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July 21, 2006
FAST RETAILING CO., LTD.
IR Department

FAST RETAILING to commence tender offer for CABIN Co., Ltd.

At its special board of directors meeting held on July 21, 2006, FAST RETAILING CO., LTD. decided to acquire common stock in CABIN Co., Ltd. (TSE First Section, Code No. 8164) through a tender offer. More details of this decision are documented below.

1. The objective of the tender offer

FAST RETAILING CO., LTD. (FR) currently holds 13,197,000 shares of common stock, or 29.37% of the outstanding shares issued in CABIN Co., Ltd (CABIN) and accounts the firm as an affiliate under the equity method. However, FR aims to purchase enough CABIN stock to acquire the majority of voting rights and make CABIN a consolidated subsidiary of FR. With that objective in mind, FR is commencing this tender offer.

CABIN currently manages specialty stores selling women's clothing and accessories that have been designed in house and offer a high sense of fashion. CABIN is the developer of women's fashion brands such as "ZAZIE," "we-nge," "e.a.p," and "enraciné," and boasts a nationwide network of 202 stores (as of end May 2006). Those stores either offer a range of brands or are dedicated exclusively to a single brand.

FR and CABIN already agreed to form a comprehensive business tie-up back on April 21, 2006 upon FR's acquisition of 11,547,000 shares of common stock, or 25.70% of CABIN's outstanding stock. Since then, both companies have been considering what structure that joint cooperation should adopt. FR has decided that it would strengthen the cooperative structure between our two companies by making CABIN a consolidated subsidiary. The move would also further strengthen the FR Group's women's clothing operation, while, at the same time, enabling a more efficient use of each firm's respective management resources and generating greater synergies. FR is conducting this tender offer in its constant aim to improve the overall corporate value of the FR Group.

CABIN is currently attempting to improve its corporate value by boosting profitability and growth in a continuously tough business environment. Therefore, CABIN also considers it important to further strengthen the relationship between FR and CABIN and to use our respective management resources more efficiently.

Furthermore, CABIN decided to express support for the tender offer at its emergency board meeting held on July 21, 2006.

CABIN is currently listed on the First Section of the Tokyo Stock Exchange. FR intends to set an upper limit on the number of stock purchased in this tender offer with the intention of maintaining CABIN's current listing.

Note: The 25.70% investment ratio mentioned above is a calculation based on a total number of 44,933,644 outstanding CABIN shares as of end February 2006. Any further references to numbers of outstanding shares or investment ratios in this document will be calculated according to the same criteria. Furthermore, at its regular board meeting held on July 6, 2006, CABIN decided to retire some of its stock according to Article 178 of Japanese Corporate Law (stock to be retired: 3,130, 000 shares; date of retirement: July 24, 2006). Following the retirement, the number of outstanding shares in issuance will be 41,803,644 shares.

2. Outline of the tender offer

(1) Outline of CABIN

Company name	: CABIN Co., Ltd.
Main business areas	: Development of women's clothing stores (The design, production and sale of women's clothing, etc.)
Date of establishment	: August 1971
Business location	: 4-62-17 Yoyogi, Shibuya-ku, Tokyo
Business representative	: Kenji Yoshie, President & CEO
Capital	: ¥15,174.33 million (as of end February 2006)

Major shareholders and their holdings (at end February 2006)

Daiwa Securities SMBC Principal Investments Co., Ltd.	25.70%
Nikko Citigroup Limited	6.82%
Goldman Sachs International (Custodian: Goldman Sachs (Japan) Ltd. Tokyo Branch)	6.77%
Yuzuru Hiraaki	6.69%
Marubeni Corporation	2.82%
Bank of New York GCM Client Accounts EISC (Custodian: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	2.71%
THE NISHI-NIPPON CITY BANK, LTD.	2.28%
Nippon Life Insurance Company	1.70%
Mizuho Bank , Ltd. (Custodian: Trust & Custody Services Bank, Ltd.)	1.67%
Japan Trustee Services Bank, Ltd. (Trust account)	1.61%

Note 1: 3,640,836 shares of CABIN treasury stock are not included in the table above.

Note 2: FR signed a share transfer agreement with Daiwa Securities SMBC Principal Investments Co., Ltd.'s to purchase its stake in CABIN on April 21, 2006. Subsequently, FR signed another share transfer agreement and purchased a portion of the shares owned by

Mr Yuzuru Hiraaki on May 16, 2006. As a result, FR currently owns 13,197,000 shares in CABIN as of July 21, 2006 (a 29.37% investment ratio).

Relationship with CABIN prior to the tender offer

Capital relationship:

As of July 21, 2006, FR currently holds 13,197,000 CABIN shares (29.37% of total shares issued) and is CABIN's largest shareholder.

