

[Translation]

TENDER OFFER EXPLANATORY STATEMENT

January 2009

FAST RETAILING CO., LTD.

THIS ENGLISH TRANSLATION OF THE TENDER OFFER EXPLANATORY STATEMENT HAS BEEN PREPARED SOLELY FOR THE CONVENIENCE OF NON-JAPANESE SPEAKING SHAREHOLDERS OF LINK THEORY HOLDINGS CO., LTD. WHILE THIS ENGLISH TRANSLATION IS BELIEVED TO BE GENERALLY ACCURATE, IT IS SUBJECT TO, AND QUALIFIED BY, IN ITS ENTIRETY, THE OFFICIAL JAPANESE-LANGUAGE ORIGINAL FILED WITH THE DIRECTOR-GENERAL OF THE KANTO LOCAL FINANCE BUREAU. SUCH JAPANESE-LANGUAGE ORIGINAL SHALL BE THE CONTROLLING DOCUMENT FOR ALL PURPOSES. THE TENDER OFFER IS BEING CONDUCTED IN ACCORDANCE WITH THE PROCEDURES AND INFORMATION DISCLOSURE STANDARDS PRESCRIBED BY JAPANESE LAW.

TENDER OFFER EXPLANATORY STATEMENT

The tender offer pursuant to this statement is subject to the provisions of Chapter II-2, Section 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended). This statement is prepared in accordance with Article 27-9 of the Financial Instruments and Exchange Law of Japan.

The Tender Offer Registration Statement filed on January 29, 2009, was amended by the Amendment to Tender Offer Registration Statement filed on January 30, 2009. This statement is prepared based on the Tender Offer Registration Statement incorporating the amendment.

Name of Filing Party:	FAST RETAILING CO., LTD.
Address or Location:	717-1 Sayama, Yamaguchi City, Yamaguchi (This is the location of the registered head office address, and the actual operations are conducted at the address below.)
Nearest Contact Place	13-12, Kudan-kita 1-chome, Chiyoda-ku, Tokyo (Tokyo Office)
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Person in Charge:	Makoto Yoshitaka, Chief Financial Officer
Name of Agent:	Not applicable
Address or Location:	Same as above
Nearest Contact Place:	Same as above
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Person in Charge:	Same as above
Place of Public Inspection:	FAST RETAILING CO., LTD. Tokyo Office (13-12, Kudan-kita 1-chome, Chiyoda-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

(Note 1) When used in this statement, the “Tender Offeror” and the “Company” mean FAST RETAILING CO., LTD.

(Note 2) When used in this statement, the “Target” means LINK THEORY HOLDINGS CO., LTD.

(Note 3) In cases where numbers in this statement have been rounded or omitted, the numbers described as the totals thereof are not necessarily equal to the aggregate numbers thereof.

(Note 4) When used in this statement, the “Law” means the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended).

(Note 5) When used in this statement, the “Enforcement Order” means the Enforcement Order of the Financial Instruments and Exchange Law (Cabinet Order No. 321 of 1965, as amended).

(Note 6) When used in this statement, the “Cabinet Office Ordinance” means the Cabinet Office Ordinance Concerning Disclosure of the Tender Offer of Shares, Etc., by Non-Issuer (Ordinance of Minister of Finance No. 38 of 1990, as amended).

- (Note 7) When used in this statement, “shares, etc.” means “shares, etc.” as defined in Article 27-2, Paragraph 1 of the Law.
- (Note 8) In this statement, unless otherwise stated, the number of days or the date and time means the number of days or the date and time in Japan.
- (Note 9) The tender offer in connection with the filing of this statement (the “Tender Offer”) will be conducted in compliance with the procedures prescribed by the Financial Instruments and Exchange Law of Japan and related disclosure standards. These procedures and standards may differ from those of other jurisdictions.
- (Note 10) Unless otherwise described in this statement, all procedures concerning the Tender Offer shall be conducted in Japanese. If any document concerning the Tender Offer is prepared in English and there is any discrepancy between the English version and the Japanese version, the Japanese version shall prevail.

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Part I. Terms and Conditions of the Tender Offer

1. Name of the Target

LINK THEORY HOLDINGS CO., LTD.

2. Type of Shares, etc. subject to the Tender Offer

(1) Common stock

(2) Share purchase warrants (*shinkabu yoyaku ken*)

- (i) Share purchase warrants which were issued in accordance with a resolution of the Target's board of directors' meeting held on October 15, 2002 and an approval of the Target's extraordinary meeting of shareholders held on September 30, 2002 (the "Third Series Share Purchase Warrants").
 - (ii) Share purchase warrants which were issued in accordance with a resolution of the Target's board of directors' meeting held on December 25, 2003 and an approval of the Target's extraordinary meeting of shareholders held on October 17, 2003 (the "Fourth Series Share Purchase Warrants").
 - (iii) Share purchase warrants which were issued in accordance with a resolution of the Target's board of directors' meeting held on August 31, 2004 and an approval of the Target's extraordinary meeting of shareholders held on August 25, 2004 (the "Fifth Series Share Purchase Warrants").
 - (iv) Share purchase warrants which were issued in accordance with a resolution of the Target's board of directors' meeting held on October 27, 2004 and an approval of the Target's extraordinary meeting of shareholders held on August 25, 2004 (the "Sixth Series Share Purchase Warrants").
 - (v) Share purchase warrants which were issued in accordance with a resolution of the Target's board of directors' meeting held on January 26, 2006 and an approval of the Target's annual meeting of shareholders held on November 29, 2005 (the "Seventh Series Share Purchase Warrants").
 - (vi) Share purchase warrants which were issued in accordance with a resolution of the Target's board of directors' meeting held on April 11, 2006 and an approval of the Target's annual meeting of shareholders held November 29, 2005 (the "Eighth Series Share Purchase Warrants").
 - (vii) Share purchase warrants which were issued in accordance with a resolution of the Target's board of directors' meeting held on April 30, 2008 and an approval of the Target's annual meeting of shareholders held on November 28, 2007 (the "Ninth Series Share Purchase Warrants." The share purchase warrants in clauses (i) to (vii) are collectively referred to as the "Share Purchase Warrants").
- (3) Zero Coupon Convertible Bonds due 2018 (bonds with share purchase warrants, *shinkabu yoyakuken-tsuki shasai*), which were issued in accordance with a resolution of the Target's board of directors' meeting held on April 25, 2006 (the "Convertible Bonds").

3. Purpose of the Tender Offer

(1) Summary of the Tender Offer

The Tender Offeror currently owns 51,360 shares (the percentage of the shares owned against the total number of the issued shares as of November 30, 2008 (the "Percentage of the Number of Shares Owned") being 32.32%) of the common stock of the Target through the Tender Offeror (directly holding 23,200 shares) and its wholly-owned subsidiaries, Global Retailing Co, Ltd.

(“GR”) (holding 23,200 shares) and Global Investment Co. (“GI”) (holding 4,960 shares), and the Target is an affiliate of the Tender Offeror accounted for by the equity method.

For the purpose of making the Target into a wholly-owned subsidiary, the Company will conduct the Tender Offer to acquire all of the shares of common stock of the Target (which includes the common stock of the Target which has been issued, or may be issued, on the exercise of the Share Purchase Warrants, or the share purchase warrants incorporated in the Convertible Bonds, up to the last day of the Tender Offer Period. The same applies throughout this document.), the Share Purchase Warrants and the Convertible Bonds, except the shares of common stock of the Target owned by the Company, GR and GI.

In connection with the Tender Offer, the Tender Offeror has entered into Tender Agreements with Mr. Chikara Sasaki (“Mr. Sasaki”) (holding 34,560 shares, the Percentage of the Number of Shares Owned being 21.75%), and R S Investment Co., Ltd. (holding 19,200 shares, the Percentage of the Number of Shares Owned being 12.08%), (Mr. Sasaki and R S Investment Co., Ltd. are shareholders of the Target and collectively referred to as “Mr. Sasaki, et. al.”) pursuant to which Mr. Sasaki, et. al. will tender all of their shares of common stock of the Target in the Tender Offer. Also, the board of directors of the Target resolved to endorse the Tender Offer at its meeting held on January 28, 2009.

(2) The Background and Reasons for the conduct of the Tender Offer, and the Subsequent Management Policy

The Target was established in December 1998 for the purpose of planning, proposing and managing the production-operation of private brand clothing targeted at department stores. The core brand “Theory” proposes styles using concepts such as the new basics, which incorporate superb fit, refined looks and subtle trends. The Target develops brands such as “Helmut Lang” in the U.S., Japan, Europe and Asia. The core brand “Theory” has continued to grow steadily since its initiation in 1997, and has established a position as a leading brand in department stores and specialty stores, etc. in Japan and the U.S. The core brand’s global sales were 46,788 million yen for the period ending in August 2008.

However, because of the slowdown of personal consumption due to the global economic deterioration stemming from the financial crisis which started in the U.S., the business environment surrounding the Target has become extremely difficult. The current difficult business environment is expected to continue. As described in “Part V. Description of the Target, 4. Others,” the revision of the business performance forecast, published by the Target on January 28, 2009, represented a large decline from the previous forecast, and it is believed that the operating environment and financial situation will continue to face difficulties in the future.

The Tender Offeror Group (which has the same meaning as the Company Group as defined in “Part II. Description of the Tender Offeror, 1. Corporate Tender Offeror, (1) Outline of the Corporate Tender Offeror, (ii) Purpose and Business of the Corporate Tender Offeror.” The same applies throughout this document.) intends to develop the brands that have good concepts and high potential for global development, to become global brands utilizing the funding ability and the business platform of the Tender Offeror Group. As a part of its plan, the Tender Offeror Group began capital participation in the Target in January 2004. Thereafter, as well as mutually sharing the know-how and strengths of the Tender Offeror and the Target and respecting each other’s independence, the Tender Offeror dispatched one (1) managing director and one (1) outside director to the Target and established a mutual cooperation structure.

However, in order to further develop the global brand business as one of the core businesses of the Tender Offeror Group, the Tender Offeror Group determined that a more solid cooperation structure with the Target was necessary. In addition, the Tender Offeror Group determined to further strengthen the operation of the Target by adopting a business structure for the Target that

has a clearer commitment from the Tender Offeror Group. Therefore, for the purpose of making the Target a wholly-owned subsidiary of the Tender Offeror, the Tender Offeror Group decided to conduct the Tender Offer.

By making the Target a wholly-owned subsidiary, the Tender Offeror and the Target will, with full respect for the independence of the Target's brands, expand the business of the Tender Offeror Group in the U.S., utilizing the business platform of the Target, and accelerate the mutual promotion of the global development of the brands through cooperation with the global brand business of the Tender Offeror Group in Europe and Asia. Further, under the concept of "Global One," the Tender Offeror's policy of managing the entire business of the Tender Offeror Group to the highest global standards and through the realization of synergies by sharing know-how such as store operation and inventory control, and business infrastructure such as the production system and information systems, the Tender Offeror Group aims to develop the Target into an entity with higher growth and profitability, strengthen the global brand business of the Tender Offeror Group, further enhance the corporate value of the entire group, and become, through the entire group, the best speciality store retailer of private label apparel in the world.

Although there is the possibility of change after consultation with the Target in the future, the Tender Offeror is not currently planning to alter the composition of the directors and officers of the Target after the completion of the Tender Offer. There are currently no specific plans to make significant changes or take other actions that would have material effects on the operational policy of the Target after the completion of the Tender Offer.

- (3) Process leading up to the Conduct of the Tender Offer (measures to secure fairness and measures to avoid conflicts of interest)

As stated in "Part I. Terms and Conditions of the Tender Offer, 3. Purpose of the Tender Offer, (4) Policy of the Organizational Restructure, etc. after the Tender Offer" below, the Tender Offeror plans to make the Target its wholly-owned subsidiary. Even though the Target is not a subsidiary of the Tender Offeror as of the date of the filing of this statement, the Tender Offeror owns 51,360 shares of the common stock of the Target, including indirect ownership (Percentage of the Number of Shares Owned being 32.32%) and the Target is an affiliate of the Tender Offeror accounted for by the equity method, and the Tender Offeror dispatches to the Target one (1) managing director and one (1) outside director. One (1) outside corporate auditor of the Tender Offeror holds the position of outside corporate auditor of the Target. Also, the current management team of the Target is, in principle, expected to continue to be involved in the management of the Target after the Tender Offer. Because of these circumstances, the Tender Offeror and the Target wish to avoid any arbitrariness or conflict of interest in the conduct of the Tender Offer, to secure the fairness of the purchase price, and to ensure fair decision-making with regard to the entire transaction involving the Tender Offer.

① Examination by the Tender Offeror

The Tender Offeror has appointed Nomura Securities Co., Ltd. ("Nomura Securities"), a third party independent of the Tender Offeror and the Target, as its financial advisor, obtained the advice of Nishimura & Asahi, the Tender Offeror's legal counsel, independent of the Tender Offeror and the Target, and has carefully conducted relevant discussions and examinations.

The Tender Offeror owns 51,360 shares of the common stock of the Target, including indirect ownership (the Percentage of the Number of Shares Owned being 32.32%) and the Target is an affiliate of the Tender Offeror accounted for by the equity method, and the Tender Offeror dispatches to the Target one (1) managing director and one (1) outside director. One (1) outside corporate auditor of the Tender Offeror holds the position of outside corporate auditor of the Target. In order to increase the fairness and transparency in the decision making concerning the entire transaction involving the Tender Offer, the

Tender Offeror established an Investment Committee, consisting of the Tender Offeror's outside directors and corporate auditors, on January 9, 2009. Toru Hanbayashi and Nobumichi Hattori, both of whom are outside directors of the Tender Offeror, Akira Tanaka, who is a full-time corporate auditor of the Tender Offeror, and Norihiko Shimizu and Akira Watanabe, both of whom are outside corporate auditors of the Tender Offeror, were appointed as members of the Investment Committee. The board of directors of the Tender Offeror requested that the Investment Committee advise whether the Tender Offeror should make a proposal to the Target on the transaction involving the Tender Offer and whether the purchase price in the Tender Offer (the "Tender Offer Price") is reasonable. The Investment Committee examined the request, paying attention to the following points: (i) whether the conduct of the entire transaction involving the Tender Offer contributes to the enhancement of the Tender Offeror's corporate value and furthers the interests of its shareholders, (ii) whether the terms and conditions of the transaction, including the Tender Offer Price, are reasonable for the Tender Offeror and its shareholders, and (iii) whether the entire scheme of the transaction, including the conduct of the Tender Offer, has been and can be conducted through a fair process. As a result of its examination, on January 28, 2009, the Investment Committee recommended to the board of directors of the Tender Offeror that it is reasonable for the Tender Offeror to make a proposal on the transaction involving the Tender Offer to the Target, and that the Tender Offer Price is reasonable.

In determining the purchase price for the common stock in the Tender Offer, the Tender Offeror requested that Nomura Securities, as independent financial advisor and third party appraiser, evaluate the share value of the Target, to be used as reference material for the examination of the purchase price for the common stock in the Tender Offer. With reference to the results of the share valuation reported in Nomura Securities' valuation report (please refer to "Calculation Basis" of "Part I. Terms and Conditions of the Tender Offer, 4. Tender Offer Period and Price and Number of Shares, etc. Subject to Tender Offer, (2) Tender Offer Price."), the Tender Offeror examined the results of due diligence investigations on the Target, the likelihood that the Target would endorse the Tender Offer, the Target's stock price performance, the level of premiums attached to the tender offer prices in past non-issuer tender offers for equity securities, the expected number of shares tendered and other relevant factors, including the results of consultation and negotiation with the Target and Mr. Sasaki, et al. (who are the major shareholders of the Target) and the recommendation from the Investment Committee. Finally, the board of directors of the Tender Offeror, at its meeting held on January 28, 2009, determined the purchase price of common stock in the Tender Offer as 170,000 yen per share. The purchase price for the common stock in the Tender Offer represents (a) a premium of 70.00% (rounded to the nearest hundredth of one percent) to the Target's closing price of 100,000 yen quoted on the Mothers Market of the Tokyo Stock Exchange on January 27, 2009 (the day immediately preceding the day of the Tender Offeror's board meeting that resolved to commence the Tender Offer), (b) a premium of 72.83% (rounded to the nearest hundredth of one percent) to the Target's average closing price quoted on the Mothers Market of the Tokyo Stock Exchange for the one-month period ended January 27, 2009, of 98,361 yen (rounded to the nearest whole number), (c) a premium of 76.88 % (rounded to the nearest hundredth of one percent) to the Target's average closing price for the three-month period ended January 27, 2009, of 96,110 yen (rounded to the nearest whole number) and (d) a premium of 35.43 % (rounded to the nearest hundredth of one percent) to the Target's average closing price for the three-month period ended January 27, 2009, of 125,525 yen (rounded to the nearest whole number).

Nomura Securities calculated the Target's share value utilizing the methods of average stock price analysis, comparable company analysis, and discounted cash flow analysis (the "DCF Analysis") in its valuation report. On January 28, 2009, the Tender Offeror received a fairness opinion from Nomura Securities to the effect that the purchase price of 170,000 yen per share of common stock is reasonable for the shareholders of the Tender Offeror.

Each series of the Share Purchase Warrants was issued in conjunction with a stock option compensation plan. Under the conditions of exercise of the Share Purchase Warrants, the holder of the Share Purchase Warrants is required, in principle, to be a director, a corporate auditor or an employee of the Target or the Target's subsidiaries (or, the Target or the Target's affiliates for the Seventh Series Share Purchase Warrants, the Eighth Series Share Purchase Warrants, and the Ninth Series Share Purchase Warrants) at the time of the exercise. Taking into consideration the above-mentioned exercise condition, the purchase price was determined to be 1 yen, because it is possible that the Tender Offeror would not be allowed to exercise the Share Purchase Warrants purchased through the Tender Offer.

The price at which the Target's shares of common stock shall be issued or transferred upon the exercise of the share purchase warrants incorporated in the Convertible Bonds (the "Conversion Price") is 886,250 yen as of January 28, 2009. On the other hand, since the Target's initial listing on the Mothers Market of the Tokyo Stock Exchange in June 2005, the shares of common stock of the Target have traded below the Conversion Price of 886,250 yen (taking into account the effect of the stock split on October 20, 2005). In recent years, in particular, the shares of common stock of the Target have traded far below the Conversion Price at an average closing price of 98,361 yen for the one-month period ended January 27, 2009, 96,110 yen for the three-month period ended January 27, 2009, and 125,525 yen for the six-month period ended January 27, 2009.

Under the terms and conditions of the Convertible Bonds, the holders of Convertible Bonds may exercise the share purchase warrants incorporated in the Convertible Bonds during the period up to May 31, 2017 if, as of the last day of the prior fiscal quarter, the closing price of the common shares for any 20 trading days in a period of 30 consecutive trading days ending on the last trading day of such quarter is more than 120% of the Conversion Price in effect on the last trading day of such prior fiscal quarter, provided, however that on or after June 1, 2017 the holders of the Convertible Bonds may exercise their share purchase warrants incorporated in the Convertible Bonds at any time after the closing price of the common shares on at least one trading day is more than 120% of the Conversion Price. However, these conditions will not be applicable after the commencement of the Tender Offer.

The Target will redeem the Convertible Bonds at 100% of their principal amount on the maturity date of May 14, 2018. However, the holders of the Convertible Bonds are entitled to require the Target to redeem the Convertible Bonds at 100% of their principal amount on May 12, 2009, May 12, 2012, and May 12, 2015 (each a "Selected Redemption Date").

Upon reviewing the Target's stock price performance and credit worthiness, the yield of companies comparable to the Target and other relevant factors, the Tender Offeror has determined that the value of the Convertible Bonds should be considered to be substantially the same as the value of a straight bond having a maturity date of May 12, 2009. Taking into consideration the yield of companies comparable to the Target, the time left until the Selected Redemption Date of May 12, 2009 and other relevant factors, the Tender Offeror has calculated the value of the Convertible Bonds as 4,950,000 yen (a 1% discount from the principal amount, 500 million yen).

The Tender Offeror believes that the value of the Convertible Bonds, calculated on the assumption that the holders of the Convertible Bonds will not require the Target to redeem the Convertible Bonds at 100% of their principal amount on May 12, 2009, would be far below the purchase price of the Convertible Bonds. Because the duration up to the Selected Redemption Date falling after May 12, 2009 is longer than the duration up to May 12, 2009, the value of the bond is lower than the redemption price at 100% of the principal amount on May 12, 2009. The value of the share purchase warrants incorporated in the Convertible Bonds is considered to be de minimis having regard to the Target's stock price performance and the relevant factors.

Even if the share purchase warrants incorporated in the Convertible Bonds become exercisable at the commencement of the Tender Offer, there is an extremely low possibility that the trading price of the Target's shares of common stock on the Mothers Market of the Tokyo Stock Exchange will exceed the Conversion Price by the Selected Redemption Date of May 12, 2009. Therefore, upon the assumption that the conversion period will end at that Selected Redemption Date, the Tender Offeror has determined that the share purchase warrants incorporated in the Convertible Bonds have no value. Taking into consideration the yield of companies comparable to the Target, the time left until the selected redemption date of May 12, 2009 and other relevant factors, the Tender Offeror has calculated the value of the Convertible Bonds as 4,950,000 yen (a 1% discount from the principal amount, 500 million yen).

The board of directors of the Target resolved at its meeting held on January 28, 2009, to take necessary steps to convene a meeting of the bondholders after the expiration of the Tender Offer Period, and to propose to the bondholders that the Target revise the terms and conditions of the bonds and the related trust deed in order to give the Target a right of early redemption to redeem the entire outstanding Convertible Bonds at 104% of their principal amount. The redemption price of 104% of the principal amount is calculated with reference to the redemption price of 104% of the principal amount which is applicable if the Convertible Bonds are redeemed in the period between May 13, 2009 and May 12, 2010, based on the early redemption clause that allows the Target to redeem the Convertible Bonds if the Target becomes a wholly-owned subsidiary of another company through a statutory share exchange or a statutory share transfer. If the revisions of the terms and conditions and the trust deed are approved at the meeting of the bondholders, the Convertible Bonds (including the Convertible Bonds that the Tender Offeror successfully acquires through the Tender Offer) are expected to be redeemed by the Target after the settlement of the Tender Offer.

Tadashi Yanai, Chairman, President and CEO of the Tender Offeror, holds the position of chairman and director of the Target. Masa Matsushita, Director of the Tender Offeror, holds the position of outside director of the Target. Therefore, in order to avoid any arbitrariness in the process of the Tender Offeror's decision-making and to ensure the fairness and transparency of the Tender Offer, they refrained from participating in the discussions and the resolutions relating to the implementation of the Tender Offer, including the determination of the Tender Offer Price, at the meetings of the board of directors of the Tender Offeror and the discussions and negotiations with Mr. Sasaki, et.al. on the part of the Tender Offeror. Takaharu Yasumoto, Corporate Auditor of the Tender Offeror, holds the position of outside corporate auditor of the Target. Therefore, in order to avoid any arbitrariness in the Tender Offeror's decision-making process and to secure the fairness and transparency of the Tender Offer, he refrained from participating in the discussion relating to the implementation of Tender Offer, including the determination of the Tender Offer Price, and from expressing his opinion at the meetings of the board of directors of the Tender Offeror.

② Examination by the Target

The Target has appointed as its financial advisor, Nikko Citigroup Limited ("Nikko Citigroup"), a third party independent of the Target and the Company, and requested the calculation of the share value of the common stock of the Target. Based on the foregoing, the Target obtained from Nikko Citigroup a valuation report on the common stock of the Target dated January 28, 2009 to be used as reference material for the examination of the reasonableness of the purchase price for the common stock in the Tender Offer. In the valuation report, Nikko Citigroup made the evaluation of the shares of common stock of the Target utilizing the methods of average stock price analysis and discounted cash flow analysis.

Prior to the meeting of the board of directors held on January 28, 2009, as well as the opinion from Nikko Citigroup to the effect that the purchase price of common stock in the Tender Offer is reasonable from a financial perspective, the Target received an explanation thereof.

On January 8, 2009, based on its resolution, the Target's board of directors established a special committee in order to secure the fairness of the Tender Offer and to enhance the transparency and the objectivity of the transaction, and requested that the special committee express to the Target's board of directors its opinions about whether the Target's board of directors should approve of, refuse, or withhold its opinion on, the Tender Offer. Etsuo Doi, an attorney-at-law who is independent of the Tender Offeror and the Target, Akio Samejima and Shinji Ueno, both of whom are full-time corporate auditors of the Target who are independent of the Tender Offeror (a total of three (3) persons) have been appointed as members of the special committee. From January 8, 2009, considering such issues as whether the Tender Offer will be conducted through fair procedures and the interests of the shareholders of the Target are being considered, etc., the special committee conducted an examination on the content of the opinions that must be expressed by the board of directors of the Target regarding the Tender Offer. In connection with such examination, with reference to the valuation report submitted by Nikko Citigroup, the financial advisor to the Target, the special committee received from Nikko Citigroup reports on the status of the discussions and the negotiation with the Tender Offeror on the purchase price of common stock in the Tender Offer and an explanation on the fairness of the purchase price of common stock in the Tender Offer.

Further, the special committee appointed its legal counsel on its own separately from the legal counsel of the Target, and has received legal advice on the contents and the manner of the recommendations on the matters requested to be advised on. In consideration of the results of the above procedure, after careful examination of the matters requested to be advised on, on January 28, 2009, the special committee submitted a recommendation to the board of directors of the Target to the effect that fair procedures have been adopted and the interests of the shareholders of the Target have been considered in the Tender Offer and that the special committee has no objection to the Tender Offer.

In response to the above, the board of directors of the Target has, in consideration of the advice from Nikko Citigroup, its financial advisor, and Mori Hamada & Matsumoto, its legal counsel, carefully conducted an examination of the content of the recommendations of the special committee, the content of the opinion received from Nikko Citigroup to the effect that the purchase price of common stock in the Tender Offer is reasonable from a financial perspective, and the terms and conditions concerning the Tender Offer and other matters. As a result of such examination, due to the possibilities of the utilization of the management resources of the Tender Offeror through the further enhancement of cooperation with the Tender Offeror and the synergies, etc. in the aspects of the businesses and the finances to be realized by the Target through the Target becoming a wholly-owned subsidiary of the Tender Offeror, determining that the Tender Offer contributes to the enhancement of the Target's mid-to-long-term corporate value in the future, that the purchase price of common stock in the Tender Offer and other various terms and conditions are reasonable, and that the interests of the shareholders of the Target are being considered through fair procedures, and that an opportunity is being given to shareholders to sell the common stock of the Target at an appropriate price, the board of directors of the Target resolved to endorse the Tender Offer. The Target also resolved at the meeting of the board of directors above as to the recommendation to tender shares in the Tender Offer to the shareholders of the common stock of the Target, and to leave the question of the tender of the Share Purchase Warrants and the Convertible Bonds in the Tender Offer up to the holders of such Share Purchase Warrants and Convertible Bonds.

Among the directors of the Target, as Tadashi Yanai and Masa Matsushita also hold the positions of representative director and director, respectively, of the Tender Offeror, from the viewpoint of the avoidance of conflicts of interest, Tadashi Yanai and Masa Matsushita did not attend the meeting of the board of directors of the Target above, nor did they participate in the discussions and negotiations with the Tender Offeror in the positions of the Target. Chikara Sasaki, the president and representative director of the Target, is a top shareholder of the Target, and his direct and indirect shareholding ratio totals 33.83%. He has entered into an agreement with the Tender Offeror to the effect that he will tender the common stock of the Target that he holds to the Tender Offer, and the possibility of conflict of interest with the Target cannot be ruled out. Therefore, in order to secure the fairness of the resolution, he has not served as a chairperson at the meeting of the board of directors of the Target with respect to the agenda of the endorsement of the Tender Offer, and Makoto Hata was elected as a chairperson by members of the board, and Chikara Sasaki did not express any opinions in the discussions about the agenda and abstained from voting on the resolution.

Further, the full-time corporate auditors of the Target who participated in the meeting of the board of directors above expressed opinions to the effect that they do not object to the board of the directors of the Target expressing their opinion to endorse the Tender Offer. Among the corporate auditors of the Target, Takaharu Yasumoto holds the position of the outside corporate auditor of the Tender Offeror. Also, Kenji Takai is a member of the Code of Conduct Committee and Compliance Committee of the Tender Offeror. Therefore, as the possibility of conflicts of the interest with the Target cannot be ruled out, in order to secure the fairness of the resolution, they refrained from participating in the meeting of the board of directors above, and from expressing their opinions on the resolutions.

(4) Policy of Organizational Restructure, etc. after the Tender Offer

As stated above, the Tender Offeror plans to make the Target a wholly-owned subsidiary of the Tender Offeror through the Tender Offer and subsequent procedures (the “Procedures”). If the Tender Offeror cannot purchase the entire shares of common stock of the Target, excluding the shares held by GR and GI, as the Procedures after the completion of the Tender Offer, the Tender Offeror currently plans to request that the Target (i) convene a general meeting of shareholders, setting a date on or after the settlement date of the Tender Offer as the record date, to approve proposals: (a) to amend partially the articles of incorporation of the Target to change the Target into a corporation with classes of shares as stipulated by the Company Law, (b) to amend partially the articles of incorporation of the Target to make all the common stock issued by the Target subject to a right of redemption by the Target with the approval of a general meeting of shareholders (*Zenbu-Shutoku Joku*); and (c) to deliver a separate class of Target shares in exchange for the redemption of such common stock in its entirety, and (ii) convene a general meeting of the common shareholders as a class to approve the proposal to amend partially the articles of incorporation as set out in (i) (b) above. The Tender Offeror, GR and GI (the “Tender Offeror, et.al.”) plan to vote in favor of the approvals at the general meeting of shareholders and the general meeting of common shareholders as a class. After the respective procedures above have been completed, all of the common stock issued by the Target will be changed into class shares subject to a right of redemption by the Target with the approval of a general shareholders meeting (*Zenbu-Shutoku Joku*), and the Target will redeem all such shares. Although the shareholders of the Target will be entitled to receive a separate class of shares, the Target will not apply for listing of such shares. The Target’s shareholders, who are entitled to only receive a fraction less than one (1) share of the Target, will receive the cash equivalent of such fraction, pursuant to procedures under Japanese laws and ordinances. Unless there is an unavoidable obstacle, the amount of cash that the shareholders will receive is expected to be calculated based on the Tender Offer Price for the Target’s common stock. However, the amount of such cash may be different from the purchase price for the common stock in the Tender Offer. The number of shares to be delivered to shareholders in exchange for the redemption of common stock has not

been determined as of the date of the filing of this statement, but such number of shares will be determined so that the holdings of shareholders other than the Tender Offeror, et.al. shall be limited to fractions of less than one share of the Target in order that the Tender Offeror, et.al. shall own all the issued shares of the Target.

With regard to the procedures set out in (a) through (c) above, the Company Law provides that (i) shareholders have the right to demand the company purchase their shares upon an amendment to the articles of incorporation making the common stock subject to a right of redemption by the issuer (*Zenbu-shutoku Joko*) as specified in (b) above, in accordance with Articles 116 and 117 of the Company Law and relevant ordinances and (ii) shareholders may file a request for determination of the redemption price with the court in accordance with Article 172 of the Company Law and relevant ordinances if a general meeting of shareholders approves the redemption of the shares, as stated in (c) above. The purchase prices and the redemption prices under (i) and (ii) above are finally determined by the court. Accordingly, the price received by the shareholders in the case of (i) and (ii) above may be different from the purchase price of the Target's common stock in this Tender Offer. Shareholders must evaluate and decide on their own responsibility whether to make such request and/or filing.

With regard to (a) changing the Target into a corporation with classes of shares as stipulated in the Company Law; (b) making the common stock subject to a right of redemption by the Target with the approval of a meeting of shareholders (*Zenbu-shutoku Joko*); and (c) delivering the separate class of Target shares in exchange for the redemption of such shares as stated above, other procedures that can effectively achieve the equivalent result may be performed depending on the interpretation by the authorities of related laws and ordinances, the shareholding level of the Tender Offeror, et.al., circumstances regarding the shareholdings of shareholders other than the Tender Offeror, et.al., and other relevant factors.

The Tender Offeror will not make any solicitation for the approval of the shareholders of the Target at the general meeting of shareholders above. Shareholders should consult their own tax advisors as to the tax treatment of the procedures described above.

