

The following documents are English translations of the USS Co., Ltd. Notice of the 31st Annual General Meeting of Shareholders (for the fiscal year ended March 31, 2011) as well as the Business Report, Consolidated Financial Statements, Independent Auditors' Audit Report and Board of Corporate Auditors' Audit Report, voting instructions, and information about the location of the shareholders meeting. Of the items that should be disclosed in the Business Report, the original Japanese text is accessible only via the Internet on the USS Web site (<http://www.ussnet.co.jp>) for the following items: "System to assure performance of duties by directors in compliance with laws and regulations and the Articles of Incorporation, and other systems to assure appropriateness of operations," "Basic policy regarding control of policy decisions in respect of the Company's finance and business," "Notes on Consolidated Financial Statements" and "Notes on Non-consolidated Financial Statements." USS is providing this translation solely for your convenience and does not make any guarantee that this document is accurate.

(Securities code: 4732)

USS Co., Ltd.

507-20 Shinpo-machi, Tokai, Aichi, Japan

Notice of the 31st Annual General Meeting of Shareholders

June 6, 2011

Dear Shareholders:

You are cordially invited to attend the 31st Annual General Meeting of the Shareholders of USS Co., Ltd. (the "Company"), which will be held as per the schedule below.

If you are unable to attend the meeting in person, you can cast your vote in writing or by electronic means (via the Internet, etc.). Please review the Reference Materials for the General Meeting of Shareholders presented herein and exercise your voting rights by no later than 5:00 p.m. on Monday, June 27, 2011. You can do this by indicating "for" or "against" for each agenda item shown in the enclosed Form for Exercising Voting Rights and returning it to us, or by accessing the website designated by the Company and entering "for" or "against" for each agenda item. For details of the procedure for exercising your voting rights by electronic means (via the Internet, etc.), please refer to "Procedure for Exercising Voting Rights Electronically (via the Internet, etc.)" (on page 82-83).

Sincerely,

Yukihiro Ando

President and Representative Director

1. **Date and Time:** Tuesday, June 28, 2011, at 11:00 a.m.
2. **Venue: Head Office of the Company (the Nagoya Auction Site of the Company)**
507-20, Shinpo-machi, Tokai, Aichi
(Please refer to the map on the last page)

3. **Meeting Agenda:**

Items to be reported:

1. The contents of the Business Report, the contents of the consolidated financial statements, and the results of the audit of consolidated financial statements by accounting auditors and the Board of Corporate Auditors for the Company's 31st business term (from April 1, 2010 to March 31, 2011)
2. The financial reports for the Company's 31st business term (from April 1, 2010 to March 31, 2011)

Items to be resolved:

Item 1: Appropriation of retained earnings

Item 2: Election of 18 directors

Notes:

1. The reception desk opens at 10:00 a.m.
2. Please submit the attached Form for Exercising Voting Rights at the reception desk on the day of the meeting.
3. Any change in the Reference Materials for the General Meeting of Shareholders, financial statements or consolidated financial statements will be posted on our website (<http://www.ussnet.co.jp>). We would like you to confirm such information.

(Attached document)

Business Report

(From April 1, 2010 to March 31, 2011)

1. Matters relating to the current state of the Company Group

(1) Results of Operations

In the consolidated fiscal year that ended on March 31, 2011, the Japanese economy ended a period of stagnation because of the slow recovery of the global economy that was driven by emerging countries. However, there was a rapid deterioration in the economic environment in Japan as the consolidated fiscal year ended. Major causes were the much higher cost of crude oil due to tension in the Middle East starting in February and the destruction and electric power shortages resulting from the Great East Japan Earthquake.

In Japan's automobile sales market, the end of the Japanese government's eco-car tax reductions and subsidies (subsidies hereafter) in September 2010 caused new car registrations to fall by 23.8% between October 2010 and March 2011 from one year earlier compared with a 16.8% year-on-year increase between April and September 2010. For the entire consolidated fiscal year, new car registrations decreased by 4,601 thousand vehicles, or 5.7%, from one year earlier.

In the used car sales market, the end of subsidies narrowed the gap between prices of new and used cars, which caused retail demand for used cars to decline. In addition, the drop in new car registrations following the end of subsidies reduced the number of used cars sold or submitted as trade-ins when purchasing a new vehicle. The resulting shortage of quality used cars along with other factors caused the number of used car registrations to decrease 0.2% to 6,525 thousand from the previous fiscal year (Source: Japan Automobile Dealers Association and Japan Mini Vehicles Association).

In the automobile auction market, the number of vehicles consigned decreased 6.4% to 6,360 thousand but the contract completion rate increased because of the tight supply of used cars for sale. As a result, the number of vehicles contracted increased 2.4% to 3,823 thousand as the contract completion rate improved to 60.1% from 54.9% in the previous consolidated fiscal year (Source: Monthly Magazine Used Car).

In this environment, the USS Group recorded a 2.6% increase in consolidated sales to 61,417 million yen. In addition, operating income increased 10.9% to 24,332 million yen, ordinary income increased 9.5% to 24,643 million yen and net income increased 9.9% to 13,971 million yen.

Performance by business segment was as follows.

Auto Auction Business

The number of vehicles consigned decreased 8.8% to 2,121 thousand but the contract completion rate at all USS Group auction sites increased because of the tight supply of used cars for sale. The number of vehicles contracted increased 1.4% to 1,361 thousand as the contract completion rate improved from 57.7% to 64.2%.

Segment sales increased 0.9% to 43,177 million yen. Due to a big decline in depreciation and goodwill amortization expenses along with other factors, operating income was up 11.2% to 23,372 million yen.

As was announced on May 10, 2011, USS will integrate the operations of the Ryutsu Auction Site and Tokyo Auction Site, both of which are in Noda-City, Chiba for the purpose of improving the group's operating efficiency. All auctions will be held at the Tokyo Auction Site. Due to this decision, an impairment loss was recorded in the consolidated fiscal year that ended on March 31, 2011 for the buildings and equipment of the Ryutsu Auction Site.

Used Car Purchasing and Selling Business

Fiscal year highlights:

- 1) Rabbit used car buying shops recorded higher sales and earnings. One reason was growth in the number of vehicles purchased and the gross profit per vehicle. Performance also benefited from lower operating expenses resulting from a review of these expenses.
- 2) In the accident-damaged vehicles business, sales and earnings were higher because of growth in the number of vehicles purchased and the gross profit per vehicle.

Overall, segment sales increased 2.2% to 12,494 million yen and operating income was up 63.1% to 674 million yen.

Other Businesses

The automobile recycling operations of ARBIZ Co., Ltd. and the scrap rubber recycling operations of USS Toyo Co., Ltd. account for most of the business activities in this segment.

- 1) Sales at ARBIZ increased along with growth in the volume of ferrous scrap, used parts and other materials handled as the company conducted extensive sales activities. However, higher personnel and other operating expenses caused earnings to decline.
- 2) Sales and earnings were higher at USS Toyo because of an increase in the handling volume of rubber products for rubberized highway pavement and cost-cutting measures.

Overall, segment sales to outside customers increased 18.9% to 5,745 million yen and operating income decreased 14.2% to 168 million yen.

(2) Capital Expenditures

Consolidated capital expenditures totaled 7,718 million yen in the fiscal year that ended on March 31, 2011. Major expenditures were as follows.

1) Major projects completed during the fiscal year

Not applicable

2) Major new facilities, expansions and renovations under way during the fiscal year

Business segment	Business Sites	Description
Auto Auction Business	Yokohama Auction Site	Acquisition and development of land for stock yard
Other Business	USS Logistics International Service Co., Ltd.	Acquisition and development of land for stock yard

(3) Financing

Not applicable

(4) Important Issues

Going forward, new car registrations are expected to be sharply lower for the foreseeable future because production at Japan's automobile manufacturers has plunged drastically following the Great East Japan Earthquake that occurred on March 11, 2011 and recovery of the new car registrations to normal levels is likely to take time. In addition, the number of used cars typically sold or submitted as trade-ins when purchasing a new vehicle is likely to drop. As a result, concerns are rising over a possible decline in the number of vehicles consigned for auctions. On the other hand, more than 400,000 vehicles are estimated to have been destroyed in the Great East Japan Earthquake and this destruction is expected to lead to a rise in consumer demand for used low-priced cars and small cars, especially in the Tohoku area.

Under these circumstances, it is difficult to reliably estimate the business results of fiscal year ending on March 31, 2012. We have therefore decided to postpone the announcement of business forecast. An announcement will be made promptly when it becomes possible to determine a forecast.

Japan's automobile sales market will probably shrink over the medium and long terms for several reasons. Among them are the falling number of children, the decline in interest in car ownership among young people, and people driving cars longer before trading them in. These trends may have a negative impact on the number of vehicles consigned at auctions.

In response to these market conditions, the USS Group has established the goal of raising its share of Japan's auto auction market. The medium-term target is to capture a market share of 40%. The USS Group will implement several initiatives in Japan's maturing auto market to achieve this goal. USS will place priority on capital expenditures to offer greater convenience to auction members in order to improve the satisfaction of these members. The group will also place priority on channeling its

management resources to the auto auction business. Furthermore, the USS Group views mergers and acquisitions as ways to capitalize on opportunities for growth.

The USS Group manages operations in a manner that emphasizes capital efficiency and considers return on equity (ROE) to be an important financial ratio. The USS Group has established a medium-term goal of increasing the ROE to more than 15% .

We ask for the continued support of all our shareholders.

(5) Trends in Assets and income

1) Trends in Assets and income of the Company Group

Item	27th term (Year ended March 31, 2007)	28th term (Year ended March 31, 2008)	29th term (Year ended March 31, 2009)	30th term (Year ended March 31, 2010)	31st term (Year ended March 31, 2011) (Consolidated fiscal year under review)
Net sales (million yen)	64,568	69,801	66,549	59,849	61,417
Ordinary income (million yen)	25,360	27,490	22,503	22,511	24,643
Net income (million yen)	14,390	15,200	12,003	12,717	13,971
Net income per share (yen)	447	475	382	418	478
Total assets (million yen)	146,172	150,737	138,370	142,164	151,636
Net assets (million yen)	105,988	117,577	114,941	118,390	121,947
Net assets per share (yen)	3,287	3,657	3,751	3,970	4,200

2) Assets and income by business segment

(Millions of yen)

Business segment	Item	27th term (Year ended March 31, 2007)	28th term (Year ended March 31, 2008)	29th term (Year ended March 31, 2009)	30th term (Year ended March 31, 2010)	31st term (Year ended March 31, 2011) (Consolidated fiscal year under review)
Auto auction business	Net sales	47,707	51,953	48,752	42,791	43,177
	Operating income	24,175	26,167	22,428	21,014	23,372
	Total assets	139,511	142,260	133,117	136,420	146,034
Used car purchasing and selling business	Net sales	12,888	12,590	12,265	12,224	12,494
	Operating income (Operating loss)	(17)	358	170	413	674
	Total assets	3,858	5,601	2,205	2,222	2,476
Other businesses	Net sales	3,972	5,257	5,532	4,832	5,745
	Operating income (Operating loss)	412	389	(329)	196	168
	Total assets	4,739	4,711	4,207	4,408	4,257

Note: Segment sales do not include inter-segment sales.

(6) Significant organizational changes

- 1) Subsidiary USS Saitama Co., Ltd. merged with USS Ryutsu Auto Auction Co., Ltd. on April 1, 2010 with this company remaining and USS Ryutsu Auto Auction Co., Ltd. dissolved following the merger. On April 1, 2010, USS Saitama Co., Ltd. was renamed USS Kantou Co., Ltd..
- 2) USS merged with USS Saitama Co., Ltd. on October 1, 2010, with USS remaining and USS Saitama Co., Ltd. dissolved following the merger.

(7) Major parent company and subsidiaries (as of March 31, 2011)

1) Parent company

Not applicable

2) Major subsidiaries

The Company has 15 consolidated subsidiaries and no affiliate to which the equity method is applied.

Company name	Capital (million yen)	Percentage of equity participation (%)	Main business
USS Okayama Co., Ltd.	20	100.0	Auto auction business
USS Sapporo Co., Ltd.	50	100.0	Same as above
USS Gunma Co., Ltd.	50	100.0	Same as above
USS Tohoku Co., Ltd.	100	100.0	Same as above
USS Kansai Co., Ltd.	90	100.0	Same as above
USS Yokohama Co., Ltd.	50	100.0	Same as above
USS Niigata Co., Ltd.	50	100.0	Same as above
USS Hokuriku Co., Ltd.	60	100.0	Same as above
US Butsuryu Co., Ltd.	30	100.0	Arrangement of freight transport and consignment business relating to operation of auctions
Car Quest Co., Ltd.	318	100.0	Providing information on used cars via the Internet
USS Support Service Co., Ltd.	45	100.0	Finance services business, etc.
R&W Co., Ltd.	63	100.0	Purchase and sales of used and accident-damaged vehicles
ARBIZ Co., Ltd.	270	51.0	Recycling of end-of-life automobiles and other goods
USS Toyo Co., Ltd.	100	100.0	Recycling of scrap rubber
USS Logistics International Service Co., Ltd.	50	70.0	Used car export procedure service

Notes: USS Logistics International Service Co., Ltd. was started on February 7, 2011.

(8) Major Business Activities (as of March 31, 2011)

Auto auction business, purchase and sale of used vehicles, and recycling business

(9) Principal bases (as of March 31, 2011)

	Business segment	Name of office or company	Location	Note
The Company	Auto auction business	Nagoya Auction Site	Tokai, Aichi	Head office
		USS-R Nagoya Auction Site	Nagoya, Aichi	Branch
		Kyushu Auction Site	Tosu, Saga	Branch
		Fukuoka Auction Site	Chikushino, Fukuoka	Branch
		Tokyo Auction Site	Noda, Chiba	Branch
		Shizuoka Auction Site	Fukuroi, Shizuoka	Branch
		Saitama Auction Site	Iruma, Saitama	Branch
		Ryutsu Auction Site	Noda, Chiba	Branch
Subsidiaries	Auto auction business	Okayama Auction Site	Akaiwa, Okayama	Managed by USS Okayama Co., Ltd.
		Sapporo Auction Site	Ebetsu, Hokkaido	Managed by USS Sapporo Co., Ltd.
		Gunma Auction Site	Fujioka, Gunma	Managed by USS Gunma Co., Ltd.
		Tohoku Auction Site	Murata-cho, Shibata-gun, Miyagi	Managed by USS Tohoku Co., Ltd.
		Osaka Auction Site	Osaka, Osaka	Managed by USS Kansai Co., Ltd.
		Yokohama Auction Site	Yokohama, Kanagawa	Managed by USS Yokohama Co., Ltd.
		Kobe Auction Site	Kobe, Hyogo	Managed by USS Kansai Co., Ltd.
		Niigata Auction Site	Mitsuke, Niigata	Managed by USS Niigata Co., Ltd.
		Hokuriku Auction Site	Kaga, Ishikawa	Managed by USS Hokuriku Co., Ltd.
		Shikoku Auction Site	Matsuyama, Ehime	Managed by USS Okayama Co., Ltd.
		US Butsuryu Co., Ltd.	Tokai, Aichi	17 domestic branch offices

		Car Quest Co., Ltd.	Chuo, Tokyo	Provides information on used cars via the Internet
		USS Support Service Co., Ltd.	Tokai, Aichi	Finance services business, etc.
	Used car purchasing and selling business	R&W Co., Ltd.	Noda, Chiba	Used car purchase and sales shop "Rabbit;" 21 direct shops, 155 franchise shops. 26 shops in the domestic purchase and sales of accident-damaged vehicles business
	Other business	ARBIZ Co., Ltd.	Nagoya, Aichi	Recycling plant for end-of-life automobiles and other goods
		USS Toyo Co., Ltd.	Maebashi, Gunma	Scrap rubber recycling plant
		USS Logistics International Service Co., Ltd.	Yokohama, Kanagawa	Used car export procedure service

Note: 1. Shikoku Auction Site was opened on September 4, 2010.

2. USS Logistics International Service Co., Ltd. was started on February 7, 2011.

(10) Employees (as of March 31, 2011)

1) Employees of the Company Group

Business segment	Numbers of employees	Change from the end of the previous consolidated fiscal year
Auto auction business	706 (256)	down 25 (up 25)
Used car purchasing and selling business	288 (31)	down 12 (up 3)
Other businesses	164 (82)	up 19 (up 29)
Corporate (Common for all business segments)	26 (0)	down 2 (0)
Total	1,184 (369)	down 20 (up 57)

Notes: 1. Numbers of employees refer to employees on the payroll; figures in parentheses, which are not included in the immediately preceding figures, indicate the average numbers of part-timers and contract employees for the year (converted at 7.5 hours of working time per day).

2. Employees in the corporate (common for all business segments) category are individuals assigned to administrative departments that cannot be allocated to a particular business segment.

2) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average service years
384 (106)	up 33 (up 48)	36.2	7.9

Note: Numbers of employees refer to employees on the payroll; figures in parentheses, which are not included in the immediately preceding figures, indicate the average numbers of part-timers and contract employees for the year (converted at 7.5 hours of working time per day).

(11) Major creditors (as of March 31, 2011)

Lender	Amount borrowed (million yen)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	188
Sumitomo Mitsui Banking Corporation	167

Note: USS established a 1,000 million yen credit facility with The Bank of Tokyo-Mitsubishi UFJ, Ltd. in order to assure stable and efficient procurement of working capital.

(12) Other Items Concerning the Status of the USS Group

1) On March 10, 2011, USS Co., Ltd., IK Co., Ltd. and Japan Bike Auction Co., Ltd. have signed an agreement in principle to establish a business and equity alliance. On April 7, 2011, the three companies are announcing that they have reached individual agreements among each other and that contracts have been signed concerning the business and equity alliance for the motorcycle auction business and for the purchase of stock. Following this transaction, USS purchased 7,733 shares of IK, which is 5.1% of all shares issued. In addition, USS purchased 2,240 shares of Japan Bike Auction, which is 30.0% equity stake in Japan Bike Auction. Furthermore, USS will rent its

auction facilities to IK and Japan Bike Auction according to the agreement in principle to establish a business and equity alliance, dated March 10, 2011 and individual agreements among each other and that contracts have been signed concerning the business and equity alliance for the motorcycle auction business and for the purchase of stock, dated April 7, 2011 .

- 2) USS Co., Ltd. concluded the merger contract that USS will absorb USS Yokohama and USS Kansai, on April 28, 2011. As a result, USS will be the surviving company and USS Yokohama and USS Kansai will be dissolved on July 1, 2011, scheduled effective date of merger (date of entry into force).

2. **Matters relating to shares of the Company (as of March 31, 2011)**

- (1) Total number of shares authorized to be issued: 120,000,000 shares
 (2) Total number of shares issued: 31,325,000 shares
 (including 2,364,781 shares of treasury stock)
 (3) Total number of shareholders: 8,350
 (4) Major shareholders (Top 10)

Shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
Futoshi Hattori	2,631	9.1
BBH for Fidelity Low-Priced Stock Fund	2,000	6.9
State Street Bank and Trust Company	1,933	6.7
The Chase Manhattan Bank N.A. London S.L. Omnibus Account	1,553	5.4
Japan Trustee Services Bank, Ltd. (trust account)	985	3.4
Yukihiro Ando	908	3.1
Nomura Trust and Banking Co., Ltd. (retirement benefit trust The Bank of Tokyo-Mitsubishi UFJ, Ltd. account)	840	2.9
Hattori Motors Co., Ltd.	720	2.5
Incorporation Foundation Hattori International Scholarship Foundation	700	2.4
Dai Seta	690	2.4

- Notes: 1. The list of major shareholders does not include 2,364,781 shares of treasury stock.
 2. The number of shares used to calculate shareholding ratios does not include treasury stock.

3. In addition to the above shareholders, according to large shareholding reports, the following companies own USS shares, as follows.

