

November 16, 2006

FAST RETAILING CO., LTD.

## FR to set up a new subsidiary in the People's Republic of China

FAST RETAILING CO., LTD. applied to establish a fully owned subsidiary in China with the aim of strengthening development of the UNIQLO brand in mainland China going forward. Permission for that subsidiary was granted by the Chinese government on November 15, 2006. Details of the new subsidiary are listed below:

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|-----------------------------|--|
| 1 . New company name        | FAST RETAILING(CHINA)TRADING CO., LTD.   |
| 2 . Location                | Shanghai city, People's Republic of China  |
| 3 . Business representative | Masa Matsushita  |
| 4 . Paid-in capital         | \$6.25mln (approx: ¥0.7bln)  |
| 5 . Business year end       | End December   |
| 6 . Shareholder makeup      | 100% FR subsidiary   |
| 7 . Business activities     | Retail of casual clothing under the UNIQLO brand in mainland China<br>(To be known as the UNQILO China operation)  |
| 8 . Establishment date      | December 2006 (tentative)  |
| 9 . Start of operations     | Once established, the new company is expected to begin operations having received the transfer of our UNIQLO business in China from FAST RETAILING (JIANGSU) APPAREL CO., LTD. (paid-in capital: \$13.30mln) |

Regarding the transfer of business involved in this case, this will be conducted in two stages in accordance with the relevant Chinese law. The first transfer is expected to take place by January 2007, and the second transfer by June 2007. Once the entire transfer has been completed, FAST RETAILING CO., LTD. plans to sell its 71.43% stake in FAST RETAILING (JIANGSU) APPAREL CO., LTD. to our joint venture partner CHENFENG GROUP CO., LTD.. Following the sale of that stake, FAST RETAILING (JIANGSU) APPAREL CO., LTD. will no longer be a consolidated subsidiary of FAST RETAILING.

### 10 . Impact on FR consolidated results

Since the majority of the UNIQLO China operation currently managed by FAST RETAILING (JIANGSU) APPAREL CO., LTD., will be accounted as performance under the new company once it starts operating, we expect any impact from the transfer on FR consolidated business results for the year to August 2007 to be minimal. However, we will disclose any details as soon as they become available.