

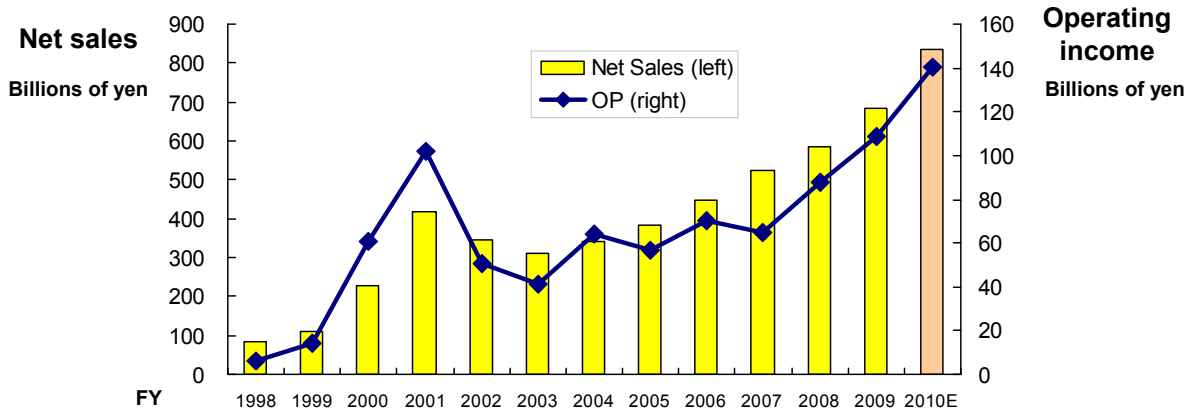
The six months to February 2010 and future corporate outlook

Tadashi Yanai

**FAST RETAILING CO., LTD.
Chairman, President & CEO**

FY 2010: H1 Surge in Sales & Profit

	H1 (Act.)	Yr to Aug. 2010 (Est.)
Net sales	¥470.9bln (+31.8% y/y)	¥834.0bln (+21.7% y/y)
Operating income	¥ 99.8bln (+43.0% y/y)	¥140.5bln (+29.3% y/y)



I am Tadashi Yanai, Chairman and CEO of FAST RETAILING.

I would like to give a brief overview of our business performance in the six months to February 2010 and also talk about our future outlook and intended direction.

As you heard in the previous explanation, we achieved a significant increase in both revenue and profit in the first half with net sales rising 31.8% year on year to ¥470.9bln and operating income rising 43.0% year on year to ¥99.8bln.

H1: UNIQLO Strengths

1. Greater visibility as a global brand

⇒UNIQLO Intl: strong sales growth outstrips UNIQLO Japan
Same-store sales: Japan +13% vs. Intl +30~50%

2. HEATTECH a smashing success

⇒50 million units sold worldwide

3. Global flagship, large-format store success

⇒Paris global flagship store proves a major success
Japan: Expanded and refurbished Ginza store, opening large-format stores & outlets in urban department stores

4. +J launches strongly in UNIQLO worldwide

⇒Significantly boosts UNIQLO brand visibility worldwide
Ms. Jil Sander's passion for garment design stimulates R&D

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To list the factors underpinning UNIQLO's strength: first is greater visibility of UNIQLO as a global brand both in and outside of Japan. UNIQLO International was particularly strong with overall sales growth far exceeding that of Japan, and same-store sales growth expanding between 3 and 5 times.

Second was the smashing success enjoyed by our HEATTECH line, with sales reaching 50 million units worldwide.

Third, I would mention the success of our global flagship stores and large-format stores – in particular the huge success of our Paris global flagship store. We have recently expanded and refurbished our Ginza store in Tokyo, and we will be looking to open more large-format stores and outlets in department stores.

Fourth, the launch of our +J collection in UNIQLO stores worldwide was very well received, boosting UNIQLO brand awareness significantly outside of Japan. And Ms. Jil Sander's passion for garment creation has greatly stimulated our R&D process.

1. Enhance product lines

2. Accelerate opening of urban stores in Japan

3. Develop globally

Rapid growth of UNIQLO Intl

Strategies for future growth worldwide

Press on with global flagship strategy

In terms of UNIQLO's growth strategy, as you see in the slide, we note first the need to enhance product lines, second to accelerate the opening of urban stores in Japan, and third our global development.

