

USS Co., Ltd.
507-20 Shinpo-machi, Tokai, Aichi, Japan

Notice of the 28th Annual General Meeting of Shareholders

June 3, 2008

Dear Shareholders:

You are cordially invited to attend the 28th Annual General Meeting of 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 no later than 5:00 p.m. on Tuesday, June 24, 2008 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 pp. 68-69).

Sincerely,

Yukihiro Ando

President and Representative Director

1. **Date and Time:** Wednesday, June 25, 2008, at 11:00 a.m.
2. **Venue: Head Office of the Company (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 content of Business Report, the content of consolidated financial statements, and the results of audit of consolidated financial statements by accounting auditors and the Board of Corporate Auditors for the Company's 28th business term (from April 1, 2007 to March 31, 2008)
2. Financial reports for the Company's 28th business term (from April 1, 2007 to March 31, 2008)

Items to be resolved:

- Item 1:** Appropriation of retained earnings
- Item 2:** Appointment of eighteen (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. If exercising your voting rights by electronic means (via the Internet, etc.), please be sure to carefully read the “Procedure for Exercising Voting Rights Electronically (via the Internet, etc.)” on page 68 and the “System Environments, etc.” on page 69.
4. 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.

This English translation is an abridged version of the original invitation notice in Japanese. In the event of a discrepancy, the Japanese version shall prevail.

Business Report

(From April 1, 2007 to March 31, 2008)

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

(1) Business Progress and Results

During the consolidated fiscal year ended March 31, 2008, the Japanese economy was heading for moderate recovery because of improvement in company profits, growth of capital investments and improvement in employment conditions. However, since the second half of the fiscal year under review, company profits have been weakened as a result of the deceleration of the U.S. economy and the fluctuation of capital markets due to the subprime mortgage problem. This has lowered domestic consumption put a break on any further recovery. As the result, the situation for domestic automobile distribution was a 5.3% decrease in the number of new car registrations and a 6.0% decrease in the number of used car registrations compared with the previous year and remained at low levels.

In the automobile auction industry, the number of automobiles put up for auction slightly increased to 8,490,000 (an increase of 0.8% from the previous year), however, the number of auctioned cars was 4,760,000 (an increase of 3.8% from the previous year) and the contract completion rate was 56.0% (up from 54.4% in the previous year) due to an increase, etc. in demand for the export of used cars.

In this operating environment, the USS Group made efforts to establish a new auto auction site, to improve the processing capability of existing auction sites, and achieved growth in excess of the industry average, such that the number of automobiles put up for auction was 2,920,000 (an increase of 2.8% from the previous year), the number auctioned was 1,670,000 cars (an increase of 8.4% from the previous year) and , the contract completion rate was 57.2% (up from 54.3% in the previous year), and industry share was expanded t to 34.3% (up from 33.7% in the previous year).

As a result, in the consolidated fiscal year under review, net sales were 69,801 million yen (an increase of 8.1% from the previous year), operating income was 27,200 million yen (an increase of 9.6% from the previous year), ordinary income was 27,490 million yen (an increase of 8.4% from the previous year), and net income stood at 15,200 million yen (an increase of 5.6% from the previous year). The Company increased sales and profits from the previous year.

Results of business segments for the fiscal year are outlined below.

Automobile auction business

The Company took the following main actions in the automobile auction business during the consolidated fiscal year under review:

- 1) We established the Niigata Auction Site (Mitsuke, Niigata) on April, 2007 to reinforce the business base in the Koshinetsu districts, where we had never entered into previously.
- 2) To improve the processing capability of existing auction sites, we introduced a “10 simultaneous lanes system,” which is the first system in the auto auction industry by the use of which ten cars can be simultaneously auctioned, and expanded the stockyard which was for automobiles put up for auction at the Tokyo Auction Site. Also, we expanded stockyards which were for automobiles put up for auction at the Nagoya Auction Site and the Sapporo Auction sites.

- 3) With respect to “USS Internet Live”, which enables members to bid through personal computer terminals by broadcasting real-time auctions via the Internet, we made efforts to improve convenience for members and increase the number of cars handled and members through affiliation with all sites of the Company Group and 11 sites outside the Company Group.

As a result of these efforts, in the automobile auction business, the net sales was 51,953 million yen (an increase of 8.9% from the previous year) and the operating profit was 26,167 million yen (an increase of 8.2% from the previous year).

Used car purchasing and selling business

The Company’s main actions in the used car purchasing and selling business during the consolidated fiscal year under review were as follows:

- 1) Three (3) new purchase-only stores named “Rabbit” under the direct management of the Company were opened for the purpose of expanding the sales area. In addition, the Company implemented an advertising strategy for the purpose of reducing costs and effectively improving the brand’s strength. However, increased competition in the used car buying market has led to a decrease in the number of used cars bought. The result of this was a decrease in sales and increase in profits.
- 2) In the accident-damaged car buying and selling business conducted by World Automobile Co., Ltd., as a result of sales activities which focused on the profit per car, the profit per car increased, despite the fact that the number of cars bought decreased. The result of this was an increase in sales and profits.

As a result of the above, in the used car buying and selling business, the net sales was 12,590 million yen (a decrease of 2.3% from the previous year), and the operating profit was 358 million yen (the operating loss was 17 million yen in the previous year).

Other businesses

Other businesses include a recycling business for end-of-life vehicles and other goods operated by ARBIZ Co., Ltd. and a scrap rubber recycling business operated by USS Toyo Co., Ltd.

Along with efforts to expand its business in the area of comprehensive recycling business moving away from the mere recycling of discarded vehicles and enlarge its product line up, ARBIZ Co., Ltd. was able to increase its net sales due to its hard work in sales activities including seeking new customers, which enhanced the visibility of ARBIZ Co., Ltd. However, due to the increase in the demand for used cars for export, the purchase price of disassembled cars in Japan increased, which led to an increase in the cost for purchase of stock. The result of this was an increase in sales and a decrease in profits.

With respect to USS Toyo Co., Ltd., due to the continued strong demand for rubber chips used for artificial lawns, it had an increase in sales and profits.

As a result of the above, in the above-mentioned other businesses, the net sales was 5,257 million yen (an increase of 32.4% from the previous year), and the operating profit was 389 million yen (a decrease of 5.5% from the previous year).

(2) Capital investments

The capital investments made by the Company Group in the consolidated fiscal year under review amounted to 8,301 million yen, which mainly consisted of the following.

1) Principal facility construction projects completed in the consolidated fiscal year under review

Classification	Name of Business Office	Details of Facilities
Automobile auction business	Nagoya Auction Site	Acquire land of automobile's stockyard which is for automobiles put up for auction
	Tokyo Auction Site	Construction of additional auction lanes
	Niigata Auction Site	Construction of auction house due to new establishment of auction site

Note: Niigata Auction Site is a venue for auctions operated by USS Niigata Co., Ltd., the Company's subsidiary.

2) Ongoing construction, expansion and renovation of principal facilities in the consolidated fiscal year under review

Classification	Name of Business Office	Details of Facilities
Automobile auction business	West-Tokyo Auction Site	Land acquisition due to relocation of auction site

Note: West-Tokyo Auction Site is a venue for auctions operated by USS Tokyo Mizuho Co., Ltd., the Company's subsidiary.

(3) Financing

Not applicable

(4) Issues to be addressed by the Company Group

It is anticipated that the sales situation will continue to be difficult for both new cars and used cars in the automobile distribution market. A shortage in supply is expected in the used car distribution market in Japan, because of the prolonged period for which cars are used and the increase in the demand for the export of used cars. For that reason, there is fear that the number of cars to be auctioned will be influenced by such continued shortage in supply. Recognizing this operating environment, we will strive to further strengthen our management base.

In the automobile auction business, we will continue to have the "best regional auction site strategy" to secure a significant market share in each area, and will strengthen our marketing activities in each auction site for the purpose of increasing the number of cars to be auctioned and the number of members.

Furthermore, in the Kanto area, we will attempt to increase the number of cars to be auctioned by relocating Ryutsu site, whose stockyard for cars to be auctioned became too small, from Koshigaya in Saitama Prefecture to Noda in Chiba Prefecture (former USS-R Tokyo site).

We aim to improve the close rate and increase the number of members by developing an environment in which people can use the "USS Glove Network" and "USS Internet Live," by which people can join the auto auction via satellite circuit or Internet circuit, more easily.

With the above-mentioned sales efforts, we are planning 3.01 million cars put up for auction for the

fiscal year ending March 31, 2009.

With respect to the business of buying and selling used cars and other goods, due to corporate division, we consolidated the Rabbit business of Car Quest Co., Ltd. into World Automobile Co., Ltd. which operates business of purchasing and selling accident-damaged cars. Accordingly, we will establish a system in which we can exercise the synergic effect of the integrated used car buying and selling business and accident-damaged car buying and selling business.

Concerning the other businesses, ARBIZ Co., Ltd., a company which deals with recycling of end-of-life cars and other goods, aims to increase the earnings as a company conducting a comprehensive recycling business, by further increasing the transaction volume of not only disassembled cars, but also home electronics, OA instruments, automatic vending machines, and other goods, by seeking new customers.

For the above-mentioned reasons, we expect that, in the consolidated fiscal year ending in March 2009, the consolidated net sales will amount to 72,700 million yen (an increase of 4.2% from the previous year), the consolidated operating income will amount to 28,300 million yen (an increase of 4.0% from the previous year), the consolidated ordinary income will amount to 28,500 million yen (an increase of 3.7% from the previous year) and the consolidated net income will amount to 15,750 million yen (an increase of 3.6% from the previous year).

With respect to the progress of "Project 343" (the annual auction entries of 3 million vehicles, an industry share of 40%, and a consolidated ordinary income of 30 billion yen), which represents the Company's mid-term management plan up to the period ending in March 2009, the annual number of automobiles put up for auction was planned to be 3,010,000 in the year ending in March 2009. However, the industry share will be only 35% and the consolidated ordinary income will be 28.5 billion yen. Although it may be difficult to realize fully "Project 343" by the period ending in March 2009, various projects that USS group has operated under "Project 343" have continuously increased the USS Group's corporate value. Therefore, we will maintain "Project 343" as our target to be achieved and make efforts to enhance the Company's corporate value.

Your continued support would be highly appreciated.

(5) Trends in Assets and income

1) Trends in Assets and income of the Company Group

Classification	24th term (Year ended March 31, 2004)	25th term (Year ended March 31, 2005)	26th term (Year ended March 31, 2006)	27th term (Year ended March 31, 2007)	28th term (Year ended March 31, 2008) (Consolidated fiscal year under review)
Net sales (million yen)	42,425	50,484	60,243	64,568	69,801
Ordinary income (million yen)	18,207	21,096	23,544	25,360	27,490
Net income (million yen)	8,907	11,814	13,203	14,390	15,200
Net income per share (yen)	300	377	407	447	475
Total assets (million yen)	92,538	115,704	131,908	146,172	150,737
Net assets (million yen)	67,497	84,877	97,391	105,988	117,577
Net assets per share (yen)	2,189	2,652	3,008	3,287	3,657

Note: Beginning from the 27th term, the "Accounting Standard for Presentation of Net Assets in Balance Sheet" (ASBJ Statement No. 5, December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in Balance Sheet" (ASBJ Guidance No. 8, December 9, 2005) are applied.

2) Assets and income by business segment

(Millions of yen)

Business segment	Classification	24th term (Year ended March 31, 2004)	25th term (Year ended March 31, 2005)	26th term (Year ended March 31, 2006)	27th term (Year ended March 31, 2007)	28th term (Year ended March 31, 2008) (Consolidated fiscal year under review)
Automobile auction business	Net sales	32,397	36,840	44,271	47,707	51,953
	Operating income	18,319	20,704	22,675	24,175	26,167
	Total assets	89,795	111,120	124,498	139,511	142,260
Used car purchasing and selling business	Net sales	10,028	13,119	13,516	12,888	12,590
	Operating income (Operating loss)	(306)	(50)	160	(17)	358
	Total assets	2,756	3,839	4,112	3,858	5,601
Other businesses	Net sales	-	524	2,454	3,972	5,257
	Operating income (Operating loss)	-	(19)	6	412	389
	Total assets	-	1,792	4,548	4,739	4,711

Note: Other businesses consist of recycling business of end-of-life automobiles and other goods by ARBIZ Co., Ltd. for the 25th term and recycling business of end-of-life automobiles and other goods by ARBIZ Co., Ltd. and scrapped rubber recycling business by USS Toyo Co., Ltd. for the 26th term onward.

(6) Acquisition of other company's shares

- 1) With respect to USS Fujioka Co., Ltd, which was a subsidiary of the Company at the end of the day of the previous consolidated fiscal year (rename from Fujioka Inter Auto Auction Co., Ltd. on April 3, 2007), the Company subscribed the third-party allocation of new shares for which a resolution was made at the meeting of the Board of Directors, and at the extraordinary general meeting of shareholders held by Fujioka Inter Auto Auction Co., Ltd. on April 3, 2007, Fujioka Inter Auto Auction Co., Ltd. was made into a 51.1% owned subsidiary of the Company on April 9, 2007.
- 2) With respect to Car Quest Co., Ltd., which was an 84.8% owned subsidiary of the Company at the end of the day of the previous consolidated fiscal year, the Company made Car Quest Co., Ltd. a wholly-owned subsidiary of the Company on October 16, 2007 pursuant to the share purchase agreement made between the Company and shareholders of Car Quest Co., Ltd. on October 16, 2007.
- 3) With respect to World Automobile Co., Ltd., which was 91.5% owned subsidiary of the Company at the end of the day of the previous consolidated fiscal year, the company made World Automobile Co., Ltd. a wholly-owned subsidiary of the Company on October 16, 2007 pursuant to the share purchase agreement made between the Company and shareholders of World Automobile Co., Ltd., on October 16, 2007.

(7) Major subsidiaries (as of March 31, 2008)

The Company has 17 consolidated subsidiaries and no affiliate to which the equity method is applied. Because the effects and monetary importance of these companies' businesses are immaterial, the equity method has not been applied to UG Powers Co., Ltd. and Info-carry Inc., which are subsidiaries of the Company.

Major subsidiaries are as follows:

1) Automobile auction business

Company name	Capital (million yen)	Percentage of equity participation (%)	Main business
USS Okayama Co., Ltd.	20	100.0	Used car auction business
USS Sapporo Co., Ltd.	50	100.0	Same as above
USS Tokyo Mizuho Co., Ltd.	200	90.0	Same as above
USS Gunma Co., Ltd.	250	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 Ryutsu Auto Auction Co., Ltd.	11	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
USS Fujioka Co., Ltd.	109	51.1	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 about used cars via the Internet
USS Support Service Co., Ltd.	45	100.0	Finance services business, etc.

2) Used car purchasing and selling business

Company name	Capital (million yen)	Percentage of equity participation (%)	Main business
Car Quest Co., Ltd.	318	100.0	Purchasing and selling of used cars
World Automobile Co., Ltd.	63	100.0	Purchasing and selling of accident-damaged cars

3) Other businesses

Company name	Capital (million yen)	Percentage of equity participation (%)	Main business
ARBIZ Co., Ltd.	270	51.0	Recycling of end-of-life cars and other goods
USS Toyo Co., Ltd.	100	100.0	Recycling scrapped rubber

(8) Principal businesses (as of March 31, 2008)

Used car auction business, used car purchasing and selling business, and recycling business.

