

Analyst Meeting Q&A

Business results for the six months from September 2011 through February 2012

Below are excerpts from our analyst meeting held on April 12, 2012. The following text, which was edited for the sake of brevity and clarity, includes the main questions asked about our business results for the first half of fiscal 2012, or the six months from September 2011 to February 2012.

Q1: Despite the stronger than expected performance in the first half, you haven't made many upward revisions to your second half figures. Why is this? Is it because of the weaker sales figures for UNIQLO Japan in March?

A1: Takeshi Okazaki, Group Senior Vice President & CFO – Income from both the UNIQLO International and Global Brands segments was slightly higher than forecast in the first half, but the increase wasn't significant enough for us to change our full-year forecasts for those segments. At UNIQLO Japan however, sales were particularly strong in the second quarter from December 2011 through February 2012 and so we revised up our full-year forecast to reflect that strong performance. However, we have made no change to our estimates for the second half. Regarding the weaker March sales figures at UNIQLO Japan, there was a delay in the development of our inter-season products, and our promotional campaigns advertising summer items were not very effective given the cold weather. However, as the temperature gets warmer, we expect sales of summer items will pick up strongly.

Q2: You said that TV commercials aired in Taiwan and South Korea boosted sales, but were these commercials similar to those in Japan?

A2: Tadashi Yanai, President, Chairman & CEO – It was not only TV commercials that were responsible for the strong performances from South Korea and Taiwan, but also the mass opening of new stores which dramatically boosted visibility of the UNIQLO brand. The TV commercials were made using local actors and artists for maximum impact, but the core concept was the same as in Japan.

Q3: You mentioned your intention to open a store this fall in a New York suburb, but is this not a little premature?

A3: CEO Yanai – In terms of our expansion in the United States, we are employing the tried and true tactics of developing a chain of retail stores. We have opened stores in central New York and now we are looking to open stores in the surrounding suburbs in order to forge a dominant position.

Q4: In the past, Mr. Yanai has spoken of the Chinese and Korean operations as being on the verge of a breakthrough, but you haven't used that phrase this time around. Do you still have that same sense of a breakthrough?

A4: CEO Yanai – China is such a huge nation that I can't say whether we have achieved a significant breakthrough in terms of our brand establishment or not. However, the UNIQLO brand name is much

more broadly recognized now in large cities such as Shanghai, Beijing and Hangzhou and we are given priority in the individual shopping centers where we seek to develop. In addition, we are now able to secure the best locations when we want to open a new large-format store. The markets of South Korea and Taiwan are much smaller and so I think we can say that we have probably completed the initial breakthrough there.

Q5: I believe you are opening stores in smaller cities in China now, but are sales proving strong outside the top major cities as well?

A5: CEO Yanai – Every city in China is currently rushing to develop large-scale shopping center complexes. We seek to open new stores in the very best of those developments. The current environment is extremely favorable for us in terms of new store openings. In the smaller cities, we are struggling somewhat to boost the visibility of the UNIQLO brand, but once brand recognition improves, I expect sales will prove as strong as in major Chinese cities.

Q6: Are you now working to develop sports products in the same way as you did with innerwear (underwear) products? What new product categories might we expect to see on the two to three-year horizon?

A6: CEO Yanai – We seek to develop the “ultimate every-day wear”. As with our sportswear and casualwear, anything else which we develop in the future must combine both functionality and superior design, look stylish, feel good to wear and suit anyone, anywhere.

Q7: Your minority interest increased by 80% year on year in the first half. Is this due to strong performance at subsidiary firms such as UNIQLO in South Korea and Singapore which are not fully-owned?

A7: CFO Okazaki – Yes, this does reflect the increased level of profit at operations including South Korea, Singapore, Malaysia, etc.

Q8: I believe you are expecting a reduced tax burden in the second half?

A8: CFO Okazaki – We compiled our estimates for group net income for the second half based on an assumed effective tax rate of approximately 40%.

Q9: Do you plan to limit the development of roadside megastores (3,300sqm) to areas surrounding Tokyo or do you think you might develop similar new stores in the suburbs of other regional cities?

A9: CEO Yanai – We are considering creating such stores in the suburbs of major cities or in regional cities with a population of approximately one million people.

Q10: Which of the countries in Asia, outside of Greater China, do you think will prove particularly successful for your business?

A10: CEO Yanai – I believe that approximately one third of the four billion people in Asia will move

into the middle-class income bracket over the next 10 years. For instance, major cities such as Manila and Jakarta and smaller cities will begin the same transition into mass consumer societies as is happening in China right now. Therefore, if you take the total population of Asian nations excluding Greater China, there is ample potential for us to open a 1,000-store network. Our success will not lie in one particular country, but in all Asian nations that undergo this transition.

Q11: In the United States, when are you planning to achieve your targets for a 30-store network in both suburban New York and on the U.S. West Coast?

A11: CEO Yanai – We haven't even opened our first store on the West Coast yet so we will see how that goes. I want to proceed cautiously but at the same time boldly to ensure we can open more stores as soon as possible. In the case of the New York suburban area, I would like to develop a network of 10 stores within a few years if possible.

Q12: Looking at China, South Korea and ASEAN nations individually, did performance expand favorably in all areas in the first half?

A12: CFO Okazaki – Yes. The Asian region currently accounts for approximately 80% of overall sales at UNIQLO International and contributes almost the entire operating income. Within Asia, the biggest contributors are China, South Korea, Hong Kong and Taiwan. The first-half results clearly illustrate that the Greater China area is an important pillar for our operation and business there is expanding extremely favorably.

Q13: You are opening many types of new stores in China from flagship stores in major cities, outlets within department stores right down to outlets in shopping centers in second-ranked, third-ranked cities and below. Ranking them individually, which areas or types of stores generate the best and worst level of sales?

A13: CEO Yanai – Recently in China there have been no clear good or bad areas. Sales have proved strong in all areas. Thanks to the increased visibility of the UNIQLO brand, we can also generate decent levels of sales from new stores located in shopping centers in second-ranked cities.

Q14: On the development of women's wear at UNIQLO, are you now concentrating more on developing sportswear than outerwear?

A14: CEO Yanai – I want to strengthen our women's wear. I don't want to focus our women's wear on fashion items like H&M and ZARA do. Instead, we look to focus our product development on basic items which offer an element of fashion, superior functionality or supreme comfort.