

The following documents are English translations of the USS Co., Ltd. Notice of the 29th Annual General Meeting of Shareholders (for the fiscal year ended March 31, 2009) as well as the Business Report, Consolidated Financial Statements, Independent Auditors' Audit Report and Board of Corporate Auditors' Audit Report, voting instructions, and information about the location of the shareholders meeting. Of the items that should be disclosed in the Business Report, the original Japanese text is accessible only via the Internet on the USS Web site (<http://www.ussnet.co.jp>) for the following items: "System to assure performance of duties by directors in compliance with laws and regulations and the Articles of Incorporation, and other systems to assure appropriateness of operations," "Basic policy regarding control of policy decisions in respect of the Company's finance and business," "Notes on Consolidated Financial Statements" and "Notes on Non-consolidated Financial Statements." USS is providing this translation solely for your convenience and does not make any guarantee that this document is accurate.

(Securities code: 4732)

USS Co., Ltd.

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

Notice of the 29th Annual General Meeting of Shareholders

June 2, 2009

Dear Shareholders:

You are cordially invited to attend the 29th Annual General Meeting of the Shareholders of USS Co., Ltd. (the "Company"), which will be held as per the schedule below.

If you are unable to attend the meeting in person, you can cast your vote in writing or by electronic means (via the Internet, etc.). Please review the Reference Materials for the General Meeting of Shareholders presented herein and exercise your voting rights by no later than 5:00 p.m. on Tuesday, June 23, 2009. You can do this by indicating "for" or "against" for each agenda item shown in the enclosed Form for Exercising Voting Rights and returning it to us, or by accessing the website designated by the Company and entering "for" or "against" for each agenda item. For details of the procedure for exercising your voting rights by electronic means (via the Internet, etc.), please refer to "Procedure for Exercising Voting Rights Electronically (via the Internet, etc.)" (on Page 99.)

Sincerely,

Yukihiro Ando

President and Representative Director

1. **Date and Time:** Wednesday, June 24, 2009, at 11:00 a.m.
2. **Venue: Head Office of the Company (the Nagoya Auction Site of the Company)**
507-20, Shinpo-machi, Tokai, Aichi
(Please refer to the map on the last page)
3. **Meeting Agenda:**
Items to be reported:
 1. The contents of the Business Report, the contents of the consolidated financial statements, and the results of the audit of consolidated financial statements by accounting auditors and the Board of Corporate Auditors for the Company's 29th business term (from April 1, 2008 to March 31, 2009)
 2. The financial reports for the Company's 29th business term (from April 1, 2008 to March 31, 2009)

Items to be resolved:

Item 1: Appropriation of retained earnings

Item 2: Reduction in capital reserve

Item 3: Amendments to Articles of Incorporation

Item 4: Election of 18 directors

Item 5: Election of three corporate auditors

Item 6: Election of one alternate corporate auditor

Item 7: Amendments to large-scale purchase countermeasures (anti-takeover plan) and continuation of countermeasures

Notes:

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

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.

(Attached document)

Business Report

(From April 1, 2008 to March 31, 2009)

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

(1) Results of Operations

In the fiscal year that ended on March 31, 2009, there was a steep downturn in the Japanese economy caused by the global financial crisis that began with the U.S. subprime mortgage problem. The crisis triggered volatility in stock and foreign exchange markets, a credit crunch in financial markets, and rapid declines in corporate earnings and employment.

In Japan's automobile sales market, the recession caused a sharp drop in new vehicle sales from November 2008. In the fiscal year that ended in March 2009, new car registrations in Japan were down 11.6% from the previous fiscal year and used car registrations declined 4.2%. (Source: Japan Automobile Dealers Association and Japan Mini Vehicles Association)

In Japan's automobile auction market, the negative impact of weak new car sales brought down the number of vehicles consigned to auctions. The number of vehicles submitted dropped below the prior-year level starting in November 2008 and the year-on-year decreases became much larger starting in January. The number of vehicles sold at auctions was also much lower. This was caused by weak retail sales of used cars as well as a big drop in demand for used cars exported from Japan starting in November 2008. The number of vehicles consigned to all auctions in Japan decreased 0.7% to 8.43 million and the number of vehicles sold was down 10.3% to 4.27 million. As a result, the contract completion rate at these auctions decreased to 50.6% from 56.0% one year earlier. (Source: Gekkan Used Car)

In this difficult operating environment, the USS Group recorded a 4.7% decrease in consolidated sales to 66,549 million yen. Operating income was down 17.0% to 22,568 million yen, ordinary income decreased 18.1% to 22,503 million yen, and net income fell 21.0% to 12,003 million yen.

Performance by business segment is as follows.

Auto Auction Business

Fiscal year highlights.

- 1) USS continued to conduct sales activities aimed at increasing the number of vehicles consigned to auction and the number of members, with the goal of capturing a dominant market share in every region of Japan.
- 2) In May, USS increased its auction capacity by relocating its Ryutsu Auction Site from Koshigaya, Saitama, where storage space for consigned vehicles was insufficient, to the former site of the R-Tokyo auction facility in Noda, Chiba.
- 3) In October, USS introduced an upgraded terminal to improve the convenience of the USS Globe Network, a satellite TV auction system that accepts off-site bids. All terminals have been replaced with the new model.
- 4) In January, USS began operating Kagoshima Site a storage yard in Kagoshima for consigned

vehicles. This greatly improved the ability to handle vehicles in southern Kyushu. USS uses a video link to sell Kagoshima vehicles at its Kyushu and Fukuoka auction sites.

- 5) In March, the West Tokyo Auction Site was relocated to Iruma, Saitama and renamed the Saitama Auction Site. This move increased the number of vehicles that can be handled.

Despite these measures, the rapid downturn in market conditions caused the number of consigned vehicles to decrease 0.6% to 2,902 thousand. The number of vehicles contracted declined 9.7% to 1,507 thousand, resulting in a decline in the contract completion rate from 57.2% to 51.9%. Segment sales totaled 48,752 million yen, down 6.2%, and operating income decreased 14.3% to 22,428 million yen.

Used Car Purchasing and Selling Business

Fiscal year highlights.

- 1) In April, the used car purchase and sales business of CAR QUEST Co., Ltd., a subsidiary, was integrated into R&W Co., Ltd. (formerly World Automobile), which purchases and sells accident-damaged vehicles. This created a unified base for sales activities that can capture synergies from these two businesses.
- 2) The number of vehicles purchased by Rabbit used car buying shops increased because of a larger number of directly operated locations and better sales activities, such as vehicle appraisals at a customer's home or business. Rabbit posted higher sales and earnings due to an upturn in vehicle prices at auto auctions starting in January 2009.
- 3) Sales and earnings were lower for accident-damaged vehicles. Although more sales offices were opened in large cities other than Japan's major metropolitan areas, the number of vehicles purchased decreased.

In this business, sales decreased 2.6% to 12,265 million yen and operating income fell 52.4% to 170 million yen.

Other Businesses

The primary activities in other businesses are the automobile recycling operations of ARBIZ Co., Ltd. and the scrap rubber recycling operations of USS Toyo Co., Ltd. Highlights of the year are as follows.

- 1) ARBIZ achieved a big increase in the volume of materials recycled from sources other than motor vehicles by conducting extensive sales activities. However, this company had an operating loss because prices of scrap iron and non-ferrous metals started falling rapidly in late August 2008 and have still not recovered.
- 2) Sales and earnings were down at USS Toyo as a decline in the volume of automotive and other materials exerted pressure on profitability.

Sales increased 5.2% to 5,532 million yen but there was an operating loss of 329 million yen compared with operating income of 389 million yen one year earlier.

(2) Capital Expenditures

Consolidated capital expenditures totaled 8,729 million yen in the fiscal year that ended on March 31, 2009. Major expenditures were as follows.

1) Major projects completed during the fiscal year

Category	Business Sites	Description
Auto Auction Business	Saitama Auction Site	Purchase of land and construction of building for relocation of auction site
	Ryutsu Auction Site	Replacement of equipment for conversion to automobile auction site

Note: The Saitama Auction Site is operated by a subsidiary, USS Saitama Co., Ltd. (formerly USS Tokyo Mizuho Co., Ltd.)

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

None

(3) Financing

Not applicable

(4) Important Issues

Japan's economy is expected to remain weak for some time as declining corporate earnings bring down capital expenditures and consumer spending.

Due to this outlook, the automobile sales market will probably need more time to realize a full-scale recovery in sales of both new and used vehicles. However, an increase in sales of new vehicles is expected because of the Japanese government's tax incentives and subsidies for buyers of new environmentally responsible cars, a program that is part of the economic stimulus measures.

The USS Group has established the medium-term goal of increasing its share of Japan's auto auction market to 40%. To accomplish this, the group is focusing resources on the auto auction business, including capital expenditures to improve convenience at the nationwide network of 18 auction sites. Plans also include mergers, acquisitions and other actions in order to quickly capitalize on opportunities for growth in the auto auction market.

Return on equity (ROE) is positioned as an important management indicator because the USS Group places priority on the productive use of capital. The medium-term goal is to increase ROE to at least 15%.

In the fiscal year ending in March 2010, major initiatives in each business segment are as follows.

In the auto auction business, USS is pursuing the "leading regional auction site strategy," with the aim of capturing a dominant market share in every region of Japan. In addition to increasing market share, the goal in this business is to generate profits through the rigorous management of expenses.

In the used car purchase and sales business, the operating environment is still challenging. The goal is to further strengthen operations in order to increase the number of vehicles purchased and improve earnings per vehicle.

In other businesses, ARBIZ Co., Ltd. is cutting procurement expenses and operating expenses, in order to create a profitable business structure even when prices of resources are low. This company is also working to increase the number of customers.

For the fiscal year ending in March 2010, USS forecasts decreases of 9.8% in consolidated sales to 60,000 million yen, 11.4% in operating income to 20,000 million yen, 10.8% in ordinary income to 20,070 million yen, and 10.4% in net income to 10,750 million yen.

Your continued support would be highly appreciated.

(5) Trends in Assets and income

1) Trends in Assets and income of the Company Group

Classification	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)	29th term (Year ended March 31, 2009) (Consolidated fiscal year under review)
Net sales (million yen)	50,484	60,243	64,568	69,801	66,549
Ordinary income (million yen)	21,096	23,544	25,360	27,490	22,503
Net income (million yen)	11,814	13,203	14,390	15,200	12,003
Net income per share (yen)	377	407	447	475	382
Total assets (million yen)	115,704	131,908	146,172	150,737	138,370
Net assets (million yen)	84,877	97,391	105,988	117,577	114,941
Net assets per share (yen)	2,652	3,008	3,287	3,657	3,751

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	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)	29th term (Year ended March 31, 2009) (Consolidated fiscal year under review)
Automobile auction business	Net sales	36,840	44,271	47,707	51,953	48,752
	Operating income	20,704	22,675	24,175	26,167	22,428
	Total assets	111,120	124,498	139,511	142,260	133,117
Used car purchasing and selling business	Net sales	13,119	13,516	12,888	12,590	12,265
	Operating income (Operating loss)	(50)	160	(17)	358	170
	Total assets	3,839	4,112	3,858	5,601	2,205
Other businesses	Net sales	524	2,454	3,972	5,257	5,532
	Operating income (Operating loss)	(19)	6	412	389	(329)
	Total assets	1,792	4,548	4,739	4,711	4,207

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

(6) Significant organizational changes

- 1) On April 1, 2008, all rights and obligations of the used car purchase and sales business of subsidiary CAR QUEST Co., Ltd. were divested and transferred to R&W Co., Ltd. (formerly World Automobile Co., Ltd.), by absorption through divestiture.
- 2) On March 31, 2008, USS owned 90.0% of the stock of USS Saitama Co., Ltd. (formerly USS Tokyo Mizuho Co., Ltd.). On April 23, 2008, USS Saitama Co., Ltd. purchased and retired the remaining 10.0% of the stock held by third parties, making this company a wholly owned subsidiary.

(7) Major parent company and subsidiaries (as of March 31, 2009)

1) Parent company

Not applicable

2) Major subsidiaries

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 affiliates of the Company.

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 Saitama Co., Ltd.	200	100.0	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 on used cars via the Internet
USS Support Service Co., Ltd.	45	100.0	Finance services business, etc.
R&W Co., Ltd.	63	100.0	Purchase and sales of used cars and accident-damaged vehicles
ARBIZ Co., Ltd.	270	51.0	Recycling of end-of-life automobiles and other goods
USS Toyo Co., Ltd.	100	100.0	Recycling of scrap rubber

Notes: 1. USS Tokyo Mizuho Co., Ltd. was renamed USS Saitama Co., Ltd. on March 1, 2009.

2. World Automobile Co., Ltd. was renamed R&W Co., Ltd. on April 1, 2008.

(8) Principal bases (as of March 31, 2009)

	Classification	Name of office or company	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.
		Saitama Auction Site	Iruma, Saitama	Managed by USS Saitama 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	Noda, Chiba	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	18 domestic branch offices
		Car Quest Co., Ltd.	Chuo, Tokyo	Provides information on used cars via the Internet
		USS Support Service Co., Ltd.	Tokai, Aichi	Finance services business, etc.
	Used car purchasing and selling business	R&W Co., Ltd.	Noda, Chiba	Used car purchase and sales shop "Rabbit;" 21 direct shops, 186 franchise shops. 29 shops in the domestic purchase and sales of accident-damaged vehicles business
	Other business	ARBIZ Co., Ltd.	Nagoya, Aichi	Recycling plant for end-of-life automobiles and other goods
		USS Toyo Co., Ltd.	Maebashi, Gunma	Scrap rubber recycling plant

- Notes: 1. The Ryutsu Auction Site was relocated from Koshigaya, Saitama to Noda, Chiba on May 1, 2008.
2. The West Tokyo Auction Site was relocated from Mizuho-cho, Nishitama-gun, Tokyo to Iruma, Saitama on March 1, 2009, and renamed the Saitama Auction Site.

(9) Employees (as of March 31, 2009)

1) Employees of the Company Group

Business segment	Numbers of employees	Change from the end of the previous consolidated fiscal year
Automobile auction business	753 (367)	up 36 (down 68)
Used car purchasing and selling business	316 (30)	down 1 9 (down 2)
Other businesses	140 (74)	up 27 (up 6)
Corporate (Common for all business segments)	40 (1)	down 1 (-)
Total	1,249 (472)	up 43 (down 64)

Notes: Numbers of employees refers to employees on the payroll; figures in parentheses, which are not included in the immediately preceding figures, indicate the average numbers of part-timers and contract employees for the year.

2) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average service years
349 (76)	up 5 (down 35)	33.3	5.5

Notes: Numbers of employees refers to employees on the payroll; figures in parentheses, which are not included in the immediately preceding figures, indicate the average numbers of part-timers and contract employees for the year.

