

Overview of Six Months to February 2011 plus Future Outlook

Tadashi Yanai

Fast Retailing Co., Ltd.

President, Chairman & CEO

1H sales and income down 2H sales & income rebound forecast

(Billions of yen)

	Year to August 2011					
	1H (Actual)	Y/Y	2H (Est.)	Y/Y	Full Year (Est.)	Y/Y
Net Sales	457.3	-2.9%	378.6	+10.1%	836.0	+2.6%
Operating Income	82.0	-17.8%	39.4	+21.4%	121.5	-8.2%
Ordinary Income	77.6	-19.5%	38.8	+42.6%	116.5	-5.9%
Net Income	41.6	-24.7%	18.3	+189.8%	60.0	-2.7%

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My name is Tadashi Yanai, and I am President, Chairman and CEO of Fast Retailing.

Today I would like to take a look at our performance during the first half of fiscal 2011, or the the six months through February 2011, and also look ahead to our plans for the remaining half of the business year from March through August 2011.

Looking first at business performance, while we experienced a fall in both sales and income in the first half, we do expect both sales and income to rebound in the second half of the year through August 2011.

Our full-year estimates are for sales of ¥836.0bln, operating income of ¥121.5bln, ordinary income of ¥116.5bln and net income of ¥60.0bln.

Issues with our product mix

HEATTECH & Ultra Light Down sales strong

UNIQLO International expansion

Looking back on the first half through February, I must say that we experienced some problems with our product mix. Our focus was not sharp enough and we had too many different product items. As a result, we faced shortages in top-selling, core items.

Positive factors included our HEATTECH and Ultra Light Down ranges which both performed extremely well. We sold close to one hundred percent of the 70 million HEATTECH items initially produced, and our Ultra Light Down range sold out by early December, proving that the new functionality and uses of our HEATTECH and Ultra Light Down ranges did in fact create new demand.

In addition, UNIQLO International also witnessed a favorable expansion in its business in the first half. I believe that we have now established solid platforms, in particular in China and South Korea, that will make it possible for us to build large businesses in these markets in the future.

Improvement at UNIQLO Japan

Growth of UNIQLO International

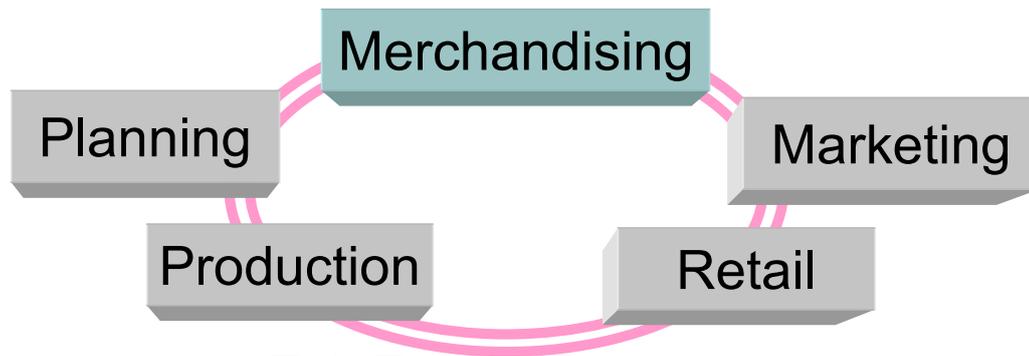
Growth of Global Brands

New stage of development for g.u.

Next, I would like to give my outlook for the six months from March through August 2011, during which I expect our UNIQLO Japan business to improve, UNIQLO International to generate further growth and the Global Brands business category to expand. I also believe that our low-priced, casual g.u. brand is on the brink of a new stage of development.

Merchandising management

- Closer coordination between merchandising, planning, manufacture, retail & marketing



Empower R&D

- Move product creation to Shanghai and closer to production sites
- Boost hiring of designers

Let me talk first about my expectations for improved performance at UNIQLO Japan. First of all, I want to strengthen the power of our product development, and that requires primarily strengthening the top merchandising functions. Toward that end, I have appointed the former heads of g.u. and Cabin to head UNIQLO product development and UNIQLO women's wear, respectively.

I believe this decision will serve to further strengthen UNIQLO's renowned system of coordination across the clothes-making process, from merchandising, design, planning, production, retail through marketing.