Personnel relationship:

As of July 21, 2006, FR's Chairman and CEO Tadashi Yanai is also serving as Chairman of CABIN. In addition, a senior vice president of a consolidated FR subsidiary serves as an external board member for CABIN and an executive vice president from FR serves as an external statutory auditor at CABIN.

Business relationship: None

(2) Class of shares to be acquired through the tender offer: common stock

(3) Tender offer period:

A 25-day period from Monday, July 24, 2006 through Thursday August 17, 2006

(4) Tender offer price: 740 yen per share

(5) Method of calculation of the tender offer price

The tender offer price was determined based on an overall assessment of a variety of factors including the market value of CABIN stock, CABIN's financial position and future profitability along with a valuation of CABIN stock by an independent financial advisor. This tender offer represents a 23.1% premium over the average closing price for CABIN stock on the Tokyo Stock Exchange of 601 yen (rounded up to the nearest full yen) for the month to July 20, 2006, or a 19.9% premium over its closing price of 617 yen on that date.

(6) The total number of shares to be purchased through the tender offer: 7,706,000 shares

Note 1: In the case where the number of shares subscribed does not exceed the number of shares to be purchased through the tender offer (7,706,000 shares), then all of the subscribed shares shall be purchased.

Note 2: In the case where the total number of shares subscribed exceeds the number of shares to be purchased through the tender offer (7,706,000 shares), FR shall not purchase all or a part of the excess, but make delivery of the shares or other settlement on a pro-rata basis as stated in the Securities & Exchange Law Article 27 Chapter 13 Clause 5, and the Cabinet Office Regulations Chapter 32 concerning disclosure of a tender offer for stock by any person or body

other than the issuer.

Note 3: No treasury shares held by CABIN shall be purchased in this tender offer.

Note 4: It is possible that some share warrants relating to CABIN stock options could be exercised during the tender offer period. Any CABIN stock either transferred or issued in relation to such warrants shall be considered for this tender offer.

Note 5: Odd stock shall also be considered for this tender offer. However, it will be necessary for the owner to submit a share certificate at the time of subscription. (It will not be necessary to submit a share certificate if the certificate is being held through an agent for tender at the Japan Securities Depository Center, Inc.)

(7) Change in shareholding following the tender

FR shareholding prior to tender offer: 13,197,000 shares (31.59% stake)

FR shareholding after tender offer: 20,903,000 shares (50.04% stake)

Note 1: The number of shares held after the tender offer assumes the purchase of the total number of shares requested under the tender offer (7,706,000 shares).

Note 2: The current tender offer will also cover any CABIN odd shares or CABIN shares either issued or transferred in relation to the exercise of share warrants linked to CABIN stock options during the period of the tender offer. Therefore, we have made a few adjustments to the calculation of the holding ratios basing it on a total of 41,774,708 outstanding CABIN shares in circulation. From the 44,933,644 outstanding shares as of end February 2006, as reported in CABIN's 36th financial statement submitted on May 26, 2006, we have subtracted the total number of treasury stock held by CABIN and the shares held at the Japan Securities Depository Center, Inc. as of end February 2006, and we have added an additional maximum 500,000 shares to the total to cover the possible issue or transfer of any shares in relation to the exercising of CABIN stock options.

(8) Date of public notice of tender offer:

Monday, July 24, 2006

(9) Tender offer agent

NOMURA SECURITIES CO., LTD 1-9-1 Nihonbashi, Chuo-ku, Tokyo

(10) Funds required for tender offer:

Approximately ¥5.8bln

Note: This estimate assumes that the total number of shares to be purchased (7,706,000 shares) is purchased at the tender price.

3. Agreement with CABIN on the tender offer

At its special board meeting held on July 21, 2006, CABIN decided to express support for the tender offer. Since Tadashi Yanai, chairman and CEO of FR, is also chairman of CABIN, he has special interests in the case, and so he did not participate in the vote to express support for the tender. Naoki Otoma, a senior vice president of a consolidated FR subsidiary, also serves as an external board member for CABIN, so he too did not participate in the said vote.

FR signed an agreement on April 21, 2006 to pursue a business tie-up with CABIN. This tie-up is a comprehensive agreement with the aim of determining the cooperative relationship between the two companies to best achieve their common goals of maintaining and developing CABIN's operations, and maximizing the firm's corporate value. To achieve this aim, FR is prepared to provide capital and management participation to CABIN. In line with the business tie-up, FR is currently seconding two directors and a statutory auditor to CABIN from the FR holding company and an FR subsidiary. As far as a concrete action plan to detail the precise nature of the business tie-up, both companies are considering the issue from all angles, but the full content has not yet been finalized.

4. Impact on FR consolidated results

The tender offer is expected to result in CABIN shifting from being an equity-method affiliate to a consolidated subsidiary of FR. We will disclose any impact that this might have on FR's consolidated results for the year to August 2006 as soon as it becomes apparent.

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