FAST RETAILING

ANNUAL REPORT 2009

Year ended August 31, 2009

Contents

Highlights of the Year Ended August 31, 2009

- **Consolidated results:** Net sales rose 16.8%, to ¥685.0 billion, and operating income increased 24.2%, to ¥108.6 billion. FAST RETAILING recorded record profits for the first time in eight fiscal years.
- **UNIQLO Japan:** Major breakthrough in sales of HEATTECH, with 27 million HEATTECH garments sold during the fall and winter season of 2008.
- **UNIQLO Japan:** Year-on-year same-store sales rose 11.3% thanks to increased customer visits.
- **UNIQLO Japan:** Opened UNIQLO Shinjuku West Exit Store, one of the largest stores in Tokyo. Stepped up opening of large-format stores in central Tokyo.
- **UNIQLO International:** First store opened in Singapore recorded sales exceeding the initial sales target.
- **UNIQLO International:** Doubled number of stores in China, including Hong Kong, and South Korea and recorded steady gains in performance. U.S. business generated a profit, while breakthroughs with business models led to increased revenues for UNIQLO International.
- **GOV RETAILING:** G.U. launched ¥990 jeans, which experienced explosive growth in sales.
- **LINK THEORY HOLDINGS:** Became a wholly owned subsidiary in the second half of the fiscal year following a takeover bid.
- **CSR activities:** Continued All-Product Recycling Initiative, collecting 2.62 million pre-owned items for donation to refugees.
- **Dividends:** Increased annual dividend by ¥30, to ¥160 per share, including an interim dividend of ¥75 and a final dividend of ¥85.

Change the world with great clothes

Redefining the value of clothing.
Delivering truly great clothes to enrich people's lives.

10 years later, 10 times bigger

Each person is focused on working together to expand our business tenfold in ten years. Striving to be number one through great clothing. FAST RETAILING—a new kind of Japanese company.

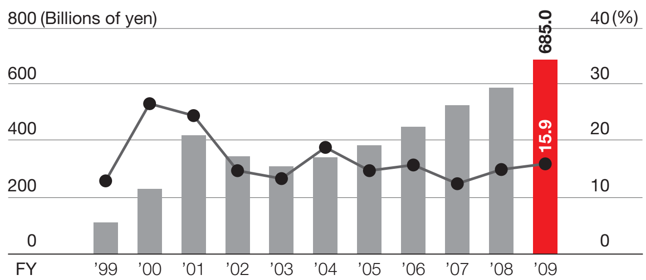
Eleven-Year Summary of Consolidated Financial Statements

FAST RETAILING CO., LTD. and Consolidated Subsidiaries

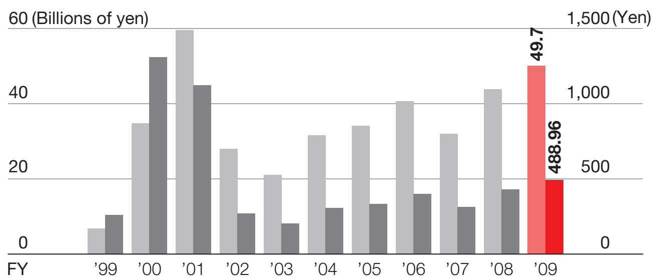
Years Ended August 31	2009	2008	2007	2006
For the year:				
Net sales	**¥ 685,043**	¥ 586,451	¥ 525,203	¥ 448,819
Operating income	**108,639**	87,493	64,963	70,355
Net income	**49,797**	43,529	31,775	40,437
At year-end:				
Total assets	**¥ 463,285**	¥ 404,720	¥ 359,770	¥ 379,655
Total net assets*1	**261,413**	264,014	243,283	240,480
Interest-bearing debt	**35,400**	20,016	24,429	22,774
Free cash flow*2	**24,941**	71,915	(9,936)	15,570
Cash and equivalents*3	**169,574**	169,888	119,216	141,404
Depreciation and amortization	**9,765**	8,523	6,567	5,364
Capital expenditures	**22,601**	21,017	26,441	16,261
Reference indices:				
Operating profit margin (%)	**15.9%**	14.9%	12.4%	15.7%
ROE (%)	**19.1**	17.3	13.6	19.7
Equity ratio (%)	**56.0**	64.7	66.7	60.1
Debt-equity ratio (%)	**13.5**	7.6	10.0	9.4
Dividend payout ratio (%)	**32.7**	30.4	41.7	32.7
Per share data (yen):				
Net income (EPS)	**¥ 488.96**	¥ 427.38	¥ 311.98	¥ 397.38
Net assets*1	**2,550.86**	2,572.09	2,357.79	2,240.77
Cash dividends	**160.00**	130.00	130.00	130.00
Other data:				
Market value (billions of yen, millions of U.S. dollars)	**¥ 1,182**	¥ 1,180	¥ 720	¥ 1,161
Total number of stores*4	**2,258**	1,958	1,828	1,632
Directly-operated stores in Japan	**[1,454]**	[1,310]	[1,233]	[1,093]
Directly-operated stores overseas	**[397]**	[294]	[247]	[196]
Total sales floor space (m^2)*5	**740,489m^2**	685,942m^2	626,998m^2	536,473m^2
Number of full-time employees*6	**11,037**	8,054	6,514	3,990

*1. Beginning with the fiscal year ended August 31, 2006, minority interest has been included in net assets.
*2. Free cash flow = Net cash provided by (used in) operating activities + Net cash used in investing activities.
*3. Cash and equivalents include cash, time deposits with maturities of generally three months or less and marketable securities.
*4. Total number of stores includes franchise stores.
*5. Total sales floor space includes only directly-operated stores.

Net Sales and Operating Profit Margin



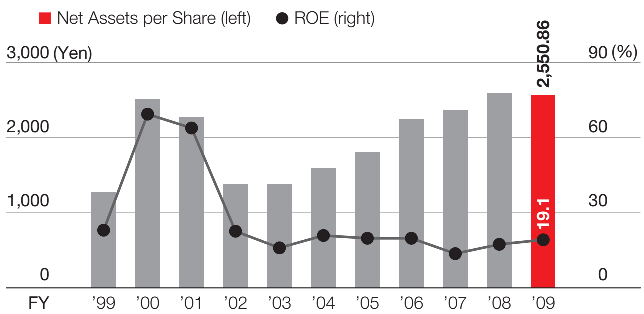
Net Income and EPS



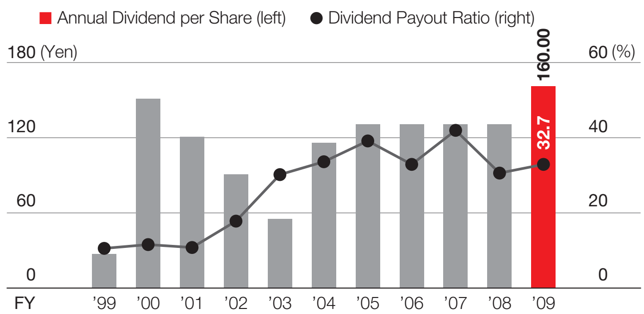
Millions of Yen (except per share data and other data)*9							Thousands of U.S. Dollars*7
2005	2004	2003	2002*9	2001	2000	1999	2009
¥ 383,973	¥ 339,999	¥ 309,789	¥ 344,170	¥ 418,561	¥ 228,985	¥ 111,081	**$7,390,692**
56,692	63,954	41,308	50,418	102,081	60,627	14,343	**1,172,078**
33,884	31,365	20,933	27,850	59,192	34,514	6,816	**537,247**
¥ 272,846	¥ 240,897	¥ 219,855	¥ 210,921	¥ 253,413	¥ 153,260	¥ 73,551	**$4,998,225**
182,349	161,434	140,504	123,631	120,123	66,408	33,618	**2,820,302**
6,185	52	0	5,809	7,000	10,000	10,300	**381,918**
(1,425)	23,390	25,651	(29,288)	67,382	63,705	—*8	**269,080**
121,061	136,461	123,733	107,262	157,378	99,670	—*8	**1,829,474**
3,681	2,737	2,364	1,941	1,571	805	741	**105,360**
11,649	11,220	11,633	11,020	13,474	6,218	3,363	**243,834**
14.7%	18.8%	13.3%	14.7%	24.4%	26.5%	12.9%	**15.9%**
19.7	20.8	15.9	22.5	63.5	69.0	22.9	**19.1**
66.8	67.0	63.9	58.6	47.4	43.3	45.7	**56.0**
3.4	0.0	0.0	4.7	5.8	15.1	30.6	**13.5**
39.0	37.7	27.1	17.7	10.7	11.5	10.5	**32.7**
¥ 331.99	¥ 304.92	¥ 203.05	¥ 269.54	¥1,116.06	¥1,301.98	¥ 259.51	**$ 5.28**
1,791.61	1,583.67	1,378.58	1,215.43	2,264.91	2,504.25	1,270.47	**27.50**
130.00	115.00	55.00	90.00	120.00	150.00	27.00	**1.73**
¥ 894	¥ 838	¥ 514	¥ 363	¥ 795	¥ 454	¥ 468	**$ 12,760**
1,232	655	622	585	519	433	368	**2,258**
[775]	[635]	[582]	[558]	[507]	[421]	[357]	**[1,454]**
[157]	[9]	[26]	[15]	[0]	[0]	[0]	**[397]**
437,196m²	363,901m²	335,849m²	305,504m²	263,713m²	186,801m²	186,086m²	**740,489m²**
2,668	1,782	1,776	1,853	1,598	1,265	1,055	**11,037**

*6. Beginning with the fiscal year ended August 31, 2007, the number of entrusted operating officers has not been included in the number of full-time employees.
*7. Figures are calculated based on foreign exchange rates as of August 31, 2009.
*8. Cash flow data has not been included here because the Company did not prepare statements of cash flows for fiscal 1999 and prior years.
*9. Preparation of consolidated financial statements began in fiscal 2002.

ROE and Net Assets per Share



Annual Dividend per Share and Payout Ratio



Group Highlights in Fiscal 2009

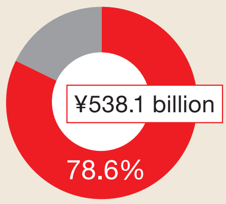
FAST RETAILING and UNIQLO operations continue to grow by offering high-quality casual wear at reasonable prices. This was achieved by establishing a SPA (Specialty store retailer of Private label Apparel) model that enabled us to control all stages of the supply process. We opened the first UNIQLO store in 1984 in Japan, sparking a nationwide boom with our fleece campaign in 1998. Thereafter, we experienced a period of falling revenue and shrinking income, but quickly boosted our performance by expanding our lineup of women's wear.

Our expansion into international markets began in 2001 in the United Kingdom and later China, including Hong Kong, South Korea, the United States, France and Singapore. As of the end of August 2009, we had 770 stores in Japan and 92 stores globally. To diversify our operational base and create a group of companies, we began acquisitions in 2005, purchasing the French women's fashion developer COMPTOIR DES COTONNIERS, French lingerie brand PRINCESSE TAM.TAM, Japanese footwear operations, Japanese women's fashion developer CABIN and LINK THEORY HOLDINGS.

UNIQLO Japan

Year Ended August 2009	Billions of Yen	Year on Year (%)
Net sales	538.1	+16.4%
Operating income/loss	110.7	+28.2%
Directly-operated stores	770	+11

* Including franchise stores



Breakdown of Net Sales

Sales by Product Category

Sales of women's items rose 17.1% year on year.

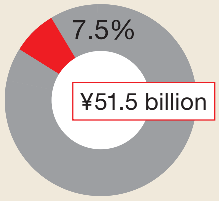
UNIQLO Japan

UNIQLO Japan today boasts nearly 800 stores nationwide. We saw revenue and profits soar during fiscal 2009 as our expanded range of women's wear and our HEATTECH and BRA TOP hit products attracted even more customers to our stores. We have also been developing our 1,600m² large-format stores over the past few years. Our newly opened large-format urban stores have attracted particular attention, including the Shinjuku West Exit Store, the refurbished Ginza Store and the Nagoya Sakae Store. We will be speeding up the opening of large-format stores across Japan with 25 such store openings planned for fiscal 2010.

Japan Apparel Operations

Year Ended August 2009	Billions of Yen	Year on Year (%)
Net sales	51.5	+4.1%
Operating income/loss	-0.5	—
Directly-operated stores	556	-91

* Including franchise stores



Breakdown of Net Sales

¥990

¥990

G.U. launched its ¥990 Jeans series.

GOV RETAILING

g.u. UNIQLO SHOES CANDISH

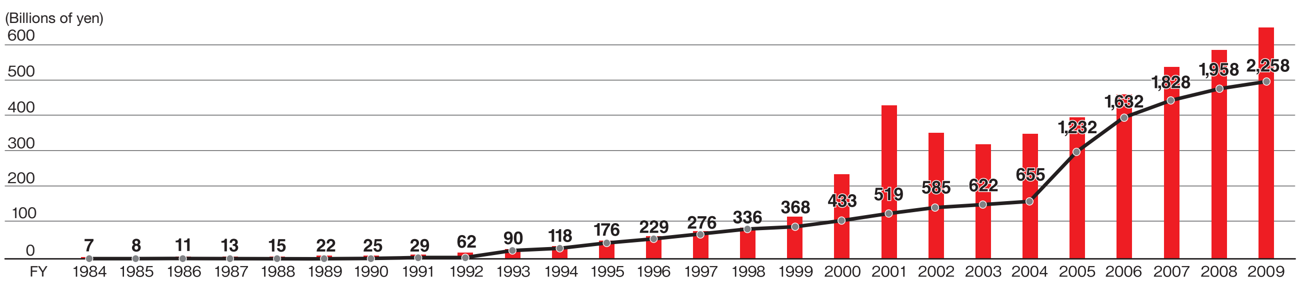
Our low-priced clothing developer G.U. attracted much attention with the launch of its ¥990 Jeans series in March 2009, and both overall sales and profitability have improved greatly since. We launched our new footwear brand UNIQLO SHOES in September 2009, with the aim of changing our footwear operations into a UNIQLO-style SPA business model.

CABIN

ZAZIE enraciné

At CABIN, we are now working to open approximately 200 women's fashion speciality stores nationwide, with brands such as ZAZIE and enraciné, which offer reasonably priced fashions with broad customer appeal. We are aiming to enhance management efficiency at CABIN by drawing on UNIQLO's experience in manufacturing, marketing, inventory control and other areas.

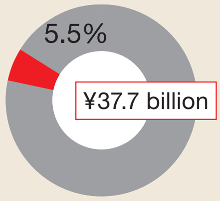
Sales and Stores of FAST RETAILING Group



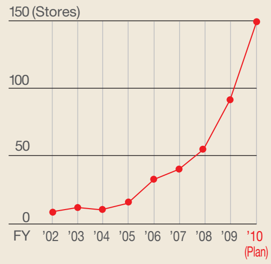
Note: On a consolidated basis from fiscal 2002.

UNIQLO International

Year Ended August 2009	Billions of Yen	Year on Year (%)
Net sales	37.7	+28.8%
Operating income/loss	1.6	+350.0%
Directly-operated stores	92	+38



Breakdown of Net Sales



Number of Stores

20 new stores opened in China.