Strengthening our R&D capability is also important for creating a stronger, more powerful system of product development. By transferring nearly all of our R&D team to Shanghai, we are now able to start creating products in closer proximity to local production sites, and, in so doing, achieve a greater degree of accuracy and detail.

We have also hired new designers, especially for our women's wear ranges.

UNIQLO is...

...the elements of style.

...a toolbox for living.

...clothes that suit your values.

...how the future dresses.

...beauty in hyperpracticality.

...clothing in the absolute.

MADE FOR ALL

I want to continue strengthening our product development capabilities by returning to the origins of UNIQLO, by which I mean the foundation upon which the brand was built.

UNIQLO clothes are highly finished parts that facilitate an overall look. UNIQLO clothes are tools to help individuals create their own lifestyles, clothes made to suit the values of the wearer not the creator. UNIQLO is all about creating clothes of the future that help progress and transform clothing concepts and the clothing industry. UNIQLO is the creation of ultra rational clothes cut to look good.

UNIQLO clothes are made for and made available to all people all over the world. And in that sense they are the ultimate in clothing.

Our motto is MADE FOR ALL, and, as such, the underlying concept of UNIQLO is clothes for everyone.

Expanding Production Bases

China
Vietnam
Bangladesh
Cambodia
Indonesia
Thailand
The Philippines
Sri Lanka
India
South Korea
Japan



Looking next at my intention to expand our production bases. I don't want our manufacturing facilities to be located entirely in China. Instead, I will be looking to expand production into Vietnam, Bangladesh, Cambodia, Indonesia, Thailand, The Philippines, Sri Lanka and India.

In particular, I want to expand production extensively in Vietnam, Bangladesh and Cambodia. However, this does not mean a reduction in production volumes in China,. On the contrary, we intend to increase production within China, while increasing production volume in countries outside of China as well.

Rising Costs & Raw Materials Prices

- Procure a long-term supply of large volumes of materials directly from manufacturers
- Order stable production volumes with long lead times
- Take advantage of the stronger yen
- Avoid excess inventory/product shortages, keep prices stable by coordinating retail planning and production planning
- Stabilize prices by focusing on products that sell
- Cut costs by expanding relations with business partners
- Cut costs by developing new production bases

Next, I would like to talk about our response to the sharp rise in raw material costs recently.

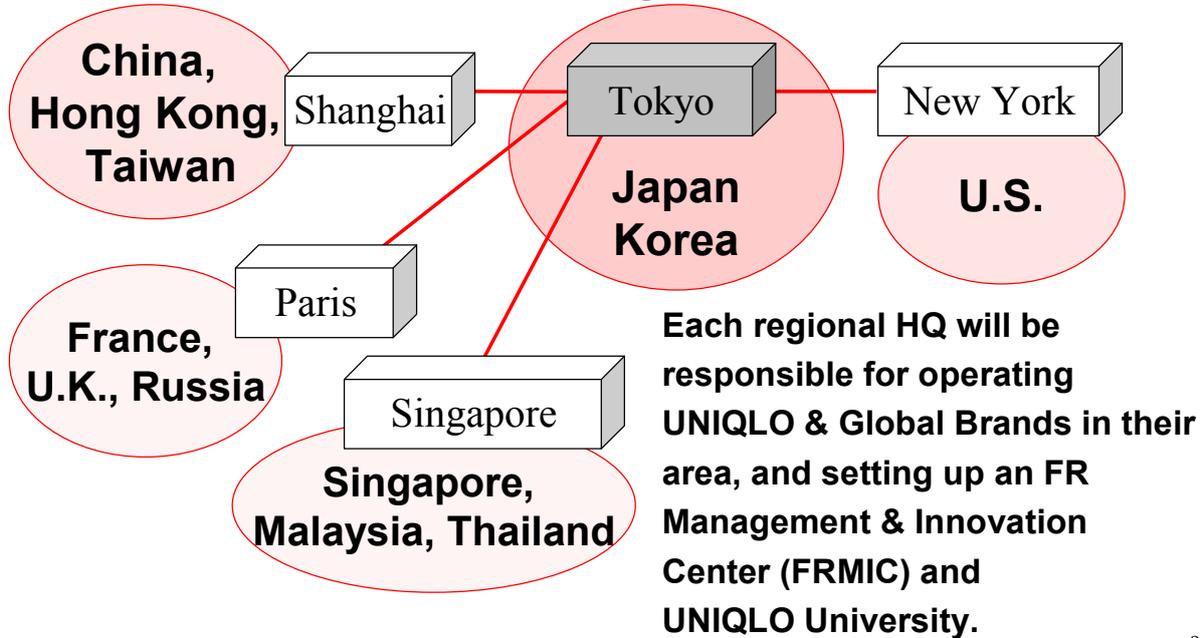
The first thing that we need to do in response to increased costs is to procure a long-term supply of large volumes of raw materials directly from the material manufacturers. Next, we need to ensure that the orders we dispatch are for stable volumes and give a long lead time. We can also take better advantage of the stronger yen.

