

Going Global, Sharing Management Vision

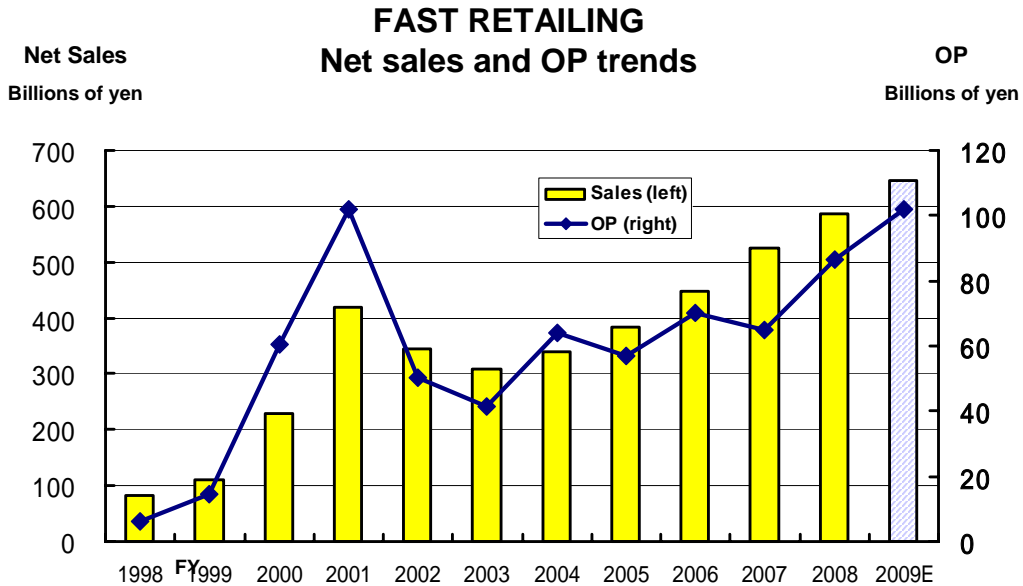
Tadashi Yanai

FAST RETAILING CO., LTD.

President, Chairman & CEO

Net sales ¥357.4bln (+13.0% y/y)

Operating income ¥69.8bln(+28.7% y/y)



My name is Tadashi Yanai and I am President and CEO of FAST RETAILING.

I would like to give you an overview of our interim results for the six months to February 2009 and then talk more about our future growth strategy.

As explained earlier, we were able to achieve a considerable increase in both revenue and profit in the first six months.

Net sales rose 13.0% year on year to ¥357.4 billion.
Operating income rose 28.7% to ¥69.8 billion.

In addition, looking ahead to the full year performance, we expect sales net sales to rise 12.5% to ¥660.0bln, and operating income to rise 15.4% to ¥101.0bln. That would put our net sales at record levels and operating income close to record high levels reached in our 2001 business year.

UNIQLO sales drivers

UNIQLO starting to be recognized as a global brand.

- **UNIQLO provides all people with truly good clothes at the lowest prices ever seen.**
- **Evaluation of UNIQLO high quality materials improved (HEATTECH, down jackets, SARAFINE)**
- **Intl development more prominent with NY, London global flagships, and Asian market success in China, Korea, etc.**
- **Favorable expansion of large-format stores in Japan. Now makes up approximately 15% of total sales.**
- **UNIQLO being compared to H&M as that chain reaches Japan.**
- **Apparel industry also seeing more global brand competition.**

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Following the Lehman Shock of last September, the whole world fell into a simultaneous recession with the economic environment increasingly severe. Retailers the world over saw their performance worsen. However, UNIQLO has managed to achieve strong sales.

UNIQLO provides all people with truly good clothes at the lowest prices. I feel strongly that one of the factors underlying UNIQLO's strong performance is the fact that our brand is being increasingly recognized as a global brand.

UNIQLO continues to create quality conscious products, and UNIQLO has created garments of extremely high quality material such as HEATTECH, down jackets, and SARAFINE. In addition, our international development is better known around the world thanks to our global flagships in New York and London, and our success in Asian markets such as China and South Korea.

In Japan, our large-format store development is proceeding favorably with a total 61 stores at the end of February 2009 making up 15% of total sales.

H&M opened its first store in Tokyo's Ginza in the summer of 2008. At that time UNIQLO was much in the news being compared with H&M, and this actually helped draw attention to UNIQLO both in Japan and beyond.