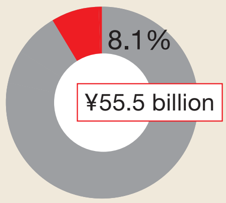
UNIQLO International (United Kingdom, China, Hong Kong, South Korea, the United States, France and Singapore)

UNIQLO's international store network is expanding to include the United Kingdom, China, Hong Kong, South Korea, the United States, France and Singapore. We have opened global flagship stores in the major U.S. and European fashion cities of New York, London and Paris with the aim of boosting UNIQLO brand awareness. We are also pushing ahead in earnest with new store openings in Asia. Looking ahead, our aim is to open stores in all of the world's major cities. UNIQLO International has generated a profit since fiscal 2008 and established a profitable business model.

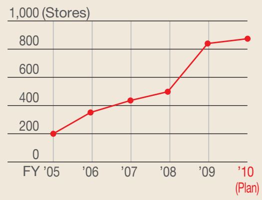
Global Brand Operations

Year Ended August 2009	Billions of Yen	Year on Year (%)
Net sales	55.5	+27.0%
Operating income/loss	3.6	-52.8%
Directly-operated stores	840	+342

* Including franchise stores



Breakdown of Net Sales



Number of Stores

LTH became a wholly owned subsidiary.

Theory theory	The Theory brand was created in New York in 1997 for contemporary women. Theory's high-quality Italian stretch fabrics offer second-to-none comfort as well as a sophisticated silhouette. Today, the combined annual sales base in the United States and Japan totals almost ¥40 billion.
COMPTOIR DES COTONNIERS	A women's fashion brand born in 1995 in Toulouse, southern France, COMPTOIR DES COTONNIERS offers casual chic French fashion with a sense of natural authenticity. Its network of approximately 370 stores spans mainly Europe, Japan and New York.
PRINCESSE TAM.TAM	Born in Paris in 1985, PRINCESSE TAM.TAM is renowned for its creative free spirit, characteristic prints and fresh colors. The brand focuses on three areas: lingerie, homewear and swimwear. Its sales network, centering around department and specialty stores in Europe, has expanded to 40 countries worldwide.

CEO Message

What is so significant about the huge success of our UNIQLO Paris global flagship store? Its phenomenal success since it opened its doors in October 2009 is proof that FAST RETAILING is garnering worldwide recognition as a new, unique Japanese private label apparel retailer. Our excitement over the success we have had in Paris is akin to finally winning an Olympic gold medal after years of hard work. Success in Paris—the traditional center of fashion—is extremely significant.

A surge in activity at UNIQLO International and a strong performance by UNIQLO Japan boosted overall operating profit to a record level in the year to August 2009. Our concerted drive over the past four to five years to transform ourselves into a well-coordinated group of global companies with renewed venture spirit has now permeated our entire operation. Clearly, this has been reflected in our financial results.

To Be a True Global Retailer

The success of our Paris global flagship store illustrates that the UNIQLO brand is establishing a position that is both recognized and respected in the global market. We can now stand as equals on the battlefield with other global retailers, such as H&M, ZARA and GAP. And, just maybe, we can even emerge victorious.

We can't stop at just one store in Paris and New York if we are to make the most of this opportunity. Rather, we need to open five stores, ten stores or even more to create an overwhelming presence stronger than any of our rivals. Of equal importance is the creation of new bases from which to disseminate information about our brands—opening flagship stores in markets with strong future potential such as Shanghai and Beijing in China.

Up until now, Europe, the United States and Japan have led the world economy. With the addition of China and other parts of Asia, Brazil, Eastern Europe and Russia, a new world economy is taking shape. With this transformation, begins the true battle in global retailing. Our challenge is to expand our company tenfold within ten years to achieve overall sales of ¥5 trillion by the year 2020.

I want the FAST RETAILING Group to ensure people around the world can experience the joy, delight and satisfaction of wearing truly great clothes. We will strive to create such clothes, paying critical attention to the high quality on which we pride ourselves.

Our ultimate aim is to become the world's leading retailer of private label apparel by developing multiple global brands based on our GLOBAL ONE system, designed to streamline our operations worldwide so that they function as a single, unified group.

December 2009

Tadashi Yanai

Tadashi Yanai
Chairman, President and CEO

CEO Interview

Q What is the secret behind your record profits in fiscal 2009?

A **Customers appreciate our commitment to creating truly great clothes with new, unique value.**

Initially, as a chain of suburban roadside stores, customers appreciated our prices. As Japan's top provider of low-priced casual wear, customers now appreciate our fine quality. Our clothes have gradually improved over the years. Our corporate statement today is to create truly great clothes. In addition, our HEATTECH and BRA TOP products offer new value. Clothes offering new value generate new demand and attract more new customers. In seeking to meet customer needs, we have actually exceeded expectations. That is truly great clothing. I believe customers now appreciate our committed attitude towards great clothing and our strong results reflect that.

Q What lies ahead for UNIQLO?

A **I want to turn UNIQLO into a brand with three key strengths: price, quality and style.**

UNIQLO is known for reasonable prices and high quality. Now, I want to make UNIQLO a brand with three strengths: price, quality and style. Style to us is when customers truly feel they look great! For us looking good isn't just about the pursuit of fashion. Fashion must be balanced with other practical yet sophisticated elements.

Our ultimate idea of style extends to our corporate attitude. Good companies create good products. The people working at our company should also have attractive personalities and solid principles.

Q How will you transfer the huge success of the Paris global flagship store to UNIQLO International?

A **We aim first to become a leading Asian and then leading world retailer.**

The huge success of the Paris global flagship store gives us confidence. Reassured, we can press ahead with creating an exciting UNIQLO presence worldwide. If we want to make UNIQLO a global brand, we have to open not one, but five or ten stores in New York and Paris. We must then capture the world market by opening stores in all of the world's major cities.

The future of our company lies in store and personnel development. Ideally, I would like to open between 500 and 600 stores worldwide and train 1,500 store managers per year. Personnel working at UNIQLO worldwide must share the same corporate DNA as UNIQLO Japan and offer the same level of customer service. The first and most important element of UNIQLO's international business

development is to become the undisputed leader in Asia, where H&M, ZARA and GAP do not have a large presence. I want to ensure that the global flagship store set to open in Shanghai in spring 2010 sparks an explosion in demand for UNIQLO in China.

We have a sales target of ¥5 trillion by 2020—¥3 trillion from UNIQLO International, ¥1 trillion from UNIQLO Japan and ¥1 trillion from other businesses.

Q How do you plan to grow UNIQLO Japan going forward?

A By offering everything a woman could possibly need for her wardrobe.

The most important strategy for UNIQLO Japan is to expand the product range for women. And for that, we need to open more large-format stores.

Our product lineup for women is still insufficient. We have to rethink the kind of clothes women wear during the year and what kind of lifestyles they enjoy. We have to create displays that offer every possible item a woman could need. The next step is to create products with new value capable of changing a woman's lifestyle.

The clothing market for women is more than double that for men, so it is odd that men's and women's clothing should constitute the same percentage of sales at UNIQLO Japan. There is still great growth potential for women's wear at UNIQLO Japan.

Fall and winter 2009 sales of new fashion items were favorable. Customers can now enjoy exploring new fashions at reasonable prices. The concept of "fast fashion[*1]" among young people is quickly becoming a global trend and women's habits are changing. Fashion no longer necessarily involves expensive items but buying clothes with ease. If this change is the future, then UNIQLO has to change even more.

We want to increase the percentage of fashion items in our lineups. Having said that, UNIQLO is all about basic clothes, so 70% to 80% of clothes are basic items. But we can make our basic items more fashionable by launching a fully complete lineup, such as our +J Collection.

Finally, we want to develop totally coordinated store displays. Here visual merchandising[*2] and store designs are important and increasing large-format stores with expansive floor space is crucial. We want to push ahead with opening new large-format stores in major cities such as Tokyo, Osaka and Nagoya. We are convinced we can capture a new group of customers by opening outlets in urban department stores.

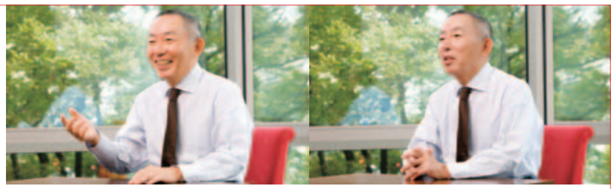
Q Can you explain your growth strategy for each group?

A I want to transform them into new, solid, SPA[*3]-style businesses, such as low-priced apparel, footwear and women's fashion.

The low-priced clothing market is still underdeveloped in Japan, but if we could establish a new business format here then G.U. would have a great opportunity to expand. I also want to strengthen the development of low-priced, high-quality footwear at UNIQLO SHOES by offering footwear that compliments UNIQLO clothing.

We need to perfect CABIN as a women's fashion SPA retailer. I want the brand to utilize UNIQLO's manufacturing infrastructure to pursue fashion elements at low prices. We opened CABIN's ZAZIE and enraciné shops in our newly refurbished UNIQLO Ginza store in October 2009. The fact that the brands were housed in a UNIQLO store helped boost their visibility even in such a prime location as Ginza. Just as G.U. demonstrated when its ¥990 Jeans series catapulted its low-priced casual G.U. brand into customers' minds, it is important to increase brand recognition.

Tadashi Yanai, Chairman, President and CEO
Appointed since 1972
Chairman, President and CEO, UNIQLO CO., LTD.; Director, SOFTBANK CORP.; Chairman, LINK THEORY HOLDINGS CO., LTD.; Chairman, CABIN CO., LTD.; Chairman, GOV RETAILING CO., LTD.



Q What is your strategy for Global Brand Operations?

A We want to pursue synergy and further globalize operations.

We want to maximize synergy for Global Brand Operations by strengthening the Tokyo/New York/Paris link. Theory in New York, COMPTOIR DES COTONNIERS and PRINCESSE TAM.TAM in Paris, and UNIQLO and FAST RETAILING in Tokyo—we all need to join forces and capitalize on each other's infrastructure. This should help strengthen our corporate base in each country and city, accelerate new store openings and boost brand visibility. For instance, Theory, with its operational bases in the United States and Japan, could strengthen its base by using the FAST RETAILING Group infrastructure to expand into Asian markets such as China.

Q What is your current view on M&A expansion?

A If an opportunity came up, I would consider it, but the global development of UNIQLO is our priority right now.

Our first and foremost M&A priority is to attain platforms for UNIQLO in new and overseas markets. We have been looking to buy companies in Europe and the United States to serve as platforms for UNIQLO for a long time but have not found the right candidates. Rather than wait around for a good proposal, we want to prioritize the opening of large-format UNIQLO stores similar to our Paris flagship store in major European and American cities. The ideal opportunity would be an agreement with a company of similar size that shared our management philosophy.

Our second M&A aim is to strengthen and expand our business portfolio by purchasing more brands, like COMPTOIR DES COTONNIERS and Theory, with global potential.

Q What is your opinion on shareholder returns?

A We will pay dividends that reflect performance.

Providing returns to shareholders is one of our most important management commitments. We look to achieve high dividends in line with performance. Profits are divided into investment funds for future business development, retained earnings to ensure healthy corporate finances and shareholder returns. In the fiscal year ended August 2009, we increased our annual dividend by ¥30 to ¥160 per share (32.7% payout ratio). Our plan is to increase the annual dividend by a further ¥40 to ¥200 in the year to August 2010.

Worldwide SPA*3 Retailers*4

Company Name (Flagship Brand)		End of Fiscal Year	Sales (Billions of yen)	Change (%, Year on Year, Local Currency Basis)	Market Capitalization (Billions of yen)
Inditex, S.A. (ZARA)	Spain	Jan. 2009	1,390.0	+10.3	3,330.0
Gap Inc.	U.S.	Jan. 2009	1,314.9	-7.8	1,348.0
Hennes & Mauritz (H&M)	Sweden	Nov. 2008	1,135.9	+13.0	3,824.4
Limited Brands, Inc.	U.S.	Jan. 2009	818.6	-10.8	512.5
FAST RETAILING (UNIQLO)	**Japan**	**Aug. 2009**	**685.0**	**+16.8**	**1,603.8**
NEXT PLC	U.K.	Jan. 2009	488.1	-1.7	527.9
Polo Ralph Lauren Corporation	U.S.	Mar. 2009	454.3	+2.8	382.7
Esprit Holdings Limited	Hong Kong	Jun. 2009	402.8	+7.0	764.8
Liz Claiborne Inc.	U.S.	Dec. 2008	360.7	-10.3	49.4
Abercrombie & Fitch Co.	U.S.	Jan. 2009	320.5	-5.6	261.3

*1. "Fast fashion" is similar to "fast food," which implies quick service, low prices and a casual atmosphere, and refers to apparel that is quick to introduce the latest trends, low-priced and offers reasonably good quality.
*2. "Visual merchandising" involves designing and creating sales areas based on visual concepts, which stimulate the desire to purchase among consumers.
*3. SPA stands for "Specialty store retailer of Private label Apparel," meaning that its activities are fully integrated from manufacturing through sales, including material procurement, design, product development, production, distribution, inventory management and final sales.
*4. Data was compiled from the annual reports of the companies listed above. Foreign currency conversion rates and stock prices were those on October 30, 2009.

FAST RETAILING WAY
<FR Group Corporate Philosophy>

Corporate Statement

Change clothes. Change conventional wisdom. Change the world.

The FAST RETAILING Group Mission

- To create truly great clothing with new and unique value, and to enable people all over the world to experience the joy, happiness and satisfaction of wearing such great clothes
- To enrich people's lives through our unique corporate activities, and to seek to grow and develop our company in unity with society

Our Values

- Approaching issues from the customer perspective
- Embracing innovation & challenge
- Respecting and supporting individuals to foster both corporate and personal growth
- Committing to ethical standards and correctness

Our Principles

Inspired by The FAST RETAILING Group Mission and Our Values, we will:

- Do everything possible for our customers
- Pursue excellence and aim for the highest possible level of achievement
- Achieve strong results through the promotion of diversity and teamwork
- Move speedily and decisively in everything we do
- Conduct business in a very real way based on the current marketplace, products and facts
- Act as global citizens with ethics and integrity

CONTENTS

Our Approach

FAST RETAILING strives to strengthen its corporate governance to ensure proper management action, a responsive and transparent management structure and to continue to grow to be the world's number one apparel retailing group. We have initiated various measures to ensure the independence and strengthen the surveillance powers of the Board of Directors.

Accordingly, we introduced the entrusted officer system in November 2005 to separate the decision-making and execution functions of management. Also beginning in November 2007, we appointed a majority of external directors to the Board.*1

The Group has adopted the corporate auditor governance model, which assigns responsibility for the oversight of corporate governance to the Board of Auditors,*2 but has also established discretionary governance committees to augment the functions of the Board of Directors. Committees have been formed to oversee human resources, corporate social responsibility (CSR), disclosure, IT investment, the Code of Conduct and corporate ethics. To fulfill their responsibilities, these committees conduct responsive and open discussions and make decisions concerning their respective expertise. An external director, Mr. Hambayashi, serves as the chairperson of the Human Resources Committee. Other committees consist of corporate auditors, external professionals, lawyers and entrusted officers.