(9) Principal bases (as of March 31, 2008)

	Classification	Name of office or company	The location	Note
The Company	Automobile 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	Tsukushino, Fukuoka	Branch
		Tokyo Auction Site	Noda, Chiba	Branch
		Shizuoka Auction Site	Fukuroi, Shizuoka	Branch
Subsidiaries	Automobile auction business	Okayama Auction Site	Akaiwa, Okayama	Managed by USS Okayama Co., Ltd.
		Sapporo Auction Site	Ebetsu, Hokkaido	Managed by USS Sapporo Co., Ltd.
		West-Tokyo Auction Site	Mizuho-cho, Nishitama-gun, Tokyo	Managed by USS Tokyo Mizuho 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.
		Ryutsu Auction Site	Koshigaya, Saitama	Managed by USS Ryutsu Auto Auction Co., Ltd.
		Niigata Auction Site	Mitsuke, Niigata	Managed by USS Niigata Co., Ltd.
Hokuriku Auction Site	Kaga, Ishikawa	Managed by USS Hokuriku Co., Ltd.		

		Fujioka Auction Site	Fujioka, Gunma	Managed by USS Fujioka Co., Ltd.
		US Butsuryu Co., Ltd.	Tokai, Aichi	Other 18 domestic branch offices
		Car Quest Co., Ltd.	Chuo, Tokyo	Providing information about used cars via the Internet
		USS Support Service Co., Ltd.	Tokai, Aichi	Finance services business, etc.
	Used car purchasing and selling business	Car Quest Co., Ltd.	Chuo, Tokyo	18 directly managed domestic shops and 211 franchise shops of the used car purchase-only chain "Rabbit"
		World Automobile Co., Ltd.	Noda, Chiba	34 domestic branch offices
	Other business	ARBIZ Co., Ltd.	Nagoya, Aichi	Recycling plant for end-of-life automobiles and other goods
		USS Toyo Co., Ltd.	Maebashi, Gunma	Scrapped rubber recycling plant

Notes: 1. USS-R Tokyo Auction Site (Noda, Chiba), which was an office of the Company at the end of the day of the previous consolidated fiscal year, was merged with Tokyo Auction Site (Noda, Chiba) on April 1, 2007.

2. Niigata Auction Site was newly opened on April 25, 2007.

(10) Employees (as of March 31, 2008)

1) Employees of the Company Group

Business segment	Numbers of employees		Change from the end of the previous consolidated fiscal year	
Automobile auction business	717	(435)	up 24	(up 35)
Used car purchasing and selling business	335	(32)	up 6	(down 1)
Other businesses	113	(68)	up 16	(up 42)
Corporate (Common for all business segments)	41	(1)	up 2	(-)
Total	1,206	(536)	up 48	(up 76)

Notes: The numbers of employees are the numbers of employees on the payroll, and the figures in parentheses, which are not included in the immediately preceding figures, are the average annual numbers of part-timers and contract employees.

2) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average service years
344 (111)	down 4 (up 4)	31.7	5.6

Notes: The numbers of employees are the numbers of employees on the payroll, and the figures in parentheses, which are not included in the immediately preceding figures, are the average annual numbers of part-timers and contract employees.

(11) Major creditors (as of March 31, 2008)

Lender	Amount borrowed (million yen)
Sumitomo Mitsui Banking Corporation	2,736
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	313

Notes: 1 The amount of the loan from Sumitomo Mitsui Banking Corporation contains a syndicated loan (total amount of 1,500 million yen).

2 Due to a constant and efficient provision of operating funds, the Company entered into a commitment-line contract, the debt cap of which is 1,000 million yen, with the Bank of Tokyo-Mitsubishi UFJ, Ltd.

(12) Other matters relating to the current state of the Company Group

- 1) All rights and duties regarding the business of sales and purchase of used cars of Car Quest Co., Ltd. was split off and absorbed by World Automobile Co., Ltd, which two companies were both subsidiaries of the Company, in an absorption-type company split on April 1, 2008. Also, World Automobile Co., Ltd. was renamed R&W Co., Ltd. on April 1, 2008.
- 2) The USS Ryutsu, which is a subsidiary of the Company, relocated its head office and business office from Koshigaya, Saitama to Noda, Chiba on May 1, 2008.
- 3) With respect to USS Tokyo Mizuho Co., Ltd., which was a 90.0% owned subsidiary of the Company at the end of the consolidated fiscal year under review. However, because USS Tokyo Mizuho Co., Ltd. got the remaining 10.0% of shares of treasury stock from its shareholders on April 23, 2008 and canceled them on that date, USS Tokyo Mizuho Co., Ltd. was made into a wholly-owned subsidiary of the Company.

2. Matters relating to shares of the Company (as of March 31, 2008)

- (1) Total number of shares authorized to be issued: 120,000,000 shares
(2) Total number of shares issued: 32,695,982 shares
(including 671,801 shares of treasury stock)
(3) Total number of shareholders: 8,736
(4) Major shareholders (Top 10)

Shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
Futoshi Hattori	3,330	10.4
State Street Bank and Trust Company	2,031	6.3
The Master Trust Bank of Japan, Ltd. (trust account)	1,487	4.6
Japan Trustee Services Bank, Ltd. (trust account)	1,399	4.4
BBH for Fidelity Low Price Stock Fund	1,030	3.2
JPMorgan Chase Bank 380055	1,000	3.1
Yukihiro Ando	908	2.8
Nomura Trust and Banking Co., Ltd. (retirement benefit trust The Bank of Tokyo-Mitsubishi UFJ, Ltd. account)	840	2.6
Hattori Motors Co., Ltd.	720	2.2
Dai Seta	690	2.2

Note: Figures for shareholding ratio are calculated based on the total number of shares excluding 671,801 shares of treasury stock.

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		3rd Stock Acquisition Rights	4th Stock Acquisition Rights	5th Stock Acquisition Rights
Resolution date for issuance		June 29, 2004 (24th Annual General Meeting of Shareholders)	June 28, 2005 (25th Annual General Meeting of Shareholders)	August 28, 2007 (Board Meeting)
Number of Stock Acquisition Rights		2,200	2,650	714
Number of shares subject to Stock Acquisition Rights		22,000 shares of common stock (10 shares per Stock Acquisition Right)	26,500 shares of common stock (10 shares per Stock Acquisition Right)	7,140 shares of common stock (10 shares per Stock Acquisition Right)
Amount paid of Stock Acquisition Rights		Gratis	Gratis	64,560 yen per right
Amount of assets paid upon exercise of Stock Acquisition Rights		93,200 yen per right	75,100 yen per right	10 yen per right
Exercise period for Stock Acquisition Rights		From June 30, 2004 to October 31, 2008	From June 29, 2005 to October 31, 2009	From September 15, 2007 to June 30, 2032
Major conditions for the exercise of Stock Acquisition Rights		(Note1)	(Note1)	(Note2)
Shares held by officers	Directors (excluding outside directors)	Number of holders 13 Number of rights 2,200 Number of shares subject to Stock Acquisition Rights 22,000	Number of holders 14 Number of rights 2,650 Number of shares subject to Stock Acquisition Rights 26,500	Number of holders 14 Number of rights 714 Number of shares subject to Stock Acquisition Rights 7,140
	Outside directors	-	-	-
	Corporate auditors	-	-	-

Note: 1 Major conditions for the exercise of 3rd and 4th Stock Acquisition Rights are as follows:

- 1) If a person who has been allocated Stock Acquisition Rights (hereinafter called the “Stock Acquisition Right holder”) ceases to be a director, employee and advisor of the Company and its consolidated subsidiary, he or she may not exercise his or her Stock Acquisition Rights except when specified in the Share Purchase Warrant allocation agreement.
- 2) If the Stock Acquisition Right holder dies, his or her inheritors may not exercise the Stock Acquisition Rights of the deceased.
- 3) Other conditions for the exercise of Stock Acquisition Rights are prescribed by the Stock Acquisition Rights agreement entered into between the Company and Stock Acquisition Right holders.

2 Major conditions for the exercise of 5th Stock Acquisition Rights are as follows:

- 1) A Stock Acquisition Right holder may exercise its Stock Acquisition Right only if the Stock Acquisition Right holder loses any and all of its status as a director of the Company (including executive officers in the case of a company with committees), an auditor or an executive director. However, in that case, the Stock Acquisition Right holder may exercise its 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”) to 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 Stock Acquisition Right holder fails to have the Exercisable Period Commencement Date on or before June 30, 2031:
From July 1, 2031 to June 30, 2032
 - (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 its Stock Acquisition Right for subscription, the Stock Acquisition Right holder may not exercise such Stock Acquisition Right for the subscription waived.
- (2) Stock Acquisition Rights granted to employees of the Company and officers and employees of its subsidiaries in consideration of their 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, 2008)

Title	Name	Duties and Representation of Other Companies, etc.
Chairman and Representative Director	Futoshi Hattori	[Representation of Other Companies, etc.] Chairman and Representative Director of USS Tokyo Mizuho Co., Ltd. Chairman and Representative Director of USS Fujioka Co., Ltd.
President and Representative Director	Yukihiro Ando	Chief Executive Officer (CEO) [Representation of Other Companies, etc.] President and Representative Director of USS Tokyo Mizuho Co., Ltd. President and Representative Director of USS Fujioka 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
Vice President and Representative Director	Dai Seta	Officer of the Auction Operation Dept. and Officer of the Nagoya Office [Representation of Other Companies, etc.] Executive vice president and representative director of USS Tokyo Mizuho Co., Ltd. President and representative director of UG Powers 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.
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	Yoshinobu Kojima	Vice Officer of the Supervisory Office and General Manager of the General Affairs Dept., Supervisory Office
Outside Director	Hideo Okada	Advisor of Nihon Kogyo Shimbun Co., Ltd.
Outside Director	Isamu Hayashi	Professor, Faculty of Business Management, Osaka Sangyo University
Outside Director	Satoru Madono	Professor, International School of Economics and Business Administration, Reitaku University Representative director of IJIC, Inc.
Outside Director	Koji Sato	Lawyer, Sato Koji Law Office

Outside Corporate Auditor	Yukihiko Inoue	(Full-time)
Outside Corporate Auditor	Masura Takei	(Full-time) Certified public accountant
Outside Corporate Auditor	Isao Otsuka	Registered tax accountant

- Notes:
1. Duties and Representation of Other Companies, etc. are stated, except for a wholly-owned subsidiary of the Company.
 2. USS Tokyo Mizuho Co., Ltd., a company that is 90% owned subsidiary of the Company, and the Company competed with each other in the used car auction business.
 3. USS Fujioka Co., Ltd. is a 51.1% owned subsidiary of the Company, and a competitor of the Company in the used car auction business.
 4. Directors, Messrs. Hideo Okada, Isamu Hayashi, Satoru Madono and Koji Sato are outside directors.
 5. Corporate auditors, Messrs. Yukihiko Inoue, Masura Takei and Isao Otsuka are outside corporate auditors.
 6. Full-time Corporate auditor, Mr. Masura Takei is well versed in corporate accounting affairs as a certified public accountant and has considerable knowledge of finance and accounting.
 7. Corporate auditor, Mr. Isao Otsuka is well versed in corporate tax affairs as a registered tax accountant and has considerable knowledge of finance and accounting.

(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)	18 (4)	300 million yen (14 million yen)	2 million yen (-)	302 million yen (14 million yen)
Corporate auditors (Outside corporate auditors out of all corporate auditors)	3 (3)	17 million yen (17 million yen)	- (-)	17 million yen (17 million yen)
Total (Outside officers out of all officers)	21 (7)	318 million yen (32 million yen)	2 million yen (-)	320 million yen (32 million yen)

- Notes:
1. There are no directors acting concurrently as employees.
 2. The maximum amount of remuneration for directors is determined as 500 million yen per year by the 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) has been determined as another 150 million yen per year in addition to the above stated remuneration for directors by the resolution at the 27th Annual General Meeting of Shareholders held on June 26, 2007. Therefore, the maximum amount of remuneration for directors is determined as 650 million yen in total per year.

3. The maximum amount of remuneration for corporate auditors is determined as 50 million yen per year by the resolution at the 26th Annual General Meeting of Shareholders held on June 28, 2006.
 4. Stock remuneration-type stock options were granted to 14 directors (except for outside directors) on September 14, 2007, by the resolution at the Board Meeting held on August 28, 2007. The amount of the stock options was calculated for the current fiscal year.
 5. The above total amount of remuneration, etc. does not include the total amount of 543 million yen which should be paid to 14 directors (except for outside directors) at the retirement of each of the directors as a one-time discontinuation payment due to the abolition of the system for granting retirement benefits to board members by the resolution at the 27th Annual General Meeting of Shareholders held on June 26, 2007.
- (3) Matters relating to outside officers
- 1) Holding of concurrent posts by outside directors and outside corporate auditors (when they are executive officers or outside officers at other companies)
- No outside director or outside corporate auditor is holding a concurrent post which is deemed to be material.

2) Major activities during the term under the review

Position	Name	Major activities
Director	Hideo Okada	Attended all 12 meetings of the Board of Directors held during the term under review (attendance rate 100%) and expresses opinions as appropriate based on knowledge as a former corporate manager.
Director	Isamu Hayashi	Attended all 12 meetings of the Board of Directors held during the term under review (attendance rate 100%) and expresses opinions as appropriate from the expert viewpoint of a legal scholar.
Director	Satoru Madono	Attended all 12 meetings of the Board of Directors held during the term under review (attendance rate 100%) and expresses opinions as appropriate from the expert viewpoint of an economist.
Director	Koji Sato	Attended 11 meeting of the all 12 meetings of the Board of Directors held during the term under review (attendance rate 91.7%) and expresses opinions as appropriate from the expert viewpoint of a lawyer.
Corporate Auditor	Yukihiko Inoue	Conducted accounting and business audit of the USS Group as full-time corporate auditor and attended all 6 meetings of the Board of Corporate Auditors held during the term under review (attendance rate 100%) and acts as chairperson thereof. Also, attended all 12 meetings of the Board of Directors held during the term under review (attendance rate 100%) and expresses opinions as appropriate based on knowledge as an experienced former corporate manager mainly in the automobile distribution industry.
Corporate Auditor	Masura Takei	Conducted accounting and business audit of the USS Group as full-time corporate auditor and attended all 6 meetings of the Board of Corporate Auditors held during the term under review (attendance rate 100%). Also, attended all 12 meetings of the Board of Directors held during the term under review (attendance rate 100%) and expresses opinions as appropriate mainly from the expert viewpoint of a certified public accountant.
Corporate Auditor	Isao Otsuka	Conducted accounting and business audit of the USS Group and attended all 6 meetings of the Board of Corporate Auditors held during the term under review (attendance rate 100%). Also, attended all 12 meetings of the Board of Directors held during the term under review (attendance rate 100%) and 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 independent auditors

Period of audit during the term under review	Name	Note
From April 1, 2007 to June 26 2007	ARK & Co.	Temporary accounting auditor
From April 1, 2007 to June 26, 2007	MISUZU Audit Corporation	Temporary accounting auditor
From June 26, 2007 to March 31, 2008	KPMG AZSA & Co.	Accounting auditor

Note: The former temporary accounting auditor of the Company, MISUZU Audit Corporation (former ChuoAoyama PricewaterhouseCoopers), stepped down from the position of accounting auditor on July 1, 2006, as a result of an order by the Financial Services Agency on May 10, 2006 to suspend operations for a period of two months commencing on July 1, 2006, and ending on August 31, 2006, and as a consequence, said auditor was disqualified as accounting auditor of the Company.