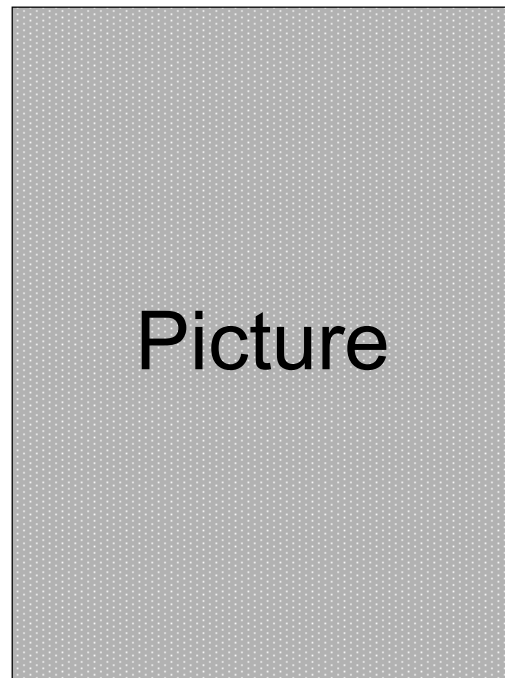
In terms of global development I would like to talk about the rapid growth of UNIQLO International, our strategies for future growth worldwide and the follow through of our global flagship store strategy.



Functional Summer Innerwear Sales

SILKY DRY and SARAFINE sales forecast to double to total 17 million units.

(Newspaper advertisement from April 3, 2010)



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On the topic of product enhancement, I would first like to talk about functional summer innerwear.

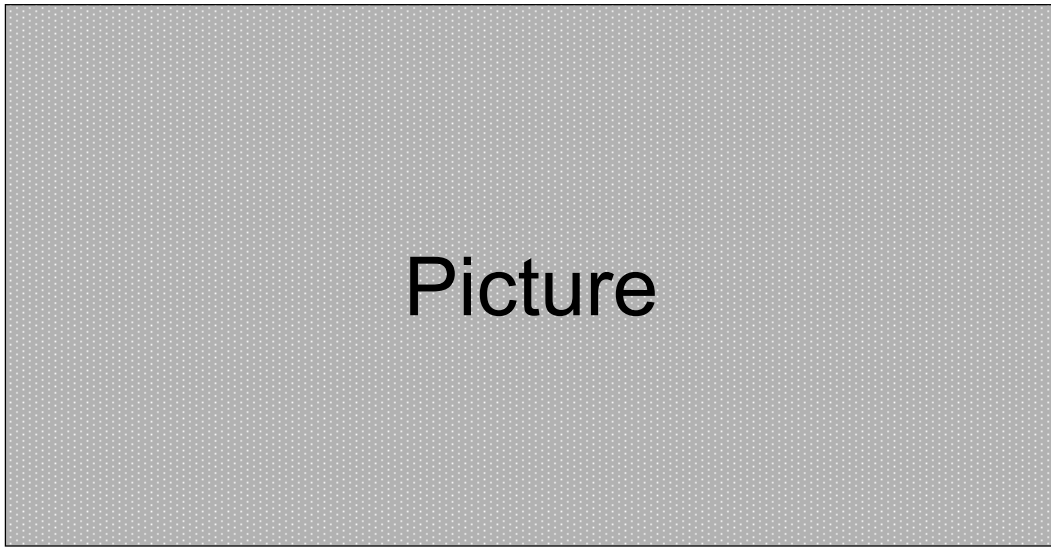
We are looking to sell large volumes of functional summer innerwear this summer. For example, the copy of this newspaper advertisement promotes our innerwear lines, stating: "If winter equals HEATTECH, then summer means SILKY DRY and SARAFINE."

We are forecasting combined sales of SILKY DRY and SARAFINE products to double to 17 million units year on year.

I have one other piece of good news to share with you. Our STYLE UP innerwear, which launched this spring, has sold extremely well, winning the top ranking for new products in the first quarter as ranked by the Nikkei business daily's Research Institute of Industry and Regional Economy.