(1) A large shareholding report submitted on February 18, 2011 by Templeton Investment Counsel, LLC and five other companies indicated that these six companies owned USS shares as detailed below on February 10, 2011. Since USS is unable to confirm the effective number of shares owned on March 31, 2011, these shareholders are not included in the above list of major shareholders.

Name	Address	Shares (thousand shares)	Shareholding ratio (%)
Templeton Investment Counsel LLC	500 East Broward Boulevard, Suite 2100, Fort Lauderdale, FL 33394, USA	1,101	3.8
Franklin Templeton Investments (Asia) Limited	17th Floor, The Charter House, Connaught Road 8, Central, Hong Kong	419	1.5
Templeton Asset Management Limited	7 Temasek Boulevard, #38-03 Suntec Tower One, 038987 Singapore	103	0.4
Franklin Templeton Investment Management Limited	5 Morrison Street, Edinburgh, Scotland, EH3 8BH, UK	46	0.2
Templeton Global Advisors Limited	BOX N-7759, Lyford Kay, Nassau, Bahamas	1,473	5.1
Franklin Templeton Investments Corp.	5000 Young Street, Toronto, Ontario, M2N 0A7, Canada	98	0.3
Total		3,243	11.2

(2) A large shareholding report submitted by Fidelity Investments Japan Ltd. on December 7, 2010 stated that the following shares were held as of November 30, 2010. Since USS is unable to confirm the effective number of shares owned on March 31, 2011, these shareholders are not included in the above list of major shareholders.

Name	Address	Shares (thousand shares)	Shareholding ratio (%)
Fidelity Investments Japan Limited	Shiroyama Trust Tower 4-3-1 Toranomon, Minato Ward, Tokyo	17	0.1
FMR LLC	82 Devonshire Street, Boston, Massachusetts 02109, USA	2,951	10.1
Total		2,969	10.3

3. Matters relating to Stock Acquisition Rights, etc. of the Company

(1) Stock Acquisition Rights held by officers of the Company as of the end of the term

Name		5th Stock Acquisition Rights	6th Stock Acquisition Rights	7th Stock Acquisition Rights
Resolution date for issuance		August 28, 2007 (Board Meeting)	June 25, 2008 (Board Meeting)	June 24, 2009 (Board Meeting)
Number of Stock Acquisition Rights		697	818	1,417
Number of shares subject to Stock Acquisition Rights		6,970 shares of common stock (10 shares per Stock Acquisition Right)	8,180 shares of common stock (10 shares per Stock Acquisition Right)	14,170 shares of common stock (10 shares per Stock Acquisition Right)
Amount paid of Stock Acquisition Rights		64,560 yen per right	49,760 yen per right	32,620 yen per right
Amount of assets paid upon exercise of Stock Acquisition Rights		10 yen per right	10 yen per right	10 yen per right
Exercise period for Stock Acquisition Rights		From September 15, 2007 to June 30, 2032	From July 11, 2008 to June 30, 2033	From July 10, 2009 to June 30, 2034
Major conditions for the exercise of Stock Acquisition Rights		(Note)	(Note)	(Note)
Shares held by officers	Directors (excluding outside directors)	Number of holders 13	Number of holders 13	Number of holders 13
		Number of rights 697	Number of rights 818	Number of rights 1,417
	Number of shares subject to Stock Acquisition Rights 6,970	Number of shares subject to Stock Acquisition Rights 8,180	Number of shares subject to Stock Acquisition Rights 14,170	
	Outside directors	-	-	-
Corporate auditors	-	-	-	

Name	8th Stock Acquisition Rights
Resolution date for issuance	June 29, 2010 (Board Meeting)
Number of Stock Acquisition Rights	999
Number of shares subject to Stock Acquisition Rights	9,990 shares of common stock (10 shares per Stock Acquisition Right)
Amount paid of Stock Acquisition Rights	45,900 yen per right
Amount of assets paid upon exercise of Stock Acquisition Rights	10 yen per right
Exercise period for Stock	From July 16, 2010 to June 30, 2035

Acquisition Rights		
Major conditions for the exercise of Stock Acquisition Rights		(Note)
Shares held by officers	Directors (excluding outside directors)	Number of holders 14
		Number of rights 999
		Number of shares subject to Stock Acquisition Rights 9,990
	Outside directors	-
	Corporate auditors	-

Note: Major conditions for the exercise of Stock Acquisition Rights are as follows:

1. A Stock Acquisition Right holder may exercise the Stock Acquisition Right only if the Stock Acquisition Right holder loses any and all status as a director of the Company (including executive officers in the case of a company with committees), or as an auditor or executive director. However, in that case, the Stock Acquisition Right holder may exercise the Stock Acquisition Right for subscription only during the period from the date following the date on which the holder loses any and all of the above-mentioned status (hereinafter the “Exercisable Period Commencement Date”) for five (5) years after the Exercisable Period Commencement Date.
2. Notwithstanding Note 1 above, in the case specified in (a) or (b) below (however, regarding (b), this is not applicable if the Stock Acquisition Right for subscription is extinguished due to restructuring, or if the Stock Acquisition Right of a company subject to restructuring is delivered to the Stock Acquisition Right holder pursuant to the policy for decision-making of the details of delivery of stock acquisition rights of the company subject to restructuring), the Stock Acquisition Right holder may exercise its Stock Acquisition Right for subscription, only during the periods specified as follows, respectively:
 - (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 starting from the day after the above date up to the expiration of the exercise period.
 - (b) If an agenda item requesting the approval of a merger agreement by which the Company will become an extinct company, or an agenda item requesting the approval of a share exchange agreement or a share transfer plan by which the Company will become a wholly owned subsidiary, is approved in a general meeting of shareholders of the Company (in the case that a resolution of a general meeting of shareholders is not required, if a resolution of the board of directors of the Company or a decision of the representative executive officers is made):
For fifteen (15) days from the next day of the relevant approval date.
3. If a Stock Acquisition Right holder waives the Stock Acquisition Right for subscription, the

Stock Acquisition Right holder may not exercise such Stock Acquisition Right for the waived subscription.

- (2) Stock Acquisition Rights granted to employees of the Company and officers and employees of its subsidiaries in consideration of performance of duties during the term under review
Not applicable.

4. Matters relating to Officers of the Company

(1) Directors and corporate auditors (as of March 31, 2011)

Title	Name	Duties and Representation of Other Companies, etc.
Chairman and Representative Director	Futoshi Hattori	Chairman and Representative Director of US Butsuryu Co., Ltd. Chairman and Representative Director of R&W Co., Ltd. Chairman and Representative Director of USS Toyo Co., Ltd. Chairman and Representative Director of USS Logistics International Service Co., Ltd.
President, Representative Director and Chief Executive Officer	Yukihiro Ando	President and Representative Director of US Butsuryu Co., Ltd. President and Representative Director of USS Toyo Co., Ltd.
Vice Chairman and Representative Director	Fumihiko Tamura	Officer of the Kyushu Office
Vice Chairman and Representative Director	Shigeo Hara	Officer of the Tokyo Office President and Representative Director of R&W Co., Ltd. President and Representative Director of USS Logistics International Service Co., Ltd.
Vice President and Representative Director	Dai Seta	Officer of the Auction Operation Dept. and Officer of the Nagoya Office Vice President and Representative Director of US Butsuryu Co., Ltd. President and Representative Director of USS Support Service Co., Ltd. Vice Chairman and Representative Director of R&W Co., Ltd. President and Representative Director of ARBIZ Co., Ltd. Vice President and Representative Director of USS Toyo Co., Ltd.
Executive Vice President	Motohiro Masuda	Vice Officer of the Tokyo Office
Executive Vice President	Eiji Gono	Vice Officer of the Kyushu Office
Senior Managing Director	Toshio Mishima	Officer in charge of the Fukuoka Auction Site of the Kyushu Office
Junior Managing Director	Masafumi Yamanaka	Officer of the Supervisory Office
Junior Managing Director	Hiromitsu Ikeda	Officer of the System Dept. and in charge of Tohoku Auction Site
Junior Managing Director	Masayuki Akase	Vice Officer of the Auction Operation Dept.
Director	Hiroaki Inoue	Officer of the Shizuoka Office
Director	Yasuhisa Koga	Officer in charge of the Kyushu Auction Site of the Kyushu Office
Director	Hiroshi Kojima	President and Representative Director of Car Quest Co., Ltd.
Outside Director	Hideo Okada	Event Advisor, The Nihon Kogyou Shimbun Co., Ltd.
Outside Director	Isamu Hayashi	Professor, Faculty of Business Management, Osaka Sangyo University
Outside Director	Satoru Madono	Professor, Faculty of Economics, Reitaku University Representative Director of IJIC, Inc.
Outside Director	Koji Sato	Lawyer, Officer of Sato Koji Law Office

Outside Corporate Auditor	Masura Takei	
Outside Corporate Auditor	Yukihiko Inoue	
Outside Corporate Auditor	Isao Otsuka	Registered tax accountant, Officer of Isao Otsuka Tax Accountant Office

- Notes:
1. Directors: Messrs. Hideo Okada, Isamu Hayashi, Satoru Madono and Koji Sato are outside directors.
 2. Corporate auditors: Messrs. Masura Takei, Yukihiko Inoue and Isao Otsuka are outside corporate auditors.
 3. Full-time corporate auditor: Mr. Masura Takei is well versed in corporate accounting matters as a certified public accountant, and has considerable knowledge of finance and accounting.
 4. Corporate auditor: Mr. Isao Otsuka is well versed in corporate tax matters as a registered tax accountant, and has considerable knowledge of finance and accounting.
 5. USS designates the following officers as independent officers as prescribed by the Tokyo Stock Exchange and Nagoya Stock Exchange and has submitted notices to these stock exchanges: directors Hideo Okada, Isamu Hayashi, Satoru Madono and Koji Sato and corporate auditors Masura Takei, Yukihiko Inoue and Isao Otsuka.
 6. There is no particular relationship between USS and The Nihon Kogyo Shimbun Co., Ltd., where director Hideo Okada has a concurrent post.
There is no particular relationship between USS and Osaka Sangyo University, where director Isamu Hayashi has a concurrent post.
There is no particular relationship between USS and Reitaku University and IJIC, Inc., where director Satoru Madono has concurrent posts.
There is no particular relationship between USS and the Koji Sato Law Office where director Koji Sato has a concurrent post.
There is no particular relationship between USS and the Isao Otsuka Tax Accountant Office where corporate auditor Isao Otsuka has a concurrent post.

(2) Total amount of remuneration, etc. for directors and corporate auditors

Position	Number of officers	Amount of remuneration	Stock remuneration-type stock options	Total amount of remuneration, etc.
Directors (Outside directors out of all directors)	19 (4)	322 million yen (14 million yen)	16 million yen (-)	338million yen (14 million yen)
Corporate auditors (Outside corporate auditors out of all corporate auditors)	3 (3)	18 million yen (18 million yen)	- (-)	18 million yen (18 million yen)
Total (Outside officers out of all officers)	22 (7)	340 million yen (32 million yen)	16 million yen (-)	356 million yen (32 million yen)

- Notes:
1. There are no directors who are concurrently employees.
 2. The maximum amount of remuneration for directors was determined at 500 million yen per year by a resolution at the 26th Annual General Meeting of Shareholders held on June 28, 2006. Also, the maximum amount of stock remuneration-type stock options for directors of the Company (except for outside directors) was determined at another 150 million yen per year in addition to the above stated remuneration for directors by a resolution at the 27th Annual General Meeting of Shareholders held on June 26, 2007. Therefore, the maximum amount of remuneration for directors is determined at 650 million yen in total per year.
 3. The maximum amount of remuneration for corporate auditors is determined at 50 million yen per year by a resolution at the 26th Annual General Meeting of Shareholders held on June 28, 2006.
 4. Stock option compensation is the amount of expenses recorded in the fiscal year ended in March 2011 for all stock acquisition rights listed in “3. Matters relating to Stock Acquisition Rights, etc. of the Company (1) Stock Acquisition Rights held by officers of the Company as of the end of the term” on page 16 of this report.
 5. The number of officers described above table includes a director, who resigned at the 30th Annual General Meeting of Shareholders held on June 29, 2010.

(3) Matters relating to outside directors

1) Information about concurrent posts of outside directors and outside corporate auditors (when they are executive officers or outside officers at other companies) is listed in “(1) Directors and corporate auditors” on page 19-20.

2) Major activities during the term under the review

Position	Name	Major activities
Director	Hideo Okada	Attended all 8 meetings of the Board of Directors held during the term under review (attendance rate 100%). Expresses opinions as appropriate based on knowledge as a former corporate manager.
Director	Isamu Hayashi	Attended all 8 meetings of the Board of Directors held during the term under review (attendance rate 100%). Expresses opinions as appropriate from the expert viewpoint of a legal scholar.
Director	Satoru Madono	Attended all 8 meetings of the Board of Directors held during the term under review (attendance rate 100%). Expresses opinions as appropriate from the expert viewpoint of an economist.
Director	Koji Sato	Attended all 8 meetings of the Board of Directors held during the term under review (attendance rate 100%). Expresses opinions as appropriate from the expert viewpoint of a lawyer.
Full-time Corporate Auditor	Masura Takei	Conducted accounting and business audit of the USS Group as full-time corporate auditor; attended all 6 meetings of the Board of Corporate Auditors held during the term under review (attendance rate 100%), and acted as chairperson thereat. Also, attended all 8 meetings of the Board of Directors held during the term under review (attendance rate 100%). Expresses opinions as appropriate, mainly from the expert viewpoint of a certified public accountant.
Full-time Corporate Auditor	Yukihiko Inoue	Conducted accounting and business audits of the USS Group as full-time corporate auditor; attended all 6 meetings of the Board of Corporate Auditors held during the term under review (attendance rate 100%) and expresses opinions as appropriate. Also, attended all 8 meetings of the Board of Directors held during the term under review (attendance rate 100%). Expresses opinions as appropriate based on knowledge as an experienced former corporate manager, mainly in the automobile distribution industry.
Corporate Auditor	Isao Otsuka	Conducted accounting and business audit of the USS Group; attended all 6 meetings of the Board of Corporate Auditors held during the term under review (attendance rate 100%). Also, attended all 8 meetings of the Board of Directors held during the term under review (attendance rate 100%). Expresses opinions as appropriate from the expert viewpoint of a registered tax accountant.

3) Outline of contents of liability limitation agreement

Each outside director has entered into a liability limitation agreement with the Company that limits the liability for damage in accordance with the provisions of Article 427, Paragraph 1 of the Company Law.

The maximum amount of liability for damage pursuant to the above-mentioned agreement is the higher of 4 million yen or the amount prescribed by the law or regulation.

5. Matters relating to independent auditors

- (1) Names of corporate auditors

KPMG AZSA LLC

- (2) Amount of remuneration, etc.

Classification	Amount
1. Total amount of remuneration, etc. of accounting auditors during the term under review	30 million yen
2. Total amount of monies and other properties which the Company and its subsidiaries should pay in remuneration of accounting auditors for their services to the Company and its subsidiaries during the term under review	30 million yen

Note: The amount stated in the above “total amount of remuneration, etc. of accounting auditors during the term under review” indicates the total amount of remuneration for audits as defined under the Company Law and as defined under the Financial Instrument and Exchange Law, because the amounts of remuneration for those two definitions of audits are not distinguished in the audit contracts between the Company and the accounting auditors and such distinction is impracticable.

- (3) Outline of contents of liability limitation agreement

Not applicable.

- (4) Contents of services other than audit

Not applicable.

- (5) Policies for determination of removal or denial of reappointment of the accounting auditors

The Board of Directors will, if it deems it necessary to remove or deny reappointment of any of the accounting auditors due to a problem in the performance of their duties or any other reason, put removal or denial of reappointment of the accounting auditor on the agenda of a General Meeting of Shareholders upon the consent of the Board of Corporate Auditors or upon a request from the Board of Corporate Auditors.

If any of the items prescribed in Article 340, Paragraph 1 of the Company Law applies to any of the accounting auditors, and removal of such accounting auditor is deemed to be appropriate as a result of deliberation by the Board of Corporate Auditors, such accounting auditor will be removed by the Board of Corporate Auditors, subject to the unanimous agreement of the corporate auditors. In such case, a corporate auditor elected by the Board of Corporate Auditors will report the fact of removal of the accounting auditor and the reason at the first General Meeting of Shareholders to be held following the removal.

6. System to assure performance of duties by directors in compliance with laws and regulations and the Articles of Incorporation, and other systems to assure appropriateness of operations

- (1) System to assure performance of duties by directors in compliance with laws and regulations and the Articles of Incorporation
 - 1) For the purpose of increasing awareness of directors and employees with respect to corporate ethics and compliance with laws and regulations, the USS Group will establish compliance manuals including the “USS Action Guidelines” and will put such manuals into action by conducting in-service training and other activities, aiming at securing thorough observance.
 - 2) To prevent and quickly discover behavior that violates laws and regulations and to correct such behavior, the Company operates the USS Corporate Ethics Hot Line so that all directors and employees of the USS Group have a strong awareness of the importance of corporate ethics.
 - 3) In order to assure appropriateness in the decision-making processes by the Board of Directors and to reinforce functions for supervision of management, the Company will appoint and make use of outside directors and outside corporate auditors, as well as external experts, including lawyers.
 - 4) In order to assure the appropriateness of financial reporting, the Company will adopt an accounting system concentrated at head office, closely manage the financial information of the USS Group, and observe applicable accounting standards and other related laws and regulations.
 - 5) The Company takes a resolute stand and denies any connection with antisocial forces. With respect to undue claims, etc., the Company responds organizationally with coordination and cooperation in all relevant departments and acts in close collaboration with external specialized institutions, such as the police, and never makes illegal payoffs.
- (2) System for storage and management of information relating to performance of duties of directors
 - 1) Information relating to performance of duties of directors will be appropriately stored and managed (and, if necessary, disposed of) pursuant to the internal rules of the USS Group. Those rules will be reviewed in light of operating status and revised as necessary.
 - 2) With responsible departments designated in accordance with separation of duties of directors and of types of information, information will be recorded and kept in writing or on electronic media. Particularly for information kept on electromagnetic media, information management control will be reinforced by such means as access rights, other security measures, back-up system and information control system.
 - 3) With respect to information requiring a certain degree of management under laws and regulations, including customer information, personal information and insider information, the Company will keep directors and employees informed about management methods required by the relevant laws and regulations.
 - 4) The Company will, by appointing “Risk and Information Management Officers” at its offices and subsidiaries, establish an internal system under which important information within the USS Group is promptly and appropriately understood at the Supervisory Office at Head Office and, if necessary, is reported to and reviewed by responsible directors and the Board of Directors, and will build and implement a system under which corporate information that must be disclosed is disclosed in a timely and appropriate manner, pursuant to the applicable rules of disclosure.
 - 5) The Internal Audit Office will monitor whether information is managed in accordance with the information management rules and separation of duties and will report the status to the responsible directors and corporate auditors (or the Board of Corporate Auditors).

- (3) Rules and other systems for management of risk of loss
 - 1) The Company will attempt to build risk management system across the USS Group based on analysis of the frequency of the occurrence and scale of risk (if any occurs) relating to reasonably presumed management strategies, operation management, compliance, the environment and disasters; study measures to avoid or control material risks; and develop standards for instructions, directions and actions in case of any occurrence of risk.
 - 2) The Company will broadly categorize risks into (i) risk in business management, (ii) risk in daily operation processes and (iii) crisis risk, in an attempt to avoid risk and streamline operations.
 - 3) Risk in business management known to and recognized by the Company will be disclosed to stakeholders as risk information in the Securities Report and Account Settlement Brief Report, and will be fully considered in the making of important decisions on such occasions as meetings of the Board of Directors.
 - 4) “Staff in Responsible for Risk and Information Management Committee” at offices and subsidiaries will report all necessary information promptly and appropriately to the Supervisory Office of Head Office or the directors responsible for respective matters, while the Internal Audit Office and corporate auditors will monitor the risk management system as part of their audit.