As a result, the Company appointed ARK & Co. as temporary accounting auditor of the Company at the meeting of the Board of Corporate Auditors held on July 1, 2006. Moreover, at the meeting of the Board of Corporate Auditors held on August 18, 2006, the Company additionally appointed MISUZU Audit Corporation as temporary accounting auditor of the Company effective as of September 1, 2006.

KPMG AZSA & Co. was appointed as accounting auditor of the Company at the 27th Annual General Meeting of Shareholders held on June 26, 2007 and has acted as accounting auditor of the Company until now.

(2) Matters relating to orders suspending auditor operations in the last 2 years

The former temporary accounting auditor of the Company, MISUZU Audit Corporation (former ChuoAoyama PricewaterhouseCoopers), stepped down from the position of accounting auditor on July 1, 2006, as a result of an order by the Financial Services Agency on May 10, 2006, to suspend operations for a period of two months commencing on July 1, 2006, and ending on August 31, 2006, and as a consequence, said auditor was disqualified as accounting auditor of the Company.

(3) Amount of remuneration, etc.

Classification	Name	Amount
1. Total amount of remuneration, etc. of accounting auditors during the term under review	KPMG AZSA & Co.	22 million yen
2. Total amount of monies and other properties which the Company and its subsidiaries should pay to remuneration of accounting auditors for their services to the Company and its subsidiaries during the term under review	MISUZU Audit Corporation	5 million yen
	KPMG AZSA & Co.	39 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 audit defined under the Company Law and that defined under the Financial Instrument and Exchange Law because the amounts of remuneration for those two definitions of audit are not distinguished in the audit contracts between the Company and the accounting auditors and such distinction is impracticable.

- (4) Outline of contents of liability limitation agreement

Not applicable.

- (5) Contents of services other than audit

With respect services with respect to “Advisory services with respect to internal control over financial reporting”, which are services other than those specified by Article 2, Paragraph 1 of the Certified Public Accountant Law (non accounting services), the Company requested said services of MISUZU Audit Corporation from April 1, 2007 to June 30, 2007, thereafter requesting said services of KPMG AZSA & Co. from July 2, 2007.

- (6) 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 compliance of performance of duties by directors with laws and regulations and the Articles of Incorporation and other systems to assure appropriateness of operations

- (1) System to assure compliance of performance of duties by directors 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 thorough observance thereof.
 - 2) In order to inculcate corporate ethics in directors and employees of the USS Group, the Company established the “Risk and Information Management Committee” and will make use of a whistle-blower system called “USS Corporate Ethics Helpline” for early discovery of acts conflicting with laws and regulations and correction thereof.
 - 3) In order to assure appropriateness in the decision-making processes by the Board of Directors and 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 appropriateness of financial reporting, the Company will adopt an accounting system concentrated at head office, intensively manage 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 intervention as undue claims, etc., the Company responds organizationally with coordination and cooperation in relevant departments under intense collaboration with outside specialized institutions as police, etc. and never pays illegal payoff.
- (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 internal rules of the USS Group and those rules will be reviewed in light of operating status and will be revised if necessary.
 - 2) With responsible departments designated in accordance with segregation of duties of directors and types of information, information will be recorded and kept in writing or by electronic media. Particularly for information kept by electromagnetic media, information management control will be reinforced by such means as access rights, security treatments, 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 respective offices and subsidiaries, establish an internal system under which important information within the USS Group is promptly and appropriately grasped at the Supervisory Office of 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 required to be disclosed is disclosed in a timely and appropriate manner pursuant to applicable rules of disclosure.
 - 5) The Internal Audit Room will monitor whether information is managed in accordance with the information management rules and segregation of duties and will report the status to directors in charge and corporate auditors (or the Board of Corporate Auditors).

- (3) Rules and other systems for management of risk of loss
 - 1) The Company will establish a risk management committee and attempt to build risk management system across the USS Group consisting of analysis into the frequency of occurrence and scale of risk (if any occurs) relating to presumable management strategies, operation management, compliance, environment and disasters, study into measures to avoid or control material risks, and standards of instructions, directions and actions in case of 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 Securities Report and Account Settlement Brief Report and will be fully considered in the making of important decisions at such occasions as meetings of the Board of Directors.
 - 4) “Staff in Charge of Risk and Information Management” at respective offices and subsidiaries will report necessary information promptly and appropriately to the Supervisory Office of Head Office or directors in charge of respective matters while the Internal Audit Room and corporate auditors will monitor the risk management system as part of 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 including employees and establish a system for respective offices and subsidiaries to formulate specific measures and implement them for achievement of such goals.
 - 2) All monthly results of respective offices and subsidiaries will be managed at the Supervisory Office of Head Office, reported to a meeting of the Board of Directors which will be held every month and compared with budgets in order to analyze efficiency at respective offices and subsidiaries and impediments to achievement of goals and take effective measures.
 - 3) The Strategy Committee, an advisory body of the Board of Directors, will conduct multifaceted and in-depth studies into important matters in an attempt to build an efficient system for performance of operations.
 - 4) In response to business expansion, the Company will clarify official duties and segregation of duties of executive directors or officers or on-site responsible staff and build an efficient and effective operation management system.
 - 5) Corporate auditors will conduct monitoring to ascertain if directors are excessively pursuing efficiency in performance of duties.
- (5) System to ensure compliance of performance of duties by employees 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 operation 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 auction business, by the System Department of Head Office with respect to information processing operations and by directors in charge appointed for each operation with respect to management of subsidiaries other than auction business.

- 2) The Company will not only, with the Risk and Information Management Committee established, distribute compliance manuals to all employees of the USS Group and endeavor to keep them informed about such manuals through training programs but also will further strengthen compliance awareness through the “USS Corporate Ethics Helpline,” a whistle-blower system operated by an external independent 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 not only (i) employment rules, accounting rules and other operation management rules but 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 effectiveness by utilization of voluntary audit reports prepared at each office and subsidiary and activities by the Compliance Committee as well as audits conducted by the Internal Audit Room 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 having all of its subsidiaries consolidated, attempt to share management principles and compliance consciousness with its subsidiaries as members of the USS Group and unify operation management relating to labor and personnel affairs, accounting and treasury management while respecting autonomy of respective subsidiaries.
 - 2) The Company will appoint directors responsible for respective subsidiaries and endeavor to provide necessary assistance to and coordination with subsidiaries in order to assure consistency between management policies and strategies of the Company and those of respective subsidiaries and support healthy growth and development of respective subsidiaries.
 - 3) The Company will conduct deliberations with and provide guidance to respective 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 consolidated subsidiaries.
 - 4) Corporate auditors will give advice or recommendations if deemed necessary in cooperation with the Internal Audit Room and the accounting auditors.
- (7) System to ensure appropriate financial reporting
- 1) The Company will build and implement an internal control system of all the 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 with Operation of the Business” and “Conservation of Assets”).
 - 3) The Company will build an “Internal Control System of Accounting and Financial Reporting Process” as a Group- common system to consolidated subsidiaries as possible, because the process is directly related 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, staff for corporate auditors will be appointed and will be made to support duties of corporate auditors.
- (9) Matters relating to independence of the employees from directors mentioned in the preceding item
- 1) Staff for corporate auditors prescribed 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 exclusive staff for corporate auditors is established, issuance of an order, transfer, merits evaluation and disciplinary punishment with respect to such staff will require a 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 to manage 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 a mechanism in which all the important information of the USS Group is grasped at the Supervisory Office and is reported to corporate auditors and the Board of Corporate Auditors.
 - 2) The Company has established a whistle-blower system called 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 the above items 1) and 2).
- (11) Other systems to ensure effective conduct of audits by corporate auditors
- 1) Corporate auditors will conduct audits pursuant to the “Audit Guidelines” 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 segregation of their duties for promotion of 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 Internal Audit Room and the accounting auditors.

7. Basic policy regarding the way to decide the one who controls the decision of policy about the Company's finance and business

1. Substance of the basic policy

In the event of a Large-scale Share Purchase (as defined in 3 (2) below), even if it involves the transfer of control over the target company, 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 Company's corporate value or where the common interests of its shareholders are threatened, such as: (i) cases where it is clear that the Large-scale Share Purchaser does not aim towards reasonable management with sincerity in light of the purpose of or other circumstances surrounding the Large-scale Share 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 Large-scale Share Purchase; or (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 present its opinion for or against the Large-scale Share Purchase, or a business plan or the like (an "Alternative Proposal") that presents an alternative to the takeover proposal, business plan or the like presented by the Large-scale Share Purchaser, (b) an opportunity to negotiate with regard to Alternative Proposals with the Large-scale Share Purchaser, or (c) an adequate consideration period that is necessary or adequate for it to form its opinion for or against the Large-scale Share Purchase or Alternative Proposals.

Taking these recent situations of corporate acquisitions into consideration, the Company will enable (i) its shareholders to appropriately determine whether to accept a Large-scale Share Purchase by asking the Large-scale Share Purchaser to provide the necessary information regarding the Large-scale Share Purchase and to be ensured of an adequate period for considering and/or negotiating with respect to such transaction, and (ii) the board of directors of the Company (the "Board of Directors") to present its opinion for or against, or an Alternative Proposal to, the Large-scale Share Purchase to negotiate with the Large-scale Share Purchaser for the benefit of the shareholders. By these efforts, we think it is necessary to protect and enhance the Company's corporate value and shareholders' common interests.

The Company thinks it is necessary to protect the Company's corporate value or shareholders' common interests by triggering a necessary and reasonable countermeasure to the one who conducts large-scale purchases of shares of the Company in a way that prevents the Company from aiming to protect and enhance the Company's corporate value or shareholders' common interests by this means.

2. Endeavors for realizing the basic policy

Special endeavors for realizing the basic policy

The business of the Company and its subsidiaries (collectively, the "USS Group") consists of a membership auto-auction business, as its core business, a used-car purchase and sales business, and a recycling business of end-of-life cars.

The auto-auction business operates 18 actual auction sites nationwide and has 42,751 member companies (as of March 31, 2008) for the entire USS Group, the annual number of auction entries is 2,920,000 vehicles (for

the year ending in March 2008), and the USS Group maintains top status in the industry with an industry share of 34.3% (for the year ending in March 2008).

The USS Group has gained immense support and trust from the member companies as a leading company in the auto-auction industry. Since its founding in 1980, the USS Group has upheld management policies of the “Creation of a Fair Market” and “Coexistence with Member Companies,” has constantly introduced state-of-the-art technologies ahead of competitors, and has established its vehicle inspection systems at the highest level of the industry.

From a mid- and long-term perspective, a target to be achieved is “Project 343” (the annual auction entries of 3 million vehicles, an industry share of 40%, and a consolidated ordinary income of 30 billion yen), the USS Group’s mid-term management plan up to the period ending in March 2009. For this target, in the year ending in March 2008, the Company established the Niigata Auction Site (Mitsuke, Niigata) to reinforce the business base in the Koshinetsu districts, into where the Company had never entered into previously. Also, to improve the processing capability of existing auction sites, the Company introduced a “10 simultaneous lanes system,” which is the first system in the auto auction industry by the use of which ten cars can be simultaneously auctioned and expanded stockyard which was for automobiles put up for auction at the Tokyo Auction Site. In addition, the Company expanded stockyard which was for automobiles put up for auction at the Nagoya Auction Site and the Sapporo Auction sites, etc. The Company has been making efforts for the purpose of increasing our corporate value on a mid-and long-term basis by continuing making capital investments actively to improve convenience for members and concentrating its management resources on the auto-auction business. With respect to the progress of “Project 343”, we announced that the annual number of automobiles put up for auction was planned to be 3,010,000 in the year ending in March 2009, however industry share is planned to be 35% and consolidated ordinary income is planned to be 28.5 billion yen. Thus, although it may be difficult to realize fully “Project 343” by the period ending in March 2009, various projects that USS group has operated under “Project 343” have continuously increased the USS Group’s corporate value. Therefore we will maintain “Project 343” as our target to be achieved, and we consider it to be extremely important to continue to further fulfill the aforementioned management policies, as the basis of its management, and to operate the business of USS Group by focusing on the long-term relationship of trust between the USS Group and its member companies.

The Company has made efforts to expand the number of its shareholders by share splits, the modification of the number of shares constituting one voting unit and the like since the initial listing of its 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 8,736 as of the end of March 2008. As for shareholder composition, a great majority of shareholders are represented by individual shareholders. Thus, the liquidity of the Company shares has substantially improved since the initial listing.

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

3. Endeavors for protecting the policy about the Company’s finance and business being decided by the one who is inappropriate in light of the basic policy

- (1) Object and background for introducing measure (the “Plan”) to respond to large-scale purchases of shares of the Company

The Company decided, at its board of directors meeting on May 16, 2006, as one of the endeavors for protecting the policy about the Company’s finance and business being decided by the one who is inappropriate in light of the basic policy as described in 1 above, for the Company to enable (i) its

shareholders to appropriately determine whether to accept a Large-scale Share Purchase by asking the Large-scale Share Purchaser to provide the necessary information regarding the Large-scale Share Purchase and to be ensured of an adequate period for considering and/or negotiating with respect to such transaction, and (ii) the board of directors of the Company (the “Board of Directors”) to present its opinion for or against, or an Alternative Proposal to, the Large-scale Share Purchase in accordance with the recommendation of the Company’s Corporate Value Committee (as defined in (5) below) or to negotiate with the Large-scale Share Purchaser for the benefit of the shareholders and (iii) the Company to aim to protect and enhance the Company’s corporate value and shareholders’ common interests, to introduce the Plan.

The Company decided, at its board of directors meeting on June 26, 2007, with all the directors’ consent appointed at the 27th Annual General Meeting of Shareholders, to continue the Plan by the end of the 28th Annual General Meeting of Shareholders scheduled for June, 2008.

Details of the Plan are as follows.

(2) Substance of the Plan

Definition of Large-scale Share Purchase Subject to the Plan

The Plan shall apply if a transaction that falls or might fall under the following item (a) or item (b) (excluding those approved in advance by the Board of Directors) (such transaction being referred to as a “Large-scale Share Purchase”):

- (a) Any purchase or other form of acquisition of share certificates, etc. issued by the Company by a Large-scale Share Purchaser that will render such purchaser’s holding ratio of share certificates, etc. to be 20% or more.
- (b) Any purchase or other form of acquisition of share certificates, etc. issued by the Company by a Large-scale Share Purchaser that will render the total of such purchaser’s holding ratio of certificates, etc. and the aggregate holding ratio of share certificates, etc. of the special affiliated persons to be 20% or more.