*1. External directors as provided for in Article 2-15 of Japan's Company Law

*2. Under Japan's Company Law, large, listed companies may select either the corporate auditor governance model or the "company with committees" governance model. FAST RETAILING has adopted the corporate auditor governance model.

Activities of the Board of Directors

The Board of Directors makes decisions pertaining to management and supervises the activities of the CEO and entrusted operating officers. As a result of the appointment of a majority of external directors, the Board obtains highly professional and objective advice in a broad range of areas.

The backgrounds of external directors in brief are as follows: Toru Hambayashi was the president of one of Japan's general trading companies for many years and has in-depth familiarity with the apparel retailing industry. Nobumichi Hattori's experience includes years of work in a U.S.-based financial institution and he presently serves as a visiting professor at the Graduate School of International Corporate Strategy of Hitotsubashi University. He has in-depth knowledge of M&A. Toru Murayama has a wide range of knowledge and experience related to management and is the top manager of a leading U.S.-based consulting company. He also serves as visiting professor at the Comprehensive Research Organization of Waseda University. Masaaki Shintaku has held top management positions in a U.S.-based information systems company and has in-depth know-how regarding the management of global corporations.

Topics discussed during fiscal 2009 included: Approval of the annual budget and financial statements, the Group's medium-term strategy and plans, the takeover bid for LINK THEORY HOLDINGS, governance committees, a project for structuring business systems, strategies for the footwear and low-priced apparel businesses and a review of J-SOX internal controls. In particular, Board members receive full briefings and thoroughly discuss M&A proposals that are important for the Group's expansion. During fiscal 2009, the Board of Directors met 14 times and the average ratio of attendance of directors at these meetings was 93.6%.

The Auditors

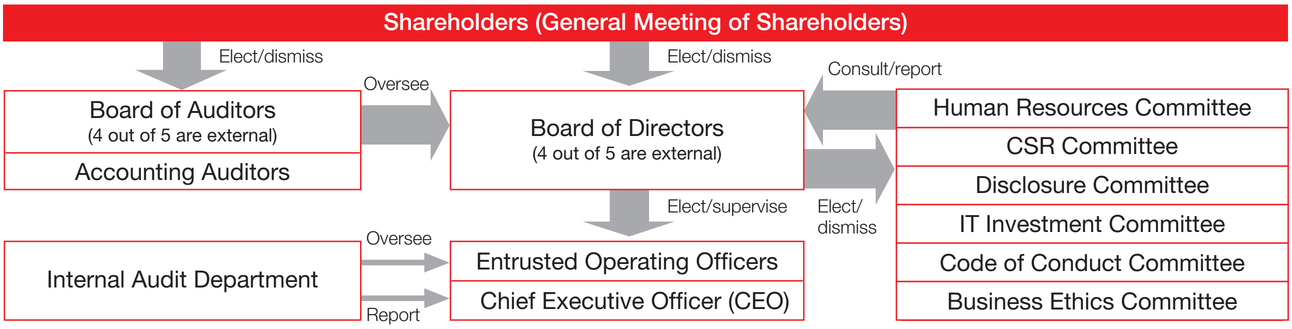
The role of the auditors is to supervise the Board of Directors. The auditors also attend committee meetings as members or as observers to ensure that activities are being conducted appropriately as well as to provide advice. The Board of Auditors consists of five members, four of whom are external auditors.*3 External Auditor Takaharu Yasumoto is a certified public accountant; Norihiko Shimizu is a visiting professor at the Graduate School of International Corporate Strategy of Hitotsubashi University; and Akira Watanabe and Minoru Ota are attorneys at law and provide objective opinions based on their expertise. In fiscal 2009, the average ratio of attendance of auditors at the 14 meetings held by the Board of Directors was 95.7%, and the average ratio of attendance of auditors at the 13 meetings held by the Board of Auditors was 98.4%.

*3. Pursuant to Article 2-16 of Japan's Company Law

FAST RETAILING's Head Office in Yamaguchi Prefecture

Corporate Governance at FAST RETAILING

(As of December 1, 2009)



Composition of Committees

✓ Committee Members (As of December 1, 2009)

	Internal Director	External Directors				Full-time Auditor	External Auditors				Officers and other external professionals
	Yanai	Hambayashi	Hattori	Murayama	Shintaku	Tanaka	Yasumoto	Shimizu	Watanabe	Ota	
Human Resources Committee	✓	Chairperson	✓	✓	✓	✓	✓	✓			—
CSR Committee	✓					✓	✓				3
Disclosure Committee	✓					✓					6
IT Investment Committee	Chairperson										5
Code of Conduct Committee						✓				✓	5
Business Ethics Committee						✓	✓		✓		4

Notes: 1. The Disclosure Committee is chaired by the officer in charge of information disclosure to the Tokyo Stock Exchange.
2. The CSR Committee, the Code of Conduct Committee and the Business Ethics Committee are chaired by the officer in charge of CSR.

Committees

Human Resources Committee

Chaired by External Director Toru Hambayashi, this committee is responsible for providing proposals and recommendations to the Board regarding major organizational changes impacting the FAST RETAILING Group and for revising personnel systems. In addition, the committee discusses and makes proposals and recommendations to the Board concerning the election, dismissal, performance and compensation of directors, entrusted operating officers and the representative directors of Group companies.

CSR Committee

The CSR Committee discusses and decides all CSR activities, including CSR policies, publication of the CSR Report, environmental protection initiatives, community service, compliance and diversity issues.

Disclosure Committee

Chaired by the person responsible for disclosure to the Tokyo Stock Exchange (TSE), meetings of the committee are held to enhance the transparency of management by providing timely, fair and clear disclosure. The committee makes decisions regarding issues to be disclosed to the TSE on a statutory or discretionary basis that would have a material impact on the judgments of investors.

IT Investment Committee

This committee discusses whether IT investments are sufficient and works to reform the business process. In addition, the committee assesses reports on the IT investment budget, verifies the appropriateness of investments with the participation of third-party experts and evaluates the return on investment proposals.

Code of Conduct Committee

This committee is responsible for deliberations regarding responses to violations of The FAST RETAILING Group Code of Conduct (CoC) and giving advice related to the operation of the Compliance Hotline. Also, the committee is primarily responsible for increasing awareness regarding the CoC.

Business Ethics Committee

This committee aims to prevent any abuse of the superior bargaining position of the Group companies: for example, exerting improper pressure on production plants or any of our other business partners. To this end, the committee calls on external third parties to conduct surveys and implements a written questionnaire survey among its suppliers. The committee issues warnings and advice to various departments based on surveys performed by third parties.

Toru Hambayashi, External Director
External director since November 2005, Mr. Hambayashi was formerly the president of Nichimen Corp. and then became chairman and co-CEO of Nissho Iwai-Nichimen Holdings Corp. (currently Sojitz Corp.).

Transition from "My Company" to "Your Company"

At first glance, FAST RETAILING appears to differ from other companies because its founder, Tadashi Yanai, is a major shareholder and serves as chairman, president and CEO. This means that the surveillance functions of the Board over management are quite important and that the external directors, who account for a majority of the Board, must express their views proactively. As an external director, I feel a strong sense of responsibility, and, from the stakeholders' perspective, I believe the time has come to move from being "My Company" to being "Your Company."

Based on my experience as CEO of a general trading company, I understand the crucial importance of human resources. FAST RETAILING's Human Resources Committee has a major role to play in making stable growth possible. Reflecting the views of external directors in the decisions of this committee is an important step forward. We have to develop a sense of "moving forward towards objectives with everyone contributing to management." I will continue to provide suggestions on organizational changes, the selection of officers and grooming future management officers.

Nobumichi Hattori, External Director
External director since November 2005. A former managing director at Goldman Sachs & Co. (N.Y.), he is also visiting professor at the Hitotsubashi Graduate School of International Corporate Strategy and the Waseda Graduate School of Finance.

A Capital Markets Perspective Is Important

In my role as external director, I provide advice on FAST RETAILING's acquisition proposals based on my many years of experience at a leading U.S. financial institution and my background as manager of M&A advisory services. Given its objective of continued growth, FAST RETAILING aims to make the businesses it acquires successful and raise corporate value. Good deals are those where we are confident the business will grow and improve. I always analyze the value of an acquisition and how that acquisition will be evaluated by the market.

The difficulty in corporate M&A is to get acquired companies to show a performance that exceeds the premium paid by the buyer. Just as with the synergies the acquisitions of ONEZONE and VIEWCOMPANY created for UNIQLO in the footwear business, past acquisitions provide us with important experience. The pattern of success that has emerged from these transactions has been invaluable. Going forward, M&A will be an important issue for FAST RETAILING, and I intend to thoroughly fulfill my obligations as an external director.

Toru Murayama, External Director
External director since November 2007. Previously director and chairman of Accenture Japan Ltd., he now holds the position of corporate advisor to that company while serving as visiting professor at the Comprehensive Research Organization of Waseda University.

Building a Global Management Platform

I have about 30 years of experience managing the growth of a global corporation and I have participated in formulating and implementing business reforms as a consultant in a wide range of industries. At FAST RETAILING, I participate in discussions with the Board and make suggestions for long-term strategy. I believe that "having big aspirations while acting cautiously" is one of the iron rules of management, and that the role of external directors is to give accurate advice regarding resource allocation priorities, including personnel, when action is required. The Board of Directors is constantly discussing which measures are a priority for growth.

FAST RETAILING has become one of Japan's leading corporations. Today, as we begin to move towards becoming a global retailer, we must create a management framework that will be effective globally. In the steady march forward to become number one both in Japan, the rest of Asia and the world, it is essential to have a management vision that will be shared by all employees. To realize this objective, external directors must offer ideas, including new and different concepts.

Masaaki Shintaku, External Director
External director since November 2009. Previously executive vice president of Oracle Corp. (U.S.) and chairman of Oracle Corp. (Japan). Currently, he is also vice chairman of the NPO Special Olympics Nippon.

Board of Directors Contributes to Sound Growth as a Team

As chairman of Oracle Corporation Japan and as executive vice president of Oracle Corporation (U.S.), I have seen Oracle grow as a global corporation by taking advantage of M&A opportunities. I want to provide suggestions to address issues that arise as FAST RETAILING strives to become a global company. I am excited to contribute to FAST RETAILING's growth and its globalization. I know that doing business in Japan and the United States is different, however, the importance of making sound decisions for growth is the same. External directors have to make judgments about whether management decisions will result in stable growth for the Company and its employees.

The external directors of FAST RETAILING have widely varying backgrounds and experience. We express many opinions and Mr. Yanai listens carefully. He then uses these opinions to supplement his own thinking about opportunities and as a guide when considering new risks. The role of external directors should be to contribute views and experience that the company and the CEO may not have. As such, the Board must work as a team to support Mr. Yanai.

Directors

From left: Toru Hambayashi, Toru Murayama, Tadashi Yanai, Masaaki Shintaku and Nobumichi Hattori

Auditors

From left: Takaharu Yasumoto, Akira Watanabe, Akira Tanaka, Minoru Ota and Norihiko Shimizu

Takaharu Yasumoto

Statutory auditor since November 1993. President of the Yasumoto CPA Office. He also serves as statutory auditor for UNIQLO and is a guest professor at the Chuo Graduate School of International Accounting.

Akira Watanabe

Statutory auditor since November 2006. Attorney and a representative of the Seiwa Meitetsu Law Office. Since 1995, he has chaired the committee revising Japan's bankruptcy code and has broad experience as a corporate reorganization trustee.

Akira Tanaka

Full-time corporate auditor since November 2006. Entered McDonald's Co. (Japan), Ltd. (now, McDonald's Holdings (Japan)) in September 1972 and later became deputy president and director of McDonald's (Japan).

Minoru Ota

Statutory auditor since November 2006. Attorney and a partner of Nagashima Ohno & Tsunematsu. He was also a professor at Keio Law School from 2004 through 2007 and published a book on Japan's Company Law.

Norihiko Shimizu

Statutory auditor since November 2004. Statutory auditor of UNIQLO and other leading Japanese companies and serves as a visiting professor in corporate strategy at Hitotsubashi University.

FAST RETAILING is committed to enhancing the FAST RETAILING WAY, which defines our corporate philosophy and basic principles, and The FAST RETAILING Group Code of Conduct, which articulates our fundamental approach towards corporate ethics and compliance. We strive to operate legitimately, ethically and efficiently, and to produce accurate financial statements as well as controlled environments and procedures conducive to the disclosure of corporate information. To ensure these are occurring, we conduct objective internal audits and regularly analyze risks for the Group.

Code of Conduct for Officers and Employees

The FAST RETAILING Group Code of Conduct (CoC) has been implemented at each Group company. To heighten awareness of the CoC, officers and employees are required to confirm the principles of the CoC and sign a written pledge.

There is a hotline that can be accessed by any employee in the event of violations to the CoC. Employees are able to receive confidential advice via the hotline pertaining to communication problems with managers, sexual harassment, working hours and paid vacations, as well as problems relating to employment contracts, etc. In addition, in some cases it is possible to ask for advice from external legal counsel. Reports and any advice received are kept in confidence. The Code of Conduct Committee*[1] considers specific solutions and makes improvements whenever necessary.

CoC and Monitoring Workplace Conditions at Partner Factories

UNIQLO works with approximately 70 partner companies, principally in China and other countries in Asia, and endeavors to manage product safety and quality and improve working conditions at factories. In 2004, UNIQLO instituted a Code of Conduct for Production Partners and called on specialized external institutions to monitor the operations of major sewing factories—with special attention to working conditions—that signed a pledge to abide by the Code of Conduct for Production Partners.*[2]

Protection of Personal Information

In its CoC training program, the Group emphasizes the importance of managing personal information and conducts activities to increase the awareness of personal information issues. Measures include enforcing guidelines for the handling of personal information, utilizing fingerprint identification to control access to areas where important personal information is handled, and other restrictions on access to personal data. In addition, the person responsible for personal information at each store is required to strictly observe rules for handling customer information.

Preventing Improper Behavior Based on Superior Bargaining Positions

FAST RETAILING believes that it is of utmost importance to build equal and amicable relationships with its partner companies.

UNIQLO, in particular, which has approximately 850 stores around the world and orders about 500 million items annually, is in a position to leverage its superior bargaining position. For this reason, FAST RETAILING has established its Business Ethics Committee*[3] and works to prevent violations in advance by requiring strict compliance with its Guidelines to Prevent Improper Behavior Based on Superior Bargaining Positions. Members of this committee include full-time corporate auditors, external auditors, legal counsel, persons in charge of related internal departments and persons in charge of CSR matters.

This committee administers a questionnaire survey to principal transaction partners on an annual basis. It also conducts a survey of all departments in the FAST RETAILING Group four times a year to identify problems related to transaction partners and, when necessary, verifies records. The CSR Department closely examines the results of these surveys and submits reports to the Business Ethics Committee.

In fiscal 2009, the committee discussed 45 issues identified through these activities. These included such specific issues as unreasonable suspension of business and whether the financial burden was equitably assumed when conflicts emerged.