The board of directors of the Target resolved at its meeting held on January 28, 2009 to take the necessary steps to convene a meeting of the bondholders after the expiration of the Tender Offer Period, and to propose to the bondholders that the Target revise the terms and conditions of the bond and the related trust deed in order to give the Target a right of early redemption to redeem the entire outstanding Convertible Bonds at 104% of their principal amount. The redemption price of 104% of the principal amount is calculated with reference to the redemption price of 104% of the principal amount which is applicable if the Convertible Bonds are redeemed in the period between May 13, 2009 and May 12, 2010, based on the early redemption clause that allows the Target to redeem the Convertible Bonds if the Target becomes a wholly-owned subsidiary of another company through a statutory share exchange or a statutory share transfer. If the revisions of the terms and conditions and the trust deed are approved at the meeting of the bondholders, the Convertible Bonds (including the Convertible Bonds that the Tender Offeror successfully acquires through the Tender Offer) are expected to be redeemed by the the Target after the settlement of the Tender Offer.

(5) Expectation of Delisting

Because the Tender Offeror has not set a maximum limit to the number of shares of common stock to be purchased in the Tender Offer, the Target's shares of common stock may be subject to delisting pursuant to certain procedures if this Tender Offer results in such shares meeting the delisting standards of the Tokyo Stock Exchange. The Tender Offeror plans to make the Target a wholly-owned subsidiary of the Tender Offeror in accordance with the policy described in "Part I. Terms and Conditions of the Tender Offer, 3. Purpose of the Tender Offer, (4) Policy of Organizational Restructure, etc. after the Tender Offer" above. In such case, the Target's shares

of common stock will be delisted pursuant to certain procedures set out in the delisting rules of the Tokyo Stock Exchange. The Target's shares of common stock may not be sold or purchased on the Tokyo Stock Exchange after delisting. Also, the Target will not apply for listing the class of shares which the shareholders of the Target will be entitled to receive in exchange for the redemption of the common stock of the Target in the procedure to make the Target a wholly-owned subsidiary.

On the presumption that the Target will be a wholly-owned subsidiary of the Tender Offeror, the Target resolved at the meeting of the board of directors held on January 28, 2009 that it would abolish the shareholder special benefit plan, with the final shareholder special benefit plan to be open to the shareholders who are entered or recorded in the shareholder register as of February 28, 2009. The names of the shareholders on the shareholder register will not be changed before the successful completion of the Tender Offer, even if the shareholders tender their shares to the Tender Offer on or before February 28, 2009. Therefore, the shareholders who tender their shares to the Tender Offer and who are entered or recorded on the shareholder register as of February 28, 2009 will be subject to the shareholder special benefit plan having a record date of the same date.

- (6) Matters concerning important agreements relating to the tender between the Tender Offeror and the Target's shareholder(s)

The Tender Offeror entered into Tender Agreements with Mr. Sasaki, et.al., the major shareholders of the Target, on January 28, 2009, pursuant to which Mr. Sasaki, et.al. will tender all of their shares of common stock of the Target (a total of 53,760 shares, the Percentage of the Number of Shares Owned being 33.83%) in the Tender Offer.

4. Tender Offer Period and Price and Number of Shares, etc. Subject to Tender Offer

(1) Tender Offer Period

(i) Tender Offer Period as of Filing of this Statement

Period of Tender Offer	From Thursday, January 29, 2009 to Thursday, March 12, 2009 (30 business days)
Date of Public Notice	Thursday, January 29, 2009
Name of Newspaper Carrying Public Notice	The Tender Offeror has given electronic public notice and published the fact that such electronic public notice has been given in the <i>Nihon Keizai Shimbun</i> newspaper. (URL of electronic public notice: http://info.edinet-fsa.go.jp/)

(ii) Possibility of Extension upon Request of the Target

Not Applicable

(iii) Contact to Confirm Period Extension

Not Applicable

(2) Tender Offer Price

Shares	170,000 yen per share of common stock
Share Purchase Warrants	1 yen per Third Series Share Purchase Warrant
	1 yen per Fourth Series Share Purchase Warrant

	<p>1 yen per Fifth Series Share Purchase Warrant</p> <p>1 yen per Sixth Series Share Purchase Warrant</p> <p>1 yen per Seventh Series Share Purchase Warrant</p> <p>1 yen per Eighth Series Share Purchase Warrant</p> <p>1 yen per Ninth Series Share Purchase Warrant</p>												
Bonds with Share Purchase Warrants	4,950,000 yen per Convertible Bond (principal amount 500 million yen of each bond)												
Beneficiary Interests on Securities Trust ()	—												
Depository Receipts of Shares, etc. ()	—												
Calculation Basis	<p>(a) Common Stock</p> <p>The Tender Offeror obtained a valuation report from Nomura Securities, as independent financial advisor and third-party appraiser, and referred to it in determining the purchase price of common stock in the Tender Offer. Nomura Securities calculated the Target's share value utilizing the methods of average stock price analysis, comparable company analysis, and DCF Analysis. Nomura Securities reported its valuation results to the Tender Offeror on January 28, 2009. The ranges of values per share of common stock of the Target in the respective analyses are as follows:</p> <p>Average Stock Price Analysis 95,400 yen ~ 96,900 yen</p> <p>Comparable Company Analysis 21,568 yen ~ 72,291 yen</p> <p>DCF Analysis 122,150 yen ~ 196,407 yen</p> <p>(i) Average Stock Price Analysis</p> <p>With respect to the average stock price analysis, the range of values per share of common stock has been calculated as being between 95,400 yen to 96,900 yen based on the average closing price during the normal trading sessions of the Target's shares on the Mothers Market of the Tokyo Stock Exchange during each of the periods and on the date set out below:</p> <table border="1"> <thead> <tr> <th colspan="2">Reference Period or Date for the Share Price</th> <th>Value per Share</th> </tr> </thead> <tbody> <tr> <td>Since the announcement of the financial results of the First Quarter of the Fiscal Year ending August 2009</td> <td>January 9, 2009 to January 26, 2009</td> <td>96,900 yen</td> </tr> <tr> <td>The latest 5 business days immediately preceding the commencement of the Tender Offer</td> <td>January 20, 2009 to January 26, 2009</td> <td>95,400 yen</td> </tr> <tr> <td>Valuation reference date</td> <td>January 26, 2009</td> <td>96,000 yen</td> </tr> </tbody> </table> <p>(ii) Comparable Company Analysis</p> <p>With respect to the comparable company analysis, the range of values per share of common stock has been calculated as being between 21,568 yen to 72,291 yen based on estimates of the Target's implied value in the public equity markets through an analysis of selected companies' trading prices and a financial indicator that shows their profitability.</p> <p>(iii) DCF Analysis</p>	Reference Period or Date for the Share Price		Value per Share	Since the announcement of the financial results of the First Quarter of the Fiscal Year ending August 2009	January 9, 2009 to January 26, 2009	96,900 yen	The latest 5 business days immediately preceding the commencement of the Tender Offer	January 20, 2009 to January 26, 2009	95,400 yen	Valuation reference date	January 26, 2009	96,000 yen
Reference Period or Date for the Share Price		Value per Share											
Since the announcement of the financial results of the First Quarter of the Fiscal Year ending August 2009	January 9, 2009 to January 26, 2009	96,900 yen											
The latest 5 business days immediately preceding the commencement of the Tender Offer	January 20, 2009 to January 26, 2009	95,400 yen											
Valuation reference date	January 26, 2009	96,000 yen											

With respect to the DCF Analysis, the valuation is conducted by projecting the expected free cash flow of the Target, which is estimated based on the Target's earnings forecast from the fiscal year ending August 2009, incorporating various considerations such as the Target's business plans and actual financial performance, publicly-available information and other relevant factors, and discounting it at a certain discount rate to arrive at the Target's present enterprise value and equity value. The per-share value of the Target's common stock was calculated as being in the range of 122,150 yen to 196,407 yen.

In determining the purchase price of common stock in the Tender Offer, the Tender Offeror took into consideration the results of the share valuation reported in Nomura Securities' valuation report, the results of due diligence investigations on the Target, the likelihood that the Target will endorse the Tender Offer, the Target's stock price performance, the level of premiums attached to the tender offer prices in past non-issuer tender offers for equity securities, the expected number of shares tendered and other relevant factors, including the results of consultation and negotiation with the Target and Mr Sasaki, et al. (who are the major shareholders of the Target) and the recommendation from the Investment Committee. Finally, the board of directors of the Target, at its meeting held on January 28, 2009, determined the purchase price of common stock in the Tender Offer as 170,000 yen per share. On January 28, 2009, the Tender Offeror received a fairness opinion from Nomura Securities to the effect that the purchase price of 170,000 yen per share of common stock is reasonable for the shareholders of the Tender Offeror.

The purchase price for the common stock in the Tender Offer represents (a) a premium of 70.00% (rounded to the nearest hundredth of one percent) to the Target's closing price during the normal trading sessions of 100,000 yen quoted on the Mothers Market of the Tokyo Stock Exchange on January 27, 2009 (the day immediately preceding the day of the Tender Offeror's board meeting that resolved to commence the Tender Offer), (b) a premium of 72.83% (rounded to the nearest hundredth of one percent) to the Target's average closing price quoted on the Mothers Market of the Tokyo Stock Exchange for the one-month period ended January 27, 2009, of 98,361 yen (rounded to the nearest whole number) and (c) premium of 76.88 % (rounded to the nearest hundredth of one percent) to the Target's average closing price for the three-month period ended January 27, 2009, of 96,110 yen (rounded to the nearest whole number) and (d) premium of 35.43% (rounded to the nearest hundredth of one percent) to the Target's average closing price for the six-month period ended January 27, 2009, of 125,525 yen (rounded to the nearest whole number).

(b) Share Purchase Warrants

Each series of the Share Purchase Warrants was issued in conjunction with a stock option compensation plan. Under the conditions of exercise of the Share Purchase Warrants, the holder of the Share Purchase Warrants is required, in principle, to be a director, a corporate auditor or an employee of the Target or the Target's subsidiaries (or, the Target or the Target's affiliates for the Seventh Series Share Purchase Warrants, the Eighth Series Share Purchase Warrants, and the Ninth Series Share Purchase Warrants) at the time of the exercise. Taking into consideration the above-mentioned exercise condition, the purchase price was determined to be 1 yen, because it is possible that the Tender Offeror would not be allowed to exercise the Share Purchase Warrants purchased through the Tender Offer.

(c) Convertible Bonds

The Conversion Price is 886,250 yen as of January 28, 2009. On the other hand, since the Target's initial listing on the Mothers Market of the Tokyo Stock Exchange in June 2005, the shares of common stock of the Target have traded below the Conversion Price of 886,250 yen (taking into account the effect of the stock split on October 20, 2005). In recent years, in particular,

the shares of common stock of the Target have traded far below the Conversion Price at an average closing price of 98,361 yen for the one-month period ended January 27, 2009, 96,110 yen for the three-month period ended January 27, 2009, and 125,525 yen for the six-month period ended January 27, 2009.

Under the terms and conditions of the Convertible Bonds, the holders of Convertible Bonds may exercise the share purchase warrants incorporated in the Convertible Bonds during the period up to May 31, 2017 if, as of the last day of the prior fiscal quarter, the closing price of the common shares for any 20 trading days in a period of 30 consecutive trading days ending on the last trading day of such quarter is more than 120% of the Conversion Price in effect on the last trading day of such prior fiscal quarter, provided, however that on or after June 1, 2017 the holders of the Convertible Bonds may exercise their share purchase warrants incorporated in the Convertible Bonds at any time after the closing price of the common shares on at least one trading day is more than 120% of the Conversion Price. However, these conditions will not be applicable after the commencement of the Tender Offer.

The Target will redeem the Convertible Bonds at 100% of their principal amount on the maturity date of May 14, 2018. However, the holders of the Convertible Bonds are entitled to require the Target to redeem their Convertible Bonds at 100% of their principal amount on the Selected Redemption Dates.

Upon reviewing the Target's stock price performance and credit worthiness, the yield of companies comparable to the Target and other relevant factors, the Tender Offeror has determined that the value of the Convertible Bonds should be considered to be substantially the same as the value of a straight bond having a maturity date of May 12, 2009. Taking into consideration the yield of companies comparable to the Target, the time left until the Selected Redemption Date of May 12, 2009 and other relevant factors, the Tender Offeror has calculated the value of the Convertible Bonds as 4,950,000 yen (a 1% discount from the principal amount, 500 million yen).

The Tender Offeror believes that the value of the Convertible Bonds, calculated on the assumption that the holders of the Convertible Bonds will not require the Target to redeem the Convertible Bonds at 100% of their principal amount on May 12, 2009, would be far below the purchase price of the Convertible Bonds. Because the duration up to the Selected Redemption Date falling after May 12, 2009 is longer than the duration up to May 12, 2009, the value of the bond is lower than the redemption price at 100 % of the principal amount on May 12, 2009. The value of the share purchase warrants incorporated in the Convertible Bonds is considered to be de minimis having regard to the Target's stock price performance and the relevant factors.

Even if the share purchase warrants incorporated in the Convertible Bonds become exercisable at the commencement of the Tender Offer, there is an extremely low possibility that the trading price of the Target's shares of common stock on the Mothers Market of the Tokyo Stock Exchange will exceed the Conversion Price by the selected redemption date of May 12, 2009. Therefore, upon the assumption that the conversion period will end at the selected redemption date, the Tender Offeror has determined that the share purchase warrants incorporated in the Convertible Bonds have no value. Taking into consideration the yield of companies comparable to the Target, the time left until the selected redemption date of May 12, 2009 and other relevant factors, the Tender Offeror has calculated the value of the Convertible Bonds as 4,950,000 yen (1% discount from the principal amount, 500 million yen).

The board of directors of the Target resolved at its meeting held on January 28, 2009, to take the necessary steps to convene a meeting of the bondholders after the expiration of the Tender Offer Period, and to propose to the bondholders that the Target revise the terms and conditions of the bonds and the related trust deed in order to give the Target a right of early redemption to

	<p>redeem the entire outstanding Convertible Bonds at 104% of the principal amount. The redemption price of 104% of the principal amount is calculated with reference to the redemption price of 104% of the principal amount which is applicable if the Convertible Bonds are redeemed in the period between May 13, 2009 and May 12, 2010, based on the early redemption clause that allows the Target to redeem the Convertible Bonds if the Target becomes a wholly-owned subsidiary of another company through a statutory share exchange or a statutory share transfer. If the revisions of the terms and conditions and the trust deed are approved at the meeting of the bondholders, the Convertible Bonds (including the Convertible Bonds that the Tender Offeror successfully acquires through the Tender Offer) are expected to be redeemed by the Target, after the settlement of the Tender Offer.</p>
<p>Calculation Background</p>	<p>(Background for the Determination of the Tender Offer Price)</p> <p>The Tender Offeror Group intends to develop brands that have good concepts and high potential for global development, to become global brands utilizing the funding ability and the business platform of the Tender Offeror Group. As a part of its plan, the Tender Offeror Group began capital participation in the Target in January 2004. Thereafter, as well as mutually sharing the know-how and strengths of the Tender Offeror and the Target and respecting each other's independence, the Tender Offeror dispatched one (1) managing director and one (1) outside director to the Target and established a mutual cooperation structure.</p> <p>However, in order to further develop the global brand business as one of the core businesses of the Tender Offeror Group, it determined that a more solid cooperation structure with the Target was necessary. In addition, the Tender Offeror Group determined to further strengthen the operation of the Target by adopting a business structure for the Target that has a clearer commitment from the Tender Offeror Group. Therefore, for the purpose of making the Target a wholly-owned subsidiary of the Tender Offeror, the Tender Offeror Group decided to conduct the Tender Offer.</p> <p>Even though the Target is not a subsidiary of the Tender Offeror as of the date of the filing of this statement, the Tender Offeror owns 51,360 shares of the common stock of the Target, including indirect ownership (Percentage of the Number of Shares Owned being 32.32%) and the Target is an affiliate of the Tender Offeror accounted for by the equity method, and the Tender Offeror dispatches to the Target one (1) managing director and one (1) outside director. One (1) outside corporate auditor of the Tender Offeror holds the position of outside corporate auditor of the Target. Also, the current management team of the Target is, in principle, expected to continue to be involved in the management of the Target after the Tender Offer.</p> <p>(a) Name of the third party from which the Tender Offeror received advice</p> <p>The Tender Offeror obtained a valuation report from Nomura Securities, as independent financial advisor and third-party appraiser, and referred to it in determining the purchase price of common stock in the Tender Offer.</p> <p>(b) Summary of such advice</p> <p>Nomura Securities calculated the Target's share value utilizing the methods of average stock price analysis, comparable company analysis, and DCF Analysis. The ranges of values per share of common stock of the Target in the respective analyses are as follows:</p> <p>Average Stock Price Analysis 95,400 yen~ 96,900 yen Comparable Company Analysis 21,568 yen~ 72,291 yen DCF Analysis 122,150 yen~ 196,407 yen</p> <p>(c) Background for the determination of the Tender Offer Price</p> <p>With reference to the results of the share valuation reported in Nomura</p>

Securities' valuation report, the Tender Offeror examined the results of due diligence investigations on the Target, the likelihood that the Target would endorse the Tender Offer, the Target's stock price performance, the level of premiums attached to the tender offer prices in past non-issuer tender offers for equity securities, the expected number of shares tendered and other relevant factors, including the results of consultation and negotiation with the Target and Mr Sasaki, et al. (who are the major shareholders of the Target) and the recommendation from the Investment Committee. Finally, the board of directors of the Target, at its meeting held on January 28, 2009, determined the purchase price of common stock in the Tender Offer as 170,000 yen per share.

As is described in "(b) Share Purchase Warrants" of "Calculation Basis" above, it is possible that the Tender Offeror would not be allowed to exercise the Share Purchase Warrants purchased through the Tender Offer. Therefore, the Tender Offeror determined the purchase price of the Share Purchase Warrants as 1 yen per warrant.

As is described in "(c) Convertible Bonds" of "Calculation Basis" above, the Tender Offeror has determined that the value of the Convertible Bonds should be considered to be substantially the same as the value of a straight bond having a maturity date of May 12, 2009. Taking into consideration the yield of companies comparable to the Target, the time left until the Selected Redemption Date of May 12, 2009 and other relevant factors, the Tender Offeror has calculated the value of the Convertible Bonds as 4,950,000 yen per convertible bond.

(Measures to Secure the Fairness of the Tender Offer Price)

The Tender Offeror and the Target wish to avoid any arbitrariness or conflict of interest in the conduct of the Tender Offer, and to secure the fairness of the purchase price, and ensure fair decision-making with regard to the entire transaction involving the Tender Offer.

① Examination by the Tender Offeror

The Tender Offeror has appointed Nomura Securities, a third party independent of the Tender Offeror and the Target, as its financial advisor, obtained the advice of Nishimura & Asahi, the Tender Offeror's legal counsel, independent of the Tender Offeror and the Target, and has carefully conducted relevant discussions and examinations.

The Tender Offeror owns 51,360 shares of the common stock of the Target, including indirect ownership (the Percentage of the Number of Shares Owned being 32.32%) and the Target is an affiliate of the Tender Offeror accounted for by the equity method, and the Tender Offeror dispatches to the Target one (1) managing director and one (1) outside director. One (1) outside corporate auditor of the Tender Offeror holds the position of outside corporate auditor of the Target. In order to increase the fairness and transparency in the decision making concerning to the entire transaction involving the Tender Offer, the Tender Offeror established an Investment Committee, consisting of the Tender Offeror's outside directors and corporate auditors, on January 9, 2009. Toru Hanbayashi and Nobumichi Hattori, both of whom are outside directors of the Tender Offeror, Akira Tanaka, who is a full-time corporate auditor of the Tender Offeror, and Norihiko Shimizu and Akira Watanabe, both of whom are outside corporate auditors of the Tender Offeror were appointed as members of the Investment Committee. The board of directors of the Tender Offeror requested that the Investment Committee advise whether the Tender Offeror should make a proposal to the Target on the transaction involving the Tender Offer and whether the Tender Offer Price is reasonable. The Investment Committee examined the request, paying attention to the following points: (i) whether the conduct of the entire transaction involving the Tender Offer contributes to the enhancement of the Tender Offeror's corporate value and furthers the interests of its shareholders, (ii) whether the terms and conditions of the transaction, including the Tender Offer Price, are reasonable for the Tender Offeror and its shareholders, and

(iii) whether the entire scheme of the transaction, including the conduct of the Tender Offer, has been and can be conducted through a fair process. As a result of its examination, on January 28, 2009, the Investment Committee recommended to the board of directors of the Tender Offeror that it is reasonable for the Tender Offeror to make a proposal on the transaction involving the Tender Offer to the Target, and that the Tender Offer Price is reasonable.

In determining the purchase price for the common stock in the Tender Offer, the Tender Offeror requested that Nomura Securities, as independent financial advisor and third party appraiser, evaluate the share value of the Target, to be used as reference material for the examination of the purchase price for the common stock in the Tender Offer. With reference to the results of the share valuation reported in Nomura Securities' valuation report, the Tender Offeror examined the results of due diligence investigations on the Target, the likelihood that the Target would endorse the Tender Offer, the Target's stock price performance, the level of premiums attached to the tender offer prices in past non-issuer tender offers for equity securities, the expected number of shares tendered and other relevant factors, including the results of consultation and negotiation with the Target and Mr Sasaki, et al. (who are the major shareholders of the Target) and the recommendation from the Investment Committee. Finally, the board of directors of the Target, at its meeting held on January 28, 2009, determined the purchase price of common stock in the Tender Offer as 170,000 yen per share. The summary of share valuation in Nomura Securities' valuation report is described in "(a) Common Stock" of "Calculation Basis" above. On January 28, 2009, the Tender Offeror received a fairness opinion from Nomura Securities to the effect that the purchase price of 170,000 yen per share of common stock is reasonable for the shareholders of the Tender Offeror.

Tadashi Yanai, Chairman, President and CEO of the Tender Offeror, holds the position of chairman and director of the Target. Masa Matsushita, Director of the Tender Offeror, holds the position of outside director of the Target. Therefore, in order to avoid any arbitrariness in the process of the Tender Offeror's decision-making and to ensure the fairness and transparency of the Tender Offer, they refrained from participating in the discussions and the resolutions relating to the implementation of the Tender Offer, including the determination of the Tender Offer Price, at the meetings of the board of directors of the Tender Offeror and the discussions and negotiations with Mr. Sasaki, et.al. on the part of the Tender Offeror. Takaharu Yasumoto, Corporate Auditor of the Tender Offeror, holds the position of outside corporate auditor of the Target. Therefore, in order to avoid any arbitrariness in the Tender Offeror's decision-making process and to secure the fairness and transparency of the Tender Offer, he refrained from participating in the discussion relating to the agenda whether to implement the Tender Offer, including the determination of the Tender Offer Price, and from expressing his opinion at the meetings of the board of directors.

② Examination by the Target

The Target has appointed as its financial advisor, Nikko Citigroup, a third party independent of the Target and the Tender Offeror, and requested the calculation of the share value of the common stock of the Target. Based on the foregoing, the Target obtained from Nikko Citigroup a valuation report on the common stock of the Target dated January 28, 2009 to be used as reference material for the examination of the reasonableness of the purchase price for the common stock in the Tender Offer. In the valuation report, Nikko Citigroup made the evaluation of the common stock utilizing the methods of average stock price analysis and discounted cash flow analysis.

Prior to the meeting of the board of directors held on January 28, 2009, as well as the opinion from Nikko Citigroup to the effect that the purchase price of common stock in the Tender Offer is reasonable from a financial perspective, the Target received an explanation thereof.

On January 8, 2009, based on its resolution, the Target's board of directors

established a special committee in order to secure the fairness of the Tender Offer and to enhance the transparency and the objectivity of the transaction, and requested that the special committee express to the Target's board of directors its opinions about whether the Target's board of directors should approve of, refuse, or withhold its opinions on, the Tender Offer, or take any other actions. Etsuo Doi, an attorney-at-law who is independent of the Target and the Tender Offeror, Akio Samejima and Shinji Ueno, both of whom are full-time corporate auditors of the Target who are independent of the Tender Offeror (a total of three (3) persons) have been appointed as members of the special committee. From January 8, 2009, considering such issues as whether the Tender Offer will be conducted through fair procedures and the interests of the shareholders of the Target are being considered, etc., the special committee conducted an examination on the content of the opinions that must be expressed by the board of directors of the Target regarding the Tender Offer. In connection with such examination, with reference to the valuation report submitted by Nikko Citigroup, the financial advisor to the Target, the special committee received reports from Nikko Citigroup on the status of the discussions and the negotiation with the Tender Offeror on the purchase price of common stock in the Tender Offer and an explanation on the fairness of the purchase price of common stock in the Tender Offer.

Further, the special committee appointed its legal counsel on its own separately from the legal counsel of the Target, and has received legal advice on the contents and the manner of the recommendations on the matters requested to be advised on. In consideration of the results of the above procedure, after careful examination of the matters requested to be advised on, on January 28, 2009, the special committee submitted a recommendation to the board of directors of the Target to the effect that fair procedures have been adopted and the interests of the shareholders of the Target have been considered in the Tender Offer and that the special committee has no objection to the Tender Offer.

In response to the above, the board of directors of the Target has, in consideration of the advice from Nikko Citigroup, its financial advisor, and Mori Hamada & Matsumoto, its legal counsel, carefully conducted an examination of the content of the recommendations of the special committee, the content of the opinion received from Nikko Citigroup to the effect that the purchase price of common stock in the Tender Offer is reasonable from a financial perspective, and the terms and conditions concerning the Tender Offer and other matters. As a result of such examination, due to the possibilities of the utilization of the management resources of the Tender Offeror through the further enhancement of cooperation with the Tender Offeror and the synergies, etc. in the aspects of the businesses and the finances to be realized by the Target through the Target becoming a wholly-owned subsidiary of the Tender Offeror, determining that the Tender Offer contributes to the enhancement of the Target's middle-to-long-term corporate value in the future, that the purchase price of common stock in the Tender Offer and other various terms and conditions are reasonable, and that the interests of the shareholders of the Target are being considered through fair procedures, and that an opportunity is being given to shareholders to sell the common stock of the Target at an appropriate price to the shareholders are being given, the board of directors of the Target resolved to endorse the Tender Offer. The Target also resolved at the meeting of the board of directors above as to the recommendation to tender shares in the Tender Offer to the shareholders of the common stock of the Target, and to leave the question of the tender of the Share Purchase Warrants and the Convertible Bonds in the Tender Offer up to the holders of such Share Purchase Warrants and Convertible Bonds.

Among the directors of the Target, as Tadashi Yanai and Masa Matsushita also hold the positions of representative director and director, respectively, of the Tender Offeror, from the viewpoint of the avoidance of conflicts of interest, Tadashi Yanai and Masa Matsushita did not attend the meeting of the board of directors of the Target above, nor did they participate in the discussions and negotiations with the Tender Offeror in the positions of the Target. Chikara Sasaki, the president and representative director of the Target, is a top shareholder of the Target, and his direct and indirect

	<p>shareholding ratio totals 33.83%. He has entered into an agreement with the Tender Offeror to the effect that he will tender the common stock of the Target which he holds to the Tender Offer, and the possibility of conflict of interest with the Target cannot be ruled out. Therefore, in order to secure the fairness of the resolution, he has not served as a chairperson at the meeting of the board of directors of the Target with respect to the agenda whether to endorse the Tender Offer, and Makoto Hata was elected as a chairperson by members of the board, and Chikara Sasaki did not express any opinions in the discussions on the agenda and abstained from voting on the resolution.</p> <p>Further, the full-time corporate auditors of the Target who participated in the meeting of the board of directors above expressed opinions to the effect that they do not object to the board of the directors of the Target expressing their opinion to endorse the Tender Offer. Among the outside corporate auditors of the Target, Takaharu Yasumoto holds the position of outside corporate auditor of the Tender Offeror. Also, Kenji Takai is a member of the Code of Conduct Committee and the Compliance Committee of the Tender Offeror. Therefore, as the possibility of conflicts of the interest with the Target cannot be ruled out, in order to secure the fairness of the resolution, they refrained from participating in the meeting of the board of directors above, and from expressing their opinions on the resolutions.</p>
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(3) Number of Shares, etc. Subject to the Tender Offer

Number of Shares Planned to be Purchased	Minimum Number of Shares to be Purchased	Maximum Number of Shares to be Purchased
124,636 (shares)	— (shares)	— (shares)

(Note 1) In the Tender Offer, the Tender Offeror sets no maximum or minimum number of shares, etc., to be purchased, and purchases all of the shares tendered. The number of shares, etc. subject to the Tender Offer shall be equal to the number, as shown in the column “Number of Shares Planned to be Purchased,” calculated by deducting the number of shares (51,360 shares) owned by the Tender Offeror and GR and GI, which are wholly-owned subsidiaries of the Tender Offeror, from the issued number of shares (158,920 shares) as of November 30, 2008, as stated in the First Quarterly Report for the 11th fiscal year filed by the Target on January 14, 2009, and adding the total number of shares of the Target (17,076 shares) that are subject to the Share Purchase Warrants and the Convertible Bonds as of November 30, 2008, as stated in the above-mentioned First Quarterly Report.

(Note 2) The Tender Offeror will purchase the Target’s shares that may be issued on the exercise of the Share Purchase Warrants, or the share purchase warrants incorporated in the Convertible Bonds, by the last day of the Tender Offer Period.

5. Percentage of Ownership of Shares, etc. after the Tender Offer

Classification	Number of Voting Rights
Number of Voting Rights represented by Shares, etc. Planned to be Purchased --(a)	124,636
Of the Number in (a) above, Number of Voting Rights represented by Residual Shares, etc --(b)	17,076
Of the Number in (b) above, Number of Voting Rights represented by Beneficiary Rights of Securities Trust and Depositary Receipts for Shares, etc. --(c)	—
Number of Voting Rights represented by Shares, etc. Owned by the Tender Offeror (as of January 29, 2009) --(d)	23,200
Of the Number in (d) above, Number of Voting Rights represented by Residual Shares, etc. --(e)	—
Of the Number in (e) above, Number of Voting Rights represented by Beneficiary Rights of Securities Trust and Depositary Receipts for Shares, etc. --(f)	—
Number of Voting Rights represented by Shares, etc. Owned by Parties having Special Relationships with the Tender Offeror (as of January 29, 2009) --(g)	76,107
Of the Number in (g) above, Number of Voting Rights represented by Residual Shares, etc. --(h)	—
Of the Number in (h) above, Number of Voting Rights represented by Beneficiary Rights of Securities Trust and Depositary Receipts of Shares, etc. --(i)	—
Number of Voting Rights of All Shareholders, etc. of the Target (as of August 31, 2008) --(j)	158,920
Percentage of Voting Rights represented by Shares, etc. Planned to be Purchased divided by the Number of Voting Rights of All Shareholders, etc. ((a)/(j)) (%)	71.12
Percentage of Ownership of Shares, etc., after the Tender Offer ((a + d + g) / (j + (b - c) + (e - f) + (h - i)) × 100) (%)	100.00

(Note 1) The “Number of Voting Rights represented by Shares, etc. Planned to be Purchased” is the number of voting rights pertaining to the number of shares planned to be purchased under the Tender Offer.

(Note 2) The “Number of Voting Rights represented by Shares, etc. Owned by Parties having Special Relationships with the Tender Offeror” states the total number of voting rights represented by shares, etc. owned by relevant parties having a special relationship with the Tender Offeror. The Tender Offeror will purchase the shares, etc. owned by parties having a special relationship with the Tender Offeror; however, of the parties having a special relationship with the Tender Offeror, the common stock owned by GR and GI (a total of 28,160 shares), which are wholly-owned subsidiaries of the Tender Offeror, is not planned to be tendered in the Tender Offer. Therefore, 47,947 shares out of the shares, etc. owned by the parties having a special relationship with the Tender Offeror will be subject to the Tender Offer. As a result, in calculating the “Percentage of Ownership of Shares, etc., after the Tender Offer,” the number of voting rights (47,947) of such shares is not included in the numerator.