We will continue to refine our functional innerwear going forward.

**An enhanced women's wear lineup—
including dresses, skirts and blouses.**

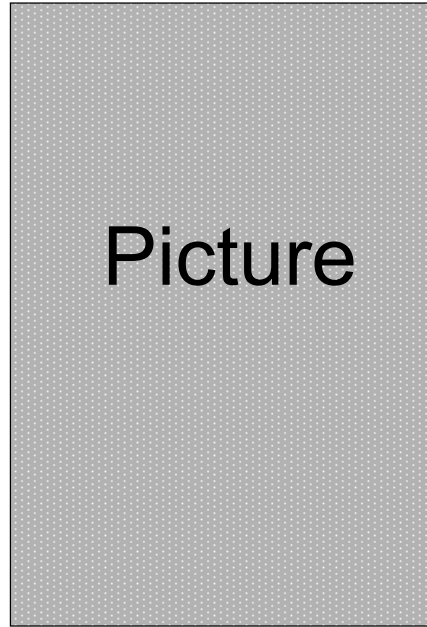
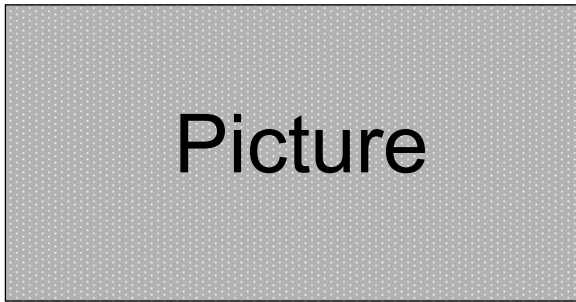


In terms of enhancing women's wear, I want to offer an even richer product line up for women including dresses, skirts and blouses.

Relax & Comfort

People today are opting increasingly for relaxing & comfortable clothing.

So let's wear our clothes in a more natural, comfortable way.



Next, based on the concept of "Relax & Comfort," I want to generate a constant flow of clothes based on new concepts that are natural and loose-fitting yet stylish.

I believe people today are opting increasingly for relaxing and comfortable clothing. People are seeking a new comfort in their clothes based on the desire to wear clothes in a more natural, comfortable way.

I want to offer a new style focusing on jackets, shirts and pants made primarily from hemp and cotton.

UT ALL STARS

Challenging conventional wisdom in the T-shirt market with top-notch global content while working together with Disney & Warner Brothers.



Picture

Moving on now to UNIQLO's T-shirt brand, UT. We are selling T-shirts linked to the film *Alice in Wonderland*, which opens in Japan on April 17. *Alice in Wonderland*, the Disney movie starring Johnny Depp and directed by Tim Burton of *Charlie and the Chocolate Factory* fame, is expected to reach a new record at the box office worldwide.

I want to develop more collaborative T-shirts worldwide together with the two global giants of content Disney and Warner Brothers.

Furthermore, I want to create T-shirts sporting globally popular characters from Japanese comics. As this season's feature product, I want to create T-shirts sporting the Japanese anime "One Piece," which has sold 100 million copies in Japan.

I also want to introduce a series of T-shirts featuring characters from the popular franchise of Dragon Ball.

I then plan to create T-shirts based on the Japanese computer game Metal Gear Solid.

And, I want to begin selling large volumes of T-shirts before the Japanese May Golden Week holiday sporting a lineup of multiple famous heroes and characters worldwide including Ultraman, The Masked Rider, Mazinger Z (known as Tranzor Z in the US), Gundam and Evangelion from Japan, and Spiderman of international fame.

Luxury for all to enjoy

Open the Future

Luxury in Simplicity

Purity in Design

Beauty and Comfort for all

Quality for the people



Picture

Transformed UNIQLO's brand image.

New products and a revolutionary experience.

Potential to power UNIQLO to a different future.

Next, I am intent on launching second and third +J collections.

+J offers luxury for all to enjoy. The +J concept is Open the Future. Concept factors include Luxury in Simplicity, Purity in Design, Beauty and Comfort for all and Quality for the people.

