

January 28, 2009

Corporate Name: FAST RETAILING CO., LTD.  
Name of Representative: Tadashi Yanai,  
Chairman, President and CEO  
(Code Number: 9983 the First Section of the Tokyo  
Stock Exchange)  
Contact: Makoto Yoshitaka,  
Chief Financial Officer  
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FR launches tender offer for LINK THEORY HOLDINGS CO., LTD.

FAST RETAILING CO., LTD. (the “Company”) resolved at the meeting of its Board of Directors held on January 28, 2009 to acquire common stock, stock purchase warrants (*shinkabu yoyaku ken*), and Zero Coupon Convertible Bonds due 2018 (bonds with share purchase warrants, *shinkabu yoyakuken-tsuki shasai*, the “Convertible Bonds”) of LINK THEORY HOLDINGS CO., LTD. (Ticker 3373, TSE Mothers, the “Target”) through a tender offer (the “Tender Offer”). The details of the Tender Offer are expanded below.

1. Purpose of the Tender Offer

(1) Summary of the Tender Offer

The Company 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 Company (directly holding 23,200 shares) and its wholly-owned subsidiaries, Global Retailing Co, Ltd. (“GR”) (holding 223,200 shares) and Global Investment Co. (“GI”) (holding 4,960 shares), and the Target is an affiliate of the Company 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 issued by the Target (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 Company 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. 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 Company Group 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 Company Group. As a part of its plan the Company Group began capital participation in the Target in January 2004. Thereafter, as well as mutually sharing the know-how and strengths of the Company and the Target and respecting each other’s independence, the Company 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 Company Group, the Company Group determined that a more solid cooperation structure with the Target was necessary. In addition, the Company 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 Company Group. Therefore, for the purpose of making the Target a wholly-owned subsidiary of the Company, the Company Group decided to conduct the Tender Offer.

By making the Target a wholly-owned subsidiary, the Company and the Target will, with full respect for the independence of the Target's brands, expand the business of the Company 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 Company Group in Europe. Further, under the concept of "Global One," the Company's policy of managing the entire business of the Company Group to the highest global standard 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 Company Group aims to develop the Target into an entity with higher growth and profitability, strengthen the global brand business of the Company 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 Company 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 "1. (4) Policy of the Organizational Restructure, etc. after the Tender Offer" below, the Company plans to make the Target its wholly-owned subsidiary. Even though the Target is not a subsidiary of the Company as of today, the Company 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 Company accounted for by the equity method, and the Company dispatches to the Target one (1) managing director and one (1) outside director. One (1) outside corporate auditor of the Company holds the position 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 Company 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 Company

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

The Company 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 Company accounted for by the equity method, and the Company dispatches to the Target one (1) managing director and one (1) outside director. One (1) outside corporate auditor of the Company 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 Company established an Investment Committee, consisting of the Company's outside directors and corporate auditors, on January 9, 2009. Toru Hanbayashi, Nobumichi Hattori, both of whom are outside directors of the Company, Akira Tanaka, who is a full-time corporate auditor of the Company, and Norihiko Shimizu and Akira Watanabe, both of whom are outside corporate auditors of the Company, were appointed as members of the Investment Committee. The board of directors of the Company requested that the Investment Committee advise whether the Company 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 Company'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 Company 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 Company that it is reasonable for the Company 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 Company 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 "2. Overview of the Tender Offer", "(2) Background for the Determination of the Tender Offer Price", "① Calculation Basis" below.), the Company 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 Company, 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 Company'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 six-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 Company 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 Company.

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 at the time of its exercise. Taking into consideration this exercise condition, the purchase price was determined to be 1 yen, because it is possible that the Company would not be allowed to exercise the Share Purchase Warrants purchased through the Tender Offer.

Under the situation the shares of common stock of the Target have been traded far below the Conversion Price (as defined below), the Company 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 Company has calculated the value of the Convertible Bonds as 4,950,000 yen.

Tadashi Yanai, Chairman, President and CEO of the Company, holds the position of chairman and director of the Target. Masa Matsushita, Director of the Company, holds the position of outside director of the Target. Therefore, in order to avoid any arbitrariness in the process of the Company'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 Company and the discussions and negotiations with Mr. Sasaki, et. al. on the part of the Company.