(10) Major creditors (as of March 31, 2009)

Lender	Amount borrowed (million yen)
Sumitomo Mitsui Banking Corporation	660
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	383
Gifu Bank Ltd.	200
The Bank of Saga LTD.	100

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

2. Matters relating to shares of the Company (as of March 31, 2009)

- (1) Total number of shares authorized to be issued: 120,000,000 shares
(2) Total number of shares issued: 32,695,982 shares
(including 2,105,687 shares of treasury stock)
(3) Total number of shareholders: 9,166
(4) Major shareholders (Top 10)

Shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
Futoshi Hattori	2,630	8.6
BBH for Fidelity Low Price Stock Fund	2,110	6.9
Japan Trustee Services Bank, Ltd. (trust account 4G)	1,942	6.4
JPMorgan Chase Bank 380055	1,278	4.2
Japan Trustee Services Bank, Ltd. (trust account)	1,215	4.0
State Street Bank and Trust Company	1,120	3.7
The Master Trust Bank of Japan, Ltd. (trust account)	1,085	3.5
Yukihiro Ando	908	3.0
Nomura Trust and Banking Co., Ltd. (retirement benefit trust The Bank of Tokyo-Mitsubishi UFJ, Ltd. account)	840	2.7
Hattori Motors Co., Ltd.	720	2.4

Notes: 1. Figures for shareholding ratio are calculated based on the total number of shares issued (32,695,982 shares as of March 31, 2009), less 2,105,687 shares of treasury stock.

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

- (1) A large shareholding report submitted on April 7, 2009 by Fidelity Investments Japan Ltd. and one other company indicated that these two companies owned USS shares as detailed below on March 31, 2009. Since USS is unable to confirm the effective number of shares owned on March 31, 2009, these shareholders are not included in the above list of major shareholders.

Name	Address	Shares (thousand shares)	Shareholding ratio (%)
Fidelity Investments Japan Limited	Shiroyama Trust Tower 4-3-1 Toranomon, Minato Ward, Tokyo	296	1.0
FMR LLC	82 Devonshire Street, Boston, Massachusetts, USA	2,649	8.7
Total		2,946	9.6

- (2) A large shareholding report submitted on April 3, 2009 by Barclays Global Investors Japan Ltd. and three other companies indicated that these four companies owned USS shares as detailed below on March 30, 2009. Since USS is unable to confirm the effective number of shares owned on March 31, 2009, these shareholders are not included in the above list of major shareholders.

Name	Address	Shares (thousand shares)	Shareholding ratio (%)
Barclays Global Investors Co.	1-1-39 Hiroo, Shibuya Ward, Tokyo	658	2.2
Barclays Global Investors N.A.	400 Howard Street, San Francisco, CA 94103-3118, USA	462	1.5
Barclays Global Fund Advisors	400 Howard Street, San Francisco, CA 94103-3118 USA	227	0.7
Barclays Global Investors Ltd.	1 Royal Mint Court, London, United Kingdom	223	0.7
Total		1,573	5.1

- (3) A large shareholding report submitted on December 16, 2008 by Templeton Investment Counsel, LLC and five other companies indicated that these six companies owned USS shares as detailed below on December 9, 2008. Since USS is unable to confirm the effective number of shares owned on March 31, 2009, these shareholders are not included in the above list of major shareholders.

Name	Address	Shares (thousand shares)	Shareholding ratio (%)
Templeton Investment Counsel LLC	500 East Broward Boulevard, Suite 2100, Fort Lauderdale, FL 33394, USA	1,048	3.4
Franklin Templeton Investments (Asia) Limited	17th Floor, The Charter House, Connaught Road 8, Central, Hong Kong	853	2.8
Franklin Templeton Investment Management Limited	5 Morrison Street, Edinburgh, Scotland, EH3 8BH, UK	372	1.2
Templeton Global Advisors Limited	BOX N-7759, Lyford Kay, Nassau, Bahamas	1,176	3.8

Franklin Templeton Investments Australia Limited	25th floor, 360 Collins Street, Melbourne 3000, Victoria, Australia	43	0.1
Franklin Templeton Investments Corp.	5000 Young Street, Suite 1200, Toronto, Ontario, M2N 0A7, Canada	131	0.4
Total		3,625	11.9

(4) A large shareholding report submitted on February 21, 2008 by JPMorgan Asset Management (Japan) Ltd. and one other company indicated that these two companies owned USS shares as detailed below on February 15, 2008. Since USS is unable to confirm the effective number of shares owned on March 31, 2009, these shareholders are not included in the above list of major shareholders.

Name	Address	Shares (thousand shares)	Shareholding ratio (%)
JP Morgan Asset Management	Tokyo Building, 2-7-3, Marunouchi, Chiyoda Ward, Tokyo	1,527	5.0
Highbridge Capital Management LLC	9, 27th Floor, West 57 Street, New York NY 10019, USA	43	0.1
Total		1,571	5.1

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		4th Stock Acquisition Rights	5th Stock Acquisition Rights	6th Stock Acquisition Rights
Resolution date for issuance		June 28, 2005 (25th Annual General Meeting of Shareholders)	August 28, 2007 (Board Meeting)	June 25, 2008 (Board Meeting)
Number of Stock Acquisition Rights		2,650	714	838
Number of shares subject to Stock Acquisition Rights		26,500 shares of common stock (10 shares per Stock Acquisition Right)	7,140 shares of common stock (10 shares per Stock Acquisition Right)	8,380 shares of common stock (10 shares per Stock Acquisition Right)
Amount paid of Stock Acquisition Rights		Gratis	64,560 yen per right	49,760 yen per right
Amount of assets paid upon exercise of Stock Acquisition Rights		75,100 yen per right	10 yen per right	10 yen per right
Exercise period for Stock Acquisition Rights		From June 29, 2005 to October 31, 2009	From September 15, 2007 to June 30, 2032	From July 11, 2008 to June 30, 2033
Major conditions for the exercise of Stock Acquisition Rights		(Note1)	(Note2)	(Note2)
Shares held by officers	Directors (excluding outside directors)	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	Number of holders 14 Number of rights 838 Number of shares subject to Stock Acquisition Rights 8,380
	Outside directors	-	-	-
	Corporate auditors	-	-	-

Note: 1 Major conditions for the exercise of 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 or 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 and 6th Stock Acquisition Rights are as follows:

- 1) A Stock Acquisition Right holder may exercise the Stock Acquisition Right only if the Stock Acquisition Right holder loses any and all status as a director of the Company (including executive officers in the case of a company with committees), or as an auditor

or executive director. However, in that case, the Stock Acquisition Right holder may exercise the Stock Acquisition Right for subscription only during the period from the date following the date on which the holder loses any and all of the above-mentioned status (hereinafter the “Exercisable Period Commencement Date”) for five (5) years after the Exercisable Period Commencement Date.

- 2) Notwithstanding Note 1) above, in the case specified in (a) or (b) below (however, regarding (b), this is not applicable if the Stock Acquisition Right for subscription is extinguished due to restructuring, or if the Stock Acquisition Right of a company subject to restructuring is delivered to the Stock Acquisition Right holder pursuant to the policy for decision-making of the details of delivery of stock acquisition rights of the company subject to restructuring), the Stock Acquisition Right holder may exercise its Stock Acquisition Right for subscription, only during the periods specified as follows, respectively:

If the exercise period of the stock acquisition rights does not commence on or before June 30 of the year preceding the year in which the exercise period ends, the stock acquisition rights may be exercised starting from the day after the above date up to the expiration of the exercise period.

- (a) If the Stock Acquisition Right holder fails to have the Exercisable Period Commencement Date start on or before June 30, 2031 (for exercising the 5th Stock Acquisition Rights)/ or on or before June 30, 2032 (for exercising the 6th Stock Acquisition Rights):

From July 1, 2031 to June 30, 2032 (for exercising the 5th Stock Acquisition Rights)

From July 1, 2032 to June 30, 2033 (for exercising the 6th Stock Acquisition Rights)

- (b) If an agenda item requesting the approval of a merger agreement by which the Company will become an extinct company, or an agenda item requesting the approval of a share exchange agreement or a share transfer plan by which the Company will become a wholly owned subsidiary, is approved in a general meeting of shareholders of the Company (in the case that a resolution of a general meeting of shareholders is not required, if a resolution of the board of directors of the Company or a decision of the representative executive officers is made):

For fifteen (15) days from the next day of the relevant approval date.

- 3) If a Stock Acquisition Right holder waives the Stock Acquisition Right for subscription, the Stock Acquisition Right holder may not exercise such Stock Acquisition Right for the waived subscription.

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

4. Matters relating to Officers of the Company

(1) Directors and corporate auditors (as of March 31, 2009)

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 Fujioka Co., Ltd. President of the Hattori International Scholarship Foundation
President and Representative Director	Yukihiro Ando	Chief Executive Officer (CEO) [Representation of Other Companies, etc.] 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.] President and Representative Director of ARBIZ 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	
Outside Director	Hideo Okada	Advisor,, Nihon Kogyo Shimbun Shin-sha
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 wholly owned subsidiaries of the Company.
 2. 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.
 3. Directors: Messrs. Hideo Okada, Isamu Hayashi, Satoru Madono and Koji Sato are outside directors.
 4. Corporate auditors: Messrs. Yukihiko Inoue, Masura Takei and Isao Otsuka are outside corporate auditors.
 5. Full-time corporate auditor: Mr. Masura Takei is well versed in corporate accounting matters as a certified public accountant, and has considerable knowledge of finance and accounting.
 6. Corporate auditor: Mr. Isao Otsuka is well versed in corporate tax matters as a registered tax accountant, and has considerable knowledge of finance and accounting.

(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)	315 million yen (14 million yen)	6 million yen (-)	322 million yen (14 million yen)
Corporate auditors (Outside corporate auditors out of all corporate auditors)	3 (3)	18 million yen (18 million yen)	- (-)	18 million yen (18 million yen)
Total (Outside officers out of all officers)	21 (7)	334 million yen (32 million yen)	6 million yen (-)	340 million yen (32 million yen)

- Notes:
1. There are no directors who are concurrently employees.
 2. The maximum amount of remuneration for directors was determined at 500 million yen per year by a resolution at the 26th Annual General Meeting of Shareholders held on June 28, 2006. Also, the maximum amount of stock remuneration-type stock options for directors of the Company (except for outside directors) was determined at another 150 million yen per year in addition to the above stated remuneration for directors by a resolution at the 27th Annual General Meeting of Shareholders held on June 26, 2007. Therefore, the maximum amount of remuneration for directors is determined at 650 million yen in total per year.
 3. The maximum amount of remuneration for corporate auditors is determined at 50 million yen per year by a resolution at the 26th Annual General Meeting of Shareholders held on June 28, 2006.
 4. Stock option compensation is the amount of expenses recorded in the fiscal year that

ended in March 2009 for the fifth issue of stock options distributed to 14 directors (all directors except external directors) on September 14, 2007, in accordance with a resolution approved on August 28, 2007 by the USS Board of Directors and for the sixth issue of stock options distributed to 14 directors (all directors except external directors) on July 10, 2008, in accordance with a resolution approved on June 25, 2008 by the USS Board of Directors.

- (3) Matters relating to outside directors
 - 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 holds a concurrent post that is deemed to be material.
 - 2) Major activities during the term under the review

Position	Name	Major activities
Director	Hideo Okada	Attended all 10 meetings of the Board of Directors held during the term under review (attendance rate 100%). Expresses opinions as appropriate based on knowledge as a former corporate manager.
Director	Isamu Hayashi	Attended all 10 meetings of the Board of Directors held during the term under review (attendance rate 100%). Expresses opinions as appropriate from the expert viewpoint of a legal scholar.
Director	Satoru Madono	Attended nine of 10 meetings of the Board of Directors held during the term under review (attendance rate 90%). Expresses opinions as appropriate from the expert viewpoint of an economist.
Director	Koji Sato	Attended nine of 10 meetings of the Board of Directors held during the term under review (attendance rate 90%). Expresses opinions as appropriate from the expert viewpoint of a lawyer.
Corporate Auditor	Yukihiko Inoue	Conducted accounting and business audits of the USS Group as full-time corporate auditor; attended all four meetings of the Board of Corporate Auditors held during the term under review (attendance rate 100%) and acted as chairperson thereof. Also, attended all 10 meetings of the Board of Directors held during the term under review (attendance rate 100%). Expresses opinions as appropriate based on knowledge as an experienced former corporate manager, mainly in the automobile distribution industry.
Corporate Auditor	Masura Takei	Conducted accounting and business audit of the USS Group as full-time corporate auditor; attended all four meetings of the Board of Corporate Auditors held during the term under review (attendance rate 100%). Also, attended all 10 meetings of the Board of Directors held during the term under review (attendance rate 100%). Expresses opinions as appropriate, mainly from the expert viewpoint of a certified public accountant.
Corporate Auditor	Isao Otsuka	Conducted accounting and business audit of the USS Group; attended all four meetings of the Board of Corporate Auditors held during the term under review (attendance rate 100%). Also, attended all 10 meetings of the Board of Directors held during the term under review (attendance rate 100%). Expresses opinions as appropriate from the expert viewpoint of a registered tax accountant.

3) Outline of contents of liability limitation agreement

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

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

5. Matters relating to independent auditors

- (1) Names of corporate auditors

KPMG AZSA & Co.

- (2) Amount of remuneration, etc.

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

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

- (3) Outline of contents of liability limitation agreement

Not applicable.

- (4) Contents of services other than audit

Not applicable.

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

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

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

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

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

information management rules and separation of duties and will report the status to the responsible directors and corporate auditors (or the Board of Corporate Auditors).

- (3) Rules and other systems for management of risk of loss
 - 1) The Company will establish a risk management committee and attempt to build risk management system across the USS Group based on analysis of the frequency of the occurrence and scale of risk (if any occurs) relating to reasonably presumed management strategies, operation management, compliance, the environment and disasters; study measures to avoid or control material risks; and develop standards for instructions, directions and actions in case of any occurrence of risk.
 - 2) The Company will broadly categorize risks into (i) risk in business management, (ii) risk in daily operation processes and (iii) crisis risk, in an attempt to avoid risk and streamline operations.
 - 3) Risk in business management known to and recognized by the Company will be disclosed to stakeholders as risk information in the Securities Report and Account Settlement Brief Report, and will be fully considered in the making of important decisions on such occasions as meetings of the Board of Directors.
 - 4) “Staff in Responsible for Risk and Information Management” at offices and subsidiaries will report all necessary information promptly and appropriately to the Supervisory Office of Head Office or the directors responsible for respective matters, while the Internal Audit Room and corporate auditors will monitor the risk management system as part of their audit.
- (4) System to ensure efficient performance of duties of directors
 - 1) With respect to goals across the USS Group, including mid-term plans and annual budgets, the Company will communicate the goals to the Group members and employees and establish a system for offices and subsidiaries to formulate specific measures and implement them for achievement of such goals.
 - 2) All monthly results of the offices and subsidiaries will be managed at the Supervisory Office of Head Office, reported to the monthly meeting of the Board of Directors, and compared with the budget in order to analyze the efficiency at each office and subsidiary, identify any impediments to the achievement of goals and determine effective measures.
 - 3) 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 carrying out operations.
 - 4) In response to business expansion, the Company will clarify official duties and the separation of duties of executive directors or officers or on-site responsible staff, and build an efficient and effective operation management system.
 - 5) Corporate auditors will conduct monitoring to ascertain if directors are pursuing excessive efficiency in performance of duties.
- (5) System to ensure performance of duties by employees in compliance with laws and regulations and the Articles of Incorporation
 - 1) The Finance Department, Supervisory Office of Head Office has appointed staff in charge at each office and subsidiary of the Company and has conducted an integrated management and guidance, mainly based on monthly financial reports. In addition, management and guidance for implementation of appropriate operational management will be conducted by the General Affairs

Department of the Supervisory Office of Head Office with respect to general and personnel affairs, by the Auction Operation Department of Head Office with respect to the auction business, by the System Department of Head Office with respect to information processing operations, and by directors appointed to be responsible for each operation with respect to management of subsidiaries other than those in the auction business.

