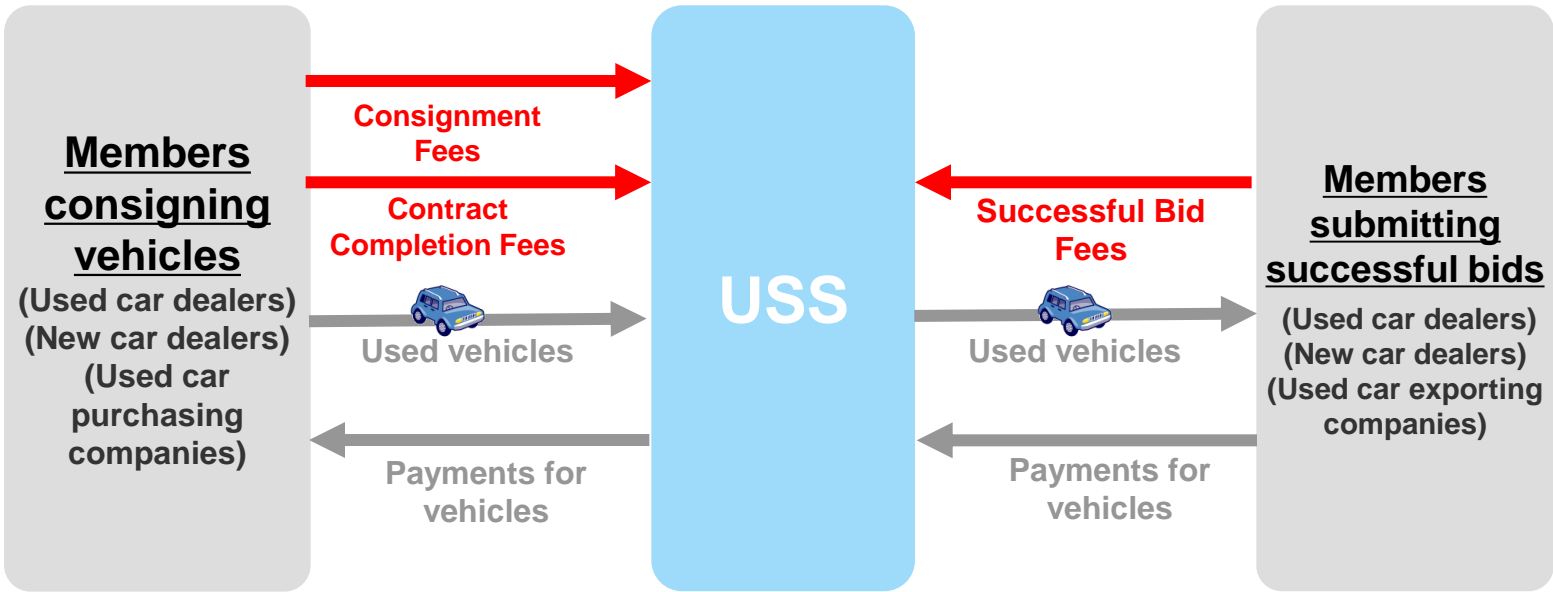
Operating income breakdown(1-3Q FY3/14)



*Sales are sales to external customers and operating income is based on business segment earnings.

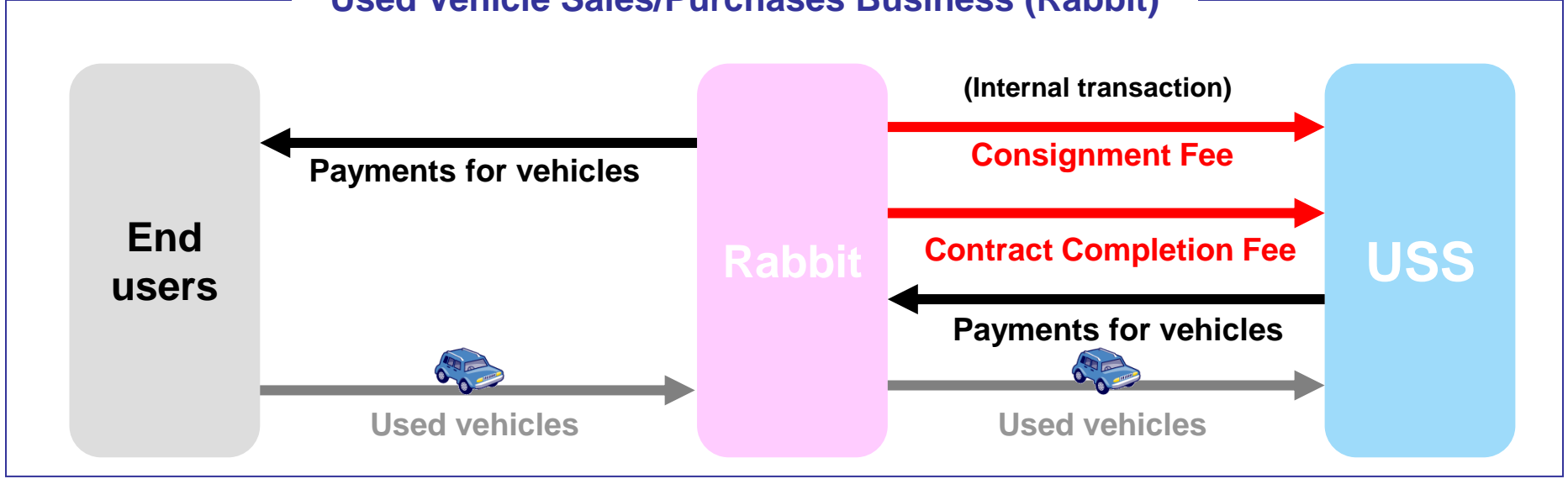
(4) Business Models for Auto Auction Business

Auto Auction Business

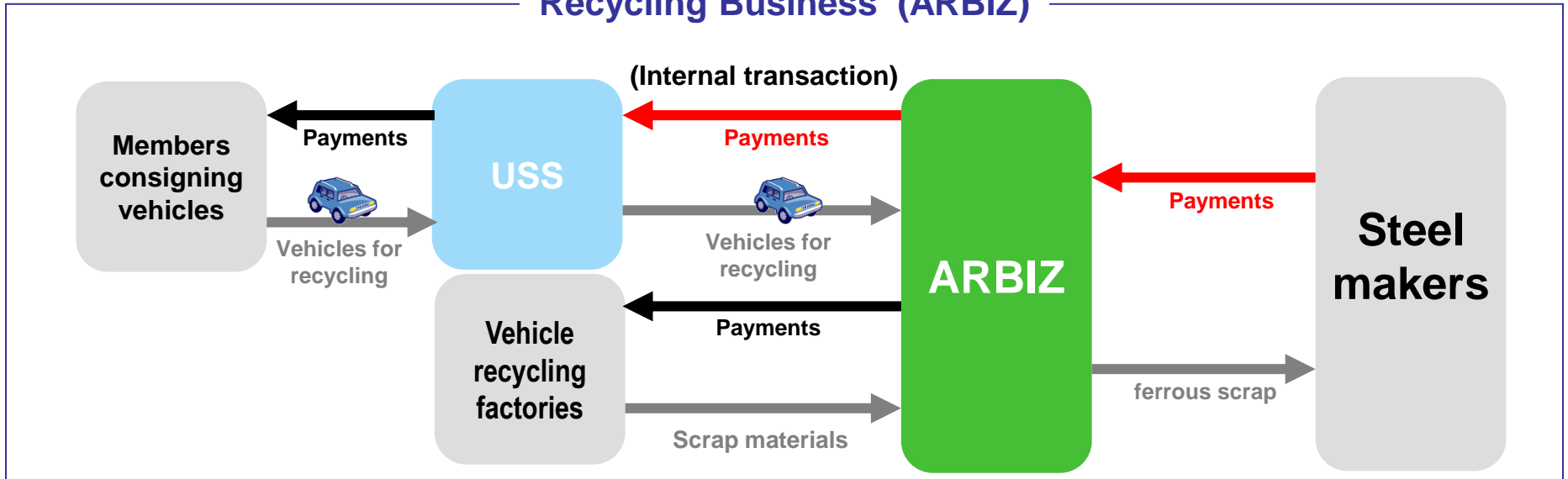


(5) Business Models for Used Vehicle Sales/Purchases Business and Recycling Business

Used Vehicle Sales/Purchases Business (Rabbit)



Recycling Business (ARBIZ)



Results of Operations

First Three Quarters

Fiscal Year Ending March 2014



- **Sales up 7.2% (YoY)**
 - Auto auction business sales up 7.4% (YoY)
 - Vehicles consigned up 2.4%, contracted vehicles up 9.7% (YoY)
 - Contract completion rate was 66.5% compared with 62.1% one year earlier
 - Off-site (Satellite TV and Internet) successful bid ratio was 50.2% compared with 50.5% one year earlier
 - Used vehicle purchasing and selling business sales increased 2.3% (YoY)
 - Recycling and others sales increased 15.6% (YoY)

- **Operating income up 11.8% and ordinary income up 11.5% (YoY)**
 - Auto auction business operating income increased 9.2% (YoY)
 - Used vehicle purchasing and selling business increased 57.8% (YoY)
 - Recycling and others operating income increased 777.2% (YoY)
 - Sales promotion expenses down but depreciation, taxes and dues, supplies expenses and other expenses were higher
 - Operating margin improved from 45.7% to 47.6% (YoY)

- **Maintained a high equity ratio of 85.7%**

FY3/2014 First Three Quarters– Consolidated Income Statement

Record-high operating, ordinary and net income for the third consecutive year (Million yen)

	1-3Q FY3/12	1-3Q FY3/13	1-3Q FY3/14	Year on year
Net Sales	46,728	45,938	49,249	107.2%
Cost of sales (Per sales)	19,453 (41.6%)	18,269 (39.8%)	19,195 (39.0%)	105.1%
Gross profit (Per sales)	27,275 (58.4%)	27,669 (60.2%)	30,053 (61.0%)	108.6%
Selling, general and administrative expenses (Per sales)	7,461 (16.0%)	6,696 (14.6%)	6,599 (13.4%)	98.6%
Operating income (Per sales)	19,813 (42.4%)	20,973 (45.7%)	23,453 (47.6%)	111.8%
Ordinary income (Per sales)	20,163 (43.1%)	21,410 (46.6%)	23,878 (48.5%)	111.5%
Net income (Per sales)	11,977 (25.6%)	13,128 (28.6%)	14,334 (29.1%)	109.2%
Net income per share (yen)	42.45	49.32	55.30	112.1%

Net sales

- Auction fee revenues increased along with increases in the contract completion rate and number of vehicles consigned
- Higher sales in the recycling business, including end-of-life vehicles, due to increase in volume handled and higher prices for ferrous scrap

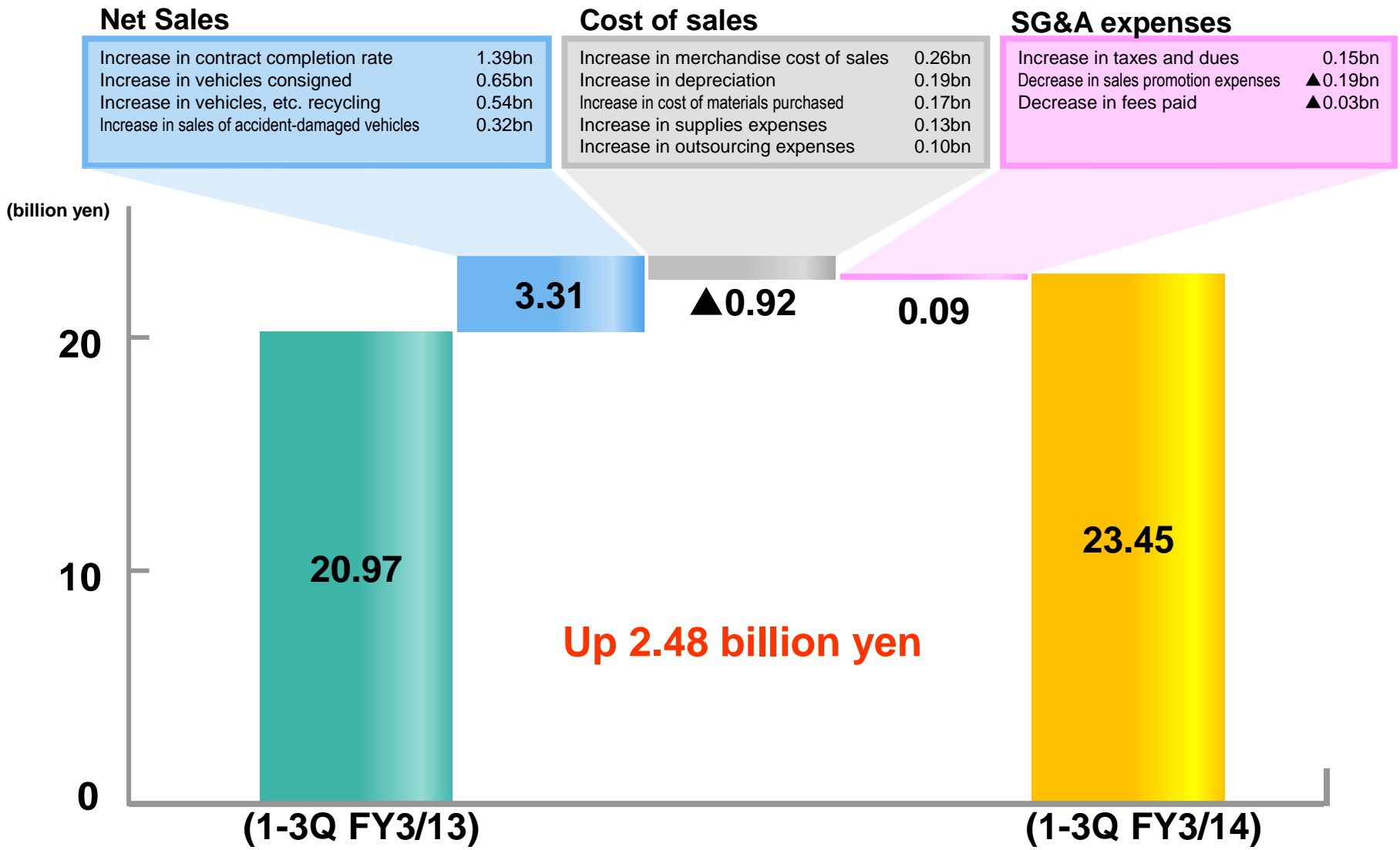
Cost of sales

- Depreciation increased because of the reconstruction of the Nagoya Auction Site and plan to relocate the Okayama Auction Site
- Higher cost of supplies expenses due to the reconstruction of the Nagoya Auction Site

SG&A expenses

- Decreases in sales promotion expenses

Reasons for change in operating income



FY3/2014 First Three Quarters – Consolidated Balance Sheet

Outstanding financial soundness even as substantial earnings distributions to shareholders continue

(Million yen)

	2013.3	2013.12	Changes
Current assets	56,047	42,200	▲13,846
Cash and deposits	37,033	33,671	▲3,361
Receivables due from member dealers at auction	13,660	3,518	▲10,141
Other	5,353	5,010	▲343
Noncurrent assets	98,496	104,715	6,219
Property, plant and equipment	88,470	93,170	4,699
Intangible assets	818	1,109	290
Investments and other assets	9,206	10,436	1,229
Total assets	154,543	146,916	▲7,627
Current liabilities	28,165	13,816	▲14,348
Payables due to member dealers at auction	16,185	5,674	▲10,510
Short-term loans payable	93	93	-
Other	11,886	8,049	▲3,837
Noncurrent liabilities	6,701	6,541	▲160
Long-term loans payable	864	678	▲185
Other	5,837	5,862	25
Total liabilities	34,866	20,357	▲14,508
Shareholders' equity	124,273	130,927	6,654
Accumulated other comprehensive income	▲5,160	▲5,067	93
Subscription rights to shares	237	242	5
Minority interests	327	454	127
Total net assets	119,676	126,558	6,881

Current assets

- Auction receivables decreased 10.14 billion yen due to the timing of auctions held at the end of the quarter

Noncurrent assets

- Property, plant and equipment up 4.69 billion yen due mainly to replacement of the Nagoya Auction Site

Current liabilities

- Auction payables decreased 10.51 billion yen due to the timing of auctions held at the end of the quarter
- Other down 3.83 billion yen mainly because of a decrease in deposits for automobile taxes

FY3/2014 First Three Quarters – Consolidated Cash Flows

(Million yen)

	2012.12	2013.12	Changes
Net cash provided by operating activities	9,998	13,524	3,525
Income before income taxes and minority interests	21,354	23,490	2,135
Depreciation and other amortization	2,607	2,823	215
Amortization of goodwill	▲3	17	20
Loss (▲gain) on sale and retirement of property, plant and equipment	42	211	168
Loss (▲gain) on sales and retirement of intangible assets	-	1	1
Net change in due from/to member dealers at auction	722	▲369	▲1,092
Income taxes paid	▲12,246	▲10,135	2,110
Other	▲2,478	▲2,513	▲35
Net cash provided by investing activities	4,781	▲18,394	▲23,175
Purchase of property, plant and equipment	▲988	▲7,898	▲6,909
Other	5,770	▲10,495	▲16,265
Net cash provided by financing activities	▲20,313	▲7,991	12,322
Net increase in loans payable	▲169	▲185	▲15
Purchases of treasury stock	▲12,309	▲0	12,309
Cash dividends paid	▲7,811	▲7,889	▲77
Other	▲22	83	106
Net increase (▲decrease) in cash and cash equivalents	▲5,533	▲12,861	▲7,328
Cash and cash equivalents at beginning of period	28,540	34,833	6,292
Cash and cash equivalents at end of period	23,007	21,971	▲1,035

Operating activities

- Income before income taxes: 23.49 billion yen
- Income taxes paid: 10.13 billion yen

Investing activities

- Expenses for the purchase of property, plant and equipment include 7.89 billion yen for rebuilding the Nagoya Auction Site and other expenditures
- Other includes 10.50 billion yen provided by a increase in time deposits

Financing activities

- Cash dividends paid: 7.88 billion yen

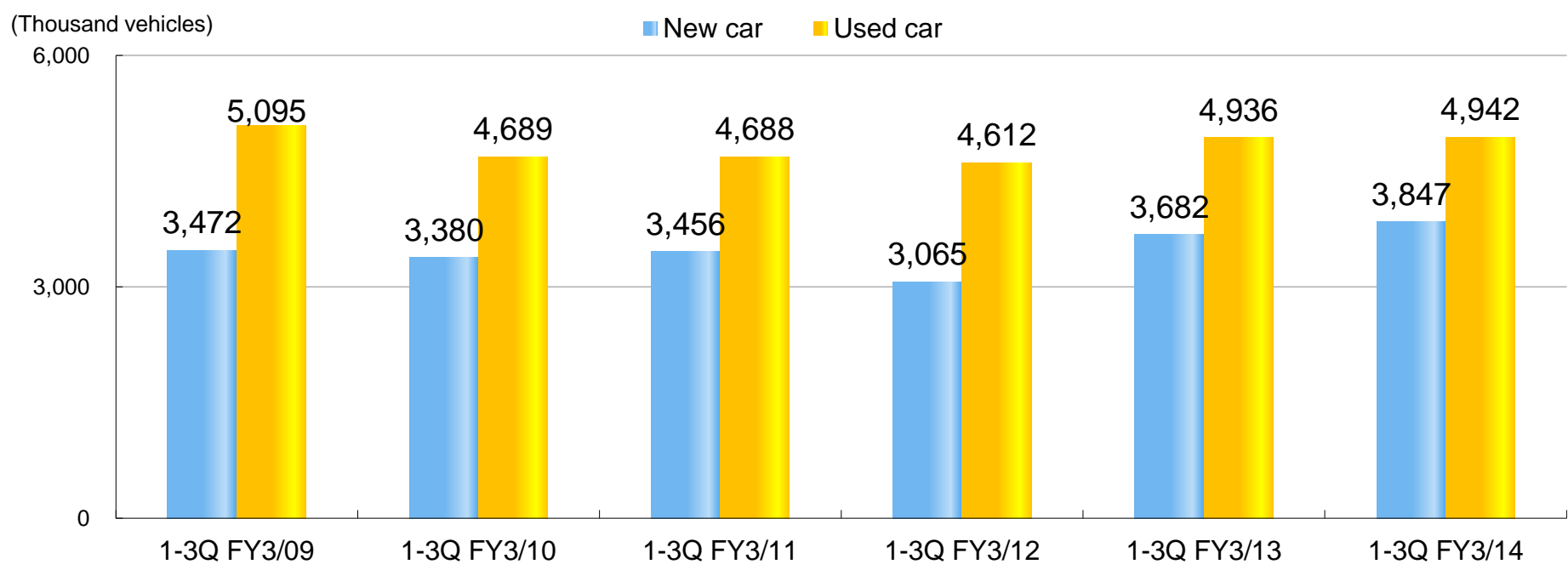
Market Overview

First Three Quarters

Fiscal Year Ending March 2014



(1) New/Used Car Registrations in Japan (April to December)



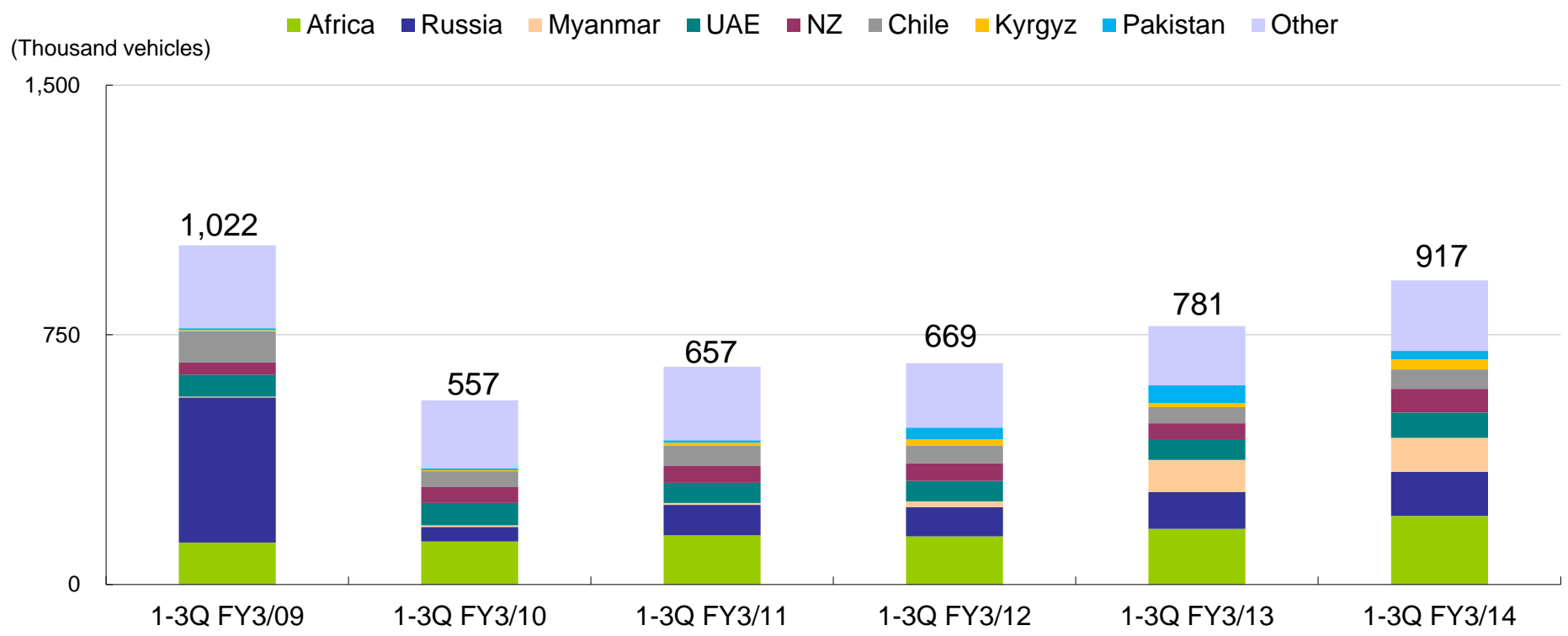
New car registrations in the first three quarters FY3/14 increased 4.5% to 3.84 million units

