



To express the FR spirit in a nutshell, we are all about innovation and challenge.

The FR group is a group of companies willing to stand up and challenge old existing bonds with strong conviction and high ambition to realize an even better world.

We have already managed to change the traditional structure of apparel retailing in Japan, and to change the way that people view and value their clothes.

Our corporate group should be made up of people with a high ambition and standard looking to realize good ideas, introduce them into the world, revolutionize, and thus contribute to society.

Now, we are moving beyond Japan and aiming for the world

Now, we are moving beyond the world of casual clothes, to becoming a group that can design and produce really good clothes to enrich the lives of people throughout the world. Then, having got that message across to the consumer and sold them clothes, we would go on and deliver something even better.

The FR group staff will of course work closely with our partners around the world to realize this ideal.

FAST RETAILING business strategy

~ The past year's successes and future outlook ~

Tadashi Yanai

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

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The FAST RETAILING vision

- **Develop truly revolutionary casual clothes that appeal to people the world over for anywhere and any time.**
- **Create a truly revolutionary global company to become the world's number one casual wear group.**
- **Achieve net sales of 1 trillion yen and ordinary income of 150 billion yen by 2010.**

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Revolutionizing the FR group structure

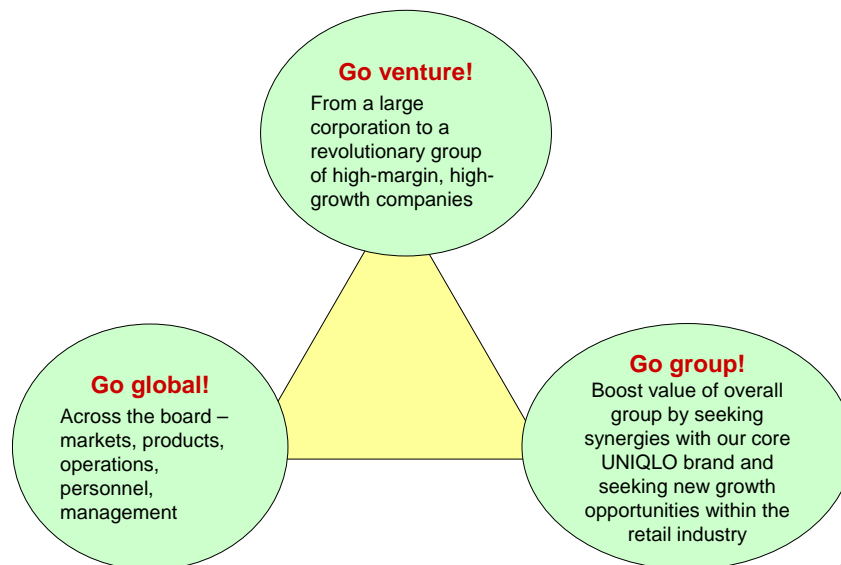
Major changes

- Rejuvenate our spirit as a group of venture companies with global aspirations
- Expand our presence in both retail industry and location, perfect our products, improve our corporate organization
- Shift to a holding company structure & maximize our M&A strategy
- Genuine & enthusiastic push into non-Japan markets

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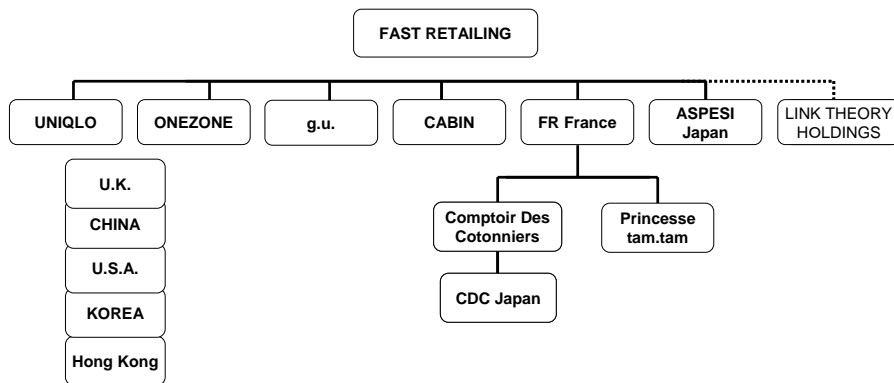
Revolutionizing the FR group structure