(3) Submission of Share Purchase Statement

Before initiating a Large-scale Share Purchase, a Large-scale Share Purchaser will be required to submit to the Board of Directors a document (the “Share Purchase Statement”), in the form separately specified by the Company, bearing the signature or the name and seal impression of the representative of the Large-scale Share Purchaser by which the Large-scale Share Purchaser pledges to comply with the procedure set forth in the Plan. Upon receipt of the Share Purchase Statement, the Board of Directors will promptly submit it to the Corporate Value Committee (as defined in 4 below).

In the Share Purchase Statement, the Large-scale Share Purchaser will be requested to confirm its pledge to comply with the procedure set forth in the Plan, and its name, address, governing law, representative’s name and contact person(s) in Japan, as well as explain the outline of the intended Large-scale Share Purchase and other relevant information.

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 by the Board of Directors to be appropriate.

(4) Large-scale Share Purchaser’s Demand for Information

Within ten (10) business days after the Board of Directors receives the Share Purchase Statement, the Large-scale Share Purchaser will be requested to submit the information listed in the items (a) to (g)

(collectively, the “Large-scale Share Purchase Information”) below to the Board of Directors. Upon receipt of the Large-scale Share Purchase Information, the Board of Directors will promptly provide the same to the Corporate Value Committee.

If the Corporate Value Committee determines it difficult, only with the Share Purchase Information provided by the Large-scale Share Purchaser, for the shareholders to appropriately decide whether to accept the Large-scale Share Purchase, or for the Corporate Value Committee and the Board of Directors to formulate their opinion for or against the Large-scale Share Purchase or appropriately present an Alternative Proposal to the shareholders of the Company (such opinion formulation and Alternative Proposal presentation being collectively referred to as the “Evaluation Activity”), the Board of Directors may first fix a reasonable submission period and then demand from time to time that the Large-scale Share Purchaser provide additional information that is required for the Evaluation Activity.

If the Corporate Value Committee determines that the provision of the Large-scale Share Purchase Information has been completed, the Company will promptly disclose such fact to the shareholders of the Company. In addition, at an appropriate time following the receipt of the Large-scale Share Purchase Information, the Company will disclose to the shareholders such portion of the Large-scale Purchase Information that is considered to be necessary for the shareholders to determine whether to accept the Large-scale Share Purchase.

- (a) An outline (including the name, capital composition, financial condition, names and career summaries of the board members and the like) 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 of a fund, including its major members, capital contributors (whether direct or indirect), other constituent elements, managing partner, and advisors who continuously give advice on investments).
- (b) The purpose and substance (including the amount and type of the purchase price, the timing of the purchase, the structure(s) of the related transaction(s), the lawfulness of the manner of purchase, the plausibility of the purchase and the like) of the Large-scale Share Purchase.
- (c) The calculation basis (including the facts and assumptions forming the calculation basis, the manner of calculation, the numeric information used in the calculation, the amount of the synergy effect anticipated to result from the series of transactions relevant to the purchase and calculation basis and the like) of the purchase price.
- (d) Proof of the financial resources for the purchase (including the names of providers (including beneficial providers, whether direct or indirect) of resources, the manner of funding and the substance of the relevant transactions).
- (e) The management policies, business, financial and investment plans, capital and dividend policies of the USS Group intended to be implemented after the completion of the Large-scale Share Purchase, and the policies for handling the Company’s employees, business partners, customers, local authorities of where the Company’s business establishments and the like are located and other interested parties after the completion of the Large-scale Share Purchase.
- (f) A document by which the Large-scale Share Purchaser pledges that it is not an Abusive Acquisitor (as defined in (6) below).
- (g) Other information that the Corporate Value Committee reasonably determines to be necessary and demands the Large-scale Share Purchaser to submit within ten (10) business days after the Board of Directors receives the Share Purchase Statement.

(5) Procedure When a Large-scale Share Purchase Is Initiated without a Share Purchase Statement or Large-scale Share Purchase Information

If a Large-scale Share Purchase is initiated without the Large-scale Share Purchaser's submission of a Share Purchase Statement to the Board of Directors or completion of the provision of the Large-scale Share Purchase Information to the Board of Directors, the Corporate Value Committee will, as a general rule, recommend to the Board of Directors that it trigger a countermeasure (as described in (13) below) against the Large-scale Share Purchase except in cases where it is clearly necessary not to trigger a countermeasure against the Large-scale Share Purchase for the purposes of protecting and enhancing the Company's corporate value or shareholders' common interests or where any other extraordinary circumstance exists.

(6) Corporate Value Committee's Determination as to an Abusive Acquisitor

The Corporate Value Committee will determine whether the Large-scale Share Purchaser in question is an Abusive Acquisitor (the term "Abusive Acquisitor" refers to a purchaser that is suspected, on reasonable grounds, to fall under any of the following items):

- (a) The Large-scale Share Purchaser conducts a share purchase, without any true 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 (cases of the so-called "green mailer"), or the Large-scale Share Purchaser's main purpose of a share purchase is to obtain short-term profits.
- (b) The Large-scale Share Purchaser's purpose in participating in the management of the Company is mainly to temporarily control the management of the Company and thereby cause intellectual property rights, know-how, confidential corporate information, key business partners, customers or the like necessary for the Company's business operation to transfer to the Large-scale Share Purchaser, its group company or the like.
- (c) The Large-scale Share Purchaser purchases shares of the Company under the plan that it will 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 the control over the Company.
- (d) The Large-scale Share Purchaser's purpose in participating in the management of the Company is mainly to temporarily control the management of the Company, thereby cause the Company to sell or otherwise dispose of highly-valued assets, such as real property or securities, that are not currently related to the Company business 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.
- (e) It is determined, on reasonable grounds, that the conditions (including, without limitation, the type, amount and calculation basis of the purchase price, the substance, timing, manner, existence or non-existence of unlawfulness, plausibility and the like of the purchase) of the acquisition of shares of the Company proposed by the Large-scale Share Purchaser are inadequate or inappropriate in light of the Company's corporate value.
- (f) The manner of acquisition of shares 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 acquisition or partial tender offer.
- (g) The Large-scale Share Purchaser's acquisition of control is anticipated to impair the Company's

corporate value including the benefits of not only the shareholders but also customers, employees and other interested parties, or is determined, on reasonable grounds, to threaten to prevent the maintenance or enhancement of the Company's corporate value; or the Company's corporate value in the event of the Large-scale Share Purchaser's acquisition of the control over the Company is determined to become clearly worse than the Company's corporate value in the absence of the Large-scale Share Purchaser's such control.

- (h) The fact of the Large-scale Share Purchaser's acquisition of control as such significantly impairs the Company's corporate value, such as the loss of important business partners of the USS Group.
- (i) 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 moral, such as in cases where a person or entity directly or indirectly relating to a socially disruptive force is included in the management members or major shareholders of the Large-scale Share Purchaser.

(7) Procedure Where It Is Determined that the Large-scale Share Purchaser Is an Abusive Acquisitor

If the Corporate Value Committee determines that the Large-scale Share Purchaser in question is an Abusive Acquisitor, the Corporate Value Committee will recommend to the Board of Directors that it trigger a countermeasure against the Large-scale Share Purchase irrespective of whether the Corporate Value Committee Evaluation Period (as defined in (8) below) commences or expires.

(8) Fixing of Corporate Value Committee Evaluation Period

The Corporate Value Committee will fix the period mentioned in item (a) or item (b) below (to commence on the day on which the Company discloses the Corporate Value Committee's determination that the provision of the Large-scale Share Purchase Information has completed), in accordance with the substance of the Large-scale Share Purchase as disclosed by the Large-scale Share Purchaser, as a period for the Evaluation Activity conducted by the Corporate Value Committee (the "Corporate Value Committee Evaluation Period"). Such Corporate Value Committee Evaluation Period has been established in light of the difficulty of the evaluation of the business performance of the Company, the level of difficulty of the Evaluation Activity and the like, and any Large-scale Share Purchase shall be deemed commenced only after the expiry of the Corporate Value Committee Evaluation Period.

- (a) In the case of the purchase of all of the share certificates, etc. of the Company by way of a tender offer that limits purchase prices to cash (Japanese Yen): sixty (60) days (excluding the first day).
- (b) In the case of Large-scale Share Purchases other than as mentioned in item (a) above: ninety (90) days (excluding the first day).

During the Corporate Value Committee Evaluation Period, the Corporate Value Committee will conduct the Evaluation Activity from the viewpoint of the protection and enhancement of the Company's corporate value or shareholders' common interests on the basis of the Large-scale Share Purchase Information provided by the Large-scale Share Purchaser. In conducting the Evaluation Activity, the Corporate Value Committee shall, as a general rule, seek the advice of outside professionals (e.g., a financial advisor, a practicing attorney and a certified public accountant) in third-party positions independent from the Board of Directors.

If there is a compelling reason for the Corporate Value Committee not to make a recommendation mentioned in (10) below during the Corporate Value Committee Evaluation Period, and the Board of

Directors agrees to the extension of the Corporate Value Committee Evaluation Period, then the Corporate Value Committee may extend the Corporate Value Committee Evaluation Period by up to by thirty (30) days (excluding the first day) to the extent necessary (the same applies to the further extension of such extended period). If the Corporate Value Committee extends the Corporate Value Committee Evaluation Period, the Company will promptly disclose such fact to the shareholders of the Company.

(9) Procedure upon Commencement of Large-scale Share Purchase during Corporate Value Committee Evaluation Period

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

(10) Corporate Value Committee Recommendation Procedure

A. Corporate Value Committee Recommendation

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

(i) Corporate Value 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 a written notice to the Large-scale Share Purchaser given by the Board of Directors demanding the remedy thereof, the Corporate Value 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 necessary not to trigger a countermeasure for the purpose of protecting and enhancing the Company's corporate value or shareholders' common interests or where any other extraordinary circumstance exists. (The Corporate Value Committee shall be entitled to specify the substance of the countermeasure and impose certain conditions or the like upon the triggering of the countermeasure whenever the Corporate Value Committee determines it necessary.)

Upon such recommendation, the Company will promptly disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate.

Even after the Corporate Value Committee gives 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 a determination leading to the recommendation, the Corporate Value Committee may further make a recommendation to cease a countermeasure or any other appropriate recommendation to the Board of Directors.

(ii) Corporate Value Committee Recommendation to Confirm Shareholders' Intentions

If, as a result of the Evaluation Activity conducted by the Corporate Value Committee, it is

determined that there is no obvious difference between the takeover proposal and the like, including the business plan of the USS Group presented by the Large-scale Share Purchaser and the business plan and the like of the USS Group presented by the Board of Directors, it will generally be difficult for the Corporate Value 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 or shareholders' common interests. Therefore, the Corporate Value Committee will recommend to the Board of Directors that it confirm the intentions of the shareholders of the Company, at its shareholders' meeting, as to whether it is necessary or not to trigger a countermeasure, the substance of a countermeasure and the like. Upon such recommendation, the Company will promptly disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate.

Even after the Corporate Value Committee gives its recommendation to the Board of Directors to confirm the intention of the shareholders of the Company, if the Large-scale Share Purchase is withdrawn or any other change occurs in the facts assumed in a determination leading to the recommendation, the Corporate Value Committee may further make a different recommendation to the Board of Directors.

(iii) Corporate Value Committee Recommendation for Other Action

The Corporate Value Committee may make a recommendation at any time to the Board of Directors to not-trigger a countermeasure or to take any other necessary action.

With respect to the disclosure procedure and the subsequent further recommendation procedure with respect to such recommendation, items (i) and (ii) above shall analogously apply.

B. Corporate Value Committee Recommendation to Be Respected by the Board of Directors

The Board of Directors will conduct a reasonable analysis and consideration on the basis of the Large-scale Share Purchase Information provided by the Large-scale Share Purchaser and other reliable, objective data and information. Except in cases of an extraordinary circumstance, such as where the Board of Directors finds, as a result of its analysis and consideration, that there is a material and reckless error in the understanding of facts assumed in the recommendation (in this section B, including further recommendations) of the Corporate Value Committee or a clearly unreasonable aspect in the course of reaching a determination leading to the recommendation, the Board of Directors will adopt the necessary board resolutions, such as a resolution for triggering or not triggering a countermeasure or for convening a shareholders' meeting, by respecting the Corporate Value Committee recommendation to the greatest extent possible. (In adopting a resolution to trigger a countermeasure, the Board of Directors may grant the Corporate Value Committee a certain power to decide on the substance of a countermeasure (including the abandonment thereof) to the extent permitted by the Laws and Regulations in appropriate cases.)

In the case where such resolution is adopted, the Company will promptly disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate.

In the case where the Board of Directors triggers a countermeasure, discontinues an intended allotment of Stock Acquisition Rights or makes a decision for the Company to acquire Stock Acquisition Rights, in accordance with a further recommendation of the Corporate Value Committee, a price volatility risk may possibly arise with respect to the shares of the Company.

(11) Procedure to Confirm Shareholders' Intentions

Upon a recommendation made by the Corporate Value Committee to confirm the intentions of the shareholders of the Company at its shareholders' meeting as mentioned in (10) A (ii) above, if the Board of Directors fails to adopt a resolution for convening a shareholders' meeting scheduled to be held within two (2) months from the date of such recommendation, the Board of Directors shall follow the procedure, without delay, to convene an extraordinary shareholders' meeting in accordance with the provisions of the 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 the like 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 the voting shareholders are present, and by a majority vote of the shareholders present.

When such 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 the countermeasure in accordance with such shareholders' meeting resolution. When the Board of Directors adopts a resolution with respect to triggering the countermeasure, the Company will promptly disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate.

In the case of a recommendation made by the Corporate Value Committee to confirm the shareholders' intentions at a shareholders' meeting as mentioned in (10) A (ii) above, the Large-scale Share Purchase may not be executed until such intention confirmation procedure is completed.

(12) Modification of Large-scale Share Purchase Information

After the Board of Directors discloses its determination that the provision of the Large-scale Share Purchase Information has been completed, if the Large-scale Share Purchaser modifies the Large-scale Share Purchase Information in any material respect, the Board of Directors may, in accordance with the recommendation of the Corporate Value Committee, discontinue the procedure under the Plan with respect to the Large-scale Share Purchase (the "Pre-modification Large-scale Share Purchase") then being followed on the premise of the Large-scale Share Purchase Information before such modification, and reapply the procedure under the Plan to the Large-scale Share Purchase on the premise of the modified Large-scale Share Purchase Information, as another Large-scale Share Purchase separate from the Pre-modification Large-scale Share Purchase.

(13) Specific Substance of Countermeasure

The countermeasure triggered by the Company against a Large-scale Share Purchase shall be a free-of-charge allotment, free-of-charge issuance or the like of Stock Acquisition Rights (*shinkabu-yoyaku-ken*) (Stock Acquisition Rights so issued being referred to as "Stock Acquisition Rights"). However, if a shareholders' meeting of the Company determines it appropriate to trigger any other countermeasure, other measures available under the Laws and Regulations may be implemented.