(Note 3) The “Number of Voting Rights of All Shareholders, etc. of the Target” indicates the number of voting rights of all of the shareholders as of August 31, 2008 as described in the First Quarterly Report of its 11th fiscal year, filed by the Target on January 14, 2009. However, in the Tender Offer, because the Tender Offeror will purchase the Target’s shares that may be issued on the exercise of the Share Purchase Warrants, or the share purchase warrants incorporated in the Convertible Bonds, the “Percentage of Voting Rights represented by Shares, etc. Planned to be Purchased divided by the Number of Voting Rights of All Shareholders, etc.” is calculated by substituting the denominator with the number of voting rights (175,246) represented by the

number of shares calculated by adding total number of issued shares (158,920 shares) as of November 30, 2008, as stated in the above-mentioned First Quarterly Report to the maximum number of the Target shares (16,326 shares) that may be issued on the exercise of the Share Purchase Warrants or the share purchase warrants incorporated in Convertible Bonds outstanding as of November 30, 2008, as stated in the above-mentioned First Quarterly Report (including the number of the Target shares issued on the exercise of such Share Purchase Warrants or the share purchase warrants incorporated in the Convertible Bonds up to the date of filing of this statement since December 1, 2008, and excluding the number of shares subject to the Share Purchase Warrants that will not become exercisable before the last day of the Tender Offer Period).

(Note 4) The “Percentage of Voting Rights represented by Shares, etc. Planned to be Purchased divided by the Number of Voting Rights of All Shareholders, etc.” and the “Percentage of Ownership of Shares, etc., after the Tender Offer” are rounded to two decimal points.

6. Permission, etc. for Acquisition of Shares, etc.

(1) Type of Shares, etc.

common stock

(2) Governing Laws and Regulations

U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976

The Tender Offeror must file a notification concerning the combination of enterprises prior to the acquisition of the shares by the Tender Offer (hereinafter in this paragraph, the “Share Acquisition”) with the Antitrust Division of the Department of Justice and the Federal Trade Commission (collectively, the “Antitrust Agencies”) under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”). Unless the Antitrust Agencies take measures to prohibit the Share Acquisition during a certain waiting period (generally 15 days, but it may be extended by a request for additional information) from the date on which the notification is accepted, the Tender Offeror may, in the context of the HSR Act, conduct the Share Acquisition after the waiting period is over. The notification is scheduled to be filed on or after the filing date of this statement.

If the above waiting period does not expire on or before the day immediately preceding the expiration date of the Tender Offer Period and no approval is separately obtained, the Tender Offer Period and the commencement date of settlement may be extended. If the above waiting period or investigation period does not expire on or before the day immediately preceding the expiration date of the Tender Offer Period and no approval is separately obtained, the Tender Offeror may withdraw of the Tender Offer, determining that any event listed in Article 14, Paragraph 1, Item 4 of the Enforcement Order occurs as described in “(2) Existence of Conditions for Withdrawal, etc. of the Tender Offer, Details thereof, and Manner of Disclosure of Withdrawal, etc.” of “Part I. Terms and Conditions of the Tender Offer, 11. Other Conditions and Procedures Relating to the Tender Offer.”

(3) Date and File Number of Permission, etc.

Not Applicable.

7. Procedure for Tendering and Canceling Agreement

(1) Procedure for Tendering

a. Tender Offer Agent

NOMURA SECURITIES CO., LTD. (“Tender Offer Agent”)

9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo

- b. Any person who accepts the Tender Offer or offers to sell shares, etc., with regard to the Tender Offer (the “Tendering Shareholders, etc.”) must fill out the required items in the designated “Tender Offer Application Form” and tender their shares, etc. together with this form at the head office or domestic branch offices of the Tender Offer Agent by 3:30 p.m. of the last day of the Tender Offer Period. Seal and identification documents may be required upon the acceptance of the Tender Offer. (Note 1) It is required to open a foreign securities account to tender the Convertible Bonds.
- c. The Tender Offer Agent will accept the tenders of shares only if the Tendering Shareholders, etc. hold the record of shares to be tendered at an account with the Tender Offer Agent (the “Tendering Shareholders’ Account”). Thus, the Tendering Shareholders, etc. who hold the record of shares to be tendered at the account with financial instruments dealers other than the Tender Offer Agent (including the special account with Mizuho Trust & Banking Co., Ltd., the administrator of the Target’s shareholders register) will be required to complete transferring their records to the Tendering Shareholders’ Account prior to their tender.
- d. The tendering holders of the Share Purchase Warrants must submit a certificate of share purchase warrant and a “notice of approval of transfer” issued by the Target together with “Tender Offer Application Form.” The tendering holders of the Convertible Bonds must submit a bond certificate together with “Tender Offer Application Form.”
- e. In this Tender Offer no tenders through financial instruments dealers other than the Tender Offer Agent will be accepted.
- f. The transfer of the Share Purchase Warrants is subject to the approval of the board of directors of the Target. The Tender Offeror understands that the Target will not approve the transfer of the Share Purchase Warrants to the Tender Offeror, which would not be allowed to exercise the Share Purchase Warrants to be purchased.
- g. If a global bond for the Convertible Bonds is kept in custody on behalf of Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme, which are clearing houses in Europe (each a “Euro Clearing House”), certificates for the Convertible Bonds do not have to be submitted. However, the tendered Convertible Bonds will be required to be transferred to the customer sub-account of the settlement account of the Tender Offer Agent with Euroclear Bank S.A./N.V. In tendering the Convertible Bonds, the request form for custodian of foreign securities specifying the customer sub-account of the settlement account of the Tender Offer Agent will be required to be submitted together with the Tender Offer Application Form. The holders of the Convertible Bonds who follow the above procedures will, after the opening of an account with the Tender Offer Agent, hold their Convertible Bonds for the period from the successful completion of the Tender Offer to the settlement of such Convertible Bonds in that account.
- h. The Target’s shares which will be issued or transferred upon the exercise of the Share Purchase Warrants and the share purchase warrants incorporated in the Convertible Bonds by the last day of the Tender Offer Period are also subject to the Tender Offer.
- i. Shareholders, etc. (meaning shareholders as well as holders of the Share Purchase Warrants and the Convertible Bonds and including corporate shareholders and other shareholders) residing outside of Japan who do not have an account through which a transaction may be made with the Tender Offer Agent (“Non-Japanese Shareholders, etc.”) must tender through their standing proxy residing in Japan. Non-Japanese Shareholders, etc. must submit appropriate identification documents. (Note 1)
- j. For individual shareholders resident in Japan, the difference between the price of the shares sold pursuant to this Tender Offer and the acquisition cost of such shares will, in principle, be subject to the self-assessment taxation with regard to capital gains on shares recognized from the disposition of shares, in principle, on a basis separate from other income, (Note 2)

- k. Upon receipt of the tenders, a tender receipt will be delivered by the Tender Offer Agent to the Tendering Shareholders, etc.
- l. If the Tender Offeror withdraws the Tender Offer, and purchases no tendered shares, etc., the shares, etc. not purchased by the Tender Offeror will be returned to the Tendering Shareholders, etc.

(Note 1) Seal and Identification Documents

Tendering Shareholders, etc. who open a new account at NOMURA SECURITIES CO., LTD. must submit identification documents, in addition to a seal. Tendering Shareholders, etc. who have an existing account must also submit such identification documents in certain cases. Please contact the Tender Offer Agent for details regarding the required identification documents.

Major Identification Documents:

Individual Shareholders: Original copy of a certified copy of residence certificate, certificate of matters registered in the residence certificate, certificate of matters registered in foreign resident registry, and/or copy of foreign resident registry, each issued within the past six months.

Original, unexpired copy of a health insurance card (*kenkou-hoken-sho*), driver's license, resident registration card (including name, address and date of birth), disability certificate, certificate of alien registration, passport and/or book of government pension (delivered on or before December 31, 1996).

* Identification documents must be valid.

* Identification documents must confirm the following points:

(i) valid term of the identification document itself;
and

(ii) name, address and date of birth entered in the application form.

* When applied for by mail, an original or a copy of any document must be submitted. If a copy is submitted, a further submission of the original may be required. NOMURA SECURITIES CO., LTD. will send "Transaction Related Documents" to the address indicated in the identification documents, and confirm the identification.

Corporate Shareholders: Certificate of corporate registry or documents issued by governmental authorities, etc.

Identification documents must confirm the following:
(i) corporate name and (ii) location of headquarters or main office.

In addition to the identification of the company itself, identification documents for the representative or agent/person in charge (person authorized to sign contracts, etc.) are required.

Non-Japanese Shareholders: In the case of non-Japanese, excluding residents of Japan, and corporations whose head office or main office is located outside of Japan, a document issued

by a foreign government or an authorized international institution approved by the Japanese government or other similar documents that are equivalent to the identification documents for a Japanese resident.

(Note 2) Separate self-assessment taxation regarding capital gains etc. on the shares recognized from the disposition of shares (for individual shareholders only)

Individual shareholders are, in principle, subject to self-assessment taxation with regard to capital gains on the shares from the disposition of shares, on a basis separate from other income. Shareholders should consult their own tax advisors and other specialists as to specific tax-related questions and should make an independent decision.

(2) Procedure for Cancelling the Agreement

Tendering Shareholders, etc. may cancel any agreement relating to the Tender Offer at any time during the Tender Offer Period. In order to cancel any such agreement, documents concerning such cancellation and a tender receipt (the “Cancellation Documents”) must be delivered or sent by mail to the main office or domestic branch offices of the person designated below, on or prior to 3:30 p.m. of the last day of the Tender Offer Period. If such Cancellation Documents are sent by mail, they must be received by the person designated below on or prior to 3:30 p.m. of the last day of the Tender Offer Period. The cost of returning the shares, etc. held by the Tender Offeror will be borne by the Tender Offeror.

Person authorized to receive the Cancellation Documents is:

NOMURA SECURITIES CO., LTD.
9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo
(or any other domestic branch offices of Nomura Securities Co., Ltd.)

(3) Procedure for Returning Shares, etc.

If a Tendering Shareholder, etc., applies for a cancellation of an agreement concerning the Tender Offer in accordance with “(2) Procedure for Cancelling the Agreement” described above, then the tendered shares, etc., will be promptly returned in accordance with the procedure described in “(4) Procedure for Returning Share Certificates, etc.” under “Part I. Terms and Conditions of the Tender Offer, 10. Settlement Procedure” below.

(4) Name and Location of Head Office of the Financial Instruments Dealer, Bank, etc. in Charge of Holding in Custody and Returning Shares, etc.

NOMURA SECURITIES CO., LTD.
9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo

8. Funds Required for Tender Offer

(1) Funds, etc. Required for Tender Offer

Purchase Price (yen) --(a)	29,591,010,750
Type of Consideration other than Cash	Not applicable.
Total Amount of Consideration other than Cash	Not applicable.
Commissions --(b)	150,000,000
Other --(c)	9,000,000
Total: (a) + (b) + (c)	29,750,010,750

(Note 1) The “Purchase Price” section shows the total amount of (X) the amount obtained by multiplying (I) the number of shares (which is calculated by (i) deducting the number of shares that are held by the Company, GR and GI, which are wholly-owned subsidiaries of the Company, total 51,360 shares from (ii) the number of issued shares of the Target as of November 30, 2008, as stated in the First Quarterly Report of its 11th fiscal year, filed by the Target on January 14, 2009, and (iii) adding the total number of shares of the Target (4,193 shares) that are subject to the Share Purchase Warrants which are exercisable during the Tender Offer Period of which the total number of the Share Purchase Warrants as of November 30, 2008 as stated in the above-mentioned First Quarterly Report by (II) the purchase price per share (170,000 yen), (Y) the amount obtained by multiplying (I) the number of the Share Purchase Warrants which are not exercisable during the Tender Offer Period (750) of which the total number of the Share Purchase Warrants as of November 30, 2008 as stated in the above-mentioned First Quarterly Report by (II) the purchase price per Share Purchase Warrant (1 yen) and (Z) the amount obtained by multiplying (I) the number of the Convertible Bonds (2,140) as stated in the above-mentioned First Quarterly Report by (II) the purchase price per Convertible Bond (4,950,000 yen).

(Note 2) “Commission (b)” is the estimated amount of commission to be paid to the Tender Offer Agent.

(Note 3) “Others (c)” is comprised of estimated fees and expenses for the public notice and for the printing of the Tender Offer Explanatory Statement and other necessary documents, etc.

(Note 4) The expenses to be incurred by the Tender Offer Agent and the fees for legal counsel will also be paid. However, the amounts of such expenses and fees have yet to be determined.

(Note 5) Consumption tax and similar charges are not included.

(2) Bank Deposits, Borrowings, etc. Applicable to the Funds Required for Tender Offer

(i) Bank Deposits as of the Day Immediately Preceding or Two Days Preceding the Filing Date of this Statement

Type	Amount (in thousands of yen)
Ordinary Deposit	35,111,662
Total --(a)	35,111,662

(ii) Borrowings before the Filing Date of this Statement

a. Financial Institutions

	Business of Lender	Name, etc. of Lender	Terms of the Borrowing Agreement	Amount (in thousands of yen)
1	—	—	—	—
2	—	—	—	—
Total				—

b. Lenders other than Financial Institutions

Business of Lender	Name, etc. of Lender	Terms of the Borrowing Agreement	Amount (in thousands of yen)
—	—	—	—
—	—	—	—
Total			—

(iii) Funds to be Obtained on or after the Filing Date of this Statement

a. Financial Institutions

	Business of Lender	Name, etc. of Lender	Terms of the Borrowing Agreement	Amount (in thousands of yen)
1	—	—	—	—
2	—	—	—	—
Total --(b)				—

b. Lenders other than Financial Institutions

Business of Lender	Name, etc. of Lender	Terms of the Borrowing Agreement	Amount (in thousands of yen)
—	—	—	—
—	—	—	—
Total --(c)			—

(iv) Other Method of Financing

Substance	Amount (in thousands of yen)
—	—
Total --(d)	—

- (v) Total Amount of Bank Deposits, Borrowings, etc. Applicable to the Funds Required for the Tender Offer

35,111,662 thousand yen ((a) + (b) + (c) + (d))

- (3) Relationship, etc. between the Tender Offeror and Issuer of Securities Used as Consideration for the Tender Offer

Not applicable

9. Description of the Issuer of Securities Used as Consideration for the Tender Offer

Not applicable

10. Settlement Procedure

- (1) Name and Location of Head Office of the Financial Instruments Dealer, Bank, etc. to Make the Settlement of the Tender Offer

NOMURA SECURITIES CO., LTD.
9-1 Nihonbashi 1-chome, Chuo-ku, Tokyo

- (2) Commencement Date of Settlement

Thursday, March 19, 2009

- (3) Settlement Procedure

A notice of purchase will be mailed to the addresses of the Tendering Shareholders, etc. (or the standing proxy in the case of Non-Japanese Shareholders, etc.) without delay after the end of the Tender Offer Period. The purchase price is paid in cash. Tendering Shareholder, etc., may receive the sales proceeds from the tender offer in the manner instructed by the Tendering Shareholder, etc., such as by way of remittance (Remittance fee may be charged in some cases.).

- (4) Manner of Returning Shares, etc.

In the event that all of the tendered shares, etc., are not purchased under the terms set forth in “Part I. Terms and Conditions of the Tender Offer, 11. Other Conditions and Procedures Relating to the Tender Offer, (2) Existence of Conditions for Withdrawal, etc., of the Tender Offer, Details thereof, and Manner of Disclosing Withdrawal, etc.” below, then the shares, etc., which must be returned will be returned by correcting the record to that existing immediately prior to the tender, or, with respect to the share certificates, etc. kept in custody by the Tender Offer Agent (or, in the case of the Convertible Bonds, by Euroclear Bank S.A./N.V.) at the time of tender, such share certificates, etc. will be returned to the same condition of custody as at the time of tender, promptly on or after the commencement date of settlement (or, in the case where the Tender Offer is withdrawn, then the date of withdrawal). (In the event of transfer of the shares, etc., to the Tendering Shareholder’s Account with other financial instruments dealers, etc., please give instruction of such intention.).

11. Other Conditions and Procedures Relating to the Tender Offer

- (1) Existence and Details of Conditions Listed in the Items of Paragraph 4 of Article 27-13 of the Law

There are no maximum or minimum number of shares, etc., to be purchased. Therefore, the Tender Offeror will purchase all of the tendered shares, etc.

- (2) Existence of Conditions for Withdrawal, etc. of the Tender Offer, Details thereof, and Manner of Disclosing Withdrawal, etc.

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1.1 through 1.9 and Items 1.12 through 1.18, Items 3.1 through 3.8, Item 4, as well as Article 14, Paragraph 2, Items 3 through 6 of the Enforcement Order, the Tender Offeror may withdraw the Tender Offer. Should the Tender Offeror intend to withdraw the Tender Offer, the Tender Offeror will make an electronic disclosure and give notice in the *Nihon Keizai Shimbun* newspaper; provided, however, that, if it is impracticable to give such notice within the Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the Cabinet Office Ordinance and give public notice forthwith.

- (3) Existence of Conditions for Reducing the Tender Offer Price, Details thereof, and Manner of Disclosing Reduction

Pursuant to Article 27-6, Paragraph 1, Item 1 of the Law, if the Target takes any action enumerated in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the Tender Offer Price through the methods provided in Article 19, Paragraph 1 of the Cabinet Office Ordinance. Should the Tender Offeror intend to reduce the Tender Offer Price, the Tender Offeror will make an electronic disclosure and notify the disclosure in the *Nihon Keizai Shimbun* newspaper; provided, however, that, if it is impracticable to give such notice within the Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the Cabinet Office Ordinance and give public notice forthwith. If the Tender Offer Price is reduced, the Tender Offeror will purchase any and all shares, etc. tendered prior to the announcement of such change at the reduced purchase price.

- (4) Matters regarding Right of Tendering Shareholders, etc. to Cancel Agreement

A Tendering Shareholder, etc. may cancel an agreement concerning the Tender Offer at any time during the Tender Offer Period. The method of cancellation will be as described herein under “Part I Terms and Conditions of the Tender Offer, 7. Procedure for Tendering and Canceling the Agreement, (2) Procedure for Canceling the Agreement.” No compensation for damages or penalty payments shall be claimed against any Tendering Shareholder, etc. by the Tender Offeror if the agreement concerning the Tender Offer is canceled. The cost of returning the shares, etc. held by the Tender Offeror will be borne by the Tender Offeror.

- (5) Manner of Disclosure in case of a Modification of Conditions, etc. of the Tender Offer

Should any terms or conditions of the Tender Offer be changed, the Tender Offeror will make an electronic disclosure and give notice in the *Nihon Keizai Shimbun* newspaper; provided, however, that, if it is impracticable to make such notice within the Tender Offer Period, the Tender Offeror will make a public announcement in accordance with Article 20 of the Cabinet Office Ordinance and give public notice forthwith. The purchase of the shares, etc. tendered on or prior to such public notice will also be made in accordance with the terms and conditions of the Tender Offer, as amended.

(6) Manner of Disclosure upon Filing of an Amendment to the Registration Statement

If an Amendment is filed with the Director-General of the Kanto Local Finance Bureau, the Tender Offeror will forthwith make a public announcement of the contents thereof to the extent relevant to the contents of the public notice of the commencement of the Tender Offer, in accordance with the manner set forth in Article 20 of the Cabinet Office Ordinance. The Tender Offeror will also forthwith amend the Tender Offer Explanatory Statement and provide the Amended Tender Offer Explanatory Statement to the Tendering Shareholders, etc. who have received the previous Tender Offer Explanatory Statement. If, however, the amendments are de minimis, the Tender Offeror, instead of providing an Amended Tender Offer Explanatory Statement, may prepare and deliver to the Tendering Shareholders, etc. a document stating the reason(s) for the amendments, the matters amended and the details thereof.

(7) Manner of Disclosure of Results of the Tender Offer:

The Tender Offeror will make a public announcement regarding the results of the Tender Offer, in accordance with Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Office Ordinance, on the day following the last day of the Tender Offer Period.

(8) Others

- ① The distribution of this statement may be prohibited pursuant to certain laws in some jurisdictions. The Offeror requires any party obtaining this statement to understand and observe such restrictions at his/her/its own risk.
- ② The applicable provisions of the Financial Services and Markets Act 2000 must be complied with in respect of anything done in relation to the Tender Offer in, from or otherwise involving the United Kingdom. The communication of this statement and other documents and materials related to this statement is not being made, and this statement has not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, this statement and other documents and materials related to this statement are not being distributed to, and must not be passed on to, the general public in the United Kingdom. Rather, the communication of this statement and other documents and materials related to this statement is being made to, and is directed only at: (a) persons outside the United Kingdom; (b) those persons falling within the definition of “investment professionals” (contained in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “Order”)) or within Article 43 or Article 49 of the Order, or other persons to whom it may lawfully be communicated in accordance with the Order; or (c) any person to whom it may otherwise be lawfully communicated (such persons together being “relevant persons”). This statement and other documents and materials related to this statement are only available to relevant persons and any transaction contemplated herein will be available only to, or engaged in only with, relevant persons, and this statement must not be acted on or relied on by persons other than relevant persons.
- ③ The Tender Offer is not being made in the Republic of Italy (Italy). The Tender Offer and this statement have not been submitted to the clearance procedure of the Commissione Nazionale per le Società e la Borsa (CONSOB) pursuant to Italian laws and regulations and are not directed to investors resident in Italy. Accordingly, holders of the shares, share acquisition rights or convertible bonds to which the statement relates are hereby notified that, to the extent such holders are persons resident and/or located in Italy, no Tender Offer is available to them and they may not tender their shares, share acquisition rights or convertible bonds pursuant to the Tender Offer and, as such, any tender received from such persons shall be ineffective and void, and neither this statement nor any other documents or materials relating to the Tender Offer, the shares, the share acquisition rights or the bonds may be distributed or made available in the Republic of Italy.
- ④ This statement has not been submitted for approval to the Belgian Banking, Finance and

Insurance Commission and, accordingly, the Tender Offer may not be made in the Kingdom of Belgium (Belgium) by way of public offer, as defined for the purposes of the law of 22 April 2003 on public offerings of securities and the Belgian Royal Decree of 7 July 1999 on the public nature of financial transactions, as amended or replaced from time to time. The Tender Offer is consequently addressed in Belgium exclusively to, and may only be accepted by, holders who wish to tender their shares, share acquisition rights or bonds in exchange for Japanese yen in an aggregate equivalent value of €250,000 or more, or who are qualified institutional investors within the meaning of Article 3, 2° of the Belgian Royal Decree of 7 July 1999 acting for their own account, or who make the representation as set out in item iii of ⑧ below.

- ⑤ The Tender Offer is not being made, directly or indirectly, to the public in the Republic of France (France). Neither this statement nor any other documents or materials relating to the Tender Offer has been or will be distributed to the public in France, and the Tender Offer will be made only to (i) providers of investment services related to asset management for a third party account; and/or (ii) qualified investors (investisseurs qualifiés) excluding individuals, as defined in and in accordance with Articles L.411-2 and D.411-1 to D.411-3 of the French Code Monétaire et Financier. The Tender Offer has not been, and will not be, submitted to the Autorité des Marchés Financiers.
- ⑥ The Tender Offer and any information set out in this statement do not constitute, or should not be interpreted as constituting, a tender offer for securities in Luxembourg.
- ⑦ This statement does not constitute an offer or a solicitation to participate in the Tender Offer of the ordinary shares, share acquisition rights or convertible bonds to which this statement relates in any jurisdiction in or from which it is unlawful to make such offer or solicitation. In such jurisdictions where such offer or solicitation is unlawful, any tender of the shares, share acquisition rights or convertible bonds in response to the Tender Offer made by their holders shall not be accepted.
- ⑧ Upon tendering in response to the Tender Offer, the holders (or, in case of foreign holders, their standing proxy in Japan) are deemed to make the following representations and warranties to the Offeror:
 - i. that solicitation to the holder made in relation to the Tender Offer is not unlawful under the relevant securities laws;
 - ii. that the holder : (a) is outside the United Kingdom; (b) falls within the definition of “investment professionals” (contained in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended)) or within Article 43 or Article 49 of the Order, or is otherwise a person to whom the Tender Offer may lawfully be communicated in accordance with the Order; or (c) is a person to whom the Tender Offer may otherwise be lawfully communicated;
 - iii. that the holder does not reside and is not located in Belgium, or if the holder resides, or is located, in Belgium that the holder: (i) tenders his/her/its shares, share acquisition rights, or bonds in exchange for Japanese yen in an aggregate equivalent value of €250,000 or more; (ii) is a qualified institutional investor within the meaning of Article 3, 2° of the Belgian Royal Decree of 7 July 1999 on the public nature of financial transactions acting for their own account; or (iii) has not obtained any information related to the Tender Offer through any information announced by Belgian media or documents sent by the Tender Offer Agent or the Offeror or on their behalf, and is not aware, and has no reason to believe that the Tender Offer is of a public nature within the meaning of Article 2 of the Royal Decree above;
 - iv. that the holder does not reside, and is not located, in Italy; and
 - v. the holder: (i) does not reside in France and is not a French national; or (ii) resides in France or is a French national but is: (a) a provider of investment services related to asset management for a third party account; and/or (b) a qualified investor (investisseur qualifié) excluding individuals (both as defined in and in accordance with Articles L.411-2 and D.411-1 to D.411-3 of the French Code Monétaire et Financier).

Part II. Description of the Tender Offeror

1. Corporate Tender Offeror

(1) Outline of the Corporate Tender Offeror

(i) History of the Corporate Tender Offeror

In March 1949, Hitoshi Yanai, the father of Tadashi Yanai who currently holds the position of Chairman, President and CEO of the Company, founded Men's Shop Ogori Shoji, the forerunner of the Company, in Ube City, Yamaguchi Prefecture. In May 1963, such private enterprise was incorporated as a business and Ogori Shoji Co., Ltd. was established to expand the business.

In June 1984, the first UNIQLO Fukuromachi store, which specializes in casual clothing, opened in Hiroshima City, Hiroshima Prefecture and the Company made a start as a specialized store offering casual clothing.

The history of the Company until now is as follows.

Month/Year	Description
May 1963	Ogori Shoji Co., Ltd. established with capital of ¥6 million, as a successor to the original business, with its original store located at 63-147, Oaza-Kogushi, Ube City, Yamaguchi Prefecture (now 12-12, Chuo-cho 2-chome, Ube City, Yamaguchi Prefecture).
June 1984	The first UNIQLO store in Hiroshima Prefecture, which specializes in casual clothing, opened in Hiroshima City (UNIQLO Fukuromachi store; closed in August 1991).
Sep. 1991	The Company's name changed from Ogori Shoji to FAST RETAILING CO., LTD., a name that succinctly expresses its business philosophy.
April 1992	The main shop of OS Menswear Retailing, a subsidiary of the Company, was converted into UNIQLO Onda store (closed in June 2001), thereby unifying all the stores of the Company under the name "UNIQLO", a casual clothing retailer.
April 1994	The Company's stores under its direct management exceeded 100 (Directly-managed stores: 109, Franchise stores: 7).
July 1994	The Company's stock listed on the Hiroshima Stock Exchange.
Feb. 1996	To secure a more stable supply system, the Company, together with four other companies (including Nichimen Corporation and some Chinese firms) set up SHANDONG HONGLIMIAN KNIT PRODUCTS CO., LTD. in Shandong, China.
March 1996	The Company's stores under its direct management exceeded 200 (Directly-managed stores: 205, Franchise stores: 10).
April 1997	The Company's stock listed on the Second Section of the Tokyo Stock Exchange.
Nov. 1997	The Company's stores under its direct management exceeded 300 (Directly-managed stores: 309, Franchise stores: 11).
Feb. 1998	The Head Office was constructed in 717-1 Sayama, Yamaguchi City, Yamaguchi Prefecture in order to further enhance central management functions and operational efficiency.
Nov. 1998	The first downtown store opened in the fashionable Harajuku district of Tokyo (UNIQLO Harajuku store).
Feb. 1999	The Company's stock listed on the First Section of the Tokyo Stock Exchange.
April 1999	The Shanghai Office was established to further enhance production management operations.
April 2000	The Company's stores under its direct management exceeded 400 (Company's stores: 417, Franchise stores: 12).
April 2000	To further promote merchandising and marketing and to carry out more efficient operations, the Tokyo branch office was closed, and the headquarters functions spun off from the Yamaguchi Head Office to the newly opened Tokyo Headquarters located in Shibuya-ku, Tokyo.
June 2000	As part of its strategy for business advancement in the U.K., a consolidated subsidiary FAST RETAILING (U.K.) LTD. was established (its dissolution was resolved upon in August 2004, and its dissolution process was completed in November 2007).
June 2000	For greater customer convenience and greater visibility of the UNIQLO products, the Company signed a business alliance agreement with East Japan Railway Company and East Japan Kiosk Corporation to open stores that sell UNIQLO products in the station facilities of JR East.
Oct. 2000	Internet online sales business launched to foster new sales channels and improve customer convenience.

April 2001	The Company's stores under its direct management exceeded 500 (Directly-managed: 503, Franchise stores: 12).
Aug. 2001	For future business presence in China, a consolidated subsidiary, FAST RETAILING (JIANGSU) APPAREL CO., LTD., was established.
Sep. 2001	UNIQLO's first overseas expansion began with the opening of four stores in London through FAST RETAILING (U.K.) LTD.
April 2002	UNIQLO Design Studio was established as an independent organization to ensure greater designing capability for developing fashionable and novel basic repertory of UNIQLO products.
Sep. 2002	Operations in China began by opening two UNIQLO stores in Shanghai through FAST RETAILING (JIANGSU) APPAREL CO., LTD.
June 2003	Tokyo headquarters was moved to Kamata, Ota-ku, Tokyo.
Aug. 2003	Following the business downturn in the U.K., a subsidiary UNIQLO (U.K.) LTD. was established which took over the sales operations of FAST RETAILING (U.K.) LTD.
Nov. 2003	The Company's stores under its direct management exceeded 600 (Directly-managed stores: 604, Franchise stores: 14).
Jan 2004	The Company took an equity stake in LINK HOLDINGS CO., LTD. (now LINK THEORY HOLDINGS CO., LTD.), marketer of the Theory apparel brand.
Aug. 2004	Capital was increased to JPY 10,273,000,000 by incorporating capital reserves of JPY 7,000,000,000.
Oct. 2004	The Company opened the first large-scale 1,600m ² class UNIQLO store in Shinsaibashisuji, Osaka.
Nov. 2004	For future business presence in the U.S., the Company opened the UNIQLO USA, Inc.
Dec. 2004	For business operations in South Korea, the Company established a joint venture FRL Korea Co., Ltd. together with Lotte Shopping Co., Ltd. (South Korea).
Dec. 2004	The Company established UNIQLO Design Studio, New York, Inc., a design subsidiary to help strengthen the R&D function.
March 2005	The footwear retail chain ONEZONE CORPORATION (former Kutsu no Marutomi) became a consolidated subsidiary, as part of the strategy of advancing into the shoe retail business.
March 2005	For future business presence in Hong Kong, the Company opened UNIQLO HONG KONG LIMITED.
Apr. 2005	For future business presence in France, the Company opened FR FRANCE S.A.S. and GLOBAL RETAILING FRANCE S.A.S. (now UNIQLO FRANCE S.A.S.)
May 2005	The Company obtained management control of NELSON FINANCES S.A.S. (now Creations Nelson S.A.S.), developer of the COMPTOIR DES COTONNIERS French casual clothing brand, which became a consolidated subsidiary.
Sep. 2005	The Company obtained shares in Shield Co., Ltd. (now ASPESI Japan Co., Ltd.), developer of the Italian ASPESI brand, which became a consolidated subsidiary (its shares were sold in July 2008).
Nov. 2005	The Company shifted to a holding company structure to strengthen UNIQLO operations and drive new business expansion.
Feb. 2006	PETIT VEHICULE S.A.S. became a FAST RETAILING subsidiary developing the PRINCESSE TAM.TAM lingerie brand in France and other parts of Europe.
March 2006	The Company established G.U. CO., LTD. to develop low-priced casual clothing g.u. brand stores.
March 2006	The Company moved its Tokyo headquarters to Chiyoda-ku, Tokyo.
April 2006	The Company invested in CABIN CO., LTD. to develop, design, and retail women's clothing (CABIN became an affiliate.)
June 2006	The Company's domestic UNIQLO stores under its direct management exceeded 700 (Directly-managed: 703, Franchise stores: 17).
Aug. 2006	CABIN CO., LTD. became a FAST RETAILING subsidiary following an additional stock purchase.
Nov. 2006	The Company took an equity stake in VIEWCOMPANY CO., LTD., a women's shoe store developer.
Nov. 2006	The Company opened its first global flagship store, UNIQLO Soho New York store (as large as 3,300m ²) in the SOHO area of New York City in the U.S.
Dec. 2006	For the expansion and strengthening of the business in China, the Company established a subsidiary, FAST RETAILING (CHINA) TRADE CO., LTD. to succeed to the sales business of FAST RETAILING (JIANGSU) APPAREL CO., LTD.
Mar. 2007	The Company opened the first large-scale 3,300m ² class UNIQLO store, UNIQLO Kobe Harborland store (Kobe, Hyogo)

Nov. 2007	The Company opened the first Europe global flagship store, 311 Oxford Street (London).
Feb. 2008	Viewcompany CO., LTD. became a FAST RETAILING subsidiary following an additional stock purchase.
Sep. 2008	One zone CO., LTD., G.U. CO., Ltd. and Viewcompany CO., LTD. merged to form GOV retailing.