- (4) System to ensure efficient performance of duties of directors
 - 1) With respect to goals across the USS Group, including mid-term plans and annual budgets, the Company will communicate the goals to the Group members and employees and establish a system for offices and subsidiaries to formulate specific measures and implement them for achievement of such goals.
 - 2) All monthly results of the offices and subsidiaries will be managed at the Supervisory Office of Head Office, reported to the monthly meeting of the Board of Directors, and compared with the budget in order to analyze the efficiency at each office and subsidiary, identify any impediments to the achievement of goals and determine effective measures.
 - 3) In response to business expansion, the Company will clarify official duties and the separation of duties of executive directors or officers or on-site responsible staff, and build an efficient and effective operation management system.
 - 4) Corporate auditors will conduct monitoring to ascertain if directors are pursuing excessive efficiency in performance of duties.

- (5) System to ensure performance of duties by employees in compliance with laws and regulations and the Articles of Incorporation
 - 1) The Finance Department, Supervisory Office of Head Office has appointed staff in charge at each office and subsidiary of the Company and has conducted an integrated management and guidance, mainly based on monthly financial reports. In addition, management and guidance for implementation of appropriate operational management will be conducted by the General Affairs Department of the Supervisory Office of Head Office with respect to general and personnel affairs, by the Auction Operation Department of Head Office with respect to the auction business, by the System Department of Head Office with respect to information processing operations, and by directors appointed to be responsible for each operation with respect to management of subsidiaries other than those in the auction business.

- 2) The Company will distribute compliance manuals to all employees of the USS Group and endeavor to keep them informed about such manuals through training programs, and also further strengthen compliance awareness through the “USS Corporate Ethics Helpline,” a whistle-blower system operated by an independent third-party organization.
 - 3) With respect to compliance at each office and subsidiary, the Company will secure efficiency in response to business expansion of the USS Group and will attempt to reinforce its compliance system. The Company will continue to strengthen its internal control system, including (i) employment rules, accounting rules and other operation management rules, and also (ii) information processing control in the information processing system on which many of the operation processes rely.
 - 4) As for the monitoring system, the Company will assure its effectiveness by utilization of voluntary audit reports prepared at each office and subsidiary, as well as by audits conducted by the Internal Audit Office and corporate auditors.
- (6) System to ensure appropriate operations at the Company Group consisting of the Company and its subsidiaries
- 1) The Company will, under the basic policy of consolidating all of its subsidiaries, attempt to share management principles and a consciousness of compliance with its subsidiaries as members of the USS Group, and to unify operation management relating to labor and personnel affairs, accounting and treasury management, while respecting the autonomy of the subsidiaries.
 - 2) The Company will appoint directors responsible for subsidiaries and endeavor to provide necessary assistance to and coordination with subsidiaries in order to assure consistency between the management policies and strategies of the Company and those of the subsidiaries, and to support healthy growth and development of the subsidiaries.
 - 3) The Company will conduct deliberations with and provide guidance to the subsidiaries with respect to appropriate measures on the basis of budget management and monthly business reports in addition to building an internal control system covering the consolidated subsidiaries.
 - 4) Corporate auditors will give advice or recommendations if deemed necessary, in cooperation with the Internal Audit Office and the accounting auditors.
- (7) System to ensure appropriate financial reporting
- 1) The Company will build and implement an internal control system for the overall USS Group, including consolidated subsidiaries, as mentioned as (1) to (6) and (10).
 - 2) The Company will consider not only “Reliability of Financial Reporting” but also other purposes (“Effectiveness and Efficiency of the Business”, “Observance of Law, etc., Related to Operation of the Business” and “Conservation of Assets”).
 - 3) The Company will build an “Internal Control System for the Accounting and Financial Reporting Process” as a Group-wide common system for consolidated subsidiaries, because the process is directly related to and has a material influence on financial reporting.
- (8) Matters relating to employees appointed to support duties of corporate auditors
Upon request from any corporate auditor, support staff for the corporate auditors will be appointed.

- (9) Matters relating to independence of the employees from directors mentioned in the preceding item
- 1) Support staff for corporate auditors prescribed for in the preceding item will, if they have received an order necessary for audit operations from any corporate auditor, not receive from any director or employee any instruction or order relating to such order.
 - 2) If any staff are appointed exclusively to support the corporate auditors, issuance of an order, transfer, merit evaluation or disciplinary punishment with respect to such staff will require the prior consent of the relevant corporate auditors (or the Board of Corporate Auditors).
- (10) System for directors and employees to report to corporate auditors and other systems for report to corporate auditors
- 1) The Company has employed a system for the managing finance, accounting, general and personnel affairs of each office and subsidiary in an integrated manner at the Supervisory Office of Head Office (the Finance Department, the General Affairs Department and the Management Department), and has realized a mechanism by which all important information of the USS Group is centralized at the Supervisory Office and reported to the corporate auditors and the Board of Corporate Auditors.
 - 2) The Company has established a whistle-blower system, the “USS Corporate Ethics Helpline,” and has a mechanism for corporate auditors and the Board of Corporate Auditors to receive reports through the Supervisory Office of Head Office.
 - 3) The Company will reinforce the structure for smooth and efficient operation of the mechanisms mentioned in items 1) and 2) above.
- (11) Other systems to ensure effective conduct of audits by corporate auditors
- 1) Corporate auditors will conduct audits pursuant to the “Audit Guidelines” and “Audit Practice Standards for Internal Control Systems” determined at a meeting of the Board of Corporate Auditors, and will attend meetings of the Board of Directors and other important meetings and express opinions thereat.
 - 2) Corporate auditors will clarify separation of their duties in order to promote efficiency, and will attempt to unify their intentions at meetings of the Board of Corporate Auditors.
 - 3) Corporate auditors will regularly exchange opinions with the Representative Director, the outside directors, the Internal Audit Office and the accounting auditors.

7. Basic policy regarding control of policy decisions in respect of the Company's finance and business

(1) Substance of the Basic Policy

In the event of a Large-scale Share Purchase, even if it involves the transfer of control over the target company, it is the Company's position that decision-making as to whether to sell shares to the Large-scale Share Purchaser (hereinafter defined as a purchaser who is conducting or will conduct a Large-scale Share Purchase) or as to whether it is appropriate or not to delegate the control over the target company to the Large-scale Share Purchaser should be left to the shareholders, as a general rule, insofar as the target company's shares are traded in open markets.

However, among the recent cases of large-scale share purchases, there are a substantial number of cases involving the possibility of irreparable damage to the target company's corporate value or where the common interests of its shareholders are threatened, including: (i) cases where it is clear that the share purchaser does not intend to promote reasonable management with sincerity in light of the purpose of or other circumstances surrounding the purchase; (ii) cases involving the apprehension that general shareholders will be virtually compelled to sell their shares under unfavorable conditions; (iii) cases where general shareholders are not provided with the information or consideration period that is necessary or adequate for them to appropriately determine whether to accept the share purchase; and (iv) cases where the board of directors of the target company is not provided with (a) the information that is necessary for the board of directors to provide to its shareholders with its opinion for or against the share purchase, or a business plan (an "Alternative Proposal") that presents an alternative to the takeover proposal, business plan or the like presented by the share purchaser, (b) an opportunity to negotiate with the share purchaser, or (c) an adequate period for the consideration that is necessary or adequate to form its opinion for or against the share purchase or Alternative Proposals.

In light of the above-described circumstances surrounding corporate acquisition, the Company wishes to require each Large-scale Share Purchaser to provide, in advance, the necessary information regarding the intended Large-scale Share Purchase and to ensure an appropriate period for consideration and negotiation. This will enable the Company's shareholders to adequately consider whether to accept the Large-scale Share Purchase, make it possible for the board of directors of the Company to provide the shareholders with its opinion for or against the purchase or an Alternative Proposal with respect to the Large-scale Share Purchase, and allow the Company to negotiate with the Large-scale Share Purchaser on behalf of its shareholders. This measure for provision of information is necessary to secure and enhance the Company's corporate value and its shareholders' common interests.

It is necessary to secure the Company's corporate value and its shareholders' common interests by implementing the necessary and reasonable defensive means against any party that who conducts a large-scale purchase of share certificates, etc. (as defined in (3).2)1 below), of the Company in a manner that would frustrate the Company's endeavors to protect and enhance its corporate value and shareholders' common interests.

(2) Special Endeavors to Realize the Basic Policy

The core business of the Company and its consolidated subsidiaries (collectively, the “USS Group”) consists of an auto auction business operated on a membership basis, plus a used vehicle purchase and resale business, and an abandoned car recycling business.

The auto auction business operates 18 actual auction sites nationwide and has 45,563 member companies (as of March 31, 2011). For USS Group as a whole, the annual number of auction entries is 2,121,948 vehicles (for the year ending in March 2011), and the Company maintains top status in the industry with an industry share of 33.8% (for the calendar year 2010).

1) Used-car Market in Japan

In the used-car distribution system in Japan, the prevailing commercial practice is for consumers to purchase new cars by selling their used-cars to car dealers or used-car purchasing agencies.

It is a mainstream business that cars so sold are traded in approximately 130 auction sites nationwide, including those of the USS Group.

Therefore, auto auctions perform an important social infrastructure role as a means of merchandise exchange, as a financial instruments exchange does for the stock market.

2) The Role of USS Group in the Auto auction Industry

In the used-car distribution market, the USS Group is a leading company in the auto auction industry, and has gained enormous support and trust from the used-car dealers that are its member companies. Since its foundation in 1980, the group has consistently advocated “creation of a fair market” and “coexistence with member companies” as our management creeds, was a forerunner in introducing a computer-based auction system, and has deployed auction sites in major cities nationwide, so staying ahead of its competitors. The group’s positive reputation is a result of these continuing efforts to effectively and speedily implement business schemes and measures.

The group has also developed a system utilizing the Internet and satellite TV systems, by which auction bids can be placed at a particular auction site, without actually visiting that site, from any of the 18 sites of the USS Group, or from auction sites of operators with business tie-up agreements with the group. This system has dramatically improved the convenience of the member dealers, and the USS Group has thus realized further profit growth.

3) Endeavors to Enhance Corporate Value by Setting Mid-term Management Objectives

In a mid- to long-term view, as the Japanese car industry is entering a stage of demand maturity, it is crucial for the Company, as a company publicly traded in capital markets, to assume a social infrastructure role in the used-car distribution industry, and at the same time, to gain a greater market share to expand its shareholders’ interests.

The USS Group has set a mid-term objective of a 40% share in the auto auction market. In order to further improve the convenience of the 18 auction sites operated nationwide by the group, we will make further capital investments, and concentrate our management resources in our auto auction business, such as sales activities to obtain new members. In addition, while the USS Group operates the auto auction business as its core business, as well as the used vehicle sale and purchase business and recycling business, we are committed to further accelerate our growth rate, taking all growth opportunities, including M&A transactions, in order to transform ourselves into an “integrated corporation taking the lead in the used-car distribution industry,” as advocated in the Company’s

management policy.

The USS Group has also adopted the slogan “capital efficiency oriented management”. Considering the return on equity (ROE) as an important management index, we have set the ROE exceeding 15% as a mid-term target.

4) Endeavors to Reinforce Corporate Governance

In order to facilitate continuous improvement of the overall corporate value of the USS Group by realizing our management creeds, the “creation of a fair market” and “coexistence with the member companies,” the Company considers reinforcing corporate governance, making efforts to improve management transparency and fairness and the pursuit of speedy decision-making be key management challenges.

In order to further clarify the management’s responsibilities towards the shareholders, the Company reduced the term of office of each director from two years to one year and appointed four outside directors to ensure management transparency and fairness, at the 26th Annual General Meeting of Shareholders on June 28, 2006. This has since become customary practice.

5) Endeavors for Company Shares

The Company has made efforts to expand the number of its shareholders by, among other things, share splits and the modification of the number of shares constituting one voting unit since the initial listing of the Company’s shares on Section 2 of the Nagoya Stock Exchange in September 1999 and on Section 1 of the Nagoya Stock Exchange and the Tokyo Stock Exchange in December 2000. As a result, the number of shareholders is 8,350 as of the end of March 31, 2011. As for shareholder composition, a great majority of the shareholders are individual shareholders. Thus, the liquidity of the Company Shares has substantially improved since the initial listing.

The Company will endeavor to continually protect and enhance the Company’s corporate value and shareholders’ common interests by further improving the liquidity of the Company Shares and conducting prudent management.

(3) Endeavors for prevention of policy decisions on the Company’s finance and business by an inappropriate party, in light of the basic policy

1) Purpose of Countermeasures for Large-scale Share Purchases (Anti-takeover Plan)

At the 29th Annual General Meeting of Shareholders held on June 24, 2009, a resolution was approved to extend Countermeasures for Large-scale Share Purchases (Anti-takeover Plan) (the “Plan” hereafter) for the purpose of protecting and increasing the Company’s corporate value and the interests of shareholders. The Plan prevents a party that is unsuitable in accordance with the Basic Policy in item (1) above from gaining control over decisions concerning the Company’s financial and business policies. Large-scale purchasers must provide required information about the proposed large-scale purchase in advance. The Plan also requires a period of time for consideration of the purchase and for negotiations. Shareholders of the Company can use this time to reach a proper decision as to whether or not to accept the large-scale purchase. In addition, the Company’s board of directors, based on the recommendation of the Independent Committee (defined in item 4) below, same hereafter), can reach an opinion as to whether or not to agree with the large-scale purchase or to submit an alternative proposal to the Company’s shareholders. The Plan also permits holding negotiations with the large-scale purchaser for the benefit of the Company’s shareholders.

2) Substance of the Plan

2)1. Definition of Large-scale Share Purchase Subject to the Plan

The takeover defense under the Plan may be triggered if a transaction that falls or might fall under any one of the following items (i) to (iii) (excluding those approved in advance by the Board of Directors; such transaction being referred to as a “Large-scale Share Purchase”) is or will be conducted:

- (i) Any purchase or other form of acquisition (Note 3) of share certificates, etc. (Note 1) issued by the Company by any particular shareholder of the Company that will render such shareholder’s holding ratio of share certificates, etc. (Note 2) to be 20% or more.
 - (ii) Any purchase or other form of acquisition (Note 7) of share certificates, etc., (Note 4) issued by the Company by any particular shareholder of the Company that will render the total of such purchaser’s holding ratio of certificates, etc. (Note 5) and the aggregate holding ratio of share certificates, etc., of persons in a special relationship (Note 6) to be 20% or more.
 - (iii) Irrespective of whether a transaction falling under either of item (i) or item (ii) above is actually executed or not, any agreement or other form of transaction between any particular shareholder of the Company and any other shareholder of the Company (as used in this item (iii), the term “other shareholder” also includes the case of several other shareholders) that will render such other shareholder to become a joint holder (Note 8) with said particular shareholder, or any other transaction between such particular shareholder and such other shareholder that will establish a relationship (Note 9) under which one of them substantially controls the other or they act jointly or cooperatively. (Limited to cases where the aggregate holding ratio of share certificates, etc. issued by the Company of such a particular shareholder and such other shareholder amount to 20% or more.) (Note 10)
- (Note 1) The term “share certificates, etc.” refers to “share certificates, etc.” as defined in Article 27-23, Paragraph (1) of the Financial Instruments and Exchange Act (*Kin'yu-shohin-torihiki-ho*; the “FIEA”) unless otherwise specified.
- (Note 2) The term “holding ratio of share certificates, etc.” refers to “holding ratio of share certificates, etc.” as defined in Article 27-23, Paragraph (4) of the FIEA unless otherwise specified. In the calculation of such a holding ratio, (1) any person in a special relationship as defined in Article 27-2, Paragraph (7) of the FIEA, and (2) any investment bank, securities company or other financial institution that has entered into a financial advisory agreement with such particular shareholder, or any tender offer agent, and any securities company acting as the lead manager (collectively, the “Contracted Financial Institution, etc.”), is deemed to be a joint holder with such a particular shareholder. Also, in the calculation of such a holding ratio, the total number of the Company’s issued shares may be determined by reference to the latest information publicized by the Company.
- (Note 3) The term “other form of acquisition” as used for cases under item (i) includes the holding of the right to request delivery of share certificates, etc. under a sale and purchase or other agreement, and the transactions mentioned in Article 14-6 of the Ordinance for Enforcement of the FIEA.

- (Note 4) The term “share certificates, etc.” as used for cases under item (ii) refers to “share certificates, etc.” as defined in Article 27-2, Paragraph (1) of the FIEA.
- (Note 5) The term “holding ratio of share certificates, etc.” as used for cases under item (ii) refers to “holding ratio of share certificates, etc.” as defined in Article 27-2, Paragraph (8) of the FIEA. In the calculation of such a holding ratio, the total voting rights with respect to the Company may be determined in reference to the latest information publicized by the Company.
- (Note 6) The term “person in a special relationship” refers to “person in a special relationship” as defined in Article 27-2, Paragraph (7) of the FIEA. However, with respect to those listed in Item (i) of the said Paragraph, those mentioned in Article 3, Paragraph (2) of the Cabinet Office Order Concerning a Tender Offer of Shares by Parties Other than the Issuer (*Hakkosha-igai no Mono ni Yoru Kabuken-to no Kokai-kaitsuke no Kaiji ni Kansuru Naikakufu-rei*) shall be excluded. In addition, (a) joint holders and (b) the Contracted Financial Institution, etc., shall be deemed to be persons in a special relationship with respect to such a particular shareholder, unless otherwise specified.
- (Note 7) The term “purchase or other form of acquisition” as used for cases under item (ii) includes purchases or other types of acceptance of a transfer for value, and transactions analogous to an acceptance of a transfer for value as mentioned in Article 6, Paragraph (2) of the Ordinance for Enforcement of the FIEA.
- (Note 8) The term “joint holder” refers to “joint holder” as defined in Article 27-23 (5) of the FIEA.
- (Note 9) The determination as to whether a “relationship under which one of them substantially controls the other or they act jointly or cooperatively” is established or not shall be made, on the basis of, among other things, (a) the formulation of a new capital contribution relationship, business tie-up relationship, trading or contractual relationship, concurrent officer position relationship, funding relationship, credit facility relationship, holding of substantial interest in Company Shares through a derivatives or share lending transaction relationship, or similar relationships; and (b) the direct or indirect effect that may be brought by such a particular shareholder and such other shareholder upon the Company.
- (Note 10) The determination as to whether a transaction falling under item (iii) is carried out or not shall be made by the Board of Directors in accordance with the recommendation of the Independent Committee. In this regard, the Company may request shareholders of the Company to provide necessary information to the extent that the Company deems necessary to determine the satisfaction of the requirements under item (iii).
- (Note 11) In the event of revision (including the abolition of a provision and the enactment of a new provision substantially succeeding such an abolished provision) and enforcement thereof of the Companies Act (*Kaisha-ho*), the FIEA or any other relevant act, or any regulation, government order, Cabinet Order, Ministerial Order, or the like (collectively, “Laws and Regulations”), each affected provision

of the Laws and Regulations referred to in the Plan shall be replaced by the provision so modified or the provision which substantially succeeds the provision, unless otherwise determined by the Board of Directors.

2)2. Submission of Share Purchase Statement

Before initiating or executing a Large-scale Share Purchase, a Large-scale Share Purchaser will be required to submit to the Representative Director and President of the Company documentation (the “Share Purchase Statement”) consisting of: (i) a document, in a form separately specified by the Company, stating that the Large-scale Share Purchaser pledges to the Company to comply with the Laws and Regulations and the procedure set forth in the Plan, and bearing the signature or the name and seal impression of the representative of the Large-scale Share Purchaser; and (ii) a certificate of qualification of that representative. Upon receipt of the Share Purchase Statement, the Board of Directors will promptly submit it to the Independent Committee.

