

FAST RETAILING brings forward purchase of extra stake in French firm NELSON FINANCES

In the news release dated January 12, 2006, FAST RETAILING CO., LTD. announced plans to increase its stake in consolidated subsidiary NELSON FINANCES S.A.S. NELSON is the developer of the “COMPTOIR DES COTONNIERS” French casual clothing brand in Europe. However, following its board meeting held on June 15, 2006, FR has decided to adjust the schedule for the additional stock purchase. The additional stock purchase will now be completed in June of this year through FR’s consolidated subsidiary FR FRANCE S.A.S. Details of the new transaction are laid out below.

1. Why accelerate the NELSON stock purchase?

The FAST RETAILING group first acquired management control of NELSON in May 2005. Accelerating the purchase of the additional stake will enable the FR group to become more pro-actively involved in generating growth for the “COMPTOIR DES COTONNIERS” brand. And, in so doing, we aim to further enhance the corporate value of the FR group.

2. Schedule for increased stake purchase in NELSON

In line with these latest changes in the purchase schedule, FR now expects to complete the purchase of the third tranche of NELSON stock (originally scheduled for July 2007) concurrently with the second tranche purchase in June 2006. Following this additional stock purchase, the direct FR FRANCE S.A.S. stake in NELSON is expected to rise from the current 31.53% to 95.30%.

Original schedule for additional stake purchase (as announced in release dated January 12, 2006)

	Prior to transaction		Post transaction	
First stock purchase (May 12, 2005) [Completed]	FR share holding	0 shares	FR share holding	15,011,852 shares
	FR share stake	0.00%	FR share stake	31.53%
	FR voting rights	0.00%	FR voting rights	51.00%
Second stock purchase (Expected July 2006)	FR share holding	15,011,852 shares	FR share holding	33,708,821 shares
	FR share stake	31.53%	FR share stake	70.80%
	FR voting rights	51.00%	FR voting rights	70.80%
Third stock purchase (Expected July 2007)	FR share holding	33,708,821 shares	FR share holding	45,373,596 shares
	FR share stake	70.80%	FR share stake	95.30%
	FR voting rights	70.80%	FR voting rights	95.30%

New schedule for additional stake purchase

	Prior to transaction		Post transaction	
First stock purchase (May 12, 2005) [Completed]	FR share holding	0 shares	FR share holding	15,011,852 shares
	FR share stake	0.00%	FR share stake	31.53%
	FR voting rights	0.00%	FR voting rights	51.00%
Second stock purchase (Expected June 2006)	FR share holding	15,011,852 shares	FR share holding	45,373,596 shares
	FR share stake	31.53%	FR share stake	95.30%
	FR voting rights	51.00%	FR voting rights	95.30%

3. NELSON shareholders (on completion of current transaction expected in June 2006)

(share, %)	Before transfer	After transfer
FR FRANCE S.A.S.	15,011,852 shares (31.53%)	45,373,596 shares (95.30%)
Alpha Funds	14,911,868 shares (31.32%)	0 shares (0.00%)
The Founding Family	15,449,876 shares (32.45%)	0 shares (0.00%)
Nelson Management S.A.S.	2,237,732 shares (4.70%)	2,237,732 shares (4.70%)

Note: Nelson Management S.A.S. is an investment company established by the managers of NELSON. By the time this latest stake increase is completed, FR FRANCE S.A.S. is expected to purchase the entire outstanding shares in Nelson Management, in effect making NELSON a 100% subsidiary of FR FRANCE.

The purchase price for the outstanding NELSON shares (i.e. 47,611,328 shares) is expected to total around 185 million euros (or around ¥26.0bln).

4. Expected impact of deal on FR consolidated business results

We will disclose details as soon as they become apparent in terms of what impact the acquisition of this additional stake in NELSON is likely to have on FAST RETAILING's group results for the year to August 2006.

(Reference)

Outline of NELSON FINANCES S.A.S.

- (1) Business name NELSON FINANCES S.A.S.
- (2) Business location Rue Saint Pierre 31780 Castleginest Toulouse, FRANCE
- (3) Business representative Frederic Biousse
- (4) Capital 47.61 million euros
- (5) No. of outstanding shares 47,611,328 shares
- (6) NELSON recent business performance

(Units)	Yr to Feb 04		Yr to Feb 05		Yr to Feb 06	
	(euro mln)	(¥100mln) 1	(euro mln)	(¥100mln) 1	(euro mln)	(¥100mln) 1
Net sales	54.5	75.0	70.6	97.2	95.3	131.1
EBIT 2	17.1	23.5	21.9	30.1	33.2	45.8

1 Calculations based on end February 2006 exchange rate of 1 euro = 137.63 yen

2 EBIT : Earnings Before Interest and Taxes (= ordinary profit + interests paid – interests received)