(Note 1) UNIQLO is an abbreviation of Unique Clothing Warehouse.

(ii) Purpose and Business of the Corporate Tender Offeror

A. Purposes of the Corporate Tender Offeror

The Company's business purposes are as follows

- (a) Controlling and managing the business operation of, and thereby obtaining the stock or shares in, those domestic and foreign companies which conduct the following operations:
- (1) Import, design, production and sales of clothing and dry goods
 - (2) Import, design, production and sales of accessories
 - (3) Import and export, design, production and sales of shoes, their related goods and bags
 - (4) Sales of cosmetics, skin-care goods and hair-care goods
 - (5) Design and sales of information recordings such as compact discs
 - (6) Management of golf driving ranges
 - (7) Sales of golfing kits
 - (8) Management of restaurants
 - (9) Design and purchase/selling of information media for advertisement and promotion
 - (10) Operational support of computer systems
 - (11) Business administration and management trusteeship to offer management advice for its affiliated company/companies
 - (12) Lending to, guarantee for, and investment in, its affiliated company/companies
 - (13) Nonlife insurance agent
 - (14) Leasing and management of real estate
 - (15) Management of training facilities
 - (16) Any business ancillary to the businesses set forth in the foregoing.
- (b) Granting licenses for computer software and computer network systems
- (c) Leasing of, and guidance for the installation of, computers and relevant equipment
- (d) Implementation, use, licensing, maintenance and management of intellectual property rights (such as patent rights, trademark rights, utility model rights, design rights, copyright and merchandizing rights)
- (e) Business administration and management trusteeship to offer management advice for the affiliated company/companies
- (f) Lending to, guarantee of, and investment in, affiliated company/companies
- (g) Non-life insurance agent
- (h) Leasing and management of real estates
- (i) Any business ancillary to the business set forth in the foregoing

B. Business Overview

The Company Group consists of FAST RETAILING CO., LTD. (the Company), 22 consolidated subsidiaries, 1 non-consolidated subsidiary, 1 equity-method affiliate, and 1 non-equity-method affiliate.

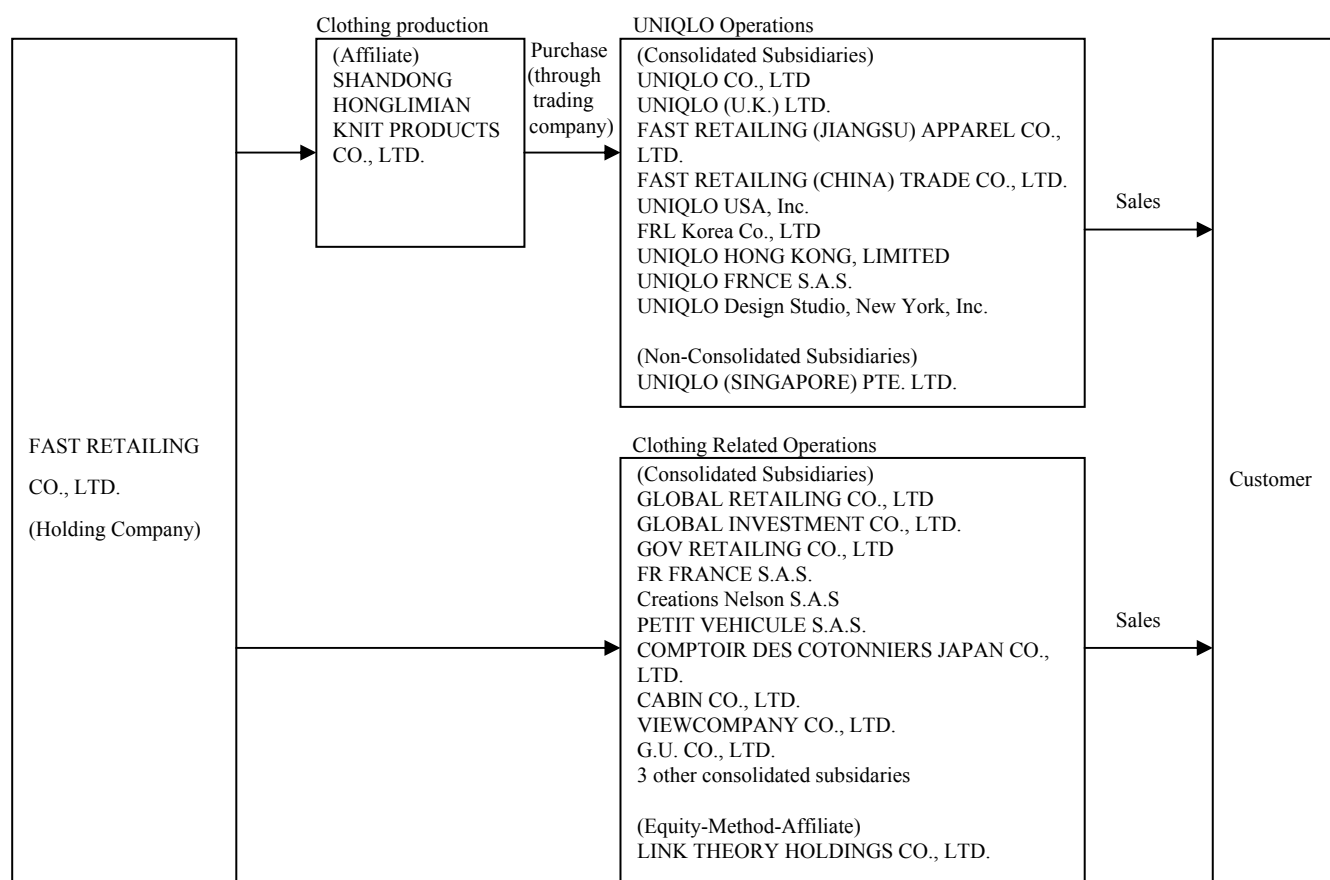
The following shows the Group's businesses and the businesses in which the Company and the affiliate companies take part.

Type of Business	Name of Company	
Holding Company	FAST RETAILING CO., LTD. (the Company)	
UNIQLO Operations	UNIQLO CO., LTD (consolidated subsidiary)	
	UNIQLO (U.K.) LTD. (consolidated subsidiary)	
	FAST RETAILING (JIANGSU) APPAREL CO., LTD. (consolidated subsidiary)	
	FAST RETAILING (CHINA) TRADE CO., LTD. (consolidated subsidiary)	
	UNIQLO USA, Inc. (consolidated subsidiary)	
	FRL Korea Co., LTD (consolidated subsidiary)	
	UNIQLO HONG KONG, LIMITED (consolidated subsidiary)	
	UNIQLO FRANCE S.A.S. (consolidated subsidiary)	
	UNIQLO Design Studio, New York, Inc. (consolidated subsidiary)	
	UNIQLO (SINGAPORE) PTE. LTD. (non- consolidated subsidiary)	
	Clothing Related Operations	GLOBAL RETAILING CO., LTD (consolidated subsidiary)
		GLOBAL INVESTMENT CO., LTD. (consolidated subsidiary)
GOV RETAILING CO., LTD (consolidated subsidiary)		
FR FRANCE S.A.S. (consolidated subsidiary)		
Creations Nelson S.A.S (consolidated subsidiary)		
PETIT VEHICULE S.A.S. (consolidated subsidiary)		
COMPTOIR DES COTONNIERS JAPAN CO., LTD. (consolidated subsidiary)		
G.U. CO., LTD. (consolidated subsidiary)		
CABIN CO., LTD. (consolidated subsidiary)		
VIEWCOMPANY CO., LTD. (consolidated subsidiary) and 3 other consolidated subsidiaries		
LINK THEORY HOLDINGS CO., LTD. (equity-method affiliate) (listed on Tokyo Stock Exchange's Mothers)		
SHANDONG HONGLIMIAN KNIT PRODUCTS CO., LTD. (non-equity-method affiliate)		

- (Note) 1 UNIQLO Operations means the casual clothing retail business of the UNIQLO brand, in and outside Japan.
- 2 Clothing Related Operations means planning, sales, production, etc. of clothing, in and outside Japan.
- 3 Viewcompany Co., Ltd. plans to be dissolved by the resolution of a general meeting of shareholders to be held on February 20, 2009.

The following is the systematic chart of our business.

[Systematic chart of business]



(Note) Viewcompany Co., Ltd. plans to be dissolved by the resolution of a general meeting of shareholders to be held on February 20, 2009.

(iii) Amount of Stated Capital and Total Number of Issued Shares

as of January 29, 2009

Amount of Stated Capital	Total Number of Issued Shares (in number of shares)
10,273,953,170 yen	106,073,656 Shares

(iv) Major Shareholders

as of August 31, 2008

Name	Address or Location	Number of Shares Owned (in thousand shares)	Shareholdings as Percentage of the Total Number of Issued Shares (%)
Tadashi Yanai	Shibuya-ku, Tokyo	28,297	26.68
The Master Trust Bank of Japan, Ltd.	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	7,113	6.71
Japan Trustee Services Bank, Ltd.	8-11, Harumi 1-chome, Chuo-ku, Tokyo	6,372	6.01
Nomura Securities Co., Ltd.	9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo	5,788	5.46
Kazumi Yanai	Shibuya-ku, Tokyo	4,781	4.51
Koji Yanai	Shibuya-ku, Tokyo	4,780	4.51
Fight & Step Co., LTD.	4-3, Mita 1-chome, Meguro-ku, Tokyo	4,750	4.48
MASTERMIND Co., Ltd.	4-3, Mita 1-chome, Meguro-ku, Tokyo	3,610	3.40
BNP Paribas Securities (Japan) Ltd.	9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	3,063	2.89
Dresdner Kleinwort (Japan) Limited	6-1, Roppongi 1-chome, Minato-ku, Tokyo	2,352	2.22
Total		70,910	66.85

- (Note 1) The number of shares shown in the above table is rounded down to the nearest thousand.
- (Note 2) All of the shares held by Japan Trustee Services Bank, Ltd. and Master Trust Bank of Japan, Ltd. derive from their trust account operations.
- (Note 3) During the first quarter of the 48th Fiscal Year, it is reported that the shares are respectively owned as follows, as of September 1, 2008, in the Significant Shareholding Reports (Amendment) filed by Nomura Securities Co., Ltd. and its co-owners NOMURA INTERNATIONAL PLC, NOMURA SECURITIES INTERNATIONAL, Inc., and Nomura Asset Management Co., Ltd., as of September 8, 2008. However, the Company cannot confirm their reported shareholding through its share register, and therefore, cannot verify the number of shares beneficially owned through these companies.

Name	Address or Location	Number of Shares (thousands)	Percentage of Total Shares in Issue (%)
Nomura Securities Co., Ltd.	9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo	459	0.43
NOMURA INTERNATIONAL PLC	Nomura House 1, St. Martin's-le Grand, London EC1A 4NP, England	628	0.59
NOMURA SECURITIES INTERNATIONAL, Inc.	2 World Financial Center, Building B New York, N.Y. 10281-1198	61	0.06
Nomura Asset Management Co., Ltd.	12-1, Nihonbashi 1-chome, Chuo-ku, Tokyo	4,194	3.95

(Note 4) During the first quarter of the 48th Fiscal Year, it is reported that the shares are respectively owned as follows, as of November 14, 2008, in the Significant Shareholding Reports (Amendment) filed by J.P. Morgan Whitefriars Inc. and its co-owners JPMorgan Asset Management (Japan) Limited. and J.P. Morgan Securities Ltd., as of November 19, 2008. However, the Company cannot confirm their reported shareholding through its share register, and therefore, cannot verify the number of shares beneficially owned through these companies.

Name	Address or Location	Number of Shares (thousands)	Percentage of Total Shares in Issue (%)
J.P. Morgan Whitefriars Inc.	500 Stanton Cristiana Road, Newark, Delaware 19713, USA	1,995	1.88
JPMorgan Asset Management (Japan) Limited.	7-3 Marunouchi, 2-chome, Chiyoda-ku, Tokyo	605	0.57
J.P. Morgan Securities Ltd.	125 London Wall, London EC2Y 5AJ, UK	4,222	3.98

(Note 5) During the second quarter of the 48th Fiscal Year, it is reported that the shares are respectively owned as follows, as of January 8, 2009, in the Significant Shareholding Reports (Amendment) filed by Nomura Securities Co., Ltd. and its co-owners NOMURA INTERNATIONAL PLC, NOMURA SECURITIES INTERNATIONAL, Inc., and Nomura Asset Management Co., Ltd., as of December 31, 2008. However, the Company cannot confirm their reported shareholding through its share register, and therefore, cannot verify the number of shares beneficially owned through these companies.

Name	Address or Location	Number of Shares (thousands)	Percentage of Total Shares in Issue (%)
Nomura Securities Co., Ltd.	9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo	342	0.32
NOMURA INTERNATIONAL PLC	Nomura House 1, St. Martin's-le Grand, London EC1A 4NP, England	88	0.08
NOMURA SECURITIES INTERNATIONAL, Inc.	2 World Financial Center, Building B New York, N.Y. 10281-1198	53	0.05
Nomura Asset Management Co., Ltd.	12-1, Nihonbashi 1-chome, Chuo-ku, Tokyo	3,909	3.69

(Note 6) Treasury shares amounting to 4,223,582 (3.98%) are not included in the above table.

(v) Employment History and Share Ownership of Each Director and Officer

Title	Position	Name	Date of Birth	Business Background	Number of Shares (thousands)
Chairman, President	CEO	Tadashi Yanai	Feb. 7, 1949	Aug. 1972 Joined the Company Sep. 1972 Director of the Company Aug. 1973 Executive Director of the Company Sep. 1984 President & CEO of the Company Jun. 2001 Director of SOFTBANK CORP (current) Nov. 2002 Chairman and CEO of the Company Oct. 2003 Chairman and CEO of GLOBAL RETAILING CO., LTD. Oct. 2003 Chairman and CEO of GLOBAL INVESTMENT CO., LTD. Feb. 2004 Chairman of LINK HOLDINGS CO., LTD. (currently LINK THEORY HOLDINGS CO., LTD.) Nov. 2004 Chairman of UNIQLO USA, Inc (current) Mar. 2005 Chairman of ONEZONE CORPORATION (currently GOV retailing) Apr. 2005 Director Chairman of Link Theory Holdings Co., Ltd. (current) Apr. 2005 Chairman of FR FRANCE S.A.S. Apr. 2005 Chairman of GLOBAL RETAILING FRANCE S.A.S. (currently UNIQLO FRANCE S.A.S.) June 2005 Director of SPARX Asset Management Co., Ltd. (currently SPARX Group Co., Ltd.)	28,297

Title	Position	Name	Date of Birth	Business Background	Number of Shares (thousands)
				Sep. 2005 Chairman, President and CEO of the Company (current) Sep. 2005 Chairman, President and CEO of GLOBAL RETAILING CO., LTD. Sep. 2005 Chairman, President and CEO of GLOBAL INVESTMENT CO., LTD. Nov. 2005 Chairman, President and CEO of UNIQLO CO., LTD. Nov. 2005 Chairman of UNIQLO (U.K.) LTD. (current) Mar. 2006 Chairman of G.U. CO., LTD. (current) May 2006 Chairman of CABIN CO., LTD. Sep. 2006 CEO of GLOBAL RETAILING CO., LTD. (current) Sep. 2006 CEO of GLOBAL INVESTMENT CO., LTD. (current) Jan. 2007 Director Chairman of VIEWCOMPANY CO., LTD. (current) Sep. 2008 Chairman and director of the CABIN CO., LTD. (current) Sep. 2008 Chairman and director of GOV Retailing Co., Ltd. (current) Sep. 2008 Chairman & CEO of FR FRANCE S.A.S. (current)	
Director		Masa Matsushita	July 28, 1960	Apr. 1986 Shinagawa Ward Office Manager Election Administration Commission Secretariat of Shinagawa Ward Secretary Apr. 1989 Registered as a member of Japan Federation of Bar Associations (TOKYO BAR ASSOCIATION) Oct. 1996 Partner of Tokyo Aoyama Law Office Jan. 1998 Joined GE Yokogawa Medical Systems, Ltd. Jan. 1999 Director of GE Yokogawa Medical Systems, Ltd. Feb. 2000 Senior Legal Counsel of GE Medical Systems, General Electric Company Nov. 2000 President & COO of GE Medical Systems Taiwan, Ltd. Feb. 2002 Director responsible for the GPE division of GE Yokogawa Medical Systems, Ltd. Mar. 2003 Vice President and Director of General Electric Japan, Ltd. May 2004 Audit Leader of GE Consumer Finance Co., Ltd. Senior Counsel & Compliance	3

Title	Position	Name	Date of Birth	Business Background	Number of Shares (thousands)
				<p>July 2005 Advisor of the Company</p> <p>Sep. 2005 Director of the Company (current)</p> <p>Nov. 2005 Director of UNIQLO CO., LTD. (current)</p> <p>Nov. 2005 Chairman of FAST RETAILING(JIANGSU) APPAREL CO., LTD.</p> <p>May 2006 Auditor of CABIN CO., LTD.</p> <p>July 2006 President of FR FRANCE S.A.S.</p> <p>Sep. 2006 Representative Director of GLOBAL RETAILING CO., LTD. (current)</p> <p>Sep. 2006 Representative Director of GLOBAL INVESTMENT CO., LTD. (current)</p> <p>Dec. 2006 Chairman of FAST RETAILING (CHINA) TRADING CO., LTD.</p> <p>Mar. 2007 Chairman and CEO of Creations Nelson S.A.S.</p> <p>Mar. 2007 Chairman of COMPTOIR DES COTONNIERS JAPAN CO., LTD.</p> <p>Jun. 2007 Chairman and CEO of PETIT VEHICULE S.A.S.</p> <p>Nov. 2007 Director of Link Theory Holdings Co., Ltd., (current)</p>	
Director		Toru Hanbayashi	Jan. 7, 1937	<p>April 1959 Joined Nichimen Company Limited (currently Sojitz Corporation)</p> <p>June 1989 Director of Nichimen Corporation (currently Sojitz Corporation)</p> <p>June 1993 Representative Director and Managing Director of Nichimen Corporation (currently Sojitz Corporation)</p> <p>June 1995 Representative Director and Senior Managing Director of Nichimen Corporation (currently Sojitz Corporation)</p> <p>June 1999 Representative Director and Vice-President of Nichimen Corporation (currently Sojitz Corporation)</p> <p>Mar. 2000 Vice Chairman of The Association for the Promotion of International Trade, Japan</p> <p>Oct. 2000 President of Nichimen Corporation (currently Sojitz Corporation)</p> <p>May 2002 International Senior Economic Consultant of The People's Government of Shaanxi Province (P.R. China) (current)</p>	None

Title	Position	Name	Date of Birth	Business Background		Number of Shares (thousands)
				Apr. 2003	Co-CEO, Chairman and Representative Director of Nissho Iwai-Nichimen Holdings Corporation (currently Sojitz Corporation)	
				June 2004	Special Corporate Advisor of Sojitz Holdings Corporation (currently Sojitz Corporation)	
				June 2004	Economic Advisor of Heilongjiang Province, China (current)	
				June 2004	Auditor of UNITIKA Ltd. (current)	
				Nov. 2005	Director of the Company (current)	
				Jun. 2007	Director of MAEDA CORPORATION (current)	
Director		Nobumichi Hattori	Dec. 25, 1957	Apr. 1981	Joined Nissan Motor Co., Ltd.	None
				May 1989	Finished Master's Degree Program at Massachusetts Institute of Technology Sloan School of Management	
				June 1989	Joined Goldman Sachs and Company, Headquarters (New York)	
				Nov. 1998	Managing Director, M&A Advisory of Goldman Sachs and Company	
				Oct. 2003	Visiting Associate Professor of Graduate School of International Corporate Strategy, Hitotsubashi University	
				July 2005	Director of Miraca Holdings Inc. (current)	
				Nov. 2005	Director of the Company (current)	
				Oct. 2006	Visiting Professor of Graduate School of International Corporate Strategy, Hitotsubashi University (current)	
Director		Tohru Murayama	June 11, 1954	Apr. 1980	Joined Arthur Andersen & Co. (currently Accenture Japan Ltd.)	None
				Apr. 1998	Part-time Lecturer of Undergraduate School of Science and Engineering, Waseda University	
				Apr. 2001	Special Invited Professor of Undergraduate School of Commerce, Meiji University	
				Apr. 2003	Representative Director and President of Accenture Japan Ltd.	
				Apr. 2005	Visiting Professor of Undergraduate School of Science and Engineering, Waseda University	

Title	Position	Name	Date of Birth	Business Background	Number of Shares (thousands)
				Apr. 2006 Director and Vice Chairman of Accenture Japan Ltd. June 2006 Director of SPARX Asset Management Co., Ltd. (currently SPARX Group Co., Ltd.) Sep. 2007 Director and Chairman of Accenture Japan Ltd. (current) Nov. 2007 Director of the Company (current) Apr. 2008 Visiting Professor of Comprehensive Research Organization, Waseda University (current)	
Full-time Corporate Auditor		Akira Tanaka	June 26, 1942	Apr. 1966 Joined The Taisei Fire and Marine Insurance Company Limited (currently Sompo Japan Insurance Inc.) Sep. 1972 Joined McDonald's Co. (Japan), Ltd. (currently McDonald's Holdings Company (Japan), Ltd.) Mar. 1993 Director of McDonald's Co. (Japan), Ltd. (currently McDonald's Holdings Company (Japan), Ltd.) Apr. 1997 Deputy President and Director of McDonald's Co. (Japan), Ltd. (currently McDonald's Holdings Company (Japan), Ltd.) Mar. 2003 Advisor of McDonald's Co. (Japan), Ltd. (currently McDonald's Holdings Company (Japan), Ltd.) Aug. 2003 Advisor of the Company Nov. 2003 Managing Director of the Company Nov. 2005 Senior Vice President of UNIQLO CO., LTD. Mar. 2006 Senior Vice President of the Company Nov. 2006 Auditor of the Company (current)	3
Auditor		Takaharu Yasumoto	Mar. 10, 1954	Nov. 1978 Joined Asahi & Co. (currently KPMG AZSA & Co.,) Aug. 1982 Registered as a member of Japanese Institute of Certified Public Accountants Apr. 1992 President of Yasumoto CPA Office(current) Nov. 1993 Auditor of the Company (current) Aug. 2001 Auditor of ASKUL Corporation (current) June 2003 Auditor of LINK INTERNATIONAL CO., LTD. (currently LINK THEORY HOLDINGS CO., LTD.) (current)	8

Title	Position	Name	Date of Birth	Business Background		Number of Shares (thousands)
				Nov. 2005	Auditor of UNIQLO CO., LTD. (current)	
				Apr. 2007	Guest Professor of Chuo Graduate School of International Accounting (current)	
Auditor		Norihiko Shimizu	Apr. 1, 1940	Apr. 1963	Joined Tokio Marine & Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.)	None
				Sep. 1967	Joined Boston Consulting Group Inc.	
				Dec. 1970	Vice President of Boston Consulting Group Inc.	
				July 1987	President of Shimizu & Co., Inc.	
				June 1994	Auditor of Nisshin Sugar Manufacturing Co., Ltd. (current)	
				Apr. 1998	Professor of Graduate School of Asia – Pacific Studies, Waseda University	
				Oct. 2000	Professor of Graduate School of International Corporate Strategy, Hitotsubashi University	
				Apr. 2003	Visiting Professor of Graduate School of International Corporate Strategy, Hitotsubashi University (current)	
				Nov. 2004	Auditor of the Company (current)	
				Nov. 2005	Auditor of UNIQLO CO., LTD. (current)	
				Mar. 2007	Auditor of Yamaha Motor Co., Ltd. (current)	
Auditor		Akira Watanabe	Feb. 16, 1947	Apr. 1973	Registered as a member of Japan Federation Bar Associations (Dai-Ichi Tokyo Bar Association)	
				May 1991	Chairman of Legislative Council of the Ministry of Justice	
				Jan. 1995	Inspector of Tokyo Kyodo Bank	
				June 1995	Inspector of Wakashio Bank	
				July 1999	Trustee of Daido Concrete Co., Ltd. Corporate reorganization	
				Sep. 2002	K.K. Meguro Gajoen Corporate reorganization	
				Mar. 2004	Corporate reorganization trustee of Togo Co., Ltd. (operator of an amusement facility “Asakusa Hanayashiki”)	

Title	Position	Name	Date of Birth	Business Background	Number of Shares (thousands)
				June 2006 Director of JAPAN PILE CORPORATION (current) July 2006 Auditor of Meguro Ward Comprehensive External (current) Nov. 2006 Auditor of the Company (current) June 2007 Director of MAEDA CORPORATION (current) June 2007 Auditor of KADOKAWA GROUP HOLDINGS. INC. (current) April 2008 Representative of Seiwa Meitetsu Law Office (current)	
Auditor		Minoru Ota	Apr. 16, 1956	Apr. 1987 Registered as member of Japan Federation of Bar Associations (Dai-Ichi Tokyo Bar Association) Apr. 1987 Law firm of Adachi, Henderson, Miyatake & Fujita Sep. 1991 Partner of law firm of Tsunematsu Yanase & Sekine (currently law firm of Nagashima Ohno & Tsunematsu) June 1994 Graduated from University of Washington School of Law Aug. 1994 In-house lawyer of General Electric Company Jan. 1996 Partner of law firm of Tsunematsu Yanase & Sekine (currently law firm of Nagashima Ohno & Tsunematsu) Apr. 1996 Lecturer of Nagoya University School of Law Apr. 2004 Professor of KEIO LAW SCHOOL (current) July 2006 Staff Attorney of Office of International Affairs, Japan Federation Bar Associations (current) Nov. 2006 Auditor of the Company (current)	None
					28,311

(Note 1) Directors Toru Hanbayashi, Nobumichi Hattori and Tohru Murayama are outside directors as defined in Item 15 of Article 2 of the Company Law.

(Note 2) Auditors Takaharu Yasumoto, Norihiko Shimizu, Akira Watanabe and Minoru Ota are outside auditors as defined in Item 16 of Article 2 of the Company Law.

(2) Financial Condition

1. Basis of Preparation of Consolidated Financial Statements and Consolidated Quarterly Financial Statements

- (a) The Company's consolidated financial statements are prepared based on the "Regulations Concerning Terminology, Forms and Methods of Preparation of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28 of 1976 "Consolidated Financial Statements Regulations"). Please note that the consolidated financial statements for the 46th consolidated fiscal year (from September 1, 2006 through August 31, 2007) were prepared based on the original (before amendment) version of the "Consolidated Financial Statements Regulations", while the consolidated financial statements for the 47th consolidated fiscal year (from September 1, 2007 through August 31, 2008) were prepared based on the amended version of the "Consolidated Financial Statements Regulations".
- (b) The Company's consolidated quarterly financial statements are prepared based on the "Regulations Concerning Terminology, Forms and Methods of Preparation of Consolidated Quarterly Financial Statements" (Cabinet Office Ordinance No. 64 of 2007 "Consolidated Quarterly Financial Statements Regulations").

2. Audit Certification

- (a) In accordance with the provision in Article 193 (2) of the SEL, the Company's consolidated financial statements were audited and certified by Ernst & Young ShinNihon for the 46th consolidated fiscal year (from September 1, 2006 through August 31, 2007). In accordance with the provision in Article 193 (2.1) of the Japanese Financial Instruments and Exchange Law, Company's consolidated financial statements were audited and certified by Ernst & Young ShinNihon LLC for the 47th consolidated fiscal year (from September 1, 2007 through August 31, 2008).
- (b) In accordance with the provision in Article 193 (2.1) of the Japanese Financial Instruments and Exchange Law, Company's consolidated quarterly financial statements were reviewed by Ernst & Young ShinNihon LLC for the 48th consolidated quarterly fiscal term (from September 1, 2008 through November 30, 2008).