Takaharu Yasumoto, Corporate Auditor of the Company, holds the position of outside corporate auditor of the Target. Therefore, in order to avoid any arbitrariness in the Company'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 Company.

② Examination by the Target

The Target has appointed as its financial advisor, Nikko Citigroup Limited ("Nikko Citigroup"), a third party independent of the Company and the Target, 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 the valuation report on the common stock for the share value 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 receipt of 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 thereon.

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. Etsuo Doi, an attorney-at-law who is independent of the Target and the Company, Akio Samejima and Shinji Ueno, both of whom are full-time corporate auditors of the Target who are independent of the Company (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 Company on the Tender Offer Price and the explanation on the fairness of the Tender Offer Price.

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 concluded by 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 conclusion 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 Company through the further enhancement of the cooperation with the Company 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 Company, determining that the Tender Offer contributes to the enhancement of the Target's middle-to-long-term corporate value in the future, that the Tender Offer Price 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 opportunities for the sale of 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 Company, 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 Company on the part 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 approximately 34%. He has entered into an agreement with the Company 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 can not 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 for 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 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 Company. Also, Kenji Takai is a member of the Code of Conduct Committee and Compliance Committee member of the Company. Therefore, as the possibility of conflicts of the interest with the Target can not 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 Company plans to make the Target a wholly-owned subsidiary of the Company through the Tender Offer and subsequent procedures (the "Procedures"). If the Company 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 Company 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 Joko*); 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 Company, GR and GI (the "Company, 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 Joko*), 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 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 at this moment, but, such number of shares will be determined so that the holdings of shareholders other than the Company, et. al. shall be limited to fractions of less than one share of the Target in order that the Company, 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 Company, et. al., circumstances regarding the shareholdings of shareholders other than the Company, et. al., and other relevant factors.

The Company 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 of the Tender Offer, and to propose to the bondholders that the Target revise the terms and conditions of the bond and the relating trust deed in order to give the Target a right of early redemption to redeem the entire outstanding Convertible Bonds at 104% of principal amount. If the revisions of the terms and conditions and the trust deed are approved at the meeting of the bondholders, the Bonds with Share Purchase Warrants are expected to be redeemed by the Target after the settlement of the Tender Offer.

#### (5) Expectation of Delisting

Because the Company 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 Company plans to make the Target a wholly-owned subsidiary of the Company in accordance with

the policy described in “(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 Company, 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 Company and the Target’s shareholder(s)

The Company entered into Tender Agreements with Mr. Sasaki, et. al., the large 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. Overview of Tender Offer