In the Share Purchase Statement, the Large-scale Share Purchaser will be required to set out, in addition to the above-mentioned pledge, and in order to comply with the Laws and Regulations and the procedure set forth in the Plan, the name and address of the Large-scale Share Purchaser, or the corporate name and the location of the head office or other business office of the Large-scale Share Purchaser, the law governing its incorporation, and the name of its representative officer and contact person(s) in Japan, as well as the number of shares of the Company then held by the Large-scale Share Purchaser, the history of trading by the Large-scale Share Purchaser of share certificates, etc., of the Company during the sixty-day period preceding the submission of the Share Purchase Statement, and an outline of the intended Large-scale Share Purchase and other relevant information. The language used in the Share Purchase Statement shall be limited to Japanese.

Upon the Large-scale Share Purchaser’s submission of the Share Purchase Statement, we will promptly disclose to the shareholders of the Company the matters determined to be appropriate by the Board of Directors or the Independent Committee, in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges.

2)3. Requirement to Submit Information for Large-scale Share Purchasers

Within ten (10) business days after (and excluding) the date of receipt by the Board of Directors of the Share Purchase Statement, the Large-scale Share Purchaser will be required to submit the information listed in items (i) to (xii) below (collectively, the “Large-scale Share Purchase Information”) to the Board of Directors (however, the information mentioned in item (xii) shall be submitted within a reasonable period fixed by the Board of Directors in each case). Upon receipt of the Large-scale Share Purchase Information, the Board of Directors will promptly provide the same to the Independent Committee.

If the Board of Directors or the Independent Committee determines that the information provided by the Large-scale Share Purchaser renders it difficult for the shareholders of the Company to appropriately determine whether to accept the Large-scale Share Purchase, or for the Board of Directors and the Independent Committee to formulate their opinion for or against the Large-scale Share Purchase (the “Opinion Formulation”), or to make and present an alternative plan (the “Alternative Planning”), then the Board of Directors or the Independent Committee may demand

from the Large-scale Share Purchaser the provision of additional information that is necessary for the Opinion Formulation and Alternative Planning by the Board of Directors and the Independent Committee, and fix a reasonable submission period (of not more than sixty (60) days from (and excluding) the date of receipt by the Board of Directors of the Share Purchase Statement), after disclosing to the shareholders the specific period so decided and the reasons for the necessity of such a reasonable period. In this case, however, the Board of Directors shall, as a general rule, accept and follow the opinion of the Independent Committee unless there are extraordinary circumstances, such as where it is reasonably likely that following the opinion of the Independent Committee will be seen as a breach of fiduciary duty by each director.

When the Board of Directors or the Independent Committee determines that the provision of the Large-scale Share Purchase Information has been completed, the Company will disclose the fact to the shareholders, in a timely and appropriately manner, in accordance with the applicable Laws and Regulations as well as the rules of the relevant financial instruments exchanges. In addition, subject to the decision of the Board of Directors, the Company will disclose to the shareholders all parts of the Large-scale Share Purchase Information that are considered to be necessary for them to determine whether or not to accept the Large-scale Share Purchase, as a general rule in a timely and appropriate manner, in accordance with the applicable Laws and Regulations as well as the rules of the relevant financial instruments exchanges. In this case, however, the Board of Directors shall, as a general rule, accept and follow the opinion of the Independent Committee unless there are extraordinary circumstances, such as where it is reasonably likely that following the opinion of the Independent Committee will be seen as a breach of fiduciary duty by each director.

The language used in the provision of Large-scale Share Purchase Information under the Plan, and all other relevant notices to and communications with the Company, is limited to Japanese.

- (i) An outline (including the name, capital composition, capital contribution ratio, financial condition, the existence or non-existence of any violation of any law or regulation in the past ten (10) years (and a brief description of such violations, if any), the names and career summaries of the board members and officers, and the existence or non-existence of their violation of any law or regulation (and a brief description of such violations, if any)) of the Large-scale Share Purchaser and its group (including the major shareholders and capital contributors, and important subsidiaries and affiliates; and in the case where the Large-scale Share Purchaser is a fund or a business entity operated under the capital contribution of a fund, including its major members, capital contributors (whether direct or indirect), other constituent elements, managing partners, and advisors who give advice on investments).
- (ii) The purpose, method and substance of the Large-scale Share Purchase (including the type and amount of the consideration paid for the Large-scale Share Purchase, the timing of the Large-scale Share Purchase, the structure(s) of the related transaction(s), the lawfulness of the manner of the Large-scale Share Purchase, the plausibility of the Large-scale Share Purchase and related transactions, the expectation, if any, that the Company Shares will be delisted upon completion of the Large-scale Share Purchase, and the reason(s) for such expectation. With respect to the lawfulness of the manner of the

Large-scale Share Purchase, a written opinion prepared by a qualified practicing attorney will be required).

- (iii) The existence or non-existence of any communication of intent (including, without limitation, communication of intent regarding any “act of making an important suggestion, etc.” (as defined in Article 27-26, Paragraph (1) of the FIEA)) to third parties in connection with the Large-scale Share Purchase, and the specific manner and substance of the communication of intent, if any.
- (iv) The basis and background of the calculation (including the facts and assumptions forming the basis of calculation, the manner of calculation, information regarding the calculation entity, the numeric information used in the calculation, the amount of a synergy or otherwise expected to result from the series of transactions relevant to the Large-scale Share Purchase and the basis of calculation and other relevant information) of the price of purchases and related transactions involved in the Large-scale Share Purchase.
- (v) Proof of the financial resources for the purchases and related transactions involved in the Large-scale Share Purchase (including the names of providers (including substantial providers, whether direct or indirect) of resources, the manner of funding, conditions for the execution of funding, the existence or non-existence, and the substance, if any, of collateral and/or covenants after the funding, and the substance of the specific funding and other related transactions).
- (vi) The management policies, business, financial, funding and investment plans, capital and dividend policies, and other relevant policies and plans for the USS Group intended to be implemented after completion of the Large-scale Share Purchase (including, without limitation, plans for sale, collateralization or other disposal of any business or asset of the Company after the completion of the Large-scale Share Purchase), and the policies for dealing with the USS Group’s customers, business partners, officers, employees, the local authorities in locations where the Company’s business offices or other establishments are located, and with other interested parties, after the completion of the Large-scale Share Purchase.
- (vii) A document by which the Large-scale Share Purchaser pledges that it is not an Abusive Acquisitor (as defined in 2)5 below).
- (viii) The probability of obtaining approval or other permission, license or authorization under the regulatory matters under domestic or overseas Laws or Regulations that may possibly be applied in connection with the Large-scale Share Purchase, or under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade or any other relevant Laws and Regulations, to be obtained from domestic or overseas government authorities or third parties (on these matters, a written opinion prepared by a qualified practicing attorney will be required).
- (ix) The possibility of maintaining the domestic or overseas permissions, licenses and authorizations that are necessary in connection with the management of the USS Group after the completion of the Large-scale Share Purchase, and the possibility of compliance with regulations of the relevant domestic or overseas Laws and Regulations.

- (x) Specific details of the internal governance system of the Large-scale Share Purchaser and its group, and the existence or non-existence and status of effectiveness of such a system.
- (xi) The existence or non-existence of a relationship (irrespective of whether direct or indirect) with a socially disruptive force or terrorism-related organization, and measures taken in response to such a relationship.
- (xii) Other information that the Board of Directors or the Independent Committee reasonably determines to be necessary and demands the Large-scale Share Purchaser to submit, as a general rule, within ten (10) business days from (and excluding) the date of receipt by the Board of Directors of a complete and appropriate Share Purchase Statement.

2)4. Procedure When a Large-scale Share Purchase Is Commenced or Executed without a Share Purchase Statement or Large-scale Share Purchase Information

If a Large-scale Share Purchase is commenced or executed without the Large-scale Share Purchaser's submission of a Share Purchase Statement to the Representative Director and President of the Company or completion of the provision of the Large-scale Share Purchase Information to the Board of Directors, the Independent Committee will, as a general rule, recommend to the Board of Directors that it trigger a countermeasure (as described in 2.12 below) against the Large-scale Share Purchase, except in cases where it is clearly not necessary to trigger a countermeasure against the Large-scale Share Purchase for the purposes of protecting and enhancing the Company's corporate value and its shareholders' common interests, or where any other extraordinary circumstances exist.

2)5. Independent Committee's Consideration of an Abusive Acquisitor

If the Large-scale Share Purchaser complies with the procedure set forth in the Plan, the Independent Committee will, as a general rule, recommend the Board of Directors not to trigger a countermeasure against the Large-scale Share Purchase.

Even in cases of compliance with the procedure set forth in the Plan, the Independent Committee will consider whether the Large-scale Share Purchaser is an Abusive Acquisitor (the term "Abusive Acquisitor" refers to a purchaser that is suspected, on reasonable grounds, to fall under any one of the following items):

- (i) The Large-scale Share Purchaser purchases Company Shares without any real intention to participate in the management of the Company, for the purpose of boosting the share price and thereafter having parties interested in the Company purchase shares ("greenmail"), or the Large-scale Share Purchaser's main purpose of acquisition of Company Shares is to obtain short-term profits.
- (ii) The Large-scale Share Purchaser's purpose in participating in the management of the Company is mainly to gain temporary control of the management of the Company and thereby cause the transfer of intellectual property rights, know-how, confidential corporate information, key business partners, customers or the like necessary for the Company's business operations to the Large-scale Share Purchaser, its group company or the like.
- (iii) The Large-scale Share Purchaser purchases Company Shares under a plan to unjustly divert the Company assets as collateral or repayment resources for obligations of the

Large-scale Share Purchaser, its group company, or the like, after its acquisition of control over the Company.

- (iv) The Large-scale Share Purchaser's purpose in participating in the management of the Company is mainly to gain temporary control of the management of the Company and thereby cause the Company to sell or otherwise dispose of highly-valued assets that are not currently related to the Company business, such as real properties and securities, and to distribute temporarily higher dividends with the gains from such disposal, or to sell its shares at an inflated price caused by such temporarily higher dividends (Note 12).
- (v) It is determined, on objective and reasonable grounds, that the conditions (including, without limitation, the type, amount and calculation basis of the consideration for the purchase, the substance, timing, manner, existence or non-existence of illegality, and the plausibility of the purchase) for the acquisition of Company Shares as proposed by the Large-scale Share Purchaser are inadequate or inappropriate in light of the Company's corporate value or its shareholders' common interests.
- (vi) The manner of acquisition of shares as proposed by the Large-scale Share Purchaser is so structurally oppressive that it would restrict the shareholders' opportunity or liberty to make decisions, typically represented by a two-phase share purchase (a scheme consisting of two phases of purchase, under which shareholders of the Company are in fact forced to accept the Large-scale Share Purchase, since the conditions for the second phase are disadvantageously formulated or not clarified, or the Company Shares are purchased in a manner that gives rise to the uncertainty of future liquidity of Company Shares due to delisting or similar changes, if the Large-scale Share Purchaser is unable to purchase all the Company Shares in the first phase purchase).
- (vii) The Large-scale Share Purchaser's acquisition of control is expected to damage or impair the Company's relationship with its customers, employees and other interested parties, all sources of corporate value, and, as a result, to materially damage or impair the Company's corporate value, or is determined, on reasonable grounds, to threaten to prevent the maintenance or enhancement of the Company's corporate value; or in a mid- to long-term view, the Company's corporate value in the event of the Large-scale Share Purchaser's acquisition of control over the Company is determined to become clearly worse than the Company's corporate value in the absence of control by the Large-scale Share Purchaser.
- (viii) It is determined, on reasonable grounds, that the Large-scale Share Purchaser is inappropriate as a controlling shareholder of the Company from the perspective of public policy or good morals, such as in cases where a person or entity relating to a socially disruptive force or terrorism-related organization is included in the management members, major shareholders or capital contributors of the Large-scale Share Purchaser.
- (ix) In cases analogous to any one of the preceding items where it is determined that the Company's corporate value and/or its shareholders' common interests will be significantly impaired.

(Note 12) For example, even in the case where a Large-scale Share Purchaser intends to collateralize assets of the target company to meet obligations of the purchaser, or to dispose of idle assets of the target company and cause it to pay out high dividends using the proceeds from the disposal, we will not find such a Large-scale Share Purchaser to be an Abusive Acquisitor solely on the grounds that the Large-scale Share Purchaser's intentions formally fall under the definition of an Abusive Acquisitor, or will adversely affect the interests of stakeholders other than the shareholders.

2)6. Procedure Where the Large-scale Share Purchaser is Determined to be an Abusive Acquisitor
If the Independent Committee recognizes the Large-scale Share Purchaser as an Abusive Acquisitor, and determines it appropriate to trigger a countermeasure against the Large-scale Share Purchase, the Independent Committee will recommend to the Board of Directors that it trigger a countermeasure against the Large-scale Share Purchase, irrespective of whether the Board Evaluation Period (as defined in 2)7 below) has commenced or expired.

With respect to the disclosure procedure and the subsequent further recommendation procedure in connection with such recommendation, 2)9. (i). (a) below shall apply.

2)7. Fixing of Board Evaluation Period

The Board of Directors will fix the period mentioned in item (i) or item (ii) below (from (but excluding) the day on which the Company discloses the determination of the Board of Directors or the Independent Committee that the provision of the Large-scale Share Purchase Information has been completed) in accordance with the substance of the Large-scale Share Purchase as disclosed by the Large-scale Share Purchaser, as a period mainly for evaluation, consideration, Opinion Formulation, Alternative Planning and negotiations, etc. with the Large-scale Share Purchaser (the "Board Evaluation Period"). The Large-scale Share Purchase may not be commenced or executed until the Board Evaluation Period has expired.

This Board Evaluation Period has been established mainly in consideration of the difficulty of the evaluation and consideration of the business performance of the Company, as well as the level of difficulty of the Opinion Formulation and the Alternative Planning.

- (i) In the case of the purchase of all of the share certificates, etc. of the Company by way of a tender offer that limits the type of consideration for each purchase to cash (Japanese yen): up to sixty (60) days.
- (ii) In the case of Large-scale Share Purchases other than as mentioned in item (i) above: up to ninety (90) days.

During the Board Evaluation Period, the Board of Directors will conduct an evaluation, consideration, Opinion Formulation, Alternative Planning, negotiations with the Large-scale Share Purchaser and other related activities, from the viewpoint of the protection and enhancement of the Company's corporate value and the shareholders' common interests, on the basis of the Large-scale Share Purchase Information provided by the Large-scale Share Purchaser. In conducting such activities, the Board of Directors shall, as a general rule, seek the advice of outside professionals (e.g., financial advisors, practicing attorneys and certified public accountants) in third-party positions independent from the Board of Directors.

If there is a compelling reason for the Board of Directors not to reach a resolution on whether or not to trigger a countermeasure during the Board Evaluation Period, for example, since the Independent Committee cannot make a recommendation as mentioned in 2.9 below during the Board Evaluation Period, then the Board of Director or the Independent Committee may extend the Board Evaluation Period by up to thirty (30) days (excluding the first day) to the extent necessary. If the Board of Directors or the Independent Committee extends the Board Evaluation Period, the Company will disclose the specific period so decided and the reason(s) for the necessity of such a period, in a timely and appropriate manner, to the shareholders of the Company, in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges.

2)8. Procedure upon Commencement of Large-scale Share Purchase during the Board Evaluation Period

If the Independent Committee determines that the Large-scale Share Purchaser has commenced the Large-scale Share Purchase during the Board Evaluation Period, the Independent Committee shall, as a general rule, recommend to the Board of Directors that it trigger a countermeasure, except in cases where it is clearly not necessary to trigger a countermeasure for the purpose of protecting and enhancing the Company's corporate value and its shareholders' common interests or where any other extraordinary circumstances exist.

2)9. Independent Committee Recommendation Procedure

(i). Independent Committee Recommendation

During the Board Evaluation Period, the Independent Committee shall make a recommendation to the Board of Directors with respect to the Large-scale Share Purchase in accordance with the following items (a) to (c):

(a) Independent Committee Recommendation to Trigger Countermeasure

Except as otherwise set forth in the Plan, in the event of the Large-scale Share Purchaser's violation of the procedure prescribed in the Plan in any material respect, and if such violation is not remedied within ten (10) business days after (and excluding the date of) a written notice to the Large-scale Share Purchaser from the Board of Directors demanding the remedy thereof, and if the Board of Directors determines that it is necessary to trigger a countermeasure against the Large-scale Share Purchase, then the Independent Committee shall, as a general rule, recommend to the Board of Directors that it trigger a countermeasure against the Large-scale Share Purchase, except in cases where it is clearly not necessary to trigger a countermeasure for the purpose of protecting and enhancing the Company's corporate value and the shareholders' common interests or where any other extraordinary circumstance exist (The Independent Committee shall be entitled to specify the substance of the countermeasure and impose certain conditions upon the triggering of the countermeasure whenever the Independent Committee determines it necessary).

Upon such a recommendation, the Company will disclose the Independent Committee's opinion and the reason(s) thereof as well as other matters that the Board of Directors deems appropriate, in a timely and appropriate manner, to the shareholders of the Company, in accordance with the applicable Laws and Regulations and the rules of the

relevant financial instruments exchanges. In addition, a summary of the proceedings of the Independent Committee resulting in the recommendation will be disclosed to the shareholders of the Company in a timely and appropriate manner as necessary. Even after the Independent Committee makes its recommendation to the Board of Directors to trigger a countermeasure, if the Large-scale Share Purchase is withdrawn or any other change occurs in the facts assumed in the determination leading to the recommendation, the Independent Committee may further make a recommendation to cease the countermeasure or any other appropriate recommendation to the Board of Directors. In the case of such a further recommendation, the Company will also disclose to the shareholders of the Company, in a timely and appropriate manner, such further recommendation of the Independent Committee and the reason(s) thereof, as well as other matters that the Board of Directors deems appropriate, in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges. In addition, a summary of the proceedings of the Independent Committee that resulted in the further recommendation will be disclosed to the shareholders of the Company in a timely and appropriate manner, as necessary.

(b) Independent Committee Recommendation to Confirm Shareholders' Intentions

If, as a result of the evaluation and consideration conducted by the Independent Committee, it is determined that there is no obvious difference between the takeover proposals, including the business plan of the USS Group, presented by the Large-scale Share Purchaser, and the business plan and other proposals of the USS Group presented by the Board of Directors, it will generally be difficult for the Independent Committee to determine whether it is desirable or not to trigger a countermeasure for the purpose of protecting and enhancing the Company's corporate value and its shareholders' common interests. Therefore, the Independent Committee will recommend to the Board of Directors that it confirm the wishes of the shareholders of the Company, at a meeting of the shareholders, as to whether it is necessary or not to trigger a countermeasure, the substance of such a countermeasure and other relevant matters. Upon such a recommendation, the Company will disclose the matters that the Board of Directors deems appropriate, in a timely and appropriate manner, to the shareholders of the Company in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges. In addition, the Company will also disclose a summary of the proceedings of the Independent Committee resulting in the recommendation to the shareholders in a timely and appropriate manner, as necessary. Even after the Independent Committee makes its recommendation to the Board of Directors to confirm the wishes of the shareholders of the Company, if the Large-scale Share Purchase is withdrawn or any other change occurs in the facts assumed in the determination leading to the recommendation, the Independent Committee may further make a different recommendation to the Board of Directors. In the case of such a further recommendation, the Company will also disclose to the shareholders of the Company, in a timely and appropriate manner, such further recommendation of the Independent Committee and the reason(s) thereof, as well as other matters that the Board of Directors

deems appropriate, in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges. In addition, a summary of the proceedings of the Independent Committee resulting in such further recommendation will be disclosed to the shareholders of the Company in a timely and appropriate manner, as necessary.