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The new holding company structure

The FR group



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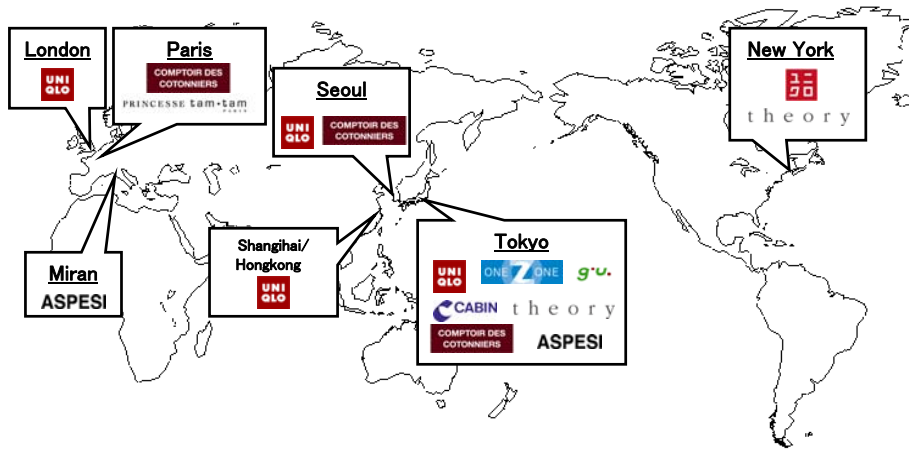
What the holding company will do?

- Attract good business and talented managers
- Realize a fresh venture, global and group spirit
- Establish a group company governing structure

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Strategy on M&A, business tie-ups

Each center around the world will look to create a group of companies and a team of managers



The success of UNIQLO flagship stores

The success of the Ginza store last autumn

The store upped its profits in the superior shopping area of Ginza

The role of the Ginza store

The Japanese flagship store displaying the very latest in UNIQLO fashion and advertising those concepts across the whole country.



The UNIQLO flagship store challenge

The challenge ahead this autumn for the NY Soho store

New York Soho store
The world's biggest UNIQLO
at 3,300 square meters

The role of the NY SOHO store

A global flagship store
resplendent with the top level
products, displays and services
that only UNIQLO can offer.



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UNIQLO Shanghai flagship store

Opening of the UNIQLO Shanghai flagship store



※The photo is of the opening of the Shanghai Ganghui store after refurbishment.

Tentative opening date : Saturday December 9, 2006
Location : Pudong, Shanghai
Shop floor : 2,310 square meters

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Large-scale UNIQLO stores in Japan

Large-scale stores (type and size)

Store name	Location	Shop floor (square meters)	Open date	Type of store
Shinsaibashisuji store	Chuo-ku, Osaka City	Approx. 2145	2004/10/9	Urban roadside type
Kuzuha mall store	Hirakata, Osaka	Approx. 1815	2005/4/14	Suburban SC type
Ito-yokado Musashisakai store	Musashino City, Tokyo	Approx. 1650	2005/7/1	Suburban SC type
LALA Garden Tsukuba store	Tsukuba City, Ibaragi	Approx. 1650	2005/10/1	Suburban SC type
Ginza store	Chuo-ku, Tokyo	Approx. 1485	2005/10/7	Urban roadside type
Mina Tenjin store	Fukuoka City, Fukuoka	Approx. 1980	2005/10/29	Developed within commercial facility
Kasugai store	Kasugai City, Aichi	Approx. 1650	2005/12/2	Roadside type

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Strong pace of domestic large-scale store openings

Period	Openings per year	Cumulative total
Yr to Aug 2005	3 stores	3 stores
Yr to Aug 2006	4 stores	7 stores
Yr to Aug 2007	20 stores planned	27 stores
Yr to Aug 2008	40 stores planned	67 stores
Yr to Aug 2009	40 stores planned	107 stores

Accelerated openings



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Potential for UNIQLO domestic annual sales

There is still untapped potential for domestic UNIQLO sales totaling a maximum ¥96.0bln per year

	Sales floor area	Monthly sales per tsubo (3.3 sq m)	Monthly net sales	Annual net sales	New stores per year	Increase in annual net sales
Large-scale stores	approx 500 tsubo (approx 1650 sq m)	¥250,000	¥ 125mln	¥ 1.5bln	40 stores	¥ 60.0bln
Regular stores	approx 200 tsubo (approx 660 sq m)	¥250,000	¥ 50mln	¥ 0.6bln	50 stores	¥ 30.0bln
Small-scale stores	approx 50 tsubo (approx 165 sq m)	¥500,000	¥ 25mln	¥ 0.3bln	100 stores	¥ 6.0bln
Total						¥ 96.0bln

※ In calculating the latent market potential for increased annual net sales, we have not incorporated store closures through scrap and build or reduced income at existing stores resulting from the new store competition.