Furthermore, we can work to boost coordination between retail planning and production planning in order to avoid excess inventory or production shortages. We can reduce the need to cut prices by focusing our efforts on products that sell well.

In addition, we will also be looking to reduce costs by expanding our business relationships with existing business partners and developing new production bases over a wider geographical area.

Tokyo Global Headquarters

Strengthen Tokyo Global HQ & establish other regional HQ



I also want to strengthen the functioning of our Tokyo global headquarters and establish other regional headquarters.

The Tokyo office will confirm and refine its role as our global head office and will also function as the regional headquarters for Japan and South Korea. Our Shanghai office will become the regional headquarters for China, Hong Kong and Taiwan, and our Singapore office will become the regional headquarters for Singapore, Malaysia, Thailand and other Southeast Asian countries into which we expand our business.

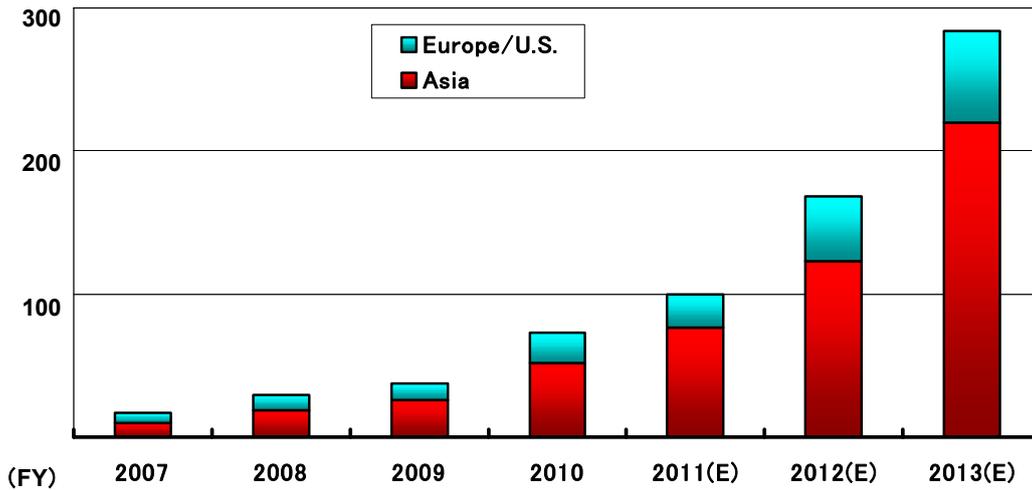
I want the Paris office to become the regional head office for France, U.K., Russia and other future European operations, and I would like to make the United States headquarters in New York.

I want to each regional head office to be responsible for UNIQLO and Global Brands within the area they oversee, and I would also like to see each region establish its own training institutions including their own FR Management & Innovation Center (FRMIC) and UNIQLO University.

Growth of UNIQLO International

Dramatic growth of Asian markets seen as the driving force

(Billions of yen) **UNIQLO Intl. Sales Forecasts by Region**



Moving onto our expectations for growth in the UNIQLO International business, where we forecast sales will expand to approximately ¥300bln by fiscal 2013.

UNIQLO International is generating rapid growth worldwide, and we will be looking to further accelerate the expansion of operations going forward.