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

directly related to and has a material influence on financial reporting.

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

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

(1) Substance of the basic policy

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

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

In light of the above-described circumstances surrounding corporate acquisition, the Company wishes to require each Large-scale Share Purchaser to provide, in advance, the necessary information regarding the intended Large-scale Share Purchase, and to ensure an appropriate period for consideration and negotiation. This will enable the Company's shareholders to adequately consider whether or not to accept the Large-scale Share Purchase, make it possible for the board of directors of the Company to provide the shareholders with its opinion for or against the purchase or an Alternative Proposal with respect to the Large-scale Share Purchase, and allow the Company to negotiate with the Large-scale Share Purchaser on behalf of its shareholders. This measure for provision of information is deemed necessary to secure and enhance the Company's corporate value and its shareholders' common interests.

It is necessary to secure the Company's corporate value and its shareholders' common interests by implementing necessary and reasonable defensive measure against anyone who conducts a large-scale purchase of share certificates, etc., of the Company in a manner that would frustrate the Company's endeavors to protect and enhance its corporate value and shareholders' common interests.

(2) Special Endeavors to Realize the Basic Policy

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

The auto-auction business operates 18 actual auction sites nationwide and has 43,307 member companies (as of March 31, 2009). For USS Group as a whole, the annual number of auction entries is 2,902,636 vehicles (for the year ending in March 2009), and the Company maintains top status in the industry with an industry share of 34.4% (for the year ending in March 2009).

1) Used-car Market in Japan

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

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

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

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

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

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

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

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

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

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

4) Endeavors to Reinforce Corporate Governance

In order to facilitate continuous improvement of the overall corporate value of the USS Group by realizing our management creed, the “creation of a fair market” and “coexistence with member

companies,” the Company considers reinforcing corporate governance, making efforts to improve management transparency and fairness, and the pursuit of speedy decision-making to be key management challenges.

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

5) Endeavors for Company Shares

The Company has made efforts to expand the number of its shareholders by, among other things, share splits and the modification of the number of shares constituting one voting unit, since the initial listing of the Company’s shares on Section 2 of the Nagoya Stock Exchange in September 1999 and on Section 1 of the Nagoya Stock Exchange and the Tokyo Stock Exchange in December 2000. As a result, the number of shareholders is 9,166 as of the end of March 31, 2009. As for shareholder composition, a great majority of the shareholders are individual shareholders. Thus, the liquidity of the Company Shares has substantially improved since the initial listing.

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

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

1) Objectives and background for introducing measures (under this Business Report, the “Plan”) to respond to large-scale purchases of shares of the Company

The Company resolved, at its board of directors meeting on May 16, 2006, that one of the measures to prevent policy decisions on the Company’s finance and business being made by an inappropriate party, in light of the basic policy as described in 1 above: to enable (i) its shareholders to determine whether it was appropriate to accept a Large-scale Share Purchase, by asking any Large-scale Share Purchaser to provide all necessary information regarding the Large-scale Share Purchase; and for an assurance of an adequate period for considering and/or negotiating with respect to such transaction; (ii) provided for the board of directors of the Company (the “Board of Directors”) to present its opinion for or against the Large-scale Share Purchase, or an Alternative Proposal, in accordance with the recommendation of the Company’s Corporate Value Committee (as defined in 5) below), and to negotiate with the Large-scale Share Purchaser for the benefit of the shareholders; and (iii) required the Company to aim to protect and enhance the Company’s corporate value and shareholders’ common interests by introducing the Plan.

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

The substance of the Plan is explained in 2) to 13) below.

2) 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 a 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 items (a) to (g) below (collectively, the "Large-scale Share Purchase Information") 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 that the Share Purchase Information provided by the Large-scale Share Purchaser renders it difficult for the shareholders to 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 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, the major members, capital contributors (whether direct or indirect), other constituent elements, managing partners, and advisors who 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 basis for calculation (including the facts and assumptions forming the calculation basis, the manner of calculation, the numeric information used in the calculation, the degree of synergy expected to result from the series of transactions relevant to the purchase and calculation basis, and the like) of the purchase price.
 - (d) Proof of financial resources for the purchase (including the names of providers (including beneficial providers, whether direct or indirect), the manner of funding and the substance of the relevant transactions).
 - (e) The management policies, business, financial and investment plans, capital and dividend policies for the USS Group to be implemented after completion of the Large-scale Share Purchase, and the policies for dealing with the Company's employees, business partners, customers, the local authorities of locations where the Company's business establishments and the like are located, and with other interested parties, after 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 which it requires 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 real intention to participate in the management of the Company, for the purpose of boosting the share price and thereafter having parties interested in the Company purchase shares ("greenmail"), or the Large-scale Share Purchaser's main purpose for the 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 gain temporary control of the management of the Company and thereby cause the transfer of intellectual property rights, know-how, confidential corporate information, key business partners, customers, or the like, necessary for the Company's business operations to the Large-scale Share Purchaser, its group company or the like.

- (c) The Large-scale Share Purchaser purchases shares of the Company under a plan to unjustly divert the Company assets as collateral or repayment resources for obligations of the Large-scale Share Purchaser, its group company, or the like, after its acquisition of control over the Company.
 - (d) The Large-scale Share Purchaser's purpose in participating in the management of the Company is mainly to gain temporary control of the management of the Company and thereby cause the Company to sell or otherwise dispose of highly-valued assets that are not currently related to the Company business, such as real property or securities, and to distribute temporarily higher dividends with the gains from such disposal, or to sell its shares at an inflated price caused by such temporarily higher dividends.
 - (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 illegality, the plausibility, and the like, of the purchase) for 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 expected 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 such control by the Large-scale Share Purchaser.
 - (h) The fact of the Large-scale Share Purchaser's acquisition of control as such significantly impairs the Company's corporate value, with consequences 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 morals, 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"). This Corporate Value Committee Evaluation Period has been established in consideration 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 Evaluation Activity from the viewpoint of 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 further extension of such an extended period). If the Corporate Value Committee extends the Corporate Value Committee Evaluation Period, the Company will promptly disclose the 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 from 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 a recommendation, the Company will promptly disclose to the shareholders of the Company matters to be appropriately considered by the Board of Directors.

Even after the Corporate Value Committee makes its recommendation to the Board of Directors to trigger a countermeasure, if the Large-scale Share Purchase is withdrawn or any other change occurs in the facts assumed in 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 wishes of the shareholders of the Company, at a meeting of the shareholders, as to whether it is necessary or not to trigger a countermeasure, the substance of the countermeasure, and the like. Upon such a recommendation, the Company will promptly disclose to the shareholders of the Company the matters considered to be appropriate by the Board of Directors.

Even after the Corporate Value Committee makes its recommendation to the Board of Directors to confirm the wishes of the shareholders of the Company, if the Large-scale Share Purchase is withdrawn or any other change occurs in the facts assumed in 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 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 extraordinary circumstances, 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 resolutions of the board, 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 fullest 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 a resolution is adopted, the Company will promptly disclose to the shareholders of the Company the matters considered to be appropriate by the Board of Directors. 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, price volatility risk may possibly arise with respect to the shares of the Company.

11) Procedure to Confirm Shareholders' Wishes

Upon a recommendation made by the Corporate Value Committee to confirm the wishes 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 and the Company's articles of incorporation.

A resolution for the confirmation of the wishes 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 the resolution of the shareholders' meeting. 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 to be appropriate by the Board of Directors.

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

12) Modification of Large-scale Share Purchase Information

If, after the Board of Directors discloses its determination that the provision of the Large-scale Share Purchase Information has been completed, 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 basis of the Large-scale Share Purchase Information provided prior to such modification, and reapply the procedures of the Plan to the Large-scale Share Purchase, on the grounds that the modified Large-scale Share Purchase Information represents 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 or free-of-charge issue 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 a 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 or not the relevant holder of Stock Acquisition Rights is an Excluded Warrant-holder (i.e., 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 wishes of the shareholders of the Company.

The term of office of a director of the Company is one (1) year, and it is proposed that the nominations for election of directors will provide information on each candidate’s position with respect to being for or against the Plan. 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 the shareholders’ common interests.

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

(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, in order 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 to attend or any other 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 in the Company will not be directly or 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 any Large-scale Share Purchaser violating the Plan and those in certain relationships with such a 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 an 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 date of record 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 acquires such Stock Acquisition Rights the shareholders making the transfer will receive shares of the Company in exchange, without 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

The special endeavors to serve realization of the basic policy, as mentioned above, have been decided on as a concrete policy with the intent of protecting and enhancing the Company's corporate value and the shareholders' common interests, and follows the basic policy.

The special endeavors to serve the realization of the basic policy are not made for the assurance of each director's position.

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

The Company believes that endeavors to prevent policy decisions on the Company's finance and business by an inappropriate party, in light of the basic policy, follows the basic policy, do not damage the Company's corporate value or shareholders' common interests, and are not taken for the reason of assuring 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 to secure sufficient time for the shareholders of the Company to determine whether or not 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 a countermeasure will be triggered for the purposes of protecting and enhancing the Company's corporate value and the 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 how the Plan will be applied, and to ensure the 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 nomination of candidates for directorships will contain details of each candidate's position on 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 fullest extent possible, a recommendation of the Corporate Value Committee on when the Board of Directors should trigger a countermeasure.

(e) Retaining Outside Specialists

As set forth in (3) 9) above, when the Corporate Value Committee conducts the Evaluation Activity as the basis 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 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 can 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 the Plan, therefore, 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).

The Company decided, at a meeting of its board of directors on April 7, 2009, to modify the Plan to large-scale purchases of shares of the Company and continuously implement the modified countermeasure (the “New Plan”) on the condition that the shareholders’ approval is obtained for the New Plan at the 29th Annual General Meeting of Shareholders to be held on June 24, 2009. The New Plan is one of the Company’s endeavors (as defined in Article 118, item (iii) “*ro*” of the Ordinance for Enforcement of the Companies Act) to prevent decision-making by any inappropriate persons on the Company’s financial or business policies, in light of the basic policy (as defined in Article 118, item (iii) of the Ordinance for Enforcement of the Companies Act) regarding the requirements for those who control decision-making on the financial and business policies of the Company. Whereas the effective term of the Plan would expire on June 30, 2009, the above board decision has been rendered, taking into consideration revisions of relevant laws and regulations and other related changes since the introduction of the Plan.

Please refer the Item 7 in the Reference Documents of the Notice of the 29th Annual General Meeting of Shareholders (page 72 to 98) for the details of the New Plan.

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

Consolidated Balance Sheet
(As of March 31, 2009)

(Thousands of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	30,430,007	Current liabilities	16,651,385
Cash and deposits	18,445,871	Payables due to member dealers at auctions	6,530,421
Receivables due from member dealers at auctions	6,482,182	Notes and accounts payable-trade	522,136
Notes and accounts receivable - trade	2,804,940	Short-term loans payable	787,420
Inventories	839,737	Income taxes payable	3,102,350
Prepaid expenses	203,071	Deposits received	1,889,381
Deferred tax assets	711,844	Provision for bonuses	515,095
Other	1,034,965	Other	3,304,580
Allowance for doubtful accounts	(92,605)		
Noncurrent assets	107,940,469	Noncurrent liabilities	6,777,100
Property, plant and equipment	97,027,044	Long-term loans payable	571,580
Buildings and structures	38,001,979	Long-term accounts payable - other	653,872
Machinery, equipment and vehicles	1,241,543	Lease obligations	1,055,429
Tools, furniture and fixtures	3,582,561	Provision for retirement benefits	126,530
Land	52,863,738	Long-term guarantee deposited	3,898,962
Lease assets	1,316,530	Deferred tax liabilities for land revaluation	470,725
Construction in progress	20,690		
		Total liabilities	23,428,486
Intangible assets	2,370,144	(Net assets)	
Goodwill	1,095,304	Shareholders' equity	119,763,389
Other	1,274,840	Capital stock	18,881,312
		Capital surplus	27,992,143
Investments and other assets	8,543,281	Retained earnings	87,600,465
Investment securities	1,002,436	Treasury stock	(14,710,531)
Long-term loans receivable	15,432		
Long-term prepaid expenses	587,039	Valuation and translation adjustments	(4,991,559)
Deferred tax assets	1,003,639	Valuation difference on available-for-sale securities	(14,158)
Deferred tax assets for land revaluation	3,352,837	Revaluation reserve for land	(4,977,400)
Real estate for investment	1,724,077		
Other	1,017,878	Subscription rights to shares	8,340
Allowance for doubtful accounts	(160,060)	Minority interests	161,820
		Total net assets	114,941,991
Total assets	138,370,477	Total liabilities and net assets	138,370,477

Consolidated Statement of Income

(From April 1, 2008 to March 31, 2009)

(Thousands of yen)

Item	Amount	
Net sales		66,549,979
Costs of sales		31,798,248
Gross profit		34,751,730
Selling, general and administrative expenses		12,182,790
Operating income		22,568,939
Non-operating income		
Interest and dividend income	36,615	
Real estate rent	152,757	
Other	158,677	348,051
Non-operating expenses		
Interest expenses	29,127	
Rent cost of real estate	17,238	
Loss on valuation of derivatives	330,400	
Other	37,151	413,918
Ordinary income		22,503,072
Extraordinary gains		
Gain on sales of noncurrent assets	8,282	
Reversal of allowance for doubtful accounts	28,352	
Other	3,130	39,765
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	399,945	
Directors' retirement benefits	101,742	
Loss on cancellation of leasehold contracts	219,710	
Other	56,188	777,587
Income before income taxes and minority interests		21,765,250
Income taxes-current	10,026,694	
Income taxes-deferred	(67,276)	9,959,418
Minority interest in loss		198,011
Net income		12,003,843

Consolidated Statement of Changes in Net Assets

(from April 1, 2008 to March 31, 2009)

(Thousands of yen)

	Shareholders' equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2008	18,881,312	27,992,143	80,921,483	(5,770,252)	122,024,686
Changes during the period					
Dividends from surplus	—	—	(5,324,861)	—	(5,324,861)
Net income	—	—	12,003,843	—	12,003,843
Purchase of treasury stock	—	—	—	(8,940,278)	(8,940,278)
Changes of other items during the period (net)	—	—	—	—	—
Total changes of items during the period	—	—	6,678,982	(8,940,278)	(2,261,296)
Balance at March 31, 2009	18,881,312	27,992,143	87,600,465	(14,710,531)	119,763,389

	Valuation and translation adjustments			Subscription rights to share	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments			
Balance at March 31, 2008	83,208	(4,977,650)	(4,894,442)	2,151	444,665	117,577,061
Changes during the period						
Dividend from surplus	—	—	—	—	—	(5,324,861)
Net income	—	—	—	—	—	12,003,843
Purchase of treasury stock	—	—	—	—	—	(8,940,278)
Changes of other items during the period (net)	(97,367)	249	(97,117)	6,189	(282,845)	(373,772)
Total changes of items during the period	(97,367)	249	(97,117)	6,189	(282,845)	(2,635,069)
Balance at March 31, 2009	(14,158)	(4,977,400)	(4,991,559)	8,340	161,820	114,941,991

Notes on consolidated financial statements

I. Basis for preparation of consolidated financial statements

1. Matters related to the scope of consolidation
Number of consolidated subsidiaries: 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 parent company and subsidiaries, 2) Major subsidiaries.” (page 9)
2. Matters related to the application of the equity method
 - (1) There are no affiliates to which the equity method is applied.
 - (2) Number of affiliates to which the equity method is not applied: Two
(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) Derivatives
Market value method
 - (iii) Inventories
Cost method based on the moving-average method (in
which book value is reduced to reflect declines in
profitability)
However, the cost method based on the
specific-identification method (in which book value is
reduced to reflect declines in profitability) is used for
motor vehicles, and the cost percentage method (in which
book value is reduced to reflect declines in profitability) is
used for parts and other products in the recycling business.