(c) Independent Committee Recommendation for Other Action

In addition to the circumstances mentioned above, the Independent Committee may at any time make a recommendation to the Board of Directors in respect of any matter that the committee considers to be appropriate from the viewpoint of maximizing the Company's corporate value and the shareholders' common interests, or a recommendation for the discontinuation or suspension of triggering the countermeasure, in cases where such discontinuation or suspension is permissible under the relevant Laws and Regulations.

With respect to the disclosure procedure and the subsequent further recommendation procedure with respect to such recommendation, item (a) above shall apply.

(ii). Independent Committee Recommendation to Be Respected by the Board of Directors

With respect to the intended Large-scale Share Purchase, the Board of Directors will conduct evaluation, consideration, Opinion Formulation, Alternative Planning and negotiations with the Large-scale Share Purchaser, on the basis of the Large-scale Share Purchase Information provided by the Large-scale Share Purchaser, and other reliable objective data and information, from the viewpoint of protecting and enhancing the Company's corporate value and its shareholders' common interests. Except in extraordinary circumstances where it is reasonably determined that following the recommendation is likely to be determined as a breach of fiduciary duty of each director, such as where the Board of Directors finds, as a result of its evaluation and consideration, that there is a material and reckless error in the understanding of facts assumed in the recommendation (in this section (ii), including further recommendations) made by the Independent Committee, or a clearly unreasonable aspect in the course of reaching the determination leading to the recommendation, the Board of Directors shall, as a general rule, follow the recommendation of the Independent Committee, and will adopt the necessary board resolutions, among other things, for triggering or not triggering a countermeasure, for suspending the triggering of a countermeasure, for discontinuing a triggered countermeasure, or for convening a shareholders' meeting.

In the case where such a resolution is adopted, the Company will disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate, in a timely and appropriate manner, in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges.

In the case where the Board of Directors triggers a countermeasure, discontinues an intended allotment of share option certificates without contribution, or makes a decision for the Company to acquire share option certificates, in accordance with a further recommendation of the Independent Committee, price volatility risk may possibly arise with respect to the shares of the Company.

2)10. Procedure to Confirm Shareholders' Intentions

Upon a recommendation made by the Independent Committee to confirm the wishes of the shareholders of the Company at the meeting of the shareholders referred to in 2)9. (i). (b) above, the Board of Directors shall, without delay, follow the procedure for convening an extraordinary shareholders' meeting in accordance with the provisions of the relevant Laws and Regulations as well as the articles of incorporation of the Company.

A resolution for the confirmation of the intentions of the shareholders of the Company with respect to the necessity, substance and other details of a countermeasure against the Large-scale Share Purchase shall be adopted at a shareholders' meeting where shareholders holding a majority of the total voting rights held by voting shareholders are present, and by a majority vote of the shareholders present.

When such a shareholders' meeting adopts a resolution for triggering a countermeasure against the Large-scale Share Purchase and the substance thereof, the Board of Directors will trigger it in accordance with the resolution of the shareholders' meeting. When the Board of Directors adopts a resolution with respect to triggering a countermeasure, the Company will disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate, in a timely and appropriately manner, in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges.

In the case of a recommendation made by the Independent Committee to confirm the shareholders' wishes at a shareholders' meeting as mentioned in 2)9. (i). (b) above, the Large-scale Share Purchase may not be executed until completion of such a procedure to confirm the shareholders' wishes.

2)11. Modification of Large-scale Share Purchase Information

If, following its disclosure of the determination that the provision of the Large-scale Share Purchase Information has been completed, the Board of Directors determines that the Large-scale Share Purchaser has modified the Large-scale Share Purchase Information in any material respect, then the Board of Directors will disclose, in a timely and appropriate manner, the said determination, the reason(s) thereof and other information that the Board of Directors deems appropriate in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges. Upon this disclosure, the procedure thus far carried out under the Plan with respect to the Large-scale Share Purchase (the "Pre-modification Large-scale Share Purchase") then being followed on the basis of the Large-scale Share Purchase Information provided prior to such modification shall be discontinued, and the Large-scale Share Purchase to be conducted on the basis of the modified Large-scale Share Purchase Information shall be treated as another Large-scale Share Purchase separate from the Pre-modification Large-scale Share Purchase, to which the procedure under the Plan shall be newly applied. However, in making such a determination, the Board of Directors shall, as a general rule, follow the opinion of the Independent Committee, unless there are extraordinary circumstances, such as where it is reasonably likely that following the opinion of the Independent Committee will be seen as a breach of fiduciary duty by each director.

2)12. Specific Substance of Countermeasure

As one countermeasure under the Plan by the Company against a Large-scale Share Purchase, we contemplate an allotment of share options (*shinkabu-yoyaku-ken*) without contribution as set forth in Articles 277 *et seq.* of the Companies Act (share options so allotted being referred to as “Share Options”). However, if the Company determines it appropriate to trigger any other countermeasure available under the Companies Act or any other Laws and Regulations and the articles of incorporation of the Company, such a countermeasure may be implemented.

The outline of an allotment of Share Options without contribution to be made as a countermeasure against a Large-scale Share Purchase is as described in Exhibit 1 attached hereto. When actually making an allotment of Share Options without contribution, the Company may establish the exercise period, exercise conditions, acquisition clause and other conditions with respect to the Share Options, including, without limitation: (a) an exercise condition that a Large-scale Share Purchaser violating the Plan or option-holders with a certain relationship with the Large-scale Share Purchaser (in this Section 2)12, each being referred to as an “Excluded Option-holder”) are not allowed to exercise their rights; and (b) a clause to the effect that when the Company is to acquire a portion of the Share Options, the Company may acquire only Share Options held by parties other than the Excluded Option-holders.

3) Effective Period, Continuation, Abolition and Modification of the Plan

The effective period of the Plan shall expire on June 30, 2012. However, if, on June 30, 2012, the Independent Committee determines that there is a party engaged in (i) executing, in practical terms, a Large-scale Share Purchase, or (ii) planning, in practical terms, to execute a Large-scale Share Purchase, then the effective period of the Plan will be extended to the extent necessary to respond to such an actual or planned Large-scale Share Purchase. The Plan will be abolished before such expiry if: (i) the Company’s general meeting of shareholders approves a proposal to abolish it; or (ii) the Board of Directors adopts a resolution to abolish it. It is thus possible to abolish the Plan at any time, in accordance with the intentions of the shareholders of the Company.

In addition, the Company currently provides, in Article 20, Paragraph 1 of its articles of incorporation (if approval is given for the partial modification of the articles of incorporation, the third item of business, this will become Article 20, Paragraph 1 of the new articles of incorporation), that the term of office of a director shall expire at the end of the conclusion of the annual general meeting of shareholders in the business year ending within one (1) year from the appointment of the director. It is proposed that the agenda for the appointment of directors for each annual general meeting of shareholders will contain an indication of each nominated candidate’s yes or no position on the Plan. This will allow the shareholders to reflect their wishes regarding the continuation, abolition and modification of the Plan through the appointment of directors at each annual general meeting of shareholders.

The Board of Directors will consider and make a resolution on the continuation, abolition or modification of the Plan at the first meeting held after the conclusion of the Company’s annual general meeting of shareholders for each year.

The Company may revise or modify the Plan if necessary, with the approval of the Independent Committee, from the viewpoint of the protection and enhancement of the Company’s corporate value

and its shareholders' common interests, provided that the substantial objectives of the Plan are not impaired, and to the extent reasonably necessary to respond to revisions or changes in the interpretation or operation of any applicable Law or Regulation or the rules of any relevant financial instruments exchange, or modifications of the taxation system, case law or other relevant circumstances.

Upon a board resolution being adopted for the abolition, modification or other alteration of the Plan, the Company will disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate, in a timely and appropriate manner, in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges.

4) Independent Committee

In conjunction with the continuation of the takeover defense under the Plan, the Company has an independent committee (the "Independent Committee") comprised of three (3) members appointed from among the Company's outside directors in order to preclude arbitrary decision-making by the Board of Directors as to whether or not to apply the Plan.

The name and career summary of each member of the Independent Committee initially appointed at the commencement of the Plan are as shown in Exhibit 2 attached hereto.

As a general rule, a resolution of the Independent Committee shall be adopted at a committee meeting at which all members are present and by a majority vote of the members. However, in the event of the inability of any member to attend or any other unavoidable circumstances, a committee resolution may be adopted at a committee meeting at which a majority of the members are present and by a majority vote of the members present. A summary of the committee proceedings resulting in a recommendation or any other action will be disclosed to the shareholders of the Company in a timely and appropriate manner, as necessary.

5) Effect upon Shareholders and Investors

5)1. Effect upon Shareholders and Investors When the Plan Becomes Effective

When the Plan comes into force, no Share Options will be issued. Accordingly, the rights and economic interests of the shareholders and investors in the Company will not be directly or specifically affected.

5)2. Effect upon Shareholders and Investors When Share Options Are Allotted without Contribution

The Board of Directors may take a countermeasure against a Large-scale Share Purchase, based on the Plan, for the purpose of protecting and enhancing the Company's corporate value and its shareholders' common interests, although, under the currently contemplated countermeasure structure, we do not expect any measure to directly or specifically affect the rights and economic interests of the Company's shareholders and investors (excluding any Large-scale Share Purchaser violating the Plan and those in certain relationships with such a purchaser). However, if the Company decides to use any other type of countermeasure available under the Companies Act, any other Laws and Regulations or the articles of incorporation of the Company, pursuant to 2)12 above, we cannot deny the possibility, depending on the substance of such countermeasure, that the Company's shareholders' or investors' rights or economic interests will be somewhat affected as a result of triggering such a countermeasure. Even in the

case where the Board of Directors has resolved on an allotment of Share Options without contribution, if the Board of Directors decides to discontinue the triggered countermeasure or suspend the triggering thereof in accordance with the procedure mentioned in Section 2)9 above or otherwise, there will be a possibility that the price of Company Shares is affected accordingly. For example, if, after the scope of shareholders entitled to the intended allotment of Share Options without contribution has definitively been determined, the Company were to suspend the triggering of the countermeasure and acquire all of the Share Options to be allotted, no dilution would occur to the economic value per share of Company Shares held by shareholders and investors. As a result, shareholders who have sold or purchased Company Shares on the premise of the occurrence of dilution might possibly incur losses due to price fluctuation. We request the shareholders and investors to acknowledge this in advance. The procedure to exercise or acquire the allotted Share Options that involves the shareholders of the Company is as follows:

(i) When Share Options Are Exercised

When the Company's shareholders are to exercise their Share Options, they will be required to pay a specified amount to acquire shares within a specified period. When the allotment of Share Options without contribution is actually offered, notification of the details of the procedure will be separately given in accordance with the applicable Laws and Regulations.

(ii) When Share Options Are Acquired

When the Company acquires Share Options, the shareholders making the transfer will receive shares of the Company in exchange, without following any procedure regarding the exercise of Share Options as described in item (i) above, except in the case where a shareholder is an Excluded Option-holder.

(4) Reasonableness of the Plan

The New Plan is consistent with three basic principles formulated in the "Guidelines Regarding Takeover Defenses for the Purposes of the Protection and Enhancement of Corporate Value and Shareholders' Common Interests" (*Kigyō-kachi/Kabunushi-kyōdo no Rieki no Kakuho mataha Kojo no Tame no Baishu-boei-saku ni Kansuru Shishin*) jointly released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 ((i) the principle of the protection and enhancement of corporate value and shareholders' common benefits; (ii) the principle of prior disclosure and shareholders' intentions; and (iii) the principle of securing necessity and suitability), as described below. The substance of the Plan also reflects recent practices and discussions, such as "Takeover Defense Measures in Light of Recent Environmental Changes" (*Kinji no Shokankyo no Henka wo Fumaeta Baishu-boei-saku no Arikata*) released on June 30, 2008, by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry. Thus, the Plan is highly reasonable.

1) Protection and Enhancement of Corporate Value and Shareholders' Common Interests

As described in Section (3). 1). above, by requiring a Large-scale Share Purchaser to provide the necessary information and securing an opportunity for advance consideration and negotiations with respect to the intended Large-scale Share Purchase, the takeover defense under the Plan will enable: (i) shareholders to consider whether or not to accept the proposed Large-scale Share Purchase; (ii) the Board of Directors to present to the shareholders its opinion for or against the Large-scale Share

Purchase, or an Alternative Proposal, in accordance with the recommendation of the Independent Committee, or to negotiate with the Large-scale Share Purchaser for the benefit of the shareholders. Thus, the takeover defense should be continued for the purpose of protecting and enhancing the Company's corporate value and the shareholders' common interests.

2) Prior Disclosure

The Company has made advance disclosure of the Plan in order to enhance the ability of the Company's shareholders, investors and prospective Large-scale Share Purchasers to understand its content, and to ensure an appropriate opportunity for the shareholders to make a choice.

The Company will continue to make timely and appropriate disclosures in accordance with the applicable Laws and Regulations as well as the rules of the relevant financial instruments exchanges.

3) Respect for Shareholders' Wishes

At the 29th Annual General Meeting of Shareholders held on June 24, 2009, a proposal titled "Amendments to large-scale purchase countermeasures (anti-takeover plan) and continuation of countermeasures" was submitted to shareholders and the approval of the Company's shareholders concerning the Plan was received.

4) Creation of the Independent Committee

The Board of Directors will create the Independent Committee in order to secure the legitimacy of the judgment of the Board of Directors in deciding to trigger a countermeasure and to preclude arbitrary decision-making by the Board of Directors with respect to deciding to trigger a countermeasure, or in connection with other considerations respecting a countermeasure under the Plan, as mentioned in Section (3).4). above. The Board of Directors shall, as a general rule, accept and follow the recommendation of the Independent Committee unless there are extraordinary circumstances, such as where it is reasonably likely that following the recommendation of the Independent Committee to trigger a countermeasure will be seen as a breach of the fiduciary duty by each director..

5) Retaining Outside Specialists

As set forth in Section (3).2).2)7 above, when triggering a countermeasure, the Board of Directors shall, as a general rule, seek the advice of third-party professionals (e.g. financial advisors, practicing attorneys and certified public accountants) independent from the Board of Directors. The objectivity and reasonableness of the determination of the Board of Directors will thus be ensured.

6) Confirmation of Shareholders Intentions through Election of Directors

As mentioned in Section (3).3) above, Article 20, Paragraph 1 of the Company's articles of incorporation provides that the term of office of a director shall expire at the end of the conclusion of the annual general meeting of shareholders in the last business year ending within one (1) year from the appointment of the director. Therefore, the shareholders' intentions as to whether or not to abolish the Plan will be confirmed through the agenda on the election of directors for each annual general meeting of shareholders.

7) Not a "Dead-Hand" Type Takeover Defense or "Slow-Hand" Type Takeover Defense

As mentioned in Section (3).3) above, it is at any time possible to abolish the Plan by the Company's general meeting of shareholders or by the Board of Directors comprised of directors

elected by the general meeting of shareholders. Therefore, the Plan is not a so-called “dead hand” type (a takeover defense measure that cannot be prevented even though a majority of the members of the board of directors are replaced) or a “slow-hand” type takeover defense (a takeover defense measure that takes substantial time to trigger due to the inability to replace all of the directors at one time).

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- Notes: 1. Numbers written in this Business Report are rounded down to the nearest unit. Percentages, however, are rounded off to the nearest tenth.
2. With respect to the method of calculating consumption tax, etc., the Company adopts the tax excluded method.

(Exhibit 1)

Outline of Allotment of Share Options without Contribution

1. Shareholders Eligible for Allotment

To shareholders entered or recorded in the Company's shareholder register as of the record date fixed by the Board of Directors, Share Options shall be allotted, without contribution, in proportion to the respective number of the shares held (excluding the common shares of the Company held by the Company itself) at the ratio of one (1) share per one (1) Share Option.

2. Type and Number of Shares Underlying the Share Options

The type of shares of the Company underlying the Share Options shall be common shares, and upon exercise of one (1) Share Option, one (1) common share shall be issued.

3. Effective Date of Allotment of Share Options without Contribution

The effective date of the allotment shall be separately fixed by the Board of Directors.

4. Amount of Capital Contributed upon Exercise of Share Options

The capital contribution to be made upon the exercise of a Share Option shall be cash, and the amount of the capital contribution to be made upon the exercise of a Share Option shall be one (1) yen or more for one (1) common share of the Company.

5. Restriction on Transfer of Share Options

The acquisition of Share Options by sale may be subject to approval by the Board of Directors.

6. Conditions for Exercise of Share Options

The exercise conditions for the Share Options shall be separately established by the Board of Directors (such an exercise condition may include the provision that those falling within the scope of Large-scale Share Purchasers as defined by the Board of Directors in accordance with the prescribed procedure, and their respective joint holders and persons in a special relationship, and those designated by the Board of Directors as being substantially controlled by, or acting jointly or cooperatively with, them (each an "Excluded Option-holder"), are not permitted to exercise their respective rights).

7. The Company's Acquisition of Share Options

The Board of Directors may set forth an acquisition provision that the Company shall be entitled to acquire only Share Options held by option-holders other than the Excluded Option-holders, in accordance with a resolution of the Board of Directors, on the condition that the Large-scale Share Purchaser in question violates the procedure applied under the Plan, a certain specified event occurs or a date separately specified by the Board of Directors passes.

8. Reasons for Acquisition of Share Options without Compensation (Reasons for Abolishing the Countermeasure)

The Company shall be entitled to acquire all of the Share Options without compensation, if:

- (a) the takeover proposal of the Large-scale Share Purchaser is approved by an ordinary resolution of a general meeting of shareholders of the Company;
- (b) there is a unanimous decision of the Independent Committee of the Company; or
- (c) such acquisition is otherwise separately authorized by the Board of Directors.

9. Exercise Period of Share Options

The exercise period and other necessary matters regarding the Share Options shall be separately determined by the Board of Directors.

End of the document.

(Exhibit 2)

Independent Committee: Names and Career Summaries of Members

Outside Director Mr. Hideo Okada

Joined Kabushiki Kaisha Nihon Kogyo Shinbunsha (presently, The Nihon Kogyo Shinbun Co., Ltd.) in 1965. Served as Division Manager (*jigyo buchou*) and Department Manager (*jigyo kyokuchou*), and was appointed Director in 1997, Executive Director (*jyomu torishimariyaku*) in 2002, Advisor in 2005 and Event Adviser (incumbent) in 2009 at The Nihon Kogyo Shinbun Co., Ltd. Became an Outside Director of the Company in June 2006.

In respect to Mr. Hideo Okada, we asked him to become an Outside Director in order to reflect in the Company's management his considerable experience as a former executive officer and his in-depth insight gained from publishing newspapers specializing in the fields of the economy and industry.

Outside Director Mr. Isamu Hayashi

An Associate Professor in the Faculty of Business Management at Osaka Sangyo University in 2000 and Professor in 2004. At Osaka Sangyo University, he specializes in the Commercial Code and the Companies Act. Became an Outside Director of the Company in June 2006.

In respect to Mr. Isamu Hayashi, we asked him to become an Outside Director in order to reflect in the Company's management his in-depth insight as a legal scholar and his considerable experience taking charge of legal matters at the Securities Agency Division during his career at Chuo Shintaku Ginko Kabushiki Kaisha.

Outside Director Mr. Satoru Madono

Joined the Export-Import Bank of Japan (now the Japan Bank for International Cooperation). Served as Manager of the Project Finance Division, Manager of the International Examination Division (*kokusai shinsa buchou*), Counsel (*shingiyaku*), and retired in 2002. In the same year, he became a Professor at the International School of Economics and Business Administration at Reitaku University. Also, incorporated Kabushiki Kaisha Isic, Inc and deals with corporate consulting. Became an Outside Director of the Company from June 2006.