When actually making a free-of-charge allotment of Stock Acquisition Rights, the Company may establish the exercise period, exercise conditions, acquisition clause and the like with respect to the Stock Acquisition Rights, including, without limitation: (i) an exercise condition that the Large-scale Share Purchaser violating the Plan or warrant-holders with a certain relationship with such Large-scale Share Purchaser (in this Section (13), each being referred to as an "Excluded Warrant-holder") are not allowed to exercise their rights; (ii) a clause to the effect that the Company may acquire Stock

Acquisition Rights for different prices depending upon whether the relevant holder of Stock Acquisition Rights is an Excluded Warrant-holder (e.g., a clause to the effect that while Stock Acquisition Rights held by holders other than the Excluded Warrant-holders may be acquired by the Company in exchange for ordinary shares of the Company, Stock Acquisition Rights held by the Excluded Warrant-holders may be acquired by the Company in exchange for other assets (or partially in exchange for ordinary shares of the Company, as the case may be)); and (iii) a clause to the effect that when the Company is to acquire a portion of the Stock Acquisition Rights, the Company may acquire only Stock Acquisition Rights held by holders other than the Excluded Warrant-holders.

4. Effective Period, Continuation, Abolition and Modification of the Plan

The effective period of the Plan shall expire on June 30, 2009. However, the Plan will be abolished before such expiry (i) if the Company's shareholders' meeting approves a proposal to abolish the Plan, or (ii) if the Board of Directors adopts a resolution to abolish the Plan. It is thus possible to abolish the Plan at any time in accordance with the intentions of the shareholders of the Company.

The term of office of a director of the Company is one (1) year, it is planned that the proposal for such election of directors will contain each director candidate's position with respect to being for or against the Plan and upon approval of this proposal, it is possible to reflect shareholders' wishes with respect to the continuation, abolition or modification of the Plan through a proposal for election of directors at the annual general meeting of shareholders every year.

The Company may revise or modify the Plan if necessary, after consulting with the Corporate Value Committee, from the viewpoint of the protection and enhancement of the Company's corporate value or shareholders' common interests.

Upon a board resolution being adopted for the abolition, modification or the like of the Plan, the Company will promptly disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate.

5. Corporate Value Committee

In conjunction with the introduction of the Plan, the Company has created a corporate value committee (the "Corporate Value Committee") comprised of three members appointed from among the Company's outside directors to preclude arbitrary decision-making by the Board of Directors as to whether to apply the Plan.

The Company has initially appointed Isamu Hayashi, Satoru Madono and Kouji Sato as members of the Corporate Value Committee.

As a general rule, a resolution of the Corporate Value 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 or any unavoidable circumstance, 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.

6. Effect upon Shareholders and Investors

(1) Effect upon Shareholders and Investors When the Plan Is Introduced

At the time of the introduction of the Plan, no Stock Acquisition Rights will be issued. Accordingly, the rights and economic interests of the shareholders and investors of the Company will not be directly and specifically affected.

(2) Effect upon Shareholders and Investors When Stock Acquisition Rights Are Issued

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 or shareholders' common interests, although, under the currently contemplated countermeasure structure, we do not expect any measure to directly and specifically affect the rights and economic interests of the Company's shareholders and investors (excluding a Large-scale Share Purchaser violating the Plan and those in certain relationships with such purchaser). However, if the Company's shareholders' meeting decides to use any other type of countermeasure pursuant to 3 (13) 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 countermeasure. We request the shareholders and investors to acknowledge this in advance.

In order to receive allotment of Stock Acquisition Rights, Shareholders who have not entered their name changes in the shareholder register will be required to make such entries by the record date for the Stock Acquisition Rights as separately fixed and publicized by the Board of Directors.

The procedure to exercise or acquire the allotted Stock Acquisition Rights that involves the shareholders of the Company is described as follows:

(a) When Stock Acquisition Rights Are Exercised

When the Company's shareholders are to exercise their Stock Acquisition Rights, they will be required to pay a specified amount to acquire shares within a specified period. Notification of the details of the procedure will be separately given when the free-of-charge allotment of Stock Acquisition Rights is actually offered in accordance with the Laws and Regulations.

(b) When Stock Acquisition Rights Are Acquired

When the Company is to acquire Stock Acquisition Rights, the Company will acquire such Stock Acquisition Rights, and the shareholders transferring such Stock Acquisition Rights will receive shares of the Company in exchange therefore without such shareholders following any procedure regarding the exercise of Stock Acquisition Rights as described in item (a) above, except in the case where a shareholder is a Large-scale Share Purchaser or its joint holder or special affiliated person.

7. Board of Directors' judgment regarding the policy and the reasons for such policy

(1) Special endeavors for realizing the basic policy

"Project 343" is decided as a concrete policy for aiming to protect and enhance the Company's corporate value or shareholders' common interests continuously and follows the basic policy.

And, "Project 343," is not for the assurance of each director's position.

(2) Endeavors for protecting the policy about the Company's finance and business being decided by the one who is inappropriate in light of the basic policy

The Company believes the endeavors for protecting the policy about the Company's finance and business being decided by the one who is inappropriate in light of the basic policy follows the basic policy, does not damage the Company's corporate value or shareholders' common interests and is not for the assurance of each director's position.

(a) Protection and Enhancement of Shareholders' Common Interests

As described in 3(1) above, the Plan will be introduced for the purposes of protecting and

enhancing the Company's corporate value and shareholders' common interests by ensuring the provision of necessary and adequate information and time for the shareholders of the Company to determine whether to accept a Large-scale Share Purchase.

In the case of a Large-scale Share Purchase not complying with the Plan introduced for the above purposes, or even in the case of a Large-scale Share Purchase complying with the Plan, as mentioned in 3(7) above, if the Large-scale Share Purchase is considered to significantly impair the Company's corporate value or shareholders' common interests, the Company may trigger a countermeasure. Such countermeasure will be triggered for the purposes of protecting and enhancing the Company's corporate value or shareholders' common interests.

(b) Prior Disclosure

The Company hereby discloses the Plan in advance in order to enhance the ability of the Company's shareholders, investors and prospective Large-scale Share Purchasers to foresee and ensure the appropriate opportunity for the shareholders to make a choice.

The Company will continue to make appropriate and timely disclosures in accordance with the applicable Laws and Regulations as well as the rules of each relevant stock exchange.

(c) Respect for Shareholders' Intentions

The effective period of the Plan will expire on June 30, 2009 as mentioned in 4 above.

In addition, in order to clarify the management's responsibility towards the shareholders of the Company, the Board of Directors has shortened the term of office of a director to one (1) year and it is planned that the proposal for such election of directors will contain each director candidate's position against the Plan, as mentioned in 4 above. Therefore, it is possible to reflect shareholders' wishes with respect to the continuation, abolition or modification of the Plan through a proposal for election of directors at the annual general meeting of shareholders every year.

(d) Creation of Corporate Value Committee

The Board of Directors will create the Corporate Value Committee in order to preclude arbitrary decision-making by the Board of Directors with respect to the triggering or the like of a countermeasure under the Plan, as mentioned in 5 above, and has made it a rule that it will respect, to the greatest extent possible, a recommendation of the Board of Directors when the Board of Directors trigger a countermeasure.

(e) Retaining Outside Specialists

As set forth in 3(9) above, when the Corporate Value Committee conducts the Evaluation Activity as a premise for its recommendation to the Board of Directors, the Corporate Value Committee shall, as a general rule, seek the advice of professionals (*e.g.*, a financial advisor, a practicing attorney and a certified public accountant) in third-party positions independent from the Board of Directors. The objectivity and reasonableness of the determination of the Corporate Value Committee giving recommendations to the Board of Directors are thus ensured.

(f) Not a "Dead Hand" Type Takeover Defense

Stock Acquisition Rights to be allotted under the Plan and as a countermeasure triggered thereunder are allowed to be, at any time, abandoned, acquired or cancelled by a resolution of the Company's board of directors, which is composed of the directors appointed by its shareholders'

meeting, as mentioned in 4 above , and therefore, the Plan is not a takeover defense measure of the 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).

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- Note: 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 method of consumption tax, etc., the Company adopts tax excluded method.

Consolidated Balance Sheet

(As of March 31, 2008)

(Thousands of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	44,655,630	Current liabilities	27,442,436
Cash and cash equivalents	26,280,573	Payables due to member dealers at auction	11,959,835
Receivables due from member dealers at auction	11,879,459	Notes and accounts payable	643,098
Trade notes and accounts receivable	3,527,620	Short-term borrowings	2,305,920
Inventories	1,365,431	Income tax payable	5,919,924
Prepaid expenses	225,517	Deposits received	2,460,572
Deferred tax assets	832,767	Allowance for bonus	506,869
Other current assets	619,645	Other current liabilities	3,646,216
Allowance for doubtful accounts	(75,384)		
Fixed assets	106,081,378	Long-term liabilities	5,717,511
Property and equipment	94,282,043	Long-term borrowings	759,000
Buildings and structures	36,087,398	Long-term accounts payable	543,332
Machinery, vehicles and other transport equipment	1,500,324	Guarantee deposits received from member dealers	3,799,044
Fixtures and equipment	4,224,158	Employee retirement benefit liabilities	142,508
Land	52,184,634	Accrued severance indemnities for officers	2,900
Construction in progress	285,527	Deferred tax liabilities for revaluation	470,725
		Total liabilities	33,159,948
Intangible assets	3,269,406	(Net assets)	
Goodwill	1,879,394	Shareholders' equity	122,024,686
Other intangible assets	1,390,012	Common stock	18,881,312
Investments and other assets	8,529,928	Additional paid-in capital	27,992,143
Investment securities	1,033,346	Retained earnings	80,921,483
Long-term loans	17,573	Treasury stock	(5,770,252)
Long-term prepaid expenses	692,259	Valuation and translation adjustments	(4,894,442)
Investment property	1,728,296	Net unrealized gain on other securities	83,208
Deferred tax assets	749,859	Land revaluation decrement	(4,977,650)
Deferred tax assets for revaluation	3,352,587	Share warrant	2,151
Other investments and assets	1,093,045	Minority interests in consolidated subsidiaries	444,665
Allowance for doubtful accounts	(137,041)		
		Total net assets	117,577,061
Total assets	150,737,009	Total liabilities and net assets	150,737,009

Consolidated Statement of Income

(From April 1, 2007 to March 31, 2008)

(Thousands of yen)

Item	Amount	
Net sales (Operating revenues)		69,801,008
Costs of sales		30,288,989
Gross profit on sales		39,512,019
Selling, general and administrative expenses		12,311,277
Operating income		27,200,741
Non-operating income		
Interest and dividend income	18,800	
Lease of real estate	172,840	
Other non-operating income	195,692	387,333
Non-operating expenses		
Interest expenses	61,796	
Real-estate rental cost	17,397	
Other non-operating expenses	18,095	97,289
Recurring profit		27,490,785
Extraordinary gains		
Gain on sales of property and equipment	9,111	
Reversal of allowance for doubtful accounts	7,764	
Other extraordinary gains	880	17,756
Extraordinary losses		
Loss on disposal or sales of property and equipment	166,078	
Directors' retirement benefits	123,359	
Loss on cancellation of leases	40,257	
Other extraordinary losses	18,106	347,801
Income before income taxes and minority interests		27,160,740
Income taxes	11,635,134	
Deferred tax	103,508	11,738,642
Minority interest in income of consolidated subsidiaries		221,968
Net income		15,200,128

Consolidated Statement of Changes in Net Assets

(from April 1, 2007 to March 31, 2008)

(Thousands of yen)

	Shareholders' equity				
	Common Stock	Additional paid-in Capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2007	18,581,613	27,692,443	69,237,340	(5,770,053)	109,741,343
Changes during the period					
Issuance of new shares	299,699	299,699	—	—	599,399
Dividend of retained earnings	—	—	(3,515,986)	—	(3,515,986)
Net income	—	—	15,200,128	—	15,200,128
Purchase of treasury stock	—	—	—	(198)	(198)
Changes of other items during the period (net)	—	—	—	—	—
Total changes of items during the period	299,699	299,699	11,684,142	(198)	12,283,342
Balance at March 31, 2008	18,881,312	27,992,143	80,921,483	(5,770,252)	122,024,686

	Valuation and translation adjustments			Share warrant	Minority interests	Total net assets
	Net unrealized gain on other securities	Land revaluation decrement	Total valuation and translation adjustments			
Balance at March 31, 2007	223,310	(4,978,983)	(4,755,672)	—	1,002,567	105,988,238
Changes during the period						
Issuance of new shares	—	—	—	—	—	599,399
Dividend of retained earnings	—	—	—	—	—	(3,515,986)
Net income	—	—	—	—	—	15,200,128
Purchase of treasury stock	—	—	—	—	—	(198)
Changes of other items during the period (net)	(140,102)	1,332	(138,769)	2,151	(557,901)	(694,520)
Total changes of items during the period	(140,102)	1,332	(138,769)	2,151	(557,901)	11,588,822
Balance at March 31, 2008	83,208	(4,977,650)	(4,894,442)	2,151	444,665	117,577,061

Notes on consolidated financial statements

I. Basis of preparation of consolidated financial statements

1. Matters related to the scope of consolidation

Number of consolidated subsidiaries: 17

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 subsidiaries.”

Due to the Company newly acquiring equities in USS Fujioka Co., Ltd. (former Fujioka Interchange Auto Auction Co., Ltd.), making that company a subsidiary during the consolidated fiscal year ended March 31, 2008, that company has been included in the scope of consolidation from the current consolidated fiscal year ended March 31, 2008.

2. Matters related to the application of the equity method

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

Due to the Company newly acquiring equities in USS Fujioka Co., Ltd. (formerly Fujioka Interchange Auto Auction Co., Ltd.), during the consolidated fiscal year ended March 31, 2008, the status of that company has changed from an affiliate to which the equity method is applied to a consolidated subsidiary.

(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.

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.)

Those without market value

Cost method based on the moving-average method

(ii) Inventories

Cost method based on the moving average method

(However, the cost method based on the specific
identification method is used for vehicles, and the gross
profit method (retail method) is used for parts etc. in the
recycling business)

(2) Depreciation methods for important depreciable assets

Property and equipment and investment real estate

Declining-balance method

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

(Changes in accounting policies)

The Company has changed its depreciation methods for assets acquired on or after April 1, 2007 in accordance with amendments of the Corporation Tax Law (the Law to Amend Part of the Income Tax Law; March 30, 2007, Law No. 6) and the Cabinet Order to Amend Part of the Corporation Tax Law (Cabinet Order No. 83, March 30, 2007).

If the same depreciation method as the method used last fiscal year were applied for those applicable assets, gross profit on sales would be higher by 184,142 thousand yen, operating income would be higher by 191,823 thousand yen, recurring profit would be higher by 191,823 thousand yen, and income before income taxes and minority interests would be higher by 191,823 thousand yen.