(Change in accounting method)
In previous fiscal years, valuations of inventories held for

sale in the ordinary course of business were determined primarily by using the cost method based on the moving-average method. Due to the application of “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006), valuations are now determined primarily by using the cost method based on the moving-average method (in which book value is reduced to reflect declines in profitability). This change resulted in decreases of 75,633 thousand yen each in operating income, ordinary income and income before income taxes compared with earnings based on the previous accounting method.

(2) Depreciation methods for important depreciable assets

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

Declining-balance method

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

(Supplementary information)

Change in the useful life of property and equipment

Due to fiscal 2008 revisions in Japan's tax system, the useful life for depreciation of machinery at some consolidated subsidiaries has been revised to more closely match the actual use and condition of these machines. This change resulted in decreases of 72,598 thousand yen each in operating income, ordinary income and income before income taxes compared with earnings based on the previous accounting method.

Intangible assets (software)

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

Lease assets

For depreciation of lease assets for financial leases where there is no transfer of ownership, assets are depreciated using the straight-line method with a residual value of zero and the leasing period is used as the useful life.

(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

Provision for bonuses

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

Provision for retirement benefits

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

(Supplementary information)

Termination of directors' retirement benefit system at some consolidated subsidiaries

Some consolidated subsidiaries recorded expenses at the end of each fiscal year in accordance with internal rules for the payment of retirement benefits for directors in order to prepare for these payments. However, the USS Board of Directors has approved a resolution to terminate the payment of retirement

benefits for directors. Furthermore, due to the termination of these retirement benefits, shareholders approved a resolution at the annual meeting to make a termination retirement benefit payment upon each current director's retirement corresponding to the length of service up to the close of this year's annual meeting. As a result, USS has posted a long-term account payable equal to the amount of directors' retirement benefits owed for the period up to the termination date of this retirement benefit system.

(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

(Change in accounting method)

Financial leases other than leases where ownership is transferred were previously accounted for using accounting methods for rental transactions. Beginning with the current fiscal year, "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, June 17, 1993, revised March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, January 18, 1994, revised March 30, 2007) were applied. As a result, financial leases other than leases where ownership is transferred are now accounted for using accounting methods applicable to ordinary buying and selling transactions.

Financial leases other than where ownership is transferred that started prior to April 1, 2008 will continue to be accounted for using accounting methods for rental transactions.

This change resulted in the addition of 1,316,530 thousand yen of leased assets to property and equipment but did not have a significant effect on earnings.

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

Dividend per share	85.00 yen
Date of record	March 31, 2008
Effective date	June 26, 2008

- (ii) Matters related to dividend based on the resolution at the Board of Directors' meeting on Oct. 28, 2008.

Total dividends	2,602,806 (thousand yen)
Dividend per share	82.50 yen
Date of record	September 30, 2008
Effective date	December 8, 2008

- (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	2,523,699 (thousand yen)
Dividend per share	82.50 yen
Date of record	March 31, 2009
Effective date	June 25, 2009
Dividend resource	Retained earnings

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

	4th Stock Acquisition Rights	5th Stock Acquisition Rights	6th Stock Acquisition Rights
Type and number of stock	Common stock 206,500 shares	Common stock 7,140 shares	Common stock 8,380 shares
Date of grant	June 28, 2005	September 14, 2007	July 10, 2008

IV. Notes on per share data

- | | |
|-------------------------|--------------|
| 1. Net asset per share | 3,751.90 yen |
| 2. Net income per share | 382.72 yen |

V. Notes on important subsequent events

Not applicable

VI. Other notes

Figures are rounded down to the nearest whole unit.

Non-Consolidated Balance Sheet

(As of March 31, 2009)

(Thousands of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	15,966,681	Current liabilities	12,698,653
Cash and deposits	6,351,942	Payables due to member dealers at auctions	3,688,389
Receivables due from member dealers at auctions	3,665,149	Accounts payable - trade	39,521
Accounts receivable - trade	128,778	Short-term loans payable	4,200,000
Merchandise	39,580	Current portion of long-term loans payable	335,000
Supplies	22,532	Other	823,858
Prepaid expenses	45,884	Lease obligations	301,606
Short-term loans receivable	5,147,083	Income taxes payable	1,440,000
Deferred tax assets	389,734	Deposits received	1,314,323
Other	181,817	Provision for bonuses	199,547
Allowance for doubtful accounts	(5,819)	Other	356,407
Fixed assets	102,806,743	Non current liabilities	3,780,013
Property, plant and equipment	39,146,141	Long-term accounts payable - trade	543,332
Buildings	9,194,397	Lease obligations	1,055,429
Structures	2,822,311	Guarantee deposits received from member dealers	2,181,250
Vehicles	61,853		
Furniture and fixtures	1,761,263	Total liabilities	16,478,666
Land	23,989,786		
Lease assets	1,316,530	(Net assets)	
Intangible assets	584,453	Shareholders' equity	107,277,976
Leasehold right	227,511	Capital stock	18,881,312
Software	338,543	Capital surplus	23,583,478
Other	18,398	Legal capital surplus	23,583,478
Investments and other assets	63,076,147	Retained earnings	79,523,717
Investment securities	994,953	Legal retained earnings	370,469
Stocks of subsidiaries and affiliates	4,771,821	Other retained earnings	79,153,247
Long-term loans receivable	344,416	General reserve	42,705,000
Long-term prepaid expenses	554,154	Retained earnings brought forward	36,448,247
Deferred tax assets	633,489	Treasury stock	(14,710,531)
Deferred tax assets for land revaluation	3,352,837		
Insurance funds	127,595	Valuation and translation adjustments	(4,991,559)
Real estate for investment	51,684,265	Valuation difference on available-for-sale securities	(14,158)
Other	669,639	Revaluation reserve for land	(4,977,400)
Allowance for doubtful accounts	(57,025)	Subscription right to shares	8,340
		Total net assets	102,294,758
Total assets	118,773,424	Total liabilities and net assets	118,773,424

Non-Consolidated Statement of Income

(From April 1, 2008 to March 31, 2009)

(Thousands of yen)

Item	Amount	
Net sales		29,505,310
Costs of sales		9,830,988
Gross profit		19,674,321
Selling, general and administrative expenses		3,901,955
Operating income		15,772,365
Non-operating income		
Interest and dividend income	9,665,710	
Rent income of real estate	2,483,327	
Other	143,764	12,292,801
Non-operating expenses		
Interest expenses	62,440	
Rent cost of real estate	2,015,240	
Loss on valuation of derivatives	330,400	
Other	18,058	2,426,139
Ordinary income		25,639,028
Extraordinary income		
Gain on sales of non current assets	3,513	
Reversal of allowance for doubtful accounts	9,875	13,388
Extraordinary losses		
Loss on sales and retirement of property and equipment	96,521	
Loss on valuation of investment securities	39,199	135,721
Income before income taxes		25,516,695
Income taxes - current	6,595,614	
Income taxes - deferred	(101,056)	6,494,558
Net income		19,022,137

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2008 to March 31, 2009)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus	Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
				General reserve	Retained earnings brought forward			
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
Changes during the current fiscal year								
Dividend from surplus	—	—	—	—	(5,324,861)	(5,324,861)	—	(5,324,861)
Net income	—	—	—	—	19,022,137	19,022,137	—	19,022,137
Purchase of treasury stock	—	—	—	—	—	—	(8,940,278)	(8,940,278)
Changes of other items during the period (net)	—	—	—	—	—	—	—	—
Total changes during the current fiscal year	—	—	—	—	13,697,276	13,697,276	(8,940,278)	4,756,997
Balance at March 31, 2009	18,881,312	23,583,478	370,469	42,705,000	36,448,247	79,523,717	(14,710,531)	107,277,976

	Valuation and translation adjustments			Subscription right to shares	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at March 31, 2008	83,208	(4,977,650)	(4,894,442)	2,151	97,628,688
Changes during the current fiscal year					
Dividend from surplus	—	—	—	—	(5,324,861)
Net income	—	—	—	—	19,022,137
Purchase of treasury stock	—	—	—	—	(8,940,278)
Changes of other items during the period (net)	(97,367)	249	(97,117)	6,189	(90,927)
Total changes during the current fiscal year	(97,367)	249	(97,117)	6,189	4,666,069
Balance at March 31, 2009	(14,158)	(4,977,400)	(4,991,559)	8,340	102,294,758

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.)
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Those without market value	Cost method based on the moving average method
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(ii) Standards and methods of valuation of derivatives

Derivatives	Market value method
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(iii) 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.)
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Supplies	Cost method based on the moving average method (However, the cost method based on the specific identification method is used for vehicles.)
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(Change in accounting method)

In previous fiscal years, valuations of inventories held for sale in the ordinary course of business were determined primarily by using the cost method based on the moving-average method. Due to the application of "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006), valuations are now determined primarily by using the cost method based on the moving-average method (in which book value is reduced to reflect declines in profitability). This change resulted in decreases of 3,553 thousand yen each in operating income, ordinary income and income before income taxes compared with earnings based on the previous accounting method.

(2) Depreciation methods for depreciable assets

Property, plant and equipment and real estate for investment

Declining balance method

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

Intangible assets (software)

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

Lease assets

For depreciation of lease assets for financial leases where there is no transfer of ownership, assets are depreciated using the straight-line method with a residual value of zero and the leasing period used is the useful life.

(3) Standards of accounting for allowances and reserves

Allowance for doubtful accounts

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

General claims

Method based on actual bad debt rates

Possible bad debts and claims in bankruptcy proceedings

Method of evaluating financial conditions

Provision for bonuses

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

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

Accounting for 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.

(Change in accounting method)

Financial leases other than leases where ownership is transferred were previously accounted for using accounting methods for rental transactions. Beginning with the current fiscal year, "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, June 17, 1993, revised March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, January 18, 1994, revised March 30, 2007) were applied. As a result,

financial leases other than leases where ownership is transferred are now accounted for using accounting methods applicable to ordinary buying and selling transactions.

Financial leases other than where ownership is transferred that started prior to April 1, 2008 will continue to be accounted for using accounting methods for rental transactions.

This change resulted in the addition of 1,316,530 thousand yen of leased assets to property and equipment but did not have a significant effect on earnings.

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

2. Notes on the balance sheet

	(thousand yen)
(1) Accumulated depreciation of property, plant and equipment	13,190,701
Accumulated depreciation of real estate for investment	9,292,155

	(thousand yen)
(2) Receivables from, and payables to subsidiaries	
Short-term receivables	5,327,096
Long-term receivables	344,416
Short-term payables	4,845,679

(3) Debt guarantees

The Company has guaranteed lease payments totaling 10,562 thousand yen for satellite TV auction members (six companies).

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

The book balance of land after revaluation is (2,741,977 thousand) yen less than its market value at year-end.

3. Notes on the statement of income

Transactions with affiliated companies	(thousand yen)
Net sales	1,275,575
Operating expenses	2,223,177
Transactions other than business transactions	12,097,934

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	671,801	1,433,886	—	2,105,687

(Overview of changes)

Breakdown of the increase

Increase due to open market repurchases	1,433,870 shares
Increase due to the purchase of fractional shares:	16 shares

5. Notes on tax effect accounting

Main reasons leading to deferred tax assets and deferred tax liabilities

Current assets

Deferred tax assets

(1) Provision for bonuses	80,315 (thousand yen)
(2) Accrued enterprise tax	224,358 (thousand yen)
(3) Accounts payable	80,019 (thousand yen)
(4) Amount exceeding limit for depreciation of depreciable assets	3,832 (thousand yen)
(5) Others	<u>1,206 (thousand yen)</u>
Total deferred tax assets	389,734 (thousand yen)

Noncurrent assets

Deferred tax assets

(1) Long-term accounts payable	218,686(thousand yen)
(2) Loss on disposal of buildings and other noncurrent assets	83,133 (thousand yen)
(3) Amount in excess of depreciation range of petty sum depreciable assets	19,812 (thousand yen)
(4) Valuation difference on available-for-sale securities	9,537 (thousand yen)
(5) Denial of loss on valuation of investment securities	277,157 (thousand yen)
(6) Others	<u>25,163 (thousand yen)</u>
Total deferred tax assets	633,489 (thousand yen)