- Registrations benefited from demand created by the rush to buy automobiles prior to the upcoming consumption tax hike

Used car registrations in the first three quarters FY3/14 were up 0.1% to 4.94 million units

- Only a small increase despite trade-ins associated with the growth in new car registrations

(2) Used car exports (April to December)

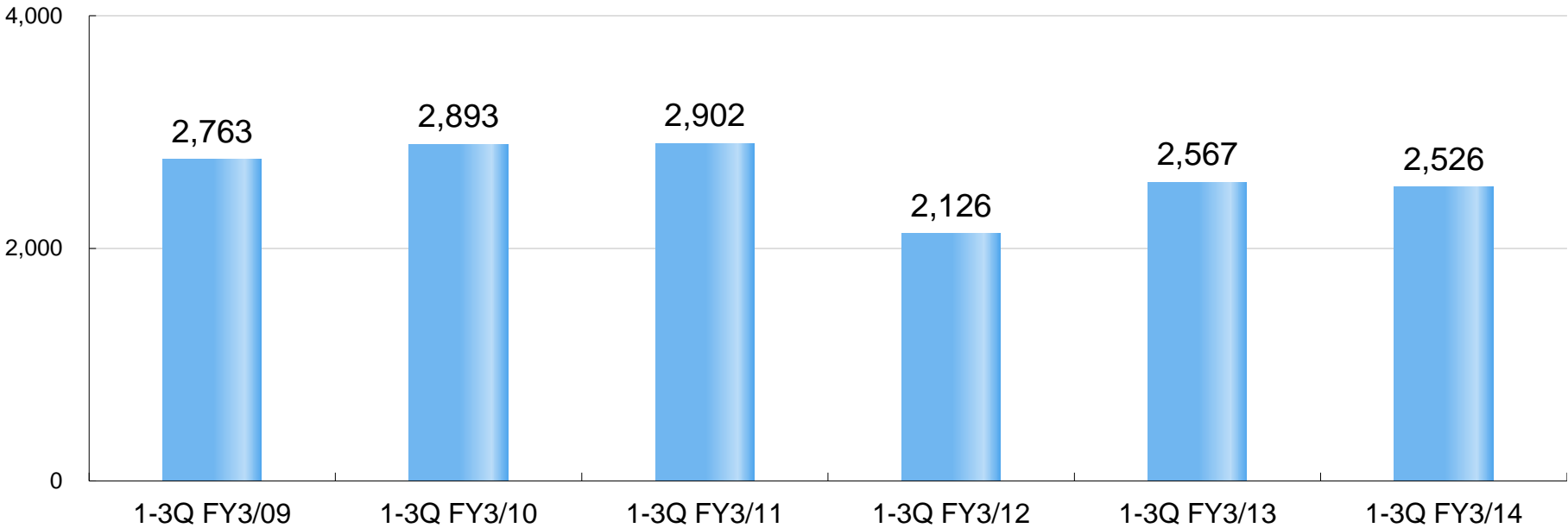


Used car exports in the first three quarters FY3/14 increased 17.5% to 910,000 units

- Major destination countries
Africa 206,000 (up 23.2%), Russia 133,000 (up 19.8%), Myanmar 102,000 (up 6.6%), UAE 76,000 (up 20.2%)
- Countries with large increases
Mongolia 27,000 (up 15.3%), Malaysia 20,000 (up 19.5%), Georgia 15,000 (up 125.4%), Sri Lanka 14,000 (up 205.7%)

(3) Automobiles Recycled (April to December)

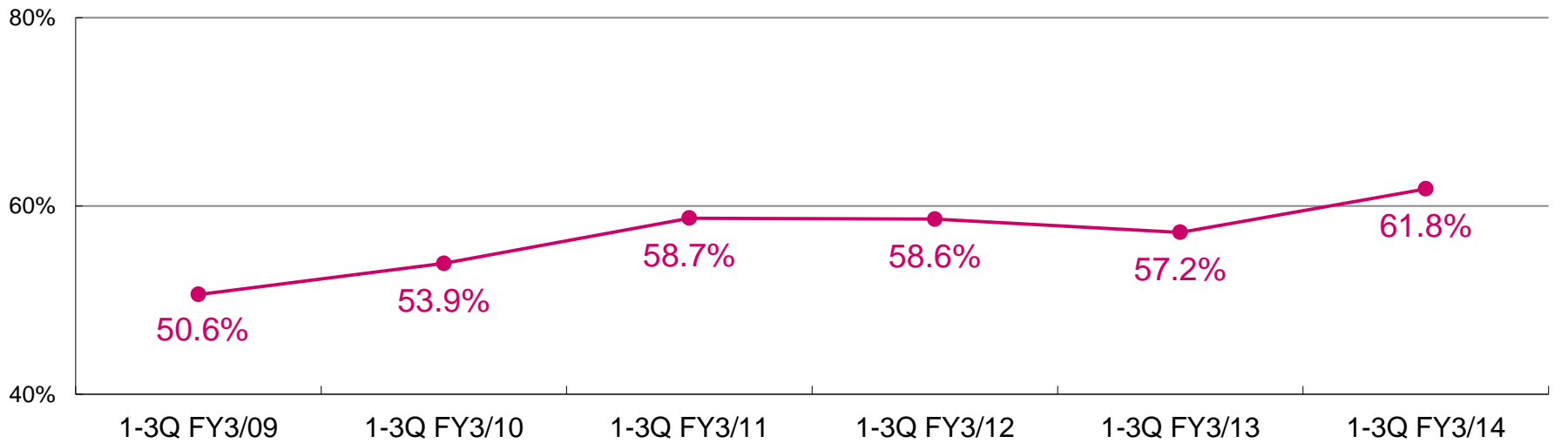
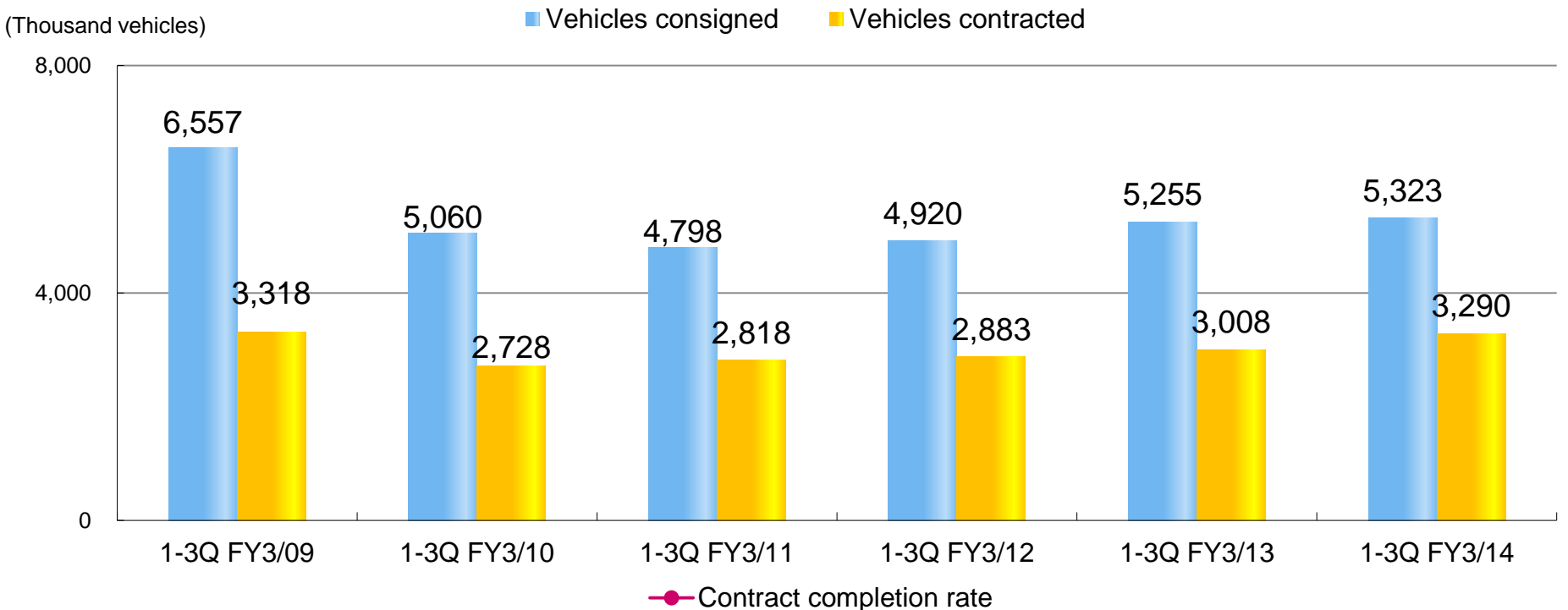
(Thousand vehicles)



Vehicles scrapped decreased 1.6% to 2.52 million units

- An increase in used car exports was partly responsible for the decline in the number of vehicles scrapped

(4) Auto Auction Market (April to December)



Results of Operations

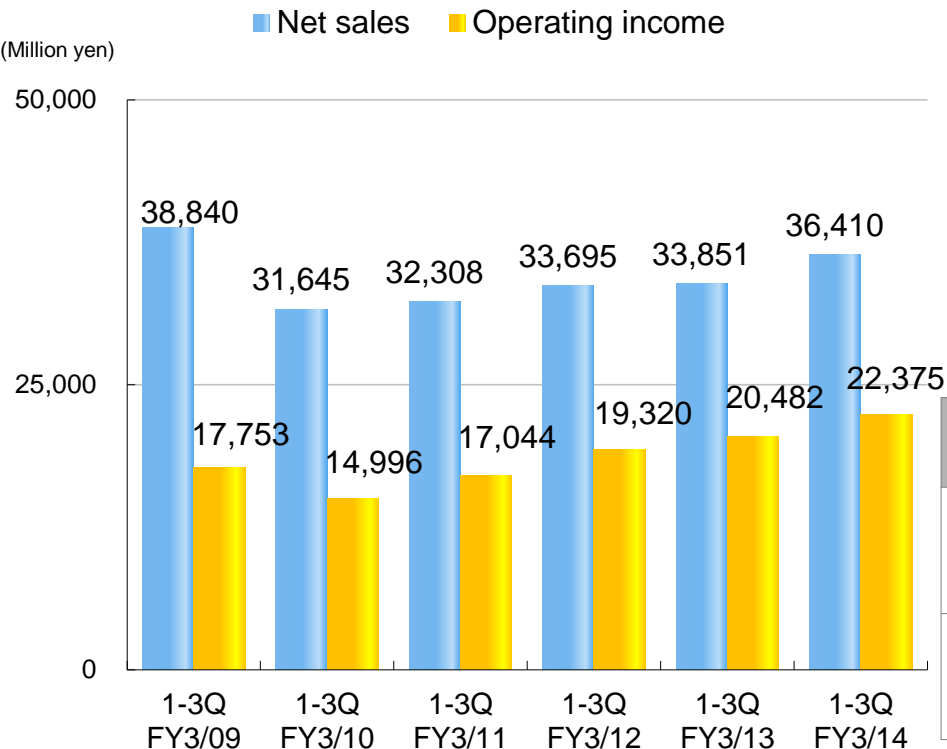
First Three Quarters

Fiscal Year Ending March 2014

(Segment Information)



Auto Auction Business (1) – Results of Operations (Apr. – Dec.)



	1-3Q FY3/13	1-3Q FY3/14	YoY
Net sales	33,851	36,410	107.6%
Operating income (Per sales)	20,482 (60.5%)	22,375 (61.5%)	109.2%

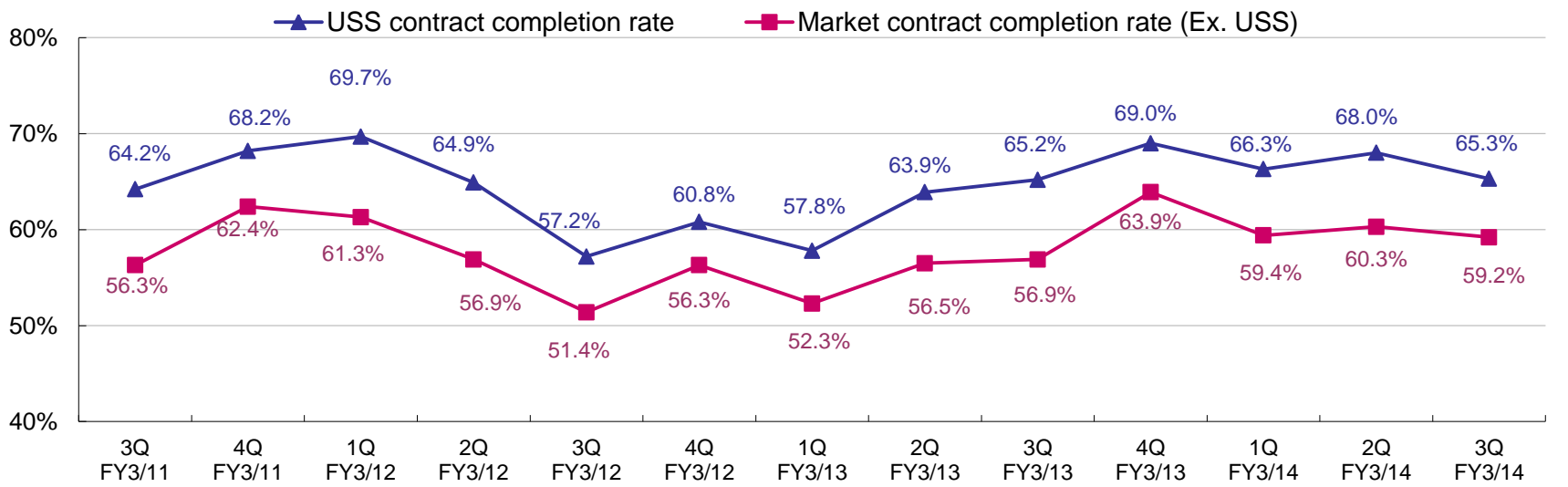
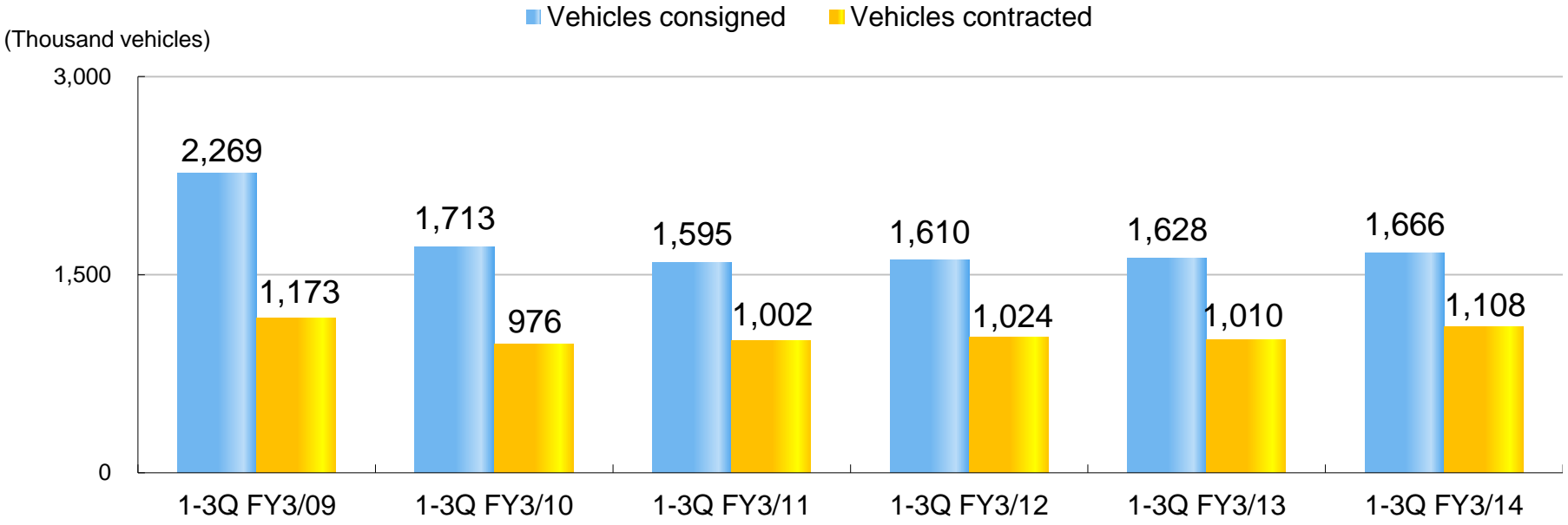
Net sales increased 7.6% (YoY) to 36,410 million yen

- Vehicles consigned up 2.4% to 1,666 thousand; contracted vehicles up 9.7% to 1,108 thousand; contract completion rate increased from 62.1% to 66.5%
- The off-site contract successful bid ratio (satellite TV/Internet) was 50.2% compared with 50.5% one year earlier

Operating income increased 9.2% (YoY) to 22,375 million yen

- Depreciation increased because of the reconstruction of the Nagoya Auction Site and plan to relocate the Okayama Auction Site
- Higher taxes and dues and supplies expenses due to the reconstruction of the Nagoya Auction Site
- Decreases in sales promotion expenses

Auto Auction Business (2) – USS Group Performance (Apr. – Dec.)



Auto Auction Business (3) – Results by Sites

From April 1, 2013 to December 31, 2013

(Number of auctions held, Vehicles)

	Number of auctions		Number of consigned vehicles			Number of contract completions			Contract completion rate	
	1-3Q FY3/14	1-3Q FY3/13	1-3Q FY3/14	1-3Q FY3/13	Changes	1-3Q FY3/14	1-3Q FY3/13	Changes	1-3Q FY3/14	1-3Q FY3/13
Tokyo	37	37	456,921	441,794	3.4%	326,651	303,194	7.7%	71.5%	68.6%
Nagoya	37	36	298,265	271,546	9.8%	188,609	170,289	10.8%	63.2%	62.7%
Yokohama	37	37	139,602	135,139	3.3%	98,206	86,876	13.0%	70.3%	64.3%
Kyushu	36	36	133,950	121,911	9.9%	81,619	69,856	16.8%	60.9%	57.3%
Sapporo	37	37	102,882	101,208	1.7%	64,979	58,876	10.4%	63.2%	58.2%
Osaka	37	36	87,947	78,379	12.2%	57,074	48,015	18.9%	64.9%	61.3%
R-Nagoya	37	37	80,326	80,309	0.0%	67,793	62,013	9.3%	84.4%	77.2%
Shizuoka	37	36	63,003	65,548	▲3.9%	36,962	35,237	4.9%	58.7%	53.8%
Tohoku	37	37	52,581	54,248	▲3.1%	39,877	37,091	7.5%	75.8%	68.4%
Okayama	37	36	49,921	54,136	▲7.8%	31,664	27,600	14.7%	63.4%	51.0%
Gunma	37	36	48,749	47,619	2.4%	32,049	29,664	8.0%	65.7%	62.3%
Saitama	37	36	41,694	43,979	▲5.2%	22,829	22,273	2.5%	54.8%	50.6%
Fukuoka	37	37	33,213	41,936	▲20.8%	15,213	14,799	2.8%	45.8%	35.3%
Niigata	37	37	29,590	38,987	▲24.1%	15,244	16,279	▲6.4%	51.5%	41.8%
Kobe	37	37	29,510	29,911	▲1.3%	17,176	15,620	10.0%	58.2%	52.2%
Hokuriku	37	36	18,291	21,435	▲14.7%	12,131	12,702	▲4.5%	66.3%	59.3%
Total	591	584	1,666,445	1,628,085	2.4%	1,108,076	1,010,384	9.7%	66.5%	62.1%

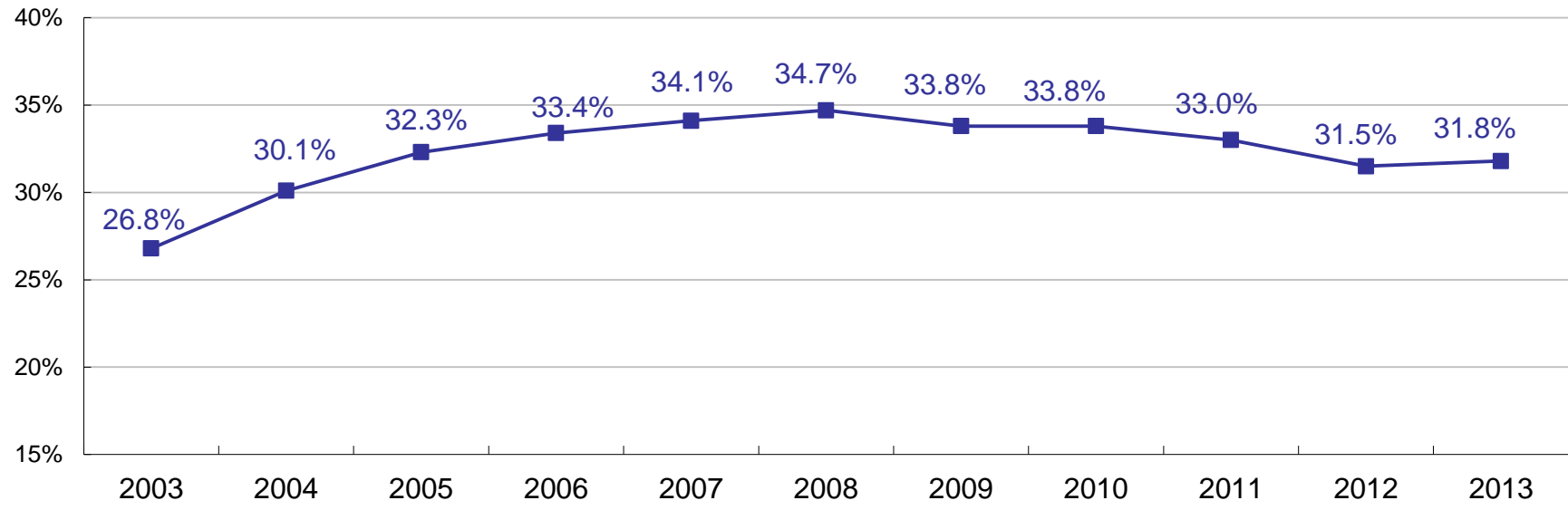
Auto Auction Business (4) – Monthly USS Group Auto Auction Results (Fiscal Year)

(Vehicles, %)

		Apr.	May	Jun.	Jul.	Aug.	Sep.	First Half	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Second Half	Fiscal Year
No. of Consigned Vehicles	FY 2012.3	202,821	131,696	174,749	172,495	145,743	198,856	1,026,360	208,079	206,132	170,246	161,093	205,783	274,873	1,226,206	2,252,566
	YoY Change	▲11.4	▲17.0	▲6.7	▲9.9	5.3	4.7	▲6.2	9.7	24.3	17.2	17.6	23.2	23.6	19.4	6.2
	FY 2013.3	226,176	175,567	195,032	179,372	156,301	187,172	1,119,620	183,316	184,820	140,329	146,072	178,286	247,354	1,080,177	2,199,797
	YoY Change	11.5	33.3	11.6	4.0	7.2	▲5.9	9.1	▲11.9	▲10.3	▲17.6	▲9.3	▲13.4	▲10.0	▲11.9	▲2.3
	FY 2014.3	210,673	169,208	177,966	178,045	161,830	183,512	1,081,234	211,744	207,958	165,509	177,304			762,515	1,843,749
	YoY Change	▲6.9	▲3.6	▲8.8	▲0.7	3.5	▲2.0	▲3.4	15.5	12.5	17.9	21.4			-	-
No. of Contracted Vehicles	FY 2012.3	133,721	96,492	124,557	117,640	94,381	123,637	690,428	121,895	115,079	97,446	99,509	127,878	162,578	724,385	1,414,813
	YoY Change	1.4	▲2.4	7.5	▲3.2	4.8	0.7	1.4	1.6	7.9	2.8	4.3	7.2	12.5	6.4	3.9
	FY 2013.3	123,375	104,202	117,187	112,650	99,623	121,600	678,637	118,831	121,237	91,679	103,111	128,751	162,826	726,435	1,405,072
	YoY Change	▲7.7	8.0	▲5.9	▲4.2	5.6	▲1.6	▲1.7	▲2.5	5.4	▲5.9	3.6	0.7	0.2	0.3	▲0.7
	FY 2014.3	132,619	116,364	120,690	121,819	109,824	124,352	725,668	139,285	134,837	108,286	122,646			505,054	1,230,722
	YoY Change	7.5	11.7	3.0	8.1	10.2	2.3	6.9	17.2	11.2	18.1	18.9			-	-
Contract Completion Rate	FY 2012.3	65.9	73.3	71.3	68.2	64.8	62.2	67.3	58.6	55.8	57.2	61.8	62.1	59.1	59.1	62.8
	FY 2013.3	54.5	59.4	60.1	62.8	63.7	65.0	60.6	64.8	65.6	65.3	70.6	72.2	65.8	67.3	63.9
	FY 2014.3	63.0	68.8	67.8	68.4	67.9	67.8	67.1	65.8	64.8	65.4	69.2			-	-

