

Business Strategy Conference

Date: September 6, 2006

Tadashi Yanai	Chairman, President & CEO of FAST RETAILING CO., LTD.
Masa Matsushita	EVP, member of the Board of FAST RETAILING CO., LTD.
Yukihiro Katsuta	Operating officer, R&D of UNIQLO CO., LTD.
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Nobuo Domae	CEO of UNIQLO USA, Inc.

QUESTION & ANSWER SESSION

(Some of the content has been edited or revised for the sake of clarity.)

Q1: How much of this autumn/winter collection will be made up of garments developed around the New York R&D center?

A1: Yukihiro Katsuta

Pretty much all of it. Even our regular, basic garments that we have been selling for 5 or 10 years have all been reviewed one by one. We might have decided to make them a bit more shapely, or considered that they would look more feminine if we made the rib a little bit shorter, for instance.

Q2: I'd like to ask you about your thinking on M&A. You mentioned your intention to invest ¥300 – 400bln going forward, but is this just for M&A alone? You also talked of “disciplined investment”, but could you tell us what your basic stance on M&A is?

A2: Tadashi Yanai

If possible, I would like to invest around ¥300 – 400bln in M&A alone. What I mean by disciplined investment is, of course, that if you are going to invest, you want to see a return on that investment. I believe that when running a business, you have to see a return on such investments. We ourselves are an operating company, so we expect an operational return. In addition, I would like to make the necessary investment to help fulfill our global strategy.

Q3: At last year's business strategy conference you mentioned three potential engines of growth – store location, products and organization. How would you evaluate these three elements now?

A3: Tadashi Yanai

I would urge you to look at our performance over this autumn/winter season. I believe that everything is going to plan on all fronts – store location, products and organization.

Q4: What progress have you made on reducing your lead times?

A4: Tadashi Yanai

On shortening lead times and even more dynamic sourcing, I feel that we are increasingly able to provide customers with the products that they really want faster than ever before. However, while there are merits in reducing lead times, there are also some disadvantages. So in improving our lead times and sourcing, we are not simply creating a uniform system, but consider each individual product in turn.