During his career at the Japan Bank for International Cooperation, he served as a visiting consultant to Bechtel and Dillon Read of the USA and as a visiting professor and a part-time lecturer in project finance at Tokyo University of Agriculture and Technology, the University of Tokyo, and International Christian University.

In addition, in 1999 he became the first Japanese to be awarded a medal by the Ukrainian government, for his accomplishments in technical assistance for the economic reconstruction of Ukraine (assistance in reform of the Export-Import Bank of Ukraine), and he was also given an award by the Ukrainian government in 2001, the 10th anniversary year of diplomatic relations between Japan and Ukraine, for being the Japanese who contributed most in building good relations between the two countries.

In respect to Mr. Satoru Madono, we asked him to become an Outside Director in order to reflect in the Company's management his in-depth insight as an economist and his considerable experience as a former Counsel (*shingiyaku*) of the Japan Bank for International Cooperation.

Outside Director Mr. Koji Sato

Passed the National Bar Examination in 1988, registered as a member of the Nagoya Bar Association (presently, the Aichi Bar Association) in 1991, established Sato Koji Houritsu-jimusho in 1995. Became an Outside Director of the company in June 2006

In respect to Mr. Koji Sato, we asked him to become an Outside Director in order to reflect in the Company's management his in-depth insight with regard to management, in addition to his technical perspective as a lawyer.

Consolidated Balance Sheet

(As of March 31, 2011)

(Thousands of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	47,074,396	Current liabilities	22,994,488
Cash and deposits	30,980,574	Payables due to member dealers at auctions	11,502,372
Receivables due from member dealers at auctions	11,151,008	Notes and accounts payable - trade	649,705
Notes and accounts receivable - trade	2,685,740	Short-term loans payable	188,660
Inventories	973,488	Lease obligations	296,666
Prepaid expenses	209,151	Income taxes payable	4,932,325
Deferred tax assets	701,265	Deposits received	2,176,153
Other	449,590	Provision for bonuses	493,604
Allowance for doubtful accounts	(76,424)	Other	2,755,002
Noncurrent assets	104,562,540	Noncurrent liabilities	6,695,028
Property, plant and equipment	94,479,216	Long-term loans payable	167,500
Buildings and structures	32,002,005	Lease obligations	444,448
Machinery, equipment and vehicles	691,882	Long-term accounts payable - other	671,073
Tools, furniture and fixtures	1,837,785	Deferred tax liabilities for land revaluation	469,277
Land	59,100,739	Provision for retirement benefits	133,240
Lease assets	823,139	Long-term guarantee deposited	4,099,883
Construction in progress	23,664	Asset Retirement Obligations other	705,081
			4,524
		Total liabilities	29,689,517
Intangible assets	1,114,075	(Net assets)	
Goodwill	108,989	Shareholders' equity	126,556,277
Other	1,005,086	Capital stock	18,881,312
Investments and other assets	8,969,248	Capital surplus	18,972,397
Investment securities	1,148,986	Retained earnings	104,012,964
Long-term loans receivable	8,820	Treasury stock	(15,310,396)
Long-term prepaid expenses	621,760	Accumulated other comprehensive income	(4,918,027)
Deferred tax assets	1,614,758	Valuation difference on available-for-sale securities	43,116
Deferred tax assets for land revaluation	3,339,667	Revaluation reserve for land	(4,961,144)
Real estate for investment	1,899,926	Subscription rights to shares	31,076
Other	440,755	Minority interests	278,092
Allowance for doubtful accounts	(105,427)		
		Total net assets	121,947,419
Total assets	151,636,936	Total liabilities and net assets	151,636,936

Consolidated Statement of Income

(From April 1, 2010 to March 31, 2011)

(Thousands of yen)

Item	Amount	
Net sales		61,417,846
Cost of sales		26,865,389
Gross profit		34,552,456
Selling, general and administrative expenses		10,220,162
Operating income		24,332,294
Non-operating income		
Interest and dividends income	48,954	
Real estate rent	156,604	
Other	148,112	353,670
Non-operating expenses		
Interest expenses	8,117	
Rent cost of real estate	14,654	
Loss on valuation of compound financial instruments	9,900	
Other	10,180	42,853
Ordinary income		24,643,111
Extraordinary income		
Gain on sales of noncurrent assets	23,991	
Reversal of allowance for doubtful accounts	40,130	
Other	5,303	69,424
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	37,064	
Loss on valuation of investment securities	56,707	
Impairment loss	998,681	
Loss on adjustment of change of accounting standard for asset retirement obligations	462,486	
Other	627	1,555,567
Income before income taxes and minority interests		23,156,969
Income taxes - current	9,757,166	
Income taxes – deferred	(608,152)	9,149,013
Income before minority interests		14,007,955
Minority interests in income		36,537
Net income		13,971,418

Consolidated Statement of Changes in Net Assets

(From April 1, 2010 to March 31, 2011)

(Thousands of yen)

	Shareholders' equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2010	18,881,312	27,992,143	95,567,831	(19,382,433)	123,058,853
Changes during the period					
Dividends from surplus	-	-	(5,518,297)	-	(5,518,297)
Net income	-	-	13,971,418	-	13,971,418
Purchase of treasury stock	-	-	-	(4,950,943)	(4,950,943)
Disposal of treasury stock	-	(1,426)	-	4,661	3,235
Retirement of treasury stock	-	(9,018,319)	-	9,018,319	-
Reversal of revaluation reserve for land	-	-	(7,987)	-	(7,987)
Changes of other items during the period (net)	-	-	-	-	-
Total changes of items during the period	-	(9,019,745)	8,445,133	4,072,037	3,497,424
Balance at March 31, 2011	18,881,312	18,972,397	104,012,964	(15,310,396)	126,556,277

	Valuation and translation adjustments			Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments			
Balance at March 31, 2010	59,531	(4,972,243)	(4,912,712)	18,206	226,555	118,390,902
Changes during the period						
Dividends from surplus	-	-	-	-	-	(5,518,297)
Net income	-	-	-	-	-	13,971,418
Purchase of treasury stock	-	-	-	-	-	(4,950,943)
Disposal of treasury stock	-	-	-	-	-	3,235
Retirement of treasury stock	-	-	-	-	-	-
Reversal of revaluation reserve for land	-	-	-	-	-	(7,987)
Changes of other items during the period (net)	(16,414)	11,099	(5,315)	12,870	51,537	59,092
Total changes of items during the period	(16,414)	11,099	(5,315)	12,870	51,537	3,556,517
Balance at March 31, 2011	43,116	(4,961,144)	(4,918,027)	31,076	278,092	121,947,419

Notes on consolidated financial statements

I. Basis for preparation of consolidated financial statements

1. Matters related to the scope of consolidation

Number of consolidated subsidiaries: 15

All subsidiaries have been consolidated. Corporate names of consolidated subsidiaries are disclosed in “1. Matters relating to the current state of the Company Group, (7) Major parent company and subsidiaries, 2) Major subsidiaries.” (page 9) USS Logistics International Service Co., Ltd. is included in the scope of consolidation because this company was established in the consolidated fiscal year that ended on March 2011.

USS Saitama Co., Ltd. and USS Ryutsu Auto Auction Co., Ltd. merged on April 1, 2010 and the merged company was renamed USS Kanto Co., Ltd. on the same day.

USS Kanto Co., Ltd. merged with USS Co., Ltd. on October 1, 2010.

2. Matters related to the application of the equity method

(1) There are no affiliates to which the equity method is applied.

(2) Number of affiliates to which the equity method is not applied: 2

(Info-carry Inc., UG Powers Co., Ltd.)

Because the effects and monetary importance of these companies' businesses are immaterial, the equity method has not been applied to these companies.

UG Powers Co., Ltd. has been dissolved and is currently undergoing liquidation.

3. Matters related to the fiscal years of consolidated subsidiaries, etc.

The fiscal year-end of consolidated subsidiaries is the same as the one used in consolidated financial statements.

4. Matters related to material accounting policies

(1) Standards and methods of valuation of material assets

(i) Securities

Other securities

Those with market value

Market value method based on market prices at year-end (Valuation differences are included directly in net assets, and sales costs are calculated based on the moving average method.)

However, for compound financial instruments in which the embedded derivatives cannot be confirmed separately, the aggregate fair value is determined and the resulting valuation difference is posted as a non-operating income or expenses.

Those without market value

Cost method based on the moving average method

(ii) Inventories

Cost method based on the moving average method (in

which book value is reduced to reflect declines in profitability)

However, the cost method based on the specific-identification method (in which book value is reduced to reflect declines in profitability) is used for vehicles, and the cost percentage method (in which book value is reduced to reflect declines in profitability) is used for parts and other products in the recycling business.

(3) Depreciation methods for material depreciable assets

Property, plant and equipment and real estate for investment (excluding lease assets)

Declining-balance method

However, the straight-line method is used for buildings (excluding equipment installed in buildings) acquired on or after April 1, 1998.

Intangible assets (software)

The straight-line method based on the in-house period of use (five years) is used.

Lease assets

Depreciation is based on the straight-line method with the lease term as the useful life and a residual value of zero.

Finance leases that do not transfer ownership and that began on or before March 31, 2008 are treated as ordinary rental transactions for accounting purposes.

(4) Standards of accounting for important allowances and reserves

Allowance for doubtful accounts

To prepare for bad debt losses, the following methods are used.

General claims

Method based on actual bad debt rates

Possible bad debts and claims in bankruptcy proceedings

Method of evaluating financial conditions

Provision for bonuses

To prepare for the payment of bonuses to employees, the Company posts the current year's portion of the estimated bonuses.

Provision for retirement benefits

To prepare for the payment of retirement benefits to employees, some consolidated subsidiaries post the amount that needs to be paid, based on the retirement benefits obligations at the end of the consolidated fiscal year.

(5) Matters related to goodwill amortization

The Company amortizes goodwill evenly in a five-year period.

- (6) Other basic and important matters for the preparation of consolidated financial statements
Accounting for consumption taxes, etc. The tax exclusion method is used.

5. Basic Important Matters for the Preparation of Consolidated Financial Statements

(1) Applications of the Accounting Standards for Asset Retirement Obligations

The “Accounting Standards for Asset Retirement Obligations (Accounting Standards Board of Japan (ASBJ) Statement No. 18 on March 31, 2008)” and the “Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21 on March 31, 2008)” were applied from the consolidated fiscal year under review.

As a result of the applications, operating income and ordinary income decreased 22,277 thousand yen and income before income taxes declined 484,764 thousand yen during the consolidated fiscal year under review.

(2) Application of Accounting Standard for Business Combinations and other standards

The “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008), “Partial Amendments to the Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, December 26, 2008), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008), and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008) were applied beginning with the consolidated fiscal year that ended in March 2011.

(3) Changes in Presentation

(Consolidated Statement of Income)

With the application of the “Ministerial Ordinance for Partial Revisions to Company Law Enforcement Regulations and Company Accounting Regulations, Etc.” (Ministry of Justice Ordinance No. 7, 2009) under the “Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 on December 26, 2008),” the account item “Income before minority interests” was included from the fiscal year under review.

II. Notes on the consolidated balance sheet

	(Thousands of yen)
1. Inventories by category	
Merchandise and finished goods	638,967
Work in process	4,876
Raw materials and supplies	329,645
2. Cumulative depreciation for property, plant and equipment	39,161,973
Cumulative depreciation for real estate for investment	38,224

3. Debt guarantees

The Company has guaranteed lease payments totaling 6,922 thousand yen for satellite TV auction members (six companies).

4. Revaluation of land

Based on the law related to the revaluation of land (Law No. 34 promulgated on March 31, 1998), the Company and some consolidated subsidiaries revalued land for business use. The Company and some consolidated subsidiaries posted tax on the revaluation difference as “deferred tax assets for land revaluation” or as “deferred tax liabilities for land revaluation” in assets and liabilities, respectively, and posted the margin as “revaluation reserve for land” in net assets.

Method of revaluation of land

The Company revalued land for business use by making reasonable adjustment of the valuation in the land tax ledger, as specified by Clause 10, Article 341 of the Local Tax Law, as outlined in Clause 3, Article 2 of the law concerning regulations on land (Ordinance No. 119 promulgated on March 31, 1998).

Date of revaluation March 31, 2002 (March 31, 2001 for USS Toyo Co., Ltd.)

The market value of land at the end of the fiscal year was 704,828 thousand yen lower than the book value after revaluation.

5. In conjunction with the application of reduction entries for fixed assets acquired using national government subsidies, etc., the total reduction entry amounts that were deducted directly from the acquisition cost of fixed assets were 300 thousand yen for machinery, equipment and vehicles, 5,000 thousand yen for tools, furniture and fixtures and 150,000 thousand yen for land.

III. Notes on the consolidated statement of changes in net assets

1. Matters related to the number of outstanding shares

Class of shares	Number of shares at the end of the previous consolidated fiscal year	Increase in the number of shares during the current consolidated fiscal year	Decrease in the number of shares during the current consolidated fiscal year	Number of shares at the end of current consolidated fiscal year
Common stock	32,695,982	-	1,370,982	31,325,000

2. Matters related to dividends from surplus

(7) Dividend payment and others

(i) Matters related to dividend based on the resolution at the 30th Annual General Shareholders' Meeting on June 29, 2010

Total dividends	2,842,033 (thousand yen)
Dividend per share	95.50 yen
Date of record	March 31, 2010
Effective date	June 30, 2010

(ii) Matters related to dividend based on the resolution at the Board of Directors' meeting on November 9, 2010.

Total dividends	2,676,264 (thousand yen)
Dividend per share	91.00 yen
Date of record	September 30, 2010
Effective date	December 10, 2010

(8) Dividends that become effective in the following consolidated fiscal year among those whose date of record was within the current consolidated fiscal year

Total dividends	2,924,982 (thousand yen)
Dividend per share	101.00 yen
Date of record	March 31, 2011
Effective date	June 29, 2011
Dividend resource	Retained earnings

3. Matters related to share warrant at the end of current consolidated fiscal year

	5th Stock Acquisition Rights	6th Stock Acquisition Rights	7th Stock Acquisition Rights	8th Stock Acquisition Rights
Type and number of stock	Common stock 6,970 shares	Common stock 8,180 shares	Common stock 14,170 shares	Common stock 9,990 shares
Date of grant	September 14, 2007	July 10, 2008	July 9, 2009	July 15, 2010

IV. Financial instruments

1. Status of financial instruments

The USS Group invests funds on a suitable scale and purchases financial assets that are extremely sound. In addition, bank loans are used to procure funds as required based on capital expenditure plans. Derivatives are used solely for the purpose of shielding the Company from risks associated with interest rate and other volatility associated with fund procurement and investment activities. Derivatives are never used for speculation.

Receivables due from member dealers at auction, which are a type of trade receivable, are vulnerable to credit risk associated with customers. The Company manages deadlines and balances for each member and takes steps to quickly identify concerns about collecting amounts due because of a decline in a member's financial condition or for some other reason and to reduce these concerns.

Stocks, bonds and investment trusts account for most investment securities. Investments are made either as pure investments or in association with business operations. These investments are vulnerable to credit risk linked to the issuers, interest rate volatility risk and market price volatility risk. The Company periodically examines market prices, the status of issuers and other items and constantly reviews its holdings.

Receivables due from member dealers at auction, which are a type of trade receivable, are all due within one year.

The Company holds compound financial instruments that incorporate derivatives. These financial instruments are vulnerable to market risk in the event that a sharp drop in the stock market or other event causes the value of a financial instrument to fall below a certain amount. Risk management of financial instruments is performed by the Finance Department, Supervisory Office of Head Office under the supervision of the board of directors.

Fair values of financial instruments are based on market values and, if there is no market value, on a value determined using a reasonable calculation. Since this calculation incorporates a variables, the resulting fair values may vary if different assumptions are used.

2. Fair values of financial instruments

Book values of financial instruments on the consolidated balance sheet, fair values and the differences between these amounts were as follows as of March 31, 2011 (the end of the consolidated fiscal year).

This table does not include financial instruments where it is extremely difficult to determine a fair value (see Note 2) and financial instruments that do not have a material effect on the financial statements.

(Thousands of yen)

	Book value	Fair value	Difference
(1) Cash and deposits	30,980,574	30,980,574	-
(2) Receivables due from member dealers at auctions	11,151,008	11,151,008	-
(3) Investment securities			
Other securities	926,320	926,320	-
Total assets	43,057,904	43,057,904	-
Payables due to member dealers at auctions	11,502,372	11,502,372	-
Total liabilities	11,502,372	11,502,372	-

Note 1: Method for calculating fair value of financial instruments and transactions of securities and derivatives.

Assets

1) Cash and deposits

Since all deposits are short-term instruments, the book values are used because fair values are almost identical to the book values.

2) Receivables due from member dealers at auctions

These items are shown at their book values since fair values are virtually the same as book values because all these items are settled within a short time.

3) Investment securities

For fair values, exchange prices are used for stocks and prices quoted by financial institutions used by the Company are used for bonds. For investment trusts, publicly announced net asset values are used.

Investment securities are held as other securities. The differences between the book values of these securities on the consolidated balance sheet and the acquisition cost are as follows.

(Thousands of yen)

	Category	Book value	Acquisition cost	Difference
Book value exceeds acquisition cost	(1) Stocks	49,215	33,606	15,609
	(2) Bonds			
	1) Government and municipal	-	-	-
	2) Corporate	-	-	-
	3) Others	102,917	100,000	2,917
	(3) Others	320,125	263,058	57,066
	Sub-total	472,257	396,664	75,593
Acquisition cost exceeds book value	(1) Stocks	-	-	-
	(2) Bonds			
	1) Government and municipal	-	-	-
	2) Corporate	-	-	-
	3) Others	412,150	500,000	(87,850)
	(3) Others	41,912	45,373	(3,460)
	Sub-total	454,062	545,373	(91,310)
	Total	926,320	942,037	(15,717)

Notes:

1. Acquisition cost in the above table is book value after deduction of impairment charges.
2. No impairment charges were recorded for any of the other securities that have a fair value in the fiscal year that ended on March 31, 2011.
3. There was no change in the purpose of holding any securities in the fiscal year that ended on March 31, 2011.
4. In "Bonds (Others)," securities where the acquisition cost exceeds book value include compound financial instruments. The valuation difference of 9,900 thousand yen for these financial instruments is included in non-operating expenses.

Liabilities

1) Payables due to member dealers at auctions

These items are shown at their book values since fair values are virtually the same as book values because all these items are settled within a short time.

Derivatives

Derivatives where hedge accounting is not used

The Company uses compound financial instruments that incorporate derivatives and are included in "3) Investment securities Other securities."

Derivatives where hedge accounting is used

None

Note 2: Financial instruments where determining fair value is extremely difficult

Investment securities for which it is extremely difficult to determine a fair value are listed below and are not included in "3) Investment securities Other securities."

(Thousands of yen)

Category	Book value
Unlisted stock	222,665

Note: An impairment charge of 56,707 thousand yen for unlisted stock was recorded in the fiscal year that ended on March 31, 2011.

Note 3: Scheduled maturities of monetary claims and securities reaching maturity following the end of the fiscal year

(Thousands of yen)

	Within 1 year	1 year+ to 5 years	5 years+ to 10 years	More than 10 years
Cash and deposits	30,980,574	-	-	-
Receivables due from member dealers at auctions	11,151,008			
Investment securities Other securities with a maturity date	-	600,000	-	-
Total	42,131,583	600,000	-	-

V. Rental real estate

There is no note for rental real estate because the total value of such real estate is immaterial.

VI. Notes on per share data

1. Net asset per share	4,200.18 yen
2. Net income per share	478.00 yen

VII. Notes on important subsequent events

Not applicable

VIII. Other notes

Figures are rounded down to the nearest whole unit.

