

Japan Apparel companies to merge operations

As stated in our press release dated April 1, 2008 entitled "Basic agreement on business integration among FR Japan Apparel firms", FAST RETAILING CO., LTD. has been studying a possible operational merger between three of its consolidated subsidiaries; low-cost casual wear brand G.U. CO., LTD., and footwear retailers ONEZONE CORPORATION, and VIEWCOMPANY CO., LTD., FAST RETAILING finalized the overall content and schedule of such a merger at our board meeting held today.

The fundamental objective of this move is for FAST RETAILING to take a leading role in fully utilizing the management resources of the Group including the UNIQLO operation, and to advance the establishment of a footwear operation and a low price casual clothing operation that can offer the customer fresh value.

1. Management merger implementation – the timing & method

We considered the best way to realize the establishment of a footwear operation and a low price casual clothing operation with FAST RETAILING as the main driving force. We also studied the possibility of merging operations of our three group subsidiaries currently involved in developing our footwear and low price casual clothing operation. As a result, we decided the optimum way forward was to merge the three companies operations into one.

The business integration will be achieved by the current G.U. and VIEWCOMPANY operations being devolved to ONEZONE CORPORATION.

The scheduled transfer of operations currently performed by VIEWCOMPANY will take place on August 20, 2008, while the operations currently performed by G.U. will be assigned on August 31, 2008. The new company is thus expected to begin operations from September 1, 2008. The schedule business merger is however subject to completion of the incorporation of VIEWCOMPANY as a fully owned FR subsidiary.

2. Business forecasts

We forecast this planned business merger may generate a special loss of approximately ¥1.8bln for the year ending August 2008.

3. The three group companies

G.U. CO., LTD. began operations in October 2006 to develop the g.u. casual wear brand. With 50 stores in operation by end August 2007, we are currently working to expand the store network.

ONEZONE CORPORATION operates specialty footwear stores nationwide such as the FOOTPARK chain. FAST RETAILING purchased ONEZONE outright in March 2005 as part of our strategy to break into the footwear retail market.

VIEWCOMPANY CO., LTD. operates chain stores specializing in women's footwear such as vju: As announced on March 19, 2008, FAST RETAILING is currently in the process of making VIEWCOMPANY a fully owned subsidiary.