We live in an era when information spreads globally in an instant. Even in the world of apparel, the competition is increasingly between global players. If your trends, products, marketing, production, stores, services are not of a global standard, you can no longer sell your products.

We want to make sure that UNIQLO is recognized by the world as a global brand.

Women's wear: perfecting a women's collection for all kinds of women.

- **Double, treble women's wear sales**
- **Create new products with explosive demand**
- **Core item lineups (dresses, skirts, jackets,, blouses outerwear)**
- **Further refine UNIQLO products through design consulting contract with Ms. Jil Sander**
- **Develop garments of unique functionality.**

It is vital that we perfect our women's collection in order to make UNIQLO a global brand.

At UNIQLO we are striving to complete a women's wear collection that all women from around the world genuinely desire, and I am looking to double or even treble women's garment sales over the next few years.

From this spring, we have been working hard on the design of all products for women that sell. Some of our hot selling items are clearly in too short a supply. We have been surprised by the overwhelming demand for products that truly sell well. We want to seek out that demand, and then introduce some of that UNIQLO brand added value to create new products that take off in a big way.

We are very proud of the highly perfected products in our women's collection such as our innerwear and denim items. But it is true to say many other products warrant more attention. We are now looking to further perfect our core items and expand the ranges of dresses, skirts, jackets, blouses and outerwear.

We recently signed a design consulting contract with the world renowned fashion designer Ms. Jil Sander. With Ms. Sander supervising the design of the entire UNIQLO's men's and women's product range, we feel that we will be able to further perfect our products. We are also planning to offer a collection designed by Ms. Jil Sander herself for the Fall/Winter season in all UNIQLO stores throughout the world.

We also want to continue to develop products with revolutionary functionality to follow on from our HEATTECH and BRA TOP ranges.

Making UNIQLO a global brand

Open flagship & large-format stores on high streets in major cities in Japan, Asia, Europe & USA.

- **Global flagship set to open in Paris Opera area in Autumn 2009.**
- **Our global flagship boasts the highest sales of any store in New York's SOHO shopping area.**
- **Concentrate Japanese large-format store openings**
 - **April 24, 09: 2000sqm Shinjuku West Exit Store opens**
 - **Fall/Winter 09: open large store in all major cities**

Next, I would like to move onto our new store strategy.

Following the successful opening of global flagships in New York and London, we are now set to open a global flagship in the Opera district, Paris this fall. We hope this Paris flagship will whip up a UNIQLO whirlwind in the European market.

A global flagship is a base from which to disseminate information and show people UNIQLO's brand identity. Our global flagship in New York opened two years ago and is seeing sales expand favorably even in this recession-hit city. The store interior is vibrant and is attracting much attention of late as the highest selling store in the young people's fashion area of SOHO.

Going forward, we would like to continue to open flagship and large-format stores on the high streets of the world's major cities.

In Japan, we are focusing our attention on developing large-format stores in Tokyo and the other major cities. The 2,000sqm Shinjuku West Exit Store opens April 24. What is more, we are scheduled to open large-format stores in each of the nation's large cities during this Fall/Winter season.

Making UNIQLO a global brand

Use global marketing to get the UNIQLO product quality, style, price and brand message across.

- Develop simultaneous global campaigns

Spring 2008 UT (Print T-shirts)

Fall 2008 HEATTECH

Winter 2008 Premium Down

Spring 2009 COLOR JEANS, COLOR PARKA, BRA TOP, UT

- Transmit UNIQLO brand further through the Paris global flagship

Next, I would like to talk a little about global marketing.

UNIQLO is strengthening its global marketing in order to get the UNIQLO product quality, style, price and brand message across.

In Spring 2008 our first global marketing campaign, the UT or UNIQLO Print T-Shirt campaign drew much attention from all parts of the globe.

Through our HEATTECH global marketing campaign in Winter 2008, we were able to tell the world about HEATTECH's potential as new concept clothing making use of innovative Japanese technology.

Then in Spring 2009, we simultaneously launched our COLOR JEANS and COLOR PARKA campaigns that deepened the link between UNIQLO in Japan and internationally by showing off "the UNIQLO color."

Our BRA TOP range enjoyed explosive sales in Japan last year. Now we are planning to exhibit the range's functionality and color variation in UNIQLO stores worldwide.

In the Autumn, when the Paris global flagship opens, we are planning further marketing to once again transmit the UNIQLO brand around the globe.