I think luxury products to date have been a type of extravagance that only a portion of the population can enjoy. +J is a new type of garment collection offering luxury that everyone can wear and enjoy.

This collection has helped transform UNIQLO's brand image, generating new product categories and opening up the possibility of a new, unique business. I want to make +J the catalyst to power UNIQLO to a new even brighter future.



Japan: More Urban & Large-format Stores

● More outlets in department stores

April 23, Outlets open in:

Shinjuku TAKASHIMAYA Store

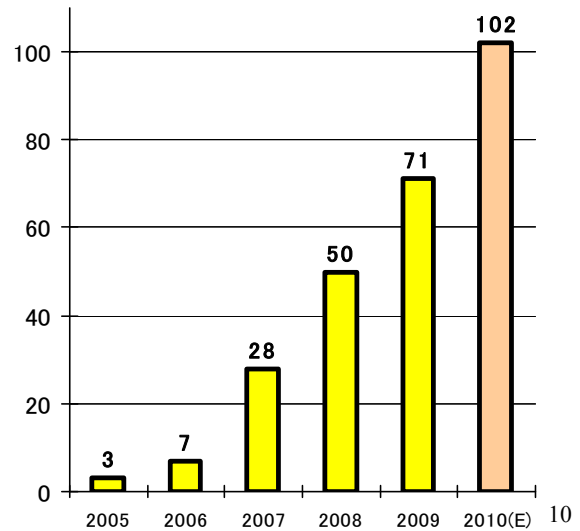
SOGO Chiba –

AURORA MALL JUNNU Store

SOGO Kawaguchi Store

● Target: 102 large-format stores by end- August 2010

UNIQLO JAPAN large-format stores



In Japan, I want to speed up the opening of new urban stores and large-format stores, particularly the opening of outlets within existing department stores. We are planning a simultaneous opening of three outlets in department stores on April 23 – the Shinjuku TAKASHIMAYA store, the SOGO Chiba AURORA MALL JUNNU store and the SOGO Kawaguchi store.

As you see in the table, we are steadily expanding our large-format store network to a planned 102 by the end of August 2010. Ultimately, I am looking to create a varied lineup of 200 large-format stores, 800 regular sized stores and small boutiques in or around railways stations.

I would now like to talk about the dip in sales in March. The temperatures in March were unseasonably cool and this was a factor. But we also had some marketing issues, namely we conducted some marketing that we shouldn't necessarily have done. Last year we boosted sales considerably with our Color Pants Campaign fronted by Norika Fujiwara and our Color Parka Campaign. Our blazers exhibited at the Tokyo Girls Collection (TGC) also caught people's attention, providing another boost to overall sales.

This year we advertised the renewal of UNIQLO Jeans with our UJ Campaign. But the three new price ranges for UNIQLO Jeans made things more complicated for consumers. In addition, the campaign message simply portrayed the renewal of our jeans as opposed to promoting specific individual products. I think this made it difficult for the customer to know what to buy. This was another cause behind the March sales dip.

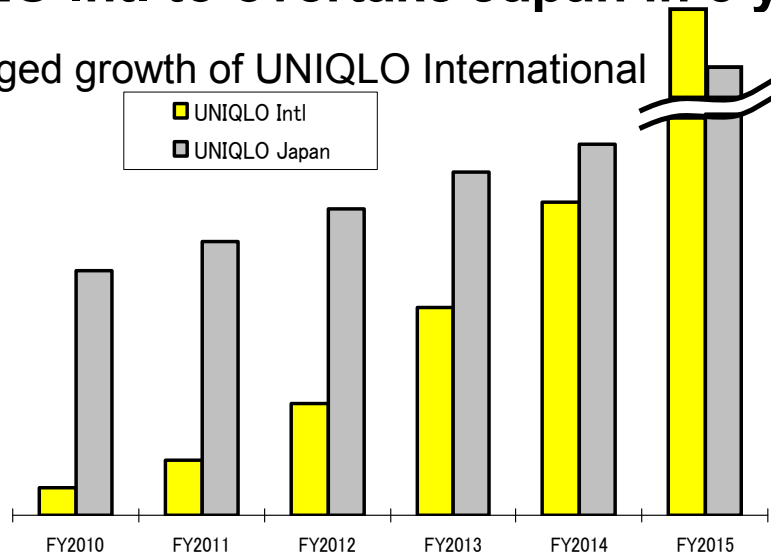
However, now into April, sales have once again begun to outstrip previous year's levels as planned. I want to try and recoup the lost sales within the months of April and May.