Consolidated Financial Statements
 [1] Consolidated Balance Sheet

Account	Notes	46th Consolidated Fiscal Year (As of August 31, 2007)		47th Consolidated Fiscal Year (As of August 31, 2008)	
		Amount (millions of yen)	Ratio (%)	Amount (millions of yen)	Ratio (%)
(Assets)					
I. Current assets					
1. Cash	*1	64,091		67,248	
2. Trade notes and accounts receivable		9,849		13,411	
3. Marketable securities		55,237		102,912	
4. Inventories	*1	55,173		53,778	
5. Deferred tax assets		1,752		2,545	
6. Income tax refund receivable		5,837		6,959	
7. Exchange rate forward contracts		17,514		6,607	
8. Other		8,632		10,340	
9. Allowance for doubtful accounts		(110)		(109)	
Total current assets		217,978	60.6	263,696	65.2
II. Fixed assets					
1. Property and equipment					
(i) Buildings and structures		50,652		57,764	
Accumulated depreciation	*3	21,666	28,985	25,102	32,661
(ii) Furniture, fixtures and vehicles		4,719		6,170	
Accumulated depreciation	*3	2,462	2,256	3,407	2,762
(iii) Land			3,979		3,995
(iv) Construction in progress			2,117		897
Net property and equipment			37,339		40,317
Total property and equipment			10.4		10.0
2. Intangible assets					
(i) Goodwill			32,536		28,122
(ii) Other	*1		10,465		12,714
Total intangible assets			43,001		40,837
Total intangible assets			12.0		10.1
3. Investments and other assets					
(i) Investments in securities			907		669
(ii) Investments in subsidiaries and affiliates			5,817		3,756
(iii) Deferred tax assets			684		730
(iv) Lease deposits	*1		34,196		35,629
(v) Construction assistance fund receivables			19,169		18,076
(vi) Other			1,454		1,549

		46th Consolidated Fiscal Year (As of August 31, 2007)		47th Consolidated Fiscal Year (As of August 31, 2008)		
(vii) Allowance for doubtful accounts			(777)		(542)	
Total investments and other assets			61,450	17.1	59,868	14.8
Total fixed assets			141,792	39.4	141,024	34.8
Total assets			359,770	100.0	404,720	100.0

Account	Notes	46th Consolidated Fiscal Year (As of August 31, 2007)		47th Consolidated Fiscal Year (As of August 31, 2008)	
		Amount (millions of yen)	Ratio (%)	Amount (millions of yen)	Ratio (%)
(Liabilities)					
I. Current liabilities					
1. Accounts payable		40,568		57,035	
2. Portion of long-term debt due within one year	*1	4,484		3,201	
3. Accrued income taxes		14,393		24,570	
4. Deferred tax liabilities		4,499		3	
5. Allowance		94		228	
6. Other	*1	26,516		33,552	
Total current liabilities		90,558	25.2	118,591	29.3
II. Long-term liabilities					
1. Long-term debt	*1	19,432		16,288	
2. Allowance for employees' retirement benefits		393		253	
3. Other	*1	6,102		5,572	
Total long-term liabilities		25,929	7.2	22,114	5.5
Total liabilities		116,487	32.4	140,706	34.8
(Net assets)					
I. Shareholders' equity					
1. Capital		10,273	2.9	10,273	2.5
2. Additional paid-in capital		4,999	1.4	4,999	1.2
3. Retained earnings		228,958	63.6	259,756	64.2
4. Treasury stock		(15,546)	(4.3)	(15,556)	(3.8)
Total Shareholders' Equity		228,685	63.6	259,473	64.1
II. Valuation and translation adjustments					
1. Net unrealized holding gains (losses) on securities		368	0.1	(928)	(0.2)
2. Net unrealized gains on hedge transactions		10,393	2.9	3,939	1.0
3. Foreign currency translation adjustments		696	0.2	(517)	(0.1)
Total valuation and translation adjustments		11,458	3.2	2,494	0.6
III. Minority interests		3,139	0.9	2,046	0.5
Total Net assets		243,283	67.6	264,014	65.2
Total Liabilities and Net assets		359,770	100	404,720	100.0

[2] Consolidated Statement of Income

Account	Notes	46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)			47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)		
		Amount (millions of yen)		Percent- age (%)	Amount (millions of yen)		Percent- age (%)
I. Net sales			525,203	100.0		586,451	100.0
II. Cost of sales			276,808	52.7		292,769	49.9
Gross profit			248,395	47.3		293,682	50.1
III. Selling, general and administrative expenses	*1		183,431	34.9		206,189	35.2
Operating income			64,963	12.4		87,493	14.9
IV. Non-operating income							
1. Interest and dividend income		1,314			2,240		
2. Foreign currency exchange gain		1,884			—		
3. Gain on sale of investments in securities		98			—		
4. Interest on refund		388			—		
5. Other		581	4,267	0.8	512	2,753	0.5
V. Non-operating expenses							
1. Interest expenses		1,775			1,635		
2. Equity in losses of affiliates accounted for under equity method		2,078			379		
3. Foreign currency exchange loss		—			2,001		
4. Other		773	4,626	0.9	530	4,547	0.8
Ordinary income			64,604	12.3		85,698	14.6
VI. Extraordinary gain							
1. Gain on sale of fixed assets	*2	1,409			123		
2. Gain on forgiveness of subsidiary debt		—			301		
3. Reversal of allowance for doubtful accounts		209			212		
4. Other		284	1,903	0.4	388	1,027	0.2
VII. Extraordinary losses							
1. Loss on disposal of fixed assets	*3	650			1,005		
2. Loss on closure of stores		467			1,290		
3. Impairment loss	*4	2,118			896		
4. Restructuring expenses	*5	—			1,296		
5. Other		557	3,794	0.7	243	4,731	0.8
Income before income taxes and minority interests			62,713	11.9		81,994	14.0
Corporate tax, resident taxes and enterprise tax		31,145			38,890		

Deferred taxes		(370)	30,774	5.9	(762)	38,128	6.5
Minority interests			163	0.0		336	0.1
Net income			31,775	6.1		43,529	7.4

[3] Consolidated Statements of Shareholders' Equity

46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)

	Shareholders' equity				
	Capital	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of August 31, 2006 (millions of yen)	10,273	4,999	211,135	(15,539)	210,868
Net change during the year					
Dividends of surplus			(13,749)		(13,749)
Net income			31,775		31,775
Increase in treasury stock				(7)	(7)
Decrease in treasury stock		0		0	0
Effect of newly consolidated subsidiary			(202)		(202)
Net change in items other than shareholders' equity during the year					
Total change during the year (millions of yen)	—	0	17,823	(6)	17,816
Balance as of August 31, 2007 (millions of yen)	10,273	4,999	228,958	(15,546)	228,685

	Valuation and translation gain (loss)				Minority interests	Total net assets
	Net unrealized holding gain (loss) on securities	Net unrealized gain (loss) on hedge transactions	Foreign currency translation adjustments	Total valuation and translation gain (loss)		
Balance as of August 31, 2006 (millions of yen)	464	16,384	509	17,358	12,252	240,479
Net change during the year						
Dividends of surplus						(13,749)
Net income						31,775
Increase in treasury stock						(7)
Decrease in treasury stock						0
Effect of newly consolidated subsidiary						(202)
Net change in items other than shareholders' equity during the year	(95)	(5,990)	187	(5,899)	(9,113)	(15,012)
Total change during the year (millions of yen)	(95)	(5,990)	187	(5,899)	(9,113)	2,803
Balance as of August 31, 2007 (millions of yen)	368	10,393	696	11,458	3,139	243,283

47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)

	Shareholders' equity				
	Capital	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of August 31, 2007 (millions of yen)	10,273	4,999	228,958	(15,546)	228,685
Net change during the year					
Dividends of surplus			(12,731)		(12,731)
Net income			43,529		43,529
Increase in treasury stock				(10)	(10)
Decrease in treasury stock		0		0	0
Net change in items other than shareholders' equity during the year					
Total change during the year (millions of yen)	—	0	30,797	(9)	30,787
Balance as of August 31, 2008 (millions of yen)	10,273	4,999	259,756	(15,556)	259,473

	Valuation and translation gain (loss)				Minority interests	Total net assets
	Net unrealized holding gain (loss) on securities	Net unrealized gain (loss) on hedge transactions	Foreign currency translation adjustments	Total valuation and translation gain (loss)		
Balance as of August 31, 2007 (millions of yen)	368	10,393	696	11,458	3,139	243,283
Net change during the year						
Dividends of surplus						(12,731)
Net income						43,529
Increase in treasury stock						(10)
Decrease in treasury stock						0
Net change in items other than shareholders' equity during the year	(1,296)	(6,453)	(1,213)	(8,964)	(1,092)	(10,057)
Total change during the year (millions of yen)	(1,296)	(6,453)	(1,213)	(8,964)	(1,092)	20,730
Balance as of August 31, 2008 (millions of yen)	(928)	3,939	(517)	2,494	2,046	264,014

[4] Consolidated Statements of Cash Flows

		46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
Account	Notes	Amount (millions of yen)	Amount (millions of yen)
I. Cash flows from operating activities			
1. Income before income taxes and minority interests		62,713	81,994
2. Depreciation and amortization		6,567	8,523
3. Impairment loss		2,118	896
4. Amortization of goodwill		4,254	5,315
5. Decrease in allowance for doubtful accounts		(263)	(260)
6. Decrease in allowance for employees' retirement benefits		(55)	(130)
7. Interest and dividend income		(1,314)	(2,240)
8. Interest expenses		1,775	1,635
9. Foreign currency exchange (gain) loss		(608)	369
10. Equity in losses (income) of affiliates accounted for under equity method		2,078	379
11. Loss on disposal of fixed assets		650	1,005
12. Gain on sale of fixed assets		(1,409)	(123)
13. Increase in trade receivables		(1,132)	(3,505)
14. (Increase) decrease in inventories		(11,809)	1,851
15. Increase (decrease) in accounts payable		(2,529)	15,378
16. (Increase) decrease in other assets		6,408	(2,104)
17. Increase (decrease) in other liabilities		(4,243)	7,117
18. Bonuses to directors		(175)	—
19. Other		(161)	605
Subtotal		62,863	116,706
20. Interest and dividend received		1,365	2,210
21. Interest paid		(1,700)	(1,647)
22. Repayments of debt associated with reorganizing subsidiary		(482)	(501)
23. Income taxes paid		(55,993)	(36,257)
24. Income taxes refund		12,793	6,827
Net cash provided by operating activities		18,847	87,336
II. Cash flows from investing activities			
1. Decrease (increase) in time deposits		16	(95)
2. Purchase of investment securities		(181)	—
3. Proceeds from sale and redemption of securities		6,172	9
4. Purchase of property and equipment		(14,427)	(11,187)
5. Proceeds from sale of property and equipment		2,271	172
6. Purchase of intangible assets		(3,487)	(4,597)
7. Proceeds from sale of intangible assets		16	142
8. Payments for lease deposits		(7,414)	(3,978)
9. Collections of lease deposits		2,830	3,396
10. Payments for construction assistance fund receivables		(1,112)	(1,253)
11. Collections of construction assistance fund receivables		2,231	2,333
12. Proceeds from increase in deposits received for guarantees		357	1,071
13. Payment due to decrease in deposits received for guarantees		(392)	(323)

		46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
Account	Notes	Amount (millions of yen)	Amount (millions of yen)
14. Payment due to increase in loans		(6)	(1)
15. Proceeds from collections of loans		20	22
16. Proceeds from acquisition of newly consolidated subsidiaries	*2	—	(1,013)
17. Investments in subsidiaries and affiliates		(15,400)	—
18. Other		(277)	(120)
Net cash used in investing activities		(28,783)	(15,421)
III. Cash flows from financing activities			
1. Net increase in short-term debt		(169)	214
2. Proceeds from long-term debt		3,844	56
3. Repayments of long-term debt		(3,308)	(4,896)
4. Payment for treasury stock, net		(6)	(9)
5. Decrease in long-term payable		(180)	(200)
6. Dividends paid		(13,747)	(12,729)
7. Proceeds paid in from minority shareholders		1,142	—
8. Payments of refund to minority shareholders		(230)	(1,487)
9. Cash dividends paid for minority shareholders		(104)	(1)
Net cash used in financing activities		(12,759)	(19,054)
IV. Effect of exchange rate changes on cash and equivalents		153	(2,188)
V. Net change in cash and equivalents		(22,541)	50,671
VI. Cash and equivalents at beginning of year		141,404	119,216
VII. Cash and equivalents of newly consolidated subsidiaries		353	—
VIII. Cash and equivalents at end of year	*1	119,216	169,888

(Significant accounting policies for preparation of consolidated financial statements)

Item	46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
1. Scope of consolidation	<p>(1) Number of consolidated subsidiaries: 21</p> <p>Name of consolidated subsidiaries UNIQLO CO., LTD. UNIQLO (U.K.) LTD. FAST RETAILING (JIANGSU) APPAREL CO., LTD. UNIQLO USA, Inc. FRL Korea Co., LTD. UNIQLO HONG KONG, LIMITED ONEZONE CORPORATION COMPTOIR DES COTONNIERS JAPAN CO., LTD. ASPESI Japan Co., Ltd. GLOBAL RETAILING CO., LTD. GLOBAL INVESTMENT CO., LTD. FR FRANCE S.A.S. Creations Nelson S.A.S. UNIQLO FRANCE S.A.S. PETIT VEHICULE S.A.S. CABIN CO., LTD. G.U. CO., LTD. FAST RETAILING (CHINA) TRADING CO., LTD. and 3 other companies</p> <p>GU CO., LTD. has been included in the scope of consolidation as from the 46th consolidated fiscal year because of increasing its importance.</p> <p>FAST RETAILING (CHINA) TRADING CO., LTD. has been included in the scope of consolidation as from the 46th consolidated fiscal year because it commenced operations during this consolidated fiscal year, thereby increasing its importance.</p>	<p>(1) Number of consolidated subsidiaries: 21</p> <p>Name of consolidated subsidiaries UNIQLO CO., LTD. UNIQLO (U.K.) LTD. FAST RETAILING (JIANGSU) APPAREL CO., LTD. UNIQLO USA, Inc. FRL Korea Co., LTD. UNIQLO HONG KONG, LIMITED ONEZONE CORPORATION COMPTOIR DES COTONNIERS JAPAN CO., LTD. GLOBAL RETAILING CO., LTD. GLOBAL INVESTMENT CO., LTD. FR FRANCE S.A.S. Creations Nelson S.A.S. UNIQLO FRANCE S.A.S. PETIT VEHICULE S.A.S. CABIN CO., LTD. G.U. CO., LTD. FAST RETAILING (CHINA) TRADING CO., LTD. VIEWCOMPANY CO., LTD. and 3 other companies</p> <p>VIEW COMPANY CO., LTD. has been included in the scope of consolidation as from the 47th consolidated fiscal year owing to the acquisition of its additional shares in February 2008, thereby it became a subsidiary.</p> <p>ASPESI Japan Co., Ltd. was excluded from the scope of consolidation as its shares were sold.</p>

Item	46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
2. Application of the equity method	<p>(2) Name of non-consolidated subsidiaries and the reason for exclusion from the scope of consolidation FAST RETAILING(U.K.)LTD. UNIQLO Design Studio, New York, Inc.</p> <p>For the reason that each non-consolidated subsidiary is small in scale and that their combined total assets, net sales, net incomes (corresponding amount to equity interest), retained earnings (corresponding amount to equity interest), etc. had no material impact on consolidated financial statements, they were excluded from the scope of consolidation.</p> <p>(1) Number of non-consolidated subsidiaries and affiliates to which the equity method was applied: 2 LINK THEORY HOLDINGS CO., LTD. (an affiliate) VIEWCOMPANY CO., LTD. (an affiliate)</p> <p>VIEW COMPANY CO., LTD. has been included in the scope of application of the equity method as from the 46th consolidated fiscal year owing to the acquisition of its shares in November 2006.</p> <p>(2) Non-consolidated subsidiaries and affiliates to which the equity method was not applied: Non-consolidated subsidiaries: FAST RETAILING(U.K.)LTD. UNIQLO Design Studio, New York, Inc.</p> <p>Affiliates: SHANDONG HONGLIMIAN KNIT PRODUCTS CO., LTD.</p> <p>(3) Reason for non-application of the equity method Because each non-consolidated subsidiary and affiliate has only a slight impact on the Company's net income (corresponding amount to equity interest), retained earnings (corresponding amount to equity interest), etc., as well as is of little importance at large, they were excluded from the scope of application of the equity method.</p>	<p>(2) Name of non-consolidated subsidiaries and the reason for exclusion from the scope of consolidation UNIQLO Design Studio, New York, Inc. UNIQLO(SINGAPORE) PTE.LTD.</p> <p>For the reason that each non-consolidated subsidiary is small in scale and that their combined total assets, net sales, net incomes (corresponding amount to equity interest), retained earnings (corresponding amount to equity interest), etc. had no material impact on consolidated financial statements, they were excluded from the scope of consolidation.</p> <p>FAST RETAILING (U.K.) LTD. was completely liquidated in November 2007. UNIQLO(SINGAPORE) PTE.LTD. was established in this consolidated fiscal year.</p> <p>(1) Number of non-consolidated subsidiaries and affiliates to which the equity method was applied: 1 LINK THEORY HOLDINGS CO., LTD. (an affiliate)</p> <p>While the Company had included VIEWCOMPANY CO., LTD. in the scope of application of the equity method as from 46th consolidated fiscal year, it was excluded from the scope of application of the equity method and was instead included in the scope of consolidation in view of acquisition of its additional shares in February 2008.</p> <p>(2) Non-consolidated subsidiaries and affiliates to which the equity method was not applied: Non-consolidated subsidiaries: UNIQLO Design Studio, New York, Inc. UNIQLO(SINGAPORE) PTE.LTD.</p> <p>Affiliates: SHANDONG HONGLIMIAN KNIT PRODUCTS CO., LTD.</p> <p>(3) Reason for non-application of the equity method Same as left</p>

Item	46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
3. Accounting period of consolidated subsidiaries	<p>(4) Matters that need to be especially mentioned about the procedures for applying the equity method Since VIEWCOMPANY CO., LTD.'s closing date is February 20 and its closing date differs more than three months from the Company's consolidated closing date, the Company's consolidated financial statements include provisional accounts of VIEWCOMPANY CO., LTD. between November 21, 2006 to August 20, 2007.</p> <p>The Company prepared its consolidated financial statements by deeming the interim-account-settlement date (June 30) of FAST RETAILING (JIANGSU) APPAREL CO., LTD., FAST RETAILING (CHINA) TRADING CO., LTD. and PETIT VEHICULE S.A.S. to be their balance sheet date. In preparing the consolidated financial statements, for the consolidation purpose, the Company used their financial statements as of June 30 and made necessary adjustments for material transactions occurred in the period between June 30 and the consolidated closing date.</p>	<p>(4) Matters that need to be especially mentioned about the procedures for applying the equity method</p> <p style="text-align: center;">—</p> <p>The Company prepared its consolidated financial statements by deeming the following companies' interim-account-settlement dates to be their balance-sheet dates: FAST RETAILING (JIANGSU) APPAREL CO., LTD. and FAST RETAILING (CHINA) TRADING CO., LTD.: June 30 VIEW COMPANY CO., LTD.: August 20 In preparing the consolidated financial statements, for the consolidation purpose, the Company used their financial statements as of the said dates and made necessary adjustments for material transactions occurred in the period between the said dates and the consolidated closing date.</p>

Item	46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
<p>4. Accounting standards</p>	<p>While CABIN CO., LTD. closed its books on February 28, its account settlement date was changed to August 31 to align with their parent company's balance sheet date.</p> <p>(1) Valuation standards and methods for important assets</p> <p>(i) Securities</p> <p>Shares of subsidiaries and affiliates Cost method using the periodic average method</p> <p>Other securities</p> <p>Securities with market value: Market value method based on market prices, etc. as of the fiscal year-end (Unrealized gains or losses are directly reported as a component of net assets in the full amount, and cost of sales is calculated using the moving average method.)</p> <p>Securities without market value: Mainly cost method using the periodic average method</p> <p>(ii) Inventories</p> <p>Merchandise: mainly at cost by the specific identification method</p> <p>Supplies : mainly most recent purchase price method</p> <p>(iii) Derivatives Market value method</p>	<p>The Company prepared its consolidated financial statements by deeming the interim-account-settlement date (June 30) of PETIT VEHICULE S.A.S.(which closing date is December 31) as if it had been its balance sheet date. Since its account settlement dates was changed to August 31 to align with its parent company's balance sheet date, the Company uses its financial statements for fourteen months (from July 1, 2007 to August 31, 2008) in the 47th consolidated fiscal year.</p> <p>(1) Valuation standards and methods for important assets</p> <p>(i) Securities</p> <p>Shares of subsidiaries and affiliates Same as left</p> <p>Other securities</p> <p>Securities with market value: Same as left</p> <p>Securities without market value: Same as left</p> <p>(ii) Inventories Same as left</p> <p>(iii) Derivatives Same as left</p>

Item	46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
	<p>(2) Depreciation methods of important depreciable assets</p> <p>(i) Property and equipment The Company and its domestic consolidated subsidiaries adopt the declining balance method. Some domestic subsidiaries, however, use the straight-line method for buildings (excluding building equipments) acquired on or after April 1, 1998. Consolidated subsidiaries abroad primarily adopt the straight-line method based on the provisions of their respective local accounting standards. Meanwhile, the main useful life is as follows: Buildings and structures: 8 to 50 years Furniture, fixtures and vehicles: 5 to 8 years</p> <p>(ii) Intangible assets The Company uses the straight-line method. As to software for internal use, it adopts the straight-line method based on the internal useful life (3 to 5 years).</p> <p>(3) Accounting standards for significant allowances</p> <p>(i) Allowance for doubtful accounts To prepare for credit losses on account receivable, the estimated amounts considered to be uncollectible were recorded based on the past loan loss ratio for general receivables or after reviewing individual collectibility for specific claims including loans to borrowers that were considered likely to collapse.</p> <p>(ii) Allowance for employees' retirement benefits To prepare for employees' retirement benefits in some domestic consolidated subsidiaries, this allowance was recorded based on the projected retirement benefit obligations and estimated pension assets as of the end of the 46th consolidated fiscal year. As for actuarial variances, the prorated amount using the straight-line method based on a certain number of years (7 years) within the average remaining service period of employees when incurred in the respective consolidated fiscal years is to be charged to expenses from the following consolidated fiscal years after the years when respectively incurred.</p>	<p>(2) Depreciation methods of important depreciable assets</p> <p>(i) Property and equipment Same as left</p> <p>(ii) Intangible assets Same as left</p> <p>(3) Accounting standards for significant allowances</p> <p>(i) Allowance for doubtful accounts Same as left</p> <p>(ii) Allowance for employees' retirement benefits Same as left</p>

Item	46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
	<p>(4) Accounting procedure of material lease transactions For financing lease transactions other than those in which the ownership of the leased assets is deemed to be transferred to the lessee, the Company and its domestic consolidated subsidiaries carried out the accounting procedure in the same manner as that on normal lease transactions. Its consolidated subsidiaries abroad implemented the accounting procedure in the same manner as that on the normal trading transactions.</p> <p>(5) Important hedge accounting method (i) Hedge accounting method for deferral hedging, etc. The Company used the deferral hedge accounting method. Foreign currency-denominated monetary receivables/payables and foreign currency-denominated securities with exchange rate forward contracts were translated into the yen at the exchange rates agreed in the said exchange rate forward contracts.</p> <p>(ii) Hedging methods and hedged objects Foreign exchange fluctuation risk on foreign currency-denominated transactions is controlled by using exchange rate forward contracts. Interest rate fluctuation risk on securities is managed by using interest-rate swap transactions.</p> <p>(iii) Hedging policy To hedge foreign exchange fluctuation risk and interest rate fluctuation risk, the Company concludes foreign exchange contracts and carries out interest-rate swap transactions. Such transactions are carried out and managed by Financial Team of the Company in accordance with the internal rules that provide for transaction procedures and job authority, and its situation is to be reported to the management.</p> <p>(iv) Assessment method of hedging effectiveness The effectiveness is determined by making a comparison between the cumulative amount of changes in hedging methods and that of changes in hedged objects. However, where important conditions concerning assets or liabilities between hedging methods and hedged objects are identical with each other, assessment of hedging effectiveness is omitted.</p>	<p>(4) Accounting procedure of material lease transactions Same as left</p> <p>(5) Important hedge accounting method (i) Hedge accounting method for deferral hedging, etc. Same as left</p> <p>(ii) Hedging methods and hedged objects Same as left</p> <p>(iii) Hedging policy Same as left</p> <p>(iv) Assessment method of hedging effectiveness Same as left</p>

Item	46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
	(6) Accounting of consumption tax, etc. The net of tax method is used.	(6) Accounting of consumption tax, etc. Same as left
5. Valuation methods for assets and liabilities of consolidated subsidiaries	Assets and liabilities of consolidated subsidiaries are assessed using the full market-value method.	Same as left
6. Amortization of goodwill	As for goodwill, every time when it occurs and subject to each subsidiary's discretion, it is amortized using the straight-line method over an appropriate amortization period (within 20 years after it was accounted for) based on the subsidiary's actual status, except for where the accounted-for amount is of little importance.	Same as left
7. Scope of cash flow on consolidated statement of cash flows	Cash flows consist of cash on hand, demand deposits and highly liquid short-term investments with a term to maturities of 3 months or shorter that are readily cashable and carry minimal risk of price fluctuation.	Same as left

(Changes in the material matters that form the basis for the preparation of consolidated financial statements)

46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
<p>(Basis for currency conversion into yen for income and expenses of consolidated overseas subsidiaries) Effective this consolidated fiscal year, the Company has changed the method of foreign currency translation for income and expense accounts of the Company's consolidated overseas subsidiaries, due to increasing importance of consolidated overseas subsidiaries. Specifically, in contrast to the previous method using the exchange rates as of the closing date, the Company now uses the average exchange rates during the period, in order to reflect quarterly income and expenses more accurately. This change has only minor effects on profit or loss.</p> <p>(Depreciation method of fixed assets) In accordance with the revised Japanese Corporation Tax Act (Act No. 6, "Act on Revision of Income Tax Act, etc.," March 30, 2007, and Cabinet Order No. 83, "Cabinet Order on the Partial Revision of the Enforcement Order on Corporate Tax," March 30, 2007), the Company and its domestic subsidiaries changed the depreciation method of fixed assets acquired on or after April 1, 2007. This change has only minor effects on profit or loss.</p>	<p style="text-align: center;">—</p> <p style="text-align: center;">—</p>

(Changes in the method of presentation)

46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
<p>"Portion of long-term debt due within one year" (¥ 2,521 million in the preceding consolidated fiscal year) included in "Other" under "Current liabilities" in the preceding consolidated fiscal year is recorded separately since the amount exceeded one-hundredths of Total liabilities and net assets in the 46th consolidated fiscal year.</p>	<p>"Interest on refund" (¥ 26 million in this consolidated fiscal year) is included in "Other" under "Non-operating income" in this consolidated fiscal year since it is no longer significant. "Certificate of deposit," which was included in "Cash" under "Current assets" in the preceding consolidated fiscal year, is included in "Marketable securities" under "Current assets" from this consolidated fiscal year, in accordance with "Practical Guidelines for Accounting of Financial Instruments." The amounts of certificate of deposit were ¥ 7,000 million and ¥ 26,786 million at August 31, 2007 and 2008, respectively.</p>

(Additional information)

46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
—	<p>(Depreciation method for property, plant and equipment) Pursuant to revision of the revised Corporation Tax Act, effective from this consolidated fiscal year, tangible fixed assets acquired prior to March 31, 2007 are depreciated and amortized on a straight-line basis over five years from the following fiscal year after depreciation and amortization is completed to pre-established depreciable limits.</p> <p>This change has only minor effects on profit or loss.</p>

Notes

(Notes on Consolidated Balance Sheets)

46th Consolidated Fiscal Year (As of August 31, 2007)	47th Consolidated Fiscal Year (As of August 31, 2008)																																						
<p>*1. Pledged assets</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Time deposits</td> <td style="text-align: right;">¥106 million</td> </tr> <tr> <td style="padding-left: 20px;">Inventories</td> <td style="text-align: right;">¥58 million</td> </tr> <tr> <td style="padding-left: 20px;">Other intangible assets</td> <td style="text-align: right;">¥2,028 million</td> </tr> <tr> <td style="padding-left: 20px;">Lease deposits</td> <td style="text-align: right;">¥130 million</td> </tr> <tr> <td style="padding-left: 20px;"><u>Total</u></td> <td style="text-align: right;"><u>¥2,324 million</u></td> </tr> </table> <p style="padding-left: 20px;">Liabilities that correspond to the above assets</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 40px;">Current portion of long-term debt</td> <td style="text-align: right;">¥476 million</td> </tr> <tr> <td style="padding-left: 40px;">Other current liabilities</td> <td style="text-align: right;">¥11 million</td> </tr> <tr> <td style="padding-left: 40px;">Long-term debt</td> <td style="text-align: right;">¥1,643 million</td> </tr> <tr> <td style="padding-left: 40px;"><u>Other long-term liabilities</u></td> <td style="text-align: right;"><u>¥218 million</u></td> </tr> <tr> <td style="padding-left: 40px;"><u>Total</u></td> <td style="text-align: right;"><u>¥2,350 million</u></td> </tr> </table>	Time deposits	¥106 million	Inventories	¥58 million	Other intangible assets	¥2,028 million	Lease deposits	¥130 million	<u>Total</u>	<u>¥2,324 million</u>	Current portion of long-term debt	¥476 million	Other current liabilities	¥11 million	Long-term debt	¥1,643 million	<u>Other long-term liabilities</u>	<u>¥218 million</u>	<u>Total</u>	<u>¥2,350 million</u>	<p>*1. Pledged assets</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Time deposits</td> <td style="text-align: right;">¥265 million</td> </tr> <tr> <td style="padding-left: 20px;">Inventories</td> <td style="text-align: right;">¥46 million</td> </tr> <tr> <td style="padding-left: 20px;">Other intangible assets</td> <td style="text-align: right;">¥1,524 million</td> </tr> <tr> <td style="padding-left: 20px;">Lease deposits</td> <td style="text-align: right;">¥67 million</td> </tr> <tr> <td style="padding-left: 20px;"><u>Total</u></td> <td style="text-align: right;"><u>¥1,904 million</u></td> </tr> </table> <p style="padding-left: 20px;">Liabilities that correspond to the above assets</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 40px;">Current portion of long-term debt</td> <td style="text-align: right;">¥450 million</td> </tr> <tr> <td style="padding-left: 40px;">Long-term debt</td> <td style="text-align: right;">¥1,151 million</td> </tr> <tr> <td style="padding-left: 40px;"><u>Other long-term liabilities</u></td> <td style="text-align: right;"><u>¥177 million</u></td> </tr> <tr> <td style="padding-left: 40px;"><u>Total</u></td> <td style="text-align: right;"><u>¥1,778 million</u></td> </tr> </table>	Time deposits	¥265 million	Inventories	¥46 million	Other intangible assets	¥1,524 million	Lease deposits	¥67 million	<u>Total</u>	<u>¥1,904 million</u>	Current portion of long-term debt	¥450 million	Long-term debt	¥1,151 million	<u>Other long-term liabilities</u>	<u>¥177 million</u>	<u>Total</u>	<u>¥1,778 million</u>
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(Notes on Consolidated Statements of Income)

46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)																																																
<p>*1. The significant components of selling, general and administrative expenses are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="padding-left: 20px;">Advertising and promotion</td><td style="text-align: right;">¥26,261 million</td></tr> <tr><td style="padding-left: 20px;">Salaries</td><td style="text-align: right;">¥52,126 million</td></tr> <tr><td style="padding-left: 20px;">Rents</td><td style="text-align: right;">¥37,404 million</td></tr> <tr><td style="padding-left: 20px;">Depreciation and amortization</td><td style="text-align: right;">¥6,567 million</td></tr> <tr><td style="padding-left: 20px;">Amortization of goodwill</td><td style="text-align: right;">¥4,254 million</td></tr> <tr><td style="padding-left: 20px;">Provision of allowance for doubtful accounts</td><td style="text-align: right;">¥10 million</td></tr> </table> <p>*2. The breakdown of gain on disposal of fixed assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="padding-left: 20px;">Land</td><td style="text-align: right;">¥1,239 million</td></tr> <tr><td style="padding-left: 20px;">Other</td><td style="text-align: right;">¥170 million</td></tr> <tr><td style="padding-left: 20px;">Total</td><td style="text-align: right;">¥1,409 million</td></tr> </table> <p>*3. The breakdown of loss on disposal of fixed assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="padding-left: 20px;">Buildings and structures</td><td style="text-align: right;">¥504 million</td></tr> <tr><td style="padding-left: 20px;">Other</td><td style="text-align: right;">¥145 million</td></tr> <tr><td style="padding-left: 20px;">Total</td><td style="text-align: right;">¥650 million</td></tr> </table>	Advertising and promotion	¥26,261 million	Salaries	¥52,126 million	Rents	¥37,404 million	Depreciation and amortization	¥6,567 million	Amortization of goodwill	¥4,254 million	Provision of allowance for doubtful accounts	¥10 million	Land	¥1,239 million	Other	¥170 million	Total	¥1,409 million	Buildings and structures	¥504 million	Other	¥145 million	Total	¥650 million	<p>*1. The significant components of selling, general and administrative expenses are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="padding-left: 20px;">Advertising and promotion</td><td style="text-align: right;">¥27,793 million</td></tr> <tr><td style="padding-left: 20px;">Salaries</td><td style="text-align: right;">¥56,603 million</td></tr> <tr><td style="padding-left: 20px;">Rents</td><td style="text-align: right;">¥45,596 million</td></tr> <tr><td style="padding-left: 20px;">Depreciation and amortization</td><td style="text-align: right;">¥8,523 million</td></tr> <tr><td style="padding-left: 20px;">Amortization of goodwill</td><td style="text-align: right;">¥5,315 million</td></tr> <tr><td style="padding-left: 20px;">Provision of allowance for doubtful accounts</td><td style="text-align: right;">¥14 million</td></tr> </table> <p>*2. The breakdown of gain on disposal of fixed assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="padding-left: 20px;">Buildings and structures</td><td style="text-align: right;">¥28 million</td></tr> <tr><td style="padding-left: 20px;">Other</td><td style="text-align: right;">¥95 million</td></tr> <tr><td style="padding-left: 20px;">Total</td><td style="text-align: right;">¥123 million</td></tr> </table> <p>*3. The breakdown of loss on disposal of fixed assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="padding-left: 20px;">Buildings and structures</td><td style="text-align: right;">¥453 million</td></tr> <tr><td style="padding-left: 20px;">Other</td><td style="text-align: right;">¥551 million</td></tr> <tr><td style="padding-left: 20px;">Total</td><td style="text-align: right;">¥1,005 million</td></tr> </table>	Advertising and promotion	¥27,793 million	Salaries	¥56,603 million	Rents	¥45,596 million	Depreciation and amortization	¥8,523 million	Amortization of goodwill	¥5,315 million	Provision of allowance for doubtful accounts	¥14 million	Buildings and structures	¥28 million	Other	¥95 million	Total	¥123 million	Buildings and structures	¥453 million	Other	¥551 million	Total	¥1,005 million
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Total	¥1,005 million																																																
<p>*4. Impairment loss</p> <p>The Group recorded impairment losses associated with the following asset group for the consolidated fiscal year under review.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 25%;">Location</th> <th style="width: 25%;">Intended use</th> <th style="width: 50%;">Types</th> </tr> </thead> <tbody> <tr> <td>UNIQLO USA, Inc.</td> <td>Sales store</td> <td>Buildings and structures, etc.</td> </tr> <tr> <td>One Zone Corporation</td> <td>Sales store</td> <td>Buildings and structures, etc.</td> </tr> <tr> <td>Cabin Co, Ltd.</td> <td>Sales store</td> <td>Buildings and structures, etc.</td> </tr> <tr> <td>—</td> <td>—</td> <td>Investments in subsidiaries and affiliates (goodwill)</td> </tr> </tbody> </table> <p>In principle, the Group categorizes the unit of store assets as an asset group to identify the signs of impairment losses.</p> <p>The Group lowered the book value of store assets to the recoverable amount for the consolidated fiscal year under review, following a decline in the profitability of store assets. As a result, the Group recorded extraordinary losses in the form of impairment losses of ¥1,476 million, which are equivalent to the relevant decline in the above assets' value. These losses include ¥1,293 million from buildings and structures, ¥111 million from furniture, fixtures and vehicles, ¥42 million from leased assets and others. The recoverable amounts of the stores assets are measured based on the net realizable value or the use value. The discount rate from 3.6% to 7% is used for future cash flows to measure the recoverable amount based on the use value.</p>	Location	Intended use	Types	UNIQLO USA, Inc.	Sales store	Buildings and structures, etc.	One Zone Corporation	Sales store	Buildings and structures, etc.	Cabin Co, Ltd.	Sales store	Buildings and structures, etc.	—	—	Investments in subsidiaries and affiliates (goodwill)	<p>*4. Impairment loss</p> <p>The Group recorded impairment losses associated with the following asset group for the consolidated fiscal year under review.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 25%;">Location</th> <th style="width: 25%;">Intended use</th> <th style="width: 50%;">Types</th> </tr> </thead> <tbody> <tr> <td>UNIQLO (U.K.) LTD.</td> <td>Sales store</td> <td>Buildings and structures</td> </tr> <tr> <td>One Zone Corporation</td> <td>Sales store</td> <td>Buildings and structures, etc.</td> </tr> <tr> <td>Cabin Co, Ltd.</td> <td>Sales store</td> <td>Buildings and structures, etc.</td> </tr> </tbody> </table> <p>In principle, the Group categorizes the unit of store assets as an asset group to identify the signs of impairment losses.</p> <p>The Group lowered the book value of store assets to the recoverable amount for the consolidated fiscal year under review, following a decline in the profitability of store assets. As a result, the Group recorded extraordinary losses in the form of impairment losses of ¥896 million, which are equivalent to the relevant decline in the above assets' value. These losses include ¥708 million from buildings and structures, ¥59 million from furniture, fixtures and vehicles, ¥110 million from leased assets and others.</p> <p>The recoverable amounts of the relevant property groups are measured based on the use value. Except for those with minus use value, of which recoverable amount is evaluated as zero, the discount rate from 3.6% to 7% is used for future cash flow to measure recoverable amount</p>	Location	Intended use	Types	UNIQLO (U.K.) LTD.	Sales store	Buildings and structures	One Zone Corporation	Sales store	Buildings and structures, etc.	Cabin Co, Ltd.	Sales store	Buildings and structures, etc.																					
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46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
An unamortized goodwill for non-consolidated subsidiaries and affiliates to which the equity method was applied, the part of those was recognized as an impairment loss of ¥642million in extraordinary losses.	based on the use value.
—	*5 Restructuring expenses This is the expense that occurred along with implementation of the business restructuring by the domestic consolidated subsidiary; and mainly consists of resignation-related expense of ¥ 821 million and headquarter relocation expense of¥ 175 million.