FY2009 Results of Business Partner Survey

- **Implementation:** August to October 2009
- **Subject:** Major business partners of FAST RETAILING and UNIQLO
- **Responses:** Domestic 134 out of 202 companies (66%)
  Overseas 83 out of 135 companies (61%)
- **Questionnaire items:**
  - Attitudes and responses of our employees (sales or rebate issues, behavior in meetings, etc.)
  - Attitude toward negotiations (changes in business terms, deliveries made outside the contract, enforced discounts, etc.)

*1. For further information on the Code of Conduct Committee, please refer to page 17.
*2. For further information on monitoring activities, please refer to page 52.
*3. For further information on the Business Ethics Committee, please refer to page 17.

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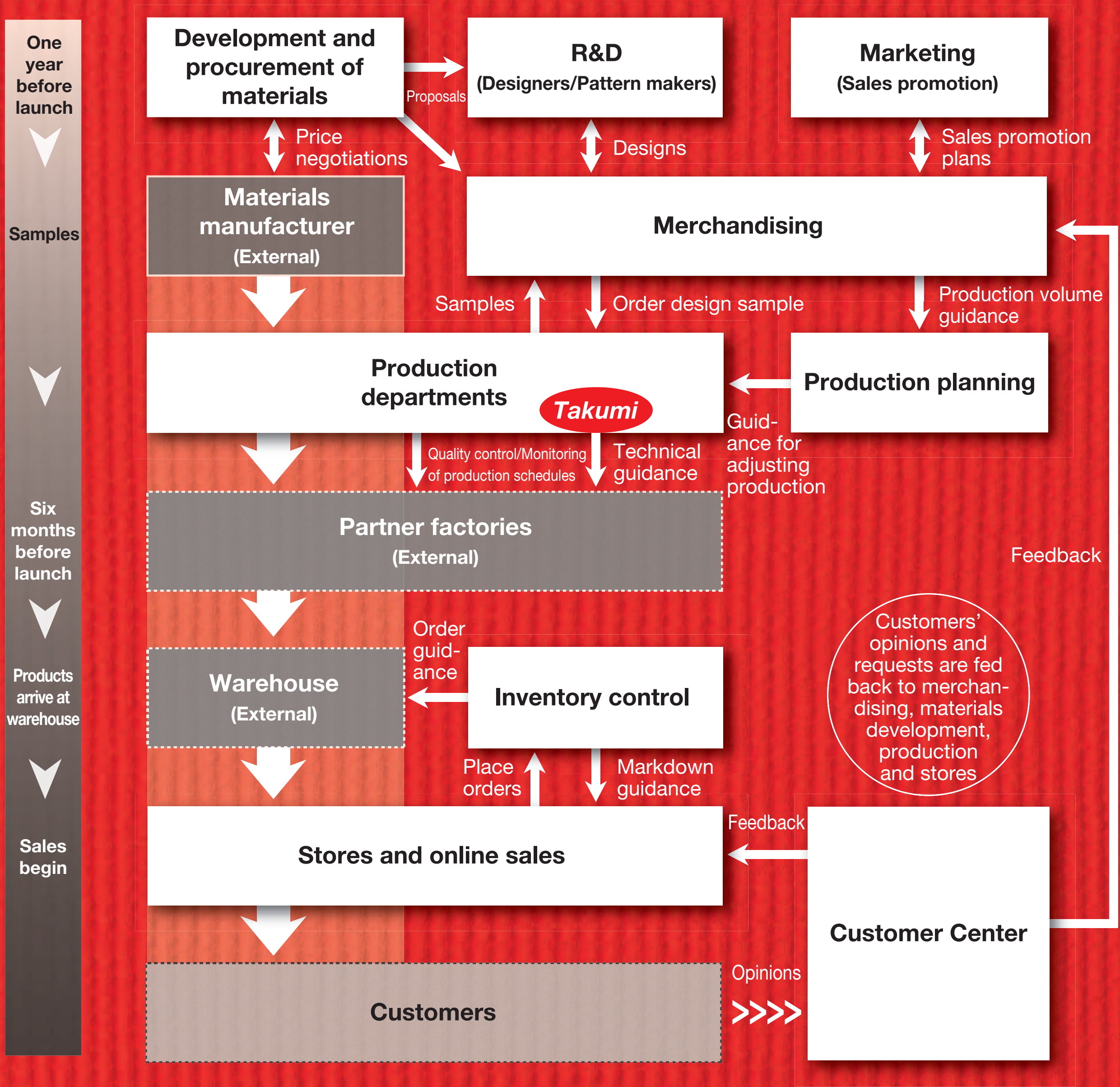
UNIQLO Business Model



UNIQLO operates a SPA (Specialty store retailer of Private label Apparel) business, which means that its activities are fully integrated from design through production and retailing. Under its SPA business model, UNIQLO controls all stages of the supply process, from development of materials to R&D, design, production, quality control, marketing, sales and inventory adjustments. This makes it possible for UNIQLO to supply customers with products with reasonable prices and high quality. Moreover, this business model, which enables UNIQLO to differentiate itself from other companies through development of original products, makes it possible to control risks 100% by managing production in line with sales performance. Also, UNIQLO can generate high levels of profitability by restraining rents and personnel costs.

UNIQLO FRANCE Paris Opera Store

Planning

R&D (Designers and Pattern Makers)

UNIQLO's R&D centers in Tokyo and New York have a total of about 100 staff who conduct research on world trends in fashion and lifestyles and on new materials. About a year before a product launch, merchandising, marketing, materials development and production join R&D in concept meetings to develop ideas and finalize concepts for the upcoming seasons. Based on these concepts UNIQLO's R&D centers prepare huge quantities of designs and sample products.

One year before launch: Concept decisions ➤ **Samples** ➤ **Material selection** ➤ **Color choices** ➤ **Marketing plans** ➤

Development and Procurement of Materials

Direct negotiations with material manufacturers make it possible for UNIQLO to procure a stable, high volume of top-quality materials at reasonable prices. Since quality is especially important for core products, UNIQLO orders denim made to its own spinning and dyeing specifications, and develops new materials, such as HEATTECH, with strategic partners, such as Toray.

Merchandising

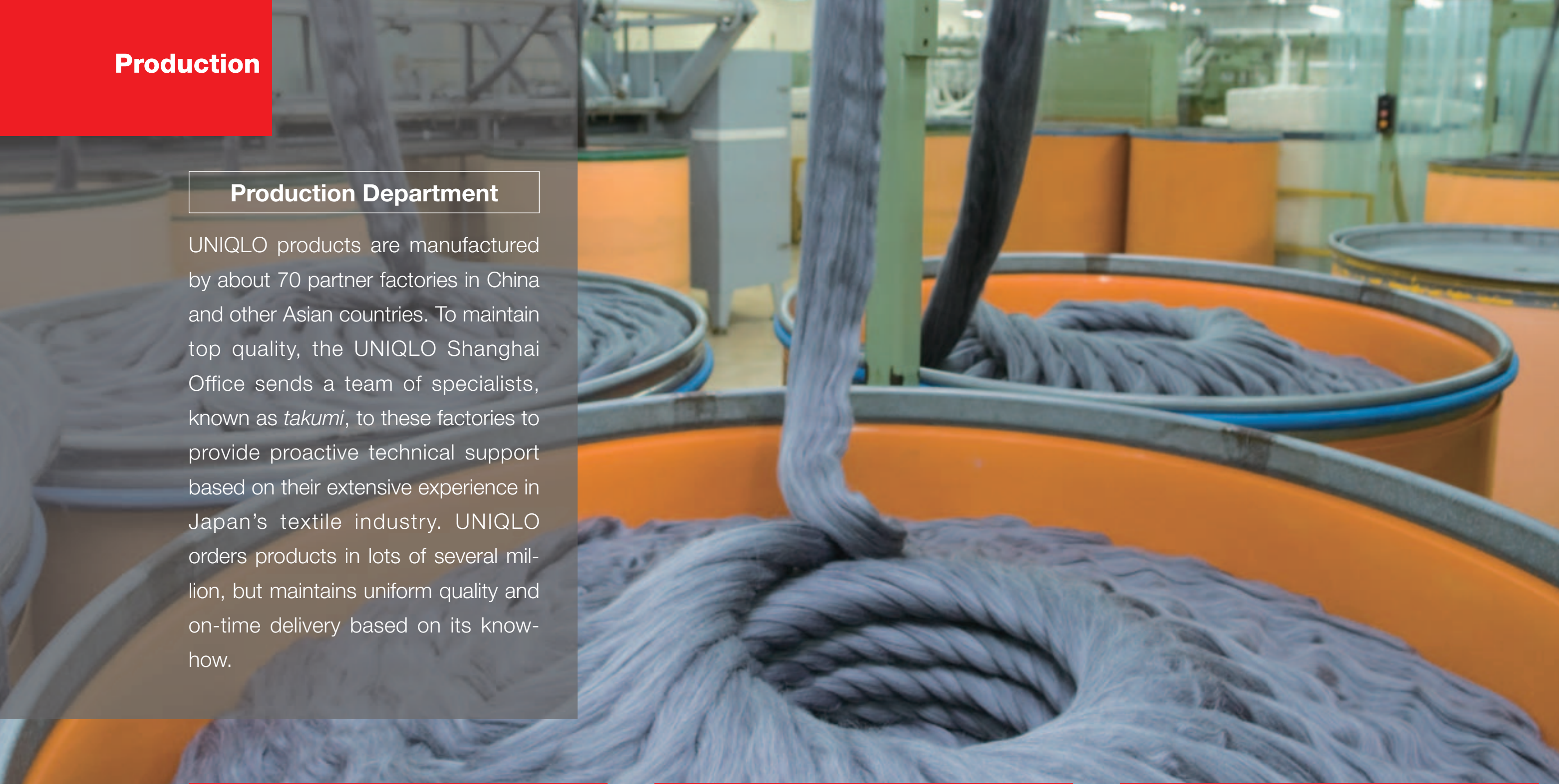
Merchandisers play a key role from product planning through production. Working with R&D and applying concepts for each season, merchandisers make decisions on plans, materials and designs. Then, based on store and customer feedback and marketing strategy, merchandisers decide the product lineup and volume. During the seasons, merchandisers and production planners regulate production.

Marketing

UNIQLO holds campaigns each season for core products, including fleece jackets, down jackets and polo shirts. UNIQLO broadcasts high-impact commercials focused on product concepts and features. Also, through the distribution of flyers nationwide on Saturdays, UNIQLO offers limited-period discounts on featured new seasonal products to promote sales and attract customers to its stores.

Production Planning

Production planners work with merchandisers and production departments to prepare plans for production volume at the beginning of each season. During the season, production planners control production levels based on current sales, feedback from campaigns and production capacity to collaborate production and instruct the production department accordingly.



Production Department

UNIQLO products are manufactured by about 70 partner factories in China and other Asian countries. To maintain top quality, the UNIQLO Shanghai Office sends a team of specialists, known as *takumi*, to these factories to provide proactive technical support based on their extensive experience in Japan's textile industry. UNIQLO orders products in lots of several million, but maintains uniform quality and on-time delivery based on its know-how.

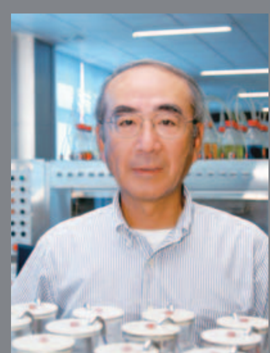



Six months before: Production starts ➤ Dyeing and spinning ➤ Knitting and sewing ➤ Processing and finishing ➤ Inspection ➤ Shipments


Quality and Production Control

UNIQLO has assigned about 170 staff and *takumi* to its overseas offices in Shanghai, Shenzhen, Ho Chi Minh City and Dhaka. They visit partner factories three days each week to monitor production schedules, quality and safety. The concerns of UNIQLO customers regarding quality are fed back immediately to production departments and prompt improvements are made.

UNIQLO's *Takumi* Teams



"I give guidance on dyeing technology to UNIQLO's partner factories, while working to change their production management philosophy. Despite different cultures, we have the same goal of making good products. My work is worthwhile and I am proud to be training the next generation of technicians in China based on Japan's skills and mind-set."

Kazuaki Iida, Dyer *Takumi*

Expanding UNIQLO's Production Network

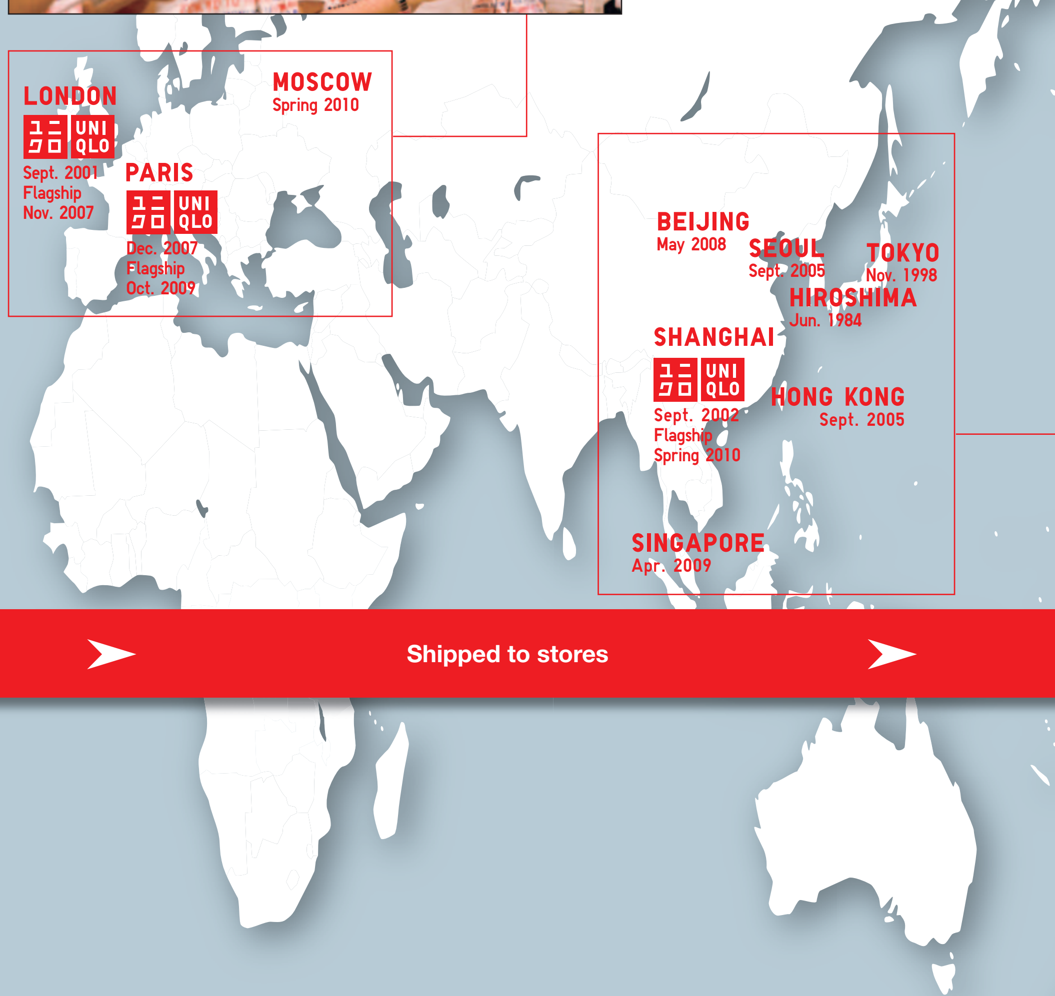
About 80% of UNIQLO products are manufactured in China. Since opening production offices in Shanghai and Shenzhen in 1999, UNIQLO has expanded its production in China. Subsequently, as part of the expansion of its global sales network, UNIQLO extended its production network to include other countries in Asia. In 2006, UNIQLO opened a production office in Ho Chi Minh City, Vietnam, and in 2008 a production office in Dhaka, Bangladesh, where growth in the textile industry is anticipated.