UNIQLO International: Rapid Growth

- **Yr to Aug 2010: Double sales, quadruple OP**
 Turn a profit in every country of operation
 Rising U.S./European flagship sales to boost profitability

- **UNIQLO Intl to overtake Japan in 5 years**

Envisaged growth of UNIQLO International



Next, I would like to talk about the rapid growth enjoyed by UNIQLO International.

In the six months to February 2010, we saw net sales double and operating profit more than quadruple.

And for the first time, we turned a profit in every country in which UNIQLO operates. Profitability is improving sharply in Europe and the U.S. thanks to expanding sales at flagship stores.

If possible, I want to see UNIQLO International eclipse UNIQLO Japan in terms of business scale in five years time.

If possible, I would like to see UNIQLO International sales continue to double, then double, then double....and continue doubling so that the segment outstrips Japanese sales five years from now.

● **Asia offers maximum growth potential**

Become number one in each Asian market

Aggressive expansion of sales network in China and South Korea

May 15 : Shanghai global flagship opening

2010 : Taiwan market launch

Follow through with accelerated store openings in Southeast Asia

● **Open flagship & large-format stores in major U.S./European cities**

Open multiple stores in New York & Paris

Speed up new store openings in big U.S./European cities

Our strategy for future global growth hinges on the recognition that Asia offers the maximum growth potential and that we must strive to become the overwhelming number one in each and every Asian market.

I want to expand our sales network particularly aggressively in China and South Korea.

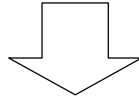
On May 15, we plan to open a global flagship store in Shanghai. Subsequently, we are planning to enter the Taiwanese market in the fall.

Today is the first time that we have mentioned this but we are also planning to open our first store in Kuala Lumpur, Malaysia. I would subsequently like to accelerate our entry into all Southeast Asian markets.

In Europe and the U.S., I want to open flagship stores and large-format stores in major cities. That will involve opening multiple stores in New York and Paris and then opening stores in other major European and U.S. cities.

“The best stores for the whole world”

2006: SOHO New York Store
2007: London 311 Oxford Street Store
2009: Paris Opera Store



Future schedule

2010 May: Open global flagship store in Shanghai
2010 fall : Open global flagship in the Shinsaibashi shopping district in Osaka
2011 : Open global flagship store in Ginza, Tokyo
Aim to open global flagships in Beijing, Hong Kong and major U.S./European cities

I want to press ahead aggressively with our global flagship store strategy, namely to offer “the best stores for the whole world.”

In the past we have opened global flagship stores in New York’s SOHO, London’s Oxford Street and the Opera district of Paris.

Our future plans involve the opening of a global flagship store in Shanghai in May this year and the planned creation of a global flagship store in the Shinsaibashi shopping district of Osaka, Japan in the autumn.

Then in the autumn or winter of next year, we want to open a global flagship store in Tokyo’s Ginza district incorporating the existing store into a new flagship spanning approximately 71,000 square feet. Our aim is also to create global flagships in Beijing, Hong Kong and the major cities of Europe and the U.S.

Shanghai Flagship Store

Shanghai flagship to trigger demand explosion in China

Shanghai West Nanjing Road Store

Shop floor: Our biggest global flagship store
Approx. 1,100 tsubo (3,600 sqm)

Grand opening: May 15, 2010

Architect: Bohlin Cywinski Jackson (BCJ),
firm behind the design of Apple Stores

**FROM
SHANGHAI TO
THE WORLD**



Imagery by Studio 216 for Bohlin Cywinski Jackson

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I would like to talk in a little more detail about one of these flagship stores – the Shanghai global flagship store.

I believe that the opening of the Shanghai flagship store will trigger a demand explosion across the Chinese market.