(Notes on Consolidated Statements of Shareholders' Equity)

46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)

1. Class and the total number of issued and outstanding shares and treasury stock)

Class of shares	Number of shares at end of 45th Consolidated Fiscal Year	Increase during 46th Consolidated Fiscal Year	Decrease during 46th Consolidated Fiscal Year	Number of shares at end of 46th Consolidated Fiscal Year
Issued and outstanding shares				
Common shares	106,073,656	—	—	106,073,656
Total	106,073,656	—	—	106,073,656
Treasury stock				
Common shares (Note)	4,221,909	711	60	4,222,560
Total	4,221,909	711	60	4,222,560

(Note) The causes for changes in the treasury stocks of common shares are as follows:

Increase from the purchase of shares less than one unit (*Tangen-miman-kabu*) 711 shares

Decrease from the sale of shares less than one unit (*Tangen-miman-kabu*) 60 shares

2. Dividends

(1) Dividend payments

Resolution	Class of shares	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders on November 24, 2006	Common shares	6,620,363	65	August 31, 2006	November 27, 2006
Meeting of Board of Directors on April 12, 2007	Common shares	7,129,595	70	February 28, 2007	May 17, 2007

(2) Dividends payments, the record date of which belongs to the current fiscal year and the relevant effective date falls in the next fiscal year

Resolution	Class of shares	Total amount of dividends (thousand yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Meeting of Board of Directors on November 5, 2007	Common shares	6,111,065	Retained earnings	60	August 31, 2007	November 26, 2007

47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)

1. Class and the total number of issued and outstanding shares and treasury stock)

Class of shares	Number of shares at end of 46th Consolidated Fiscal Year	Increase during 47th Consolidated Fiscal Year	Decrease during 47th Consolidated Fiscal Year	Number of shares at end of 47th Consolidated Fiscal Year
Issued and outstanding shares				
Common shares	106,073,656	—	—	106,073,656
Total	106,073,656	—	—	106,073,656
Treasury stock				
Common shares (Note)	4,222,560	1,038	16	4,223,582
Total	4,222,560	1,038	16	4,223,582

(Note) The causes for changes in the treasury stocks of common shares are as follows:

Increase from the purchase of shares less than one unit (*Tangen-miman-kabu*) 1,038 shares

Decrease from the sale of shares less than one unit (*Tangen-miman-kabu*) 16 shares

2. Dividends

(1) Dividend payments

Resolution	Class of shares	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Meeting of Board of Directors on November 5, 2007	Common shares	6,111,065	60	August 31, 2007	November 26, 2007
Meeting of Board of Directors on April 10, 2008	Common shares	6,620,307	65	February 29, 2008	May 15, 2008

(2) Dividends payments, the record date of which belongs to the current fiscal year and the relevant effective date falls in the next fiscal year

Resolution	Class of shares	Total amount of dividends (thousand yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Meeting of Board of Directors on November 10, 2008	Common shares	6,620,254	Retained earnings	65	August 31, 2008	November 28, 2008

(Notes on Consolidated Statements of Cash Flows)

46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)																																						
<p>*1. Reconciliation of consolidated balance sheet items to cash and equivalents as of August 31, 2007</p> <table data-bbox="300 465 815 629"> <tr> <td>Cash</td> <td>¥64,091 million</td> </tr> <tr> <td>Time deposits with maturity over three months</td> <td>(¥112 million)</td> </tr> <tr> <td><u>Marketable securities</u></td> <td><u>¥55,237 million</u></td> </tr> <tr> <td>Cash and equivalents</td> <td>¥119,216 million</td> </tr> </table>	Cash	¥64,091 million	Time deposits with maturity over three months	(¥112 million)	<u>Marketable securities</u>	<u>¥55,237 million</u>	Cash and equivalents	¥119,216 million	<p>*1. Reconciliation of consolidated balance sheet items to cash and equivalents as of August 31, 2008</p> <table data-bbox="938 465 1453 629"> <tr> <td>Cash</td> <td>¥67,248 million</td> </tr> <tr> <td>Time deposits with maturity over three months</td> <td>(¥272 million)</td> </tr> <tr> <td><u>Marketable securities</u></td> <td><u>¥102,912 million</u></td> </tr> <tr> <td>Cash and equivalents</td> <td>¥169,888 million</td> </tr> </table> <p>*2. The breakdown of assets and liabilities of a newly consolidated subsidiary following stock acquisition</p> <p>The breakdown of assets and liabilities at the start of consolidation of VIEWCOMPANY Co., Ltd. through stock acquisition and the relationship between the acquisition price of the shares of the company and expenditures (net expenditures) for acquisition of the company are as follows:</p> <table data-bbox="890 913 1437 1361"> <tr> <td>Current assets</td> <td>¥3,718 million</td> </tr> <tr> <td>Fixed assets</td> <td>¥2,715 million</td> </tr> <tr> <td>Goodwill</td> <td>¥583 million</td> </tr> <tr> <td>Current liabilities</td> <td>(¥2,518 million)</td> </tr> <tr> <td>Long-term liabilities</td> <td>(¥143 million)</td> </tr> <tr> <td><u>Minority interest</u></td> <td><u>(¥38 million)</u></td> </tr> <tr> <td>Acquisition price</td> <td>¥4,316 million</td> </tr> <tr> <td><u>Book value in equity method at the time of acquisition of control</u></td> <td><u>(¥1,260 million)</u></td> </tr> <tr> <td>Acquisition price for the year</td> <td>¥3,056 million</td> </tr> <tr> <td><u>Cash and equivalents</u></td> <td><u>(¥2,042 million)</u></td> </tr> <tr> <td>Net expenditures for acquisition of a newly consolidated subsidiary</td> <td>¥1,013 million</td> </tr> </table>	Cash	¥67,248 million	Time deposits with maturity over three months	(¥272 million)	<u>Marketable securities</u>	<u>¥102,912 million</u>	Cash and equivalents	¥169,888 million	Current assets	¥3,718 million	Fixed assets	¥2,715 million	Goodwill	¥583 million	Current liabilities	(¥2,518 million)	Long-term liabilities	(¥143 million)	<u>Minority interest</u>	<u>(¥38 million)</u>	Acquisition price	¥4,316 million	<u>Book value in equity method at the time of acquisition of control</u>	<u>(¥1,260 million)</u>	Acquisition price for the year	¥3,056 million	<u>Cash and equivalents</u>	<u>(¥2,042 million)</u>	Net expenditures for acquisition of a newly consolidated subsidiary	¥1,013 million
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(Notes on leases)

46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)																																					
1. Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessees	1. Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessees																																					
(1) Amounts equivalent to the acquisition costs, accumulated depreciation, accumulated losses from asset impairment, and the net balance at the end of the fiscal year of leased assets	(1) Amounts equivalent to the acquisition costs, accumulated depreciation, accumulated losses from asset impairment, and the net balance at the end of the fiscal year of leased assets																																					
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(2) Amount equivalent to unearned lease payments at the end of the fiscal year and others	(2) Amount equivalent to unearned lease payments at the end of the fiscal year and others																																					
Amount equivalent to unearned lease payments at the end of the fiscal year	Amount equivalent to unearned lease payments at the end of the fiscal year																																					
One year or less	¥2,535 million																																					
Over one year	¥5,709 million																																					
Total	¥8,244 million																																					
Balance of impairment loss from leased assets	¥54 million																																					
(3) Lease payments, write-off of impairment loss from leased assets, depreciation expenses, interest expenses, and impairment loss	(3) Lease payments, write-off of impairment loss from leased assets, depreciation expenses, interest expenses, and impairment loss																																					
Lease payments	¥3,358 million																																					
Write-off of impairment loss from leased assets	¥10 million																																					
Depreciation expenses	¥3,191 million																																					
Interest expenses	¥169 million																																					
Impairment loss	¥42 million																																					
(4) Methods of calculating the amount equivalent to depreciation expenses and interest expenses	(4) Methods of calculating the amount equivalent to depreciation expenses and interest expenses																																					
* Method of calculating depreciation expenses	* Method of calculating depreciation expenses																																					
The fixed amount method, with the lease period set as the useful life and the remaining value set as zero, is adopted.	Same as left																																					
* Method of calculating interest expenses	* Method of calculating interest expenses																																					
While the disparity between the total amount of lease payments and the amount equivalent to the acquisition costs of lease assets is set as the amount equivalent to interest, the interest method for distribution to the respective terms is adopted.	Same as left																																					

2. Operating leases		2. Operating leases	
One year or less	¥13 million	One year or less	¥61 million
Over one year	¥10 million	Over one year	¥272 million
Total	¥23 million	Total	¥333 million

(Securities)

1. Other securities with market value

(millions of yen)

Type	46th Consolidated Fiscal Year (As of August 31, 2007)			47th Consolidated Fiscal Year (As of August 31, 2008)		
	Acquisition cost	Consolidated balance sheet value	Difference	Acquisition cost	Consolidated balance sheet value	Difference
Securities with consolidated balance sheet value exceeding acquisition costs						
(i) Stock	341	698	357	327	450	123
(ii) Other	3,425	3,969	544	3,425	3,917	492
Subtotal	3,766	4,667	901	3,752	4,368	616
Securities other than the above						
(i) Stock	2	2	(0)	17	13	(3)
(ii) Other	—	—	—	—	—	—
Subtotal	2	2	(0)	17	13	(3)
Total	3,769	4,670	901	3,769	4,382	612

2. Other securities sold during the current fiscal year

(millions of yen)

46th Consolidated Fiscal Year (As of August 31, 2007)			47th Consolidated Fiscal Year (As of August 31, 2008)		
Proceeds from sale	Total gain from sale	Total loss from sale	Proceeds from sale	Total gain from sale	Total loss from sale
7,024	93	—	1,758	6	(17)

3. Major securities not marked-to-market

(millions of yen)

	46th Consolidated Fiscal Year (As of August 31, 2007)	47th Consolidated Fiscal Year (As of August 31, 2008)
	Consolidated balance sheet value	Consolidated balance sheet value
Other securities		
Unlisted shares	205	203
Unlisted foreign bonds	0	—
Money market fund	39,844	45,138
Cash liquidity fund	11,018	25,069
Cash reserve fund	405	—
Certificate of deposit	—	26,786
Other	—	2,000

4. Expected redemption amounts of other securities with maturities
46th Consolidated Fiscal Year (As of August 31, 2007) N/A
47th Consolidated Fiscal Year (As of August 31, 2008)

(millions of yen)

	Within 1 year	1-5 years	5-10 years	Over 10 years
Other securities				
Certificate of deposit	26,786	—	—	—
Other	2,000	—	—	—
Total	28,786	—	—	—

(Derivatives)

1. Status of derivative transactions

46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
<p>(1) Description, trading policies and purpose</p> <p>The Group uses foreign exchange contract transactions to hedge currency fluctuation risks arising from foreign currency transactions. The Group also uses interest rate swaps to hedge risks associated with changes in interest rates on securities.</p> <p>The Group does not use derivative trading for speculative purposes.</p> <p>The Group applies hedge accounting to derivatives trading.</p> <p>(i) Hedging methods and hedged objects</p> <p>Foreign exchange fluctuation risk on foreign currency-denominated transactions is controlled by using exchange rate forward contracts.</p> <p>Interest rate fluctuation risk on securities is managed by using interest-rate swap transactions.</p> <p>(ii) Hedging policy</p> <p>To hedge foreign exchange fluctuation risk and interest rate fluctuation risk, the Company concludes foreign exchange contracts and carries out interest-rate swap transactions.</p> <p>(iii) Method of evaluation of the effectiveness of hedging</p> <p>The effectiveness is determined by making a comparison between the cumulative amount of changes in hedging methods and that of changes in hedged objects. However, where important conditions concerning assets or liabilities between hedging methods and hedged objects are identical with each other, assessment of hedging effectiveness is omitted.</p>	<p>(1) Description, trading policies and purpose</p> <p>The Group uses foreign exchange contract transactions to hedge currency fluctuation risks arising from foreign currency transactions.</p> <p>The Group does not use derivative trading for speculative purposes.</p> <p>The Group applies hedge accounting to derivatives trading.</p> <p>(i) Hedging methods and hedged objects</p> <p>Foreign exchange fluctuation risk on foreign currency-denominated transactions is controlled by using exchange rate forward contracts.</p> <p>(ii) Hedging policy</p> <p>To hedge foreign exchange fluctuation risk, the Company concludes foreign exchange contracts.</p> <p>(iii) Method of evaluation of the effectiveness of hedging</p> <p style="text-align: center;">Same as left</p>

<p>(2) Risks related to derivative trading The foreign exchange contract transactions used by the Group fix the exchange rate to guard against future fluctuations and hedge currency fluctuation risks, and they entail risk dependent upon future currency fluctuation. Fixed-for-floating interest rate swap transactions entail risk dependent upon future interest rate fluctuation. The derivative transactions are solely made with highly rated financial institutions, and the Group does not expect any credit risks arising due to default by the counterparty.</p> <p>(3) Risk management system for derivative transactions The Finance Department executes and manages derivative transactions in accordance with internal regulations that set forth matters such as procedure and authority, and provides ongoing updates on the status of execution.</p>	<p>(2) Risks related to derivative trading The foreign exchange contract transactions used by the Group fix the exchange rate to guard against future fluctuations and hedge currency fluctuation risks, and they entail risk dependent upon future currency fluctuation. The derivative transactions are solely made with highly rated financial institutions, and the Group does not expect any credit risks arising due to default by the counterparty.</p> <p>(3) Risk management system for derivative transactions Same as left</p>
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2. Matters on market value, etc. of transactions

Not applicable as all the derivative transactions conducted by the Group apply to hedge accounting.

(Retirement Benefits)

1. Outline of retirement plans

46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
<p>The Company has defined contribution plans. Certain domestic consolidated subsidiaries have defined benefit employee pension funds, tax-qualified pension plans and plans that provide lump-sum retirement benefits to employees. Certain overseas consolidated subsidiaries have defined contribution plans or defined benefit plans that provide lump-sum retirement benefits to employees.</p>	<p>The Company has defined contribution plans. Certain domestic consolidated subsidiaries have defined benefit employee pension funds or defined contribution plans. Certain overseas consolidated subsidiaries have defined contribution plans or defined benefit plans that provide lump-sum retirement benefits to employees.</p>

2. Retirement benefit obligation and components

(millions of yen)

	46th Consolidated Fiscal Year (As of August 31, 2007)	47th Consolidated Fiscal Year (As of August 31, 2008)
Retirement benefit obligation	(4,121)	(3,492)
Plan assets	3,792	2,939
Unfunded retirement benefit obligation	(329)	(552)
Unrecognized transitional obligation	(35)	—
Unrecognized actuarial loss	8	310
Unrecognized prior service cost	(37)	(12)
Allowance for employees' retirement benefits	(393)	(253)

Note: Certain consolidated subsidiaries adopt the simplified method to calculate retirement benefit obligations.

3. Components of benefit costs

(millions of yen)

	46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
Benefit costs	297	455
Service cost	213	230
Interest cost	53	55
Expected return on plan assets	(124)	(129)
Amortization of transitional obligation	(70)	(35)
Amortization of net actuarial loss	53	77
Amortization of prior service cost	(25)	(25)
Defined contribution plan cost	196	280

Note: 1. The benefit costs of consolidated subsidiaries that adopt the simplified method are registered under service cost.

2. ¥ 700 million is reported as premium severance pay in addition to benefit cost described above.

4. Assumptions used in determination of retirement benefit obligation

	46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
(1) Attribution method of retirement benefits in the period	Straight-line method	Straight-line method
(2) Discount rate	1.5%	1.5%
(3) Expected rate of return on plan assets	3.5%	3.5%
(4) Amortization period of prior service cost	7 years Prior service cost is recognized as expense on a straight-line basis over certain years, not exceeding the expected average remaining working lives of the employees active at the date of occurrence of the prior service cost.	Same as left Same as left
(5) Recognition period of actuarial loss	7 years Actuarial loss is proportionally amortized in each year following the year in which the loss is recognized on a straight-line basis over certain years, not exceeding the expected average remaining working lives of the employees active at the date of occurrence of the actuarial loss.	Same as left Same as left
(6) Amortization period of transitional obligation	7 years	Same as left

(Tax effect accounting)

(millions of yen)

46th Consolidated Fiscal Year (As of August 31, 2007)	47th Consolidated Fiscal Year (As of August 31, 2008)
1 Major components of deferred tax assets and liabilities	1 Major components of deferred tax assets and liabilities
Deferred tax assets	Deferred tax assets
Accrued business tax	Accrued business tax
Operating loss carry forward	Accrued bonus over the allowable expense
Accrued bonus over the allowable expense	Loss carried forward
Impairment loss	Temporary difference on investments in subsidiaries
Long-term prepaid expenses	Allowance for doubtful debts
Depreciation	Impairment loss on fixed assets
Write-off on inventories	Net unrealized holding loss on securities
Other	Depreciation
Sub-total of deferred tax assets	Other
Valuation allowance	Sub-total of deferred tax assets
Total deferred tax assets	Valuation allowance
Deferred tax liabilities	Total deferred tax assets
Deferred hedge profits	Deferred tax liabilities
Net unrealized holding loss on securities	Deferred hedge profits
Other	Total deferred tax liabilities
Total deferred tax liabilities	Net deferred tax assets
Net deferred tax liabilities	
Net deferred tax liabilities are reflected in the consolidated balance sheets under the following captions.	Net deferred tax assets are reflected in the consolidated balance sheets under the following captions.
Current assets – deferred tax assets	Current assets – deferred tax assets
Fixed assets – deferred tax assets	Fixed assets – deferred tax assets
Current liabilities – deferred tax liabilities	Current liabilities – deferred tax liabilities
2 Reconciliations between the statutory income tax rate and the effective income tax rate as a percentage of income before income taxes and minority interests are as follows.	2 Reconciliations between the statutory income tax rate and the effective income tax rate as a percentage of income before income taxes and minority interests are as follows.
Statutory income tax rate	Statutory income tax rate
Increase in valuation allowance	Increase in valuation allowance
Amortization of goodwill	Amortization of goodwill
Equity in losses of affiliates accounted for under equity method	Difference in tax rate of overseas subsidiaries
Other	Other
Effective income tax rate	Effective income tax rate

(Segment Information)

[Segment Information by Business Type]

46th Consolidated Fiscal Year (from September 1, 2006 to August 31, 2007) and 47th Consolidated Fiscal Year (from September 1, 2007 to August 31, 2008)

Because the business related to sale of clothing items accounts for more than 90% of the sum of net sales, operating income and assets for the entire segments in amount, description of segment information by type of business is omitted.

[Segment Information by Location]

46th Consolidated Fiscal Year (from September 1, 2006 to August 31, 2007) (millions of yen)

	Japan	Europe	Others	Total	Eliminations and Corporate	Consolidated
Net sales and operating income (loss):						
External sales	471,711	39,766	13,726	525,203	—	525,203
Intersegment sales	—	206	43	249	(249)	—
Total	471,711	39,972	13,769	525,453	(249)	525,203
Operating expenses	412,270	35,708	14,052	462,032	(1,792)	460,240
Operating income (loss)	59,441	4,263	(283)	63,420	1,543	64,963
Total assets	211,094	57,719	12,975	281,790	77,980	359,770

- Notes:
1. Countries and regions are classified according to geographic proximity.
 2. Principal countries and regions other than Japan are;
Europe-France, United Kingdom, and
Others-Asia outside Japan, North America.
 3. Unallocated operating expenses which were included in Eliminations and Corporate amounted to ¥9,396 million, and were principally related to the Company's administrative departments.
 4. Corporate assets which were included in Eliminations and Corporate amounted to ¥83,293 million, and were principally consisted of surplus funds (cash and marketable securities) and assets of the Company's administration departments.

47th Consolidated Fiscal Year (from September 1, 2007 to August 31, 2008) (millions of yen)

	Japan	Europe	Others	Total	Eliminations and Corporate	Consolidated
Net sales and operating income (loss):						
External sales	514,864	49,475	22,112	586,451	—	586,451
Intersegment sales	—	337	—	337	(337)	—
Total	514,864	49,812	22,112	586,789	(337)	586,451
Operating expenses	432,843	47,819	19,434	500,098	(1,139)	498,958
Operating income	82,020	1,992	2,677	86,690	802	87,493
Total assets	239,764	57,210	14,876	311,851	92,869	404,720

- Notes:
1. Countries and regions are classified according to geographic proximity.
 2. Principal countries and regions other than Japan are;
Europe-France, United Kingdom, and
Others-Asia outside Japan, North America.
 3. Unallocated operating expenses which were included in Eliminations and Corporate amounted to ¥12,584 million, and were principally related to the Company's administrative departments.
 4. Corporate assets which were included in Eliminations and Corporate amounted to ¥110,741 million, and were principally consisted of surplus funds (cash and marketable securities) and assets of the Company's administration departments.

[Overseas Net Sales]

46th Consolidated Fiscal Year (from September 1, 2006 to August 31, 2007) (millions of yen)

	Europe	Others	Total
Overseas net sales	39,972	13,769	53,741
Consolidated net sales			525,203
Percentage of overseas net sales in consolidated net sales	7.6%	2.6%	10.2%

Notes: 1. Countries and regions are classified according to geographic proximity.

2. Principal countries and regions in each geographic area are;

Europe-France, United Kingdom, and

Others-Asia outside Japan, North America.

3. Overseas net sales are defined as net sales of the Company and its consolidated subsidiaries in countries or regions outside Japan.

47th Consolidated Fiscal Year (from September 1, 2007 to August 31, 2008) (millions of yen)

	Europe	Others	Total
Overseas net sales	49,475	22,112	71,587
Consolidated net sales			586,451
Percentage of overseas net sales in consolidated net sales	8.4%	3.8%	12.2%

Notes: 1. Countries and regions are classified according to geographic proximity.

2. Principal countries and regions in each geographic area are;

Europe-France, United Kingdom, and

Others-Asia outside Japan, North America.

3. Overseas net sales are defined as net sales of the Company and its consolidated subsidiaries in countries or regions outside Japan.

[Related-Party Transactions]

46th Consolidated Fiscal Year (from September 1, 2006 to August 31, 2007)

N/A

47th Consolidated Fiscal Year (from September 1, 2007 to August 31, 2008)

N/A

[Stock Option, etc.]

46th Consolidated Fiscal Year (from September 1, 2006 to August 31, 2007)

N/A

47th Consolidated Fiscal Year (from September 1, 2007 to August 31, 2008)

N/A

(Business combinations)

46th Consolidated Fiscal Year (Form September 1, 2006 August 31, 2007)

(Transactions under common control)

1. Name and lines of business of the combined company or operation at the time of business combination, legal form of the business combination, name of the combined company after the business combination, and outline and objective of the transaction

(1) Name and lines of business of the combined company or operations at the time of business combination

Name: CABIN CO., LTD.

Line of business: Sale of women's garments

(2) Legal form of the business combination

Purchase of subsidiary shares through tender offer

(3) Name of the combined company after the business combination

CABIN CO., LTD. (CABIN)

(4) Outline and objective of the transaction

The Company made a tender offer for the shares of CABIN, from July 23, 2007 through August 20, 2007, and purchased 18,346,003 shares. As a result, the Company's ownership interest in CABIN became 93.9% (which represented voting rights of 96.9%)

The objective of this transaction was to strengthen the cooperative relationships within the Group, including the Company and its affiliates, by restructuring the business structure of CABIN through making it a wholly owned subsidiary of the Company. The Company's intention is to build the structure, which allows the rapid execution of flexible and nimble management strategies and business measures, and to make a transition to the business structure that more clearly reflect the commitment of the Group, through this restructuring .

2. Outline of accounting treatment

This transaction forms the transaction with a minority shareholders. The ownership interest corresponding to the additionally purchased shares was reduced from minority interests; additional interest of the parent company resulting from the purchase of additional shares was offset against the additional investment amount; and the difference between the additional interest and the additional investment amount was accounted for as goodwill.

3. Purchase cost of acquired company and its details

(1) Purchase cost of acquired company ¥13,164 million

(2) Details

Cost of common shares ¥13,025 million

Direct expense on the acquisition ¥138 million

4. Amount of goodwill, reasons for recognizing goodwill, amortization method and amortization period

(1) Amount of goodwill: ¥3,079 million

(2) Reasons for recognizing goodwill: The cost of additional CABIN shares was in excess of the decline in minority interests resulting from the purchase of additional shares.

(3) Amortization method and amortization period of goodwill: straight-line basis over seven years

5. Content of conditional payment stipulated in the business combination agreement and its accounting method in the current accounting period or later.

N/A

6. The amount of cost allocated to and charged as expense such as R&D expense, and its account items

N/A

47th Consolidated Fiscal Year (Form September 1, 2007 August 31, 2008)

(Acquisition)

1. Name and lines of business of the acquired company, main reason of the business combination, name of the other company and line of business acquired if purchased business operation, the date of the business combination, legal form of the business combination, name of the combined company after the business combination, and proportion of voting right acquired
 - (1) Name and lines of business of the acquired company
Name: VIEWCOMPANY CO., LTD
Line of business: Manufacture, distribution and sale of footwear
 - (2) Main reason of the business combination
The company's intention is to make a transition to the business structure that more clearly reflect the commitment of the Group and to reform its operation dynamically and accelerate its development, for restructuring of VIEWCOMPANY CO., LTD by making it a subsidiary.
 - (3) The date of the business combination
February 28, 2008 (the date when the result of tender offer was announced)
 - (4) Legal form of the business combination
Purchase of shares through tender offer
 - (5) Name of the combined company after the business combination
VIEWCOMPANY CO., LTD
 - (6) Proportion of voting right acquired
The Company made a tender offer for the shares of VIEWCOMPANY, from January 11, 2008 through February 20, 2008, and purchased 4,971,000 shares. As a result, the Company's ownership interest in VIEWCOMPANY became 99.0% (which represented voting rights of 99.0%)

2. Period of business results of the acquired company or acquired operation which is included in the current consolidated financial statements
The Company includes business results of the acquired company for a period from February 21, 2008 to August 20, 2008. Business results before February 20, 2008 are reported as investment profit and loss on equity method (the proportion of voting right is 33.4%).

3. Purchase cost of acquired company or acquired operation and its details
 - (1) Purchase cost of acquired company ¥3,056 million
 - (2) Details
Cost of common shares ¥2,908 million
Direct expense on the acquisition ¥148 million

4. Amount of goodwill, reasons for recognizing goodwill, amortization method and amortization period
 - (1) Amount of goodwill: ¥583 million
 - (2) Reasons for recognizing goodwill: The cost of additional VIEWCOMPANY shares was in excess of the fair market value of net assets of acquired company at the time of acquisition.
 - (3) Amortization method and amortization period of goodwill: Expensed in the current period

5. Amount of assets accepted and liabilities assumed at the date of the business combination and its rough breakdown
 - (1) Assets accepted: ¥6,434 million
Rough breakdown: Cash ¥2,107million, Lease deposits ¥2,091 million
 - (2) Liabilities assumed: ¥2,662 million
Rough breakdown: Accounts payable ¥1,803 million

6. Content of conditional payment stipulated in the business combination agreement and its accounting method in the current accounting period or later
N/A

7. The amount of cost allocated to and charged as expense such as R&D expense, and its account items
N/A

8. Amount of purchase cost allocated to intangible assets other than goodwill, its breakdown by major category, and its weighted average amortization period of whole and by major category, if most purchase cost is allocated to intangible assets other than goodwill
N/A
9. The Fact and its reason if allocation of purchase cost is not completed, as well as content and amount of modification if initial allocation of purchase cost is modified in the subsequent accounting periods following to the accounting period when business combination occurred
N/A
10. Estimated effect on the consolidated statement of income for the current period, had the business combination been completed at the inception of current fiscal year
Any reference is omitted since the effect is not material.

(Transactions under common control)

1. Name and lines of business of the combined company or operations at the time of business combination, legal form of the business combination, name of combined company after the business combination, and outline and objective of the transaction
 - (1) Name and lines of business of the combined company or operations at the time of combination
Name: Retail sale of shoes operation of VIEWCOMPANY CO., LTD, the Company's consolidated subsidiary
Line of business: Retail sale of shoes through chain stores such as "vju:" which especially sells women's footwear

Name: Sale of clothing items operation of G.U CO., LTD., the Company's consolidated subsidiary
Line of business: Sale of casual wear branded as "g.u."
 - (2) Legal form of combination
Business transfer involving only cash consideration, to ONEZONE CORPORATION from VIEWCOMPANY and G.U.
 - (3) Name of the combined company after the business combination
GOV RETAILING CO., LTD.
 - (4) Outline and objective of the transaction
ONZONE CORPORATION succeeds the operations of G.U. and VIEWCOMPANY according to the best management judgment of integrating those three companies' "footwear operation" and "reasonably priced apparel operation", to make maximum use of management resources of the Group including UNIQLO, and to build "footwear operation" and "reasonably priced apparel operation" which provide new values to customers.
2. Outline of accounting treatment
It is treated as transactions under common control based on "Accounting standard in regard to business combination" (Accounting Council, October 31, 2003) and "Application guideline of accounting standards in regard to business combination and business split" (Application guideline of accounting standards No.10, final amendment December 22, 2006).

(Per-Share Information)

46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)		47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)	
Net assets per share	¥ 2,357.79	Net assets per share	¥ 2,572.09
Net income per share	¥ 311.98	Net income per share	¥ 427.38
Fully diluted net income per share is not presented because there was no potential shares for this year.		Fully diluted net income per share is not presented because there was no dilutive shares for this year.	