UNIQLO is planning to increase production outside China to about one-third of the total with the objectives of reducing the risk of reliance on China and lowering production costs.

UNIQLO Production Offices

Sales

UNIQLO opened its first store, in Hiroshima, Japan, in 1984, and 25 years later has expanded to a global network of 862 stores as of the end of fiscal 2009. With global flagship stores in New York, London and Paris, UNIQLO has established a global brand providing basic, high-qualiy clothing. In the years ahead, UNIQLO will emphasize expansion activities in China, including Hong Kong, South Korea, Singapore and other countries in Asia.



Products arrive at warehouse ➤ Shipped to stores ➤


Oume Store (roadside)

Kamiya-cho SUNMALL Store (shopping center)

Shinjuku West Exit Store (large-format, urban high street)


Soho New York Store

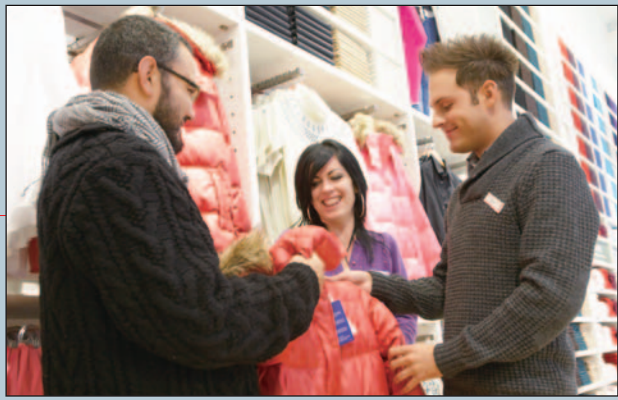
UNIQLO Japan

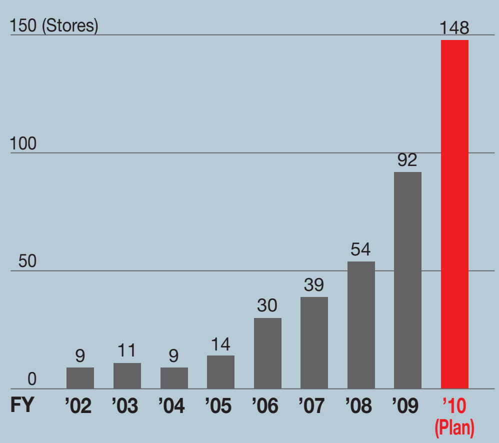
Previously, UNIQLO Japan concentrated on developing a network of stores in roadside locations and in shopping centers with sales areas of between 660m² and about 800m². In recent years, the focus for new store openings has been on large-format stores with a sales area of about 1,600m². During fiscal 2009, UNIQLO opened 71 large-format stores, making 770 stores in total. Sales at these stores have risen to account for 20% of UNIQLO Japan sales.

UNIQLO Japan's operating income ratio is about 20%, substantially higher than the ratios of other retailers. The principal reasons for this superior profitability are, first, the extremely high average sales per store (an average of ¥680 million per store in fiscal 2009, with an average sales area of about 709.5m² per store) and, second, the efficient management of UNIQLO stores as reflected in low-cost store operations and a low ratio of rental costs.

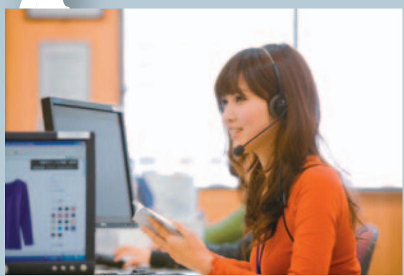
UNIQLO International

As of the end of fiscal 2009, UNIQLO International had 92 stores overseas and plans to expand this to 148 stores by the end of fiscal 2010. The number of stores in Asia (outside Japan) has doubled, and profitability in this region is rising. In October 2009, UNIQLO opened a global flagship store in Paris and will open another in Shanghai in spring 2010. The first store in Russia is scheduled for spring 2010 as well.





➤ Delivered to stores ➤ In-store and online sales begin



Inventory Control

Inventory control monitors sales and inventory levels on a weekly basis to maintain the optimal level of store inventories. It also sends the necessary additional products and newly-launched products to the stores and fills their product orders. To fully dispose of inventories at the end of each season, inventory control works together with merchandisers and marketing staff to coordinate the timing of markdowns.

Customer Center

The Customer Center receives more than 100,000 opinions and requests annually from customers via telephone, postcard and e-mail. These are forwarded to the proper departments and reflected in improvements in products, stores and services.

If you have an opinion or a request, please contact UNIQLO at:
http://www.uniqlo.com/jp/corp/customer

Online Store

UNIQLO's online store offers the full range of its merchandise and services to customers throughout Japan. It also offers special advance sales of early-in-season items, limited-edition products designed for large-format stores and special sizes. Online sales of UNIQLO Japan operations during fiscal 2009 amounted to ¥18.8 billion, accounting for 3.5% of total sales.
Access UNIQLO's online store at:
http://www.uniqlo.com/jp/

UNIQLO Business Strategy

Opportunities for Large-Format Stores in Major Cities

In April 2009, UNIQLO Japan opened such large-format stores as the Shinjuku West Exit Store, next to Shinjuku Station, which boasts the largest volume of passenger traffic in Japan. The opening of the Shinjuku West Exit Store, with sales area of more than 1,900m², was extremely successful as a large opening sale was held during the store's first three days. It attracted tremendous customer and media attention, and generated sales that more than doubled initial estimates.

In October 2009, we reopened our newly renovated UNIQLO Ginza Store, with an expanded sales area of about 2,300m². The Ginza Store is now a new presence in Ginza, Japan's premier fashion center. The store attracts more fashion-sensitive women now thanks to its expanded sales area. The profile of customers has also increased to include customers shopping at department stores.

For UNIQLO Japan, opportunities are emerging for opening large-format stores in major cities such as Tokyo. As the number of its large-format stores increases, UNIQLO's collection of women's wear will change significantly.

Large-Format Stores Expand Offerings of Women's Clothes

The key to UNIQLO's growth in Japan in the future lies in the women's wear market, which is more than double the size of the men's wear market. For UNIQLO Japan, the women's wear division, including innerwear, currently accounts for 50% of total sales. If we can expand the sales area at our stores and create sections large enough to display a full lineup of items that meet women's wardrobe needs, we are confident of doubling or tripling our women's wear sales by offering a full women's wardrobe.

For the development of women's wear, we have changed our focus from conventional basic items such as T-shirts, sweaters and innerwear to new lines including skirts, one-piece dresses, jackets and blouses that emphasize "fashionable basics." Moreover, we produce new, attractive designs, colors and materials to create women's wear that not only follows the latest fashion trends but also offers new fashions capable of altering women's lifestyles.

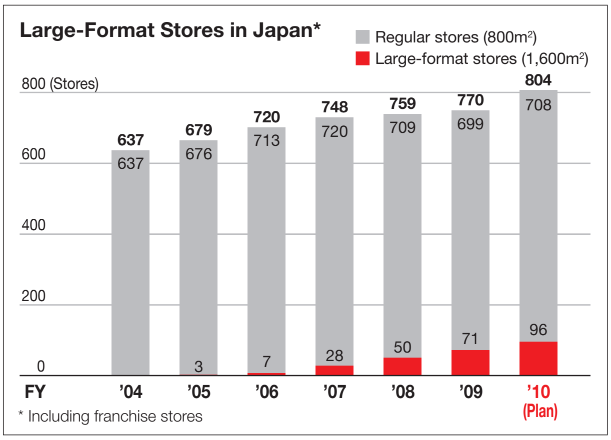
UNIQLO Setagaya Chitosedai Store
The UNIQLO Setagaya Chitosedai Store, opened in May 2007, is one of the largest stores in Japan, with a sales area of nearly 3,000m². This store has become a model for large-format stores given its large display area and attractive visual merchandising.

The Key to Growth: Large-Format Stores Boost Women's Wear

Improve the Efficiency of Large Stores

Since we began the development of large-format stores in 2005, we have focused our efforts on improving efficiency.

To attain the desired average level of sales and operating income per square meter at these stores, we have been implementing a new business model to manage them. Large-format stores—with their broad selection of items, sizes and colors, as well as their attractive shopping atmosphere—are becoming more popular year by year.



Tokyo Girl's Collection Proves a Hit and Attracts 20,000

Since September 2008, UNIQLO has announced its women's collection at the Tokyo Girl's Collection (TGC), a popular event for young women. Well-known models and celebrities were mobilized to show more than 20 brands, which were available for purchase by mobile phone during the show.

UNIQLO Quality

Presenting Truly Great Clothing with New and Unique Value

Masaya Kagawa
FAST RETAILING Group Officer
Managing Director, Product Development and Merchandising
UNIQLO CO., LTD.

In the Pursuit of Perfection, We Emphasize the Finest Details

For the fall and winter season 2009, UNIQLO supplied checkered flannel shirts in 100 color and pattern variations. No other apparel manufacturer creates this many variations for one season, and this allows us to offer customers the unique experience of "always finding what they desire."

We merchandisers are tasked with creating a concept. This requires us to discuss the latest fashion trends with designers while also analyzing sales data. Although UNIQLO believes that fashion trends are important for creating clothes, it also believes fashion concepts must integrate people's lifestyles.

We settled on three concepts for checkered flannel shirts marketed this fall and winter—monotone (black and white), classic (with a traditional English look) and vintage (slightly resembling pre-owned clothing). Once the concepts were ready, we began designing shirts with the utmost attention to detail.

The history of Western-style clothing in Japan dates back less than a century, but one characteristic of the Japanese has always been an extremely keen eye for detail. Many UNIQLO employees also have a keen interest in detail, and I am one of them. I never compromise. We pay attention to every aspect, even the size of pockets and buttons when designing flannel shirts.

A customer once told me, "UNIQLO patterns have a slightly pre-owned look, but the products appear absolutely new." We have changed the look of the vintage flannel shirts marketed this fall and winter to slightly fluffy shirts that appear to have been washed repeatedly. After putting the shirts through numerous washing cycles in the production process, we produced a finish that we are confident is the perfect look.

Our aim is to create great clothing at reasonable prices. But this is not easy. We constantly give 200% to obtain what we hope is 100% customer satisfaction.

Our Greatest Joy Is When a Customer Makes Multiple Purchases

Masaaki Nishikawa
Director, Production Department
UNIQLO CO., LTD.

The HEATTECH line of warm innerwear for men launched in 2004 combined heat generation, heat retention and fast-drying functionality. The following year, we introduced HEATTECH products for women. Then, we improved the threads in response to customer opinions, such as requests for garments with a moisturized, supple feel. The final result was the HEATTECH products we offer today.

The agreement we signed in June 2006 with Toray Industries, Inc., gave rise to a strategic partnership between Toray and UNIQLO and played a major role in the evolution of HEATTECH. Toray has installed manufacturing lines dedicated to these fibers, and despite Toray and UNIQLO being separate companies, our employees exchange opinions as regularly as employees at the same company.

I think many of our customers have noticed that, beginning with the fall and winter season 2008, the variety of colors in our HEATTECH lineup has increased. Highly sophisticated technologies are needed to expand these color variations. When the color is different, the feel of a fabric may change substantially. Hence, to guarantee all shades of HEATTECH products the same feel, we prepared a huge number of samples and used a process of trial and error, supported by our *takumi* team of experienced dyeing specialists.

As the types and color variations of HEATTECH products have increased, customers have enjoyed HEATTECH as innerwear and even outerwear. I feel great when customers buy not just 2 or 3 of these items, but 5 and sometimes 10 for themselves and family and friends.

In the fall and winter season 2008, we sold 28 million HEATTECH garments, including 1 million overseas. Customers loved the items, and demand was so strong that even though we increased production, we still could not keep up with orders. In order to prevent similar shortfalls in the future, we have made arrangements to increase production to 50 million garments in the fall and winter season 2009.

In our work with Toray, we proceeded next to develop SILKYDRY summer innerwear, which retains a surprisingly smooth and soft feel even when you perspire. This fabric, as its name suggests, has the feeling of silk, which has been a strong drawing card for customers. I am also pleased to see repeat customers returning to purchase our SILKYDRY items every year.

UNIQLO International

Aiming to Be the Number One Brand in Asia

On October 1, 2009, a line of about 800 people formed next to the Paris Opera House. A motto of the French is "never stand in line," so why were so many people lined up? It was the opening day of UNIQLO's global flagship store in Paris, the Paris Opera Store. The building, built in 1866, is itself a historic structure with a stately appearance, and it has two floors above ground and one below. Entering the building, customers find themselves in a room with about 2,100m^2 of sales area that opens all the way up to a skylight. Customers naturally gaze up and around the room, which expresses the mood and feel of a cutting-edge, Japan-style store. The popularity of UNIQLO in Paris can be traced to significant media coverage. Lines have continued to form outside the store, even after the opening day.

At present, UNIQLO has three global flagship stores—the Paris Opera Store, the Soho New York Store and the 311 Oxford Street Store. These global flagship stores transmit UNIQLO's brand image of "high-quality basic wear" and "a new concept from Japan" to the world.

Breakthroughs in UNIQLO International Business Operations

Since opening a store in London in 2001, UNIQLO International has expanded its network to a total of 92 stores as of the end of fiscal 2009. Our UNIQLO International operations have finally begun to generate a reasonable profit margin. This business is expected to expand considerably, particular in Asia over the next few years. It will be critical for UNIQLO to become the undisputed number one apparel retailer in the Asian market. The Shanghai global flagship store, which is scheduled to open in spring 2010, will provide the spark that will lead to explosive growth in Asia.

In China, UNIQLO is expanding its sales network in major urban areas, mainly Shanghai and Beijing. UNIQLO in Hong Kong has established a profitable business supported by an enthusiastic customer base. As part of our store opening strategy, UNIQLO China will accelerate the pace of store openings with particular emphasis on large-format stores.

In South Korea, UNIQLO has formed a joint venture with the country's largest retailing enterprise, Lotte Shopping

UNIQLO Paris Opera Store

Co., Ltd., and will open stores in Lotte department stores and Lotte Marts. UNIQLO has also opened a large-format store in Seoul's Myong Dong district and is steadily expanding its store network.

In Singapore, where UNIQLO opened its first store in spring 2009, sales substantially exceeded expectations. As a result of this success, UNIQLO is considering opening stores in other countries in the region, including Thailand, Indonesia, Malaysia, the Philippines, India and Australia. In spring 2010, UNIQLO is scheduled to open its first store in Moscow, Russia.