Making UNIQLO a global brand

Globalize production

**Made in China
Sold in Japan**



**Made and sold
worldwide**

- **Provided 10% capital for the three partner company joint venture to strengthen production system in Bangladesh**
 - **Production begins Autumn 2009**
 - **Future plans to produce everything from materials to garments and cap costs.**
- **Production in India from December 2008**
- **Create a system with powerful partners to produce goods to the “UNIQLO standard” anywhere in the world.**

My next topic is the globalization of our production network.

UNIQLO is expanding its sales network around the world and in line with this we also want to create a system that facilitates production in various parts of the world.

At the earliest possible opportunity, we would like to see approximately one third of our entire production being manufactured in nations other than China. What I mean by that is to shift the additional volume generated by UNIQLO's expanding global sales network to countries other than China.

In November 2008, we provided 10% of the capital for a joint venture between three of our Chinese partner companies to strengthen the production system in Bangladesh. Production in the site is set to begin in Autumn 2009.

In the future, we will be looking to reduce production costs by manufacturing the entire range there from material through to sewn garments. There, we are planning to produce as much as we produce in China.

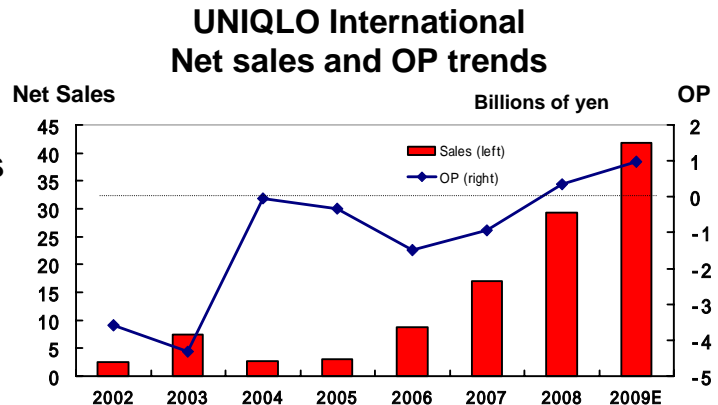
We also began production in India in December 2008.

In order to make UNIQLO into a global brand, I believe it is vital to create a system, with the help of powerful partners, that facilitates the production of goods to the “UNIQLO standard” anywhere in the world.

Making UNIQLO Intl Asia's No. 1

Establish position as a global brand by first becoming a leading Asian brand.

- Continue to spread UNIQLO throughout Asia in China, Hong Kong, South Korea, Singapore, etc.
- First store opens today in Singapore
- Open global flagship in Paris fall 2009
- Opened a concept shop in UK's Selfridges department Store in February 09



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Next, I would like to move onto our international UNIQLO operations.

During this interim period, we have been able to proceed smoothly with our store opening plans and have also managed to boost profitability.

In order to establish UNIQLO as a global brand, I believe we must first continue to spread and consolidate the UNIQLO brand across the Asian markets starting with China, Hong Kong, South Korea and Singapore, etc. In other words, we must first establish ourselves as the clear leader in Asia. With that aim in mind, we have actually opened our first store in Singapore today April 9.

We want to get to a point as soon as possible where we have 100 stores in China and Hong Kong, 100 stores in South Korea and are opening 100 stores per year in the Asian region.

In Europe and the USA, we are proceeding with our global flagship strategy, and we plan to open a global flagship in the Opera district, Paris in Autumn 2009.

In addition, we opened a UNIQLO concept shop for men in February in London, in UK's Selfridges. The shop has been well received. I believe that UNIQLO was able to open a shop in Selfridges because it is beginning to be recognized as a global brand.

Recently, I met with the CEO of a leading department store in the US who knew about UNIQLO's HEATTECH products and our design consultancy contract with Ms. Jil Sander. I believe UNIQLO is attracting attention as a completely new type of Japanese apparel retail. If the opportunity arises, we will open shops in the top department stores in European and American cities as another means of establishing UNIQLO's position as a global brand.

To become a specialty producer/retailer with high profitability structure by fully utilizing group personnel & experience.

- GOV RETAILING

- Operational reform through merger of three g.u.,
ONEZONE, VIEW COMPANY subsidiaries in Sep 2008
- Use FR group prowess to create overwhelmingly competitive
low cost clothing and footwear operations

- CABIN

- **Boost profitability – brand mergers, unprofitable store closures, slim line HQ**

The reform of the Japan Apparel operation continues to be an issue for the FAST RETAILING group. We are looking to create a specialty producer/retailer with a structure for high profitability. To do this we need to fully activate and utilize the group's personnel and knowledge.