Non-Consolidated Balance Sheet

(As of March 31, 2011)

(Thousands of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	31,622,723	Current liabilities	16,134,250
Cash and deposits	18,887,374	Payables due to member dealers at auctions	9,574,313
Receivables due from member dealers at auctions	8,824,062	Accounts payable - trade	62,823
Accounts receivable - trade	115,665	Lease obligations	296,299
Merchandise	67,458	Accounts payable - other	1,031,386
Supplies	31,390	Accrued expenses	132,647
Prepaid expenses	50,743	Income taxes payable	3,010,000
Deferred tax assets	359,206	Deposits received	1,665,121
Short-term loans receivable - affiliated companies	3,088,852	Provision for bonuses	190,053
Other	204,476	Other	171,605
Allowance for doubtful accounts	(6,507)		
Noncurrent assets	100,748,261	Noncurrent liabilities	4,197,160
Property, plant and equipment	48,153,637	Lease obligations	444,448
Buildings	10,803,204	Long-term accounts payable - other	548,392
Structures	2,540,774	Guarantee deposits received from member dealers	2,581,326
Vehicles	53,611		622,992
Furniture and fixtures	947,836	Total liabilities	20,331,410
Land	33,079,332		
Lease assets	728,877	(Net assets)	
		Shareholders' equity	116,927,973
Intangible assets	403,562	Capital stock	18,881,312
Leasehold right	176,524	Capital surplus	14,563,732
Software	207,965	Legal capital surplus	4,583,478
Other	19,072	Other capital surplus	9,980,254
		Retained earnings	98,793,324
Investments and other assets	52,191,060	Legal retained earnings	370,469
Investment securities	1,141,503	Other retained earnings	98,422,854
Stocks of subsidiaries and affiliates	4,380,732	Retained earnings brought forward	98,422,854
Long-term loans receivable - affiliated companies	207,918	Treasury stock	(15,310,396)
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,125	Valuation and translation adjustments	(4,919,476)
Long-term prepaid expenses	430,215	Valuation difference on available - for-sale securities	43,116
Deferred tax assets	1,197,302	Revaluation reserve for land	(4,962,592)
Deferred tax assets for land revaluation	3,339,667	Subscription right to shares	31,076
Insurance funds	128,102		
Real estate for investment	41,262,028	Total net assets	112,039,573
Other	103,390		
Allowance for doubtful accounts	(925)	Total liabilities and net assets	132,370,984
Total assets	132,370,984		

Non-Consolidated Statement of Income

(From April 1, 2010 to March 31, 2011)

(Thousands of yen)

Item	Amount	
Net sales		27,587,962
Cost of sales		7,671,053
Gross profit		19,916,909
Selling, general and administrative expenses		3,872,374
Operating income		16,044,534
Non-operating income		
Interest and dividends income	4,194,964	
Rent income of real estate	2,513,053	
Other	150,831	6,858,849
Non-operating expenses		
Rent cost of real estate	1,877,106	
Loss on valuation of compound financial instruments	9,900	
Other	7,214	1,894,221
Ordinary income		21,009,162
Extraordinary income		
Gain on sales of noncurrent assets	11,443	
Reversal of allowance for doubtful accounts	2,199	
Gain on extinguishment of tie-in shares	119,443	133,076
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	14,341	
Loss on valuation of investment securities	56,707	
Impairment loss	998,681	
Effect of the adoption of Accounting Standards for Asset Retirement Obligations	375,048	1,444,778
Income before income taxes		19,697,459
Income taxes - current	6,396,228	
Income taxes - deferred	(526,084)	5,870,143
Net income		13,827,316

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2010 to March 31, 2011)

(Thousands of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
						Retained earnings brought forward			
Balance at March 31, 2010	18,881,312	4,583,478	19,000,000	23,583,478	370,469	90,121,823	90,492,293	(19,382,433)	113,574,650
Changes during the current fiscal year									
Dividends from surplus	-	-	-	-	-	(5,518,297)	(5,518,297)	-	(5,518,297)
Net income	-	-	-	-	-	13,827,316	13,827,316	-	13,827,316
Purchase of treasury stock	-	-	-	-	-	-	-	(4,950,943)	(4,950,943)
Disposal of treasury stock	-	-	(1,426)	(1,426)	-	-	-	4,661	3,235
Retirement of treasury stock	-	-	(9,018,319)	(9,018,319)	-	-	-	9,018,319	-
Reversal of revaluation reserve for land	-	-	-	-	-	(7,987)	(7,987)	-	(7,987)
Changes of other items during the period (net)	-	-	-	-	-	-	-	-	-
Total changes during the current fiscal year	-	-	(9,019,745)	(9,019,745)	-	8,301,031	8,301,031	4,072,037	3,353,322
Balance at March 31, 2011	18,881,312	4,583,478	9,980,254	14,563,732	370,469	98,422,854	98,793,324	(15,310,396)	116,927,973

	Valuation and translation adjustments			Subscription right to shares	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at March 31, 2010	59,531	(4,972,243)	(4,912,712)	18,206	108,680,143
Changes during the current fiscal year					
Dividends from surplus	-	-	-	-	(5,518,297)
Net income	-	-	-	-	13,827,316
Purchase of treasury stock	-	-	-	-	(4,950,943)
Disposal of treasury stock	-	-	-	-	3,235
Retirement of treasury stock	-	-	-	-	-
Reversal of revaluation reserve for land	-	-	-	-	(7,987)
Changes of other items during the period (net)	(16,414)	9,650	(6,763)	12,870	6,107
Total changes during the current fiscal year	(16,414)	9,650	(6,763)	12,870	3,359,429
Balance at March 31, 2011	43,116	(4,962,592)	(4,919,476)	31,076	112,039,573

Notes on non-consolidated financial statements

I. Notes on matters related to important accounting policies

1. Standards and methods of valuation of assets

(1) Standards and methods of valuation of securities

Stocks of subsidiaries and affiliates	Cost method based on the moving average method
Other securities	
Those with market value	Market value method based on market prices at year-end (Valuation differences are included directly in net assets, and sales costs are calculated based on the moving average method). However, for compound financial instruments in which the embedded derivatives cannot be confirmed separately, the aggregate fair value is determined and the resulting valuation difference is posted as a non-operating income or expenses.
Those without market value	Cost method based on the moving average method

(2) Standards and methods of valuation of inventories

Merchandise	Cost method based on the moving average method (in which book value is reduced to reflect declines in profitability) However, the cost method based on the specific-identification method (in which book value is reduced to reflect declines in profitability) is used for vehicles
Supplies	Cost method based on the moving average method However, the cost method based on the specific identification method is used for vehicles.

2. Depreciation methods for depreciable assets

Property, plant and equipment and real estate for investment (excluding lease assets)	Declining-balance method However, the straight-line method is used for buildings (excluding equipment installed in buildings) acquired on or after April 1, 1998.
Intangible assets (software)	The straight-line method based on the in-house period of use (five years) is used.
Lease assets	Depreciation is based on the straight-line method with the lease term as the useful life and a

residual value of zero.

Finance leases that do not transfer ownership and that began on or before March 31, 2008 are treated as ordinary rental transactions for accounting purposes.

3. Standards of accounting for allowances and reserves

Allowance for doubtful accounts	To prepare for bad debt losses, the following methods are used.
General claims	Method based on actual bad debt rates
Possible bad debts and claims in bankruptcy proceedings	Method of evaluating financial conditions
Provision for bonuses	To prepare for the payment of bonuses to employees, the Company posts the current year's portion of the estimated bonuses.

4. Other basic and important matters for the preparation of financial statements

Accounting for consumption taxes, etc. The tax exclusion method is used.

5. Changes in Accounting Policies

(1) Application of Accounting Standard for Asset Retirement Obligations

The "Accounting Standards for Asset Retirement Obligations (Accounting Standards Board of Japan(ASBJ) Statement No. 18 on March 31, 2008)" and the "Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21 on March 31, 2008)" were applied from the fiscal year under review.

As a result of the applications, operating income decreased 6,847 thousand yen, ordinary income decreased 17,428 thousand yen and income before income taxes declined 392,476 thousand yen during the fiscal year under review.

(2) Application of Accounting Standard for Business Combinations and other standards

The "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), "Partial Amendments to the Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008) were applied beginning with the fiscal year that ended in March 2011.

II. Notes on the balance sheet

	(Thousands of yen)
1. Cumulative depreciation for property, plant and equipment	20,004,653
Cumulative depreciation for real estate for investment	9,625,226

	(Thousands of yen)
2. Receivables from, and payables to subsidiaries	
Short-term receivables	3,283,880
Long-term receivables	207,918
Short-term payables	900,472

3. Debt guarantees

The Company has guaranteed lease payments totaling 6,922 thousand yen for satellite TV auction members (six companies).

4. Revaluation of land

Based on the law related to the revaluation of land (Law No. 34 promulgated on March 31, 1998), the Company revalued land for business use, and posted “deferred tax assets for land revaluation” in investments and other assets, and “revaluation reserve for land” in net assets.

Date of revaluation March 31, 2002

The market value of land at the end of the fiscal year was 650,524 thousand yen lower than the book value after revaluation.

5. National government subsidies, etc.

In conjunction with the application of reduction entries for fixed assets acquired using national government subsidies, etc., the reduction entry amounts that were deducted directly from the fixed assets were 100 thousand yen for vehicles, 2,468 thousand yen for furniture and fixtures and 150,000 thousand yen for real estate for investment (land).

III. Notes on the statement of income

Transactions with affiliated companies	(Thousands of yen)
Net sales	733,749
Operating expenses	2,154,570
Transactions other than business transactions	6,631,339

IV. Notes on the statement of changes in net assets

The class and number of treasury shares at the end of the fiscal year

Class of shares	Number of shares at the end of the previous year	Increase in the number of shares during the fiscal year	Decrease in the number of shares during the fiscal year	Number of shares at the end of current fiscal year
Common stock	2,936,474	800,009	1,371,702	2,364,781

(Overview of changes)

Breakdown of the increase in the number of shares:

Increase due to open market repurchases	350,000 shares
Increase resulting from purchase requests pursuant to Company Law Article 797, Paragraph 1	450,000 shares
Increase due to the purchase of fractional shares	9 shares

Breakdown of the reduction in the number of shares:

Reduction due to retirement of treasury stock	1,370,982 shares
Reduction due to exercise of stock options	720 shares

V. Notes on tax effect accounting

Main reasons leading to deferred tax assets and deferred tax liabilities

Current assets

Deferred tax assets

(1) Amount above limit for deductible addition to provision for bonuses	76,451 (thousand yen)
(2) Accrued enterprise tax denied	227,634 (thousand yen)
(3) Payables denied	54,500 (thousand yen)
(4) Others	<u>621 (thousand yen)</u>
Total deferred tax assets	359,206 (thousand yen)
Netting with deferred tax liabilities	<u>- (thousand yen)</u>
Net deferred tax assets	359,206 (thousand yen)

Noncurrent assets

Deferred tax assets

(1) Provision for directors retirement benefit denied	220,596 (thousand yen)
(2) Loss on removal of buildings and other noncurrent assets denied	83,086 (thousand yen)
(3) Denial of impairment losses	393,412 (thousand yen)
(4) Amount above limit for depreciation of depreciable assets	54,781 (thousand yen)
(5) Investment security valuation losses denied	264,218 (thousand yen)
(6) Asset Retirement Obligations	250,605 (thousand yen)

(7) Others	<u>47,849 (thousand yen)</u>
Total deferred tax assets	1,314,547 (thousand yen)
Netting with deferred tax liabilities	<u>(117,244) (thousand yen)</u>
Net deferred tax assets	1,197,302 (thousand yen)

Noncurrent liabilities

Deferred tax liabilities

(1) Valuation difference on available-for-sale securities	29,016 (thousand yen)
(2) Asset Retirement Obligations	88,228 (thousand yen)
Total deferred tax liabilities	117,244 (thousand yen)
Netting with deferred tax assets	<u>(117,244) (thousand yen)</u>
Net deferred tax liabilities	- (thousand yen)

VI. Notes on leased noncurrent assets

1. Acquisition cost of leased property at the end of the current fiscal year	5,328 (thousand yen)
2. Accumulated depreciation on leased property at the end of the current fiscal year	5,328 (thousand yen)
3. Future lease payments at the end of the current fiscal year	- (thousand yen)

VII. Notes on transactions with related parties

1. Officers, main individual shareholders and others

(Thousands of yen)

Category	Name of company or individual	Location	Capital	Description of business or occupation	Voting rights ratio	Business links	Details of transaction	Transaction amount	Account item	Balance at year-end
USS Representative Director Futoshi Hattori holds a majority of voting rights	Hattori Motors Co., Ltd.	Tokai, Aichi	50,000	Auto sales	2.4%	Auction business	Auction related transaction	71,967	Payables due to member dealers at auctions	10,031
USS Representative Director Futoshi Hattori's close relatives hold a majority of voting rights	Karen Co., Ltd	Nakamura Ward, Nagoya, Aichi	10,000	Real estate rental business	-	Leasing of land and building	Real estate lease transactions	37,121	Prepaid expenses Other investments and other assets	2,996 7,811
							Purchase of right of lease	43,128	-	-
USS Representative Director Futoshi Hattori's close relatives hold a majority of voting rights	Green City Co., Ltd.	Tokai, Aichi	6,000	Auto sales and insurance agent	-	Insurance agent	insurance agency transactions	78,028	Prepaid expenses Long-term accounts payable	15,586 68,314
USS Representative Director Yukihiko Ando holds a majority of voting rights	Showa Co., Ltd.	Midori Ward, Nagoya, Aichi	10,000	Auto sales	-	Auction business	Auction related transaction	11,557	Payables due to member dealers at auctions	4,770
USS Representative Director Motohiro Masuda holds a majority of voting rights	Masuda Auto Co., Ltd.	Misato, Saitama	10,000	Auto sales	0.0%	Auction business	Auction related transaction	63,042	Payables due to member dealers at auctions	49,287
USS Director Eiji Gono holds a majority of voting rights	Auto Max Purchase Service Co., Ltd	Hakata Ward, Fukuoka, Fukuoka	5,000	Auto sales	-	Auction business	Auction related transaction	71,781	Payables due to member dealers at auctions Long-term guarantee deposited	4,613 100
USS Director Eiji Gono holds a majority of voting rights	Hakata Ryutsu Co., Ltd.	Hakata Ward, Fukuoka, Fukuoka	5,000	Auto sales	-	Auction business	Auction related transaction	68,789	Payables due to member dealers at auctions	4,842
USS Director Toshio Mishima holds a majority of voting rights	Metokosu Ltd.	Kasuya, Fukuoka	13,500	Auto sales	-	Auction business	Auction related transaction	83,545	Payables due to member dealers at auctions Long-term guarantee deposited	14,752 100

Notes: 1. Business terms and business terms determination method

- (1) Under the Company's automobile auction-related regulations, auction transactions are made based on business terms designed for general member dealers.
- (2) Rental fees for land and building are decided based on the current neighboring market prices.
- (3) Insurance agency transactions use the same terms as for general insurance transactions.

2. In the "Details of transactions" column, "Auction related transaction" includes consignment fees, contract completion fees, successful bid fees and other auction transactions.

3. Transaction amounts do not include consumption tax, etc. but the balances at year-end do include consumption tax, etc.

2. Subsidiaries, etc.

(Thousands of yen)

Relationship	Company name	Location	Capital	Description of business or occupation	Voting rights ratio	Business links	Details of transaction	Transaction amount	Account item	Balance at year-end
Subsidiary	US Butsuryu Co., Ltd.	Tokai, Aichi	30,000	Vehicle transportation	Directly owning 100%	Subcontract	Subcontract	1,104,381	Account payable	126,262
Subsidiary	USS Support Service Co., Ltd.	Tokai, Aichi	45,000	Financial service	Directly owning 100%	Capital loan	Capital loan Interest receipt	1,650,000 19,429	Short-term loans receivable - affiliated companies	1,650,000

Notes: Business terms and business terms determination method

1. Business tasks outsourced to US Butsuryu Co., Ltd. are performed based on the same terms as for general transactions.
2. Interest rates on loans to USS Support Service Co., Ltd. are determined in a reasonable manner based on market interest rates and the repayment period is one year. There is no collateral for these loans.
3. Transaction amounts do not include consumption tax, etc. but the balances at year-end do include consumption tax, etc.

VIII. Notes on per share data

1. Net asset per share 3,867.66 yen
2. Net income per share 473.07 yen

IX. Note to Business Combinations

(Merger of consolidated subsidiary)

USS Co., Ltd. decided, at a meeting of the Board of Directors held on August 3, 2010, to absorb its wholly owned subsidiary USS Kanto Co., Ltd (USS Kanto hereafter) in an absorption-type merger.

1. Aim of merger
In order to improve the business efficiency of the Group
2. Effective date of merger
October 1, 2010
3. Merger method
USS absorbed USS Kanto. As a result, USS was the surviving company and USS Kanto was dissolved..
4. Merger ratio and payment
No new shares will be issued and no cash-out payment will be made as a result of the merger.
5. The merger will have no effect on dealings in the warrants for new shares and bonds with warrants for new shares of the dissolved company.
6. Profile of company after merger
No changes will be made to the trade name, business activities, title and name of representative director, capital stock or fiscal year as a result of the merger.

7. Outline of account processing

The transactions of the merger was recorded as under the common control , according to The “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).

X. Notes on important subsequent events

(Merger of consolidated subsidiary)

USS Co., Ltd. decided, at a meeting of the Board of Directors held on April 28, 2011, to absorb its wholly owned subsidiaries USS Yokohama Co., Ltd. (USS Yokohama hereafter) and USS Kansai Co., Ltd. (USS Kansai hereafter) in an absorption-type merger and contracted merger agreement on the same day.

1. Aim of merger

In order to improve the business efficiency of the Group

2. Merger schedule

Meeting of Board of Directors to decide on merger	April 28, 2011
Merger contract concluded	April 28, 2011
Scheduled effective date of merger (date of entry into force)	July 1, 2011

3. Merger method USS will absorb USS Yokohama and USS Kansai. As a result, USS will be the surviving company and USS Yokohama and USS Kansai will be dissolved.

4. Merger ratio and payment

No new shares will be issued and no cash-out payment will be made as a result of the merger.

5. The merger will have no effect on dealings in the warrants for new shares and bonds with warrants for new shares of the dissolved company.

6. Profile of company after merger

No changes will be made to the trade name, business activities, title and name of representative director, capital stock or fiscal year as a result of the merger.

7. Outline of account processing

The transactions of the merger was recorded as under the common control ,according to The “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).

XI. Other Notes

Figures are rounded down to the nearest whole unit.

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Item 1: Appropriation of retained earnings

The Company proposes to appropriate retained earnings as follows:

Matters related to year-end dividends

The Company considers the allocation of profits to shareholders to be an important policy, and has a basic policy to pass on profits to shareholders in consideration of consolidated business results while improving profitability and enhancing its financial position.

Based on the basic policy, and after comprehensive consideration of financial conditions, full-year business results and other factors, the Company proposes to pay a year-end dividend for the current fiscal year ended March 31, 2011 indicated below, as an expression of appreciation for the shareholders' support of the Company and with a view to meeting their expectations.

(1) Type of dividend property

Cash

(2) Matters concerning allotment of dividend property and the total amount

The Company proposes to pay a year-end dividend of ¥101 per share, which brings the total amount of dividends to ¥2,924,982,119

Since the Company paid an interim dividend of ¥91 per share, the consequent annual dividend will total ¥192 per share for the fiscal year under review.

(3) Date when the dividends from retained earnings take effect

June 29, 2011 (proposed)

Item 2: Election of 18 directors

Tenure will expire for all the eighteen (18) present members of the Board of Directors at the close of this Ordinary General Meeting of Shareholders.

All the candidates for director have given their consent to the continuation of "Amendments to large-scale purchase countermeasures (anti-takeover plan) and continuation of countermeasures," which was approved at the 29th Annual General Meeting of Shareholders held on June 24, 2009. More information about the Large-scale Purchase Countermeasures (Anti-takeover Plan) is provided on the page 29 "7. Basic policy regarding control of policy decisions in respect of the Company's finance and business".