A Clear Brand Strategy and Message

As UNIQLO expands its store network and opens more flagship stores globally, it is able to simultaneously transmit to the world its brand message of high-quality products, style and great value. For instance, for the fall and winter season 2009, UNIQLO conducted a global promotional campaign for its HEATTECH products to acquaint customers throughout the world with the high quality and functionality of these items.

UNIQLO Apgujeong Store in South Korea
The Apgujeong store, which opened in Seoul in October 2007, is situated in a trendy area like Harajuku in Tokyo. The store is a hit among fashion-conscious young people. Best-selling products at the store include colorful sweaters and jeans.

Topics: +J

UNIQLO Surprises with +J Collection We are Moving to a New Stage in Fashion and Open the Future for UNIQLO's Possibilities

In October, UNIQLO launched its +J collection, starting with the fall and winter season of 2009. The +J line was created as a cooperative venture between UNIQLO and Ms. Jil Sander, a prestigious designer in the global world of luxury brand fashion.

UNIQLO's reputation as a unique fashion brand has been highlighted by a series of collaborating projects with international talents, who helped to broaden and enhance our signature style. Thanks to Ms. Jil Sander, we not only continue, but intensify our engagement in this promising direction. The combination of UNIQLO's knowledge and long experience with fashion basics and Ms. Jil Sander's sensitivity and creativity has drawn worldwide attention to UNIQLO, and instantly produced faithful +J partisans from Tokyo to Paris, London and New York.

We are confident that UNIQLO's +J collection will inspire an ever-growing number of diverse and discerning customers to discover the joy and satisfaction of wearing truly great clothes. The concept of "Luxury in Simplicity" and "Quality for the People" will continue to generate considerable benefits and create bright new possibilities for UNIQLO. Last but not least, because we embrace our mission as a company in touch with the present and on a quest for a better future.

+J

Open the Future

Luxury will be simplicity.

Purity in design, beauty and comfort for all.

Quality for the people.

Basics are the common language.

The future is here: +J

The Challenging Concept of "High-Quality Basics"

UNIQLO introduced the concept of "high-quality basics" 25 years ago, which was then, and still is, the most difficult concept to bring to life in apparel. It requires the highest respect for the qualities of "perfect" clothing, while staying simple and getting rid of all kinds of excess. It means adding and subtracting at the same time, in the passionate quest for new beauty.

Since the future of fashion lies in developing products with new value, I felt that Ms. Jil Sander was the ideal designer to give shape to our concept. Together, we strive to offer timeless clothing that, nevertheless, feels fresh every time you wear it—which is realized by combining higher, sophisticated design with UNIQLO's "high-quality basics." Because we shared this vision, we joined forces and embarked on this new adventure.

The +J collection sent shivers down my back the first time I saw it. Ms. Jil Sander had infused this new brand with her spirit and passion. She used all the skill and experience she had acquired over the years as a top designer. I was very moved—although we were using the same materials and the same factories, in her hands, they were transformed into something wonderfully different. I am convinced, that at this moment, we are being true to our mission: "Change clothes. Change conventional wisdom. Change the world."

Yukihiro Katsuta
FAST RETAILING Group Officer

CONTENTS

GOV RETAILING

g.u. http://www.gu-japan.com/

UNIQLO SHOES http://www.uniqlo.com/shoes/

CANDISH http://www.candish.jp/

GOV RETAILING CO., LTD.

GOV's ¥990 Jeans Attracted Strong Attention: Paving the Way for a New Business Model for Low-Priced Clothing and Footwear

Brand Introduction

In September 2008, GOV RETAILING CO., LTD., was established by integrating three companies: G.U. CO., LTD. (developer of the apparel brand g.u.), ONEZONE CORPORATION (operator of the FOOT PARK footwear chain) and VIEWCOMPANY CO., LTD. (operator of the VIEW footwear chain). Functions common to the three companies have been integrated to increase operating efficiency. GOV RETAILING's objectives are to offer new low-priced clothing and establish a new type of footwear business in Japan. GOV RETAILING is applying UNIQLO's SPA (Specialty store retailer of Private label Apparel) business model, which fully integrates planning, design, production, inventory control, production adjustments and store operations. As of fiscal 2009 year-end, the G.U. business had 72 stores and the footwear business 279 stores.

Growth Strategy

G.U.'s sales have continued to expand explosively since the March 2009 launch of jeans priced at only ¥990. Sales have continued to increase, supported by the introduction of new lines such as ¥490 T-shirts and fleece tops. As a result, G.U. generated a profit in fiscal 2009. G.U. aims to open 50 new stores in fiscal 2010 and, in the medium term, plans to generate ¥50 billion in sales with 200 stores by fiscal 2013.

In footwear operations, under a business restructuring program, a large number of FOOTPARK stores in roadside locations are being closed. The biggest recent development was the September 2009 launch of the UNIQLO SHOES brand. Plans call for strengthening product development for this core footwear brand. By the end of fiscal 2010, we intend to trim our footwear business to just under 100 stores, but profitability is expected to improve.


ケタ違いを、はく。

CABIN

ZAZIE
http://www.zazie-net.com/

enraciné
http://www.enracine.jp/

CABIN CO., LTD. http://www.cabin.co.jp/

A New Women's Apparel Lineup, Uniting Fashion with Reasonably Priced Clothing

Brand Introduction

Established in 1971, CABIN pioneered the SPA (Specialty store retailer of Private label Apparel) approach in the women's apparel business in Japan and grew rapidly in the 1970s. CABIN became a wholly owned subsidiary of FAST RETAILING following a takeover bid in fiscal 2006.

CABIN has two brands, ZAZIE, which offers a combination of refined sophistication and high fashion, and enraciné, which incorporates seasonal fashion trends into natural-looking, comfortable apparel. As a fashion-conscious but reasonably priced brand, CABIN is targeting and working to appeal to a wide range of customer segments. As of the end of fiscal 2009, CABIN's store network included 205 stores, located mainly in shopping malls and fashion boutique buildings.

Growth Strategy

After starting out with multiple brands, CABIN is now almost exclusively focused on two brands, ZAZIE and enraciné. CABIN will concentrate on raising brand awareness of these two brands. In October 2009, ZAZIE and enraciné opened shops on the third floor of UNIQLO's newly renovated Ginza store. This high-profile display in Ginza, Tokyo's premier fashion district, has given both brands a boost, and they are becoming known among a wider range of customers.

To enhance performance, CABIN is now working to perfect its SPA business model and offer clothing that is fashionable but attractively priced. In fall 2008, to further strengthen price competitiveness, CABIN has begun to share materials and production infrastructure with UNIQLO. Also, beginning in fall 2009, CABIN began to increase its number of designers and pattern makers to enhance its product-design capabilities.

CONTENTS

Theory

theory

http://www.theory.com/

HELMUT LANG

http://www.helmutlang.com/

LINK THEORY HOLDINGS CO., LTD. http://www.link-theory.com/

Theory, Founded in New York City, Is the Leading Brand in the Contemporary Market—Inspiring the Modern Man and Woman

Brand Introduction

Theory was founded in 1997 on the principle that modern men and women want to feel comfortable and sexy. Theory is geared to answer the needs of the contemporary customer, one who has a demanding and versatile lifestyle. The brand quickly became a global phenomenon ever since Andrew Rosen, the founder of Theory, and his long-standing associate Ricky Sasaki introduced Theory to Japan. LINK THEORY HOLDINGS CO., LTD. (LTH), became a wholly owned subsidiary of FAST RETAILING as a result of a takeover bid in March 2009. At the end of fiscal 2009, LTH had combined sales of about ¥40 billion through its base of 306 stores in Japan and the United States.

Made from innovative stretch fabrics of the highest quality, Theory offers a perfect and comfortable fit combined with a carefully calculated, beautiful silhouette that, while simple and sleek in appearance, appeals to sophisticated, contemporary women and men.

Growth Strategy

In 2008, apparel sales in the United States and Japan suffered from the effects of the global downturn that followed in the wake of the collapse of Lehman Brothers. Amid this business environment, LTH experienced a slowdown in its heretofore rapid expansion, but its core Theory brand maintained a firm upward trend in sales in 2009 because of its strong reputation for simple and basic designs and top-quality materials.

As a member of the FAST RETAILING Group, Theory is planning to strengthen teamwork among its operations in Tokyo, New York and Paris; accelerate the development of activities in Europe, where it is a relative newcomer; and speed up entry into China and other new markets. In tandem with these activities, LTH is developing the Helmut Lang brand as a follow-up to Theory, which it acquired during the spring and summer season 2007.

Theory Aoyama Store, Tokyo

Andrew Rosen (left)
President and co-CEO, LINK THEORY HOLDINGS US, INC.

Chikara "Ricky" Sasaki (right)
President and CEO, LINK THEORY HOLDINGS CO., LTD.

INTERVIEW

Q: How did the concept of Theory originate?

A: When we launched the brand Theory in 1997, the workplace was becoming much more mobile. It was the beginning of the Internet and cellular phones, and women were no longer going to be tied down to the office. I felt that clothes needed to be as free and mobile as their life-style was going to be. Also, because I had started out in the jean business and I was in the designer sports wear business then, I wanted to create something that melded those two ideas—the sense of urgency of the jean business with the luxury of designer sports wear. I got very interested in fabrics with Lycra® at that time. So it was under the premise of fusing the functionality of casual items like jeans with luxury using Lycra® that I came up with the concept for Theory.

* Lycra®, a synthetic fiber known for its exceptional elasticity, is a trademark of INVISTA, Inc.

Q: What do you believe made Theory so successful?

A: Because the fabric of Lycra® had elasticity, a basic shirt could be fit in a totally different way—the same thing with the rise of trousers or the cuts of the jackets. Traditional size specifications didn't mean anything anymore.

I could create new shapes using the classic silhouette. I believed strongly that there was a void in the market place and that the styles of the clothing available to women were not modern and contemporary enough. Very quickly, the company caught on and became a major success.

Q: How did Theory change the way women thought of clothing?

A: My whole idea was that clothes would be individual pieces and they would be simple in design. It was the days when companies were trying to design outfits so they could create multiple sales. They made shirts with pairs of pants and jackets hoping that the customer would buy all three. I had a different perspective on that. For me, it's about individual pieces that become part of women's wardrobes; the versatility of the clothes is important because clothes are not inexpensive. I wanted to make clothing that can stay in a woman's closet for a while. So Theory's clothes were to be made of very high-quality fabrics in very high-quality factories in very high-quality ways.

We concentrated all our energy on the quality and integrity of the clothes because I felt that so many times I see really nice clothes, I put them on, and they don't feel good, they don't fit well.

For me the whole experience with the consumer was about how the clothes felt and fit them and the integrity of the clothes. What was important was to do the work well and consistently; whether it was consumers, retailers or suppliers, it was about the integrity of the relationship.

Q: What's American about Theory? How do you describe contemporary clothing?

A: The contemporary segment of the market is a truly American phenomenon. While designer clothes are for special occasions, contemporary clothes are for the modern consumers—the clothes a customer wears every day.

But to me, a contemporary lifestyle is not just for America, but for men and women all over the world.

Q: Going forward, where do you see the growth potential?

A: There is a lot of growth potential globally. Before, American businesses just did business in America, while Japanese did business in Japan. Now there are a lot of opportunities globally. The real opportunities for a company—along with global expansion—may go hand in hand with retail expansion. For a long time, one thought of doing business through department specialty stores, but the future of the business is in developing a strong retail platform.

One of the exciting things about the combination of FAST RETAILING and Theory is the ability to develop a very strong global retail platform. In order to compete in the world in the future, you have to control the majority of your distribution.

COMPTOIR DES COTONNIERS

COMPTOIR DES COTONNIERS

http://www.comptoirdescotonniers.com/

Créations Nelson S.A.S.

French Fashion House COMPTOIR DES COTONNIERS Finds Popularity with Its Message Featuring Real Mothers and Daughters

Brand Introduction

COMPTOIR DES COTONNIERS's story began in 1995 with the opening of two boutiques, one in Paris and one in Toulouse in the south of France. COMPTOIR DES COTONNIERS further developed its core values in 1997, when the brand presented its image embodied by real mothers and daughters selected through auditions held around the world. With a sense of natural authenticity, the brand's designs keep today's trends in mind while being constantly flattering. The brand's preoccupation with detail and the desire to be different has also led it to develop exclusive prints and fabrics.

As of the end of fiscal 2009, COMPTOIR DES COTONNIERS had 228 shops in France, 106 in other European countries, 33 in Asia and 1 point of sales in the United States, for a worldwide network of 368 shops.

COMPTOIR DES COTONNIERS became a member of the FAST RETAILING Group in fiscal 2005.

Growth Strategy

In fiscal 2009, sales slightly declined at existing stores, and overall sales and profit decreased because of the adverse effects of the deterioration in economic conditions in Europe. During the current fiscal year to August 2010, performance is expected to bottom out with help from increased management efficiency and new store openings in Europe, the United States and Asia, including Japan.

In Japan, COMPTOIR DES COTONNIERS JAPAN opened its first boutique in February 2006 and has subsequently expanded its network to 32 stores, which are located mainly in department stores and downtown shopping areas.

Strategies going forward will include strengthening teamwork with Theory, which has a strong base in New York, and with FAST RETAILING. Also, to consolidate its position as a global brand, COMPTOIR DES COTONNIERS plans to accelerate the expansion of its store network in the United States and Asia.

COMPTOIR DES COTONNIERS France Pavee Store

Florence & Clare

PRINCESSE TAM.TAM

PRINCESSE tam•tam
PARIS

http://www.princessetamtam.com/

PETIT VEHICULE S.A.S.

PRINCESSE TAM.TAM's Fresh French Styles Winning Over Women

Brand Introduction

Two sisters, Loumia and Shama Hiridjee, presented their first PRINCESSE TAM.TAM collection in a prêt-a-porter show in 1985. Its original prints and bright colors immediately proved to be a strong draw. In 1987, PRINCESSE TAM.TAM opened its first shop in Montparnasse, Paris. When the Hiridjee sisters offered their first colorful print bras in woven fabrics, lingerie was available mostly in knit fabrics. Their colorful and innovative offerings were an immediate hit among Parisian women, with young women flocking to the beach wearing PRINCESSE TAM.TAM lingerie instead of swimwear. Since then, the Hiridjee sisters' collections have won the hearts of many women for "being lingerie that presents women as they are."

Today, the brand has built a sales network that includes the leading department stores and boutiques of France and the rest of Europe. PRINCESSE TAM.TAM became a member of the FAST RETAILING Group in fiscal 2006.

Growth Strategy

Today's PRINCESSE TAM.TAM is heir to the legacy of both the Hiridjee sisters' concept of "making lingerie for women" and the craftsmanship of France's lingerie industry. The brand's collections are crafted with only the finest silks and cottons, original prints and fine lace. Once customers have worn PRINCESSE TAM.TAM garments and experienced their incredible comfort and fit, many become repeat customers. The brand includes three main lines: lingerie, homewear and swimwear.

At the end of fiscal 2009, PRINCESSE TAM.TAM had a network of 166 shops, mainly in France. The collections are sold through major department stores, such as Galeries Lafayette and Printemps. Outside France, the brand has built a presence in 40 countries through a combination of 1,000 distributors, including the leading department stores of Europe.