### (1) Overview of the Target

|  |  |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
|--|--|---|----------------|--------|--------------------------|--------|----------------------------|--------|-------------------------|--------|---|-------|---|-------|-------------|-------|------------------|-------|-----------------------------|-------|--|-------|
| ① Business name  | LINK THEORY HOLDINGS CO., LTD.   |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| ② Main areas of business   | Manage corporate activities below:<br>- Licensed brand design, manufacture, sales and store management<br>- Own brand design, manufacture, sales and store management<br>- Import and sale of international brand products   |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| ③ Established  | December 11, 1998  |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| ④ Head office  | 5-4-35 Minami Aoyama, Minato-ku, Tokyo   |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| ⑤ Business representative name & title   | President/CEO - Chikara Sasaki   |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| ⑥ Capital  | 6,396 million yen  |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| ⑦ Major shareholders & their holdings (As of Aug 31, 2008)   | <table> <tr> <td>Chikara Sasaki</td> <td>21.75%</td> </tr> <tr> <td>FAST RETAILING CO., LTD.</td> <td>14.60%</td> </tr> <tr> <td>Global Retailing Co., Ltd.</td> <td>14.60%</td> </tr> <tr> <td>RS Investment Co., Ltd.</td> <td>12.08%</td> </tr> <tr> <td>Goldman Sachs and Company (regular account)<br/>(Standing agent: Goldman Sachs Securities Co., Ltd.)</td> <td>5.32%</td> </tr> <tr> <td>Morgan Stanley and Company<br/>(Standing agent: Morgan Stanley Securities Co., Ltd.)</td> <td>4.48%</td> </tr> <tr> <td>Makoto Hata</td> <td>4.15%</td> </tr> <tr> <td>Hidetsugu Onishi</td> <td>4.15%</td> </tr> <tr> <td>Global Investment Co., Ltd.</td> <td>3.12%</td> </tr> <tr> <td>State Street Bank and Trust Company<br/>(Standing agent: Mizuho Corporate Bank, Ltd. Kabutocho Settlement &amp; Clearing Services Division)</td> <td>1.90%</td> </tr> </table> |   | Chikara Sasaki | 21.75% | FAST RETAILING CO., LTD. | 14.60% | Global Retailing Co., Ltd. | 14.60% | RS Investment Co., Ltd. | 12.08% | Goldman Sachs and Company (regular account)<br>(Standing agent: Goldman Sachs Securities Co., Ltd.) | 5.32% | Morgan Stanley and Company<br>(Standing agent: Morgan Stanley Securities Co., Ltd.) | 4.48% | Makoto Hata | 4.15% | Hidetsugu Onishi | 4.15% | Global Investment Co., Ltd. | 3.12% | State Street Bank and Trust Company<br>(Standing agent: Mizuho Corporate Bank, Ltd. Kabutocho Settlement & Clearing Services Division) | 1.90% |
| Chikara Sasaki   | 21.75%   |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| FAST RETAILING CO., LTD.   | 14.60%   |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| Global Retailing Co., Ltd.   | 14.60%   |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| RS Investment Co., Ltd.  | 12.08%   |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| Goldman Sachs and Company (regular account)<br>(Standing agent: Goldman Sachs Securities Co., Ltd.)                                    | 5.32%  |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| Morgan Stanley and Company<br>(Standing agent: Morgan Stanley Securities Co., Ltd.)  | 4.48%  |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| Makoto Hata  | 4.15%  |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| Hidetsugu Onishi   | 4.15%  |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| Global Investment Co., Ltd.  | 3.12%  |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| State Street Bank and Trust Company<br>(Standing agent: Mizuho Corporate Bank, Ltd. Kabutocho Settlement & Clearing Services Division) | 1.90%  |   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
| ⑧ Relationship between Company and Target  | Capital relationship   | As of January 28, 2009 the Company directly and indirectly holds 32.32% of the total issued number of the Target's shares.  |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
|  | Personnel relationship   | As of January 28, 2009, Tadashi Yanai, Chairman & CEO of the Company also serves as Chairman of the Target. In addition, one Executive Director of the Company serves as outside director at the Target. One outside auditor of the Company also serves as outside auditor of the Target. |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
|  | Business connection  | No pertinent connection   |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |
|  | Pertinent information regarding connected persons  | The Target is an affiliate the Company accounted for by the equity method. Therefore they do constitute connected persons.  |                |        |                          |        |                            |        |                         |        |   |       |   |       |             |       |                  |       |                             |       |  |       |

(2) Tender offer period

① Tender offer initial notification period  
Thursday, January 29, 2009 to Thursday, March 12, 2009 (30 business days)

② Possibility of Extension upon Request of the Target  
Not Applicable

(3) Tender Offer Price

|   |  |                                    |
|---|--|------------------------------------|
| ① Common stock  | 170,000 yen per share  |                                    |
| ② Share purchase warrants<br>( <i>shinkabu yoyaku ken</i> ) | (a) 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.                                     | 1 yen per share purchase warrant   |
|   | (b) 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.                                      | 1 yen per share purchase warrant   |
|   | (c) 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.   | 1 yen per share purchase warrant   |
|   | (d) 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.  | 1 yen per share purchase warrant   |
|   | (e) 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.   | 1 yen per share purchase warrant   |
|   | (f) 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.  | 1 yen per share purchase warrant   |
|   | (g) 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" ). | 1 yen per share purchase warrant   |
| ③ Bondswith share purchase warrants                         | Zero Coupon Convertible Bonds due 2018 (bonds with share purchase warrants, <i>shinkabu yoyakuken-tsuki shasai</i> ),  | 4,950,000 yen per convertible bond |

(*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.

(4) Background for the Determination of the Tender Offer Price

① Calculation Basis

(a) Common Stock

The Company 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 Company on January 28, 2009.

The ranges of values per share of common stock of the Target in the respective analyses are as follows:

|                              |                          |
|------------------------------|--------------------------|
| 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 |

(i) Average Stock Price Analysis

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:

| 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<br>96,900 yen  |
| The latest 5 business days immediately preceding the commencement of the Tender Offer                      | January 20, 2009 to January 26, 2009<br>95,400 yen |
| Valuation reference date   | January 26, 2009<br>96,000 yen                     |

(ii) Comparable Company Analysis

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.