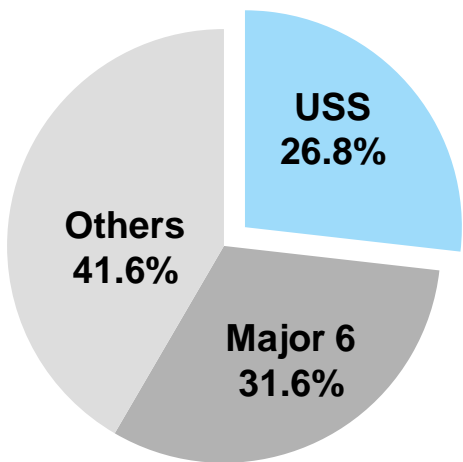
Auto Auction Business (5) – Market Share (January to December)

USS Market Share



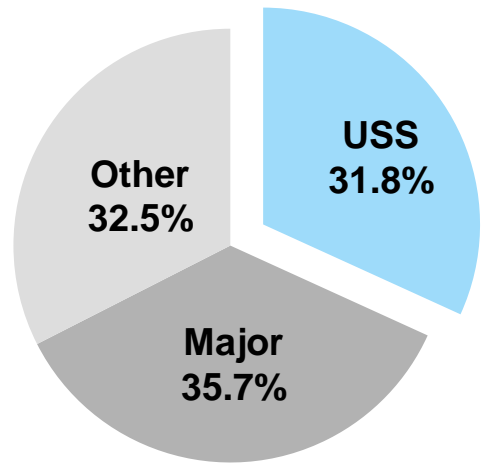
2003 (CY) Market Share

- *Major 6
- TAA (6.7%)
- JAA (9.8%)
- CAA (5.2%)
- Arai AA (5.6%)
- KCAA (2.6%)
- LAA (1.7%)

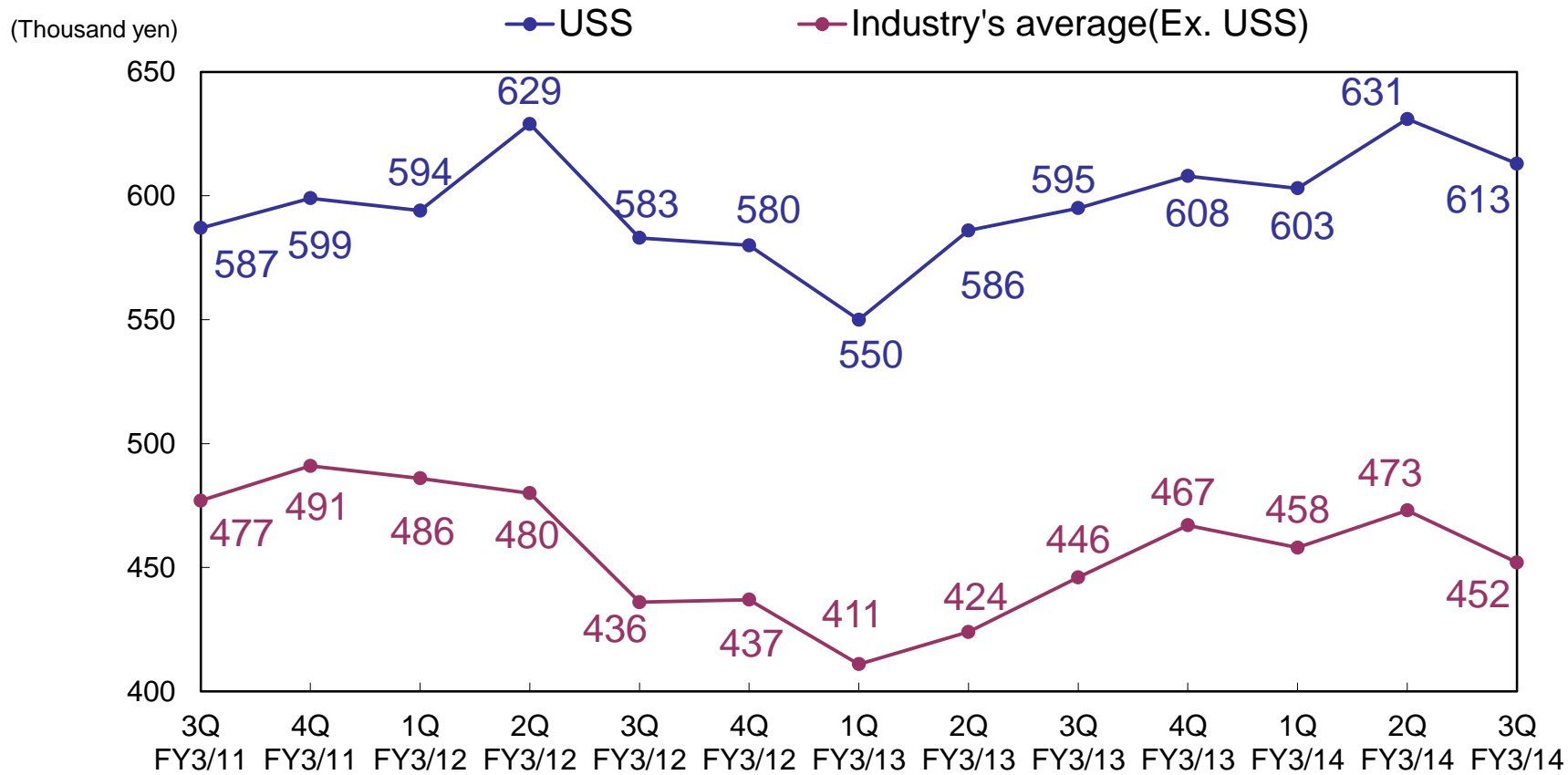


2013 (CY) Market Share

- *Major 6
- TAA (9.6%)
- JAA (8.8%)
- CAA (6.4%)
- Arai AA (4.9%)
- KCAA (3.2%)
- LAA (2.8%)

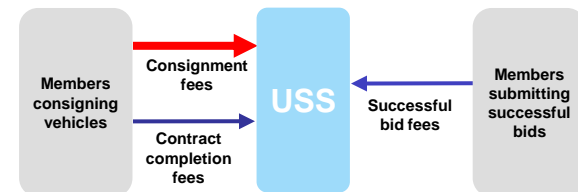


Average Price of Vehicles Contracted

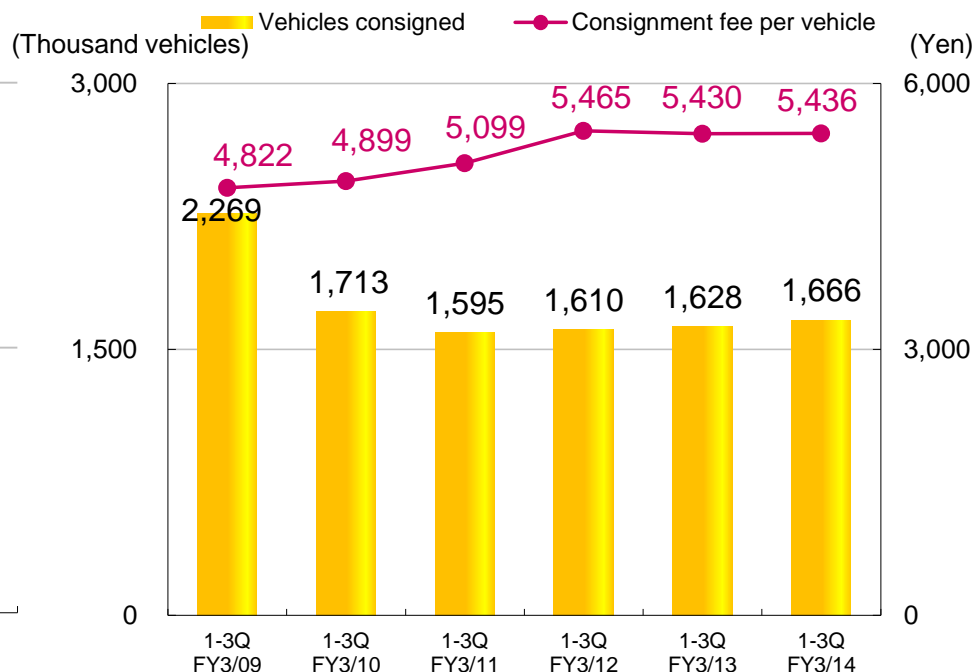
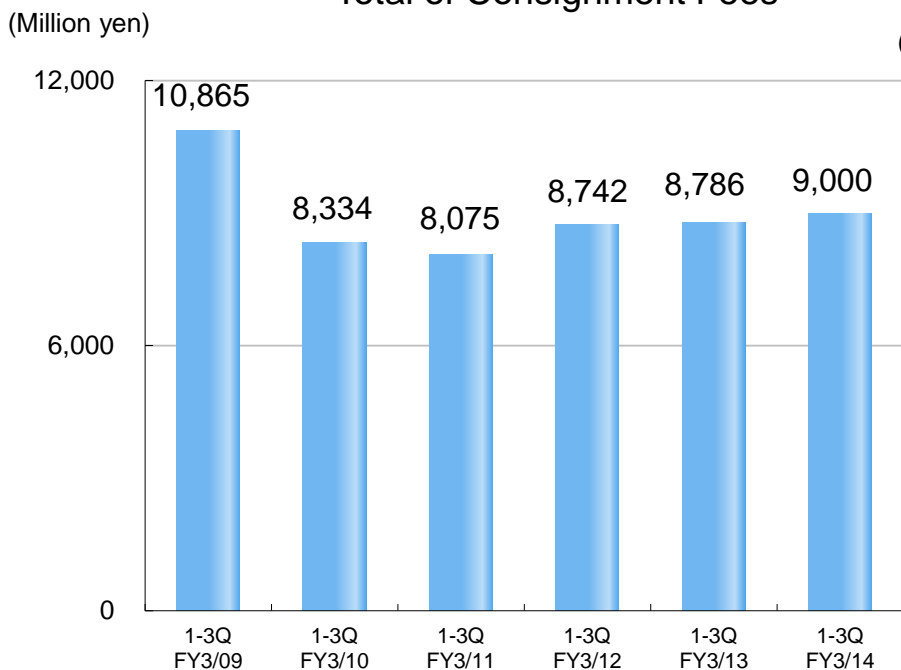


Note:
 The average price per vehicle contracted is presented only for comparison (reference) between the average price per vehicle contracted at USS and the industry average. Consignment, contract completion and successful bid fees for auto auctions in Japan are the same (fixed fees) for each category regardless of the purchase price. Therefore, the purchase price does not affect fees. See page 6 for more information about the auto auction business model.

Auto Auction Business (7) – Vehicles Consigned and Consignment Fees



Total of Consignment Fees

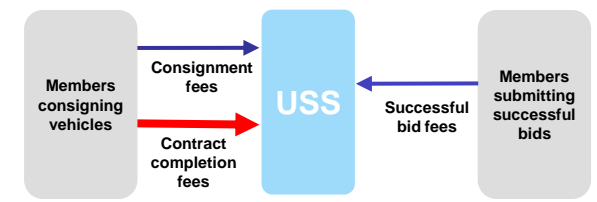


*Consignment fee per vehicle is calculated before eliminations for consolidation.

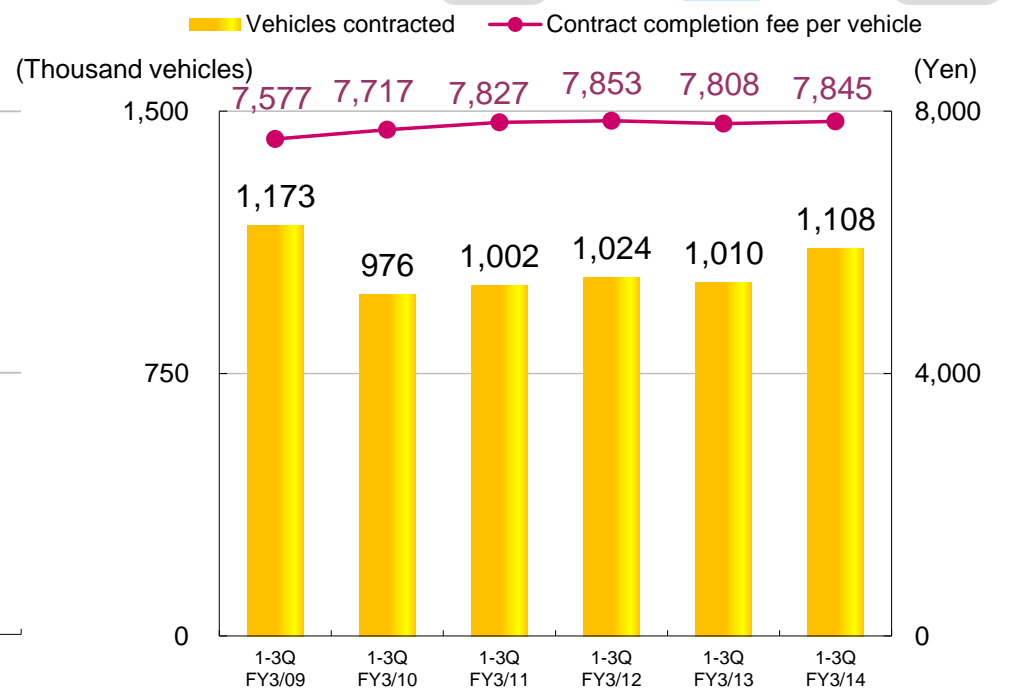
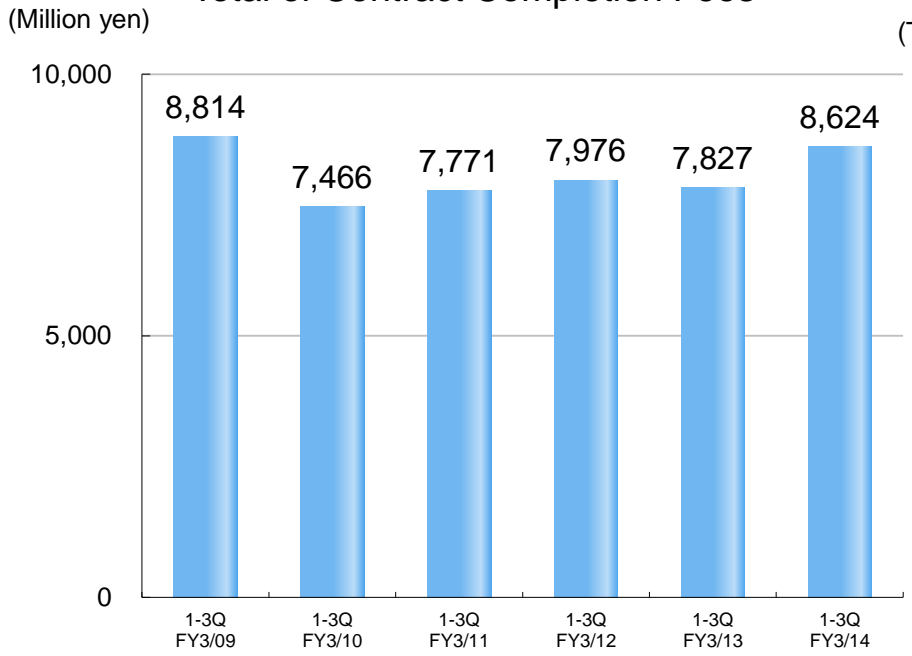
Consignment fee per vehicle increased by 6 yen to 5,436 yen from 5,430 yen one year earlier

- Reexamined the rebate system for high-volume members at some auction sites
- Conducted a consignment fee discount campaign at Nagoya and other auction sites

Auto Auction Business (8) – Vehicles Contracted and Contract Completion Fees



Total of Contract Completion Fees

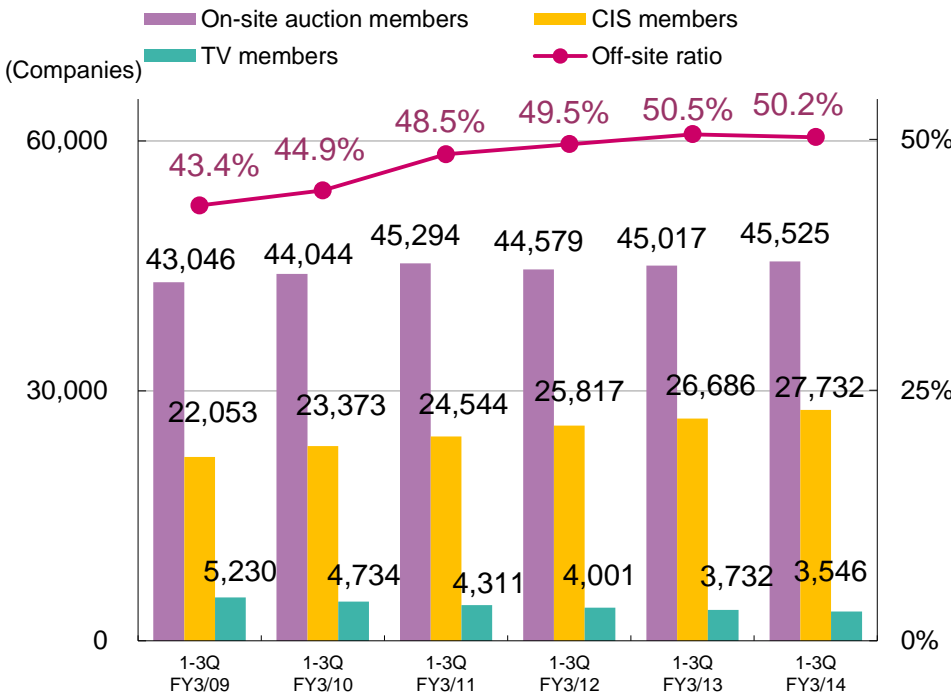
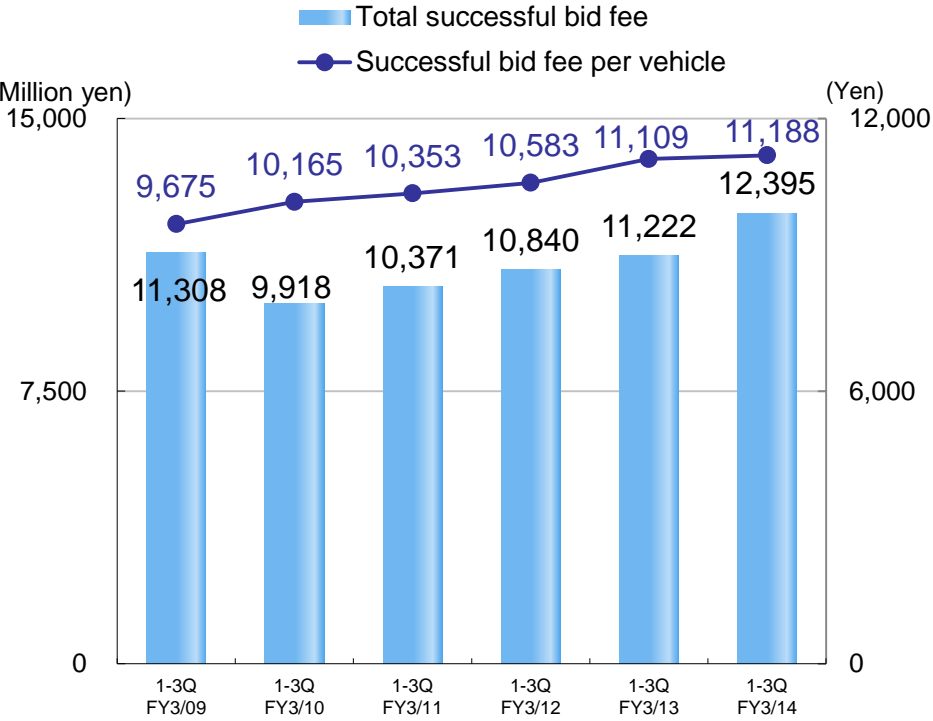
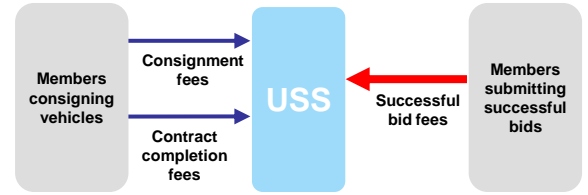


*Contract Completion fee per vehicle is calculated before eliminations for consolidation.

Contract completion fee per vehicle increased by 37 yen to 7,845 yen from 7,808 yen one year earlier

- Increase in number of vehicles contracted of higher fees corners

Auto Auction Business (9) – Successful Bid Fees and Off-site Successful Bid Ratio



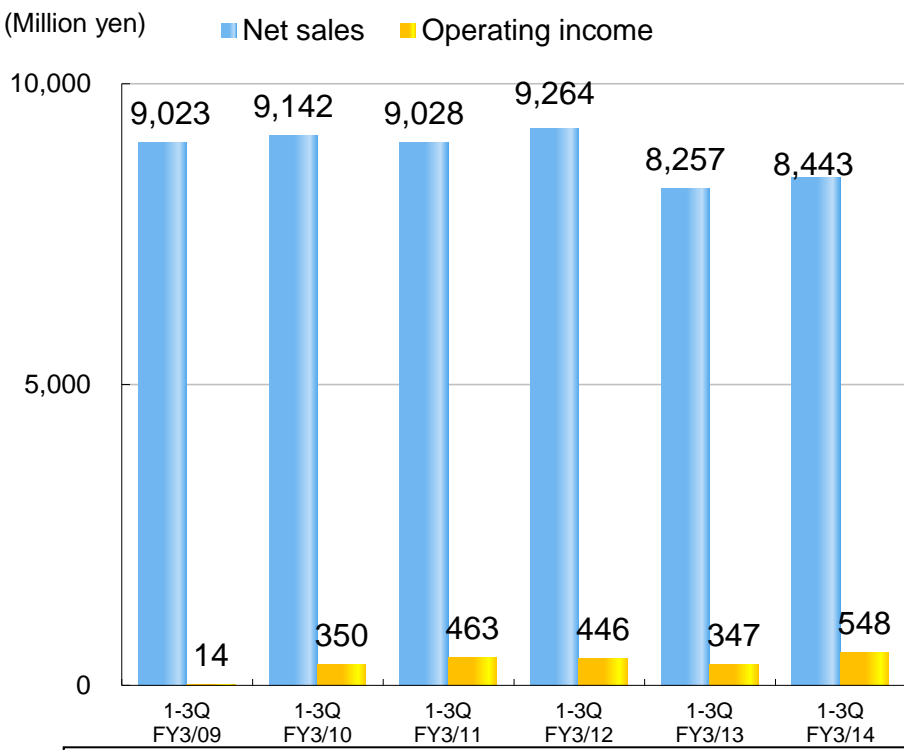
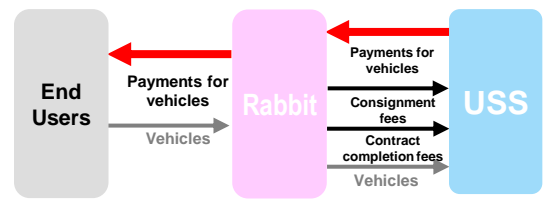
* Successful bid fee per vehicle is calculated before eliminations for consolidation.

*Starting in 1-3Q FY3/13, the number of on-site auction members does not include sleeping members (members that have not been active for extended periods).