6. Notes on leased noncurrent assets

(1) Acquisition cost of leased property at the end of the current fiscal year	1,888,854 (thousand yen)
(2) Accumulated depreciation on leased property at the end of the current fiscal year	1,713,449 (thousand yen)
(3) Future lease payments at the end of the current fiscal year	175,405 (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		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.	2.4%	Auction business	Business transactions	Auction sale	13,995	54,468	Receivables due from member dealers at auctions (Payables due to member dealers at auctions)	-
								Auction contracts	5,993	36,618		
								Auction purchase	529	4,874		
								Others	-	1		
								Total		95,962		
Green City Tokai Co., Ltd.	Meito Ward, Nagoya, Aichi	20,000	Auto sales and repair	Futoshi Hattori, the Company's representative director and main shareholder, directly owns 100% of the voting rights.	-	Auction business	Business transactions	Auction sale	76	249	Receivables due from member dealers at auctions (Payables due to member dealers at auctions)	-
								Auction contracts	44	432		
								Auction purchase	50	482		
								Others	-	-		
								Total		1,163		
Showa Co., Ltd.	Midori Ward, Nagoya, Aichi	10,000	Auto sales and lease	Yukihiro Ando, the Company's representative director, directly owns 99% of the voting rights.	-	Auction business	Business transactions	Auction sale	1,844	14,198	Receivables due from member dealers at auctions (Payables due to member dealers at auctions)	-
								Auction contracts	559	4,958		
								Auction purchase	232	2,194		
								Others	-	-		
								Total		21,351		
Metro Shoji Ltd.	Hakata Ward, Fukuoka, Fukuoka	3,000	Auto sales and repair	Fumihiko Tamura, the Company's representative director, directly owns 83.3% of the voting rights	-	Auction business	Business transaction	Auction sale	1,403	6,517	Receivables due from member dealers at auctions (Payables due to member dealers at auctions)	945
								Auction contracts	582	5,397		
								Auction purchase	19	191		
								Others	-	23		
								Total		12,130		
Auto Max Purchase Service Co., Ltd.	Hakata Ward, Fukuoka, Fukuoka	5,000	Auto sales and repair	Eiji Gono, the Company's director, and his close relatives directly own 100% of the voting rights.	-	Auction business	Business transactions	Auction sale	11,258	39,511	Receivables due from member dealers at auctions (Payables due to member dealers at auctions)	-
								Auction contracts	3,903	23,620		
								Auction purchase	242	2,110		
								Others	-	-		
								Total		65,242		
Auto Max Co., Ltd.	Hakata Ward, Fukuoka, Fukuoka	100,000	Auto sales and repair	Eiji Gono, the Company's director, and his close relatives directly own 85.8% of the voting rights.	-	Auction business	Business transactions	Auction sale	48	442	Receivables due from member dealers at auctions (Payables due to member dealers at auctions)	-
								Auction contracts	12	122		
								Auction purchase	252	2,953		
								Others	-	14		
								Total		3,531		
Hakata Ryutsu Co., Ltd.	Hakata Ward, Fukuoka, Fukuoka	5,000	Auto sales and repair	Eiji Gono, the Company's director, directly owns 67% of the voting rights.	-	Auction business	Business transactions	Auction sale	12,131	41,787	Receivables due from member dealers at auctions (Payables due to member dealers at auctions)	-
								Auction contracts	4,261	25,767		
								Auction purchase	371	3,377		
								Others	-	68		
								Total		71,000		

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		Business links						
Metokosu Ltd.	Kasuya, Fukuoka	13,500	Auto sales and repair	Toshio Mishima, the Company's director, and his close relatives directly own 100% of the voting rights.	-	Auction business	Business transactions	Auction sale	13,086	46,464	Receivables due from member dealers at auctions (Payables due to member dealers at auctions)	-
								Auction contracts	4,078	24,460		
								Auction purchase	609	5,592		
								Others	-	-		
								Total		76,517		
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.	-	Auction business	Business transactions	Auction sale	7,273	28,520	Receivables due from member dealers at auctions (Payables due to member dealers at auctions)	-
								Auction contracts	4,095	25,095		
								Auction purchase	941	8,580		
								Others	-	7		
								Total		62,202		
Karen Co., Ltd.	Nakamura Ward, 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.	-	Leasing of land and building	Business transactions	Real estate lease	-	37,321	Prepaid expenses	3,200

Notes: 1. Business terms and business terms determination method

(1) Under the Company's automobile auction-related regulations, auction transactions are made based on business terms designed for general member dealers.

(2) Rental fees for land and building are decided based on the current neighboring market prices.

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)

Relation-ship	Company name	Location	Capital	Description of business or occupation	Voting rights ratio	Business links	Details of transaction	Transaction amount	Account item	Balance at year-end
Subsidiary	USS Gunma Co., Ltd.	Fujioka, Gunma	250,000	Operation of used car auction site	Directly owning 100%	Capital borrowing	Capital borrowing	1,000,000	Short-term loans payable	1,000,000
							Interest payment	14,632	-	-
Subsidiary	USS Fujioka Co., Ltd.	Fujioka, Gunma	109,600	Operation of used car auction site	Directly owning 51.1%	Capital loan	Capital loan	1,050,000	Short-term loans receivable	900,000
							Interest receipt	12,952	-	-
Subsidiary	Car Quest Co., Ltd.	Chuo-ku Tokyo	318,300	Internet Data provider	Directly owning 100%	Capital borrowing	Capital borrowing	1,200,000	Short-term loans payable	1,200,000
							Interest payment	5,839	-	-
Subsidiary	USS Support Service Co., Ltd.	Tokai, Aichi	45,000	Financial service	Directly owning 100%	Capital loan	Capital loan	2,400,000	Short-term loans receivable	2,200,000
							Interest receipt	33,339	-	-

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) The interest rate on the loan to USS Fujioka Co., Ltd. is based on a reasonable decision that considers market interest rates and the repayment term is one year. No collateral was pledged for this loan.
- (3) The interest rate on the borrowing from Car Quest Co., Ltd. is based on a reasonable decision that considers market interest rates and the repayment term is one year. No collateral was pledged for this borrowing.
- (4) 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 | 3,343.75 yen |
| 2. Net income per share | 606.48 yen |

9. Notes on important subsequent events

Not applicable

10. Other Notes

Figures are rounded down to the nearest whole unit.

(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]

May 7, 2009

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, 2008 and ending on March 31, 2009, 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]

May 7, 2009

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, 2008 and ending on March 31, 2009, 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 29th fiscal year (from April 1, 2008 to March 31, 2009), 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 118, 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 131 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 118, 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 11, 2009

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 the basic policy, and after comprehensive consideration of financial conditions, full-year business results and other factors, the Company proposes to pay a year-end dividend for the current fiscal year ended March 31, 2009 indicated below, as an expression of appreciation for the shareholders' support of the Company and with a view to meeting their expectations.

(1) Type of dividend property

Cash

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

The Company proposes to pay a year-end dividend of ¥82.50 per share, which brings the total amount of dividends to ¥2,523,699,337

Since the Company paid an interim dividend of ¥82.50 per share, the consequent annual dividend will total ¥165 per share for the fiscal year under review.

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

June 25, 2009 (proposed)

2. Items concerning appropriation of retained earnings

(1) Reduction in retained earnings and amount

Other reserve 42,705,000,000 yen

(2) Increase in retained earnings and amount

Retained earnings carried forward 42,705,000,000 yen

Item 2: Reduction in capital reserve

Pursuant to Article 448, Paragraph 1 of the Company Law, USS proposes to reverse the capital reserve and transfer this amount to other surplus to prepare for dividend payments in the following fiscal year.

1. Reduction in capital reserve

19,000,000,000 yen from the capital reserve of 23,583,478,559 yen

2. Date of reduction in capital reserve

August 1, 2009 (proposed)

Item 3: Amendments to Articles of Incorporation

1. Reason for amendments

(1) On January 5, 2009, Japan enacted the Law to Partially Amend the Law for Book-Entry Transfers of Corporate Securities for Streamlining Settlements Related to the Trading of Stocks, etc. (Law No. 88 of 2004). Since this law converted all shares of publicly owned companies into a book-entry format (so-called electronic stock certificates), the Company is asking shareholders to approve the elimination of provisions of the Articles of Incorporation that are based on the existence of stock certificates, and other changes as required.

(2) In addition, the Company is asking shareholders to approve the establishment of supplementary provisions that provide for transitional measures in respect of this change (Articles 1 and 2 in the supplementary provisions of the proposed amendments).

(3) USS is asking shareholders to revise from three years to four years the effectiveness of resolutions concerning the selection of alternate corporate auditors prescribed in the current Article 32 in order to match the terms of corporate auditors.

2. Description of amendments

The proposed amendments are as follows.

(Revised sections are underlined.)

Current	Proposed revisions
Articles 1 to 6 (Text omitted)	Articles 1 to 6 (No changes)
<u>(Issuance of stock certificates)</u> <u>Article 7</u> <u>The Company will issue certificates for its stock.</u>	(Deleted)
(Purchase of treasury stock) Article 8 Pursuant to Article 165, Paragraph 2 of the Company Law, the Company can purchase its stock on markets, etc., based on a resolution approved by the Board of Directors.	(Purchase of treasury stock) Article <u>7</u> (Text omitted)
(Shares constituting one voting unit <u>and non-issuance of certificates for holdings of less than one unit</u>) Article <u>9</u> There are 10 shares in one voting unit of the Company's stock. <u>2 Irrespective of the provisions of Article 7, the Company will not issue stock certificates for holdings of less than one voting unit of stock. However, this does not apply in cases prescribed by the stock handling rules.</u>	(Shares of one unit of stock) Article <u>8</u> There are 10 shares in one voting unit of the Company's stock. (Deleted)
(Rights for holdings of less than one voting unit of stock) Article <u>10</u> The Company's shareholders (<u>including effective shareholders, same hereafter</u>) cannot exercise rights concerning holdings of less than one voting unit of stock other than the rights listed below. (1) Rights listed in all items of Article 189, Paragraph 2 of the Company Law (2) Rights that can be demanded pursuant to Article 166, Paragraph 1 of the Company Law (3) Right to receive allotments of subscriptions of stock and stock acquisition rights corresponding to the number of shares held	(Rights for holdings of less than one voting unit of stock) Article <u>9</u> The Company's shareholders cannot exercise rights concerning holdings of less than one voting unit of stock other than the rights listed below. (1) Rights listed in all items of Article 189, Paragraph 2 of the Company Law (2) Rights that can be demanded pursuant to Article 166, Paragraph 1 of the Company Law (3) Right to receive allotments of subscriptions of stock and stock acquisition rights corresponding to the number of shares held
(Shareholder registrar) Article <u>11</u> The Company will name a shareholder registrar. 2 The shareholder registrar and its place of business will be determined by a resolution of the Board of Directors. 3 The Company's shareholder registrar will prepare and maintain the Company's shareholders ledger (<u>including effective shareholders ledger, same hereafter</u>), stock acquisition rights ledger <u>and lost stock certificate ledger</u> and perform other administrative tasks concerning the shareholders ledger, stock acquisition rights ledger <u>and lost stock certificate ledger</u> , and the Company will not perform these tasks.	(Shareholder registrar) Article <u>10</u> The Company will name a shareholder registrar. 2 The shareholder registrar and its place of business will be determined by a resolution of the Board of Directors. 3 The Company's shareholder registrar will prepare and maintain the Company's shareholders ledger <u>and</u> stock acquisition rights ledger and perform other administrative tasks concerning the shareholders ledger <u>and</u> stock acquisition rights ledger, and the Company will not perform these tasks.

Articles <u>12</u> to <u>31</u> (Text omitted)	Articles <u>11</u> to <u>30</u> (No changes)
(Selection of alternate corporate auditor) Article <u>32</u> To be prepared in the event that the number of corporate auditors becomes fewer than the number prescribed by law, regulations or the Articles of Incorporation, an alternative corporate auditor may be elected in advance at a shareholders meeting. 2. The alternate corporate auditor will be elected using the method prescribed in Article <u>30</u> , Paragraph 2. 3. A resolution to elect an alternate corporate auditor will be effective until the beginning of the ordinary general shareholders meeting for the last of the three fiscal periods within the <u>3</u> -year period starting after the election of the alternate corporate auditor.	(Selection of alternate corporate auditor) Article <u>31</u> To be prepared in the event that the number of corporate auditors becomes fewer than the number prescribed by law, regulations or the Articles of Incorporation, an alternative corporate auditor may be elected in advance at a shareholders meeting. 2. The alternate corporate auditor will be elected using the method prescribed in Article <u>29</u> , Paragraph 2. 3. A resolution to elect an alternate corporate auditor will be effective until the beginning of the ordinary general shareholders meeting for the last of the three fiscal periods within the <u>4</u> -year period starting after the election of the alternate corporate auditor.
Articles <u>33</u> to <u>42</u> (Text omitted)	Articles <u>32</u> to <u>41</u> (No changes)
(New)	<u>Supplementary provisions</u> <u>Article 1</u> <u>Preparation, maintenance and other tasks involving the lost stock certificate ledger will be performed by the shareholder registrar and will not be performed by the Company.</u>
(New)	<u>Article 2</u> <u>The preceding Article 1 and this article will remain in effect until January 5, 2010 and will be deleted on the following day.</u>

Item 4: Election of 18 directors

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

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

All the candidates for director positions have given their consent to “Item 7: Amendments to large-scale purchase countermeasures (anti-takeover plan) and continuation of countermeasures to be presented to the 29th Annual General Meeting of Shareholders.” For further details on “Amendments to large-scale purchase countermeasures (anti-takeover plan) and continuation of countermeasures,” see Item 7 (Page 72 to Page 98) of the Attached Documents.