(iii) DCF Analysis

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 Company 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 Company 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 Company.

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 Company'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 72.83% (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 98,361 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).

(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 its exercise. Taking into consideration the above-mentioned exercise condition, the purchase price was determined to be 1 yen, because it is possible that the Company would not be allowed to exercise the Share Purchase Warrants purchased through the Tender Offer.

(c) Convertible Bonds

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 its 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 stock split on October 20, 2005). In recent years, in particular, the shares of common stock of the Target have been 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 May 12, 2009, May 12, 2012, and May 12, 2015.

Upon reviewing the Target's stock price performance and credit worthiness, the yield of companies comparable to the Target and other relevant factors, the Company 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. 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 Company 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 Company has calculated the value of the Convertible Bonds as 4,950,000 yen (1% discount for 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 of the Tender Offer, and to propose to the bondholders that the Target revise the terms and conditions of the bond and the relating trust deed in order to give the Target a right of early redemption to redeem the entire outstanding Convertible Bonds at 104% of principal amount. If the revisions of the terms and conditions and the trust deed are approved

at the meeting of the bondholders, the Bonds with Share Purchase Warrants are expected to be redeemed by the Target after the settlement of the Tender Offer.

② Calculation Background

The Company 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 Company Group. As a part of its plan the Company Group began capital participation in the Target in January 2004. Thereafter, as well as mutually sharing the know-how and strengths of the Company and the Target and respecting each other's independence, the Company 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 Company Group, it determined that a more solid cooperation structure with the Target was necessary. In addition, the Company 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 Company Group. Therefore, for the purpose of making the Target a wholly-owned subsidiary of the Company, the Company Group decided to conduct the Tender Offer.

Even though the Target is not a subsidiary of the Company as of the date of the filing of this statement, the Company 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 Company accounted for by the equity method, and the Company dispatches to the Target one (1) managing director and one (1) outside director. One (1) outside corporate auditor of the Company holds the position of outside corporate auditor of the Target. Also, the current management team of the Target are, in principle, expected to continue to be involved in the management of the Target after the Tender Offer.

(a) Name of the third party from which the Company received advice

The Company 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.

(b) Summary of such advice

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:

|                              |                         |
|------------------------------|-------------------------|
| 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 |

(c) Background for the determination of the Tender Offer Price

With reference to the results of the share valuation reported in Nomura Securities' valuation report, the Company 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 Company would not be allowed to exercise the Share Purchase Warrants purchased through the Tender Offer, Therefore, the Company 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 Company 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 Company has calculated the value of the Convertible Bonds as 4,950,000 yen.

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

The Company 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.

(i) Examination by the Company

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

The Company 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 Company accounted for by the equity method, and the Company dispatches to the Target one (1) managing director and one (1) outside director. One (1) outside corporate auditor of the Company 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 Company established an Investment Committee, consisting of the Company’s outside directors and corporate auditors, on January 9, 2009. Toru Hanbayashi, Nobumichi Hattori, both of whom are outside directors of the Company, Akira Tanaka, who is a full-time corporate auditor of the Company, and Norihiko Shimizu and Akira Watanabe, both of whom are outside corporate auditors of the Company, were appointed as members of the Investment Committee. The board of directors of the Company requested that the Investment Committee advise whether the Company 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 Company’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 Company 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 Company that it is reasonable for the Company 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 Company 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 Company 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. On January 28, 2009, the Company 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 Company

Tadashi Yanai, Chairman, President and CEO of the Company, holds the position of chairman and director of the Target. Masa Matsushita, Director of the Company, holds the position of outside director of the Target. Therefore, in order to avoid any arbitrariness in the process of the Company'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 Company and the discussions and negotiations with Mr. Sasaki, et. al. on the part of the Company. Takaharu Yasumoto, Corporate Auditor of the Company, holds the position of outside corporate auditor of the Target. Therefore, in order to avoid any arbitrariness in the Company'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 Company.

(ii) Examination by the Target

The Target has appointed as its financial advisor, Nikko Citigroup, a third party independent of the Company and the Target, 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 the valuation report on the common stock for the share value 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 receipt of 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 thereon.

