

## **FR announces business, capital tie-up, 3<sup>rd</sup> party stock allocation with VIEWCOMPANY**

At its special board meeting held on October 26, 2006, FAST RETAILING CO., LTD. signed an agreement to form a capital and business alliance with VIEWCOMPANY CO.,LTD. (JASDAQ, Code 3033), a developer of women's shoe stores. FR also decided to take up the allocation of new shares to a third party offered by VIEWCOMPANY. Further details of these decisions are listed below.

### 1. Reason for business & capital alliance

The FAST RETAILING Group has positioned its footwear operation close behind its apparel business and has worked to strengthen and expand this operation. In addition to supporting the future growth of VIEWCOMPANY through this business and capital alliance, FR will be looking to benefit from VIEWCOMPANY's expertise in women's footwear retailing to further strengthen and expand FR's own footwear operation. VIEWCOMPANY will become an equity-method affiliate and is expected to help boost the overall corporate value of the FAST RETAILING group.

### 2. Format of the business, capital alliance

FR and VIEWCOMPANY have agreed on the following content for their business and capital alliance.

#### (1) New stock allocation to a third party.

FR has agreed to receive the third party new stock allocation offered by VIEWCOMPANY in order to meet any funding requirements for future business expansion.

#### (2) Content of business alliance

Through its business alliance with VIEWCOMPANY, FR will be looking to improve customer service at VIEWCOMPANY across the board and help boost VIEWCOMPANY's corporate value through the following measures:

1. Providing expertise on store operation
2. Supporting the strengthening of VIEWCOMPANY's own design products.
3. Encouraging staff interaction to ensure an early realization of alliance benefits.
4. Supporting the development of an online sales system.
5. Cooperation in product development

#### (3) Dispatch of board members and auditors

As a result of the business and capital alliance agreement and the new stock issuance related to the third party stock allocation, FR will become VIEWCOMPANY's largest single shareholder. Therefore, FR is planning to dispatch board members and external auditors to VIEWCOMPANY.

### 3. Overview of VIEWCOMPANY

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|--|---|-------|
| (1) Business name  | VIEWCOMPANY CO.,LTD.                            |       |
| (2) Business location  | 3-4-30 Miyahara, Yodogawa-ku, Osaka             |       |
| (3) Business representative  | Yosuke Matsumura                                |       |
| (4) Paid-in capital  | ¥0.56 billion                                   |       |
| (5) Established  | May 20, 1972                                    |       |
| (6) Main areas of business   | Design, retail of ladies shoes                  |       |
| (7) Business year end  | February 20                                     |       |
| (8) No. of employees   | 284 (as of August 20, 2006)                     |       |
| (9) Main business location   | 97 stores nationwide (as of August 20, 2006)    |       |
| (10) Total shares issued   | 5,050,000 shares                                |       |
| (11) Major shareholders  | Yosuke Matsumura                                | 41.3% |
|  | HSBC Fund Services Sparx Asset Management Corp. | 7.5%  |
|  | Employee stock ownership plan                   | 6.0%  |
| (12) Relationship with FR  | None  |       |
| (13) VIEWCOMPANY CO.,LTD. recent business performance (units: millions of yen) |   |       |

	Yr to Feb 2004	Yr to Feb 2006	Yr to Feb 2006
Net sales	8,224	9,323	10,577
Gross profit	3,468	3,853	4,498
Operating income	287	413	542
Ordinary income	394	543	691
Net income	157	254	359
Total assets	4,238	4,837	5,230
Shareholder capital	734	964	1,294
Dividend per share	100 yen	125 yen	15 yen

Note: The figure for the annual dividend in the year to February 2006 has been adjusted following the 1:15 stock split conducted in November, 2005.

### 4. Details of the new stock allocation to a third party

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|--|---------------------------------|
| (1) Number of shares issued  | 2,533,000 shares (common stock) |
| (2) Current total VIEWCOMPANY shares issued                        | 5,050,000 shares                |
| (3) Total VIEWCOMPANY shares post 3 <sup>rd</sup> party allocation | 7,583,000 shares                |
| (4) Number of shares allocated to FR                               | 2,533,000 shares                |
| (5) Allocation price   | 870 yen per share               |
| (6) Total acquisition price  | 2,203 million yen               |
| (7) Application date   | Monday, November 13, 2006       |
| (8) Payment date   | Monday, November 13, 2006       |
| (9) Transfer of new shares   | Monday, November 13, 2006       |
| (10) Holdings before and after share acquisition                   |                                 |
| FR holding before share allocation                                 | 0 shares (0.0%)                 |
| FR holding after share allocation                                  | 2,533,000 shares (33.4%)        |

### 5. Schedule of business & capital alliance

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|------------------|---|
| October 26, 2006 | Signing of business & capital alliance agreement        |
| October 26, 2006 | Business & capital alliance agreement comes into effect |

### 6. Impact on FR consolidated business performance

VIEWCOMPANY CO.,LTD. will become an equity-method affiliate of the FR group following the third party stock allocation. We expect the impact on FR consolidated business results in the year to August 2007 to be minimal. However, we shall disclose any details as soon as they become apparent.