As you all know, this year is the year of the Shanghai Expo. The event is expected to attract over 100 million visitors to the city. As these events unfold, we plan to create a store of impressive in appearance, like the image in this slide, and located on the corner of Shanghai's major shopping street, West Nanjing Road.

The store will be designed by the extremely talented and well known architectural office of Bohlin Cywinski Jackson, which has also designed Apple Stores around the world.

Japan Apparel

● **G.U.: ¥990 Jeans a hit on way to establishing new, low-priced casual clothing business model**

Favorable business expansion

To FY2010: Forecast large profit increase, 118 stores

To FY2013: Target sales of ¥50.0bln, 200 stores

Average annual expansion approx. 50 stores

● **Link footwear operations to UNIQLO**

Create demand through continued product and store development to establish a new type of footwear business

● **CABIN**

Thorough exposure of ZAZIE and enraciné brands

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Moving on now to our G.U. operation where I believe we have established a new business model for low-priced clothing.

Following a breakthrough with our ¥990 Jeans, G.U. performance has been strong with both revenue and profit forecast to rise sharply in the year to August 2010 and the store network expected to expand to 118 stores. Our target is by the end of August 2013 to boost net sales to ¥50.0 billion and store numbers to 200. Toward this end we are looking to add 50 new stores annually.

Our shoe operation has been merged with UNIQLO. We are looking to carve new demand by merging footwear store development with UNIQLO and establishing a new shoes business within the UNIQLO framework.

At CABIN, we want to firmly establish brand awareness of the ZAZIE and enraciné brands.

Global Brands

- **Theory: Nurture a global brand**
Theory business bottomed out in Japan & U.S.
Speed up store openings in Europe, China and South Korea
- **COMPTOIR DES COTONNIERS:**
Create a global brand
European business bottomed out
Accelerate store openings in Europe, Asia & US
- **PRINCESSE TAM.TAM: Boost profit**
Reduce wholesale and boost retail business

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Moving onto our Global Brands segment, we want to nurture the Theory brand into a global brand. Performance of the Theory brand has improved rapidly following the bottoming out of markets in both Japan and the U.S. I shall now be looking to accelerate store opening plans in Europe, China and South Korea.

I also want to nurture our COMPTOIR DES COTONNIERS brand into a global brand. Now that business is bottoming out in Europe, I shall be looking to speed up store openings across wider European markets as well as in Asia and the U.S.

We shall continue to reduce the wholesale business and expand retail business of our PRINCESSE TAM.TAM lingerie brand in our drive to boost profitability.

The Great Mobilization

● Strong stores and global HQ

Train 1,000 store managers worldwide through our global employment and training system.

Train 200 top managers at FR Management and Innovation Center

Create even stronger stores and an even stronger HQ

● New store development

Large-format and flagship stores for the world's major cities

● Move Production Dept. and R&D to China

Improve product finish by minimizing distance between Production Department, R&D process and factories.

Realize stock-keeping unit (SKU) production control.

Next I would like to talk about our company's motto for this year: "The Great Mobilization."

I want to create strong stores and a strong global headquarters. I want to train 1,000 store managers each year to operate worldwide through our global employment and training system. I also want to train 200 top managers at our FR Management and Innovation Center (FR-MIC).

In addition, in order to ensure that new global flagship stores and large-format stores can be opened in the world's major cities, we will be looking to conduct training in Japan of personnel to work on international store development.

I want to move a large part of our Production Department and R&D to our key manufacturing location, China. My aim here is to further improve product finish by minimizing the distance between the Production Department, the R&D process and the physical factories. This would also enable us to realize stock-keeping unit (SKU) production control.

An unique and unparalleled global company from Japan

Through this Great Mobilization, I want FR to become a unique, unparalleled global company from Japan.

“GLOBAL ONE”

Operating all FR Group companies like one single company by adopting the best practices from around the world.

Toward this end, we have established a motto of “GLOBAL ONE.”

The FR Group should act as a unified international organization, operating as one one single company using the best available practices worldwide.

“ZEN-IN KEIEI”

**Each and every member of the FR
Group adopts the mindset of a
business owner.**

We must strive towards our goal of “ZEN-IN KEIEI,” where each and every member of the FR Group adopts the mindset of a business owner and operates accordingly.