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. Etsuo Doi, an attorney-at-law who is independent of the Target and the Company, Akio Samejima and Shinji Ueno, both of whom are full-time corporate auditors of the Target who are independent of the Company (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 Company on the Tender Offer Price and the explanation on the fairness of the Tender Offer Price.

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 concluded by 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 conclusion 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 Company through the further enhancement of the cooperation with the Company 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 Company, determining that the Tender Offer contributes to the enhancement of the Target's middle-to-long-term corporate value in the future, that the Tender Offer Price 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 opportunities for the sale of 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 Company, 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 Company on the part 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 approximately 34%. He has entered into an agreement with the Company 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 can not 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 for 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 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 Company. Also, Kenji Takai is a member of the Code of Conduct Committee and Compliance Committee member of the Company. Therefore, as the possibility of conflicts of the interest with the Target can not 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.

③ Relationship with institution of appraisal

There is no pertinent relationship between Nomura Securities, Company and the Target.

(5) Estimated number of shares, etc. to be purchased

| Tyape of shares, etc.                    | ① Estimated number of converted stock in tender | ② Estimated number of excess converted stock |
|--|---|--|
| Shares                                   | 107,560 shares                                  | —shares                                      |
| Stock Purchase Warrants                  | 4,943 shares                                    | —shares                                      |
| Bonds with Share Purchase Warrants       | 12,133 shares                                   | —shares                                      |
| Depository receipts for shares, etc. ( ) | — shares  | —shares                                      |
| Total                                    | 124,636 shares                                  | —shares                                      |

(Note 1) In the Tender Offer, the Company 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 calculated by deducting the number of shares (51,360 shares) owned by the Company and GR and GI, which are wholly-owned subsidiaries of the Company, 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 Company 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.

(6) Shareholding ratio of shares following the tender offer

|  |         |  |
|--|---------|--|
| Number of Voting Rights represented by Shares, etc. Owned by the Company before the Tender Offer   | 23,200  | (Percentage of Voting Rights represented by Shares, etc before the Tender Offer: 13.18%) |
| Number of Voting Rights represented by Shares, etc. Owned by Parties having Special Relationships with the Company before the Tender Offer | 76,107  | (Percentage of Voting Rights represented by Shares, etc before the Tender Offer: 43.24%) |
| Number of Voting Rights represented by Shares, etc. Planned to be Purchased  | 124,636 | (Percentage of Voting Rights represented by Shares, etc after the Tender Offer: 100.00%) |
| Number of Voting Rights of All Shareholders, etc. of the Target  | 158,920 |  |

(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 Company” states the total number of voting rights represented by shares, etc. owned by relevant parties having a special relationship with the Company. The Company will purchase the shares, etc. owned by parties having a special relationship with the Company; however, of the parties having a special relationship with the Company, the common stock owned by GR and GI (a total of 28,160 shares), which are wholly-owned subsidiaries of the Company, 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 Company 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 Company will purchase the Share Purchase Warrants, and the Convertible Bonds, the “Percentage of Voting Rights represented by Shares, etc” is calculated by substituting the denominator with the number of voting rights (175,996) 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 total number of shares subject to the Share Purchase Warrants or the Convertible Bonds (17,076 shares), as stated in the above-mentioned First Quarterly Report

(Note 4) The “Percentage of Voting Rights represented by Shares, etc. before the Tender Offer” and the “Percentage of Voting Rights represented by Shares, etc. before the Tender Offer after the Tender Offer” are rounded to two decimal points.

(7) Purchase Price 29,591 million yen

(Note) Purchase Price above 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 (total 51,360 shares), which are wholly-owned subsidiaries of the Company, 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).

(8) 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.

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 “② Existence of Conditions for Withdrawal, etc., of the Tender Offer, Details thereof, and Manner of Disclosing Withdrawal, etc.” of “9. Other Conditions and Procedures Relating to the Tender Offer.” 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.).

(9) 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 Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended, the "Law" )

There are no maximum or minimum number of shares, etc., to be purchased. Therefore, the Company 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 of the Financial Instruments and Exchange Law (Cabinet Order No. 321 of 1965, as amended, the "Enforcement Order" ), the Company may withdraw the Tender Offer. Should the Company intend to withdraw the Tender Offer, the Company 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 Company will make a public announcement pursuant to Article 20 of 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, 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 Company may reduce the Tender Offer Price through the methods provided in Article 19, Paragraph 1 of the Cabinet Office Ordinance. Should the Company intend to reduce the Tender Offer Price, the Company 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 Company 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 Company 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. 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 Tender Offer Agent, 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. No compensation for damages or penalty payments shall be claimed against any Tendering Shareholder, etc. by the Company if the agreement concerning the Tender Offer is canceled. The cost of returning the shares, etc. held by the Company will be borne by the Company.