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Under its All-Product Recycling Initiative, UNIQLO accepts pre-owned apparel from customers and delivers it to refugee camps. In 2007, our CSR Department visited a refugee camp in Nepal to donate apparel for reuse. In 2009, we traveled there again to see firsthand how the refugees had benefited from our donated apparel and to deliver more. We also gave the refugees pictures taken on our previous mission. As in 2007, our most precious memory was the many smiles we witnessed in the Nepal refugee camp.

All-Product Recycling Initiative

Recycling Initiative Brings Customer Goodwill and Smiles to Refugee Camps

Eiko Sherba
Corporate Social Responsibility Department
FAST RETAILING CO., LTD.

In September 2009, I visited a refugee camp in Nepal for the second time and found myself recognizing some faces. Normally, that would bring back a flood of good memories, but any happy sentiments I might have had were tempered by the state of the refugee camp—it was little changed from my first visit in 2007.

However, upon meeting people wearing UNIQLO apparel, which had clearly been taken care of since it was delivered on our last visit, I felt a warm glow inside. Refugees usually have only three or four articles of clothing, so they wear them during the day and wash them in the evening. I was elated to see that the refugees were taking such good care of the clothing, even though some articles were becoming threadbare. An elderly man said to me, "The fleece jacket you gave me two years ago is warm and, after I wash it, it dries right away."

On my first visit, a refugee girl named Gita Bhandori left a deep impression on me. Her father was unable to work due to a back injury sustained while fleeing Nepal, and her brother also suffered from a disability. Her family's circumstances were among the most difficult of the residents of the refugee camp.

I still remember Gita smiling when I first saw her two years ago, then a 12-year-old in a purple parka that was far too big for her. That innocent-looking Gita, who had now turned 14 and was beginning to look like an adult, vaguely remembered me.

She told me, "My mother keeps my and my sister's UNIQLO clothing stored away for special times." I was happy to hear that, because it meant that while they may be short of everyday clothes, they were keeping the clothing we had given them safe for special occasions, such as festivals.

This time, we distributed 10 apparel items to Gita's family, and she chose a white blouse, saying, "I am going to wear this at a festival two days from now."

Some changes had taken place since 2007. Some of the refugees were beginning to leave to reside in other countries. Among them, I found a family wearing orange fleece jackets. When I saw them donning their UNIQLO apparel to look more dressed up, I had the feeling that the clothing was helping them to take their first steps toward their new lives in another country.

Clothing does more than enhance hygiene and protect one from the elements. A piece of apparel can also inspire the wearer, providing hope and confidence. When I realized this, I felt more strongly than ever the need to continue efforts to support these people.

After being washed repeatedly, some of the clothing we donated has become worn and unsuitable for wear. Even in this refugee camp in Nepal, there is a serious shortage of clothing. As a result, I feel increasingly that my mission is to have UNIQLO's customers understand the purpose of

Yukihiro Nitta, Director, CSR Department, Eiko Sherba, CSR Department, and Gita Bhandori the company's all-product recycling activities, and to help expand the scope of these activities to collect and distribute even more items for reuse.

One example of this is a workshop that I conducted at three high schools in Tokyo to inform students about the process of collecting and sending reusable clothing to refugees. In addition, the students visited the UNHCR* office in Tokyo to learn more about refugees. It was great! Their energy and what they were doing were wonderful. For example, students at Mihara High School collected nearly 5,300 items in only two days, and the sight of them diligently sorting through the clothing was inspiring. In this way, I feel it is very important to work with educational institutions to broaden our activities and to help people to understand the significance of what we are doing.

The scale of our recycling activities, which initially began with our fleece products, has grown every year since I joined the company in 2001. As a member of the CSR Department, it has been rewarding to watch our programs develop and grow year after year.

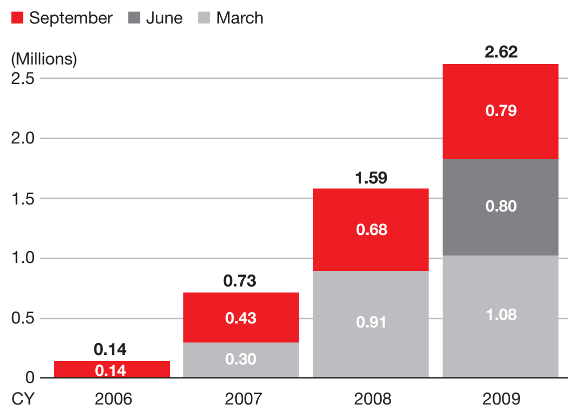
Our goal is to collect 30 million apparel items in five years and deliver them to the world's refugees, estimated to number some 31.7 million people.

* United Nations High Commissioner for Refugees

All-Product Recycling Initiative

The All-Product Recycling Initiative began in 2001 with the Fleece Recycling Program, which was expanded to include all collected UNIQLO items in 2006. At present, we ask customers to wash the articles they wish to donate and bring them to one of our stores, which accept donations during the months of March, June and September. We then select the items that are in good condition, and, with the cooperation of various organizations, we donate them to refugee camps around the world, including in Nepal, Uganda, Tanzania, Ethiopia, Georgia and Pakistan. We have also made donations in the form of disaster relief to people in 12 countries suffering from natural disasters, including cyclones. The number of items recycled is growing annually, and in 2009 we collected 2.62 million items, 1 million more than in 2008.

Items Collected for Recycling



Activities of Mihara High School

When recycling piqued their interest, 20 students at Mihara High School decided to try recycling themselves. To get their community on board, they did their best to collect used apparel by visiting the homes of elderly citizens and by preparing posters and flyers, which they distributed at local shopping areas. These activities made them feel firsthand that by collecting and donating apparel they were helping the distressed people of the world.

Enhancing Employee Teamwork through Diverse Opportunities in the Workplace

Tetsuyoshi Yamada works at the UNIQLO Nakamozu Store in Osaka. Tetsuyoshi has limb apraxia, a nerve-related disorder resulting from a spinal injury as a child. He rides his bicycle to work every morning, and people in the neighborhood have become accustomed to seeing him fly past. He hurries to get to work before everyone else because it takes him longer to prepare for the day's tasks, which start with confirming internal messages from headquarters and preparing the cash registers by filling them with change. Next, he readies store displays with products from the storeroom, finishing in time for the daily morning staff meeting, where personnel hear reports on the previous day's sales and the current day's sales targets. Then Tetsuyoshi is—as he puts it in the colorful Osaka dialect—ready to "take on the day."

Now in his 12th year working at UNIQLO, Tetsuyoshi did not know much about UNIQLO before he joined the company. He joined UNIQLO because he wanted to interact directly with customers. After joining, however, he was put in charge of inspecting goods and changing price labels away from the action on the store floor. Since his dream was to work in a capacity interacting with customers, he asked the store manager if he could work the cash register. At first reluctant, and after much thought, the store manager ultimately gave his approval. Gradually, Tetsuyoshi moved from storeroom work to positions where he was in direct contact with customers.

"Looking back on it now, I can understand the concern of the store manager then," says Tetsuyoshi. "At the beginning, when I made some mistakes I got lectured, but I was happy nonetheless because UNIQLO gave me a chance to see how far I could push myself. However, most important for me is that I feel accepted," he added.

Tetsuyoshi was granted his wish to work at the cash register, a crucial point of contact with the customer. When he worked the register, he noticed that customers would carefully scrutinize him and his movements, and that 8 of 10 customers would check their receipts. He thought this behavior was a sign of a lack of trust in him, but instead of taking this as a negative, he took it in a positive way and resolved to work even harder. This interaction with customers gave him a new self-awareness and transformed his way of thinking.

This positive attitude helped to transform the store as well. His positive outlook was contagious and his presence helped to make the atmosphere of the store even brighter.

When Tetsuyoshi first started at the store, other staff members were not sure what to make of him due to his disability. So Tetsuyoshi took the initiative.

"I didn't do anything special really. I just like to talk. And being talkative, I would just take every opportunity to chat—even when we were on break," Tetsuyoshi says.

Today, Tetuyoshi is regarded by many in the store as something of an elder brother, as he offers new staff members sage advice as he shows them the ropes.

UNIQLO Nakamozu Store Manager Yugo Masuda and Tetsuyoshi Yamada at the UNIQLO Nakamozu Store

Current Nakamozu Store Manager Yugo Masuda has known and worked with Tetsuyoshi for many years. “Whether he has a disability or not is not important. Everyone has things they are not good at. That is where teamwork comes in. We consider his disability, but we don’t hesitate to call on him to do things. We want him to do any and everything he can,” he says, adding, “He knows almost everything about this store and he has taught me a lot. On the other hand, when he messes up, as the store manager I talk to him about it without pulling any punches. But I think that being sensitive to other people’s feelings helps to strengthen teamwork, and that goes for everyone, not just Tetsuyoshi.”

When Tetsuyoshi rides his bicycle through the town, people call to him, saying: “Hey, you’re that guy from UNIQLO, right? Have you got any sales on this week?” Comments like this really encourage not just the staff of the Nakamozu Store, but other employees of UNIQLO as well. With this in mind, Tetsuyoshi continues to commute to work on his bicycle, making UNIQLO a better place for everyone.

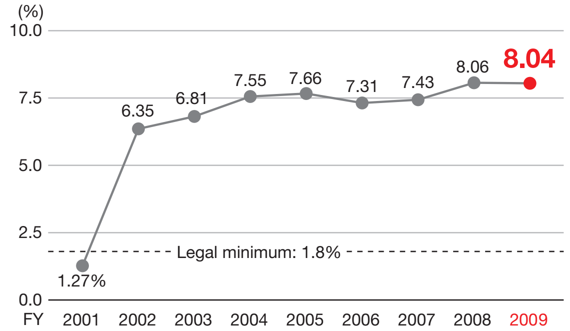
Tetsuyoshi Yamada joined UNIQLO in 1997 and works at the UNIQLO Nakamozu Store. He has limb apraxia, a nerve-related disorder, the result of an accident as a child.

Promoting Employment of People with Disabilities

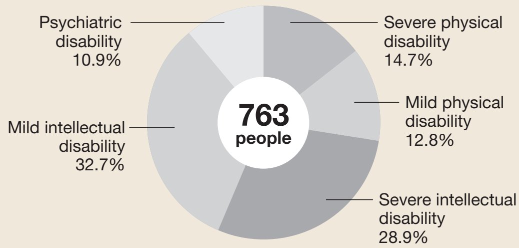
UNIQLO has actively recruited persons with disabilities since 2001, with a goal of employing one such person per store. At present, about 90% of UNIQLO stores employ people with disabilities, and the ratio for UNIQLO as a whole is 8.04%, greatly exceeding the legal minimum in Japan of 1.8%.

Employment Ratio of UNIQLO Staff with Disabilities

(Data through fiscal 2006 was taken on March 31 of each year; for 2007 onward data is as of June 1.)



Classification of Disabilities among Our Staff in FY2009



Basic CSR Policy

Making the World a Better Place through Clothing

Basic CSR Policy and CSR Committee Activities

We at FAST RETAILING believe that incorporating corporate social responsibility (CSR) activities into our business of producing and selling clothing has value, and that today this is precisely the approach that society is looking for. As such, the aim of our basic CSR policy is to make the world a better place.

What is our significance as a corporate group? What can we do for the world through the apparel business? Can FAST RETAILING also involve its customers in these CSR activities?

As a corporate group that produces and sells about 500 million articles of clothing annually, FAST RETAILING requires its partner companies to observe legal regulations related to labor conditions and to respect human rights. In addition, FAST RETAILING strives to maintain quality and safety and engage in environmental protection activities, while working to prevent illegal overtime and promote career development. Moreover, as part of our community service activities, pre-owned UNIQLO products are collected, and through our All-Product Recycling Initiative, UNIQLO donates these items to refugee camps.

FAST RETAILING's CSR Committee, which is comprised of top management, external auditors and outside experts, convenes periodically to implement these CSR activities. The committee takes into account the objective opinions of committee members, identifies CSR activities that are a priority and promotes the implementation of these activities.

Monitoring of Labor Conditions at Partner Factories

UNIQLO works with about 70 production partners, in China and other countries in Asia, to maintain production safety and quality, and endeavors to make improvements in labor conditions. Since 2004, UNIQLO has adopted a Code of Conduct (CoC) for its Production Partners and has called on an external auditing institution to monitor labor conditions, mainly at major sewing factories that have signed a pledge to abide by the CoC.

Admittedly, in some cases, these problems may be partly attributed to UNIQLO, since it is UNIQLO that places orders with these partner companies. Child and forced labor is, of course, forbidden, but other abuses, such as extremely long overtime hours and requiring work without proper periods of rest may arise. When issues are discovered, we want to go beyond simply having the partner factories in question pay penalties. We want to create a framework and incentives that will make management at these factories recognize that they benefit by taking appropriate measures.

In the monitoring activities from June to August 2009, no companies were assigned a grade of E. (Please refer to the table on the right for grade definitions.) However, 16 factories were ranked D and 54 were given a grade of C. We responded to these results diligently and immediately requested that improvements and corrective measures be undertaken. The CSR Department follows up on the progress of these improvements.

Results of Regular Monitoring as of the End of August 2009
(Conducted between June and August 2009)

Grade	Content	Number of factories
A	No violations	9
B	One or more minor violations	20
C	One or more major violations	54
D	One or more severe violations	16
E	Highly unethical, serious offense subject to immediate review of contract	0

■ **Grade D Cases**

Forced labor: On a production line employing 15 to 20 employees, only one permit was available for use of the rest room, and free use of the facility was therefore restricted.

Excessive work hours: Some workers were required to work continuously for up to 37 days without proper periods for rest.

Ensuring employee safety: On the third floor of an employee dormitory one of two emergency exits was locked and there were insufficient emergency exits.

UNIQLO requested immediate corrective action and follow-up monitoring has confirmed that action has been taken.

■ **In the monitoring activities implemented in April 2009, one instance of child labor was found.**

Child labor: It was discovered that 3 of a random sample of 25 employees were children under 16 years of age. Also, when the personnel files of the factory were examined, there were no copies of the ID cards of 10 employees, and therefore it was not possible to confirm their ages. FIRST RETAILING ordered the factory to terminate their employment and to make a lump-sum payment to each employee equivalent to the amount he or she would have earned working at minimum wage until the age of 16. Documents were subsequently confirmed ensuring that the payments were made and then transactions with the factory were suspended.