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 July 1982 President and Representative Director of the Company June 2006 Chairman, Representative Director and Chief Executive Officer (CEO) of the Company June 2007 Chairman and Representative Director of the Company (at present) (Representation of Other Organizations, etc.) Apr. 2007 Chairman and Representative Director of USS Fujioka Co., Ltd. (at present) Nov. 2008 President of the Hattori International Scholarship Foundation (at present)	2,630,620
2	Yukihiro Ando (Dec. 2, 1946)	July 1982 Director of the Company Nov. 1989 Senior Managing Director of the Company June 1995 Executive Vice President of the Company June 2000 Executive Vice President of the Company and Officer of the Nagoya Office June 2006 President and Representative Director of the Company June 2007 President and Representative Director of the Company and Chief Executive Officer (CEO) of the Company (at present) (Representation of Other Organizations, etc.) Apr. 2007 President and Representative Director of USS Fujioka Co., Ltd. (at present)	908,500
3	Fumihiko Tamura (Nov. 3, 1940)	July 1989 Senior Managing Director of USS Kyushu Co., Ltd. Mar. 1995 Senior Managing Director of the Company June 1995 Executive Vice President and Officer of the Kyushu Office June 2006 Vice Chairman and Representative Director of the Company and Officer of the Kyushu Office (at present)	38,420
4	Shigeo Hara (Apr. 1, 1941)	Nov. 1993 Senior Managing Director of USS Tokyo Co., Ltd. Jan. 1996 Executive Vice President of the Company and Officer of the Tokyo Office June 2006 Vice Chairman and Representative Director of the Company and Officer of the Tokyo Office (at present)	90,820
5	Dai Seta (Dec. 23, 1966)	Jan. 2004 Executive Officer of the Company and Vice Officer of the Nagoya Office June 2004 Director and Vice Officer of the Company of the Nagoya Office June 2006 Executive Vice President and Representative Director of the Company and Officer of the Auction Operation Office of the Nagoya Office (at present) (Representation of Other Organizations, etc.) Apr. 2006 President and Representative Director of UG Powers Co., Ltd. (at present) June 2008 President and Representative Director of ARBIZ Co., Ltd. (at present)	690,300

6	Motohiro Masuda (Dec. 27, 1947)	June 1994 Jan. 1995 Jan. 1996 June 2001 June 2006	Director of USS Tokyo Co., Ltd. Junior Managing Director of USS Tokyo Co., Ltd. Senior Managing Director of the Company Senior Managing Director of the Company and Vice Officer of the Tokyo Office Executive Vice President of the Company and Vice Officer of the Tokyo Office (at present)	35,820
7	Eiji Gono (June 6, 1949)	July 1989 Mar. 1995 June 1995 June 2001 June 2003 June 2006	Managing Director of USS Kyushu Co., Ltd. Junior Managing Director of the Company Senior Managing Director of the Company and Vice Officer of the Kyushu Office Senior Managing Executive Officer of the Company Senior Managing Director of the Company and Vice Officer of the Kyushu Office Executive Vice President of the Company and Vice Officer of the Kyushu Office (at present)	131,420
8	Toshio Mishima (Jan. 12, 1947)	July 1989 Mar. 1995 June 1996 June 2001 Mar. 2003 June 2006	Director of USS Kyushu Co., Ltd. Director of the Company Junior Managing Director of the Company, in charge of Customer Services & Market Development and Vehicle of the Kyushu Office Managing Executive Officer of the Company Senior Managing Executive Officer of the Company Senior Managing Director of the Company, in charge of the Fukuoka Site of the Kyushu Office (at present)	121,420
9	Masafumi Yamanaka (Dec. 16, 1954)	Jan. 2000 Jan. 2004 June 2004 June 2006	General Manager of the Finance Dept., Supervisory Office of the Company Executive Officer and General Manager of the Finance Dept., Supervisory Office of the Company Director of the Company and General Manager of the Finance Dept., Supervisory Office Junior Managing Director of the Company and Officer of the Supervisory Office (at present)	3,200
10	Hiroimitsu Ikeda (May 3, 1961)	Jan. 2001 Jan. 2004 June 2004 June 2006	General Manager of the System Planning & Business Relations Service Dept., Nagoya Office of the Company Executive Officer of the Company and General Manager of the System Planning & Business Relations Service Dept., Nagoya Office Director of the Company and General Manager of the System Planning & Business Relations Service Dept., Nagoya Office Junior Managing Director of the Company and Officer of the System Office (at present)	3,210
11	Masayuki Akase (Nov. 8, 1962)	Jan. 2001 Jan. 2004 June 2004 June 2006	General Manager of the Customer Services & Market Development Dept., Nagoya Office of the Company Executive Officer of the Company and General Manager of the Customer & Services & Market Development Dept., Nagoya Office Director of the Company and General Manager of the Customer & Services & Market Development Dept., Nagoya Office Junior Managing Director of the Company and Vice Officer of the Auction Operation Office (at present)	5,070
12	Hiroaki Inoue (Nov. 14, 1960)	Jan. 2001 Jan. 2004 June 2004 Aug. 2005 June 2006	General Manager of the Vehicle Dept., Nagoya Office of the Company Executive Officer of the Company and General Manager of the Vehicle Dept., Nagoya Office Director of the Company and General Manager of the Vehicle Dept., Nagoya Office Director of the Company and Officer of the Shizuoka Office Director of the Company and Officer of the Shizuoka Office (at present)	2,030

13	Yasuhisa Koga (Aug. 24, 1960)	Aug. 1994 Mar. 1995 Jan. 2004 June 2004 June 2006	General Manager of the Customer Services and Market Development of USS Kyushu Co., Ltd. General Manager of the Customer Services and Market Development, Kyushu Office of the Company Executive Officer of the Company and General Manager of the Customer Services and Market Development, Kyushu Office Director of the Company and General Manager of the Customer Services & Market Development Dept., Kyushu Office Director of the Company, in charge of the Kyushu Site of the Kyushu Office (at present)	2,420
14	Yoshinobu Kojima (Aug. 19, 1953)	June 2001 June 2006 May 2007 Sep. 2008	General Manager of the General Affairs Dept., Supervisory Office of the Company Director of the Company, Vice Officer of the Supervisory Office and General Manager of the General Affairs Dept., Supervisory Office Director of the Company, Vice Officer of the Supervisory Office and General Manager of the General Affairs Dept (at present). Director of the Company	1,610
15	Hideo Okada (Feb. 16, 1941)	Aug. 1965 June 1997 June 2002 June 2005 June 2006	Joined Nihon Kogyo Shimbun Co., Ltd. (Nihon Kogyo Shimbun Shin-Sha at present) Director of the said company (Nihon Kogyo Shimbun Shin-Sha at present) Managing Director of the said company (Nihon Kogyo Shimbun Shin-Sha at present) Advisor of the said company (at present) Director of the Company (at present)	-
16	Isamu Hayashi (Dec. 15, 1945)	Apr. 1968 Oct. 1996 Mar. 2000 Apr. 2000 Apr. 2004 June 2006	Chuo Trust & Banking Co., Ltd. (now Chuo Mitsui Trust & Banking Co., Ltd.) Deputy General Manager of Transfer Agent Dept. (Legal affairs manager) Resigned Associate Professor, Faculty of Business Management, Osaka Sangyo University Professor, Faculty of Business Management, Osaka Sangyo University (at present) Director of the Company (at present)	-
17	Satoru Madono (July 28, 1947)	Apr. 1971 Apr. 2001 Mar. 2002 Apr. 2002 Apr. 2002 June 2006	Joined The Export-Import Bank of Japan (now Japan Bank For International Cooperation) Executive Director of the said bank Resigned Professor, International School of Economics and Business Administration, Reitaku University (at present) Representative Director of IJIC, Inc. (at present) Director of the Company (at present)	-
18	Koji Sato (Mar. 21, 1965)	Oct. 1988 Apr. 1991 Apr. 1995 June 2006 Apr. 2009	Passed the National Bar Examination Registered with the Nagoya Bar Association (now the Aichi Bar Association) Opened Sato Koji Law Office (to the present date) Director of the Company (at present) Deputy Chairman of Aichi Bar Association (at present)	-

- Notes:
1. Representation of other organizations, etc. are stated except for wholly owned subsidiaries of the Company.
 2. USS Kyushu Co., Ltd. merged with the Company in March 1995.
USS Tokyo Co., Ltd. merged with the Company in 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 an outside director so that his great experience and deep insight as a former manager will be reflected in the management of the Company.
 - 2) The Company requests election of Isamu Hayashi as an outside director so that his deep insight and extensive experience as manager of legal affairs of the Stock Transfer and Agency Services Division at the Chuo Trust and Banking Co., Ltd. will be reflected in the management of the Company.
 - 3) The Company requests election of Satoru Madono as an outside director so that his deep insight as an economist and his extensive experience as a commissioner at the Japan Bank of International Cooperation will be reflected in the management of the Company.
 - 4) The Company requests election of Koji Sato as outside director so that his professional perspective 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 three 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 currently serve 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, enabling them to fulfill their expected roles. 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.

Item 5: Election of three corporate auditors

As the terms of all three corporate auditors expire at the close of this Ordinary General Meeting of Shareholders, the Company asks shareholders to elect the following three individuals as corporate auditors.

The Board of Auditors has given its prior approval to this resolution.

The candidates for corporate auditor are 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	Yukihiko Inoue (April 18, 1934)	<p>June 1980 Director and General Manager of Administration Div., Aichi Mazda Co., Ltd.</p> <p>Oct. 1984 President and Representative Director of Ichinomiya Mazda Sales Co., Ltd.</p> <p>Dec. 1991 Director and General Manager of Clean Business Div., Aichi Mazda Co., Ltd.</p> <p>June 1993 Resigned as director of Aichi Mazda Co., Ltd.</p> <p>June 2001 Corporate auditor of the Company</p> <p>June 2002 Standing corporate auditor of the Company (at present)</p>	690
2	Masura Takei (October 27, 1939)	<p>Sep. 1976 Registered as certified public accountant</p> <p>Feb. 1989 Managing Partner, Chuo Shinko Audit Corp. (now Chuo Aoyama Audit Corp.)</p> <p>July 2004 Resigned</p> <p>June 2005 Standing corporate auditor of the Company (at present)</p>	-
3	Isao Otsuka (November 14, 1942)	<p>July 2000 Director General of Toyohashi Tax Office</p> <p>Aug. 2001 Registered as tax accountant</p> <p>June 2005 Corporate auditor of the Company (at present)</p>	100

Notes:

1. There are no particular financial relationships between the Company and any of these candidates.
2. Items concerning candidates for outside corporate auditor are as follows.
 - (1) All three of the above individuals are candidates for outside corporate auditor.
 - (2) Reasons for nominations of these individuals as candidates for outside corporate auditor
 - a. Yukihiko Inoue is the former manager of an automobile sales company and has considerable expertise in the field of used car sales as well. The Company therefore asks shareholders to elect Mr. Inoue as an outside corporate auditor.
 - b. Masura Takei has many years of experience as a certified public accountant, giving him much auditing expertise and specialized knowledge concerning finance and accounting. The Company therefore asks shareholders to elect Mr. Takei as an outside corporate auditor.
 - c. Isao Otsuka is a former director general of a tax office and a certified tax accountant, which gives him a broad spectrum of knowledge and the ability to reach fair decisions. The Company therefore asks shareholders to elect Mr. Otsuka as an outside corporate auditor.
 - (3) Length of service as outside corporate auditor at the Company of the candidates for outside corporate auditor at the close of this Ordinary General Meeting of Shareholders
 - a. Yukihiko Inoue: Eight years
 - b. Masura Takei: Four years
 - c. Isao Otsuka: Four years

Item 6: Election of 1 alternate corporate auditor

The Company requests shareholders to elect one alternate corporate auditor since the term of office of alternate corporate auditor Kenji Konagaya, elected at the 26th annual general meeting of shareholders held on June 28, 2006, will expire with the commencement of this annual general meeting of shareholders.

Furthermore, subject to approval of Item 3 Amendments to Articles of Incorporation, the term of office will expire at the opening of the Annual General Meeting of Shareholders for the last fiscal year ending within four years.

The Board of Auditors has given its prior approval to this resolution.

The candidate for alternate corporate auditor are as follows.

Name (Date of birth)	Brief Profile, Position, Duties and Representation of Other Organizations, etc.	Number of Shares of the Company Owned by the Candidate
Kenji Konagaya (March 1, 1943)	July 2005 Deputy General Manager of Internal Audit Dept. of the Company	1,000
	July 2006 Alternate corporate auditor of the Company (at present)	
	Oct. 2006 General Manager of Internal Audit Dept. of the Company (at present)	

Note: The above candidate for alternate corporate auditor has no special interest in the Company.

Item 7: Amendments to large-scale purchase countermeasures (anti-takeover plan) and continuation of countermeasures

USS Co., Ltd. (the “Company”) decided, at a meeting of its board of directors (the “Board of Directors”) on April 7, 2009, to modify the current countermeasure (the “Current Plan”) in respect of large-scale purchases of shares of the Company and to continue to implement the modified countermeasure (the “New Plan”).

The Current Plan was introduced by a resolution of the meeting of the Board of Directors on May 16, 2006, as part of the board’s endeavors to protect and enhance the Company’s corporate value and shareholders’ common interests, and in order to prevent the impairment of such value and interests due to any “Large-scale Purchase of Shares” (as defined in Section III.2.(1) below) of the Company.

Whereas the effective term of the Current Plan expires on June 30, 2009, the above board decision has been rendered, taking into consideration revisions of relevant laws and regulations and other related changes since the introduction of the Current Plan. The board decision is part of the Company’s endeavors (as defined in Article 118, item (iii) “*ro*” of the Ordinance for Enforcement of the Companies Act) to prevent decision-making on the Company’s financial or business policies by any inappropriate persons, in light of the basic policy (as defined in Article 118, item (iii) of the Ordinance for Enforcement of the Companies Act; the “Basic Policy”) regarding requirements for those who control the Company’s decision-making on financial and business policies.

All Directors (including the four outside directors) and all Auditors (all three of the Company’s auditors are outside auditors) attended the above-mentioned board meeting and agreed to the New Plan, subject to the condition that the New Plan be appropriately managed and operated.

For the continuation of the takeover defense under the New Plan, considering consequences of the continuation, it is appropriate to confirm the intention of the shareholders of the Company’s shares. For this purpose, the Company in this Item asks for approval on continuation of the takeover defense under the New Plan.

The New Plan shall become effective on the condition that the shareholders’ approval is obtained for the New Plan in this Item, and when the New Plan comes into force the Current Plan shall be abolished.

Description of the Plan

I. Substance of the Basic Policy

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

However, among the recent cases of large-scale share purchases, there are a substantial number of cases involving the possibility of irreparable damage to the target company’s corporate value or where the common interests of its shareholders are threatened, including: (i) cases where it is clear that the share

purchaser does not intend to promote reasonable management with sincerity in light of the purpose of or other circumstances surrounding the purchase; (ii) cases involving the apprehension that general shareholders will be virtually compelled to sell their shares under unfavorable conditions; (iii) cases where general shareholders are not provided with the information or consideration period that is necessary or adequate for them to appropriately determine whether to accept the share purchase; and (iv) cases where the board of directors of the target company is not provided with (a) the information that is necessary for the board of directors to provide to its shareholders with its opinion for or against the share purchase, or a business plan (an “Alternative Proposal”) that presents an alternative to the takeover proposal, business plan or the like presented by the share purchaser, (b) an opportunity to negotiate with the share purchaser, or (c) an adequate period for the consideration that is necessary or adequate to form its opinion for or against the share purchase or Alternative Proposals.

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

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

II. Special Endeavors to Realize the Basic Policy

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

The auto-auction business operates 18 actual auction sites nationwide and has 43,307 member companies (as of March 31, 2009). For USS Group as a whole, the annual number of auction entries is 2,902,636 vehicles (for the year ending in March 2009), and the Company maintains top status in the industry with an industry share of 34.4% (for the year ending in March 2009).

1. Used-car Market in Japan

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

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

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

2. The Role of USS Group in the Auto-auction Industry

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

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

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

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

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

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

4. Endeavors to Reinforce Corporate Governance

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

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

5. Endeavors for Company Shares

The Company has made efforts to expand the number of its shareholders by, among other things, share splits and the modification of the number of shares constituting one voting unit since the initial listing of the Company's shares on Section 2 of the Nagoya Stock Exchange in September 1999 and on Section 1 of the Nagoya Stock Exchange and the Tokyo Stock Exchange in December 2000. As a result, the number of shareholders is 9,166 as of the end of March 31, 2009. As for shareholder composition, a great majority of the shareholders are individual shareholders. Thus, the liquidity of the Company Shares has substantially improved since the initial listing.