Successful bid fee per vehicle increased by 79 yen to 11,188 yen from 11,109 yen one year earlier

- Revised successful bid fee for bids submitted using the satellite TV system in July 2012
- The off-site successful bid ratio was 50.2% compared with 50.5% one year earlier

Used Vehicle Purchasing and Selling Business – Results of Operations



(Million yen)

	1-3Q FY3/13	1-3Q FY3/14	YoY
Net sales	8,257	8,443	102.3%
Operating income (Per sales)	347 (4.2%)	548 (6.5%)	157.8%

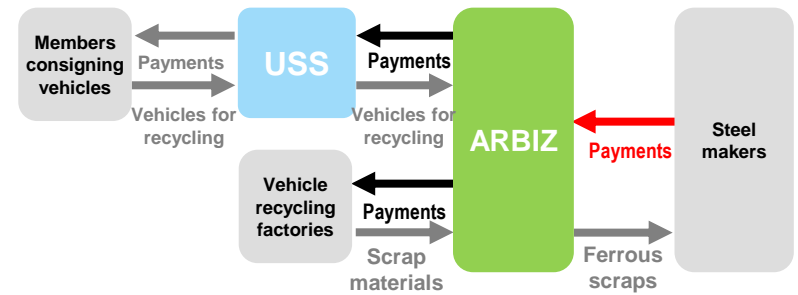
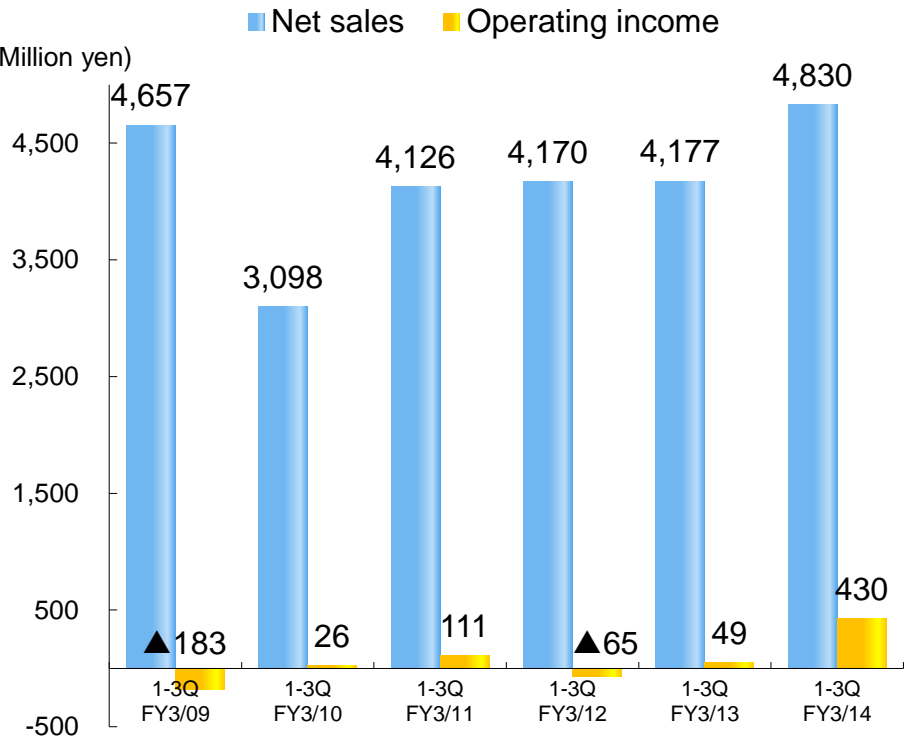
Rabbit sales decreased 2.4% to 5,648 million yen and operating income increased 36.0% to 382 million yen (YoY)

- Sales declined as the share of low-priced vehicles in the total used vehicles purchased increased
- Profit per vehicle improved as the auction market stayed at high levels

Sales of accident-damaged vehicles increased 13.2% to 2,795 million yen and operating income increased 150.4% to 165 million yen (YoY)

- Profit per vehicle improved as the auction market stayed at high levels

Other Business (Recycling Business) – Results of Operations



	(Million yen)		
	1-3Q FY3/13	1-3Q FY3/14	YoY
Net sales	4,177	4,830	115.6%
Operating income (Per sales)	49 (1.2%)	430 (8.9%)	877.2%

ARBIZ sales increased 18.5% to 3,490 million yen and operating income improved to 327 million yen from 21 million yen loss one year earlier

- Growth in handling volume of end-of-life vehicles
- Ferrous scrap prices increased
- Recycling technology developed in house brought down recycling costs

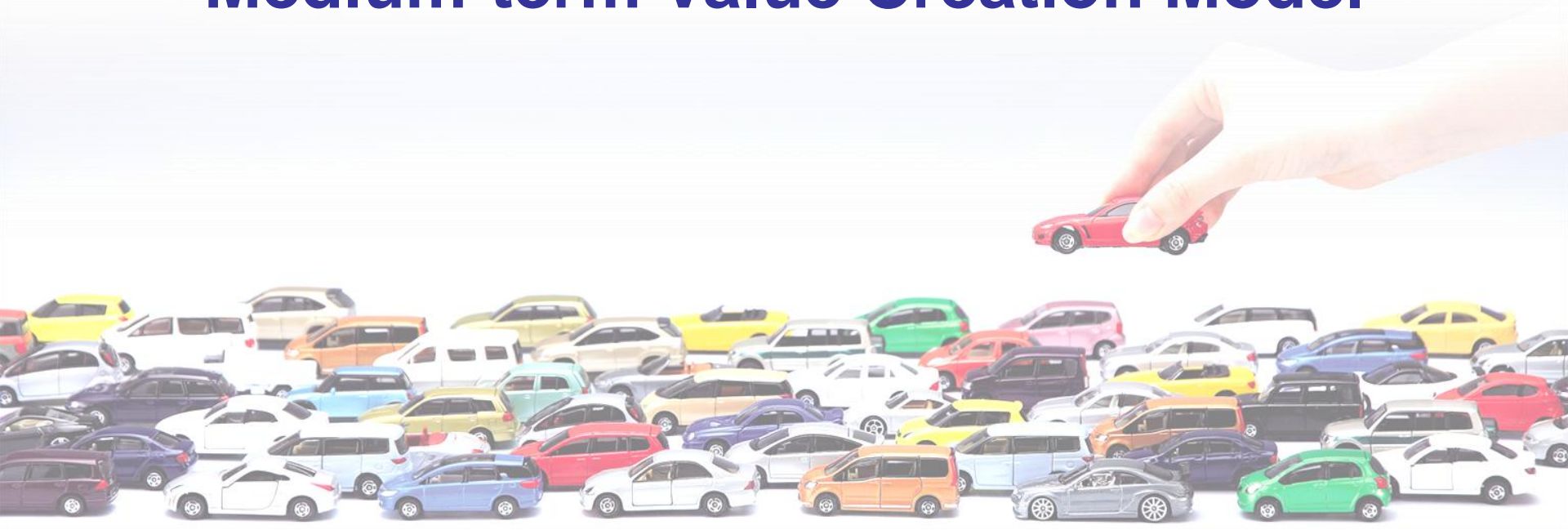
CAR QUEST Toyo sales increased 4.5% to 940 million yen and operating income increased 41.1% to 59 million yen (YoY)

- Orders were higher for colored elastic pavement products, the most profitable type of rubber used in elastic pavement

USS Logistics International Service sales increased 17.2% to 387 million yen and operating income increased 43.3% to 40 million yen (YoY)

- Sales and earnings increased along with growth in vehicles handled

Forecast for FY2014.3 Earnings Distributions Medium-term Value Creation Model



FY2014.3 – Consolidated Forecast

(Million yen)

	FY2013.3 Actual	FY2014.3 Initial plan (May 14, 2013)	Change	FY2014.3 Revised Plan (Nov. 12, 2013)	Revised Plan vs FY2013
Net Sales	63,243	64,300	1,150	65,450	103.5%
Cost of sales (Per sales)	24,982 (39.5%)	25,289 (39.3%)	336	25,626 (39.2%)	102.6%
Gross profit (Per sales)	38,260 (60.5%)	39,010 (60.7%)	813	39,823 (60.8%)	104.1%
Selling, general and administrative expenses (Per sales)	8,955 (14.2%)	9,510 (14.8%)	▲486	9,023 (13.8%)	100.8%
Operating income (Per sales)	29,304 (46.3%)	29,500 (45.9%)	1,300	30,800 (47.1%)	105.1%
Ordinary income (Per sales)	29,884 (47.3%)	30,000 (46.7%)	1,350	31,350 (47.9%)	104.9%
Net income (Per sales)	18,346 (29.0%)	18,350 (28.5%)	600	18,950 (29.0%)	103.3%
Net income per share (yen)	69.35	70.80	-	73.10	105.4%

Plan for auction volume in FY2014.3

	Number of consigned vehicles FY2014.3	YoY	Number of contract completions FY2014.3	YoY	Contract completion rate	
					FY2014.3	FY2013.3
Initial plan (Announced May 14, 2013)	2.260 million unit	102.7%	1.424 million unit	101.3%	63.0%	63.9%
Revised	▲0.003 million unit	▲0.1%	0.041 million unit	+3.0%	+1.9%	—
Revised Plan (Announced Nov. 12, 2013)	2.257 million unit	102.6%	1.465 million unit	104.3%	64.9%	63.9%

Earnings Distributions (1) – Dividend Policy

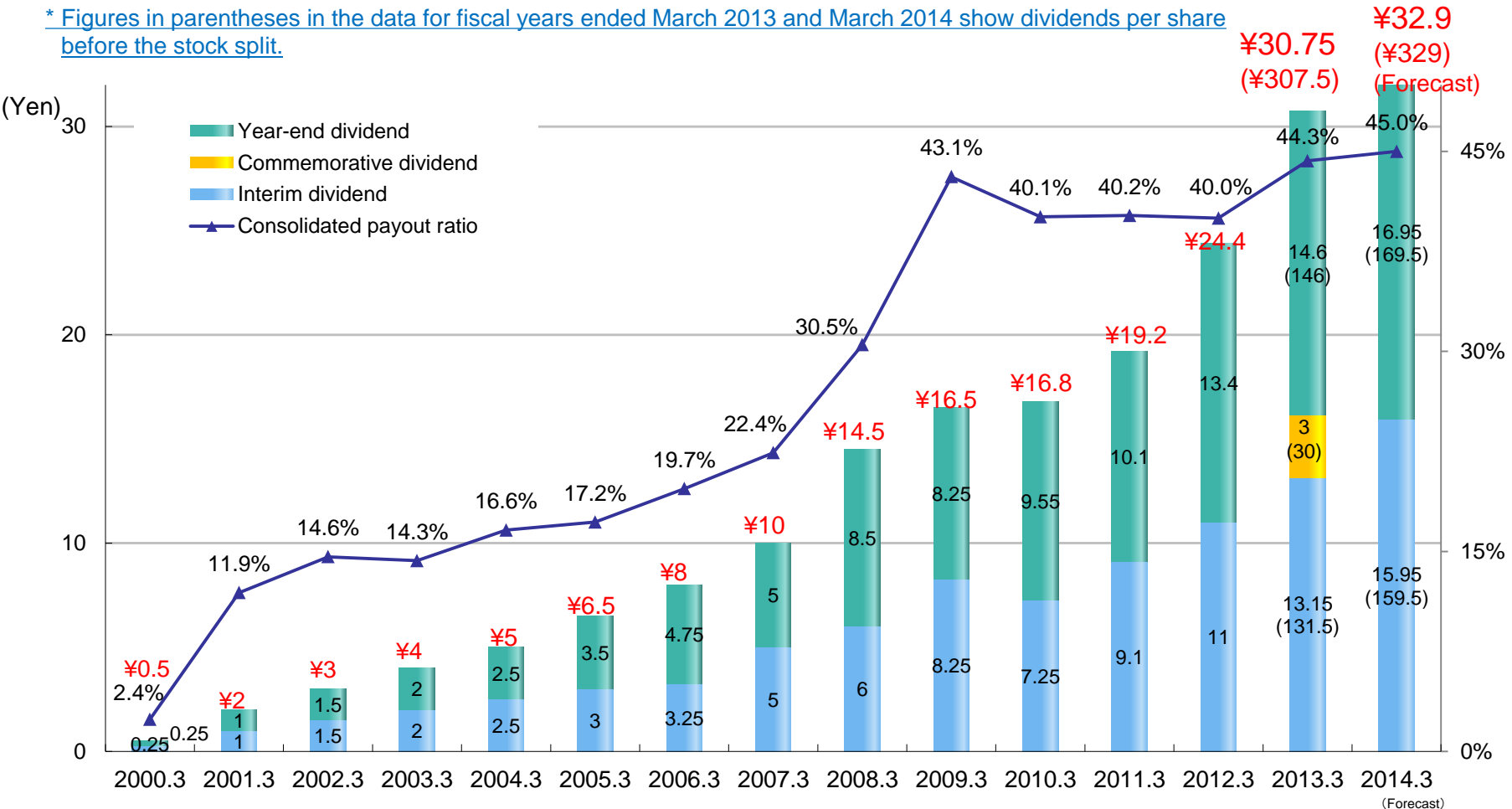
Revised basic dividend policy from consolidated payout ratio of **at least 40%** to **at least 45% (starting in FY3/14)**

Plan to pay **32.9 yen** dividend per share for FY3/14

USS conducted a **1-to-10 stock split** with a record date of **September 30, 2013**

Dividends per share in the graph below have been retroactively adjusted to reflect the 1-to-10 stock split on October 1, 2013.

* Figures in parentheses in the data for fiscal years ended March 2013 and March 2014 show dividends per share before the stock split.



Earnings Distributions (2) – Stock Repurchases and Total Earnings Distribution Ratio

(Million yen)

	2000.3	2001.3	2002.3	2003.3	2004.3	2005.3	2006.3
Net Income	3,543	4,493	5,489	7,645	8,907	11,814	13,203
Dividend Paid	88	532	802	1,095	1,529	2,049	2,589
Stock Repurchased	42	-	0	5	2	2	1,757
Total amount returned to shareholders	130	532	802	1,100	1,532	2,051	4,346
Total Earnings Distribution Ratio	3.6%	11.9%	14.6%	14.4%	16.7%	17.2%	33.0%

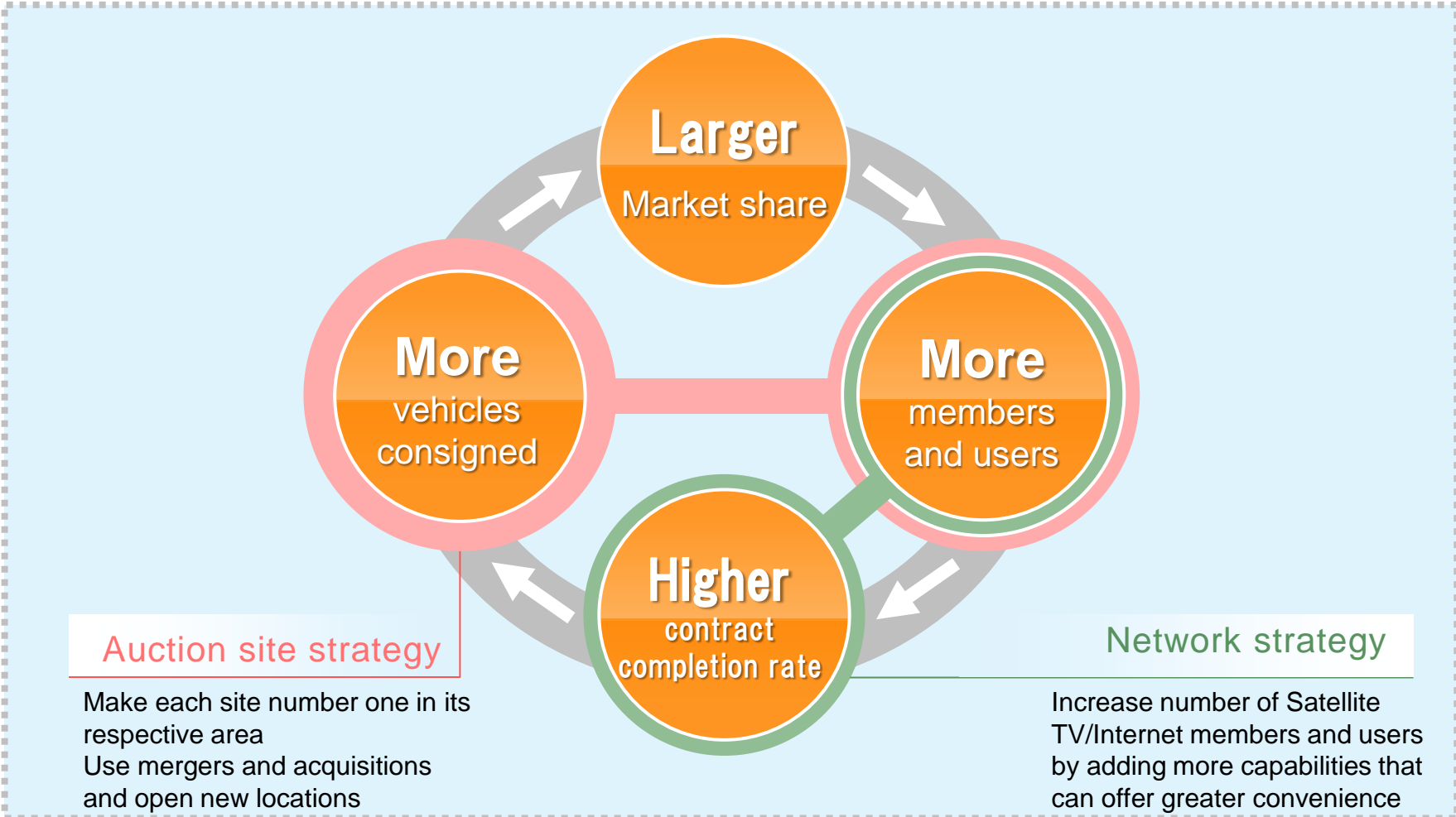
	2007.3	2008.3	2009.3	2010.3	2011.3	2012.3	2013.3
Net Income	14,390	15,200	12,003	12,717	13,971	17,054	18,346
Dividend Paid	3,204	4,641	5,126	5,059	5,601	6,736	7,968
Stock Repurchased	4,525	0	8,940	4,671	4,950	10,815	12,309
Total amount returned to shareholders	7,730	4,641	14,066	9,731	10,552	17,551	20,278
Total Earnings Distribution Ratio	53.8%	30.5%	117.6%	76.8%	75.6%	103.5%	111.4%

*Stock repurchased does not include purchases by the trust for the USS employee stock ownership plan trust.

Medium-term Goals and Value Creation Model

USS is aiming for an overwhelming share of Japan's mature auto auction market by offering its members even greater convenience.

Capture market share, cut costs and increase earnings
 (Avoid competition based on price alone)



Auction site strategy

Make each site number one in its respective area
 Use mergers and acquisitions and open new locations

Network strategy

Increase number of Satellite TV/Internet members and users by adding more capabilities that can offer greater convenience

■ Auction sites

- The rebuilt Nagoya Auction Site opened; capital expenditure was about 8 billion yen
Target for the year is more than 400,000 vehicles consigned
- Start of construction of the relocated Okayama Auction Site, which is next to the Sanyo Interchange of the Sanyo Expressway
Operations scheduled to begin in August 2014; estimated capital expenditure of about 3.5 billion yen
- Considering additional investments at other auction sites too for increasing vehicles consigned and improving convenience for members

■ Network services

- Conducting a large-scale campaign to increase the number of satellite TV and Internet auction members

The New USS Nagoya Auction Site (Operations started on August 23, 2013)



The New USS Nagoya Auction Site



Auction hall



Multi-level stock yard



Canteen

USS Nagoya Auction Site

- Seven-story structure (eight stories including the roof)
- First floor: Office
- Second floor: Auction facilities
- Third-Eighth floors: Stock yard
- Built-up area: 15,585m²
- Floor space: 82,141m²
- Auction hall: 1,350 seats
Parallel 10-lane system
- Canteen: 600 seats
- Cafeteria: 159 seats
- Multi-level stock yard: 2,473 vehicles
- Nagoya Auction Site total capacity:
about 13,000 vehicles
(Includes parking for customers)

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Reference materials

**JAPAN AUTOMOBILE DEALERS ASSOCIATION,
Japan Light Motor Vehicle and Motorcycle Association,
Japan Automobile Recycling Promotion Center, USED CAR Co., Ltd.,
International Auto Trade Association,**

(Precautions concerning these materials)

These materials contain forward-looking statements that are based on the judgments of management in accordance with information that is currently available. These statements include assumptions and beliefs based on these assumptions. Depending on changes in the operating environment, these assumptions and beliefs may differ from actual results. Statements by USS or its management concerning expectations or beliefs about future performance are not guarantees that these expectations or beliefs will be achieved, or that actual performance will be near these expectations or beliefs. Furthermore, as provided by law, unless stated otherwise, USS has no obligation to update any forecast to the latest version.