Dramatic Growth in Asia

Aim to open 200 stores annually in Asia



China	100 Stores
South Korea	30 Stores
Taiwan	30 Stores
Rest of Asia	40 Stores

First store in Thailand to open fall 2011 Agreement to form a joint venture firm with Mitsubishi Corporation

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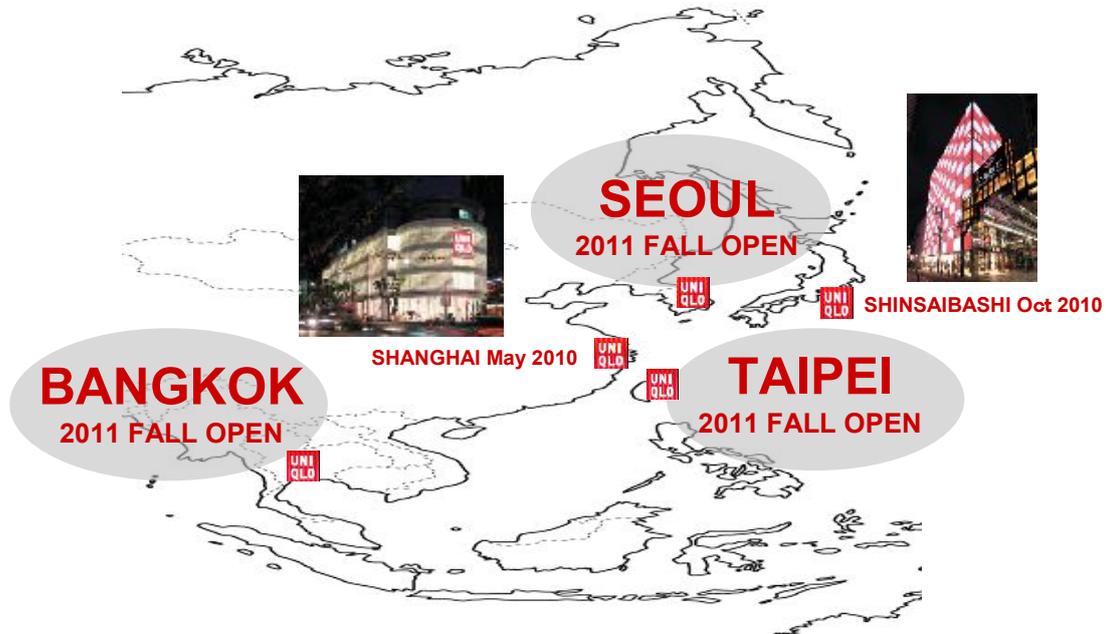
As part of our drive to accelerate the growth of UNIQLO International, we have set a target to open 200 stores in Asia each year.

If we are going to achieve this, we need to swiftly establish a framework to make this possible. Of this total, we envisage 100 new stores in China, 30 stores in South Korea, 30 stores in Taiwan and 40 stores in other parts of Asia.

We have also agreed to form a joint venture company with Mitsubishi Corporation in order to expand our business into Thailand, with the first store due to open in Bangkok in the fall of 2011.

Dramatic Growth in Asia

Multiple flagship and megastores to open in Asia in fall 2011



As part of our dramatic expansion in Asia, we will be looking to open a number of successive flagship stores and megastores, which have retail space of around 3,300 square meters.

We have a series of such store openings planned for this fall, with flagship stores due to open in Seoul and Taipei, and a megastore set to open in Bangkok.

New York Fifth Avenue global flagship & New York 34th Street megastore set to open fall 2011

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Moving onto our UNIQLO operations in Europe and the United States, we are planning to open a global flagship store on New York Fifth Avenue this fall. This will be our biggest and best store in the world.

Also in the fall, we are planning to open a megastore with retail space in excess of 3,300 square meters on New York 34th Street, the city's most lucrative shopping district.

**Our ideal corporate stance:
Being a company needed by the world**

**Fast Retailing's fundamental aim of
changing clothes, changing
conventional wisdom and changing the
world.**

**Making the world a better place through
our business.**

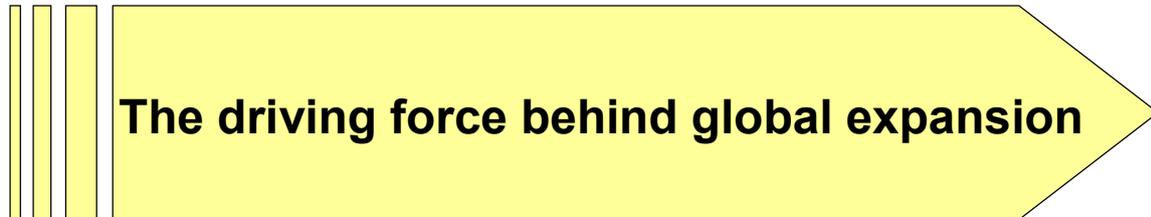
In our CSR activities we seek to realize our ideal stance as a corporation, namely that of being needed by society at large. Based on our motto of changing clothes, changing conventional wisdom and changing the world, we strive to help make the world a better place through our business.