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

III. The New Plan (Endeavors to Prevention of Policy Decisions on the Company's Finance and Business by an Inappropriate Party, in Light of the Basic Policy)

1. Purpose of the New Plan

As measures to prevent any party who considered inappropriate in light of the Basic Policy stated in Section I above from acquiring control over decision-making on the Company's financial and management policies, the Company will enable (i) its shareholders to determine whether it was appropriate to accept a Large-scale Share Purchase by asking any Large-scale Share Purchaser to provide all necessary information regarding the Large-scale Share Purchase, and for an assurance of an adequate period for considering and/or negotiating with respect to such transaction; (ii) provide for the Board of Directors to present its opinion for or against the Large-scale Share Purchase, or an Alternative Proposal, in accordance with the recommendation of the Independent Committee (as defined in 4 below), and to negotiate with the Large-scale Share Purchaser for the benefit of the shareholders. By these efforts, we aim to protect and enhance the Company's corporate value and the shareholders' common interests. This is the driving purpose behind the decision to continue the takeover defense under the New Plan. For the continuation of the takeover defense under the New Plan, it is of course desirable to confirm the wishes of the Company's shareholders of Company Shares. For this purpose, the Company, in this Item, submits the matter in order to confirm the wishes of the Company's shareholders regarding the proposed continuation of the takeover defense under the New Plan. If they do not consent to this Item, we will not continue the takeover defense under the New Plan.

At this point in time, no proposal has been made to the Company to the effect that a Large-scale Share Purchase of Company Shares is specifically planned.

The Major Shareholders of the Company, as of March 31, 2009, are as shown in the Matters relating to shares of the Company in Exhibit 3 attached hereto.

2. Substance of the New Plan

2.1. Definition of Large-scale Share Purchase Subject to the New Plan

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

- (i) Any purchase or other form of acquisition (Note 3) of share certificates, etc. (Note 1) issued by the Company by any particular shareholder of the Company that will render such shareholder’s holding ratio of share certificates, etc. (Note 2) to be 20% or more.
- (ii) Any purchase or other form of acquisition (Note 7) of share certificates, etc., (Note 4) issued by the Company by any particular shareholder of the Company that will render the total of such purchaser’s holding ratio of certificates, etc. (Note 5) and the aggregate holding ratio of share certificates, etc., of persons in a special relationship (Note 6) to be 20% or more.
- (iii) Irrespective of whether a transaction falling under either of item (i) or item (ii) above is actually executed or not, any agreement or other form of transaction between any particular shareholder of the Company and any other shareholder of the Company (as used in this item (iii), the term “other shareholder” also includes the case of several other shareholders) that will render such other shareholder to become a joint holder (Note 8) with said particular shareholder, or any other transaction between such particular shareholder and such other shareholder that will establish a relationship (Note 9) under which one of them substantially controls the other or they act jointly or cooperatively. (Limited to cases where the aggregate holding ratio of share certificates, etc. issued by the Company of such a particular shareholder and such other shareholder amount to 20% or more.) (Notes 10 and 11.)

(Note 1) The term “share certificates, etc.” refers to “share certificates, etc.” as defined in Article 27-23, Paragraph (1) of the Financial Instruments and Exchange Act (*Kin ’yu-shohin-torihiki-ho*; the “FIEA”) unless otherwise specified.

(Note 2) The term “holding ratio of share certificates, etc.” refers to “holding ratio of share certificates, etc.” as defined in Article 27-23, Paragraph (4) of the FIEA unless otherwise specified. In the calculation of such a holding ratio, (1) any person in a special relationship as defined in Article 27-2, Paragraph (7) of the FIEA, and (2) any investment bank, securities company or other financial institution that has entered into a financial advisory agreement with such particular shareholder, or any tender offer agent, and any securities company acting as the lead manager (collectively, the “Contracted Financial Institution, etc.”), is deemed to be a joint holder with such a particular shareholder. Also, in the calculation of such a holding ratio, the total number of the Company’s issued shares may be determined by reference to the latest information publicized by the Company.

(Note 3) The term “other form of acquisition” as used for cases under item (i) includes the holding of the right to request delivery of share certificates, etc. under a sale and

purchase or other agreement, and the transactions mentioned in Article 14-6 of the Ordinance for Enforcement of the FIEA.

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

regulation, government order, Cabinet Order, Ministerial Order, or the like (collectively, “Laws and Regulations”), each affected provision of the Laws and Regulations referred to in the New Plan shall be replaced by the provision so modified or the provision which substantially succeeds the provision, unless otherwise determined by the Board of Directors.

2.2. Submission of Share Purchase Statement

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

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

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

2.3. Requirement to Submit Information for Large-scale Share Purchasers

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

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

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

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

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

- (i) An outline (including the name, capital composition, capital contribution ratio, financial condition, the existence or non-existence of any violation of any law or regulation in the past ten (10) years (and a brief description of such violations, if any), the names and career summaries of the board members and officers, and the existence or non-existence of their violation of any law or regulation (and a brief description of such violations, if any)) of the Large-scale Share Purchaser and its group (including the major shareholders and capital contributors, and important subsidiaries and affiliates; and in the case where the Large-scale Share Purchaser is a fund or a business entity operated under the capital contribution of a fund, including its major members, capital contributors (whether direct or indirect), other constituent elements, managing partners, and advisors who give advice on investments).
- (ii) The purpose, method and substance of the Large-scale Share Purchase (including the type and amount of the consideration paid for the Large-scale Share Purchase, the timing of the Large-scale Share Purchase, the structure(s) of the related transaction(s), the lawfulness of the manner of the Large-scale Share Purchase, the plausibility of the Large-scale Share Purchase and related transactions, the expectation, if any, that the Company Shares will be delisted upon completion of the Large-scale Share Purchase, and the reason(s) for such expectation. With respect to the lawfulness of the manner of the Large-scale Share Purchase, a written opinion prepared by a qualified practicing attorney will be required).
- (iii) The existence or non-existence of any communication of intent (including, without limitation, communication of intent regarding any “act of making an important suggestion,

etc.” (as defined in Article 27-26, Paragraph (1) of the FIEA)) to third parties in connection with the Large-scale Share Purchase, and the specific manner and substance of the communication of intent, if any.

- (iv) The basis and background of the calculation (including the facts and assumptions forming the basis of calculation, the manner of calculation, information regarding the calculation entity, the numeric information used in the calculation, the amount of a synergy or otherwise expected to result from the series of transactions relevant to the Large-scale Share Purchase and the basis of calculation and other relevant information) of the price of purchases and related transactions involved in the Large-scale Share Purchase.
- (v) Proof of the financial resources for the purchases and related transactions involved in the Large-scale Share Purchase (including the names of providers (including substantial providers, whether direct or indirect) of resources, the manner of funding, conditions for the execution of funding, the existence or non-existence, and the substance, if any, of collateral and/or covenants after the funding, and the substance of the specific funding and other related transactions).
- (vi) The management policies, business, financial, funding and investment plans, capital and dividend policies, and other relevant policies and plans for the USS Group intended to be implemented after completion of the Large-scale Share Purchase (including, without limitation, plans for sale, collateralization or other disposal of any business or asset of the Company after the completion of the Large-scale Share Purchase), and the policies for dealing with the USS Group’s customers, business partners, officers, employees, the local authorities in locations where the Company’s business offices or other establishments are located, and with other interested parties, after the completion of the Large-scale Share Purchase.
- (vii) A document by which the Large-scale Share Purchaser pledges that it is not an Abusive Acquisitor (as defined in 2.5 below).
- (viii) The probability of obtaining approval or other permission, license or authorization under the regulatory matters under domestic or overseas Laws or Regulations that may possibly be applied in connection with the Large-scale Share Purchase, or under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade or any other relevant Laws and Regulations, to be obtained from domestic or overseas government authorities or third parties (on these matters, a written opinion prepared by a qualified practicing attorney will be required).
- (ix) The possibility of maintaining the domestic or overseas permissions, licenses and authorizations that are necessary in connection with the management of the USS Group after the completion of the Large-scale Share Purchase, and the possibility of compliance with regulations of the relevant domestic or overseas Laws and Regulations.
- (x) Specific details of the internal governance system of the Large-scale Share Purchaser and its group, and the existence or non-existence and status of effectiveness of such a system.

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

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

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

2.5. Independent Committee's Consideration of an Abusive Acquisitor

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

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

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

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

(Note 12) For example, even in the case where a Large-scale Share Purchaser intends to collateralize assets of the target company to meet obligations of the purchaser, or to dispose of idle assets of the target company and cause it to pay out high dividends using the proceeds from the disposal, we will not find such a Large-scale Share Purchaser to be an Abusive Acquisitor solely on the grounds that the Large-scale Share

Purchaser's intentions formally fall under the definition of an Abusive Acquisitor, or will adversely affect the interests of stakeholders other than the shareholders.

2.6. Procedure Where the Large-scale Share Purchaser is Determined to be an Abusive Acquisitor

If the Independent Committee recognizes the Large-scale Share Purchaser as an Abusive Acquisitor, and determines it appropriate to trigger a countermeasure against the Large-scale Share Purchase, the Independent Committee will recommend to the Board of Directors that it trigger a countermeasure against the Large-scale Share Purchase, irrespective of whether the Board Evaluation Period (as defined in 2.7 below) has commenced or expired.

With respect to the disclosure procedure and the subsequent further recommendation procedure in connection with such recommendation, 2.9. A. (i) below shall apply.

2.7. Fixing of Board Evaluation Period

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

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

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

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

If there is a compelling reason for the Board of Directors not to reach a resolution on whether or not to trigger a countermeasure during the Board Evaluation Period, for example, since the Independent Committee cannot make a recommendation as mentioned in 2.9 below during the Board Evaluation Period, then the Board of Director or the Independent Committee may extend the Board Evaluation Period by up to thirty (30) days (excluding the first day) to the extent necessary. If the Board of

Directors or the Independent Committee extends the Board Evaluation Period, the Company will disclose the specific period so decided and the reason(s) for the necessity of such a period, in a timely and appropriate manner, to the shareholders of the Company, in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges.

2.8. Procedure upon Commencement of Large-scale Share Purchase during the Board Evaluation Period

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

2.9. Independent Committee Recommendation Procedure

A. Independent Committee Recommendation

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

(i) Independent Committee Recommendation to Trigger Countermeasure

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

Upon such a recommendation, the Company will disclose the Independent Committee's opinion and the reason(s) thereof as well as other matters that the Board of Directors deems appropriate, in a timely and appropriate manner, to the shareholders of the Company, in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges. In addition, a summary of the proceedings of the Independent Committee resulting in the recommendation will be disclosed to the shareholders of the Company in a timely and appropriate manner as necessary.

Even after the Independent Committee makes its recommendation to the Board of Directors to trigger a countermeasure, if the Large-scale Share Purchase is withdrawn or any other change occurs in the facts assumed in the determination leading to the recommendation, the

Independent Committee may further make a recommendation to cease the countermeasure or any other appropriate recommendation to the Board of Directors. In the case of such a further recommendation, the Company will also disclose to the shareholders of the Company, in a timely and appropriate manner, such further recommendation of the Independent Committee and the reason(s) thereof, as well as other matters that the Board of Directors deems appropriate, in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges. In addition, a summary of the proceedings of the Independent Committee that resulted in the further recommendation will be disclosed to the shareholders of the Company in a timely and appropriate manner, as necessary.

(ii) Independent Committee Recommendation to Confirm Shareholders' Intentions

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

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

(iii) Independent Committee Recommendation for Other Action

In addition to the circumstances mentioned above, the Independent Committee may at any time make a recommendation to the Board of Directors in respect of any matter that the committee considers to be appropriate from the viewpoint of maximizing the Company's corporate value and the shareholders' common interests, or a recommendation for the

discontinuation or suspension of triggering the countermeasure, in cases where such discontinuation or suspension is permissible under the relevant Laws and Regulations.

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

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

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

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

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

2.10. Procedure to Confirm Shareholders' Intentions

Upon a recommendation made by the Independent Committee to confirm the wishes of the shareholders of the Company at the meeting of the shareholders referred to in 2.9.A. (ii) above, the Board of Directors shall, without delay, follow the procedure for convening an extraordinary shareholders' meeting in accordance with the provisions of the relevant Laws and Regulations as well as the articles of incorporation of the Company.

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

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

In the case of a recommendation made by the Independent Committee to confirm the shareholders' wishes at a shareholders' meeting as mentioned in 2.9.A. (ii) above, the Large-scale Share Purchase may not be executed until completion of such a procedure to confirm the shareholders' wishes.

2.11. Modification of Large-scale Share Purchase Information

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

2.12. Specific Substance of Countermeasure

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

The outline of an allotment of Share Options without contribution to be made as a countermeasure against a Large-scale Share Purchase is as described in Exhibit 1 attached hereto. When actually making an allotment of Share Options without contribution, the Company may establish the exercise period, exercise conditions, acquisition clause and other conditions with respect to the Share Options, including, without limitation: (i) an exercise condition that a

Large-scale Share Purchaser violating the New Plan or option-holders with a certain relationship with the Large-scale Share Purchaser (in this Section 2.12, each being referred to as an “Excluded Option-holder”) are not allowed to exercise their rights; and (ii) a clause to the effect that when the Company is to acquire a portion of the Share Options, the Company may acquire only Share Options held by parties other than the Excluded Option-holders.

3. Effective Period, Continuation, Abolition and Modification of the New Plan

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

In addition, the Company currently provides, in Article 21, Paragraph 1 of its articles of incorporation (if approval is given for the partial modification of the articles of incorporation, the third item of business, this will become Article 20, Paragraph 1 of the new articles of incorporation), that the term of office of a director shall expire at the end of the conclusion of the annual general meeting of shareholders in the business year ending within one (1) year from the appointment of the director. It is proposed that the agenda for the appointment of directors for each annual general meeting of shareholders will contain an indication of each nominated candidate’s yes or no position on the New Plan. This will allow the shareholders to reflect their wishes regarding the continuation, abolition and modification of the New Plan through the appointment of directors at each annual general meeting of shareholders.

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

The Company may revise or modify the New Plan if necessary, with the approval of the Independent Committee, from the viewpoint of the protection and enhancement of the Company’s corporate value and its shareholders’ common interests, provided that the substantial objectives of the New Plan are not impaired, and to the extent reasonably necessary to respond to revisions or changes in the interpretation or operation of any applicable Law or Regulation or the rules of any relevant financial instruments exchange, or modifications of the taxation system, case law or other relevant circumstances.