Supplemental Data (1)

Market Overview of 3Q FY2014.3

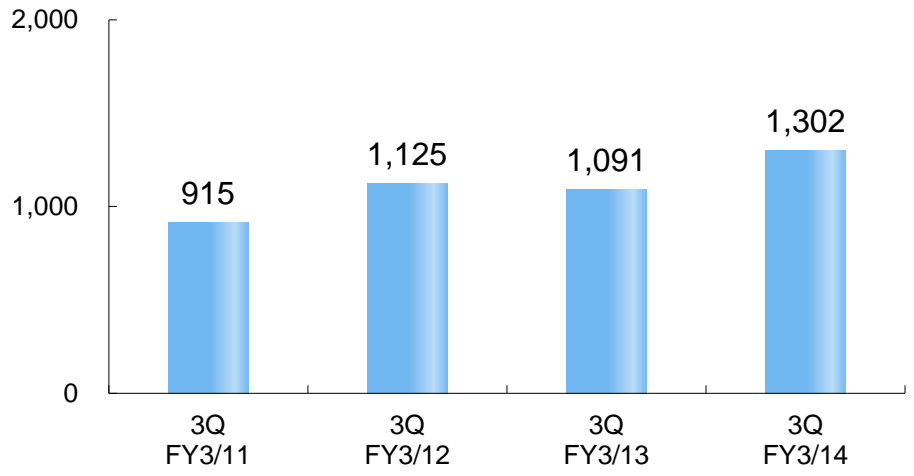


Market Overview - Automobile Trading (1) < October to December >

New car and used car registrations

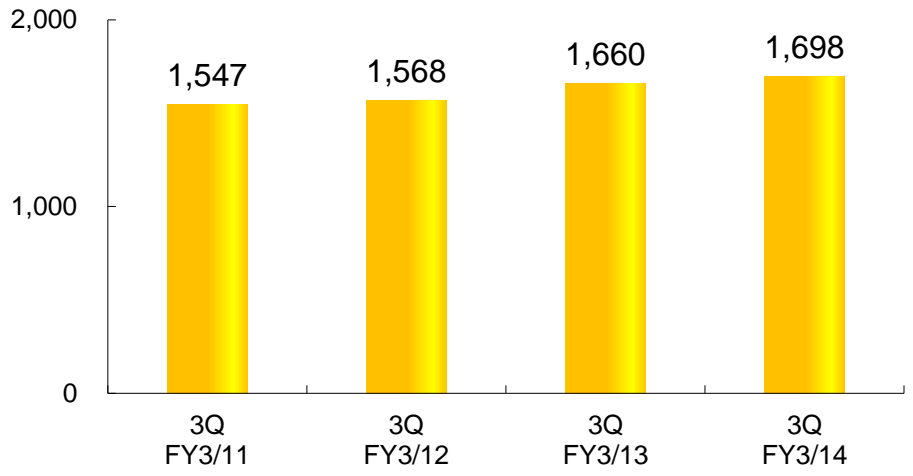
(Thousand vehicles)

■ New car



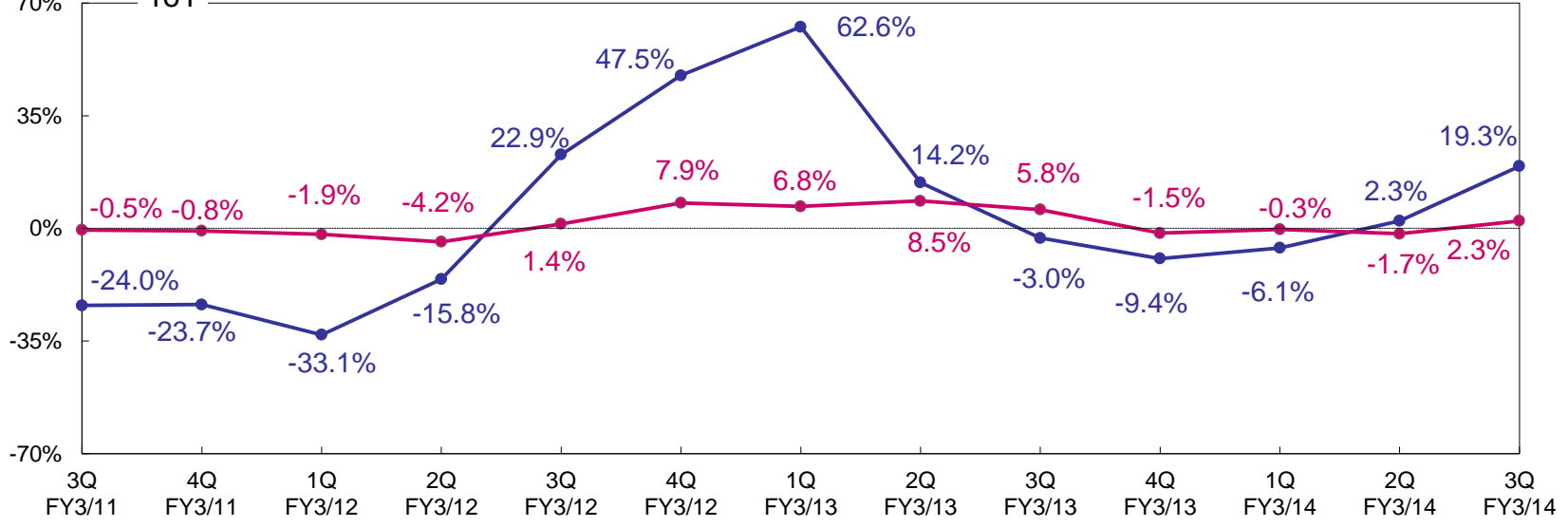
(Thousand vehicles)

■ Used car



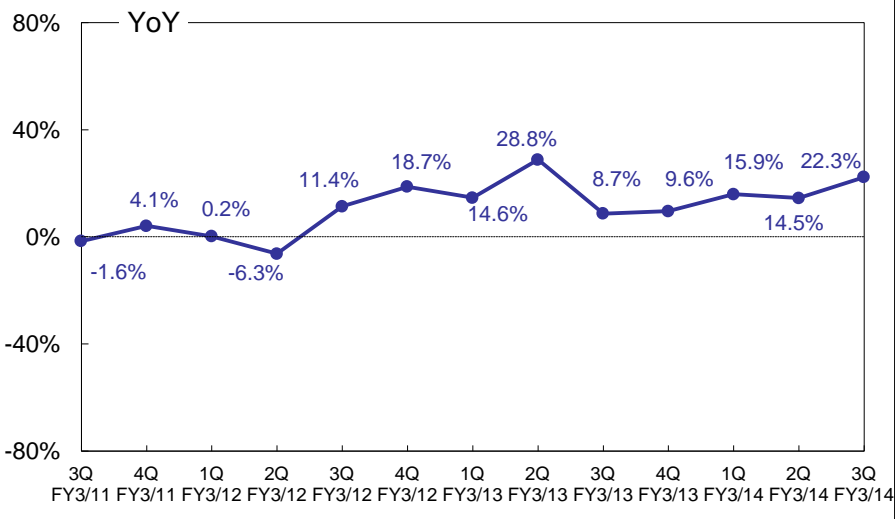
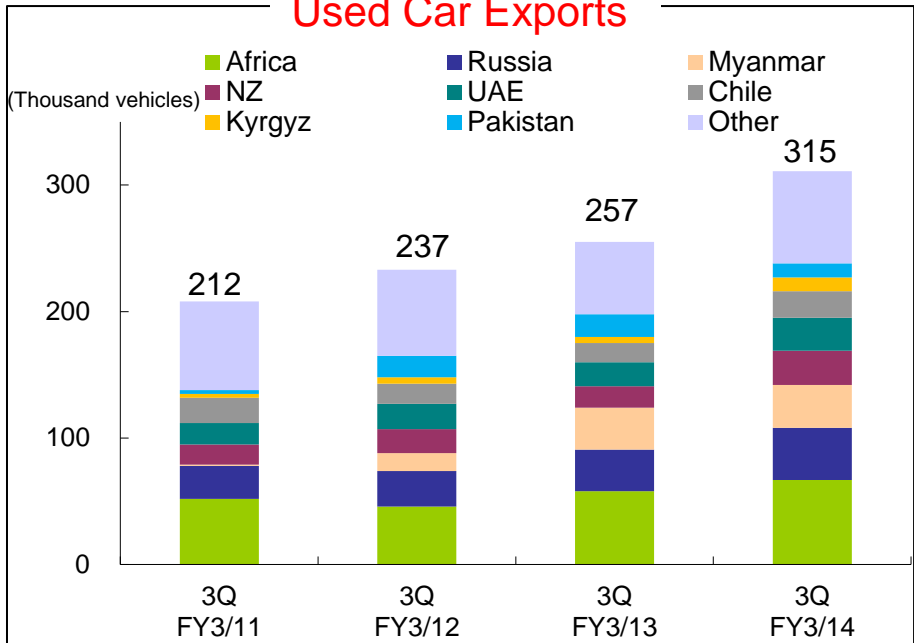
YoY

● New car ● Used car

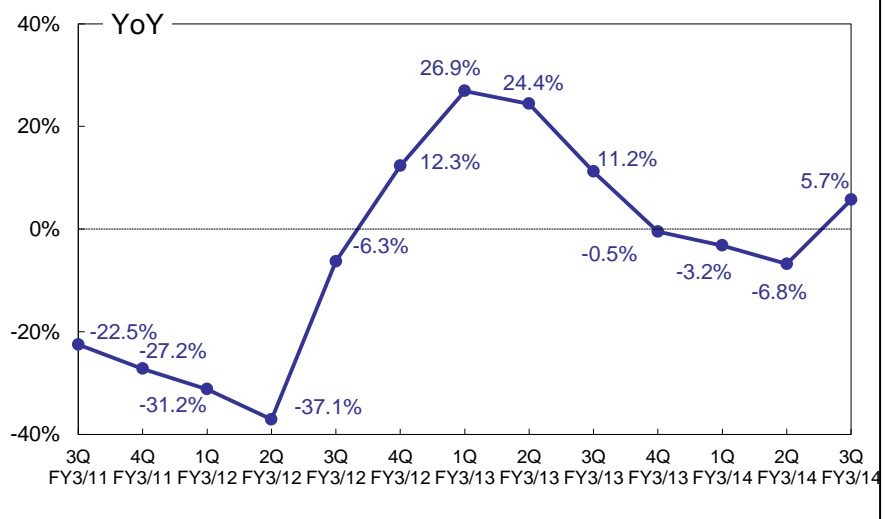
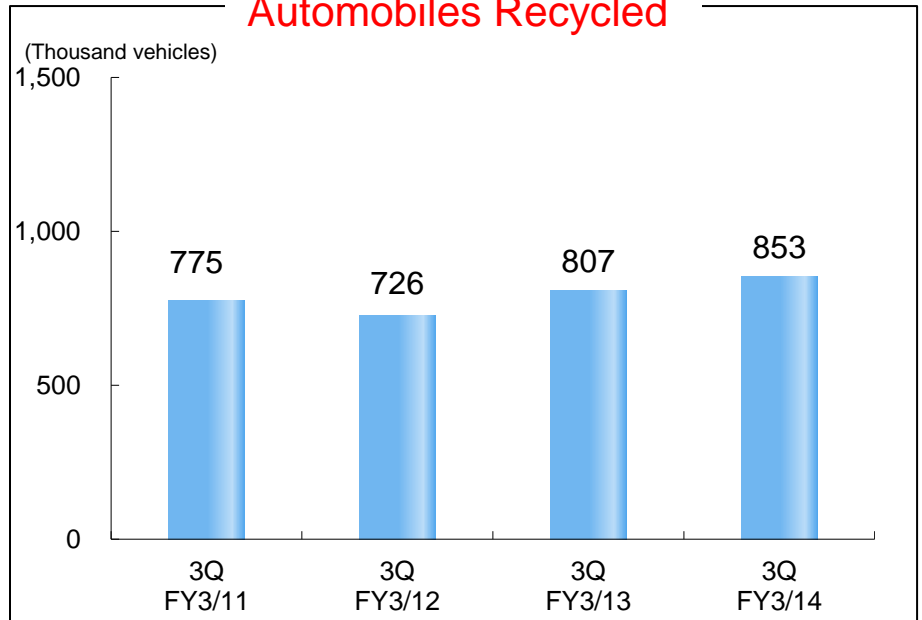


Market Overview - Automobile Trading (2) < October to December >

Used Car Exports

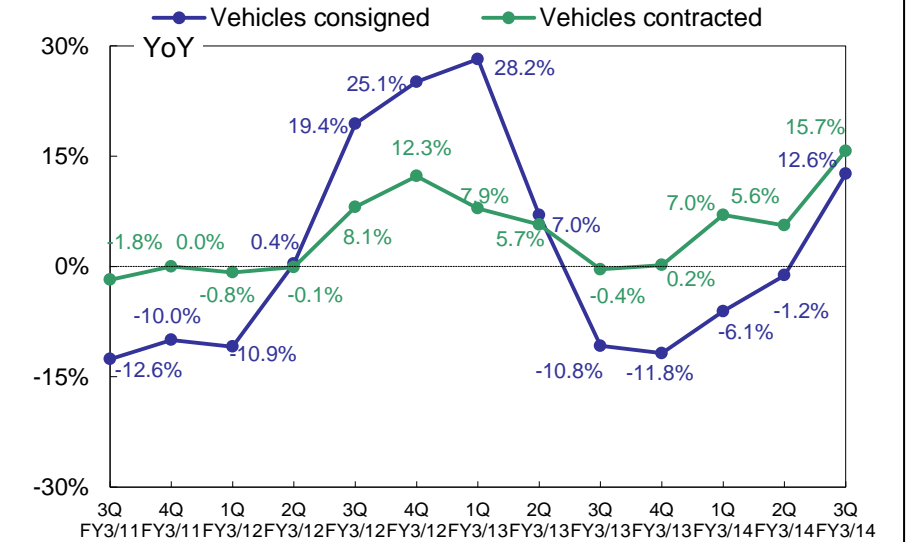
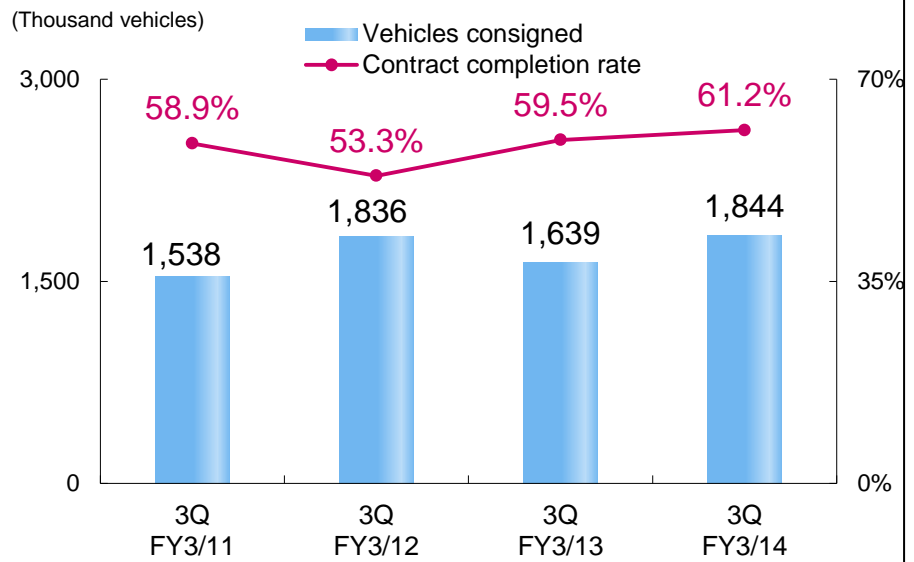


Automobiles Recycled

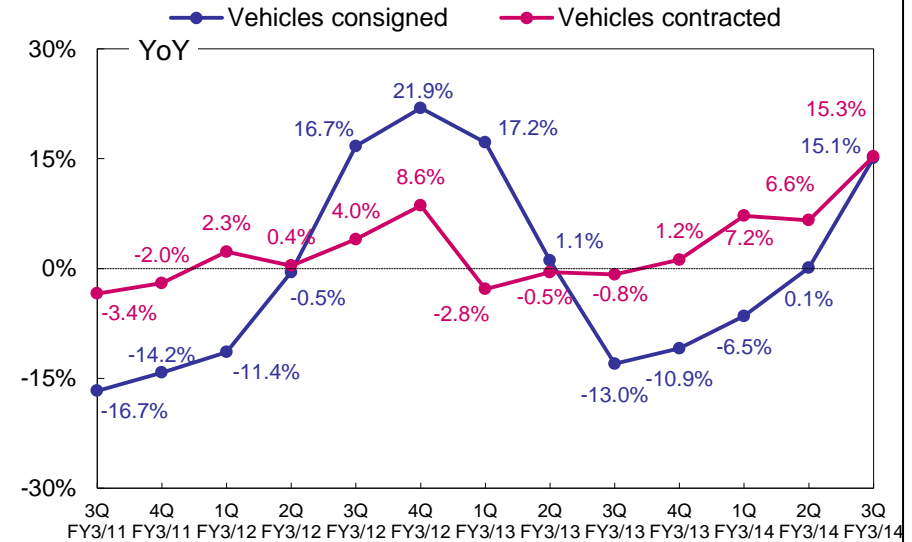
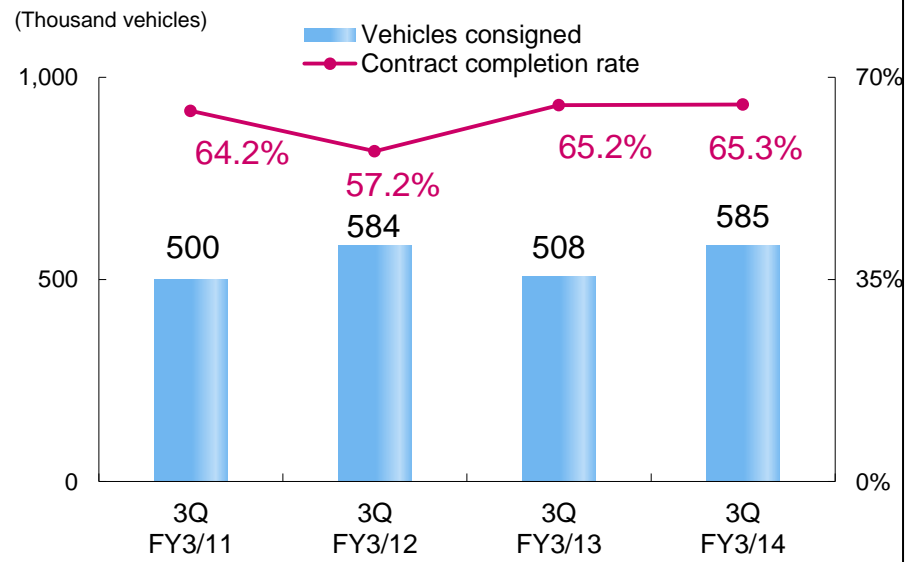


USS Group Auto Auction Performance < October to December >

Auto Auction Market



USS Group Auto Auction Performance



3Q FY2014.3 Financial Highlights

Consolidated Total

(Million yen)

	3Q FY3/12	3Q FY3/13	3Q FY3/14	YoY Change
Net sales	15,290	14,994	16,870	112.5%
Operating income	6,495	6,911	8,305	120.2%

Auto Auction Business

(Million yen)

	3Q FY3/12	3Q FY3/13	3Q FY3/14	YoY Change
Net sales	11,354	11,048	12,565	113.7%
Operating income	6,506	6,676	7,910	118.5%

Used Vehicle Sales/Purchases Business

(Million yen)

	3Q FY3/12	3Q FY3/13	3Q FY3/14	YoY Change
Net sales	2,690	2,677	2,743	102.5%
Operating income	23	150	166	110.3%

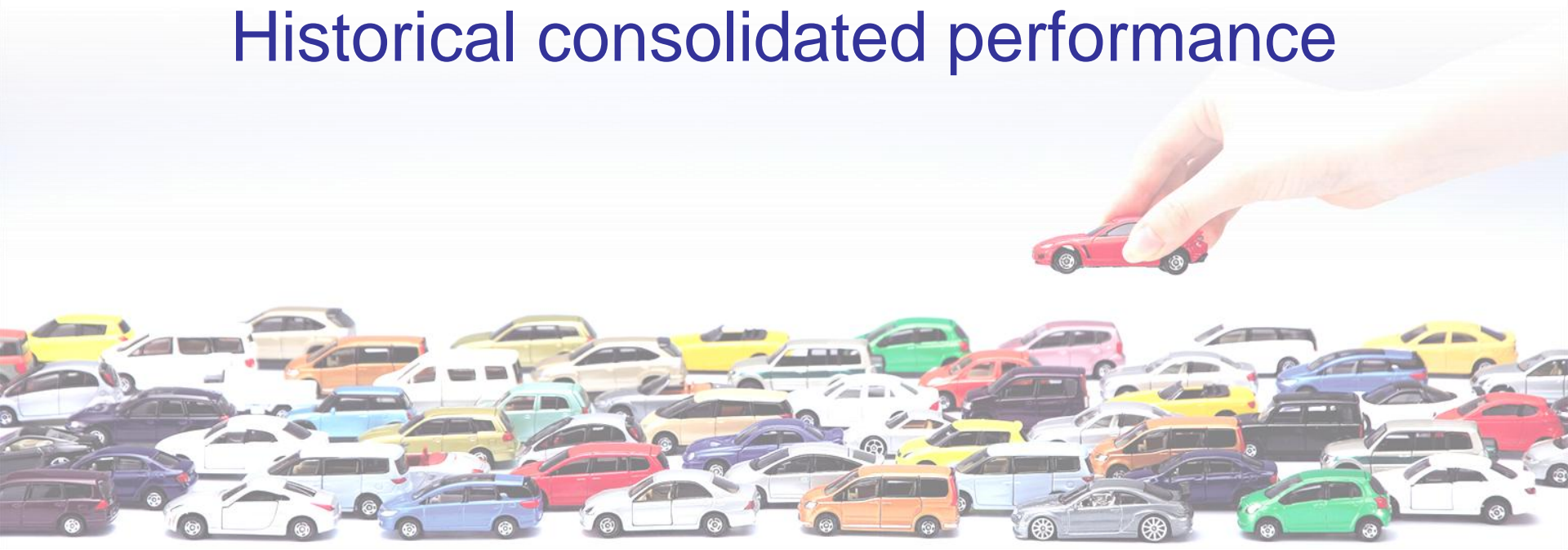
Other Business (Recycling etc.)

(Million yen)

	3Q FY3/12	3Q FY3/13	3Q FY3/14	YoY Change
Net sales	1,399	1,391	1,706	122.7%
Operating income	▲84	52	197	373.3%

Supplemental Data (2)

Historical consolidated performance



5 year Consolidated Performance

(million yen)

	Results					Forecast
	2009.3	2010.3	2011.3	2012.3	2013.3	2014.3
<Auto Auction Business>						
Consignment Fees	13,802	11,285	10,822	12,154	11,817	12,213
Contract Completion Fees	11,347	10,283	10,559	10,984	10,873	11,432
Successful Bidding Fees	14,642	13,659	14,142	15,026	15,626	16,398
Revenues from Sales of Goods	1,781	746	848	805	624	677
Other Revenues	7,178	6,816	6,804	6,869	6,967	7,050
Auto Auction Business Total	48,752	42,791	43,177	45,840	45,909	47,771
<Used Vehicles Sales/Purchases Business>						
Revenues from Used Vehicle Sales/Purchases	7,860	8,289	8,456	8,535	8,106	7,890
Revenues from Accident-damaged Vehicle Sales/Purchases	4,404	3,935	4,038	3,940	3,438	3,616
Used Vehicles Sales/Purchases Business Total	12,265	12,224	12,494	12,476	11,545	11,506
<Other Business>						
Revenues from Recycling End-of-Life Vehicles and Other Items	4,468	3,734	4,566	4,275	4,016	4,319
Revenues from Recycling Scrap Rubbers	1,063	1,098	1,178	1,250	1,335	1,352
Revenues from Used Vehicle Export Clearing Service	-	-	-	166	437	473
Other Revenues	-	-	-	-	-	24
Other Business Total	5,532	4,832	5,745	5,692	5,789	6,171
Net Sales	66,549	59,849	61,417	64,009	63,243	65,450
Operating Income	22,568	21,940	24,332	27,952	29,304	30,800
Ordinary Income	22,503	22,511	24,643	28,588	29,884	31,350
Net Income	12,003	12,717	13,971	17,054	18,346	18,950

Auto Auction Business

(Vehicles, %, Yen, Companies, No. of Shops)

No. of Consigned Vehicles	2,902,636	2,327,515	2,121,948	2,252,566	2,199,797	2,257,000
No. of Contracted Vehicles	1,507,802	1,342,958	1,361,599	1,414,813	1,405,072	1,465,000
Contract Completion Rate	51.9	57.7	64.2	62.8	63.9	64.9
Consignment Fees per Vehicle consigned *1	4,791	4,884	5,139	5,432	5,407	5,446
Contract Completion Fees per Vehicle Contracts completed *1	7,598	7,729	7,831	7,832	7,802	7,866
Successful Bidding Fees per Vehicle Contracts completed *1	9,742	10,178	10,393	10,626	11,124	11,196
On-site Auction Members	43,307	44,317	45,563	44,796	45,139	46,000
CIS (Internet) Members	22,273	23,565	24,688	25,957	27,072	27,750
TV (Satellite Auction) Members	5,098	4,599	4,248	3,921	3,651	3,450
Rabbit Chain Shops	207	189	176	180	180	184

Capital Expenditures and Depreciation

(Million yen)

Capital Expenditures (Terms of Cash Flows) *2	6,913	1,285	7,629	804	1,620	8,000
Depreciation	5,796	5,482	4,529	3,885	3,432	3,711

*1 Each fee per vehicle is calculated before eliminations for consolidation.

*2 Capital expenditures include property, plant and equipment and intangible assets (software etc.).