(Additional information)

For assets acquired on or before March 31, 2007, their residual values are depreciated using the straight line method over 5 years from the consolidated fiscal year that follows the fiscal year in which they reached the final depreciable limit.

If the same depreciation method as the method used last fiscal year were applied for those applicable assets, gross profit on sales would be higher by 32,329 thousand yen, operating income would be higher by 34,787 thousand yen, recurring profit would be higher by 34,787 thousand yen, and income before income taxes and minority interests would be higher by 34,787 thousand yen.

Intangible assets (software)

The straight-line method based on the internally usable period (5 years) is used.

(3) 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
Allowance for bonus	To prepare for the payment of bonuses to employees, the Company posts the current year's portion of the estimated bonuses.
Employee retirement benefit liabilities	To prepare for the payment of retirement benefits to employees, some consolidated subsidiaries posted the amount that needs to be paid based on the retirement benefits obligations at the end of the consolidated fiscal year. (Additional information) Because of the transfer to the defined contribution retirement pension plan, effective from October 2007 in accordance with the enforcement of the Defined Contribution Pension Law, the Company and some consolidated subsidiaries are subject to "Accounting for Transfer between Retirement Benefit Plans" (Accounting Standard Implementation Guidance No. 1). Note that the impact on amounts from this transfer is slight.

Accrued severance indemnities for officers

To prepare for the payment of retirement benefits to officers, some consolidated subsidiaries post the amount that needs to be paid at year-end based on internal rules.
(Additional information)
Up until now, to prepare for the payment of retirement benefits to officers, the Company posted the amount to be paid at year-end based on internal rules, however, at a meeting held on May 8, 2007, the Board of Directors resolved that the officer retirement benefit plan was to be abolished as of the conclusion of the 27th Annual General Meeting of Shareholders held on June 26, 2007. With the abolishment of the officer retirement benefit plan, at the 27th Annual General Meeting of Shareholders held on June 26, 2007, a resolution to make a lump-sum severance payment to 14 directors (excluding outside directors) at the time of each director's retirement that is commensurate to time served up until the date of said General Meeting of Shareholders was passed. As a result, we posted as a long-term

accrued amount the retirement benefit to officers (including additional reward for service) for the period up to June 26, 2007, the day of the abolishment of the officer retirement benefit plan.

(4) Other basic and important matters for the preparation of consolidated financial statements

Accounting for deferred assets Stock issuance costs are entirely expensed when paid.

Accounting for important lease transactions Finance lease transactions, other than those for which the ownership of leased property is deemed to transfer to the lessee are accounted for based on ordinary rental transactions.

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

5. Matters related to the valuation of assets and liabilities of consolidated subsidiaries, etc.

Assets and liabilities of consolidated subsidiaries, etc. are entirely valued based on the market value method.

6. Matters related to goodwill amortization

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

II. Notes on the consolidated balance sheet

	(thousand yen)
1. Accumulated depreciation of property and equipment	26,126,110
Accumulated depreciation of investment real estate	27,483

2. 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 revaluation or as deferred tax liabilities for revaluation in assets and liabilities, respectively, and posted the margin as land revaluation decrement on land in net assets.

Method of revaluation of land

The Company revalued land for business use by making reasonable adjustment of the valuation in 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 of land (Ordinance No. 119 promulgated on March 31, 1998).

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

Difference between market value at the end of the fiscal year after revaluation of land and book value after revaluation (3,943,565 thousand yen)

3. In accordance with the practice of applying the advanced depreciation method to such fixed assets as those acquired with government subsidies, the amount for advanced depreciation entries for the current consolidated fiscal year is 150,000 thousand yen in 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	32,604,062	91,920	—	32,695,982

(Note) The increase in the total number of outstanding shares was due to the issuance of new shares as a result of the exercise of Stock Acquisition Rights.

2. Matters related to dividend from surplus

(1) Dividend payment and others

- (i) Matters related to dividend based on the resolution at the 27th Annual General Shareholders' Meeting on June 26, 2007

Total dividends	1,596,614 (thousand yen)
Dividend per share	50.00 yen
Date of record	March 31, 2007
Effective date	June 27, 2007

- (ii) Matters related to dividend based on the resolution at the Board of Directors' meeting on Nov. 6, 2007.

Total dividends	1,919,371 (thousand yen)
Dividend per share	60.00 yen
Date of record	September 30, 2007
Effective date	December 10, 2007

- (2) 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	2,722,055 (thousand yen)
Dividend per share	85.00 yen
Date of record	March 31, 2008
Effective date	June 26, 2008
Dividend resource	Retained earnings

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

	3rd Stock Acquisition Rights	4th Stock Acquisition Rights	5th Stock Acquisition Rights
Type and number of stock	Common stock 192,000 shares	Common stock 218,000 shares	Common stock 7,140 shares
Date of grant	June 29, 2004	June 28, 2005	September 14, 2007

IV. Notes on per share data

- | | |
|-------------------------|--------------|
| 1. Net asset per share | 3,657.55 yen |
| 2. Net income per share | 475.14 yen |

V. Notes on important subsequent events

Not applicable

VI. Other notes

Figures less than a thousand yen have been omitted.

Non-Consolidated Balance Sheet

(As of March 31, 2008)

(Thousands of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	21,772,463	Current liabilities	21,218,466
Cash and cash equivalent	7,979,443	Payables due to member dealers at auction	7,947,751
Receivables due from member dealers at auction	7,464,114	Accounts payable	92,744
Accounts receivable	439,242	Short-term borrowings	4,200,000
Merchandise	122,901	Current portion of long-term borrowings	2,166,000
Supplies	28,893	Other payable	1,302,074
Short-term loans	4,853,366	Accrued expenses	128,382
Deferred tax assets	439,798	Income tax payable	3,380,000
Other current assets	457,975	Allowance for bonuses	198,526
Allowance for doubtful accounts	(13,271)	Other current liabilities	1,802,987
Fixed assets	100,077,367	Long-term liabilities	3,002,675
Property and equipment	43,509,453	Long-term borrowings	335,000
Buildings	10,424,761	Long-term accounts payable	543,332
Structures	3,083,769	Guarantee deposits received from member dealers	2,124,342
Vehicles	51,866		
Fixtures and equipment	2,733,951	Total liabilities	24,221,142
Land	26,956,370		
Construction in progress	258,733	(Net assets)	
Intangible assets	647,615	Shareholders' equity	102,520,979
Leasehold interest	227,511	Common stock	18,881,312
Software	401,756	Additional paid-in capital	23,583,478
Other intangible assets	18,346	Capital reserve	23,583,478
Investments and other assets	55,920,297	Retained earnings	65,826,440
Investment securities	1,026,152	Earned reserve	370,469
Shares of affiliated companies	4,771,821	Other retained earnings	65,455,971
Long-term loans	405,532	General reserve	42,705,000
Long-term prepaid expenses	660,951	Earned surplus carried forward	22,750,971
Insurance premium reserve	127,374	Treasury stock	(5,770,252)
Investment property	44,550,745	Valuation and translation adjustments	(4,894,442)
Deferred tax assets	416,788	Net unrealized gain on other securities	83,208
Deferred tax assets for revaluation	3,352,587	Land revaluation decrement	(4,977,650)
Other investments and assets	615,671	Share warrant	2,151
Allowance for doubtful accounts	(7,328)	Total net assets	97,628,688
Total assets	121,849,830	Total liabilities and net assets	121,849,830

Non-Consolidated Statement of Income

(From April 1, 2007 to March 31, 2008)

(Thousands of yen)

Item	Amount	
Net sales (Operating revenues)		31,085,619
Costs of sales		9,632,098
Gross profit on sales		21,453,520
Selling, general and administrative expenses		3,981,606
Operating income		17,471,913
Non-operating income		
Interest and dividend income	3,203,009	
Lease of real estate	2,326,028	
Other non-operating income	123,774	5,652,812
Non-operating expenses		
Interest expenses	100,177	
Cost of real estate lease	1,910,286	
Other non-operating expenses	20,714	2,031,178
Recurring profit		21,093,547
Extraordinary gains		
Gain on sales of property and equipment	3,235	
Gain on sales of investment securities	880	
Reversal of allowance for doubtful accounts	639	4,754
Extraordinary losses		
Loss on disposal or sales of property and equipment	154,868	
Directors' retirement benefits	123,359	
Other extraordinary losses	850	279,078
Income before income taxes		20,819,223
Income taxes	7,275,259	
Deferred tax	(51,853)	7,223,406
Net income		13,595,817

Non-Consolidated Statement of Changes in Net Assets

(from April 1, 2007 to March 31, 2008)

(Thousands of yen)

	Shareholders' equity								
	Common stock	Additional paid-in capital	Retained earnings				Treasury stock	Total shareholders' equity	
			Capital reserve	Earned reserve	Other retained earnings				Total retained earnings
					General reserve	Earned surplus carried forward			
Balance at March 31, 2007	18,581,613	23,283,778	370,469	42,705,000	12,671,139	55,746,609	(5,770,053)	91,841,947	
Changes during the current fiscal year									
Issuance of new shares	299,699	299,699	—	—	—	—	—	599,399	
Dividend of retained earnings	—	—	—	—	(3,515,986)	(3,515,986)	—	(3,515,986)	
Net income	—	—	—	—	13,595,817	13,595,817	—	13,595,817	
Purchase of treasury stock	—	—	—	—	—	—	(198)	(198)	
Changes of other items during the period (net)	—	—	—	—	—	—	—	—	
Total changes during the current fiscal year	299,699	299,699	—	—	10,079,831	10,079,831	(198)	10,679,031	
Balance at March 31, 2008	18,881,312	23,583,478	370,469	42,705,000	22,750,971	65,826,440	(5,770,252)	102,520,979	

	Valuation and translation adjustments			Share warrant	Total net assets
	Unrealized gain on other securities	Land revaluation decrement	Total valuation and translation adjustments		
Balance at March 31, 2007	223,310	(4,978,983)	(4,755,672)	—	87,086,275
Changes during the current fiscal year					
Issuance of new shares	—	—	—	—	599,399
Dividend of retained earnings	—	—	—	—	(3,515,986)
Net income	—	—	—	—	13,595,817
Purchase of treasury stock	—	—	—	—	(198)
Changes of other items during the period (net)	(140,102)	1,332	(138,769)	2,151	(136,618)
Total changes during the current fiscal year	(140,102)	1,332	(138,769)	2,151	10,542,413
Balance at March 31, 2008	83,208	(4,977,650)	(4,894,442)	2,151	97,628,688

Notes on non-consolidated financial statements

1. Notes on matters related to important accounting policies

(1) Standards and methods of valuation of assets

(i) 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.)

Those without market value Cost method based on the moving average method

(ii) Standards and methods of valuation of inventories

Merchandise Cost method based on the moving average method (However, the cost method based on the specific identification method 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 and equipment and investment real estate

Declining balance method

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

(Changes in accounting policies)

The Company has changed its depreciation methods for assets acquired on or after April 1, 2007 in accordance with amendments of the Corporation Tax Law (the Law to Amend Part of the Income Tax Law; March 30, 2007, Law No. 6) and the Cabinet Order to Amend Part of the Corporation Tax Law (Cabinet Order No. 83, March 30, 2007).

If the same depreciation method as the method used last fiscal year were applied for those applicable assets, gross profit on sales would be higher by 58,680 thousand yen, operating income would be higher by 60,323 thousand yen, recurring profit would be higher by 84,212 thousand yen, and income before income taxes

and minority interests would be higher by 84,212 thousand yen.

(Additional information)

For assets acquired on or before March 31, 2007, their residual values are depreciated using the straight line method over 5 years from the consolidated fiscal year that follows the fiscal year in which they reached the final depreciable limit.

If the same depreciation method as the method used last fiscal year were applied for those applicable assets, gross profit on sales would be higher by 15,284 thousand yen, operating income would be higher by 16,801 thousand yen, recurring profit would be higher by 16,821 thousand yen, and income before income taxes and minority interests would be higher by 16,821 thousand yen.

Intangible assets (software)

The straight-line method based on the internally usable period (5 years) is used.

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

(Additional information)

(i) Transfer between retirement benefit plans

Because of the transfer to the defined contribution retirement pension plan, effective from October 2007 in accordance with the enforcement of the Defined Contribution Pension Law, the Company is subject to "Accounting for Transfer between Retirement Benefit Plans" (Accounting Standard Implementation Guidance No. 1). Note that the impact on amounts from this transfer is slight.

(ii) Abolishment of the payment of retirement benefits to officers

Up until now, to prepare for the payment of retirement benefits to officers, the Company posted the amount to be paid at year-end based on internal rules, however, at a meeting held on May 8, 2007, the Board of Directors resolved that the officer retirement benefit plan was to be abolished as of the conclusion of the 27th Annual General Meeting of Shareholders held on June 26, 2007. With the abolishment of the officer retirement benefit plan, at the 27th Annual General Meeting of Shareholders held on June 26, 2007, a resolution to make a lump-sum severance payment to 14 directors (excluding outside directors) at the time of each director's retirement that is commensurate to time served up until the date of said General Meeting of Shareholders was passed. As a result, we posted as a long-term accrued amount the retirement benefit to

officers (including additional reward for service) for the period up to June 26, 2007, the day of the abolishment of the officer retirement benefit plan.

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

Accounting for deferred assets	Stock issuance costs are entirely expensed when paid.
Accounting for lease transactions	Finance lease transactions, other than those for which the ownership of leased property is deemed to transfer to the lessee, are accounted for based on ordinary rental transactions.
Accounting for consumption taxes, etc.	The tax exclusion method is used.

2. Notes on the balance sheet

	(thousand yen)
(1) Accumulated depreciation of property and equipment	12,941,005
Accumulated depreciation of investment real estate	5,875,169

	(thousand yen)
(2) Receivables from, and payables to subsidiaries	
Short-term receivables	5,386,983
Long-term receivables	405,532
Short-term payables	5,097,087

(3) 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 revaluation” in investments and other assets, and “land revaluation decrement” in net assets. The book balance of land after revaluation is (3,430,725 thousand) yen less than its market value at year-end.

(4) In accordance with the practice of applying the advanced depreciation method to such fixed assets as those acquired with government subsidies, the amount for advanced depreciation entries for the current consolidated fiscal year, which was directly deducted from the acquisition price of investment real estate (land) is 150,000 thousand yen.