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Domestic large-scale store opening plans

New store openings in autumn/winter 2006

Store name	Location	Shop floor (sqm)	Open date	Store type
LAZONA Kawasaki store	Kawasaki City, Kanagawa	Approx. 1585	2006/9/28	Suburban SC type
AEON Moriguchi Dainichi store	Moriguchi City, Osaka	Approx. 1650	2006/9/29	Suburban SC type
Lala Boat Tokyosu store	Kotoku, Tokyo	Approx. 1155	Oct 2006	Suburban SC type
AEON Hassan store	Sapporo City, Hokkaido	Approx. 1848	Oct 2006	Suburban SC type
Shimachu Higashikasai	Edogawa-ku, Tokyo	Approx. 1650	Nov 2006	Suburban SC type
Shimachu Soga store	Chuo-ku, Chiba	Approx. 1320	Nov 2006	Suburban SC type
Shimachu Sagamihara	Sagamihara City, Kanagawa	Approx. 1750	Nov 2006	Suburban SC type
Kakogawa Park Town store	Kakogawa City, Hyogo	Approx. 1715	Dec 2006	Suburban SC type
Yodobashi Umeda store	Osaka City, Osaka	Approx. 1190	Dec 2006	Urban SC type
DIAMONDCITY carat store	Kawaguchi City, Saitama	Approx. 1155	Dec 2006	Suburban SC type

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Opening of LAZONA Kawasaki store

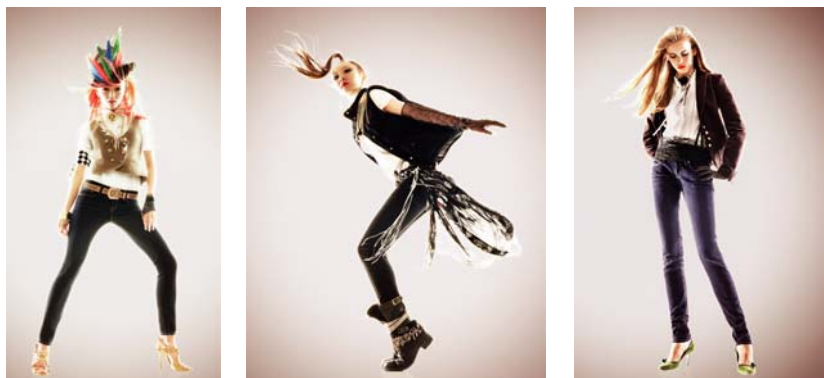


Opening date: September 28, 2006
Location: Kawasaki City, Kanagawa
Shopfloor: 1,585 sqm (1 level/suburban SC type)

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Development/sale of "Skinny Jeans" line

Good perception of fashion signs becomes instant mass trend



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UNIQLO 2006 Fall/Winter collection

Designers Invitation Project

Incorporating the world's best talent to create fun garments with true value for the consumer



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UNIQLO 2006 Fall/Winter collection

Strong leadership from the NY R&D center

The range of garments developed under the strong leadership of the NY R&D center



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A mainstay business within the FR group

50 new stores per year, target sales ¥100bln sales

【First business year】

Yr to Aug 2007- plan to open 50 stores, sales ¥10.0bln

【After 3 years】

Yr to Aug 2009 – plan 150 total stores, sales ¥45.0bln

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**Became consolidated subsidiary on
August 24, 2006**

Targeting sales of ¥100bln

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Nurture a large group of managers

The direction we are aiming in as a holding company

Business development:

**Develop M&A in Japan and overseas,
cultivate strategic operational alliances**

Business support:

**Provide management support to acquired
companies and business tie-ups**

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