Major Financial Indicators (Fiscal year)

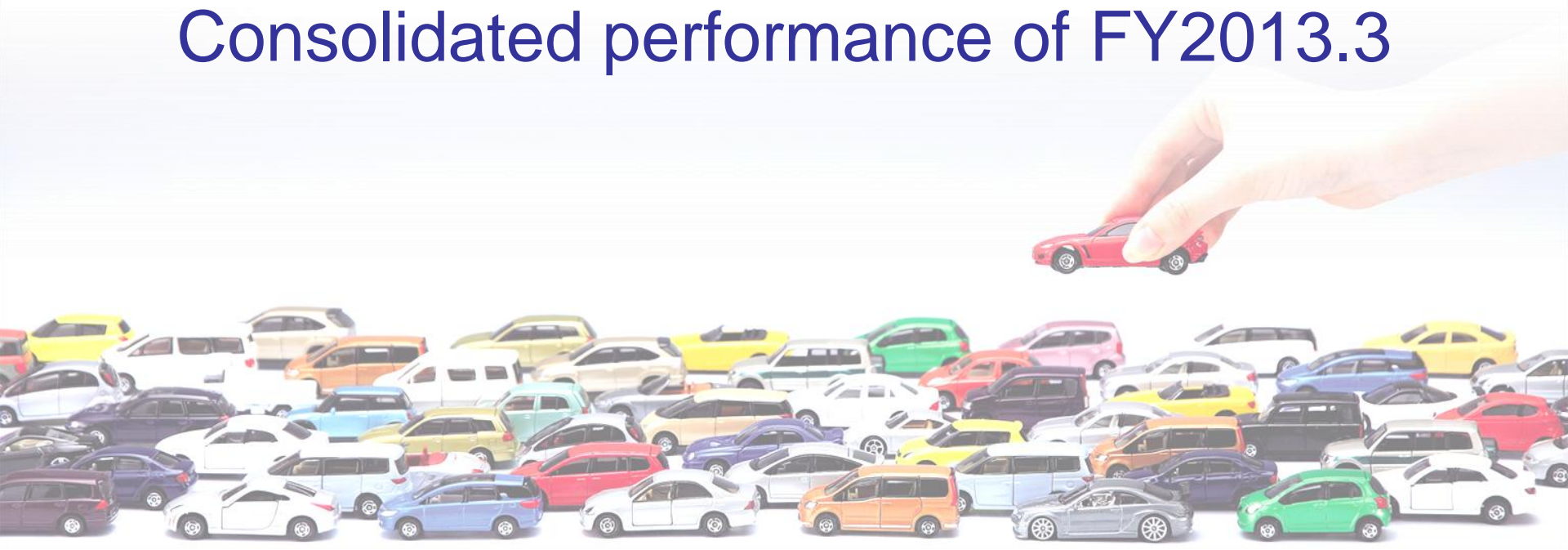
(Million yen)

	2003.3	2004.3	2005.3	2006.3	2007.3	2008.3	2009.3	2010.3	2011.3	2012.3	2013.3	YoY	10 years average of % changes
Results of Operations													
Net Sales	33,819	42,425	50,484	60,243	64,568	69,801	66,549	59,849	61,417	64,009	63,243	▲1.2%	6.5%
Operating Income	15,335	18,017	20,673	23,103	24,817	27,200	22,568	21,940	24,332	27,952	29,304	4.8%	6.7%
Ordinary Income	15,382	18,207	21,096	23,544	25,360	27,490	22,503	22,511	24,643	28,588	29,884	4.5%	6.9%
Net Income	7,645	8,907	11,814	13,203	14,390	15,200	12,003	12,717	13,971	17,054	18,346	7.6%	9.1%
Financial Position													
Total Assets	88,979	92,538	115,704	131,908	146,172	150,737	138,370	142,164	151,636	154,639	154,543	▲0.1%	5.7%
Cash and Deposits	15,356	15,168	15,818	19,995	21,149	26,280	18,445	29,681	30,980	36,840	37,033	0.5%	9.2%
Total Liabilities	44,603	24,284	29,901	33,841	40,184	33,159	23,428	23,773	29,689	33,541	34,866	4.0%	▲2.4%
Interest Bearing Debt	25,579	7,331	7,490	5,200	5,355	3,064	2,716	1,806	1,097	1,746	1,148	▲34.2%	▲26.7%
Total Net Assets	44,376	68,254	85,803	98,067	105,988	117,577	114,941	118,390	121,947	121,097	119,676	▲1.2%	10.4%
Owners' Equity	43,812	67,497	84,877	97,391	104,985	117,130	114,771	118,146	121,638	120,582	119,112	▲1.2%	10.5%
Per Share Information													
EPS (Yen)	27.94	30.07	37.76	40.70	44.71	47.51	38.27	41.88	47.80	60.92	69.35	13.8%	9.5%
Dividend per Share (Yen)	4.00	5.00	6.50	8.00	10.00	14.50	16.50	16.80	19.20	24.40	30.75	26.0%	22.6%
Others													
Operating Margin (%)	45.3	42.5	40.9	38.4	38.4	39.0	33.9	36.7	39.6	43.7	46.3	—	—
ROE (%)	19.5	16.0	15.5	14.5	14.2	13.7	10.4	10.9	11.7	14.1	15.3	—	—
ROA (%)	18.1	20.1	20.3	19.0	18.2	18.5	15.6	16.0	16.8	18.7	19.3	—	—
Dividend Payout Ratio (%)	14.3	16.6	17.2	19.7	22.4	30.5	43.1	40.1	40.2	40.0	44.3	—	—
Owners' Equity Ratio (%)	49.3	72.9	73.4	73.8	71.8	77.7	82.9	83.1	80.2	78.0	77.1	—	—
Treasury Stock (shs.)	1,134	1,495	1,789	144,006	671,773	671,801	2,105,687	2,936,474	2,364,781	4,128,021	5,506,753	33.4%	133.7%
On-site Auction Members (Companies)	27,622	30,195	34,420	37,157	40,959	42,751	43,307	44,317	45,563	44,796	45,139	0.8%	5.0%

*Per share information has been retroactively adjusted for the stock split on October 1, 2013.

Supplemental Data (3)

Consolidated performance of FY2013.3



New record operating, ordinary and net income for the second consecutive year (Million yen)

	2012.3	2013.3	Year on year	Plan (As of Nov. 6, 2012)	VS. plan
Net Sales	64,009	63,243	98.8%	64,200	98.5%
Cost of sales (Per sales)	26,161 (40.9%)	24,982 (39.5%)	95.5%	25,682 (40.0%)	97.3%
Gross profit (Per sales)	37,848 (59.1%)	38,260 (60.5%)	101.1%	38,517 (60.0%)	99.3%
Selling, general and administrative expenses (Per sales)	9,895 (15.5%)	8,955 (14.2%)	90.5%	9,517 (14.8%)	94.1%
Operating income (Per sales)	27,952 (43.7%)	29,304 (46.3%)	104.8%	29,000 (45.2%)	101.1%
Ordinary income (Per sales)	28,588 (44.7%)	29,884 (47.3%)	104.5%	29,250 (45.6%)	102.2%
Net income (Per sales)	17,054 (26.6%)	18,346 (29.0%)	107.6%	17,950 (28.0%)	102.2%
Net income per share (yen)	609.24	693.52	113.8%	678.52	102.2%

Net sales

- Auction fee revenues increased because of revision to successful bid fee for off-site bidding system and higher off-site successful bid ratio
- Sales down because of the smaller number of vehicles purchased

Cost of sales

- Lower merchandise cost of sales in used car purchasing and selling business and lower cost of procuring autos and other materials for recycling business
- Depreciation expenses decreased

SG&A expenses • Decreases in fees paid and sales promotion expenses

FY2013.3 – Consolidated Balance Sheet

Outstanding financial soundness even as substantial earnings distributions to shareholders continue

(Million yen)

	2012.3	2013.3	Changes
Current assets	53,731	56,047	2,316
Cash and deposits	36,840	37,033	192
Receivables due from member dealers at auction	11,635	13,660	2,025
Other	5,255	5,353	98
Noncurrent assets	100,908	98,496	▲2,412
Property, plant and equipment	90,974	88,470	▲2,503
Intangible assets	865	818	▲47
Investments and other assets	9,068	9,206	138
Total assets	154,639	154,543	▲96
Current liabilities	26,326	28,165	1,838
Payables due to member dealers at auction	13,154	16,185	3,030
Short-term loans payable	93	93	-
Other	13,078	11,886	▲1,191
Noncurrent liabilities	7,215	6,701	▲513
Long-term loans payable	1,174	864	▲310
Other	6,041	5,837	▲203
Total liabilities	33,541	34,866	1,324
Shareholders' equity	125,809	124,273	▲1,536
Other accumulated comprehensive income	▲5,227	▲5,160	66
Subscription rights to shares	230	237	6
Minority interests	284	327	42
Total net assets	121,097	119,676	▲1,421

Current assets

- Auction receivables up 2.02 billion yen because of the calendar factors on the fiscal year-end auctions

Noncurrent assets

- Down 2.41 billion yen mainly because of depreciation of 3.43 billion yen

Current liabilities

- Up 1.83 billion yen due mainly to 3.03 billion yen increase in auction payables and 0.97 billion yen decrease in income taxes payable.

FY2013.3 – Consolidated Cash Flows

Purchased treasury stock; Dividend payout ratio tops 40%

(Million yen)

	2012.3	2013.3	Changes
Net cash provided by operating activities	24,014	22,059	▲1,954
Income before income taxes and minority interests	28,579	29,827	1,248
Depreciation and other amortization	4,034	3,582	▲451
Amortization of goodwill	91	▲0	▲91
Loss (▲gain) on sale and retirement of property, plant and equipment	7	38	31
Loss (▲gain) on sales and retirement of intangible assets	0	0	0
Net change in due from/to member dealers at auction	1,168	1,005	▲162
Income taxes paid	▲10,499	▲12,194	▲1,694
Other	633	▲200	▲833
Net cash provided by investing activities	▲7,699	4,679	12,379
Purchase of property, plant and equipment	▲655	▲1,441	▲786
Other	▲7,044	6,120	13,165
Net cash provided by financing activities	▲17,053	▲20,446	▲3,392
Net increase in loans payable	911	▲310	▲1,221
Purchases of treasury stock	▲11,812	▲12,309	▲496
Cash dividends paid	▲6,001	▲7,811	▲1,810
Other	▲151	▲15	136
Net increase in cash and cash equivalents	▲739	6,292	7,031
Cash and cash equivalents at beginning of period	29,280	28,540	▲739
Cash and cash equivalents at end of period	28,540	34,833	6,292

Operating activities

- Income before income taxes: 29.82 billion yen
- Income taxes paid: 12.19 billion yen

Investing activities

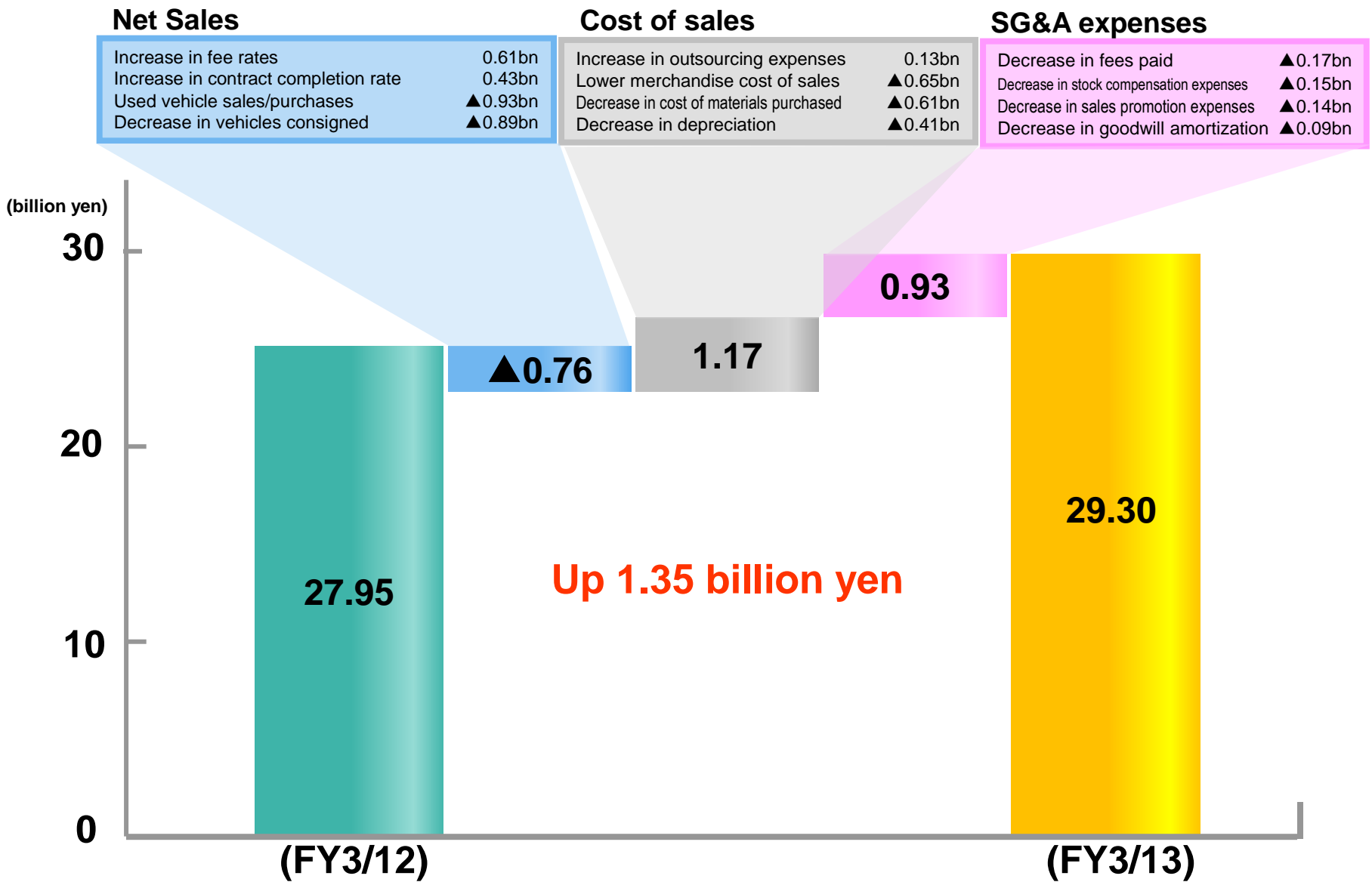
- Other includes 6.10 billion yen provided by a decrease in time deposits.

Financing activities

- Purchases of treasury stock: 12.30 billion yen
- Cash dividends paid: 7.81 billion yen

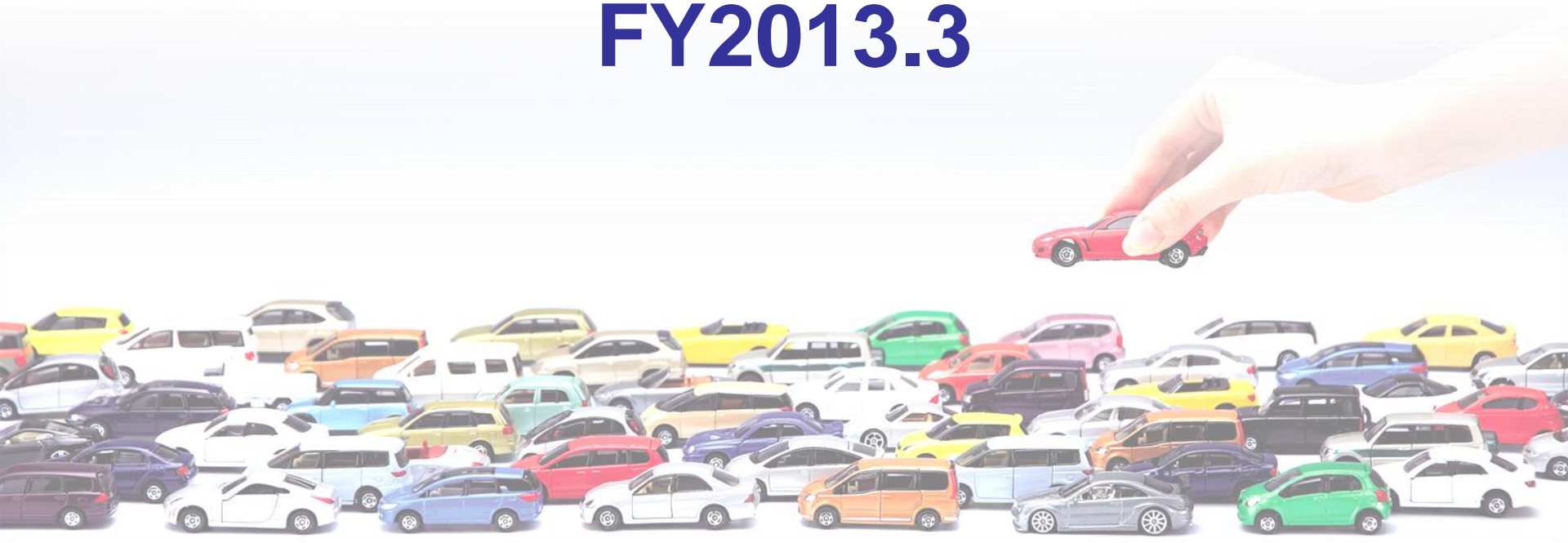
FY2013.3 Reasons for Change in Operating Income (Actual)

Reasons for change in operating income

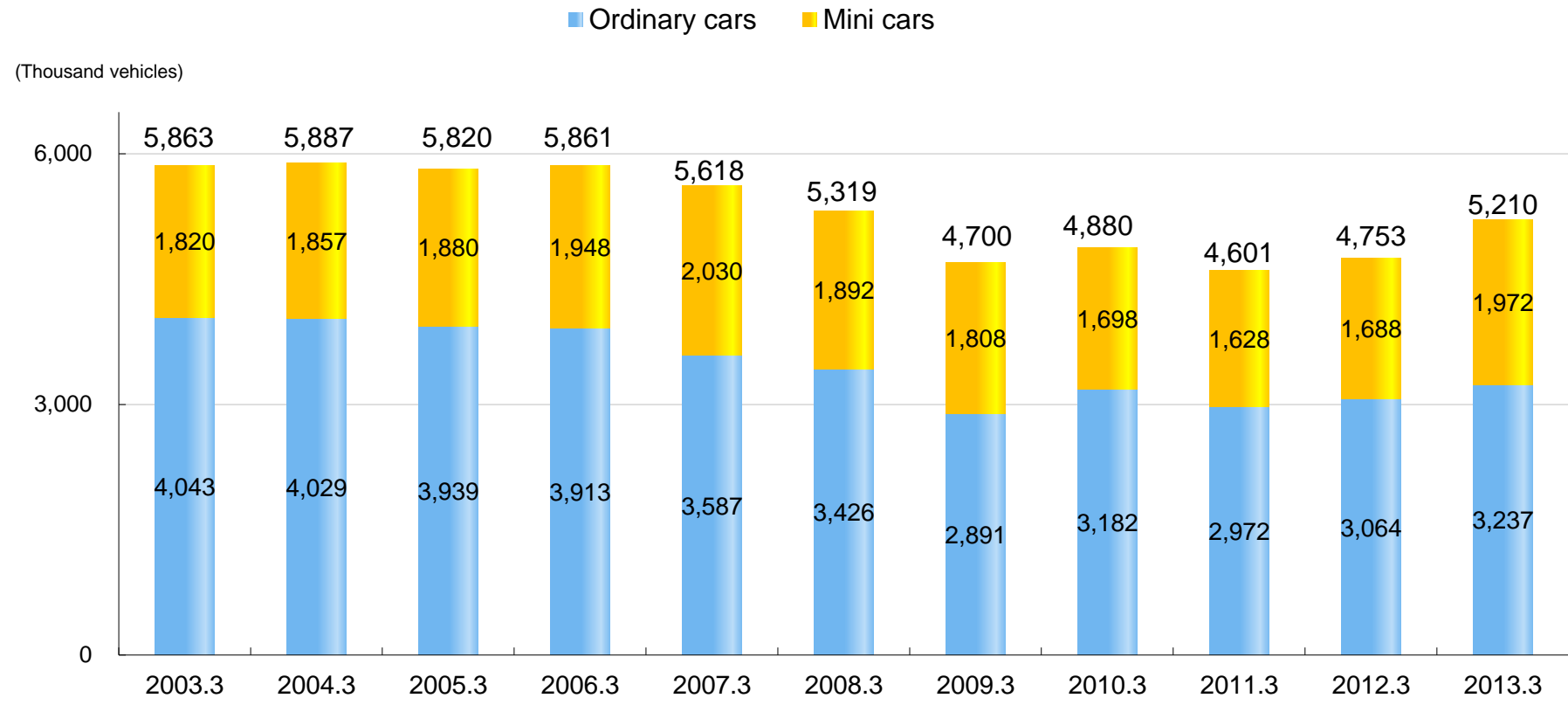


Market Overview

FY2013.3



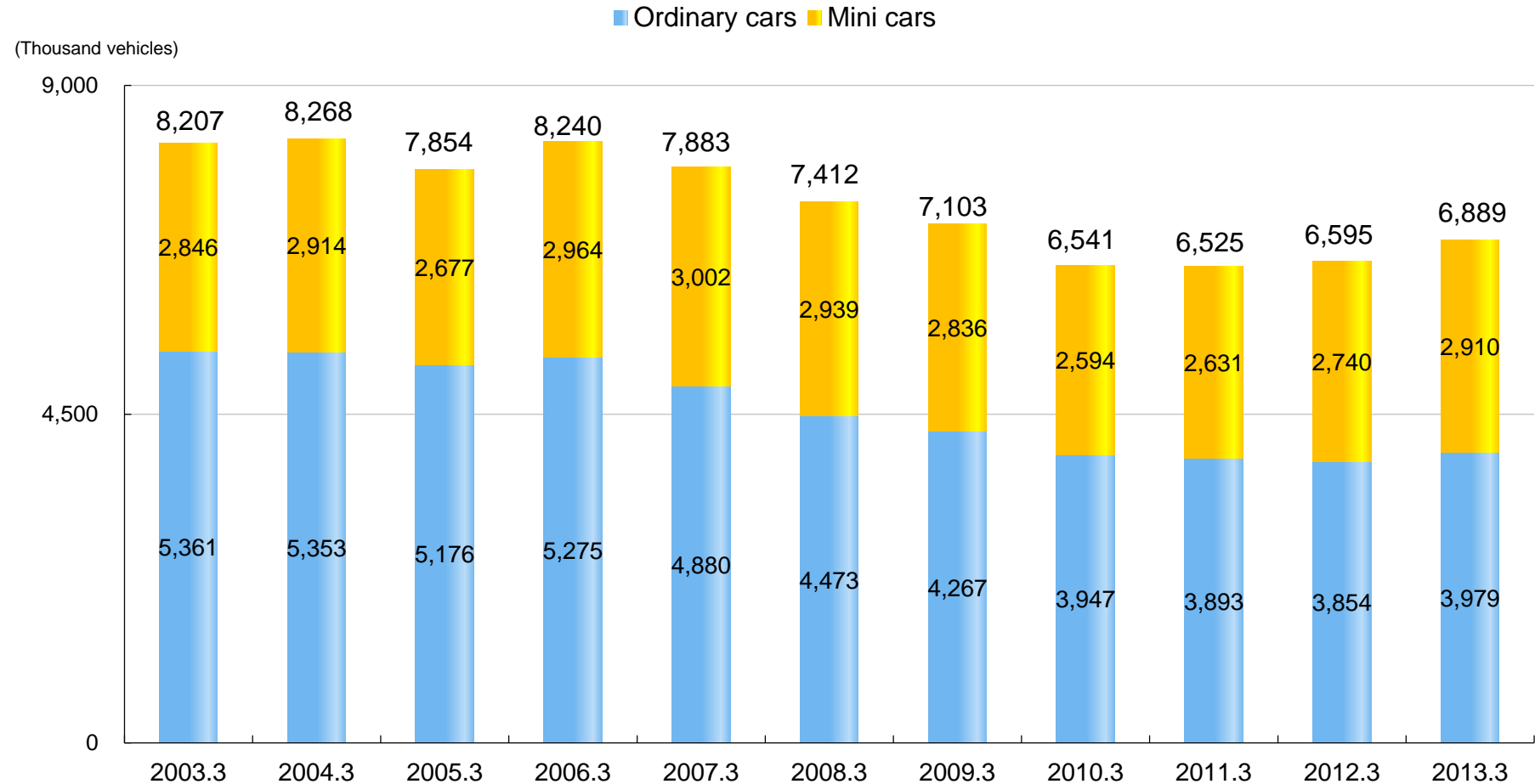
(1) New Car Registrations (April to March)



New car registrations increased 9.6% to 5.21 million units

- April-Sept: Up 33.5% (YoY) because of the eco-car subsidies
- Oct.-March: Down 6.9% (YoY) rebound from the eco-car subsidies expiration

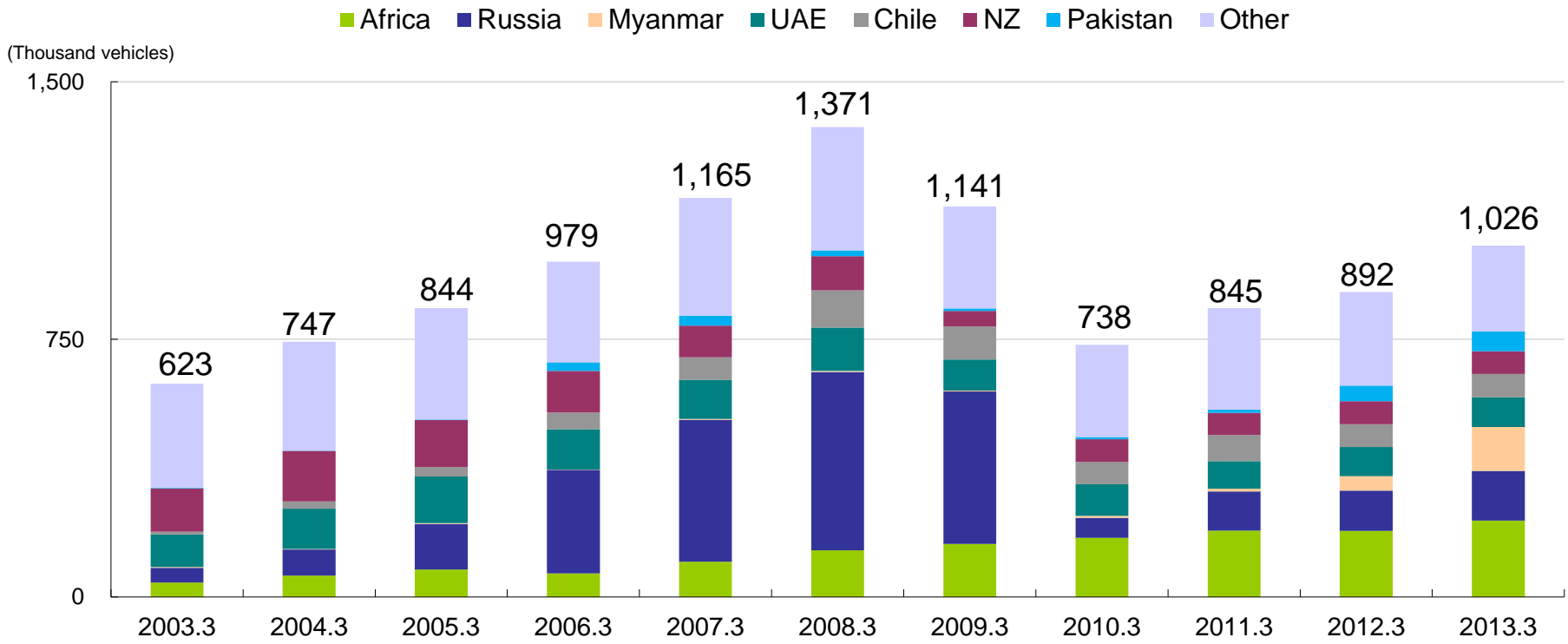
(2) Used Car Registrations (April to March)



Used car registrations increased 4.5% to 6.889 million units

- The number of used cars on the market increased as more cars were traded in due to the growth in demand to replace older cars with new ones.