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 Company 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 Company 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 Company 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 Company 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 Company, 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 Company 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 the Tender Offer explanatory statement with regard to the Tender Offer (the "Tender Offer Explanatory Statement") may be prohibited pursuant to certain laws in some jurisdictions. The Company requires any party obtaining the Tender Offer Explanatory 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 the Tender Offer Explanatory Statement and other documents and materials related to the Tender Offer Explanatory Statement is not being made, and the Tender Offer Explanatory Statement has not been approved, by an authorized person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, the Tender Offer Explanatory Statement and other documents and materials related to the Tender Offer Explanatory Statement are not being distributed to, and must not be passed on to, the general public in the United Kingdom. Rather, the communication of the Tender Offer Explanatory Statement and other documents and materials related to the Tender Offer Explanatory 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”). The Tender Offer Explanatory Statement and other documents and materials related to the Tender Offer Explanatory 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 the Tender Offer Explanatory 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 the Tender Offer Explanatory 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 the Tender Offer Explanatory 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 The Tender Offer Explanatory 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 €50,000 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 the Tender Offer Explanatory 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.411-1, 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 the Tender Offer Explanatory Statement do not constitute, or should not be interpreted as constituting, a tender offer for securities in Luxembourg.
- ⑦ The Tender Offer Explanatory 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 the Tender Offer Explanatory 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 Company:
  - 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 €50,000 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 Company 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.411-1, L.411-2, D.411-1 to D.411-3 of the French Code Monétaire et Financier).

(10) Date of Public Notice      Thursday, January 29, 2009

(11) Tender Offer Agent

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

3. Post tender-offer direction & future outlook

(1) Post tender-offer direction

Please refer to “(4) Policy of Organizational Restructure, etc. after the Tender Offer” and “(5) Expectation of Delisting” of “1. Purpose of the Tender Offer.”

(2) Expected impact on future FR business performance

We will disclose any details as soon as we have a clear idea of the impact that the Tender Offer may have on business performance both at a consolidated level and individual operational level.

4. Others

(1) Existence and Details of Agreements between the Company 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.

Also, the Company 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 Determination of the Implementation of the Tender Offer

Please refer to “(3) Process leading up to the Conduct of the Tender Offer (measures to secure fairness and measures to avoid conflicts of interest)” of “1. Purpose of the Tender Offer.”

Please note that any person who has inspected the information included in this press release may be prohibited from purchasing the shares, etc. of Link Theory Holdings Co., Ltd. up to the expiry of twelve (12) hours from the publication of this press release, as a primary recipient of information concerning the restriction of insider trading (*naibusha-torihiki* in Japanese) under the provisions of Paragraph 3, Article 167 of the Financial Instruments and Exchange Law and Article 30 of the Enforcement Order. Please acknowledge in advance that the Company shall not be held liable for any criminal, civil or administrative liability pursued due to the conduct of such purchase, etc.

This press release is a notice of the announcement to publish the Tender Offer to the general public, and was not prepared for the purpose of solicitation of sale. Upon making an application for sale, Tendering Shareholders, etc. are requested to ensure that their decision to make an application is their own after inspecting the tender offer explanatory statement concerning the Tender Offer. This press release does not fall under the solicitation of the

application for the sale of, or the solicitation of the application for the purchase of, the securities, nor form a part thereof. This press release (or a part thereof), and the fact of the distribution thereof, shall not be a basis of any agreement concerning the Tender Offer, nor may be relied upon for the execution of the agreement.

The announcement, issuance or the distribution of this press release may be subject to legal restrictions in certain countries or regions. In such event, please pay careful attention to and comply with such restrictions. In countries or regions where the conduct of the Tender Offer is illegal, even if this press release or its translation has been accepted, the solicitation of the application for the purchase or the sale of the shares, etc. concerning the Tender Offer shall not have been made, and shall be simply deemed to be a distribution of materials for information purposes.

End.