

Dissolution of NELSON FINANCES S.A.S. and transfer of assets and liabilities to FR FRANCE S.A.S.

FAST RETAILING CO., LTD. decided at its board meeting held December 7 to start the process of dissolution of its sub-subsidiary NELSON FINANCES S.A.S.. All NELSON FINANCES assets and liabilities will be transferred to our FR FRANCE S.A.S. subsidiary, its sole shareholder. More details on the dissolution are given below.

1. Dissolution of NELSON FINANCES and transfer of operations

NELSON FINANCES has functioned to date as a holding company for Créations Nelson S.A.*, the developer of the French casual brand COMPTOIR DES COTONNIERS in Europe. The dissolution of NELSON FINANCES and transfer of its assets and liabilities to FR FRANCE will simplify the structure of our European organization by removing one layer of management that has become useless since the creation of FR FRANCE. The dissolution will also accelerate profit repatriation, and will be effective in terms of both professional fees and other structural costs.

**Créations Nelson S.A. will become Créations Nelson S.A.S. in line with the dissolution and transfer of the assets and liabilities of Nelson Finances to FR France.*

2. Outline of NELSON FINANCES

- (1) Business name NELSON FINANCES S.A.S.
(2) Business location ZAC Eurocentre - Bât. B Avenue de l' Europe
31621 Castelnau d'Estrétefonds, France
(3) Business representative Frederic Biousse
(4) Capital 47.61 million euros
(5) Date of establishment October 13, 1997
(6) Main areas of Group business Design, manufacture, sale of women's and
children's clothing under the "COMPTOIR DES
COTONNIERS" brand.
(7) No. of outstanding shares 47,611,328 shares
(8) Breakdown of NELSON FINANCES shareholders: FR FRANCE S.A.S. 100%
(9) NELSON FINANCES recent consolidated financial performance:

(Units)	Yr to Feb 04		Yr to Feb 05		Yr to Feb 06	
	(euro mln)	(¥ 100mln)*	(euro mln)	(¥ 100mln)*	(euro mln)	(¥ 100mln)*
Net sales	54.5	75.0	70.6	97.2	95.3	131.1
EBIT**	17.1	23.5	21.9	30.1	33.2	45.8

* Calculations based on end February 2006 exchange rate of 1 euro = 137.63 yen

** EBIT : Earnings Before Interest and Taxes (= ordinary profit + interests paid – interests received.)

3. Outline of FR FRANCE

(1) Business name	FR FRANCE S.A.S.
(2) Business location	17 avenue de l'Opera, Paris, France
(3) Business representative	Masa Matsushita
(4) Capital	157,025,000 euros
(5) Date of establishment	April 28, 2005
(6) Business operation	Holding company
(7) No. of outstanding shares	3,140,500 shares
(8) Breakdown of FR FRANCE shareholders:	FAST RETAILING 100%

4. Schedule

December 7, 2006:	Formal decision on NELSON FINANCES dissolution and transfer of assets and liabilities at FR board meeting.
December 12, 2006 (tentative):	NELSON FINANCES Shareholders meeting to approve the dissolution of NELSON FINANCES and assets and liabilities transfer.
Early 2007 (tentative):	Dissolution of NELSON FINANCES and transfer of assets and liabilities.

5. Transfer price and settlement method

Transfer price:	Net book value of assets and liabilities as of August 31, 2006.
Settlement method:	Once the French legal procedures have been completed, the date of dissolution and transfer of assets and liabilities will be backdated to September 1, 2006.

6. Impact on FR consolidated results

We expect no significant impact of this event on FR consolidated results at the end of August 2007 as the dissolution of NELSON FINANCES and transfer of assets and liability is simply a restructuring of operations within the FR group.