(3) Used Car Exports (April to March)

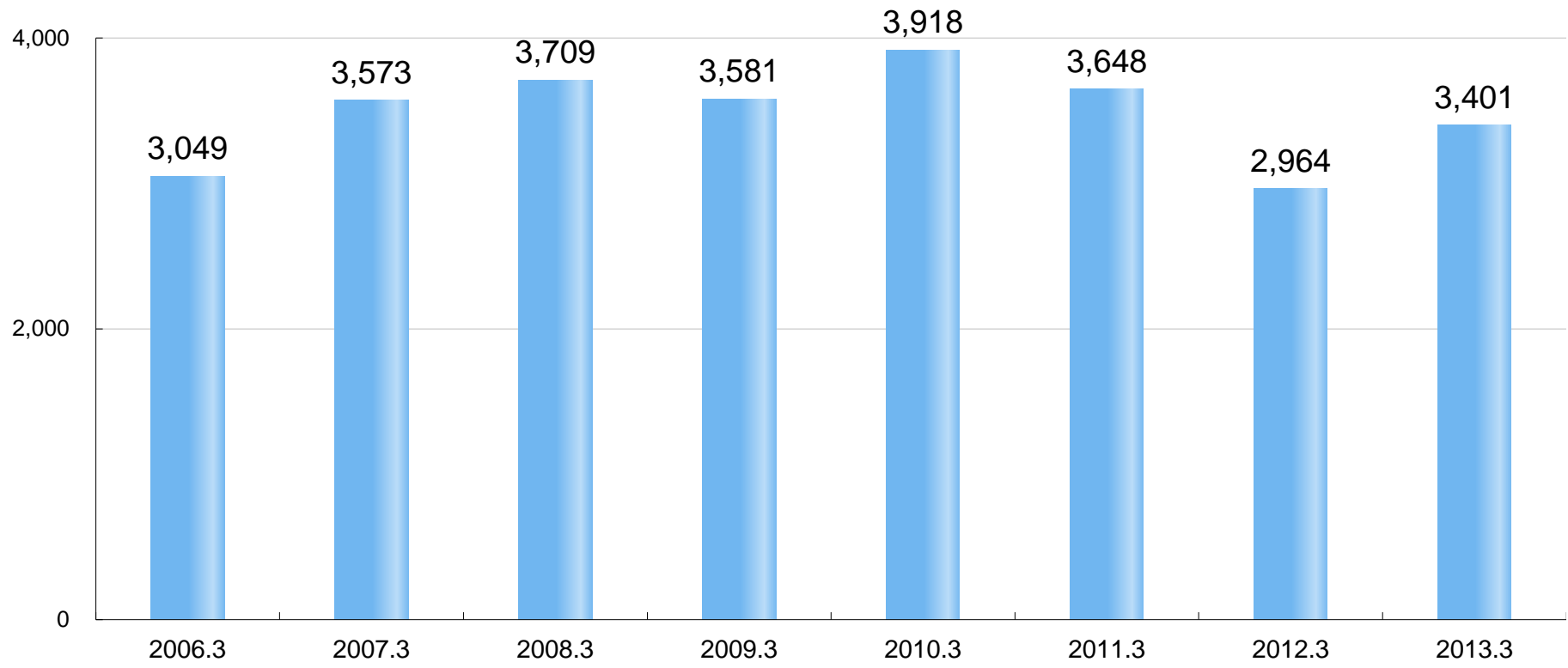


Used car exports increased 14.9% to 1.026 million units

- Major destination countries
 Africa 222,000 (up 15.3%), Russia 145,000 (up 22.7%), Myanmar 128,000 (up 202.5%), UAE 86,000 (up 0.8%)
- Countries with large increases
 Malaysia 24,000 (up 9.8%), Philippines 24,000 (up 31.3%), Surinam 12,000 (up 33.1%), Trinidad Tobago 11,000 (up 66.0%)

(4) Automobiles Recycled (April to March)

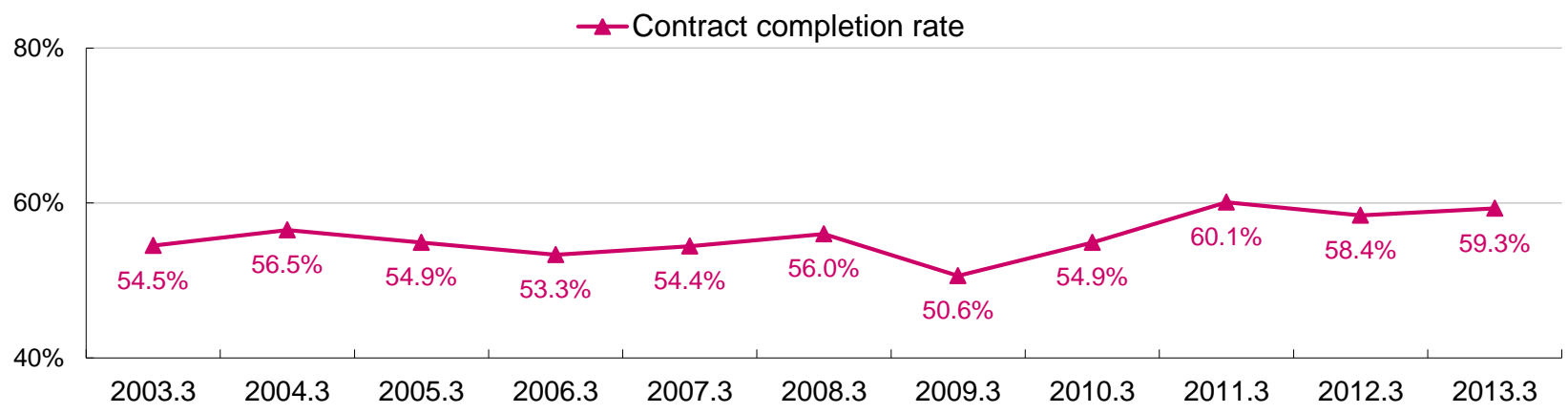
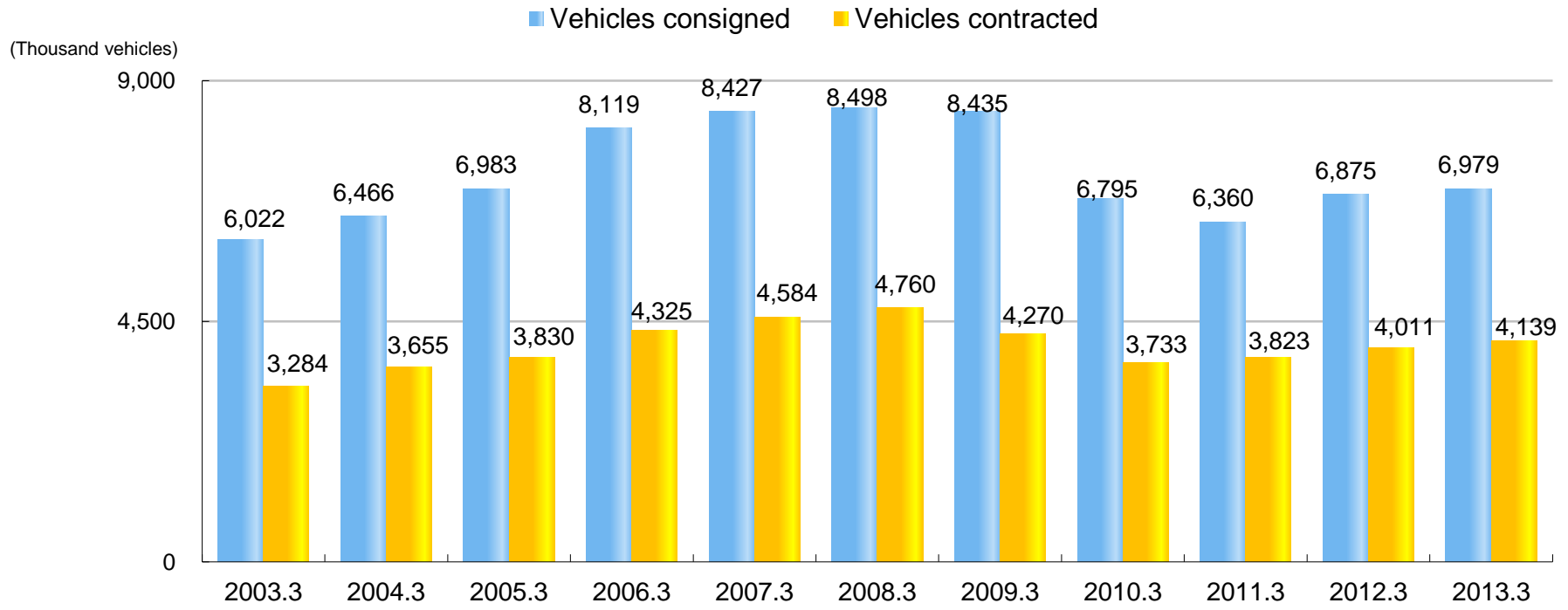
(Thousand vehicles)



Vehicles scrapped increased 14.7 % to 3.401 million units

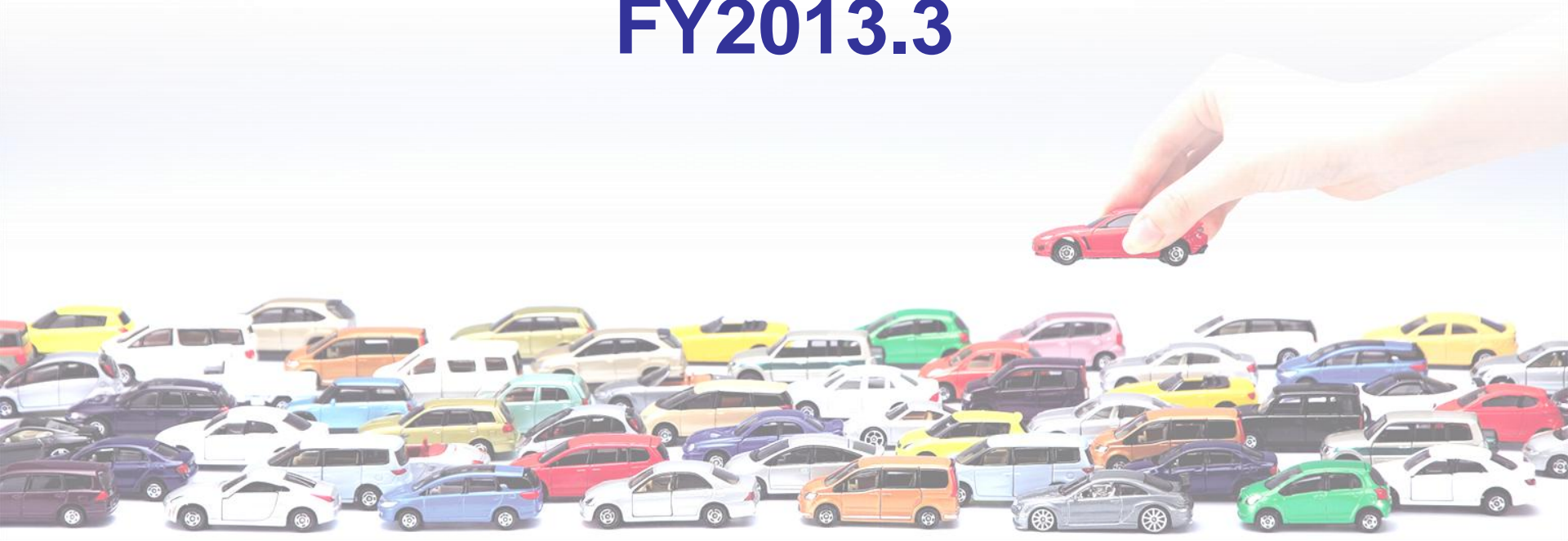
- Big increase in vehicles scrapped mainly because of increase in trading in cars for new models along with the eco-car subsidy program

(5) Auto Auction Market (April to March)

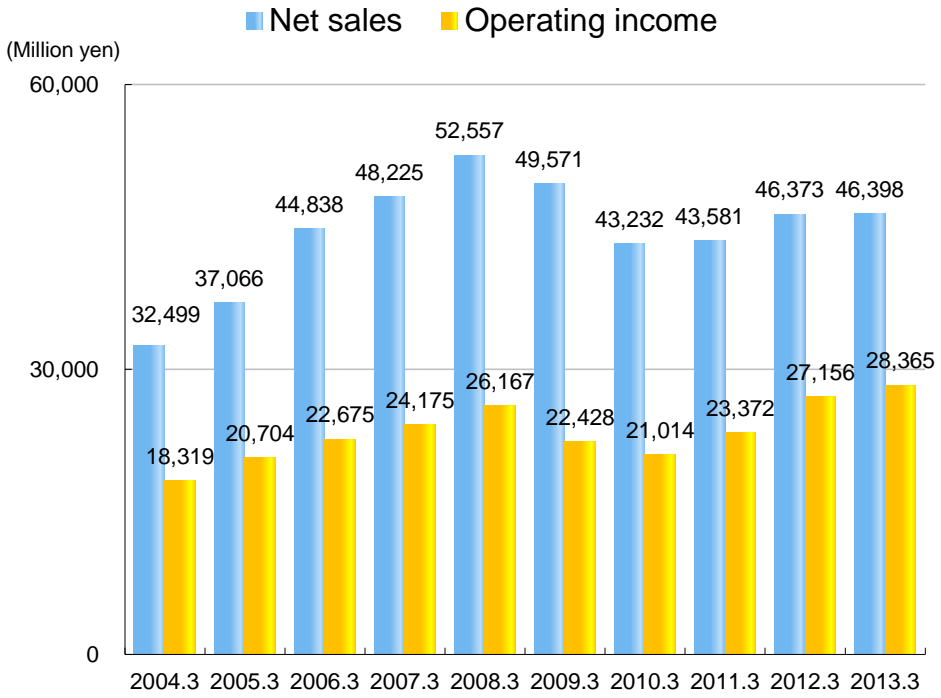


Business Segment Information

FY2013.3



Auto Auction Business (1) – Results of Operations (April to March)



	(Million yen)		
	2012.3	2013.3	YoY
Net sales	46,373	46,398	100.1%
Operating income (Per sales)	27,156 (58.6%)	28,365 (61.1%)	104.5%

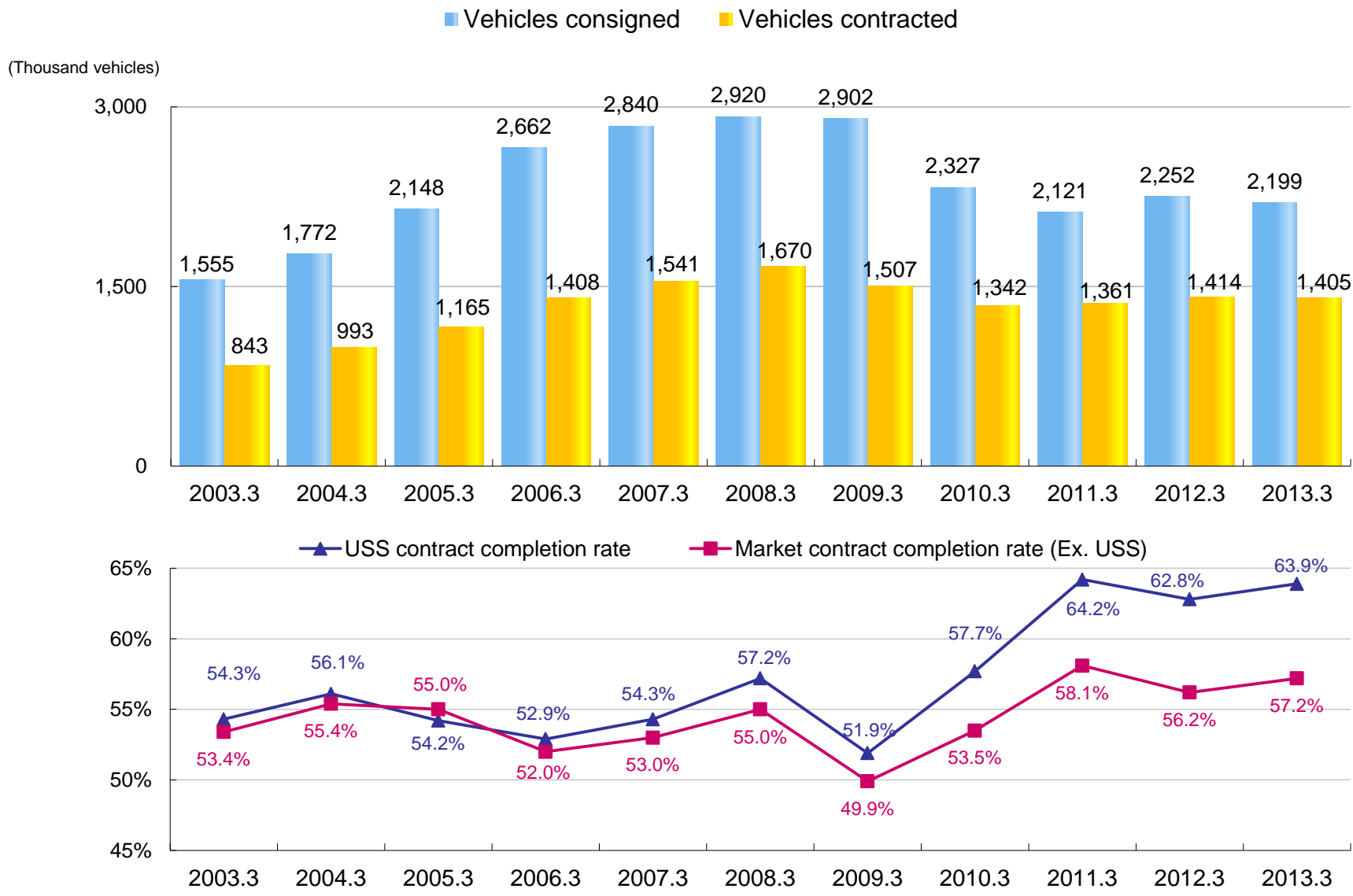
Net sales increased 0.1% (YoY) to 46,398 million yen

- Vehicles consigned down 2.3% to 2,199 thousand; contracted vehicles down 0.7% to 1,405 thousand; contract completion rate increased from 62.8 % to 63.9 %
- Off-site successful bid ratio increased from 50.2% to 50.8%

Operating income increased 4.5% (YoY) to 28,365 million yen

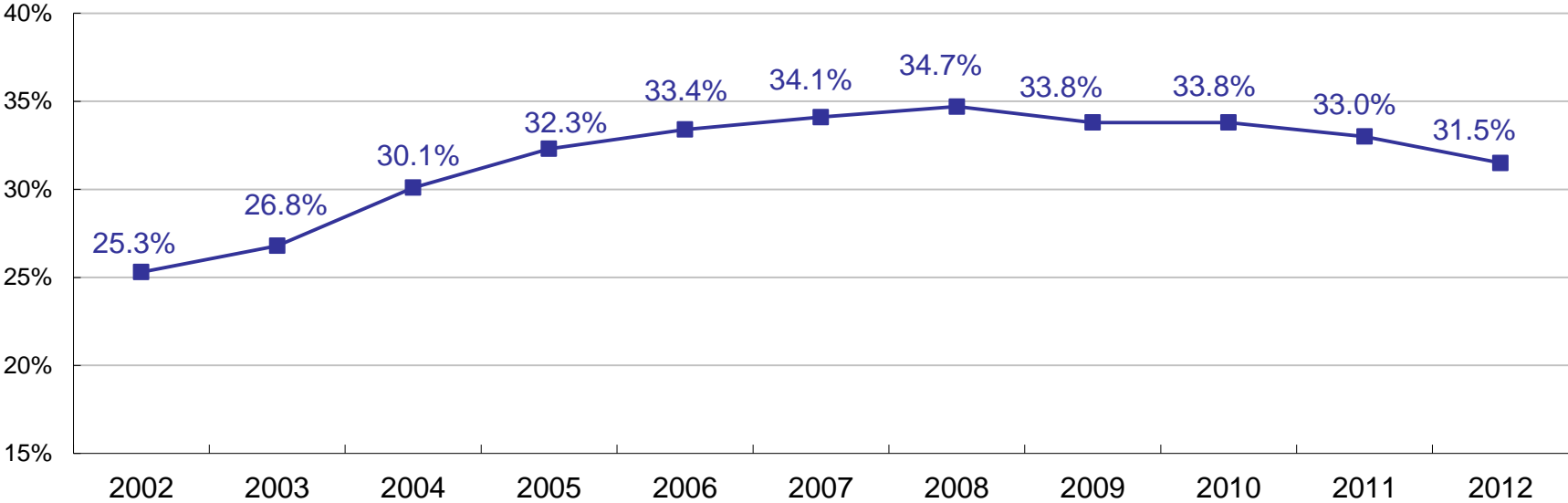
- Depreciation: Down 480 million yen
- Sales promotion expenses: Down 140 million yen

Auto Auction Business (2) – USS Group Performance (April to March)



Auto Auction Business (3) – Market Share (January to December)