(Note) The bases for calculation of net income per share and net income per share after adjustments for latent shares were as follows:

Items	46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
Net income per share		
Net income (millions of yen)	31,775	43,529
Amount not vested in common stockholders (millions of yen)	—	—
Net income attributable to common stock (millions of yen)	31,775	43,529
Average number of common stock shares during fiscal year	101,851,397	101,850,723
Brief description of latent shares not included in calculation of net income per share after adjustments for latent shares due to absence of dilution effects.	—	Three kinds of equity warrants (number of stocks subject to these equity warrants: 1,231 shares) and the First Convertible Bond (face amount: ¥13,200 million, and an equity warrant (number of stocks subject to this equity warrant: 14,968 shares)) of LINK THEORY HOLDINGS CO., LTD.

(Significant Subsequent Events)

46th Consolidated Fiscal Year (From September 1, 2006 to August 31, 2007)	47th Consolidated Fiscal Year (From September 1, 2007 to August 31, 2008)
—	—

Consolidated Quarterly Financial Statements
 [1] Quarterly Consolidated Balance Sheet

		48th Quarterly Consolidated Fiscal Term (As of November 30, 2008)	Summarized Balance Sheet for the 47th Consolidated Fiscal Year (As of August 31, 2008)
Account	Notes	Amount (millions of yen)	Amount (millions of yen)
(Assets)			
I. Current assets			
1. Cash		67,243	67,248
2. Trade notes and accounts receivable		35,411	13,411
3. Marketable securities		108,751	102,912
4. Inventories	*1	60,367	53,778
5. Deferred tax assets		31,172	2,545
6. Income tax refund receivable		7,067	6,959
7. Exchange rate forward contracts		—	6,607
8. Other		13,419	10,340
9. Allowance for doubtful accounts		(162)	(109)
Total current assets		323,270	263,696
II. Fixed assets			
1. Property and equipment	*2	39,448	40,317
2. Intangible assets			
(i) Goodwill		26,852	28,122
(ii) Other		11,854	12,714
Total intangible assets		38,707	40,837
3. Investment and other assets	*3	58,614	59,868
Total fixed assets		136,770	141,024
Total assets		460,040	404,720

		48th Quarterly Consolidated Fiscal Term (As of November 30, 200)	Summarized Balance Sheet for the 47th Consolidated Fiscal Year (As of August 31, 2008)
Account	Notes	Amount (millions of yen)	Amount (millions of yen)
(Liabilities)			
I. Current liabilities			
1. Accounts payable		94,785	57,035
2. Portion of long-term debt due within one year		2,319	3,201
3. Accrued income taxes		13,607	24,570
4. Deferred tax liabilities		2	3
5. Exchange rate forward contracts		62,145	—
6. Allowance		77	228
7. Other	*4	34,995	33,552
Total current liabilities		207,933	118,591
II. Long-term liabilities			
1. Long-term debt		12,355	16,288
2. Allowance for employees' retirement benefits		247	253
3. Other		5,946	5,572
Total long-term liabilities		18,548	22,114
Total Liabilities		226,481	140,706
(Net assets)			
I. Shareholders' equity			
1. Capital		10,273	10,273
2. Additional paid-in capital		5,000	4,999
3. Retained earnings		275,456	259,756
4. Treasury stock		(15,558)	(15,556)
Total Shareholders' equity		275,172	259,473
II. Valuation and translation adjustments			
1. Net unrealized holding gains (losses) on securities		(5,300)	(928)
2. Net unrealized gains (losses) on hedge transactions		(37,001)	3,939
3. Foreign currency translation adjustments		(727)	(517)
Total valuation and translation adjustments		(43,029)	2,494
III. Minority interests		1,415	2,046

Total Net assets		233,558	264,014
Total Liabilities and net assets		460,040	404,720

[2] Consolidated Quarterly Statement of Income

		Three months ended November 30, 2008
Account	Notes	Amount (millions of yen)
I. Net sales		188,510
II. Cost of sales		92,383
Gross profit		96,126
III. Selling, general and administrative expenses	*1	55,182
Operating income		40,943
IV. Non-operating income		
1. Interest and dividend income		345
2. Equity in gains of affiliates accounted for under equity method		7
3. Other		317
Total non-operating income		670
V. Non-operating expenses		
1. Interest expenses		336
2. Foreign currency exchange loss		4,020
3. Other		175
Total non-operating expenses		4,532
Ordinary income		37,082
VI. Extraordinary gain		
1. Reversal of allowance for doubtful accounts		21
2. Other		18
Total Extraordinary gain		40
VII. Extraordinary losses		
1. Loss on closure of stores		112
2. Loss on disposal of fixed assets		80
Total Extraordinary losses		193
Income before income taxes and minority interests		36,928
Corporate tax, resident taxes and enterprise tax		12,867
Deferred taxes		1,879
Total Income taxes		14,746
Minority interests		11
Net income		22,170

[3] Consolidated Quarterly Statements of cash flows

		Three months ended November 30, 2008
Account	Notes	Amount (millions of yen)
I. Cash flows from operating activities		
1. Income before income taxes and minority interests		36,928
2. Depreciation and amortization		2,064
3. Amortization of goodwill		1,177
4. Increase (decrease) in allowance for doubtful accounts		44
5. Increase (decrease) in allowance for employees' retirement benefits		17
6. Interest and dividend income		(345)
7. Interest expenses		336
8. Foreign currency exchange (gain) loss		1,905
9. Equity in losses (income) of affiliates accounted for under equity method		(7)
10. Loss on disposal of fixed assets		80
11. (Increase) decrease in trade receivables		(22,783)
12. (Increase) decrease in inventories		(9,514)
13. Increase (decrease) in accounts payable		39,631
14. (Increase) decrease in other assets		(4,578)
15. Increase (decrease) in other liabilities		3,995
16. Other		(14)
Subtotal		48,939
17. Interest and dividend received		370
18. Interest paid		(80)
19. Income taxes paid		(23,657)
20. Other		(1)
Net cash provided by operating activities		25,570
II. Cash flows from investing activities		
1. (Increase) decrease in time deposits		84
2. Purchase of property and equipment		(2,741)
3. Purchase of intangible assets		(1,778)
4. Payments for lease deposits		(1,045)
5. Proceeds from lease deposits		783
6. Payments for construction assistance fund receivables		(207)
7. Proceeds from a decrease in construction assistance fund receivables		542

		Three months ended November 30, 2008
Account	Notes	Amount (millions of yen)
8. Proceeds from an increase in deposits received for guarantees		99
9. Payments for a decrease in deposits received for guarantees		(247)
10. Other		(121)
Net cash used in investing activities		(4,633)
III. Cash flows from financing activities		
1. Net increase (decrease) in short-term debt		(264)
2. Repayments of long-term debt		(298)
3. Decrease in long-term payable		(45)
4. Dividends paid		(6,542)
5. Other		(66)
Net cash provided by (used in) financing activities		(7,216)
IV. Effect of exchange rate changes on cash and equivalents		(7,884)
V. Net change in cash and equivalents		5,836
VI. Cash and equivalents at beginning of year		169,888
VII. Cash and equivalents of newly consolidated subsidiaries		82
VIII. Cash and equivalents at end of interim period	*1	175,807

[Events or circumstances that could bring significant concern about corporate abilities to operate as going concern]
 48th Quarterly Consolidated Fiscal Term (From September 1,2008 to November 30, 2008)
 N/A

[Changes in accounting procedures]

	48th Quarterly Consolidated Fiscal Term (From September 1,2008 to November 30,2008)
1. Changes in scope of consolidation	<p>(1) Changes in scope of consolidation UNIQLO Design Studio, New York, Inc., which was a non-consolidated subsidiary in previous consolidated fiscal year, has been included in the scope of consolidation as from the first quarter ended November 30, 2008 because of increasing its importance.</p> <p>(2) Number of consolidated subsidiaries: 22</p>
2. Changes in application of the equity method	N/A
3. Changes in accounting standards	<p>(1) Application of "Accounting Standard for Measurement of Inventories" Effective from the first quarter ended November 30, 2008, the "Accounting Standard for measurement of Inventories" (ASBJ Statement No.9, July 5, 2006) has been applied, and now these inventories are measured under mainly cost method using specific identification method, which evaluates the amount of the inventories shown on the balance sheet by writing them down based on their decrease in profitability. The impact of this change on the Statements of Income is not material.</p> <p>(2)Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" Effective from the first quarter ended November 30, 2008, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No.18, May 17, 2006) has been applied. Accordingly, some revisions has been made to the consolidated accounts as necessary. The impact of this change on the Statements of Income is not material.</p> <p>(3) Application of "Accounting Standards for Lease Transactions" Finance lease transactions except for those transferring ownership to lessee were formerly accounted for in accordance with the method used for ordinary lease transactions. From the first quarter ended November 30, 2008 the "Accounting Standard for Lease Transactions" (ASBJ Statement No.13, revised on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16, revised on March 30, 2007), which are effective from the quarterly consolidated financial</p>

	<p>statements in the consolidated fiscal year beginning on or after April 1, 2008, have been applied and those transactions are now accounted for in accordance with the method used for ordinary sales transaction.</p> <p>Leased assets related to those finance lease transactions are depreciated over the lease periods used as their useful lives and with no residual value.</p> <p>The accounting treatment for finance lease transactions except for those transferring ownership to lessee which took place before this new rule was applied remains the same (in accordance with the method applied for ordinary operating lease transactions).</p> <p>The impact of this change on the Statements of Income is not material.</p>
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[Adoption on simple accounting methods]

	48th Quarterly Consolidated Fiscal Term (From September 1, 2008 to November 30, 2008)
Methods of calculating income taxes, and deferred tax assets and deferred tax liabilities.	<p>Only important items are taken into consideration in calculating income taxes.</p> <p>In regard to the decision of recoverability of deferred tax assets, the Company has used the results forecast and tax planning used at the end of the previous consolidated fiscal year because the business environment and the condition for temporary difference are not considered to have changed significantly since the end of the previous fiscal year.</p>

[Adoption of accounting methods specific to the preparation of quarterly consolidated financial statements]

N/A

[Notes]

(Notes on Consolidated Quarterly Balance Sheet)

48th Quarterly Consolidated Fiscal Term (As of November 30, 2008)	47th Consolidated Fiscal Year (As of August 31, 2008)												
<p>*1. Inventories</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Manufactured goods</td> <td style="text-align: right;">¥58,496 million</td> </tr> <tr> <td style="padding-left: 20px;">Supplies</td> <td style="text-align: right;">¥1,870 million</td> </tr> <tr> <td style="padding-left: 20px; border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">¥60,367 million</td> </tr> </table> <p>*2. Accumulated depreciation of tangible fixed assets is ¥ 28,009 million. (Accumulated depreciation includes accumulated impairment loss.)</p> <p>*3. Allowance for doubtful accounts which is directly deducted from assets Investments and other assets ¥ 517 million</p> <p>*4. Others classified in current liabilities includes short-term debt of ¥161 million.</p>	Manufactured goods	¥58,496 million	Supplies	¥1,870 million	Total	¥60,367 million	<p>*1. Inventories</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Manufactured goods</td> <td style="text-align: right;">¥51,645 million</td> </tr> <tr> <td style="padding-left: 20px;">Supplies</td> <td style="text-align: right;">¥2,133 million</td> </tr> <tr> <td style="padding-left: 20px; border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">¥53,778 million</td> </tr> </table> <p>*2. Accumulated depreciation of tangible fixed assets is ¥ 28,797 million. (Accumulated depreciation includes accumulated impairment loss.)</p> <p>*3. Allowance for doubtful accounts which is directly deducted from assets Investments and other assets ¥ 542 million</p> <p>*4. Others classified in current liabilities includes short-term debt of ¥527 million.</p>	Manufactured goods	¥51,645 million	Supplies	¥2,133 million	Total	¥53,778 million
Manufactured goods	¥58,496 million												
Supplies	¥1,870 million												
Total	¥60,367 million												
Manufactured goods	¥51,645 million												
Supplies	¥2,133 million												
Total	¥53,778 million												

(Notes on Consolidated Quarterly Statements of Income)

Item	48th Quarterly Consolidated Fiscal Term (From September 1,2008, to November 30,2008)										
<p>*1 Major components of selling, general and administrative expenses</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Salaries and allowances</td> <td style="text-align: right;">¥ 14,595 million</td> </tr> <tr> <td style="padding-left: 20px;">Rents</td> <td style="text-align: right;">¥ 12,686 million</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation and amortization</td> <td style="text-align: right;">¥2,064 million</td> </tr> <tr> <td style="padding-left: 20px;">Amortization of goodwill</td> <td style="text-align: right;">¥1,177 million</td> </tr> <tr> <td style="padding-left: 20px;">Provision of allowance for doubtful accounts</td> <td style="text-align: right;">¥ 69 million</td> </tr> </table>	Salaries and allowances	¥ 14,595 million	Rents	¥ 12,686 million	Depreciation and amortization	¥2,064 million	Amortization of goodwill	¥1,177 million	Provision of allowance for doubtful accounts	¥ 69 million
Salaries and allowances	¥ 14,595 million										
Rents	¥ 12,686 million										
Depreciation and amortization	¥2,064 million										
Amortization of goodwill	¥1,177 million										
Provision of allowance for doubtful accounts	¥ 69 million										

(Notes on Consolidated Quarterly Statements of Cash Flows)

Item	48th Quarterly Consolidated Fiscal Term (From September 1, 2008, to November 30, 2008)
*1 Reconciliation of cash and equivalents as of November 30, 2008 to the item included in the consolidated quarterly balance sheet	Cash ¥ 67,243 million Time deposits with maturity over three months (¥ 187 million) Marketable securities <u>¥ 108,751 million</u> Cash and equivalents <u>¥175,807 million</u>

(Shareholders' Equity)

48th Quarterly Consolidated Fiscal Term (As of November 30, 2008, From September 1, 2008, to November 30, 2008)

1. Class and the total number of issued and outstanding shares
Common shares: 106,073,656 shares
2. Class and the number of treasury stock
Common shares: 4,223,643 shares
3. Equity warrants
N/A
4. Dividends
(1) Dividend payments

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
Meeting of Board of Directors on November 10, 2008	Common shares	6,620	65	August 31, 2008	November 28, 2008	Retained earnings

- (2) Dividends for which the record date falls within the current term and for which the effective date of distribution will fall within the following term

N/A

5. Significant change of the Shareholders' Equity
N/A

(Segment Information)

[Segment Information by Business Type]

48th Quarterly Consolidated Fiscal Term (From September 1, 2008, to November 30, 2008)

Because the business related to sale of clothing items accounts for more than 90% of the sum of net sales and operating income for the entire segments in amount, description of segment information by type of business is omitted.

[Segment Information by Location]

48th Quarterly Consolidated Fiscal Term (From September 1, 2008 to November 30, 2008)

(millions of yen)

	Japan	Europe	Others	Total	Eliminations and Corporate	Consolidated
Net sales						
External sales	172,053	9,628	6,828	188,510	—	188,510
Intersegment sales	—	101	159	260	(260)	—
Total	172,053	9,729	6,987	188,770	(260)	188,510
Operating income (loss)	39,352	(62)	747	40,036	907	40,943

- Notes:
1. Countries and regions are classified according to geographic proximity.
 2. Principal countries and regions other than Japan are;
Europe - France, United Kingdom, and
Others - Asia outside Japan, North America

[Overseas Net Sales]

48th Quarterly Consolidated Fiscal Term (From September 1, 2008 to November 30, 2008)

(millions of yen)

	Europe	Others	Total
Overseas net sales	9,497	6,958	16,456
Consolidated net sales			188,510
Percentage of overseas net sales in consolidated net sales	5.0%	3.7%	8.7%

- Notes:
1. Countries and regions are classified according to geographic proximity.
 2. Principal countries and regions in each geographic area are;
Europe - France, United Kingdom, and
Others - Asia outside Japan, North America
 3. Overseas net sales are defined as net sales of the Company and its consolidated subsidiaries in countries or regions outside Japan.

(Securities)

48th Quarterly Consolidated Fiscal Term (As of November 30, 2008)

The amount of marketable securities reported on the quarterly consolidated balance sheets has not widely changed from the amount at the end of previous consolidated financial year.

(Derivative transactions)

48th Quarterly Consolidated Fiscal Term (As of November 30, 2008)

Since hedge accounting is applied to all of the derivative contracts entered by the Group, description of derivative transactions are omitted.

(Stock Option, etc.)

N/A

(Per-Share Information)

1. Net assets per share

Item	46th Quarterly Consolidated Fiscal Term (As of November 30, 2008)	47th Consolidated Fiscal Year (As of August 31, 2008)
Net assets per share	¥ 2,279.26	¥ 2,572.09

2. Net income per share

Item	48th Quarterly Consolidated Fiscal Term (From September 1, 2008, to November 30, 2008)
Net income per share	¥ 217.68
Fully diluted net income per share	¥ 217.67

(Note) The bases for calculation of net income per share and fully diluted net income per share are as follows:

Items	48th Quarterly Consolidated Fiscal Term (From September 1, 2008, to November 30, 2008)
Net income per share	
Net income (millions of yen)	22,170
Amount not vested in common shareholders (millions of yen)	—
Net income attributable to common shares (millions of yen)	22,170
Average number of common shares during the period	101,850,007
Fully diluted net income per share	
Amounts of adjustment for net income (millions of yen)	(0)
Summary of significant changes in potential common shares from previous consolidated fiscal year, which were not considered in calculation of quarterly diluted net income per share since they have no dilutive effects.	—

(Significant Subsequent Events)

N/A

2. Entity Tender Offeror (other than Company)
Not applicable

3. In case of Individual Person
Not applicable

Part III. Ownership and Trading of Shares, etc. of the Tender Offeror and Parties having Special Relationships

1. Ownership of Shares, etc. as of the Filing Date

(1) Breakdown of Aggregate Shareholdings by the Tender Offeror and Parties having Special Relationships with the Tender Offeror

as of January 29, 2009

	Number of Shares, etc. Owned	Number of Shares, etc. falling under Item 2 of Paragraph 1 of Article 7 of the Enforcement Order	Number of Shares, etc. falling under Item 3 of Paragraph 1 of Article 7 of the Enforcement Order
Shares of Common Stock	99,307 (Shares)	(Shares)	(Shares)
Share Purchase Warrants		—	
Bonds with Share Purchase Warrants		—	
Beneficiary Interests on Securities Trust ()		—	
Depository Receipts for Shares, etc. ()		—	
Total	99,307		
Total Number of Shares, etc. Owned	99,307	—	—
(Total Number of Residual Shares, etc. Owned)	()	—	—

(2) Breakdown of Shares, etc. Owned by the Tender Offeror

as of January 29, 2009

	Number of Shares, etc. Owned	Number of Shares, etc. falling under Item 2 of Paragraph 1 of Article 7 of the Enforcement Order	Number of Shares, etc. falling under Item 3 of Paragraph 1 of Article 7 of the Enforcement Order
Shares of Common Stock	23,200 (Shares)	(Shares)	(Shares)
Share Purchase Warrants		—	
Bonds with Share Purchase Warrants		—	
Beneficiary Interests on Securities Trust ()		—	
Depository Receipts for Shares, etc. ()		—	
Total	23,200		
Total Number of Shares, etc. Owned	23,200	—	—
(Total Number of Residual Shares, etc. Owned)	()	—	—

(3) Breakdown of Aggregate Shareholdings by Parties having Special Relationships with the Tender Offeror

as of January 29, 2009

	Number of Shares, etc. Owned	Number of Shares, etc. falling under Item 2 of Paragraph 1 of Article 7 of the Enforcement Order	Number of Shares, etc. falling under Item 3 of Paragraph 1 of Article 7 of the Enforcement Order
Shares of Common Stock	76,107 (Shares)	(Shares)	(Shares)
Share Purchase Warrants		—	
Bonds with Share Purchase Warrants		—	
Beneficiary Interests on Securities Trust ()		—	
Depositary Receipts for Shares, etc. ()		—	
Total	76,107		
Total Number of Shares, etc. Owned	76,107	—	—
(Total Number of Residual Shares, etc. Owned)	()	—	—

(4) Breakdown of Shareholding by Each Party having a Special Relationship with the Tender Offeror

(i) Party having Special Relationship

as of January 29, 2009

Name	Global Retailing Co, Ltd.
Address or Location	717-1, Sayama, Yamaguchi City, Yamaguchi
Occupation or Business	Sales of Clothes, etc.
Contact	Shoko Kataoka Group Legal Department FAST RETAILING CO., LTD. Kitanomaru Square, 13-12, Kudan-kita 1-chome, Chiyoda-ku, Tokyo Tel: 03-6272-0800
Relationship with the Tender Offeror	A company to which the Tender Offeror has a Special Capital Relationship

Name	Global Investment Co.
Address or Location	717-1, Sayama, Yamaguchi City, Yamaguchi
Occupation or Business	Sales of Clothes, etc.
Contact	Shoko Kataoka Group Legal Department FAST RETAILING CO., LTD Kitanomaru Square, 13-12, Kudan-kita 1-chome, Chiyoda-ku, Tokyo Tel: 03-6272-0800
Relationship with the Tender Offeror	A company to which the Tender Offeror has a Special Capital Relationship

Name	Tomoyuki Fukutani
Address or Location	13-5, Kudan-kita 1-chome, Chiyoda-ku, Tokyo
Occupation or Business	Representative Director Viewcompany Co., Ltd.
Contact	Shoko Kataoka Group Legal Department FAST RETAILING CO., LTD Kitanomaru Square, 13-12, Kudan-kita 1-chome, Chiyoda-ku, Tokyo Tel: 03-6272-0800
Relationship with the Tender Offeror	Officer of a company to which the Tender Offeror has a Special Capital Relationship

(Note 1) Viewcompany Co., Ltd. plans to be dissolved by the resolution of a general meeting of shareholders to be held on February 20, 2009. Therefore Tomoyuki Fukutani will lose the position of representative director and become a liquidator.

Name	Chikara Sasaki
Address or Location	4-35, Minami-Aoyama 5-chome, Minato-ku, Tokyo (Location of Head Office of the Target)
Occupation or Business	President and director (Representative Director) LINK THEORY HOLDINGS CO., LTD.
Contact	Hideto Taira Manager Business Management Department of domestic operation LINK THEORY HOLDINGS CO., LTD. 4-35, Minami-Aoyama 5-chome, Minato-ku, Tokyo Tel: 03-3407-7502
Relationship with the Tender Offeror	Officer of a company to which the Tender Offeror has a Special Capital Relationship

Name	Makoto Hata
Address or Location	4-35, Minami-Aoyama 5-chome, Minato-ku, Tokyo (Location of Head Office of the Target)
Occupation or Business	Director LINK THEORY HOLDINGS CO., LTD.
Contact	Hideto Taira Manager Business Management Department of domestic operation LINK THEORY HOLDINGS CO., LTD. 4-35, Minami-Aoyama 5-chome, Minato-ku, Tokyo Tel: 03-3407-7502
Relationship with the Tender Offeror	Officer of a company to which the Tender Offeror has a Special Capital Relationship

Name	Hidetsugu Onishi
Address or Location	4-35, Minami-Aoyama 5-chome, Minato-ku, Tokyo (Location of Head Office of the Target)
Occupation or Business	Director LINK THEORY HOLDINGS CO., LTD.
Contact	Hideto Taira Manager Business Management Department of domestic operation LINK THEORY HOLDINGS CO., LTD. 4-35, Minami-Aoyama 5-chome, Minato-ku, Tokyo Tel: 03-3407-7502
Relationship with the Tender Offeror	Officer of a company to which the Tender Offeror has a Special Capital Relationship

Name	Akio Samejima
Address or Location	4-35, Minami-Aoyama 5-chome, Minato-ku, Tokyo (Location of Head Office of the Target)
Occupation or Business	Standing Statutory Auditor LINK THEORY HOLDINGS CO., LTD.
Contact	Hideto Taira Manager Business Management Department of domestic operation LINK THEORY HOLDINGS CO., LTD. 4-35, Minami-Aoyama 5-chome, Minato-ku, Tokyo Tel: 03-3407-7502
Relationship with the Tender Offeror	Officer of a company to which the Tender Offeror has a Special Capital Relationship

Name	Shinji Ueno
Address or Location	4-35, Minami-Aoyama 5-chome, Minato-ku, Tokyo (Location of Head Office of the Target)
Occupation or Business	Standing Statutory Auditor LINK THEORY HOLDINGS CO., LTD.
Contact	Hideto Taira Manager Business Management Department of domestic operation LINK THEORY HOLDINGS CO., LTD. 4-35, Minami-Aoyama 5-chome, Minato-ku, Tokyo Tel: 03-3407-7502
Relationship with the Tender Offeror	Officer of a company to which the Tender Offeror has a Special Capital Relationship

(ii) Number of Shares, etc. Owned
Global Retailing Co, Ltd.

as of January 29, 2009

	Number of Shares, etc. Owned	Number of Shares, etc. Falling under Item 2 of Paragraph 1 of Article 7 of the Enforcement Order	Number of Shares, etc. Falling under Item 3 of Paragraph 1 of Article 7 of the Enforcement Order
Shares of Common Stock	23,200 Shares	Shares	Shares
Share Purchase Warrants		—	
Bonds with Share Purchase Warrants		—	
Beneficiary Interests on Securities Trust ()		—	
Depository Receipts for Shares, etc. ()		—	
Total	23,200		
Total Number of Shares, etc. Owned	23,200	—	—
(Total Number of Residual Shares, etc. Owned)	()	—	—

Global Investment Co.

as of January 29, 2009

	Number of Shares, etc. Owned	Number of Shares, etc. Falling under Item 2 of Paragraph 1 of Article 7 of the Enforcement Order	Number of Shares, etc. Falling under Item 3 of Paragraph 1 of Article 7 of the Enforcement Order
Shares of Common Stock	4,960 Shares	Shares	Shares
Share Purchase Warrants		—	
Bonds with Share Purchase Warrants		—	
Beneficiary Interests on Securities Trust ()		—	
Depository Receipts for Shares, etc. ()		—	
Total	4,960		

Total Number of Shares, etc. Owned	4,960	—	—
(Total Number of Residual Shares, etc. Owned)	()	—	—

Tomoyuki Fukutani

as of January 29, 2009

	Number of Shares, etc. Owned	Number of Shares, etc. Falling under Item 2 of Paragraph 1 of Article 7 of the Enforcement Order	Number of Shares, etc. Falling under Item 3 of Paragraph 1 of Article 7 of the Enforcement Order
Shares of Common Stock	6 Shares	Shares	Shares
Share Purchase Warrants		—	
Bonds with Share Purchase Warrants		—	
Beneficiary Interests on Securities Trust ()		—	
Depository Receipts for Shares, etc. ()		—	
Total	6		
Total Number of Shares, etc. Owned	6	—	—
(Total Number of Residual Shares, etc. Owned)	()	—	—

(Note 1) Viewcompany Co., Ltd. plans to be dissolved by the resolution of a general meeting of shareholders to be held on February 20, 2009. Therefore Tomoyuki Fukutani will lose the position of representative director and become a liquidator.

Chikara Sasaki

as of January 29, 2009

	Number of Shares, etc. Owned	Number of Shares, etc. Falling under Item 2 of Paragraph 1 of Article 7 of the Enforcement Order	Number of Shares, etc. Falling under Item 3 of Paragraph 1 of Article 7 of the Enforcement Order
Shares of Common Stock	34,560 Shares	Shares	— Shares
Share Purchase Warrants		—	
Bonds with Share Purchase Warrants		—	
Beneficiary Interests on Securities Trust ()		—	
Depository Receipts for Shares, etc. ()		—	
Total	34,560		
Total Number of Shares, etc. Owned	34,560	—	—
(Total Number of Residual Shares, etc. Owned)	()	—	—

Makoto Hata

as of January 29, 2009

	Number of Shares, etc. Owned	Number of Shares, etc. Falling under Item 2 of Paragraph 1 of Article 7 of the Enforcement Order	Number of Shares, etc. Falling under Item 3 of Paragraph 1 of Article 7 of the Enforcement Order
Shares of Common Stock	6,600 Shares	Shares	Shares
Share Purchase Warrants		—	
Bonds with Share Purchase Warrants		—	
Beneficiary Interests on Securities Trust ()		—	
Depository Receipts for Shares, etc. ()		—	
Total	6,600		
Total Number of Shares, etc. Owned	6,600	—	—

(Total Number of Residual Shares, etc. Owned)	()	—	—
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Hidetsugu Onishi

as of January 29, 2009

	Number of Shares, etc. Owned	Number of Shares, etc. Falling under Item 2 of Paragraph 1 of Article 7 of the Enforcement Order	Number of Shares, etc. Falling under Item 3 of Paragraph 1 of Article 7 of the Enforcement Order
Shares of Common Stock	6,600 Shares	Shares	Shares
Share Purchase Warrants		—	
Bonds with Share Purchase Warrants		—	
Beneficiary Interests on Securities Trust ()		—	
Depository Receipts for Shares, etc. ()		—	
Total	6,600		
Total Number of Shares, etc. Owned	6,600	—	—
(Total Number of Residual Shares, etc. Owned)	()	—	—

Akio Samejima

as of January 29, 2009

	Number of Shares, etc. Owned	Number of Shares, etc. Falling under Item 2 of Paragraph 1 of Article 7 of the Enforcement Order	Number of Shares, etc. Falling under Item 3 of Paragraph 1 of Article 7 of the Enforcement Order
Shares of Common Stock	40 Shares	Shares	Shares
Share Purchase Warrants		—	
Bonds with Share Purchase Warrants		—	
Beneficiary Interests on Securities Trust ()		—	
Depository Receipts for Shares, etc. ()		—	
Total	40		
Total Number of Shares, etc. Owned	40	—	—
(Total Number of Residual Shares, etc. Owned)	()	—	—

	Number of Shares, etc. Owned	Number of Shares, etc. Falling under Item 2 of Paragraph 1 of Article 7 of the Enforcement Order	Number of Shares, etc. Falling under Item 3 of Paragraph 1 of Article 7 of the Enforcement Order
Shares of Common Stock	141 Shares	Shares	Shares
Share Purchase Warrants		—	
Bonds with Share Purchase Warrants		—	
Beneficiary Interests on Securities Trust ()		—	
Depository Receipts for Shares, etc. ()		—	
Total	141		
Total Number of Shares, etc. Owned	141	—	—
(Total Number of Residual Shares, etc. Owned)	()	—	—

2. Status of Trading of Shares, etc.

(1) Status of Trading for 60 Days Prior to the Filing Date

Not applicable

3. Material Agreements Executed with respect to Shares, etc.

The Tender Offeror entered into Tender Agreements with Mr. Sasaki, et.al., the major shareholders of the Target, on January 28, 2009, pursuant to which Mr. Sasaki, et.al. will tender all of their shares of common stock of the Target (a total of 53,760 shares, the Percentage of the Number of Shares Owned being 33.83%) in the Tender Offer.

Mr. Shinji Ueno, corporate auditor of the Target has pledged as a collateral sixty-two (62) of his shares in the Target to Japan Securities Finance Co., Ltd., and seventy-nine (79) of his shares in the Target to Osaka Securities Finance Company, Ltd.

4. Agreements providing for Purchase, etc. of Shares, etc. on or after the Filing Date of the Registration Statement

Not applicable

Part IV. Transactions and Agreements between the Tender Offeror and the Target

1. Existence and Details of Transactions between the Tender Offeror and the Target or its Directors or Officers

Not Applicable

2. Existence and Details of Agreements between the Tender Offeror and the Target or its Directors or Officers

- (1) Existence and Details of Agreements between the Tender Offeror and the Target or its Directors or Officers

The board of directors of the Target resolved to endorse the Tender Offer at its meeting held on January 28, 2009.

The Tender Offeror entered into Tender Agreements with Mr. Sasaki, et.al., the major shareholders of the Target, on January 28, 2009, pursuant to which Mr. Sasaki, et.al. will tender all of their shares of common stock of the Target (a total of 53,760 shares, the Percentage of the Number of Shares Owned being 33.83%) in the Tender Offer.

- (2) Background for the implementation of the Tender Offer

As stated in “Part I. Terms and Conditions of the Tender Offer, 3. Purpose of the Tender Offer, (4) Policy of the Organizational Restructure, etc. after the Tender Offer” above, the Tender Offeror plans to make the Target its wholly-owned subsidiary. Even though the Target is not a subsidiary of the Tender Offeror as of the date of the filing of this statement, the Tender Offeror owns 51,360 shares of the common stock of the Target, including indirect ownership (Percentage of the Number of Shares Owned being 32.32%) and the Target is an affiliate of the Tender Offeror accounted for by the equity method, and the Tender Offeror dispatches to the Target one (1) managing director and one (1) outside director. One (1) outside corporate auditor of the Tender Offeror holds the position of outside corporate auditor of the Target. Also, the current management team of the Target is, in principle, expected to continue to be involved in the management of the Target after the Tender Offer. Because of these circumstances, the Tender Offeror and the Target wish to avoid any arbitrariness or conflict of interest in the conduct of the Tender Offer, to secure the fairness of the purchase price, and to ensure fair decision-making with regard to the entire transaction involving the Tender Offer.