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

4. Independent Committee

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

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

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

5. Effect upon Shareholders and Investors

5.1. Effect upon Shareholders and Investors When the New Plan Becomes Effective

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

5.2. Effect upon Shareholders and Investors When Share Options Are Allotted without Contribution

The Board of Directors may take a countermeasure against a Large-scale Share Purchase, based on the New Plan, for the purpose of protecting and enhancing the Company’s corporate value and its shareholders’ common interests, although, under the currently contemplated countermeasure structure, we do not expect any measure to directly or specifically affect the rights and economic interests of the Company’s shareholders and investors (excluding any Large-scale Share Purchaser violating the New Plan and those in certain relationships with such a purchaser). However, if the Company decides to use any other type of countermeasure available under the Companies Act, any other Laws and Regulations or the articles of incorporation of the Company, pursuant to 2.12 above, we cannot deny the possibility, depending on the substance of such countermeasure, that the Company’s shareholders’ or investors’ rights or economic interests will be somewhat affected as a result of triggering such a countermeasure. Even in the case where the Board of Directors has resolved on an allotment of Share Options without contribution, if the Board of Directors decides to discontinue the triggered countermeasure or suspend the triggering thereof in accordance with the procedure mentioned in Section 2.9 above or otherwise, there will be a possibility that the price of Company Shares is affected accordingly. For example, if, after the scope of shareholders entitled to the intended allotment of Share Options without contribution has definitively been determined, the Company were to suspend the triggering of the countermeasure and acquire all of the Share Options to be allotted, no dilution would occur to the economic value per share of Company Shares held by shareholders and investors. As a result, shareholders who have sold or purchased Company Shares

on the premise of the occurrence of dilution might possibly incur losses due to price fluctuation. We request the shareholders and investors to acknowledge this in advance.

The procedure to exercise or acquire the allotted Share Options that involves the shareholders of the Company is as follows:

(i) When Share Options Are Exercised

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

(ii) When Share Options Are Acquired

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

IV. Reasonableness of the New Plan

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

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

As described in Section III.1. above, by requiring a Large-scale Share Purchaser to provide the necessary information and securing an opportunity for advance consideration and negotiations with respect to the intended Large-scale Share Purchase, the takeover defense under the New Plan will enable: (i) shareholders to consider whether or not to accept the proposed Large-scale Share Purchase; (ii) the Board of Directors to present to the shareholders its opinion for or against the Large-scale Share Purchase, or an Alternative Proposal, in accordance with the recommendation of the Independent Committee, or to negotiate with the Large-scale Share Purchaser for the benefit of the shareholders. Thus, the takeover defense should be continued for the purpose of protecting and enhancing the Company's corporate value and the shareholders' common interests.

2. Prior Disclosure

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

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

3. Respect for Shareholders' Wishes

This item of the agenda will allow the Company to ascertain the wishes of the shareholders regarding the New Plan and the continuation of the takeover defense that it envisages.

4. Creation of the Independent Committee

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

5. Retaining Outside Specialists

As set forth in Section III.2.7 above, when triggering a countermeasure, the Board of Directors shall, as a general rule, seek the advice of third-party professionals (e.g. financial advisors, practicing attorneys and certified public accountants) independent from the Board of Directors. The objectivity and reasonableness of the determination of the Board of Directors will thus be ensured.

6. Confirmation of Shareholders Intentions through Election of Directors

As mentioned in Section III.3 above, Article 21, Paragraph 1 of the Company's articles of incorporation provides (if approval is given for the partial modification of the articles of incorporation, the third item of business, this will become Article 20, Paragraph 1 of the new articles of incorporation) that the term of office of a director shall expire at the end of the conclusion of the annual general meeting of shareholders in the last business year ending within one (1) year from the appointment of the director. Therefore, the shareholders' intentions as to whether or not to abolish the New Plan will be confirmed through the agenda on the election of directors for each annual general meeting of shareholders.

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

As mentioned in Section III.3 above, it is at any time possible to abolish the New Plan by the Company's general meeting of shareholders or by the Board of Directors comprised of directors elected by the general meeting of shareholders. Therefore, the New Plan is not a so-called "dead hand" type (a takeover defense measure that cannot be prevented even though a majority of the members of the board of directors are replaced) or a "slow-hand" type takeover defense (a takeover defense measure that takes substantial time to trigger due to the inability to replace all of the directors at one time).

(Exhibit 1)

Outline of Allotment of Share Options without Contribution

1. Shareholders Eligible for Allotment

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

2.. Type and Number of Shares Underlying the Share Options

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

3. Effective Date of Allotment of Share Options without Contribution

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

4. Amount of Capital Contributed upon Exercise of Share Options

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

5. Restriction on Transfer of Share Options

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

6. Conditions for Exercise of Share Options

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

7. The Company's Acquisition of Share Options

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

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

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

- (a) the takeover proposal of the Large-scale Share Purchaser is approved by an ordinary resolution of a general meeting of shareholders of the Company;

- (b) there is a unanimous decision of the Independent Committee of the Company; or
- (c) such acquisition is otherwise separately authorized by the Board of Directors.

9. Exercise Period of Share Options

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

End of the document.

(Exhibit 2)

Independent Committee: Names and Career Summaries of Members

Outside Director Mr. Hideo Okada

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

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

Outside Director Mr. Isamu Hayashi

Joined Chuo Shintaku Ginko Kabushiki Kaisha (presently, the Chuo Mitsui Trust and Banking, Limited). He served as Chief Examiner of the Legal Section of Securities Agency Division (*shoken daikoubu houmuka shunin chousayaku*) in 1985, Chief of the Legal Section of Securities Agency Division in 1995, Assistant Manager of the Securities Agency Division (in charge of legal matters) in October 1996. and retired in 2000. Became an Associate Professor in the Faculty of Business Management at Osaka Sangyo University in 2000 and Professor in 2004. At Osaka Sangyo University, he specializes in the Commercial Code and the Companies Act. Became an Outside Director of the Company in June 2006.

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

Outside Director Mr. Satoru Madono

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

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

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

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

Outside Director Mr. Koji Sato

Passed the National Bar Examination in 1988, registered as a member of the Nagoya Bar Association (presently, the Aichi Bar Association) in 1991, established Sato Koji Houritsu-jimusho in 1995. Became vice-chairman of the Aichi Bar Association in April 2009. Became an Outside Director of the company in June 2006

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

(Note) The re-appointment of the above four outside directors is referred to in Item 4 on candidates for outside directors.

(Exhibit 3)

Major shareholders (Top 10)

Shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
Futoshi Hattori	2,630	8.6
BBH for Fidelity Low Price Stock Fund	2,110	6.9
Japan Trustee Services Bank, Ltd. (trust account 4G)	1,942	6.4
JP Morgan Chase Bank 380055	1,278	4.2
Japan Trustee Services Bank, Ltd. (trust account)	1,215	4.0
State Street Bank and Trust Company	1,120	3.7
The Master Trust Bank of Japan, Ltd. (trust account)	1,085	3.5
Yukihiro Ando	908	3.0
Nomura Trust and Banking Co., Ltd. (retirement benefit trust The Bank of Tokyo-Mitsubishi UFJ, Ltd. account)	840	2.7
Hattori Motors Co., Ltd.	720	2.4
Total	13,851	45.3

Note:

- Figures for shareholding ratio are calculated based on the total number of shares (32,695,982 shares as of March 31, 2009), less 2,105,687 shares of treasury stock.
- Figures are rounded to the nearest whole unit. However, percentages are rounded down to the second decimal point.
- In addition to the above shareholders, according to large shareholding reports, the following companies own USS shares.
 - (1) A large shareholding report submitted on April 7, 2009 by Fidelity Investments Japan Ltd. and one other company indicated that these two companies owned USS shares as detailed below on March 31, 2009. Since USS is unable to confirm the effective number of shares owned on March 31, 2009, these shareholders are not included in the above list of major shareholders.

Name	Address	Shares (thousand shares)	Shareholding ratio (%)
Fidelity Investments Japan Limited	Shiroyama Trust Tower 4-3-1 Toranomom, Minato Ward, Tokyo	296	1.0
FMR LLC	82 Devonshire Street, Boston, Massachusetts, USA	2,649	8.7
Total		2,946	9.6

- (2) A large shareholding report submitted on April 3, 2009 by Barclays Global Investors Japan Ltd. and three other companies indicated that these four companies owned USS shares as detailed below on March 30, 2009. Since USS is unable to confirm the effective number of shares owned on March 31, 2009, these shareholders are not included in the above list of major shareholders.

Name	Address	Shares (thousand shares)	Shareholding ratio (%)
Barclays Global Investors Co.	1-1-39 Hiroo, Shibuya Ward, Tokyo	658	2.2
Barclays Global Investors N.A.	400 Howard Street, San Francisco, CA 94103-3118, USA	462	1.5
Barclays Global Fund Advisors	400 Howard Street, San Francisco, CA 94103-3118 USA	227	0.7
Barclays Global Investors Ltd.	1 Royal Mint Court, London, United Kingdom	223	0.7
Total		1,573	5.1

- (3) A large shareholding report submitted on December 16, 2008 by Templeton Investment Counsel, LLC and five other companies indicated that these six companies owned USS shares as detailed below on December 9, 2008. Since USS is unable to confirm the effective number of shares owned on March 31, 2009, these shareholders are not included in the above list of major shareholders.

Name	Address	Shares (thousand shares)	Shareholding ratio (%)
Templeton Investment Counsel LLC	500 East Broward Boulevard, Suite 2100, Fort Lauderdale, FL 33394, USA	1,048	3.4
Franklin Templeton Investments (Asia) Limited	17th Floor, The Charter House, Connaught Road 8, Central, Hong Kong	853	2.8
Franklin Templeton Investment Management Limited	5 Morrison Street, Edinburgh, Scotland, EH3 8BH, UK	372	1.2
Templeton Global Advisors Limited	BOX N-7759, Lyford Kay, Nassau, Bahamas	1,176	3.8
Franklin Templeton Investments Australia Limited	25th floor, 360 Collins Street, Melbourne 3000, Victoria, Australia	43	0.1
Franklin Templeton Investments Corp.	5000 Young Street, Suite 1200, Toronto, Ontario, M2N 0A7, Canada	131	0.4
Total		3,625	11.9

(4) A large shareholding report submitted on February 21, 2008 by JPMorgan Asset Management (Japan) Ltd. and one other company indicated that these two companies owned USS shares as detailed below on February 15, 2008. Since USS is unable to confirm the effective number of shares owned on March 31, 2009, these shareholders are not included in the above list of major shareholders.

Name	Address	Shares (thousand shares)	Shareholding ratio (%)
JP Morgan Asset Management	Tokyo Building, 2-7-3, Marunouchi, Chiyoda Ward, Tokyo	1,527	5.0
Highbridge Capital Management LLC	9, 27th Floor, West 57 Street, New York NY 10019, USA	43	0.1
Total		1,571	5.1

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

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

1. If you are exercising your voting right via the Internet, you can only do so via the website that The Company has assigned for web-based voting (<http://www.web54.net>). Please refer to “System Environments, etc.” on page 100 for details of requirements regarding the system environment. (Your voting code and the password printed on the Form for Exercising Voting Rights are necessary to exercise your voting right via the Internet.)
2. The deadline for exercising voting rights via the Internet is 5:00 PM on Tuesday, June 23, 2009, JST.
3. If a voting right is exercised both via the Internet and by using the Form for Exercising Voting Rights, the vote exercised via the Internet will be treated as the valid vote regardless of the time and date of the vote arrival.
4. If a voting right is exercised multiple times via the Internet, the last vote will be treated as the valid vote.
5. Connection charges to an Internet provider and telecommunications charges (telephone charge) by a telecommunications company shall be borne by the shareholders using the website.

If attending the Meeting in person:

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

If not attending the Meeting:

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

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

[System Environments, etc.]

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

When using a personal computer

- (1) Screen resolution of 800 x 600 pixels (SVGA) or more.
- (2) The following applications shall be installed.
 - a) Microsoft[®] Internet Explorer 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

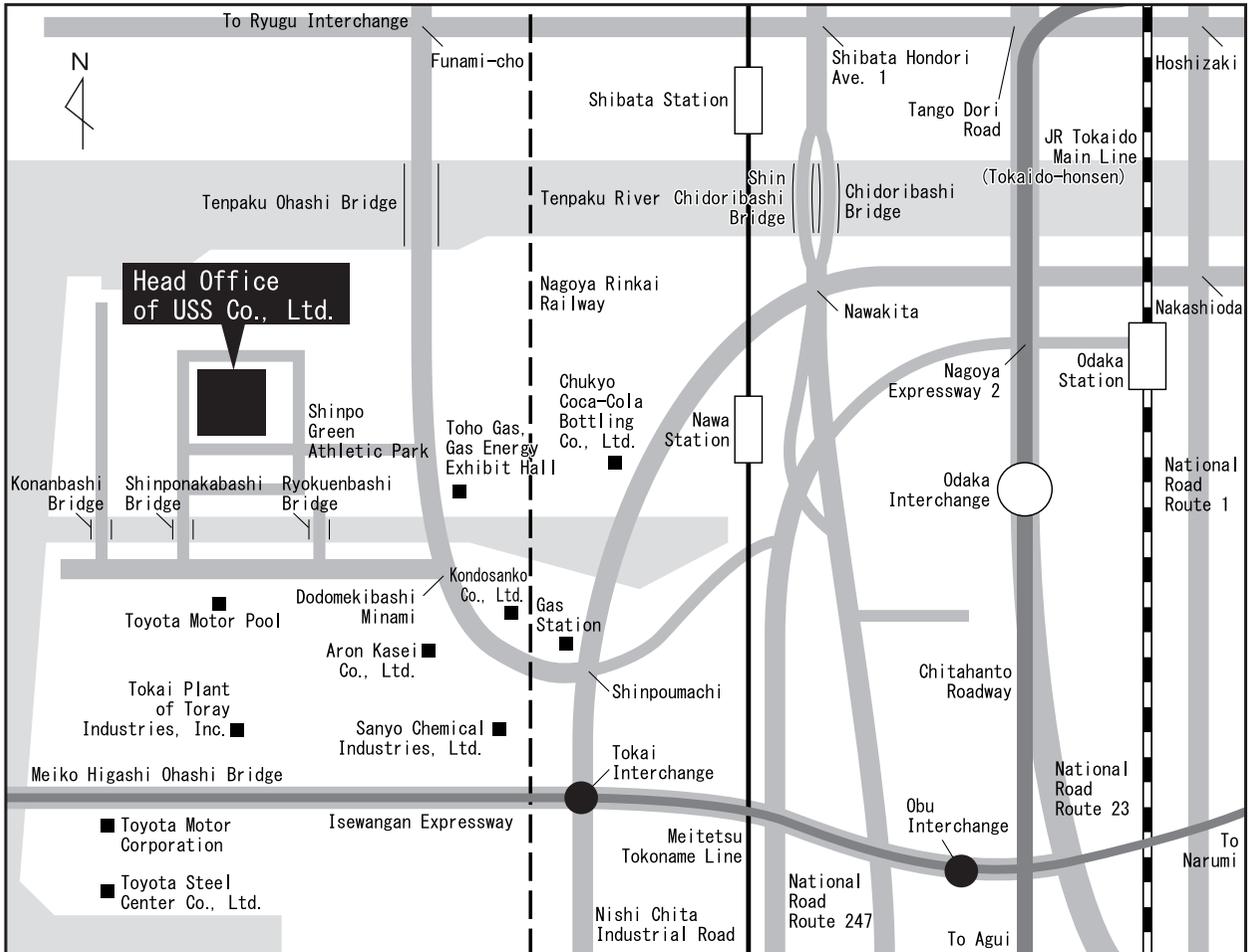
Telephone: 0120-78-2031 (*Toll free)

(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.