3. Notes on the statement of income

Transactions with affiliated companies	(thousand yen)
Net sales	1,015,532
Operating expenses	2,284,821
Transactions other than business transactions	2,350,514

4. 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	671,773	28	—	671,801

(Overview of changes)

Breakdown of the increase

Increase due to the purchase of fractional shares: 28 shares

5. Notes on tax effect accounting

Main reasons leading to deferred tax assets and deferred tax liabilities

Current assets

Deferred tax assets

(1) Allowance for bonuses	79,898 (thousand yen)
(2) Accrued enterprise tax	292,629 (thousand yen)
(3) Accounts payable	64,912 (thousand yen)
(4) Accrued business office tax	1,915 (thousand yen)
(5) Others	<u>442 (thousand yen)</u>
Total deferred tax assets	439,798 (thousand yen)

Fixed assets

Deferred tax assets

(1) Long-term accounts payable	218,669 (thousand yen)
(2) Loss on disposal of buildings and other fixed assets	83,126 (thousand yen)
(3) Amount in excess of depreciation range of petty sum depreciable assets	25,972 (thousand yen)
(4) Net unrealized gain on other securities	(56,043) (thousand yen)
(5) Denial of loss on valuation for investment securities	99,048 (thousand yen)
(6) Others	<u>46,014 (thousand yen)</u>
Total deferred tax assets	416,788 (thousand yen)

6. Notes on leased fixed assets

(1) Acquisition cost of leased property at the end of the current fiscal year	1,919,676 (thousand yen)
(2) Accumulated depreciation on leased property at the end of the current fiscal year	1,366,500 (thousand yen)
(3) Future lease payments at the end of the current fiscal year	553,175 (thousand yen)

7. Notes on transactions with related parties

(1) Officers, main individual shareholders and others (Thousands of yen)

Details of officer and company					Voting rights ratio	Links		Details of transaction	Number of auction consignment	Transaction amount	Account item	Balance at year-end	
Name of company or individual	Location	Capital	Description of business or occupation	Voting rights		Interlocking directorate and others	Business links						
Hattori Motors Co., Ltd.	Tokai, Aichi	50,000	Auto sales and repair	Futoshi Hattori, the Company's representative director and main shareholder, directly owns 100% of the voting rights.	2.2%	None	Auction business	Business transactions	Auction sale	17,771	148,942	Receivables due from member dealers at auction (Payables due to member dealers at auction)	1,892 (-)
								Auction contracts	8,084	74,016	Auction purchase		
Total									232,941				
Green City Tokai Co., Ltd.	Meito-ku, Nagoya, Aichi	20,000	Auto sales and repair	Futoshi Hattori, the Company's president and main shareholder, directly owns 100% of the voting rights.	-	None	Auction business	Business transactions	Auction sale	60	120	Receivables due from member dealers at auction (Payables due to member dealers at auction)	1,231 (-)
								Auction contracts	42	387	Auction purchase		
Total									2,524				
Showa Co., Ltd.	Midori-ku, Nagoya, Aichi	10,000	Auto sales and lease	Yukihiro Ando, the Company's representative director, directly owns 99% of the voting rights.	-	None	Auction business	Business transactions	Auction sale	2,540	18,078	Receivables due from member dealers at auction (Payables due to member dealers at auction)	- (1,147)
								Auction contracts	792	6,903	Auction purchase		
Total									27,314				
Metro Syoji Ltd.	Hakata-ku, Fukuoka, Fukuoka	3,000	Auto sales and repair	Fumihiko Tamura, the Company's representative director, directly owns 83% of the voting rights.	-	None	Auction business	Business transaction	Auction sale	1,405	6,092	Receivables due from member dealers at auction (Payables due to member dealers at auction)	13 (-)
								Auction contracts	622	5,545	Auction purchase		
Total									11,903				
Auto Max Purchase Service Co., Ltd.	Hakata-ku, Fukuoka, Fukuoka	5,000	Auto sales and repair	Eiji Gono, the Company's director, and his close relatives directly owns 100% of the voting rights.	-	None	Auction business	Business transactions	Auction sale	14,554	94,152	Receivables due from member dealers at auction (Payables due to member dealers at auction)	14 (-)
								Auction contracts	5,219	46,653	Auction purchase		
Total									143,789				
Auto Max Co., Ltd.	Hakata-ku, Fukuoka, Fukuoka	100,000	Auto sales and repair	Eiji Gono, the Company's director, and his close relatives directly owns 96% of the voting rights.	-	None	Auction business	Business transactions	Auction sale	19	190	Receivables due from member dealers at auction (Payables due to member dealers at auction)	- (-)
								Auction contracts	5	52	Auction purchase		
Total									1,411				
Hakata Ryutsu Co., Ltd.	Hakata-ku, Fukuoka, Fukuoka	5,000	Auto sales and repair	Eiji Gono, the Company's director, directly owns 73% of the voting rights.	-	None	Auction business	Business transactions	Auction sale	13,479	76,467	Receivables due from member dealers at auction (Payables due to member dealers at auction)	- (477)
								Auction contracts	5,344	60,366	Auction purchase		
Total									140,048				

Details of officer and company					Voting right ratio	Links		Details of transaction	Number of auction consignment	Transaction amount	Account item	Balance at year-end	
Name of company or individual	Location	Capital	Description of business or occupation	Voting rights		Interlocking directorate and others	Business links						
Metokosu Ltd.	Kasuya, Fukuoka	13,500	Auto sales and repair	Toshio Mishima, the Company's director, and his close relatives directly owns 100% of the voting rights.	-	None	Auction business	Business transactions	Auction sale	13,380	84,004	Receivables due from member dealers at auction (Payables due to member dealers at auction)	462 (-)
									Auction contracts	4,493	48,051		
									Auction purchase	845	8,094		
									Others	-	10		
									Total		140,160		
Masuda Auto Co., Ltd.	Misato, Saitama	10,000	Auto sales and repair	Morihito Masuda, the Company's director, and his close relatives directly own 90% of the voting rights.	-	None	Auction business	Business transactions	Auction sale	7,029	65,556	Receivables due from member dealers at auction (Payables due to member dealers at auction)	- (2,930)
									Auction contracts	3,944	37,974		
									Auction purchase	1,216	11,368		
									Others	-	24		
									Total		114,923		
Karen Co., Ltd.	Nakamura-ku, Nagoya, Aichi	10,000	Real estate leasing	Kana Torii, the oldest daughter of Futoshi Hattori, the Company's representative director and main shareholder, directly owns 100% of the voting rights.	-	None	Leasing of land and building	Business transactions	Real estate lease	-	35,808	Other current assets	2,353

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) Rents of land and building are decided based on the current neighboring market prices.
2. "Others" in the "Details of transaction" represents the commission income and other operation revenues.
3. Transactions mentioned above do not include consumption tax.

(2) Subsidiaries etc. (Thousands of yen)

Link attribute	Company name	Location	Capital	Description of business or occupation	Voting rights ratio	Links		Details of transaction	Transaction amount	Account item	Balance at year-end
						Inter-locking directorate and others	Business links				
Subsidiary	USS Gunma Co., Ltd.	Fujioka, Gunma	250,000	Operation of used car auction site	Directly owning 100%	4	None	Capital borrowing Interest payment	1,600,000 13,139	Short-term borrowing -	1,000,000 -
Subsidiary	USS Support Service Co., Ltd.	Tokai, Aichi	45,000	Financial service	Directly owning 100%	6	Acceptance of service	Capital loan Interest receipt	2,400,000 24,079	Short-term loan -	2,400,000 -

Notes: Business terms and business terms determination method

- (1) Regarding borrowings from USS Gunma Co., Ltd., the interest rate is reasonably decided in light of market interest rates, and the payment is to be made within one year. No collateral has been provided.
- (2) Regarding loans made to USS Support Service Co., Ltd., the interest rate is reasonably decided in light of market interest rates, and the payment is to be made within one year. No collateral has been provided.

8. Notes on per share data

- | | |
|-------------------------|--------------|
| 1. Net asset per share | 3,048.52 yen |
| 2. Net income per share | 424.99 yen |

9. Notes on important subsequent events

Not applicable

10. Other Notes

Figures less than a thousand yen have been omitted.

(English Translation of the Auditors' Report Originally Issued in the Japanese Language)

Transcript of the accounting auditors' audit report

Independent auditors' audit report

KPMG AZSA & Co.

Chizuka Inakoshi, CPA, Designated and Engagement Partner [Seal]

Masashi Miyamoto, CPA, Designated and Engagement Partner [Seal]

Yoshihide Todoroki, CPA, Designated and Engagement Partner [Seal]

April 30, 2008

To the Board of Directors of USS Co., Ltd.

We have audited the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets, and Notes to the Consolidated Financial Statements of USS Co., Ltd. for the consolidated fiscal year beginning on April 1, 2007 and ending on March 31, 2008, in accordance with Article 444.4 of the Company Law. Responsibility for preparation of these financial statements lies with the Company's management. Our responsibility is to express an opinion on these financial statements from an independent perspective.

We conducted our audit in accordance with generally accepted auditing standards in Japan. The auditing standards require us to obtain reasonable assurance as to whether or not there are any material misstatements in financial statements and supporting schedules. The auditing is conducted on a test basis, and includes overall examinations of the disclosures of financial statements and supporting schedules, and the evaluation of accounting principles and methods and estimates used by the management. We believe that we have obtained reasonable bases to express our opinion as a result of our audit. In addition, our audit procedures included those that we considered necessary to conduct our audit of the Company's subsidiaries for the related consolidated fiscal year.

(The Company, KPMG AZSA & Co., are not related parties as defined by the Certified Public Accountant Law.)

(English Translation of the Auditors' Report Originally Issued in the Japanese Language)

Transcript of the accounting auditors' audit report

Independent auditors' audit report

KPMG AZSA & Co.

Chizuka Inakoshi, CPA, Designated and Engagement Partner [Seal]

Masashi Miyamoto, CPA, Designated and Engagement Partner [Seal]

Yoshihide Todoroki, CPA, Designated and Engagement Partner [Seal]

April 30, 2008

To the Board of Directors of USS Co., Ltd.

We have audited the Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Net Assets, and Notes to the Non-Consolidated Financial Statements of USS Co., Ltd. for the non-consolidated fiscal year beginning on April 1, 2007 and ending on March 31, 2008, in accordance with Article 436.2.1 of the Company Law. Responsibility for preparation of these financial statements lies with the Company's management. Our responsibility is to express an opinion on these financial statements from an independent perspective.

We conducted our audit in accordance with generally accepted auditing standards in Japan. The auditing standards require us to obtain reasonable assurance as to whether or not there are any material misstatements in financial statements and supporting schedules. The auditing is conducted on a test basis, and includes overall examinations of the disclosures of financial statements and supporting schedules, and the evaluation of accounting principles and methods and estimates used by the management. We believe that we have obtained reasonable bases to express our opinion as a result of our audit. In addition, our audit procedures included those that we considered necessary to conduct our audit of the Company's subsidiaries for the related non-consolidated fiscal year.

(The Company, KPMG AZSA & Co., are not related parties as defined by the Certified Public Accountant Law.)

Audit Report

Based on the audit report prepared by each Corporate Auditor with regard to the performance of duties by the Directors of USS Co., Ltd. (the “Company”) for the 28th fiscal year (from April 1, 2007 to March 31, 2008), the Board of Corporate Auditors of the Company prepares this audit report after deliberation and reports as follows:

1. Auditing methods used by Corporate Auditors and the Board of Corporate Auditors, and details of audit
The Board of Corporate Auditors specified an audit policy, assigned duties to each Corporate Auditor and received reports from each Corporate Auditor on the status of implementation and results of audit as well as received reports from Directors and accounting auditors on the status of the execution of their duties and asked them for explanations as required.
Each Corporate Auditor, according to the audit policy set up by the Board of Corporate Auditors and the duties assigned to each Corporate Auditor by the Board of Corporate Auditors, has maintained good communications with Directors, the Internal Audit Office and other employees and strived to collect information and improve the audit environment as well as attended meetings of the Board of Directors and other meetings as deemed important, received from Directors and employees reports on the execution of their duties, asked for explanations as necessary, perused the documents whereby the important decisions were made, and examined business and financial conditions at the head office and principal operating offices. In addition, we have monitored and verified the details of the resolution made by the Board of Directors concerning the establishment of systems defined in Article 100, Paragraph 1 and Paragraph 3 of the Regulations for Enforcement of the Company Law. We have monitored and verified the status of the systems established based on the said resolution (internal control systems that are necessary for ensuring compliance with laws and the Company’s Articles of Incorporation in the performance of duties by Directors and for ensuring appropriateness of duties of a joint stock company). With regard to the basic policy pursuant to Article 127, Paragraph 1 of the Regulations for Enforcement of the Company Law and items pursuant to Paragraph 2 of the same Article, which are described in the business report, we have reviewed their details in consideration of the status of deliberations at the Board of Directors, etc. Also, we have maintained good communications and exchanged information with directors and others of the subsidiaries of the Company, asked the subsidiaries for reports on their business conditions and visited the subsidiaries as necessary to examine their business and financial conditions. Based on the methods mentioned above, we have reviewed the financial statements for the said fiscal year and their supplementary schedules.
We have also monitored and verified whether the temporary accounting auditors maintain independence and properly implement audit, received from the temporary accounting auditors reports on the execution of their duties and asked them for explanations as necessary. The temporary accounting auditors reported to us that “systems for ensuring proper execution of duties” (listed in each item of Article 159 of the Corporate Calculation Regulations) have been established in accordance with the quality control standards concerning audit (Business Accounting Council, October 28, 2005), etc., and we asked them for explanations as necessary. Based on the methods mentioned above, we have reviewed financial statements for the said fiscal year (balance sheet, statement of income, statement of changes in net assets and notes to non-consolidated financial statements), their supplementary schedules and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, etc. and notes to consolidated financial statements).

2. Audit results

(1) Results of audit of the business report, etc.

1. We confirm that the business report and its supplementary schedules present fairly the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.
2. With respect to the Directors' performance of their duties, we confirm that there has been no improper act committed nor important violation of applicable laws and regulations or of the Articles of Incorporation.
3. We confirm that the details of the resolution made by the Board of Directors concerning internal control systems are proper. With respect to the Directors' performance of their duties regarding the said internal control systems, we confirm that there is no matter to be pointed out.
4. With respect to the basic policy concerning the persons who control the Company's decisions on financial matters and business policies, which is described in the business report, we confirm that there is no matter to be pointed out. We confirm that the items pursuant to Article 127, Paragraph 2 of the Regulations for Enforcement of the Company Law, described in the business report, are in line with the said basic policy, that they do not damage the common interests of shareholders of the Company and that they are not aimed at maintaining the positions of Directors of the Company.

(2) Results of audit of financial statements and their supplementary schedules

We confirm that the auditing methods and results of KPMG AZSA & Co., an accounting auditor, are proper.

(3) Results of audit of consolidated financial statements

We confirm that the auditing methods and results of KPMG AZSA & Co., an accounting auditor, are proper.

May 2, 2008

The board of corporate auditors,
USS Co., Ltd.

Standing corporate auditor (Outside Corporate Auditor): Yukihiro Inoue [Seal]
Standing corporate auditor (Outside Corporate Auditor): Masura Takei [Seal]
Corporate auditor (Outside Corporate Auditor): Isao Otsuka [Seal]

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Item 1: Appropriation of retained earnings

The Company proposes to appropriate retained earnings as follows:

1. 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 its basic policy and comprehensively taking into account the 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, 2008 as follows, as an expression of appreciation for the shareholders' support of the Company 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 ¥85 per share for a year-end dividend, which brings the total amount of dividends to ¥2,722,055,385

Since the Company has paid an interim dividend of ¥60 per share, the consequent annual dividend will total ¥145 per share for the fiscal year under review.

