

FAST RETAILING and The Daiei, Inc. to cooperate on new brand launch

FAST RETAILING CO., LTD. is proud to announce its decision to establish a new casual clothing brand. At its extraordinary board meeting held on January 26, 2006, the FR directors determined to sign a business agreement with The Daiei, Inc. for the express purpose of developing the new brand. The Daiei, Inc., run by President and COO Yasuyuki Higuchi, is based in Kobe, Hyogo Prefecture. Details of the business tie up can be found below.

1. Reason for business tie up

For some time now, FAST RETAILING has been studying the possibility of developing another brand to compliment its current mainstay UNIQLO brand. And now we have decided to apply the years of expertise gained through our UNIQLO operation to establish and market a new, cheaper brand of casual clothes. With this aim in mind, we have also decided to enter into a business tie up with Daiei to help us in the development of the new brand. And we have now concluded the basic document for this agreement. FAST RETAILING aims to further increase the corporate value of its business group through the development of this new brand.

2. Outline of new brand and The Daiei, Inc. business agreement

FAST RETAILING plans to begin managing the new brand from the autumn of this year. We hope to nurture and mold the new brand into one that will attract a diverse group of loyal customers from children to adults. We aim to manage the entire process from design through production and retail of the new brand. The brand will offer a full range of clothes from underwear or inner wear to outerwear and overcoats. The brand will be marketed at a cheaper price than our current UNIQLO mainstay.

Through the said business agreement, FAST RETAILING and Daiei will be looking to cooperate mainly on store development to ensure a stable and speedy growth for the new brand.

3. The Daiei, Inc. – basic business details

(1) Business name	The Daiei, Inc.
(2) Main areas of operation	Retail of foodstuffs, clothes and daily goods
(3) Date of establishment	April 1957
(4) Location of head office	4-1-1, Minatojima Nakamachi, Chuo-ku, Kobe 650-0046, Japan
(5) Business representative	Yasuyuki Higuchi
(6) Capital	¥56.5bln (as of December 2005)
(7) No. of employees	7,300 (as of December 2005)
(8) No. of stores	210 (as of December 2005)

4. Schedule

January 26, 2006	Decision by FR board of directors
January 26, 2006	Conclusion of business cooperation agreement
Autumn 2006 (tentative)	Launch operation of new brand

5. Expected impact on FR consolidated results

We currently envisage that the new brand will be launched sometime in the autumn of 2006, i.e. after September 1. Therefore, we do not expect any impact on FR's consolidated results for the year to August 2006. We will provide any specific information at a later date if anything occurs to fundamentally change this scenario.