- ① Examination by the Tender Offeror

The Tender Offeror has appointed Nomura Securities, a third party independent of the Tender Offeror and the Target, as its financial advisor, obtained the advice of Nishimura & Asahi, the Tender Offeror’s legal counsel, independent of the Tender Offeror and the Target, and has carefully conducted relevant discussions and examinations.

The Tender Offeror owns 51,360 shares of the common stock of the Target, including indirect ownership (the Percentage of the Number of Shares Owned being 32.32%) and the Target is an affiliate of the Tender Offeror accounted for by the equity method, and the Tender Offeror dispatches to the Target one (1) managing director and one (1) outside director. One (1) outside corporate auditor of the Tender Offeror holds the position of outside corporate auditor of the

Target. In order to increase the fairness and transparency in the decision making concerning the entire transaction involving the Tender Offer, the Tender Offeror established an Investment Committee, consisting of the Tender Offeror's outside directors and corporate auditors, on January 9, 2009. Toru Hanbayashi and Nobumichi Hattori, both of whom are outside directors of the Tender Offeror, Akira Tanaka, who is a full-time corporate auditor of the Tender Offeror, and Norihiko Shimizu and Akira Watanabe, both of whom are outside corporate auditors of the Tender Offeror, were appointed as members of the Investment Committee. The board of directors of the Tender Offeror requested that the Investment Committee advise whether the Tender Offeror should make a proposal to the Target on the transaction involving the Tender Offer Price is reasonable. The Investment Committee examined the request, paying attention to the following points: (i) whether the conduct of the entire transaction involving the Tender Offer contributes to the enhancement of the Tender Offeror's corporate value and furthers the interests of its shareholders, (ii) whether the terms and conditions of the transaction, including the Tender Offer Price, are reasonable for the Tender Offeror and its shareholders, and (iii) whether the entire scheme of the transaction, including the conduct of the Tender Offer, has been and can be conducted through a fair process. As a result of its examination, on January 28, 2009, the Investment Committee recommended to the board of directors of the Tender Offeror that it is reasonable for the Tender Offeror to make a proposal on the transaction involving the Tender Offer to the Target, and that the Tender Offer Price is reasonable.

In determining the purchase price for the common stock in the Tender Offer, the Tender Offeror requested that Nomura Securities, as independent financial advisor and third party appraiser, evaluate the share value of the Target, to be used as reference material for the examination of the purchase price for the common stock in the Tender Offer. With reference to the results of the share valuation reported in Nomura Securities' valuation report (please refer to "Calculation Basis" of "Part I. Terms and Conditions of the Tender Offer, 4. Tender Offer Period and Price and Number of Shares, etc. Subject to Tender Offer, (2) Tender Offer Price."), the Tender Offeror examined the results of due diligence investigations on the Target, the likelihood that the Target would endorse the Tender Offer, the Target's stock price performance, the level of premiums attached to the tender offer prices in past non-issuer tender offers for equity securities, the expected number of shares tendered and other relevant factors, including the results of consultation and negotiation with the Target and Mr. Sasaki, et al. (who are the major shareholders of the Target) and the recommendation from the Investment Committee. Finally, the board of directors of the Target, at its meeting held on January 28, 2009, determined the purchase price of common stock in the Tender Offer as 170,000 yen per share. The purchase price for the common stock in the Tender Offer represents (a) a premium of 70.00% (rounded to the nearest hundredth of one percent) to the Target's closing price of 100,000 yen quoted on the Mothers Market of the Tokyo Stock Exchange on January 27, 2009 (the day immediately preceding the day of the Tender Offeror's board meeting that resolved to commence the Tender Offer), (b) a premium of 72.83% (rounded to the nearest hundredth of one percent) to the Target's average closing price quoted on the Mothers Market of the Tokyo Stock Exchange for the one-month period ended January 27, 2009, of 98,361 yen (rounded to the nearest whole number), (c) a premium of 76.88 % (rounded to the nearest hundredth of one percent) to the Target's average closing price for the three-month period ended January 27, 2009, of 96,110 yen (rounded to the nearest whole number) and (d) a premium of 35.43 % (rounded to the nearest hundredth of one percent) to the Target's average closing price for the three-month period ended January 27, 2009, of 125,525 yen (rounded to the nearest whole number).

Nomura Securities calculated the Target's share value utilizing the methods of average stock price analysis, comparable company analysis, and DCF Analysis in its valuation report. On January 28, 2009, the Tender Offeror received a fairness opinion from Nomura Securities to the effect that the purchase price of 170,000 yen per share of common stock is reasonable for the shareholders of the Tender Offeror.

Each series of the Share Purchase Warrants was issued in conjunction with a stock option compensation plan. Under the conditions of exercise of the Share Purchase Warrants, the holder of the Share Purchase Warrants is required, in principle, to be a director, a corporate auditor or an employee of the Target or the Target's subsidiaries (or, the Target or the Target's affiliates for the Seventh Series Share Purchase Warrants, the Eighth Series Share Purchase Warrants, and the Ninth Series Share Purchase Warrants) at the time of the exercise. Taking into consideration the above-mentioned exercise condition, the purchase price was determined to be 1 yen, because it is possible that the Tender Offeror would not be allowed to exercise the Share Purchase Warrants purchased through the Tender Offer.

The Conversion Price is 886,250 yen as of January 28, 2009. On the other hand, since the Target's initial listing on the Mothers Market of the Tokyo Stock Exchange in June 2005, the shares of common stock of the Target have traded below the Conversion Price of 886,250 yen. (taking into account the effect of the stock split on October 20, 2005). In recent years, in particular, the shares of common stock of the Target have traded far below the Conversion Price at an average closing price of 98,361 yen for the one-month period ended January 27, 2009, 96,110 yen for the three-month period ended January 27, 2009, and 125,525 yen for the six-month period ended January 27, 2009.

Under the terms and conditions of the Convertible Bonds, the holders of Convertible Bonds may exercise the share purchase warrants incorporated in the Convertible Bonds during the period up to May 31, 2017 if, as of the last day of the prior fiscal quarter, the closing price of the common shares for any 20 trading days in a period of 30 consecutive trading days ending on the last trading day of such quarter is more than 120% of the Conversion Price in effect on the last trading day of such prior fiscal quarter, provided, however that on or after June 1, 2017 the holders of the Convertible Bonds may exercise their share purchase warrants incorporated in the Convertible Bonds at any time after the closing price of the common shares on at least one trading day is more than 120% of the Conversion Price. However, these conditions will not be applicable after the commencement of the Tender Offer.

The Target will redeem the Convertible Bonds at 100% of their principal amount on the maturity date of May 14, 2018. However, the holders of the Convertible Bonds are entitled to require the Target to redeem the Convertible Bonds at 100% of their principal amount on Selected Redemption Dates.

Upon reviewing the Target's stock price performance and credit worthiness, the yield of companies comparable to the Target and other relevant factors, the Tender Offeror has determined that the value of the Convertible Bonds should be considered to be substantially the same as the value of a straight bond having a maturity date of May 12, 2009. Taking into consideration the yield of companies comparable to the Target, the time left until the Selected Redemption Date of May 12, 2009 and other relevant factors, the Tender Offeror has calculated the value of the Convertible Bonds as 4,950,000 yen (a 1% discount from the principal amount, 500 million yen).

The Tender Offeror believes that the value of the Convertible Bonds, calculated on the assumption that the holders of the Convertible Bonds will not require the Target to redeem the Convertible Bonds at 100% of their principal amount on May 12, 2009, would be far below the purchase price of the Convertible Bonds. Because the duration up to the Selected Redemption Date falling after May 12, 2009 is longer than the duration up to May 12, 2009, the value of the

bond is lower than the redemption price at 100 % of the principal amount on May 12, 2009. The value of the share purchase warrants incorporated in the Convertible Bonds is considered to be de minimis having regard to the Target's stock price performance and the relevant factors.

Even if the share purchase warrants incorporated in the Convertible Bonds become exercisable at the commencement of the Tender Offer, there is an extremely low possibility that the trading price of the Target's shares of common stock on the Mothers Market of the Tokyo Stock Exchange will exceed the Conversion Price by the Selected Redemption Date of May 12, 2009. Therefore, upon the assumption that the conversion period will end at the Selected Redemption Date, the Tender Offeror has determined that the share purchase warrants incorporated in the Convertible Bonds have no value. Taking into consideration the yield of companies comparable to the Target, the time left until the selected redemption date of May 12, 2009 and other relevant factors, the Tender Offeror has calculated the value of the Convertible Bonds as 4,950,000 yen (a 1% discount from the principal amount, 500 million yen).

The board of directors of the Target resolved at its meeting held on January 28, 2009, to take necessary steps to convene a meeting of the bondholders after the expiration of the Tender Offer Period, and to propose to the bondholders that the Target revise the terms and conditions of the bonds and the related trust deed in order to give the Target a right of early redemption to redeem the entire outstanding Convertible Bonds at 104% of their principal amount. The redemption price of 104% of the principal amount is calculated with reference to the redemption price of 104% of the principal amount which is applicable if the Convertible Bonds are redeemed in the period between May 13, 2009 and May 12, 2010, based on the early redemption clause that allows the Target to redeem the Convertible Bonds if the Target becomes a wholly-owned subsidiary of another company through a statutory share exchange or a statutory share transfer. If the revisions of the terms and conditions and the trust deed are approved at the meeting of the bondholders, the Convertible Bonds (including the Convertible Bonds that the Tender Offeror successfully acquires through the Tender Offer) are expected to be redeemed by the Target after the settlement of the Tender Offer.

Tadashi Yanai, Chairman, President and CEO of the Tender Offeror, holds the position of chairman and director of the Target. Masa Matsushita, Director of the Tender Offeror, holds the position of outside director of the Target. Therefore, in order to avoid any arbitrariness in the process of the Tender Offeror's decision-making and to ensure the fairness and transparency of the Tender Offer, they refrained from participating in the discussions and the resolutions relating to the implementation of the Tender Offer, including the determination of the Tender Offer Price at the meetings of the board of directors of the Tender Offeror and the discussions and negotiations with Mr. Sasaki, et.al. on the part of the Tender Offeror. Takaharu Yasumoto, Corporate Auditor of the Tender Offeror, holds the position of outside corporate auditor of the Target. Therefore, in order to avoid any arbitrariness in the Tender Offeror's decision-making process and to secure the fairness and transparency of the Tender Offer, he refrained from participating in the discussion relating to the implementation of Tender Offer, including the determination of the Tender Offer Price, and from expressing his opinion at the meetings of the board of directors of the Tender Offeror.

② Examination by the Target

The Target has appointed as its financial advisor, Nikko Citigroup, a third party independent of the Target and the Company, and requested the calculation of the share value of the common stock of the Target. Based on the foregoing, the Target obtained from Nikko Citigroup a valuation report on the common stock of the Target dated January 28, 2009 to be used as

reference material for the examination of the reasonableness of the purchase price for the common stock in the Tender Offer. In the valuation report, Nikko Citigroup made the evaluation of the shares of common stock of the Target utilizing the methods of average stock price analysis and discounted cash flow analysis.

Prior to the meeting of the board of directors held on January 28, 2009, as well as the opinion from Nikko Citigroup to the effect that the purchase price of common stock in the Tender Offer is reasonable from a financial perspective, the Target received an explanation thereof.

On January 8, 2009, based on its resolution, the Target's board of directors established a special committee in order to secure the fairness of the Tender Offer and to enhance the transparency and the objectivity of the transaction, and requested that the special committee express to the Target's board of directors its opinions about whether the Target's board of directors should approve of, refuse, or withhold its opinion on, the Tender Offer. Etsuo Doi, an attorney-at-law who is independent of the Tender Offeror and the Target, Akio Samejima and Shinji Ueno, both of whom are full-time corporate auditors of the Target who are independent of the Tender Offeror (a total of three (3) persons) have been appointed as members of the special committee. From January 8, 2009, considering such issues as whether the Tender Offer will be conducted through fair procedures and the interests of the shareholders of the Target are being considered, etc., the special committee conducted an examination on the content of the opinions that must be expressed by the board of directors of the Target regarding the Tender Offer. In connection with such examination, with reference to the valuation report submitted by Nikko Citigroup, the financial advisor to the Target, the special committee received from Nikko Citigroup reports on the status of the discussions and the negotiation with the Tender Offeror on the purchase price of common stock in the Tender Offer and an explanation on the fairness of the purchase price of common stock in the Tender Offer.

Further, the special committee appointed its legal counsel on its own separately from the legal counsel of the Target, and has received legal advice on the contents and the manner of the recommendations on the matters requested to be advised on. In consideration of the results of the above procedure, after careful examination of the matters requested to be advised on, on January 28, 2009, the special committee submitted a recommendation to the board of directors of the Target to the effect that fair procedures have been adopted and the interests of the shareholders of the Target have been considered in the Tender Offer and that special committee has no objection to the Tender Offer.

In response to the above, the board of directors of the Target has, in consideration of the advice from Nikko Citigroup, its financial advisor, and Mori Hamada & Matsumoto, its legal counsel, carefully conducted an examination of the content of the recommendations of the special committee, the content of the opinion received from Nikko Citigroup to the effect that the purchase price of common stock in the Tender Offer is reasonable from a financial perspective, and the terms and conditions concerning the Tender Offer and other matters. As a result of such examination, due to the possibilities of the utilization of the management resources of the Tender Offeror through the further enhancement of cooperation with the Tender Offeror and the synergies, etc. in the aspects of the businesses and the finances to be realized by the Target through the Target becoming a wholly-owned subsidiary of the Tender Offeror, determining that the Tender Offer contributes to the enhancement of the Target's mid-to-long-term corporate value in the future, that the purchase price of common stock in the Tender Offer and other various terms and conditions are reasonable, and that the interests of the shareholders of the Target are being considered through fair procedures, and that an opportunity is being given to shareholders to sell the common stock of the Target at an appropriate price, the board of directors of the Target resolved to endorse the Tender Offer. The Target also resolved at the meeting of the board of

directors above as to the recommendation to tender shares in the Tender Offer to the shareholders of the common stock of the Target, and to leave the question of the tender of the Share Purchase Warrants and the Convertible Bonds in the Tender Offer up to the holders of such Share Purchase Warrants and Convertible Bonds.

Among the directors of the Target, as Tadashi Yanai and Masa Matsushita also hold the positions of representative director and director, respectively, of the Tender Offeror, from the viewpoint of the avoidance of conflicts of interest, Tadashi Yanai and Masa Matsushita did not attend the meeting of the board of directors of the Target above, nor did they participate in the discussions and negotiations with the Tender Offeror in the positions of the Target. Chikara Sasaki, the president and representative director of the Target, is a top shareholder of the Target, and his direct and indirect shareholding ratio totals 33.83%. He has entered into an agreement with the Tender Offeror to the effect that he will tender the common stock of the Target that he holds to the Tender Offer, and the possibility of conflict of interest with the Target cannot be ruled out. Therefore, in order to secure the fairness of the resolution, he has not served as a chairperson at the meeting of the board of directors of the Target with respect to the agenda of the endorsement of the Tender Offer, and Makoto Hata was elected as a chairperson by members of the board, and Chikara Sasaki did not express any opinions in the discussions about the agenda and abstained from voting on the resolution.

Further, the full-time corporate auditors of the Target who participated in the meeting of the board of directors above expressed opinions to the effect that they do not object to the board of the directors of the Target expressing their opinion to endorse the Tender Offer. Among the corporate auditors of the Target, Takaharu Yasumoto holds the position of the outside corporate auditor of the Tender Offeror. Also, Kenji Takai is a member of the Code of Conduct Committee and Compliance Committee of the Tender Offeror. Therefore, as the possibility of conflicts of the interest with the Target cannot be ruled out, in order to secure the fairness of the resolution, they refrained from participating in the meeting of the board of directors above, and from expressing their opinions on the resolutions.

Part V. Description of the Target

1. Status of Profits and Losses and Related Matters for the Most Recent Three Years

(1) Status of Profits and Losses

(in million yen)

Fiscal Year Ended	August 2006 (8th Fiscal Term)	August 2007 (9th Fiscal Term)	August 2008 (10th Fiscal Term)
Operating Income	2,100	2,123	2,973
Operating Expenses	1,152	1,067	1,241
Non-operating Revenues	125	354	354
Non-operating Expenses	36	32	53
Net Profit (Net Loss) for the Period	1,044	-6,082	329

(Note 1) Sales do not include consumption tax, etc.

(Note 2) The above information (including Note 1) is derived from the Securities Report for the 8th Fiscal Year filed by the Target on November 29, 2006, the Securities Report for the 9th Fiscal Year filed by the Target on November 29, 2007, and the Securities Report for the 10th Fiscal Year filed by the Target on November 28, 2008.

(2) Status per Share

(in yen)

Fiscal Year Ended	August 2006 (8th Fiscal Term)	August 2007 (9th Fiscal Term)	August 2008 (10th Fiscal Term)
Net Profit or Loss per Share	7,033.20	-40,182.79	2,108.33
Amount of Dividends per Share	625	-	-
Net Asset Value per Share	111,712.92	71,028.55	70,190.41

(Note) The above information (including Note 1) is derived from the Securities Report for the 8th Fiscal Year filed by the Target on November 29, 2006, the Securities Report for the 9th Fiscal Year filed by the Target on November 29, 2007, and the Securities Report for the 10th Fiscal Year filed by the Target on November 28, 2008.

2. Share Price

(in yen)

Name of Financial Instruments Exchange or Financial Instruments Dealers Association	The Mothers Market of the Tokyo Stock Exchange (the number of shares per unit - shares)						
Month	July 2008	August	September	October	November	December	January 2009
Highest Price	185,700	198,100	198,400	142,000	115,000	102,000	108,000
Lowest Price	162,000	170,100	132,000	81,700	85,000	83,000	92,500

(Note) The figures for January 2009 are based on the share prices through January 28, 2009.

3. Shareholders

(1) Shareholdings in terms of Shareholder Category

as of August 31, 2008

Classification	Details of Shares								Status of Fractional Unit Shares (shares)
	Government and Local Government	Financial Institutions	Financial Instruments Dealers	Other Bodies Corporate	Foreign Corporations, etc.	Foreign individuals	Individuals and Others	Total	
Number of Shareholders (persons)	—	7	13	35	50	4	3,115	3,220	—
Number of Shares Owned (units)	—	1,312	919	73,125	25,113	15	58,451	158,920	—
Percentage of Number of Shares Owned (%)	—	0.82	0.58	46.01	15.8	0.01	36.79	100	—

(Note 1) The above information is cited from the Securities Report for the 10th Fiscal Year filed by the Target on November 28, 2008.

(2) Number of Shares Owned by Major Shareholders, Directors and Officers

(i) Major Shareholders

as of August 31, 2008

Name	Address or Location	Number of Shares Owned (shares)	Percentage of Shares Owned to the Total Number of Issued Shares (%)
Ricky S. Sasaki	Meguro-ku, Tokyo	34,560	21.75
Fast Retailing Co., Ltd.	717-1, Sayama, Yamaguchi City, Yamaguchi	23,200	14.60
Kabushiki Kaisha Global Retailing	717-1, Sayama, Yamaguchi City, Yamaguchi	23,200	14.60
Yugen Kaisha RS Investment	22-13, Midoriga-oka 1-chome, Meguro-ku, Tokyo	19,200	12.08
Goldman Sachs and Company Regular Account (Standing Proxy Goldman Sachs Japan Co., Ltd.)	85 BROAD STREET NEW YORK, NY, USA (Standing Proxy Roppongi Hills Mori Tower, 10-1, Roppongi 6-chome, Minato-ku, Tokyo)	8,461	5.32
Morgan Stanley & Co. Inc. (Standing Proxy Morgan Stanley Japan Securities Co., Ltd.)	1585 BROADWAY NEW YORK, NY, USA (Standing Proxy Yebisu Garden Place Tower, 20-3, Ebisu 4-chome, Shibuya-ku, Tokyo)	7,113	4.48

Makoto Hata	Meguro-ku, Tokyo	6,600	4.15
Hidetsugu Onishi	Meguro-ku, Tokyo	6,600	4.15
Kabushiki Kaisha Global Investment	717-1, Sayama, Yamaguchi City, Yamaguchi	4,960	3.12
State Street Bank and Trust Company 505044 (Standing Proxy Mizuho Corporate Bank, Ltd. [Kabutocho Securities Clearance Office])	P.O. BOX 351 BOSTON MASSACHUSETTS 02101, U.S.A. (Standing Proxy 6-7, Nihonbashi Kabutocho, Chuo-ku, Tokyo)	3,021	1.90
Total	—	136,915	86.15

(Note 1) Wellington Management Company, LLP sent a copy of a Significant Shareholding Report dated April 4, 2007, stating that Wellington Management Company, LLP owned 13,560 shares as of such date. However, as the Company cannot verify the number of shares beneficially owned as of the end of the 10th fiscal year, the shareholding of Wellington Management Company, LLP is not included in the list above.

The Significant Shareholding Report of Wellington Management Company LLP contains the following information:

The percentage of shares, etc. held below is calculated with the total number of issued shares being 151,096 shares. The total number of issued shares at the end of August 2008 was 158,920 shares.

Name of substantial shareholder: Wellington Management Company, LLP

Address: 75 STATE STREET, BOSTON, MASSACHUSETTS,
02109, U.S.A.

Number of shares held: 13,560 shares

Percentage of shares, etc. held: 8.97%

(Note 2) The above information (including Note 1) is cited from the Securities Report for the 10th Fiscal Year filed by the Target on November 28, 2008.

(ii) Directors and Officers

as of August 31, 2008

Name	Title	Position	Number of Shares Owned (shares)	Shareholdings as Percentage of the Total Number of Issued Shares (%)
Tadashi Yanai	Chairman and director		—	—
Chikara Sasaki	President and director (Representative Director)	Chief Executive Officer (CEO)	34,560	21.75
Makoto Hata	Director		6,600	4.15

Hidetsugu Onishi	Director	Chief Financial Officer (Group CFO)	6,600	4.15
Masa Matsushita	Director		—	—
Akio Samejima	Standing Statutory Auditor		40	0.03
Shinji Ueno	Standing Statutory Auditor		141	0.09
Takaharau Yasumoto	Auditor		—	—
Kenzo Takai	Auditor		—	—
Total	—	—	47,941	30.17

(Note 1) Director Mr. Masa Matsushita is an “outside director” as defined in Item 15 of Article 2 of the Company Law.

(Note 2) Statutory Auditors Mr. Yasumoto Takaharu and Mr. Takai Kenji are “outside corporate auditors” as defined in Item 16 of Article 2 of the Company Law.

(Note 3) The above information (excluding “Shareholdings as Percentage of the Total Number of Issued Shares”, and including Note 1 and Note 2) is derived from the Securities Report for the 10th Fiscal Year filed by the Target on November 28, 2008.

(Note 4) “Shareholdings as Percentage of the Total Number of Issued Shares” is rounded to two decimal points.

4. Others

(1) The Target has published a “Notice regarding the Amendment of the Business Performance Forecast” at the Tokyo Stock Exchange on January 28, 2009. The following summary of the contents of publication is a partial excerpt of the content published by the Target, and the Company is not in a position to independently verify the accuracy and the authenticity thereof, and has not conducted such verification. Please refer to the contents of such publication for further details.

(i) Cumulative total of the second quarter of the fiscal year ending in August 2009 (September 1, 2008 to February 28, 2009): Amendment of the Business Performance Forecast

(Consolidated Business Performance Forecast)

(in million yen)

	Sales	Operating Income	Ordinary Income	Midterm Net Profit	Midterm Net Profit per Share (yen)
Previously Published Forecast (A)	30,700	1,000	750	30	188.77
Amended Published Forecast (B)	27,197	560	-2,372	-4,372	-27,510.70
Increased/Decreased Amount (B-A)	-3,503	-440	-3,122	-4,402	—
Rate of Increase/Decrease	-11.4%	-44.0%	—	—	—
(Reference)					
Business Performance for the Previous Year (August 2008)	31,045	1,399	429	360	2,347.76

(Non-Consolidated Business Performance Forecast)

(in million yen)

	Operating Revenue	Operating Income	Ordinary Income	Midterm Net Profit	Midterm Net Profit per Share (yen)
Previously Published Forecast (A)	1,501	869	1,016	86	541.15
Amended Published Forecast (B)	1,459	870	1,030	-2,204	-13,868.61
Increased/Decreased Amount (B-A)	-42	1	14	-2,290	—
Rate of Increase/Decrease	-2.8%	0.1%	1.4%	—	—
(Reference)					
Business Performance for the Previous Year (August 2008)	1,483	880	1,027	523	3,408.32

(Reason for Amending Consolidated Business Performance Forecast)

Decrease in Sales in Japan, the U.S. and Europe

Due to a decrease in the yen equivalent amount of sales resulting from sharp appreciation of the yen compared to the projected exchange rate in addition to a decrease in sales due to globally deteriorating retail market conditions, sales are expected to decrease by 3.5 billion yen compared to the previous forecast. Cost cutting efforts in Japan, the U.S. and Europe were not sufficient to cover unaccomplished sales plans, and operating income is expected to decrease by 440 million yen compared to the previous forecast.

Accrual of Foreign Exchange Revaluation Loss Related to Yen-denominated Loans to the U.S. and European Subsidiaries

In connection with non-operating expenses, the foreign exchange revaluation loss of yen-denominated loans to the U.S. and European subsidiaries is expected to increase by 2.6 billion yen compared to the previous forecast due to rapid appreciation of the yen, resulting in ordinary income decreasing by 3.12 billion yen compared to the previous forecast.

Accrual of Special Loss from Sale of Rosner GmbH & Co. KG

A special loss of 1.68 billion yen from the loss arising on the sale of the 100% interest in Rosner GmbH & Co. KG, which was not taken into account in the previous forecast, will be reported, resulting in midterm net profit decreasing by 4.4 billion yen compared to the previous forecast.

(Reason for Amending Non-consolidated Business Performance Forecast)

In addition to a decrease in the yen equivalent of dollar-denominated dividend income from the U.S. due to yen appreciation, because of an expanding loss in European subsidiaries from the sale of Rosner GmbH & Co. KG, the amount to be incorporated into the reserve for loan losses of the European subsidiaries is expected to increase.

Due to accrual of foreign exchange revaluation loss and special loss described above, please be cautious about the possibility that the Target may not meet one of the conditions precedent in the Loan Agreement in the total amount of 8.5 billion yen entered into on November 7, 2008, which requires that the amount of net assets on the consolidated balance sheet as of the end of second quarter of the fiscal year ending February, 2009 shall not be equal to or higher than 70% of those in the corresponding term of the previous fiscal year.

- (ii) Cumulative total of the full fiscal year ending in August 2009 (September 1, 2008 to August 31, 2009): Amendment of the Business Performance Forecast

(Consolidated Business Performance Forecast)

(in million yen)

	Sales	Operating Income	Ordinary Income	Midterm Net Profit	Midterm Net Profit per Share (yen)
Previously Published Forecast (A)	61,000	2,400	1,900	250	1,573.12
Amended Published Forecast (B)	48,646	851	-2,032	-4,200	-26,428.39
Increased/Decreased Amount (B-A)	-12,354	-1,549	-3,932	-4,450	—
Rate of Increase/Decrease	-20.3%	-64.5%	—	—	—
(Reference)					
Business Performance for the Previous Year (August 2008)	59,887	2,056	396	-197	-1,262.40

(Non-Consolidated Business Performance Forecast)

(in million yen)

	Operating Revenue	Operating Income	Ordinary Income	Midterm Net Profit	Midterm Net Profit per Share (yen)
Previously Published Forecast (A)	3,002	1,681	1,900	184	1,160.96
Amended Published Forecast (B)	2,918	1,640	1,856	-1,639	-10,313.37
Increased/Decreased Amount (B-A)	-84	-41	-44	-1,825	—
Rate of Increase/Decrease	-2.8%	-2.4%	-2.3%	—	—
(Reference)					
Business Performance for the Previous Year (August 2008)	2,973	1,731	2,032	329	2,108.33

(Reason for Amending Consolidated Business Performance Forecast)

Business in Europe

In addition to sluggish sales from the lack of sales in the second half which was taken into account in the previous forecast due to the sale of Rosner GmbH & Co. KG, because of a decrease in the yen-equivalent amount resulting from the strong yen against the Euro and deteriorating retail market conditions, the sales from the business in Europe are expected to decrease by 4.2 billion yen compared to the previous forecast. Operating profit and loss are expected to improve by approximately 100 million yen because of no longer having to account for the initially accounted operating loss for the second half of Rosner GmbH & Co. KG.

Business in the U.S.

In addition to rapidly deteriorating retail market conditions since fall of last year, because of a decrease in the yen-equivalent amount resulting from the strong yen against the Dollar, sales from the business in the U.S. are expected to decrease by 6.4 billion yen compared to the previous forecast. Costs will be cut in the second half by approximately 1.6 billion yen compared to the previous forecast by implementing cost cutting plans such as personnel downsizing, but nevertheless there will be an estimated 1.5 billion yen decrease in the operating profit compared to the previous forecast.

Business in Japan

Sales are expected to decrease by approximately 2 billion yen compared to the previous forecast due to a decrease in sales of the directly managed stores. Operating profit is also expected to decrease by approximately 300 million yen compared to the previous forecast.

(Reason for Amending Non-consolidated Business Performance Forecast)

In addition to a decrease in the yen equivalent of dollar-denominated dividend income from the U.S., the increase in the amount to be incorporated into the reserve for loan losses of the European subsidiaries for the second cumulative quarter will contribute to the amendment.

- (2) The board of directors of the Target resolved at its meeting held on January 28, 2009, to take necessary steps to convene a meeting of the bondholders after the successful completion of the Tender Offer, and to propose to the bondholders that the Target revise the terms and conditions of the bonds and the related trust deed in order to give the Target a right of early redemption to redeem the entire outstanding Convertible Bonds at 104% of their principal amount. The redemption price of 104% of the principal amount is calculated with reference to the redemption price of 104% of the principal amount which is applicable if the Convertible Bonds are redeemed in the period between May 13, 2009 and May 12, 2010, based on the early redemption clause that allows the Target to redeem the Convertible Bonds if the Target becomes a wholly-owned subsidiary of another company through a statutory share exchange or a statutory share transfer. If the revisions of the terms and conditions and the trust deed are approved at the meeting of the bondholders, the Convertible Bonds (including the Convertible Bonds that the Tender Offeror successfully acquired through the Tender Offer) are expected to be redeemed by the Target after the settlement of the Tender Offer.
- (3) Because the Tender Offeror has not set a maximum limit to the number of shares of common stock to be purchased in the Tender Offer, the Target's shares of common stock may be subject to delisting pursuant to certain procedures if this Tender Offer results in such shares meeting the delisting standards of the Tokyo Stock Exchange. The Tender Offeror plans to make the Target a wholly-owned subsidiary of the Tender Offeror in accordance with the policy described in "Part I. 3. (4) Policy of Organizational Restructure, etc. after the Tender Offer" above. In such case, the Target's shares of common stock will be delisted pursuant to certain procedures set out in the delisting rules of the Tokyo Stock Exchange. The Target's shares of common stock may not be sold or purchased on the Tokyo Stock Exchange after delisting. Also, the Target will not apply for listing the class of shares which the shareholders of the Target will be entitled to receive in exchange for the redemption of the common stock of the Target in the procedure to make the Target a wholly-owned subsidiary.

On the presumption that the Target will be a wholly-owned subsidiary of the Tender Offeror, the Target resolved at the meeting of the board of directors held on January 28, 2009 that it would abolish the shareholder special benefit plan, with the final shareholder special benefit plan to be open to the shareholders who are entered or recorded in the shareholder register as of February 28, 2009. The names of the shareholders on the shareholder register will not be changed before the successful completion of the Tender Offer even if the shareholders tender their shares to the Tender Offer on or before February 28, 2009. Therefore, the shareholders who tender their shares to the Tender Offer and who are entered or recorded on the shareholder register as of February 28, 2009 will be subject to the shareholder special benefit plan having a record date of the same date.