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

June 26, 2008

Item 2: Appointment of eighteen (18) directors

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

It is on this occasion requested that a total of eighteen (18) directors be newly elected.

Every candidate approved to maintain "Countermeasure to Respond to the Large-scale Purchase of Shares of the Company (Takeover Defense)" which had been resolved to be introduced at the Board of Directors' meeting held on May 16, 2006. For further information on the "Countermeasure to Respond to the Large-scale Purchase of Shares of the Company (Takeover Defense)", please refer to "7. 3 Endeavors for protecting the policy about the Company's finance and business being decided by the one who is inappropriate in light of the basic policy" in the business report.

Brief information on the proposed candidates is as follows:

Candidate Number	Name (Date of birth)	Brief Profile, Position, Duties and Representation of Other Organizations, etc.	Number of Shares of the Company Owned by the Candidate
1	Futoshi Hattori (Dec. 1, 1936)	Oct. 1980 Executive Vice President of the Company Jul. 1982 President and Representative Director of the Company Jun. 2006 Chairman, Representative Director and Chief Executive Officer (CEO) of the Company Jun. 2007 Chairman and Representative Director of the Company (present) (Representation of Other Organizations, etc.) Apr. 2007 Chairman and Representative Director of USS Fujioka Co., Ltd. (present)	3,330,420
2	Yukihiro Ando (Dec. 2, 1946)	Jul. 1982 Director of the Company Nov. 1989 Senior Managing Director of the Company Jun. 1995 Executive Vice President of the Company Jun. 2000 Executive Vice President of the Company and Officer of the Nagoya Office Jun. 2006 President and Representative Director of the Company Jun. 2007 President and Representative Director of the Company and Chief Executive Officer (CEO) of the Company (present) (Representation of Other Organizations, etc.) Apr. 2007 President and Representative Director of USS Fujioka Co., Ltd. (present)	908,300
3	Fumihiko Tamura (Nov. 3, 1940)	Jul. 1989 Senior Managing Director of USS Kyushu Co., Ltd. Mar. 1995 Senior Managing Director of the Company Jun. 1995 Executive Vice President and Officer of the Kyushu Office Jun. 2006 Vice Chairman and Representative Director of the Company and Officer of the Kyushu Office (present)	63,220
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 Jun. 2006 Vice Chairman and Representative Director of the Company and Officer of the Tokyo Office (present)	90,620
5	Dai Seta (Dec. 23, 1966)	Jan. 2004 Executive Officer of the Company and Vice Officer of the Nagoya Office Jun. 2004 Director and Vice Officer of the Company of the Nagoya Office Jun. 2006 Executive Vice President and Representative Director of the Company and Officer of the Auction Operation Office of the Nagoya Office (present) (Representation of Other Organizations, etc.) Apr. 2006 President and Representative Director of UG Powers Co., Ltd. (present)	690,140
6	Motohiro Masuda (Dec. 27, 1947)	Jun. 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 Jun. 2001 Senior Managing Director of the Company and Vice Officer of the Tokyo Office Jun. 2006 Executive Vice President of the Company and Vice Officer of the Tokyo Office (present)	35,620
7	Eiji Gono (Jun. 6, 1949)	Jul. 1989 Managing Director of USS Kyushu Co., Ltd. Mar. 1995 Junior Managing Director of the Company Jun. 1995 Senior Managing Director of the Company and Vice Officer of the Kyushu Office Jun. 2001 Senior Managing Executive Officer of the Company Jun. 2003 Senior Managing Director of the Company and Vice Officer of the Kyushu Office Jun. 2006 Executive Vice President of the Company and Vice Officer of the Kyushu Office (present)	132,720

Candidate Number	Name (Date of birth)	Brief Profile, Positions, Duties and Representation of Other Organizations, etc.	Number of Shares of the Company Owned by the Candidate
8	Toshio Mishima (Jan. 12, 1947)	Jul. 1989 Director of USS Kyushu Co., Ltd. Mar. 1995 Director of the Company Jun. 1996 Junior Managing Director of the Company, in charge of Customer Services & Market Development and Vehicle of the Kyushu Office Jun. 2001 Managing Executive Officer of the Company Mar. 2003 Senior Managing Executive Officer of the Company Jun. 2006 Senior Managing Director of the Company, in charge of the Fukuoka Site of the Kyushu Office (present)	122,720
9	Masafumi Yamanaka (Dec. 16, 1954)	Jan. 2000 General Manager of the Finance Dept., Supervisory Office of the Company Jan. 2004 Executive Officer and General Manager of the Finance Dept., Supervisory Office of the Company Jun. 2004 Director of the Company and General Manager of the Finance Dept., Supervisory Office Jun. 2006 Junior Managing Director of the Company and Officer of the Supervisory Office (present)	3,140
10	Hiromitsu Ikeda (May 3, 1961)	Jan. 2001 General Manager of the System Planning & Business Relation Service Dept., Nagoya Office of the Company Jan. 2004 Executive Officer of the Company and General Manager of the System Planning & Business Relation Service Dept., Nagoya Office Jun. 2004 Director of the Company and General Manager of the System Planning & Business Relation Service Dept., Nagoya Office Jun. 2006 Junior Managing Director of the Company and Officer of the System Office (present)	3,130
11	Masayuki Akase (Nov. 8, 1962)	Jan. 2001 General Manager of the Customer Services & Market Development Dept., Nagoya Office of the Company Jan. 2004 Executive Officer of the Company and General Manager of the Customer & Services & Market Development Dept., Nagoya Office Jun. 2004 Director of the Company and General Manager of the Customer & Services & Market Development Dept., Nagoya Office Jun. 2006 Junior Managing Director of the Company and Vice Officer of the Auction Operation Office (present)	5,010
12	Hiroaki Inoue (Nov. 14, 1960)	Jan. 2001 General Manager of the Vehicle Dept., Nagoya Office of the Company Jan. 2004 Executive Officer of the Company and General Manager of the Vehicle Dept., Nagoya Office Jun. 2004 Director of the Company and General Manager of the Vehicle Dept., Nagoya Office Aug. 2005 Director of the Company and Officer of the Shizuoka Office Jun. 2006 Director of the Company and Officer of the Shizuoka Office (present)	1,840
13	Yasuhisa Koga (Aug. 24, 1960)	Aug. 1994 General Manager of the Customer Services and Market Development of USS Kyushu Co., Ltd. Mar. 1995 General Manager of the Customer Services and Market Development, Kyushu Office of the Company Jan. 2004 Executive Officer of the Company and General Manager of the Customer Services and Market Development, Kyushu Office Jun. 2004 Director of the Company and General Manager of the Customer Services & Market Development Dept., Kyushu Office Jun. 2006 Director of the Company, in charge of the Kyushu Site of the Kyushu Office (present)	2,320

Candidate Number	Name (Date of birth)	Brief Profile, Positions, Duties and Representation of Other Organizations, etc.	Number of Shares of the Company Owned by the Candidate
14	Yoshinobu Kojima (Aug. 19, 1953)	Jun. 2001 General Manager of the General Affairs Dept., Supervisory Office of the Company Jun. 2006 Director of the Company, Vice Officer of the Supervisory Office and General Manager of the General Affairs Dept., Supervisory Office (present)	1,570
15	Hideo Okada (Feb. 16, 1941)	Aug. 1965 Joined Nihon Kogyo Shinbun Co., Ltd. Jun. 2002 Managing Director of the said company Jun. 2005 Advisor of the said company (present) Jun. 2006 Director of the Company (present)	-
16	Isamu Hayashi (Dec. 15, 1945)	Apr. 2000 Associate Professor, Faculty of Business Management, Osaka Sangyo University Apr. 2004 Professor, Faculty of Business Management, Osaka Sangyo University (present) Jun. 2006 Director of the Company (present)	-
17	Satoru Madono (Jul. 28, 1947)	Apr. 1971 Joined The Export-Import Bank of Japan (Now Japan Bank For International Cooperation) Apr. 2001 Executive Director of the said bank Apr. 2002 Professor, International School of Economics and Business Administration, Reitaku University (present) Apr. 2002 Representative Director of IJIC, Inc. (present) Jun. 2006 Director of the Company (present)	-
18	Koji Sato (Mar. 21, 1965)	Oct. 1988 Passed the National Bar Examination Apr. 1991 Registered in Nagoya Bar Association (presently, the Aichi Bar Association) Apr. 1995 Opened Sato Koji Law Office (Up to the present date) Jun. 2006 Director of the Company (present)	-

- Notes:
1. Representation of other organizations, etc. are stated except for a wholly-owned subsidiary of the Company.
 2. USS Kyushu Co., Ltd. merged with the Company as of March 1995.
USS Tokyo Co., Ltd. merged with the Company as of January 1996.
 3. Of candidates for members of the Board of Directors, Futoshi Hattori and Yukihiro Ando serve concurrently as Representative Directors of USS Fujioka Co., Ltd., a 51.1% owned subsidiary of the Company. The Company and USS Fujioka Co., Ltd. compete with each other in the used car auction business. Other candidates for members of the Board of Directors have no special interest in the Company.
 4. Matters related to candidates for outside directors are as follows:
 - (1) Messrs. Hideo Okada, Isamu Hayashi, Satoru Madono and Koji Sato are the candidates for outside directors.
 - (2) Reasons for nomination as candidates for outside directors
 - 1) The Company requests election of Hideo Okada as 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 outside director, so that his deep insight and extensive experience as a legal scholar will be reflected in the management of the Company.
 - 3) The Company requests election of Satoru Madono as outside director, so that his deep insight and extensive experience as an economist will be reflected in the management of the Company.
 - 4) The Company requests election of Koji Sato as outside director, so that his professional viewpoints as a lawyer and deep insight into management will be reflected in the management of the Company.

- (3) Number of years since candidates for outside directors took office as outside directors
Messrs. Hideo Okada, Isamu Hayashi, Satoru Madono and Koji Sato will have been in office for two years at the close of this Ordinary General Meeting of Shareholders.
- (4) Liability limitation agreement with outside Directors
Hideo Okada, Isamu Hayashi, Satoru Madono and Koji Sato are serving as outside directors of the Company, and the Company has concluded agreements to limit liability with them in accordance with the provision under Article 427 Paragraph 1 of the Company Law to enable them to fulfill their expected roles they are expected to fulfill. The maximum amount of liability under the said agreements is 4 million or the amount specified by the law or regulation, whichever is higher. In the case that the item of appointment of Hideo Okada, Isamu Hayashi, Satoru Madono and Koji Sato is approved, the Company intends to renew the above liability limitation agreements with them.

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

If you are exercising 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 our website (<http://www.web54.net>). Please refer to “System Environments, etc.” on page 69 for details of requirements regarding system environment. (Your voting code and 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 Tuesday, June 24, 2008.
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 a 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 a valid vote.
5. Connection charges to an Internet provider and telecommunication charges (telephone charge) by a telecommunication 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 is participating 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 Version 5.01 SP2 or later
 - b) Adobe[®] Reader[®] Version 4.0 or later (excluding cases in which the user does not view the notice for the convocation of the general meeting of shareholders and the business report on the Internet)
- * Microsoft[®] and Internet Explorer are registered trademarks or product names of Microsoft Corporation, and Adobe[®] Reader[®] is a registered trademark or product name of Adobe Systems, Inc., in the U.S. or respective countries.
- * The software is available free of charge on the website of each company.
- (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.

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

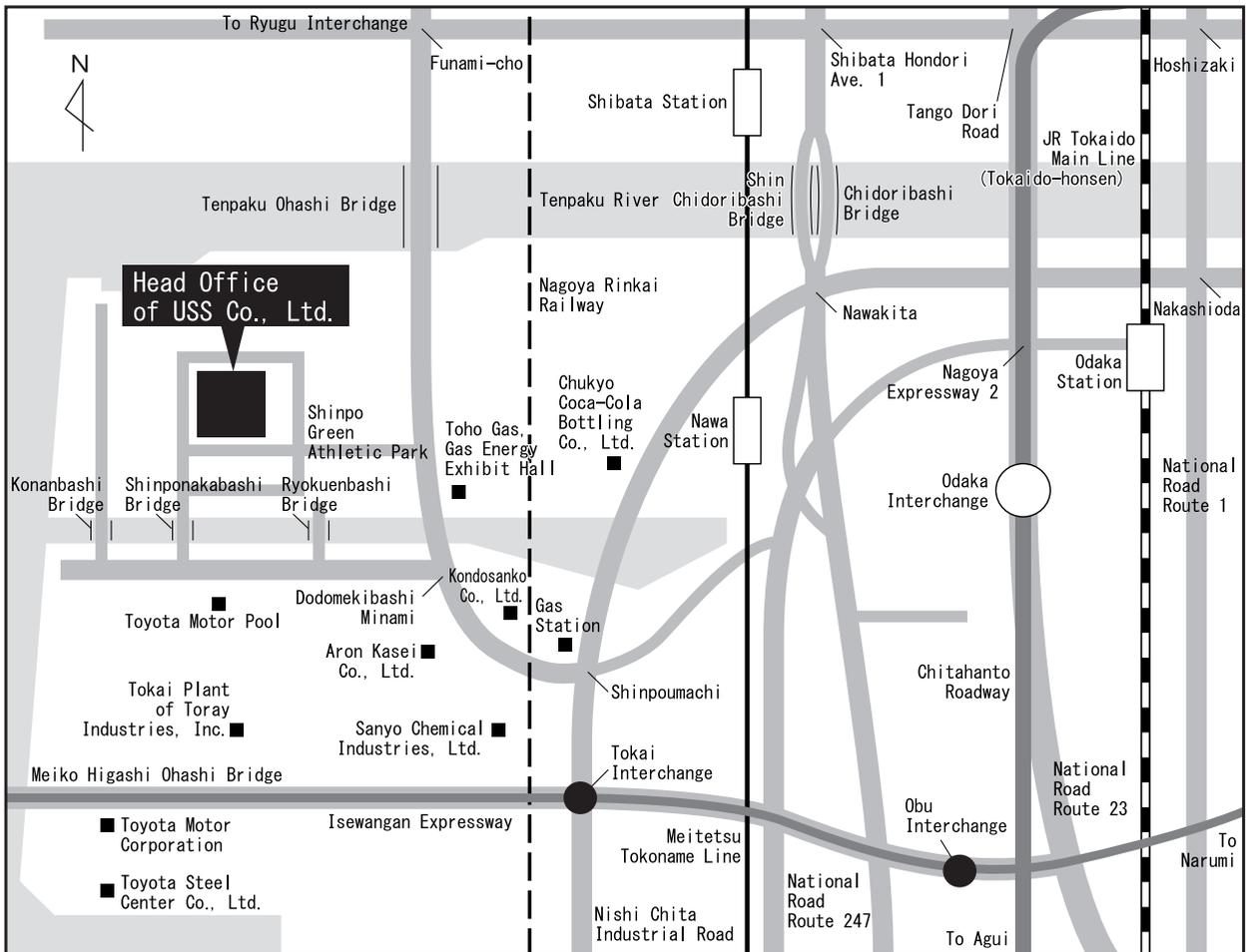
Telephone: 0120-78-2031 (*Toll free)

(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.