In September 2008, we merged the three subsidiaries G.U., ONEZONE and VIEWCOMPANY and set up GOV RETAILING to help move the operational reform process forward. Now we want to use the FR group prowess to create overwhelmingly competitive low-cost clothing and footwear operations.

Since launching g.u.'s ¥990 Jeans, its sales have significantly outperformed and the operation is performing well. In the same way as UNIQLO impacted the clothing world considerably with its fleece products, the launch of the ¥990 Jeans has first helped the g.u. brand become better known among customers and attracted them into the stores. Furthermore, as people realize that G.U. is part of the UNIQLO and FAST RETAILING group, they relax and start buying knowing that they can trust the quality.

Moving onto CABIN now. As our revisions to CABIN's business estimates show, the firm is unfortunately being affected by the fashion industry's slump in sales. We are continuing to realize business reforms at CABIN through the merger of brands, closure of unprofitable stores and slimming of CABIN headquarter functions. CABIN is consolidating its mainstay brands ZAZIE and enraciné, and we hope to create products that can spearhead each of those brands.

Global Brands growth strategy

Create corporate group of affordable luxury brands. Open stores on high streets around the world in Tokyo, NY, Paris, Shanghai. Pursue synergies.

- **LINK THEORY HOLDINGS becomes FR subsidiary**
 - **Strengths: creativity, global brand, global personnel**
- **COMPTOIR DES COTONNIERS, PRINCESSE TAM.TAM**
 - **Strengthen management to make truly global companies**
 - **Realize synergy benefits as FAST RETAILING group**

Next, I would like to talk about our Global Brand operation.

In March 2009, we conducted a take over bid for LINK THEORY HOLDINGS, the developer of the theory brand, making it an FR subsidiary. LTH has several key strengths, namely its creativity, its global brand development and its global talents. In the future, we would like to make theory into an even stronger brand, a global brand with bases in Europe and the US, and in Asia.

We continue to strengthen the management systems at COMPTOIR DES COTONNIERS and PRINCESSE TAM.TAM in our aim to nurture them into truly global companies.

Going forward, I would like to generate synergy benefits as a group of global brand companies.

For instance, we could open COMPTOIR DES COTONNIERS and PRINCESSE TAM.TAM stores in Europe and the US, and in Japan. We could develop the theory brand in Asian markets including China and South Korea. In such cases, we could expect considerable synergy as a close-knit group negotiating a block of new store openings.

We plan to pursue ultimate group synergies by creating a corporate group of affordable luxury brands opening stores on high streets throughout the world in Tokyo, New York, Paris, Shanghai and many other places.

M & A strategy

M & A aim: to become a leading global specialty apparel manufacturer/retailer with multiple global brands worldwide.

- **Acquire companies as a UNIQLO platform in USA/Europe, create basis to develop large-scale business.**
- **Accelerate global brand portfolio**
Acquire brands such as COMPTOIR DES COTONNIERS, PRINCESSE TAM.TAM, theory to nurture into true global brands.

Next, I would like to talk a little bit about our M&A strategy.

As I have said in the past, we want to conduct M&A in the region of ¥300 and 400 billion.

One of the aims of our M&A activities is to acquire companies that can act as a platform for UNIQLO in the USA and Europe enabling us to create a basis upon which to develop a large-scale business.

The second aim is to accelerate the creation of a global brand portfolio.

As we are doing now with COMPTOIR DES COTONNIERS, PRINCESSE TAM.TAM and theory, we are looking to acquire other brands to nurture into true global brands.

Going global, sharing mgt vision

**Drive growth by sharing mgt vision,
All employees to think and act like a
manager, leverage the best within us.**

- **Use the best possible way in the world to manage the group.**
- **Create one FAST RETAILING and UNIQLO to span the globe.**
- **Become a company where all managers and employees share the same vision, recognize the fundamental reality and strive to become the world's best.**

Going forward, we continue to strive to manage all operations in the FR group in the best possible way to become a leading global force in the world of clothing retail.

We plan to create one FAST RETAILING and one UNIQLO that spans the globe in harmony.

We aim to become a company in which managers and employees alike share the same will, recognize the fundamental reality and strive to become the world's best.

To do that, we must all think like managers, we must all be aiming for the best in the world.

Thank you.