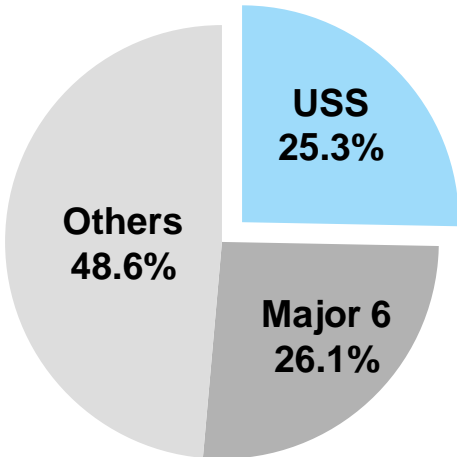
USS Market Share



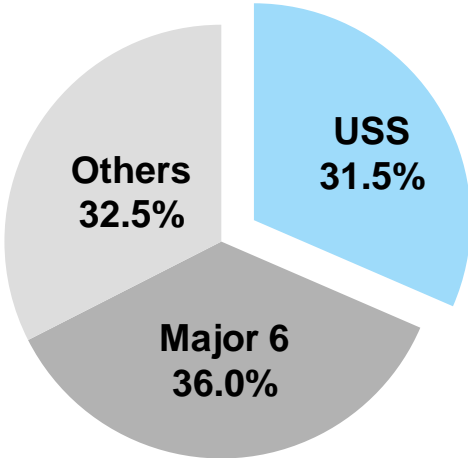
2002 (CY) Market Share

2012 (CY) Market Share

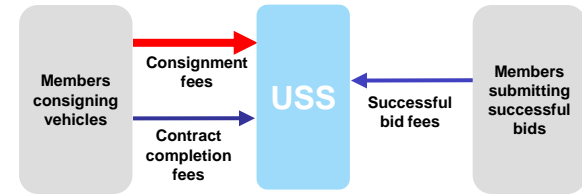
- *Major 6
- TAA (6.2%)
- JAA (5.8%)
- CAA (4.9%)
- Arai AA(5.4%)
- KCAA (2.6%)
- LAA (1.2%)



- *Major 6
- TAA(9.7%)
- JAA(8.6%)
- CAA(6.6%)
- Arai AA(4.6%)
- KCAA(3.3%)
- LAA(3.2%)

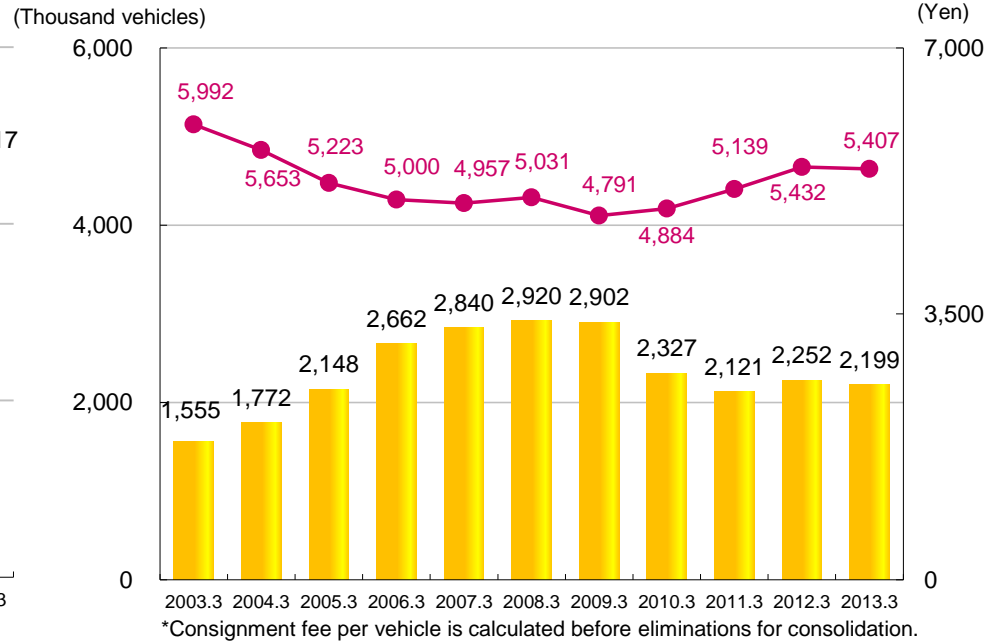
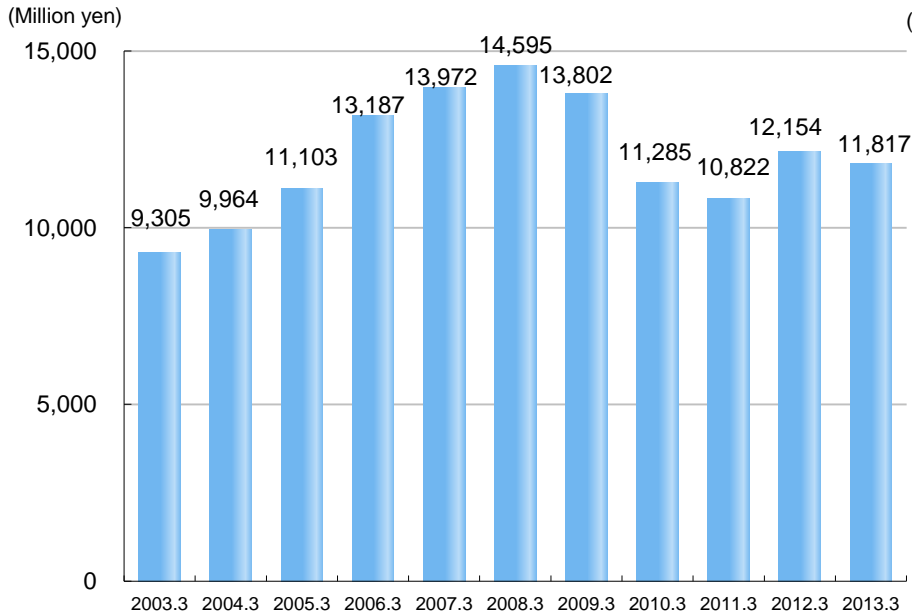


Auto Auction Business (4) – Vehicles Consigned and Consignment Fees



Total of Consignment Fees

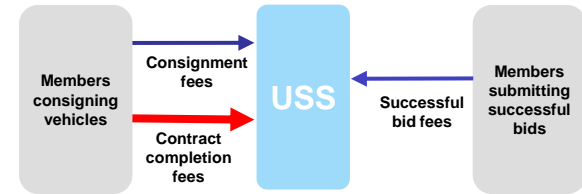
■ Vehicles consigned ● Consignment fee per vehicle



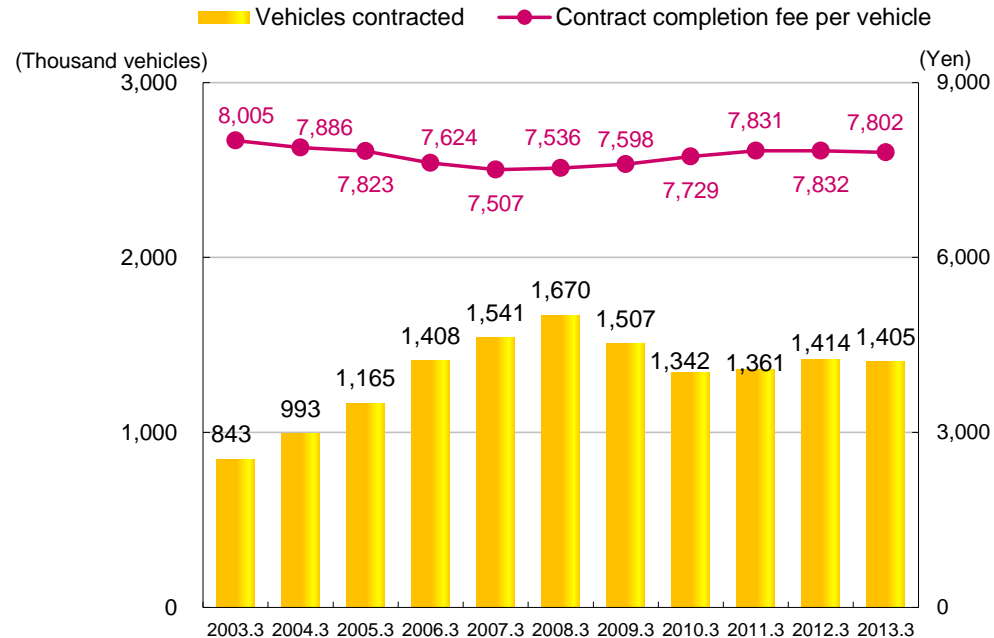
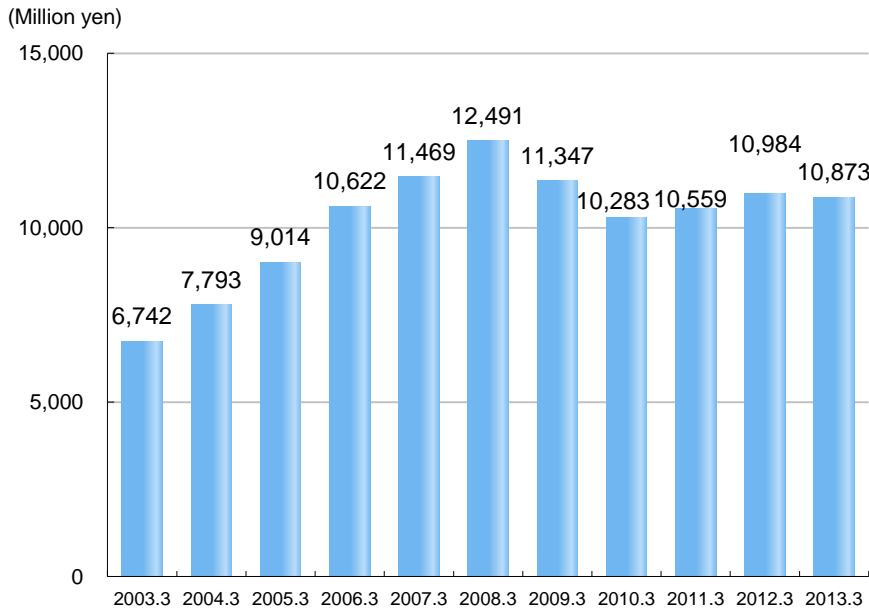
Consignment fee per vehicle decreased by 25 yen from 5,432 yen to 5,407 yen from previous fiscal year

- Increase in the percentage of large-consignment clients who pay lower fee rates, particularly at Tokyo and Nagoya auction site
- Conducted a consignment fees discount campaign at the Kyushu auction site

Auto Auction Business (5) – Vehicles Contracted and Contract Completion Fees



Total of Contract Completion Fees

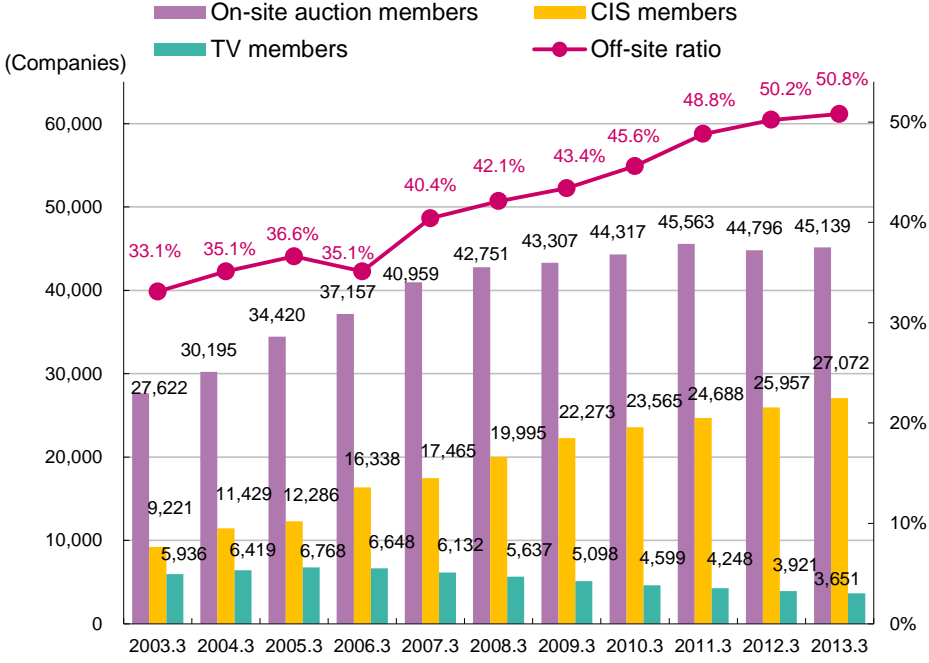
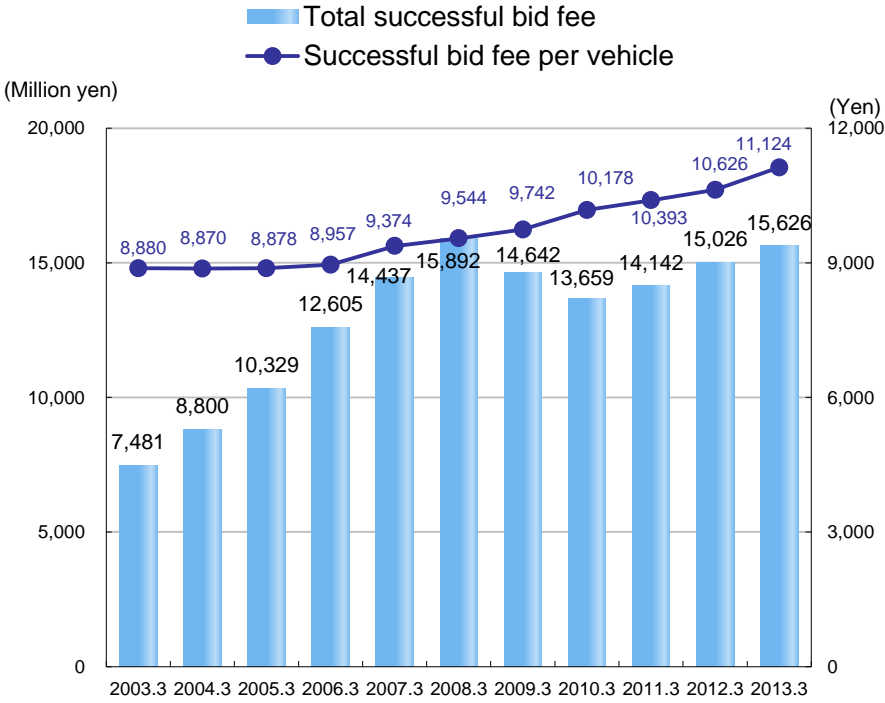
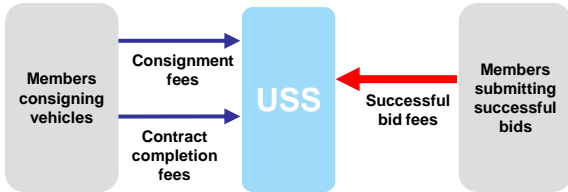


*Contract Completion fee per vehicle is calculated before eliminations for consolidation.

Contract completion fee per vehicle decreased by 30 yen from 7,832 yen to 7,802 yen from previous fiscal year

- Increase in the percentage of large-consignment clients who pay lower fee rates, particularly at Tokyo and Nagoya auction site

Auto Auction Business (6) – Successful Bid Fees and Off-site Successful Bid Ratio



* Successful bid fee per vehicle is calculated before eliminations for consolidation.

*Starting in 2012.3, the number of on-site auction members does not include sleeping members (members that have not been active for extended periods).

Successful bid fee per vehicle increased by 498 yen from 10,626 yen to 11,124 yen from previous fiscal year

- Revised the successful bid fee for the off-site bidding system (Raised the fee by 1,000 yen for both Internet (in April) and satellite TV (in July))
- The off-site successful bid ratio rose from 50.2% to 50.8%

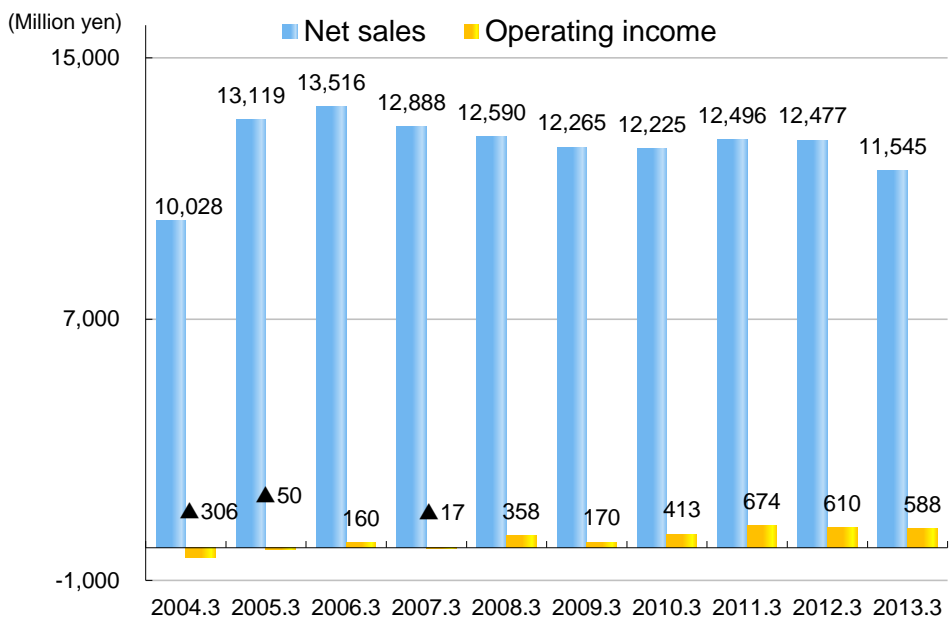
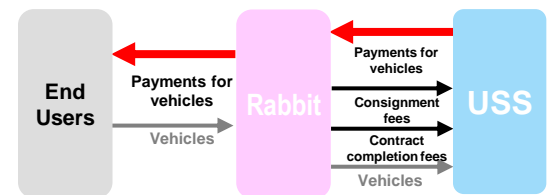
Auto Auction Business (7) – USS Group Auto Auction Results by Sites

(Number of auctions held, Vehicles)

	Number of auctions		Number of consigned vehicles			Number of contract completions			Contract completion rate	
	2013.3	2012.3	2013.3	2012.3	Changes	2013.3	2012.3	Changes	2013.3	2012.3
Tokyo	49	49	601,287	617,907	▲2.7%	422,017	424,469	▲0.6%	70.2%	68.7%
Nagoya	48	49	371,853	368,950	0.8%	238,257	229,367	3.9%	64.1%	62.2%
Yokohama	49	49	182,673	186,276	▲1.9%	121,517	116,004	4.8%	66.5%	62.3%
Kyushu	48	50	175,066	186,580	▲6.2%	102,751	108,259	▲5.1%	58.7%	58.0%
Sapporo	49	49	133,409	135,166	▲1.3%	78,270	83,148	▲5.9%	58.7%	61.5%
R-Nagoya	49	49	107,322	100,783	6.5%	84,846	79,832	6.3%	79.1%	79.2%
Osaka	48	49	105,338	102,963	2.3%	66,333	63,137	5.1%	63.0%	61.3%
Shizuoka	48	49	88,297	89,691	▲1.6%	49,297	50,288	▲2.0%	55.8%	56.1%
Okayama	48	50	72,636	75,404	▲3.7%	39,403	41,345	▲4.7%	54.2%	54.8%
Tohoku	49	49	71,570	78,583	▲8.9%	50,608	56,140	▲9.9%	70.7%	71.4%
Gunma	48	50	64,406	75,308	▲14.5%	41,759	46,929	▲11.0%	64.8%	62.3%
Saitama	48	51	57,585	48,096	19.7%	30,453	27,792	9.6%	52.9%	57.8%
Fukuoka	49	49	54,488	63,540	▲14.2%	20,973	21,009	▲0.2%	38.5%	33.1%
Niigata	49	50	47,666	41,959	13.6%	20,822	19,102	9.0%	43.7%	45.5%
Kobe	49	48	38,944	40,353	▲3.5%	21,169	23,076	▲8.3%	54.4%	57.2%
Hokuriku	48	50	27,257	29,151	▲6.5%	16,597	18,456	▲10.1%	60.9%	63.3%
Ryutsu	-	12	-	11,856	-	-	6,460	-	-	54.5%
Total	776	802	2,199,797	2,252,566	▲2.3%	1,405,072	1,414,813	▲0.7%	63.9%	62.8%

* Ryutsu Auction Site and Tokyo Auction Site have been integrated in July 2011.

Used Vehicle Purchasing and Selling Business – Results of Operations (April to March)



	(Million yen)		
	2012.3	2013.3	YoY
Net sales	12,477	11,545	92.5%
Operating income (Per sales)	610 (4.9%)	588 (5.1%)	96.5%

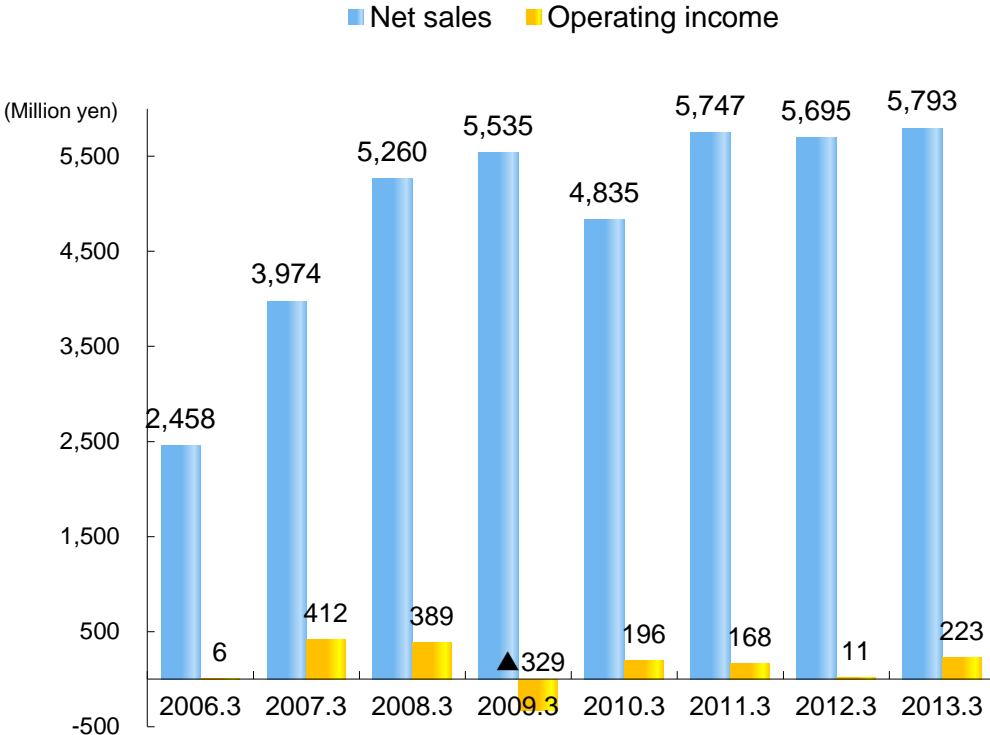
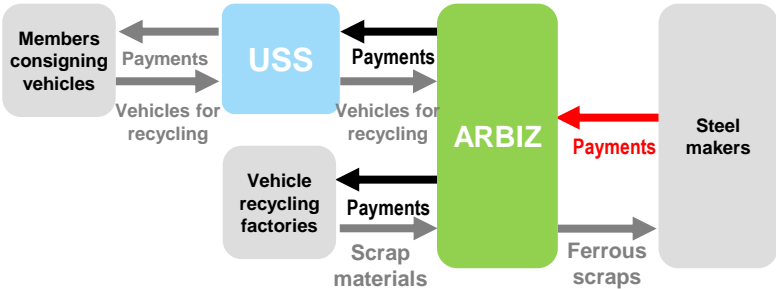
Rabbit sales decreased 5.0% to 8,106 million yen and operating income increased 25.7% to 424 million yen (YoY)

- Sales down but earnings up despite fewer vehicles purchased because of a reexamination of operating expenses

Sales of accident-damaged vehicles decreased 12.8% to 3,438 million yen and operating income decreased 39.8% to 164 million yen (YoY)

- Sales and earnings down because of fewer vehicles purchased

Other Business (Recycling Business) – Results of Operations (April to March)



	(Million yen)		
	2012.3	2013.3	YoY
Net sales	5,695	5,793	101.7%
Operating income (Per sales)	11 (0.2%)	223 (3.9%)	1,926.4%

ARBIZ sales decreased 6.1% to 4,019 million yen and operating income increased 6,608.9% to 103 million yen (YoY)

- Although steel scrap prices hovered at low levels, profit rose despite lower sales as the customer has expanded CAR QUEST Toyo sales increased 6.8% to 1,335 million yen and operating income increased 2.2% to 89 million yen (YoY)
- Sales and earnings higher because of larger volume of rubber products used in elastic pavement and other products

USS Logistics International Service sales increased 162.4% to 438 million yen and there was operating income of 30 million yen compared with a 77 million yen loss one year earlier

- The number of vehicles handled is remaining steady