Global Marketing

- **Communicate to the world the greatness of UNIQLO clothing**

Social Marketing

- **Communicate to the world our corporate stance and commitment to being there for both our customers and society**
- **Aim to be a company that is constantly embraced by society**



In addition, in order to go expand worldwide, we feel that we need to strengthen both our global and our social marketing.

Through our global marketing, we want to communicate to the world the greatness of UNIQLO clothing. Through our social marketing, we want to communicate to the world our corporate stance and our commitment to being there for both our customers and society. I believe firmly that we should aim to be a company that is constantly embraced, supported and a favorite of society.

I believe that this fundamental corporate stance and dual marketing approach will prove a driving force behind our expansion across world markets.

In a recent brand survey released by leading world brand consultancy Interbrand, UNIQLO was ranked the number one retail brand in Asia. As such, UNIQLO, as the top retail brand in Asia, found itself in good company, including companies such as Walmart, which came in top in the United States, Tesco, which ranked number one in the U.K., and Carrefour, which ranked number one in France.

We also received another accolade when the +J 2011 fall and winter collection won the Brit Insurance Fashion Award at the Brit Insurance Designs Awards hosted in March by the Design Museum in London.

I believe such awards prove how effective our global marketing and social marketing have been so far.

Enhancing Global Brands

Merge management of affordable luxury lines Theory, Comptoir des Cottonniers, Princesse tam.tam, and apply synergy benefits to grow brands in each region



Theory: Open stores in Europe & China

CDC: Open more stores in Japan & U.S.

PTT: Open directly-run stores in Europe

Next, I would like to talk about the expansion of our Global Brands business category.

I will be looking to merge the management of Theory, Comptoir des Cottonniers (CDC) and Princesse tam.tam within a single framework, thus enabling individual brands to benefit from the synergies generated by building an integrated presence in each region.

Taking the Theory operation as an example, I would like to expand Theory in Europe using the France-based regional headquarters and in China using the Shanghai headquarters.

I want to accelerate the number of new store openings in Japan and the United States for our French women's fashion label CDC. The number of CDC stores in Japan is increasing steadily, and CDC is currently performing strongly in New York.

We plan to continue opening more directly-operated Princesse tam.tam stores in Europe.

g.u. launches a new stage of growth with first flagship store

- **Shinsaibashi flagship opened Oct. 2010**
- **First Tokyo flagship to open April 29 at Ikebukuro Station East Exit**
- **Low prices, stylish fashion**
- **Continue to open 40 to 50 stores per year**

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The opening of its first flagship store is propelling our low-priced g.u. casual brand into another period of robust development. The new flagship store opened in Shinsaibashi in Osaka, Japan in October 2010 has performed extremely well, and has boosted recognition of the g.u. brand. We are now poised to open our first store in Tokyo, in Ikebukuro on April 29.

We plan to further strengthen the g.u. brand by pressing ahead with our current drive to offer fashionable clothing at an extremely low price.

I also want to continue opening new g.u. stores at a pace of approximately 50 each year.

UNIQLO & g.u. relief goods

As of April 6, 850,000 products worth ¥700mln have been delivered and 50 staff dispatched to affected areas

¥1.4bln monetary contributions

¥1.4bln contribution from across the FR Group

Business partners

¥130mln donation

200,000 items including blankets



UNIQLO clothing aid being distributed on March 26.

In terms of emergency relief in the aftermath of the March 11 earthquake and tsunami, we were able to deliver 850,000 items, or ¥700mln worth, of UNIQLO and g.u. products to the affected areas. Our staff traveled to the areas to try and deliver the emergency clothing directly to those who needed it.

In addition, the FR Group as a whole has donated ¥1.4bln.

I was extremely delighted to see our business partners donate the impressive sum of ¥130mln to be channeled via the Red Cross to aid victims of the disaster. They also provided 200,000 blankets and other items in the form of relief goods.

**UNIQLO – a new kind of Japanese
company that brings truly great
casual clothing to all.**

Our UNIQLO brand message is designed to help us to become a new kind of Japanese company that brings truly great casual clothing to all.

**Changing clothes.
Changing conventional wisdom.
Change the world.**

We at the Fast Retailing Group seek to change clothes, change conventional wisdom, and, in so doing, change the world.