Brief information on the proposed candidates is as follows:

Candidate Number	Name (Date of birth)	Brief Profile and Position and Duties at USS (and Significant Concurrent Posts)	Number of Shares of the Company Owned by the Candidate
1	Futoshi Hattori (Dec. 1, 1936)	Oct. 1980 Executive Vice President of the Company July 1982 President and Representative Director of the Company June 2006 Chairman, Representative Director and Chief Executive Officer (CEO) of the Company June 2007 Chairman and Representative Director of the Company (at present) (Significant Concurrent Posts) Chairman and Representative Director of US Butsuryu Co., Ltd. Chairman and Representative Director of R&W Co., Ltd. Chairman and Representative Director of USS Toyo Co., Ltd. Chairman and Representative Director of USS Logistics International Service Co., Ltd.	2,631,020

Candidate Number	Name (Date of birth)	Brief Profile and Position and Duties at USS (and Significant Concurrent Posts)	Number of Shares of the Company Owned by the Candidate
2	Yukihiro Ando (Dec. 2, 1946)	July 1982 Director of the Company Nov. 1989 Senior Managing Director of the Company June 1995 Executive Vice President of the Company June 2000 Executive Vice President of the Company and Officer of the Nagoya Office June 2006 President and Representative Director of the Company June 2007 President and Representative Director and Chief Executive Officer (CEO) of the Company (at present) (Significant Concurrent Posts) President and Representative Director of US Butsuryu Co., Ltd. President and Representative Director of USS Toyo Co., Ltd.	908,900
3	Fumihiko Tamura (Nov. 3, 1940)	July 1989 Senior Managing Director of USS Kyushu Co., Ltd. Mar. 1995 Senior Managing Director of the Company June 1995 Executive Vice President of the Company and Officer of the Kyushu Office June 2006 Vice Chairman and Representative Director of the Company and Officer of the Kyushu Office (at present)	13,100
4	Shigeo Hara (Apr. 1, 1941)	Nov. 1993 Senior Managing Director of USS Tokyo Co., Ltd. Jan. 1996 Executive Vice President of the Company and Officer of the Tokyo Office June 2006 Vice Chairman and Representative Director of the Company and Officer of the Tokyo Office (at present) (Significant Concurrent Posts) President and Representative Director of R&W Co., Ltd. President and Representative Director of USS Logistics International Service Co., Ltd.	90,280
5	Dai Seta (Dec. 23, 1966)	Jan. 2004 Executive Officer of the Company and Vice Officer of the Nagoya Office June 2004 Director of the Company and Vice Officer of the Nagoya Office June 2006 Executive Vice President and Representative Director of the Company and Officer of the Auction Operation Office and Officer of the Nagoya Office (at present) (Significant Concurrent Posts) Vice President and Representative Director of US Butsuryu Co., Ltd. President and Representative Director of USS Support Service Co., Ltd. Vice Chairman and Representative Director of R&W Co., Ltd. President and Representative Director of ARBIZ Co., Ltd Vice President and Representative Director of USS Toyo Co., Ltd.	690,700
6	Motohiro Masuda (Dec. 27, 1947)	June 1994 Director of USS Tokyo Co., Ltd. Jan. 1995 Junior Managing Director of USS Tokyo Co., Ltd. Jan. 1996 Senior Managing Director of the Company June 2001 Senior Managing Director of the Company and Vice Officer of the Tokyo Office June 2006 Executive Vice President of the Company and Vice Officer of the Tokyo Office (at present)	36,220
7	Eiji Gono (June 6, 1949)	July 1989 Junior Managing Director of USS Kyushu Co., Ltd. Mar. 1995 Junior Managing Director of the Company June 1995 Senior Managing Director of the Company and Vice Officer of the Kyushu Office June 2001 Senior Managing Executive Officer of the Company June 2003 Senior Managing Director of the Company and Vice Officer of the Kyushu Office June 2006 Executive Vice President of the Company and Vice Officer of the Kyushu Office (at present)	131,820

Candidate Number	Name (Date of birth)	Brief Profile and Position and Duties at USS (and Significant Concurrent Posts)	Number of Shares of the Company Owned by the Candidate
8	Toshio Mishima (Jan. 12, 1947)	<p>July 1989 Director of USS Kyushu Co., Ltd.</p> <p>Mar. 1995 Director of the Company</p> <p>June 1996 Junior Managing Director of the Company, in charge of Customer Services & Market Development Dept. and Vehicle Dept. of the Kyushu Office</p> <p>June 2001 Managing Executive Officer of the Company</p> <p>Mar. 2003 Senior Managing Executive Officer of the Company</p> <p>June 2006 Senior Managing Director of the Company, in charge of the Fukuoka Site of the Kyushu Office (at present)</p>	121,820
9	Masafumi Yamanaka (Dec. 16, 1954)	<p>Jan. 2000 General Manager of the Finance Dept., Supervisory Office of the Company</p> <p>Jan. 2004 Executive Officer and General Manager of the Finance Dept., Supervisory Office of the Company</p> <p>June 2004 Director of the Company and General Manager of the Finance Dept., Supervisory Office</p> <p>June 2006 Junior Managing Director of the Company and Officer of the Supervisory Office (at present)</p>	3,320
10	Hiromitsu Ikeda (May 3, 1961)	<p>Jan. 2001 General Manager of the System Planning & Business Relations Service Dept., Nagoya Office of the Company</p> <p>Jan. 2004 Executive Officer of the Company and General Manager of the System Planning & Business Relations Service Dept., Nagoya Office</p> <p>June 2004 Director of the Company and General Manager of the System Planning & Business Relations Service Dept., Nagoya Office</p> <p>June 2006 Junior Managing Director of the Company and Officer of the System Office</p> <p>Oct.2010 Junior Managing Director of the Company and Officer of the System Office and in charge of Tohoku Site(at present)</p>	3,410
11	Masayuki Akase (Nov. 8, 1962)	<p>Jan. 2001 General Manager of the Customer Services & Market Development Dept., Nagoya Office of the Company</p> <p>Jan. 2004 Executive Officer of the Company and General Manager of the Customer & Services & Market Development Dept., Nagoya Office</p> <p>June 2004 Director of the Company and General Manager of the Customer & Services & Market Development Dept., Nagoya Office</p> <p>June 2006 Junior Managing Director of the Company and Vice Officer of the Auction Operation Office (at present)</p>	5,270
12	Hiroaki Inoue (Nov. 14, 1960)	<p>Jan. 2001 General Manager of the Vehicle Dept., Nagoya Office of the Company</p> <p>Jan. 2004 Executive Officer of the Company and General Manager of the Vehicle Dept., Nagoya Office</p> <p>June 2004 Director of the Company and General Manager of the Vehicle Dept., Nagoya Office</p> <p>Aug. 2005 Director of the Company and Officer of the Shizuoka Office</p> <p>June 2006 Director of the Company and Officer of the Shizuoka Office (at present)</p>	2,130
13	Yasuhisa Koga (Aug. 24, 1960)	<p>Aug. 1994 General Manager of the Customer Services and Market Development Dept. of USS Kyushu Co., Ltd.</p> <p>Mar. 1995 General Manager of the Customer Services and Market Development Dept., Kyushu Office of the Company</p> <p>Jan. 2004 Executive Officer of the Company and General Manager of the Customer Services and Market Development Dept., Kyushu Office</p> <p>June 2004 Director of the Company and General Manager of the Customer Services & Market Development Dept., Kyushu Office</p> <p>June 2006 Director of the Company, in charge of the Kyushu Site of the Kyushu Office (at present)</p>	2,620

Candidate Number	Name (Date of birth)	Brief Profile and Position and Duties at USS (and Significant Concurrent Posts)	Number of Shares of the Company Owned by the Candidate
14	Hiroshi Kojima (Sep. 4, 1953)	Aug. 1996 Assistant General Manager of the Sales Accounting Dept. of the Tokyo Office Oct. 2001 President and Representative Director of USS Car Bank Net Co., Ltd. (Car Quest Co., Ltd. at present) Oct. 2007 Executive Officer of the Company Director of the Company(at present) (Significant Concurrent Posts) President and Representative Director of Car Quest Co., Ltd.	1,790
15	Hideo Okada (Feb. 16, 1941)	Aug. 1965 Joined Nihon Kogyo Shimbun Co., Ltd. June 1997 Director of the said company June 2002 Managing Director of the said company June 2005 Advisor of the said company June 2006 Director of the Company (at present) June 2009 Event Advisor of the said company (at present) (Significant Concurrent Posts) Event Advisor of The Nihon Kogyo Shimbun Co., Ltd.	-
16	Isamu Hayashi (Dec. 15, 1945)	Apr. 1968 Chuo Trust & Banking Co., Ltd. (now Chuo Mitsui Trust & Banking Co., Ltd.) Oct. 1996 Deputy General Manager of Transfer Agent Dept. (Legal affairs manager) Mar. 2000 Resigned Apr. 2000 Associate Professor, Faculty of Business Management, Osaka Sangyo University Apr. 2004 Professor, Faculty of Business Management, Osaka Sangyo University (at present) June 2006 Director of the Company (at present) (Significant Concurrent Posts) Professor, Faculty of Business Management, Osaka Sangyo University	-
17	Satoru Madono (July 28, 1947)	Apr. 1971 Joined The Export-Import Bank of Japan (now Japan Bank For International Cooperation) Apr. 2001 Senior Advisor of the said bank Mar. 2002 Resigned Apr. 2002 Professor, International School of Economics and Business Administration (School of Economics at present), Reitaku University (at present) Representative Director of IJIC, Inc. (at present) June 2006 Director of the Company (at present) (Significant Concurrent Posts) Professor, Faculty of Economics, Reitaku University Representative Director of IJIC, Inc.	-
18	Koji Sato (Mar. 21, 1965)	Oct. 1988 Passed the National Bar Examination Apr. 1991 Registered with the Nagoya Bar Association (The Aichi Bar Association at present) Apr. 1995 Officer of Sato Koji Law Office (at present) June 2006 Director of the Company (at present) (Significant Concurrent Posts) Officer of Sato Koji Law Office	-

- Notes:
- There are no special interests between the Company and each of the candidates.
 - USS Kyushu Co., Ltd. merged with the Company in March 1995.
USS Tokyo Co., Ltd. merged with the Company in January 1996.
 - Matters related to candidates for outside directors are as follows:
(1)Hideo Okada, Isamu Hayashi, Satoru Madono and Koji Sato are candidates for the post of outside director. USS has appointed these individuals as independent officers as prescribed by the Tokyo Stock Exchange and Nagoya Stock Exchange and has submitted notices to these stock exchanges

(2) Reasons for nomination as candidates for outside directors

- 1) The Company requests election of Hideo Okada as an outside director so that his great experience and deep insight as a former manager will be reflected in the management of the Company.
- 2) The Company requests election of Isamu Hayashi as an outside director so that his deep insight and extensive experience as manager of legal affairs of the Stock Transfer and Agency Services Division at the Chuo Trust and Banking Co., Ltd. will be reflected in the management of the Company.
- 3) The Company requests election of Satoru Madono as an outside director so that his deep insight as an economist and extensive experience as Senior Advisor at the Bank for International Cooperation can be reflected in the management of the Company.
- 4) The Company requests election of Koji Sato as an outside director so that his specialist viewpoints as a lawyer and deep insight into corporate management can be reflected in the management of the Company.

(3) Period in office of incumbent outside directors who are candidates for outside directors

The period in office of incumbent outside directors Hideo Okada, Isamu Hayashi, Satoru Madono and Koji Saito will be five years upon closure of the current Ordinary General Meeting of Shareholders.

(4) Outline of liability limitation agreement

Hideo Okada, Isamu Hayashi, Satoru Madono and Koji Saito are incumbent outside directors of the Company. In order to assure that outside directors can carry out their expected duties satisfactorily the Company has entered into a liability limitation agreement with each outside director, (Hideo Okada, Isamu Hayashi, Satoru Madono and Koji Saito) that limits the liability for damage in accordance with the provisions of Article 427, Paragraph 1 of the Company Law.

The limit of liability pursuant to the above-mentioned agreement shall be the higher of either 4 million yen or the amount prescribed by the law or regulation. The Company plans to enter into liability limitation agreements with each outside director (Hideo Okada, Isamu Hayashi, Satoru Madono and Koji Saito), subject to Hideo Okada, Isamu Hayashi, Satoru Madono and Koji Saito being elected outside directors.

Procedure for Exercising Voting Rights Electronically (the Internet, etc.)

If you are intend to exercise your voting right via the Internet, etc., please carefully read the following items before you vote.

1. If you are exercising your voting right via the Internet, you can only do so via the website that The Company has assigned for web-based voting (<http://www.web54.net>). Please refer to “System Environments, etc.” on page 76 for details of requirements regarding the system environment. (Your voting code and the password printed on the Form for Exercising Voting Rights are necessary to exercise your voting right via the Internet.)
2. The deadline for exercising voting rights via the Internet is 5:00 PM on Monday, June 27, 2011, JST.
3. If a voting right is exercised both via the Internet and by using the Form for Exercising Voting Rights, the vote exercised via the Internet will be treated as the valid vote regardless of the time and date of the vote arrival.
4. If a voting right is exercised multiple times via the Internet, the last vote will be treated as the valid vote.
5. Connection charges to an Internet provider and telecommunications charges (telephone charge) by a telecommunications company shall be borne by the shareholders using the website.

If attending the Meeting in person:

- You need not exercise your voting rights via the Internet or by using the Form for Exercising Voting Rights

If not attending the Meeting:

- You need not exercise your voting rights via the Internet if you use the Form for Exercising Voting Rights
- You need not exercise your voting rights by using the Form for Exercising Voting Rights if you do so via the Internet

The Company participates in the “Web-based voting platform for Institutional Investors” managed by ICJ Inc.

[System Environments, etc.]

Please confirm the following system environments when exercising your voting rights via the Internet.

When using a personal computer

- (1) Screen resolution of 800 x 600 pixels (SVGA) or more.
- (2) The following applications shall be installed.
 - a) Microsoft® Internet Explorer Ver.5.01 SP2 and later versions
(In some cases, it may not be possible to access the website even when using this browser due to the computer used, the computer's settings or other software installed on the computer.)
 - b) Adobe® Acrobat® Reader™ Version 4.0 or later and Adobe® Reader® Version 6.0 or later
- * Microsoft® and Internet Explorer are registered trademarks or product names of Microsoft Corporation, in the U.S. or respective countries.
- * Adobe® Acrobat® Reader™ and Adobe® Reader® are registered trademark or product name of Adobe Systems, Inc., in the U.S. or respective countries.
- (3) Internet connection may be restricted due to presence of a Firewall or the like. Please ask your system administrator if you need assistance.

For inquires about how to operate your personal computer:

- If you need assistance to operate your personal computer to exercise your voting rights via our website, please call the following number.

Chuo Mitsui Securities Agent Web Support Hotline

Telephone: 0120-65-2031 (*Toll free)

(Business hours: 9:00 to 21:00 excluding Saturdays, Sundays and holidays)

- For any other inquires, please call the following number.

a) Shareholders who have an account at a securities company

Shareholders who have an account at a securities company are asked to contact the securities company for assistance.

b) Shareholders who don't have an account at a securities company

(Shareholders who have a special account)

Chuo Mitsui Trust and Banking Co., Ltd., Transfer Agency Administration Center

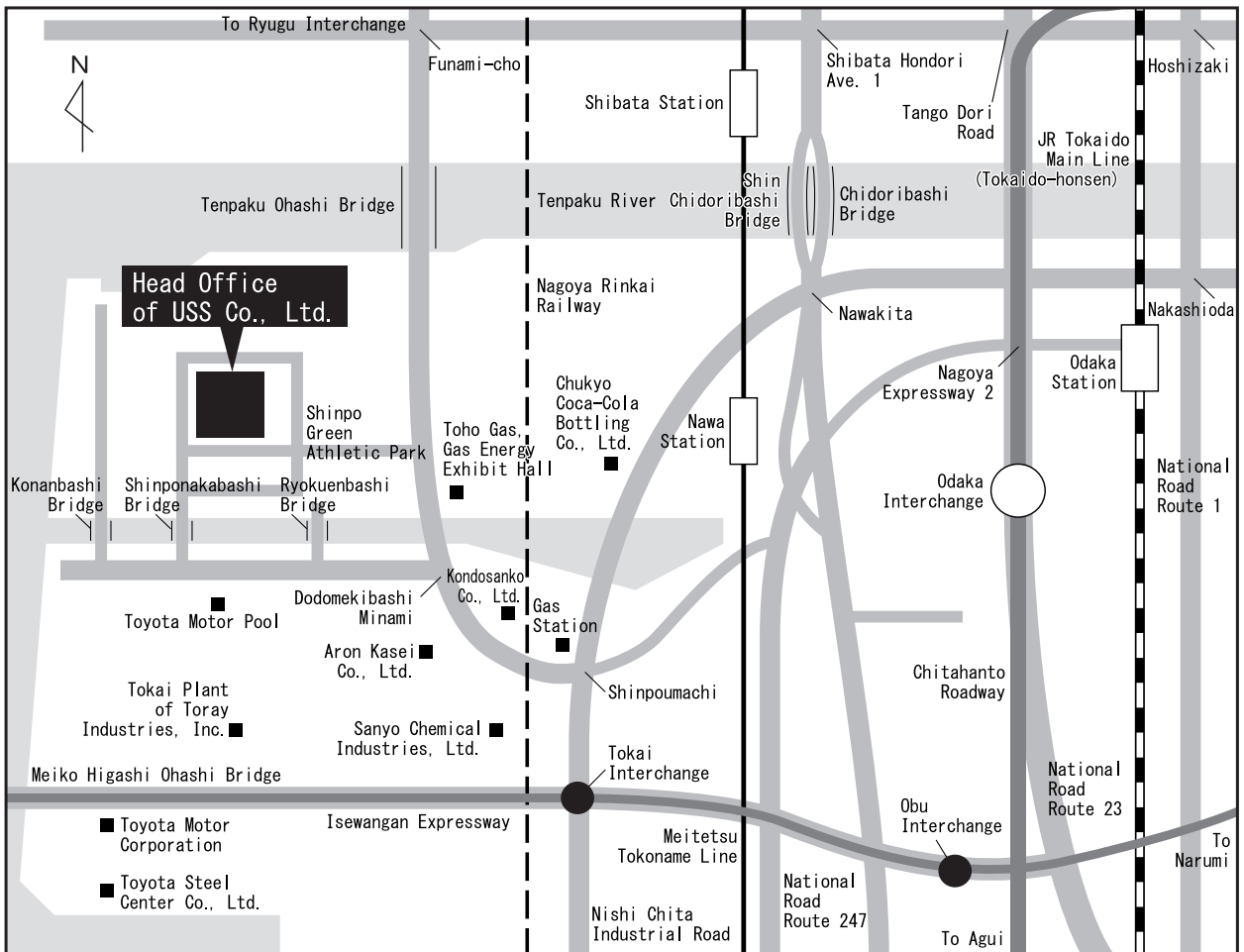
Telephone: 0120-78-2031 (*Toll free)

(Business hours: 9:00 to 17:00 excluding Saturdays, Sundays and holidays)

* The service is available in Japanese only.

Site Map for the General Meeting of Shareholders

Venue: Head Office of USS Co., Ltd. (USS Nagoya Auction Site)
507-20 Shinpo-machi, Tokai, Aichi
Telephone: 052-689-1129



Access Information

Approximately 10 minutes by taxi from Nawa Station on the Meitetsu Tokoname Line.

Approximately 15 minutes by taxi from Odaka Station on the JR Tokaido Main Line (Tokaido-honsen).

In addition, there is a bus pickup service at 10:00 and 10:30 a.m. from each of the above stations.

If you are coming by car, please use our parking area.