CONTENTS

Six-Year Financial Summary

FAST RETAILING CO., LTD. and consolidated subsidiaries
Fiscal Years Ended August 31

	Millions of Yen (except per share data and other data)					
	2009	2008	2007	2006	2005	2004
For the year:						
Net sales	**¥ 685,043**	¥ 586,451	¥ 525,203	¥ 448,819	¥ 383,973	¥ 339,999
Operating income	**108,639**	87,493	64,963	70,355	56,692	63,954
EBITDA*1	**112,621**	97,467	75,310	80,166	60,794	58,458
Income before income taxes and minority interest	**95,487**	81,994	62,713	72,752	58,016	56,448
Net income	**49,797**	43,529	31,775	40,437	33,884	31,365
At year-end:						
Total assets	**463,285**	404,720	359,770	379,655	272,846	240,897
Total net assets*2	**261,413**	264,014	243,283	240,480	182,349	161,434
Interest-bearing debt	**35,400**	20,016	24,429	22,774	6,185	52
Net cash provided by operating activities	**¥ 59,214**	¥ 87,336	¥ 18,847	¥ 57,477	¥ 15,398	¥ 44,120
Net cash used in investing activities	**(34,273)**	(15,421)	(28,783)	(41,907)	(16,823)	(20,730)
Free cash flow*3	**24,941**	71,915	(9,936)	15,570	(1,425)	23,390
Net cash provided by (used in) financing activities	**(16,847)**	(19,054)	(12,759)	1,932	(14,854)	(8,677)
Cash and equivalents*4	**169,574**	169,888	119,216	141,404	121,061	136,461
Depreciation and amortization	**9,765**	8,523	6,567	5,364	3,681	2,737
Capital expenditures	**22,601**	21,017	26,441	16,261	11,649	11,220
Reference indices:						
Operating profit margin (%)	**15.9%**	14.9%	12.4%	15.7%	14.7%	18.8%
EBITDA margin (%)	**16.4**	16.6	14.3	17.9	15.8	17.2
ROE (%)	**19.1**	17.3	13.6	19.7	19.7	20.8
Equity ratio (%)	**56.0**	64.7	66.7	60.1	66.8	67.0
Debt-equity ratio (%)	**13.5**	7.6	10.0	9.4	3.4	0.0
Dividend payout ratio (%)	**32.7**	30.4	41.7	32.7	39.0	37.7
Per share data (yen):						
Net income	**¥ 488.96**	¥ 427.38	¥ 311.98	¥ 397.38	¥ 331.99	¥ 304.92
Diluted net income	**—**	—	—	397.26	—	—
Net assets	**2,550.86**	2,572.09	2,357.79	2,240.77	1,791.61	1,583.67
Cash dividends	**160.00**	130.00	130.00	130.00	130.00	115.00
Other data:						
Number of shares outstanding	**106,073,656**	106,073,656	106,073,656	106,073,656	106,073,656	106,073,656
Number of subsidiaries	**96**	21	21	19	9	6
Total number of stores	**2,258**	1,958	1,828	1,632	1,232	655
Directly-operated stores in Japan	**[1,454]**	[1,310]	[1,233]	[1,093]	[775]	[635]
Directly-operated stores overseas	**[397]**	[294]	[247]	[196]	[157]	[9]
Franchise stores	**[407]**	[354]	[348]	[343]	[300]	[11]
Commercial complexes	**4**	4	1	—	—	—
Total sales floor space (m^2)*5	**740,489m^2**	685,942m^2	626,998m^2	536,473m^2	437,196m^2	363,901m^2
Number of full-time employees*6	**11,037**	8,054	6,514	3,990	2,668	1,782

*1. EBITDA = Income before income taxes + Interest expense + Depreciation and amortization + Amortization of goodwill
*2. Beginning with the fiscal year ended August 31, 2006, minority interest has been included in net assets.
*3. Free cash flow = Net cash provided by (used in) operating activities + Net cash used in investing activities
*4. Cash and equivalents include cash, time deposits with maturities of generally three months or less and marketable securities.
*5. Total sales floor space includes only directly-operated stores.
*6. Beginning with the fiscal year ended August 31, 2007, the number of entrusted officers has not been included in the number of full-time employees.

Management's Discussion and Analysis

Financial Highlights

■ Consolidated net sales expanded 16.8%, to ¥685.0 billion, and operating income rose 24.2%, to ¥108.6 billion. Net sales and operating income were both record highs.
■ EPS rose 14.4%, to ¥488.96.
■ The annual dividend increased ¥30 to ¥160 per share, with a dividend payout ratio of 32.7%.

1 Operating Environment and Management Strategy

During fiscal 2009, ended August 31, market turmoil grew worse as a result of the bankruptcy of Lehman Brothers Holdings, Inc. This dealt a major blow to economies worldwide. As a result, the harsh business environment continued with employment conditions seriously deteriorating in conjunction with shrinking household incomes, which curbed consumption.

The Japanese market continues to shrink due to a demographic shift, which means fewer young consumers—who are major purchasers of apparel—translating into a smaller ratio of disposable income spent on apparel and footwear.

In Asia, including Japan, leading retailers of apparel based in Europe and the United States drew on their business strengths, which include offering highly fashionable products at astonishingly low prices, as they began to make full-scale entry into the region. Along with these developments, consumers are becoming thriftier and more selective. These factors will lead to continued intense competition with global retailers.

Amid this environment, the FAST RETAILING Group (the Group) has set a goal of "Becoming the world's number one apparel retailer by 2020." The Group is, therefore, continuing its drive to "promote globalization, strengthen Group management and refocus on entrepreneurial values." Initiatives by UNIQLO during the fiscal year resulted in doubling the number of stores in Asia (outside Japan), principally China, including Hong Kong, South Korea and Singapore, which led to a consolidation of UNIQLO International's base in the region. In addition, UNIQLO has been able to win the strong support of customers by continuing to "create truly great clothing with new, unique value," as well as by creating and selling high-value-added products, such as HEATTECH and BRA TOP.

Note: Group operations are classified as below.

UNIQLO Japan	UNIQLO operations conducted in Japan
UNIQLO International	UNIQLO operations conducted outside Japan
Japan Apparel Operations	GOV RETAILING and CABIN
Global Brand Operations	Theory, COMPTOIR DES COTONNIERS and PRINCESSE TAM.TAM

Within Japan Apparel Operations, the G.U. business profitability dramatically improved with the marketing of jeans priced at ¥990. The Japanese footwear business closed a number of unprofitable FOOTPARK stores, while proceeding with the development of a line of UNIQLO SHOES footwear.

In Global Brand Operations, LINK THEORY HOLDINGS became a wholly owned subsidiary in March 2009 and became a consolidated subsidiary in the third quarter of fiscal 2009. As a result, consolidated net sales rose 16.8%, to ¥685.0 billion, and operating income expanded 24.2%, to ¥108.6 billion. Operating income in fiscal 2009 set a record for the first time in eight years.

Number of Stores by Group Operation

	2009			2008	2007
	End Aug.	Open	Close	End Aug.	End Aug.
UNIQLO	**862**	95	46	813	787
UNIQLO Japan:	**770**	56	45	759	748
Directly-operated	**750**	55	45	740	730
Franchise	**20**	1	0	19	18
UNIQLO International:	**92**	39	1	54	39
China	**33**	20	0	13	9
Hong Kong	**11**	3	0	8	4
South Korea	**30**	12	0	18	14
Singapore	**2**	2	0	—	—
U.K.	**14**	2	1	13	11
U.S.	**1**	0	0	1	1
France	**1**	0	0	1	—
Japan Apparel Operations*	**556**	70	161	647	605
GOV RETAILING	**351**	31	137	457	382
G.U.	**72**	23	9	58	50
Footwear	**279**	8	128	399	332
CABIN	**205**	39	24	190	211
ASPESI	**—**	—	—	—	12
Global Brand Operations*	**840**	43	7	498	436
Theory	**306**	—	—	—	—
COMPTOIR DES COTONNIERS	**368**	26	6	348	305
PRINCESSE TAM.TAM	**166**	17	1	150	131
Total	**2,258**	208	214	1,958	1,828

* Including franchise stores

2 Net Sales and the Gross Profit Margin

Consolidated net sales posted double-digit growth of 16.8% year on year, rising to ¥685.0 billion. The breakdown of the ¥98.5 billion increase in sales was as follows: UNIQLO Japan sales rose ¥75.8 billion, UNIQLO International sales increased ¥8.4 billion, Japan Apparel sales were up ¥2.0 billion and Global Brand Operations' sales increased ¥11.8 billion. In Global Brand Operations, LINK THEORY HOLDINGS became a consolidated subsidiary from the third quarter of fiscal 2009.

Gross profit expanded 16.3%, to ¥341.5 billion. The gross profit margin decreased 0.2 percentage point, to 49.9% due to a drop of 0.4 percentage point in the UNIQLO Japan Operations.

3 Operating Income

Operating income expanded ¥21.1 billion, or 24.2%, to ¥108.6 billion. The operating income margin was 15.9%, representing a 1.0 percentage point rise. This was helped by an improvement of 1.2 percentage points in the ratio of selling, general and administrative (SG&A) expenses to net sales. The SG&A expenses amounted to ¥232.8 billion. Notably, the SG&A expenses ratio for UNIQLO Japan Operations posted a significant improvement of 2.2 percentage points, mainly due to robust sales.

Breakdown of SG&A Expenses

	2009			2008			2007		
	Millions of Yen	% to Sales	% Change	Millions of Yen	% to Sales	% Change	Millions of Yen	% to Sales	% Change
Personnel	**¥ 84,797**	**12.4**	**+10.2**	¥ 76,952	13.1	+9.4	¥ 70,370	13.4	+34.6
Advertising and promotion	**30,697**	**4.5**	**+10.4**	27,793	4.7	+5.8	26,261	5.0	+18.1
Rent	**59,287**	**8.7**	**+16.5**	50,897	8.7	+17.1	43,453	8.3	+26.4
Depreciation/amortization	**9,765**	**1.4**	**+14.6**	8,523	1.5	+29.8	6,567	1.3	+21.4
Others	**48,342**	**7.1**	**+15.0**	42,024	7.2	+14.3	36,780	7.0	+32.4
Total	**¥232,888**	**34.0**	**+12.9**	¥206,189	35.2	+12.4	¥183,431	34.9	+29.1

4 Income before Income Taxes and Minority Interest

Income before income taxes and minority interest amounted to ¥95.4 billion, an increase of ¥13.4 billion over the previous fiscal year. However, the EBITDA margin declined by 0.2 percentage point, to 16.4%. This decrease was due mainly to a foreign exchange loss of ¥5.7 billion, including valuation losses on the foreign currency denominated assets of overseas subsidiaries and losses on foreign currency settlements, both resulting from the sharp appreciation of the yen. Another factor was ¥1.3 billion in non-operating expenses that arose in the second quarter from the losses of LINK THEORY HOLDINGS, which was an equity-method-applied company. In addition, the Group reported extraordinary losses of ¥6.2 billion for fiscal 2009. The breakdown of principal extraordinary losses was as follows: ¥2.2 billion in impairment losses, which included impairment of goodwill in CABIN; a ¥1.5 billion loss due to a provision for a reserve to cover the costs of closure of FOOTPARK stores; ¥1.2 billion in losses due to the removal of fixed assets and closure of stores in the UNIQLO Japan, Theory and certain other operations; and ¥1.0 billion in office transfer expenses incurred due to the relocation of the head office in France and the Group's head office in Tokyo.

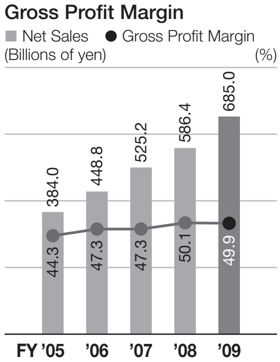
5 Income Taxes and Other

Income taxes for fiscal 2009 totaled ¥45.4 billion, including corporate income taxes, resident taxes and enterprise taxes totaling ¥44.9 billion, as well as deferred income taxes of ¥0.4 billion. The effective tax rate after tax was 47.6%, which was 7.1 percentage points higher than the statutory income tax rate of 40.5%. This difference breaks down as follows: 2.9 percentage points due to an increase in reserves for valuation changes, 2.8 percentage points due to amortization of goodwill and 0.7 percentage point owing to impairment of goodwill.

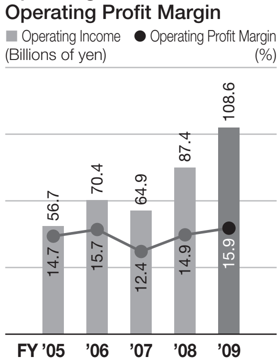
6 Net Income

Net income for fiscal 2009 amounted to ¥49.7 billion, 14.4% higher than in fiscal 2008. Net income per share was ¥488.96, ¥61.5 per share higher than in the previous fiscal year. The annual dividend increased ¥30 per share to ¥160. As a result, the dividend payout ratio on a consolidated basis for the fiscal year was 32.7%, allowing the Group to maintain a dividend payout above 30%.

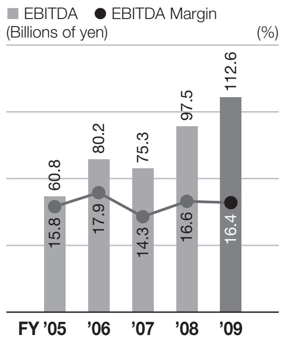
Net Sales and Gross Profit Margin



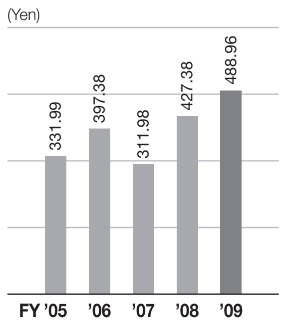
Operating Income and Operating Profit Margin



EBITDA and EBITDA Margin



Earnings per Share



7 Results by Group Operation

Sales by Group Operation

Billions of yen	2009	Y/Y Change	% Change	2008	2007
UNIQLO Japan:					
Net sales	**¥538.1**	¥75.8	+16.4	¥462.3	¥424.7
Operating income	**110.7**	24.3	+28.2	86.4	64.0
UNIQLO International:					
Net sales	**37.7**	8.4	+28.8	29.3	16.9
Operating income (loss)	**1.6**	1.3	+350.0	0.3	(1.1)
Japan Apparel Operations:					
Net sales	**51.5**	2.0	+4.1	49.4	46.0
Operating income (loss)	**(0.5)**	2.3	—	(2.8)	(3.5)
Global Brand Operations:					
Net sales	**55.5**	11.8	+27.0	43.7	36.7
Operating income	**3.6**	(4.1)	(52.8)	7.7	7.2

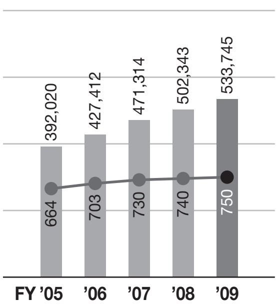
* The above figures do not include net sales or operating income for FAST RETAILING, or the amortization of goodwill for the Group. As such, adding them together will not yield the total consolidated sales or operating income.
* LINK THEORY HOLDINGS became a consolidated subsidiary beginning with the third quarter of fiscal 2009 and its sales and operating income are included in Global Brand Operations.

UNIQLO Japan

UNIQLO Japan, which accounted for 78.6% of consolidated net sales, reported an increase of 16.4%, totaling ¥538.1 billion. This strong sales growth has been underpinned by 11.3% growth of same-store sales, and a net increase of 10 directly-operated stores. The sales area of directly-operated stores increased by 6.3% compared with the prior fiscal year.

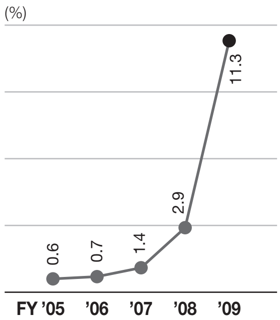
The same-store sales growth of 11.3% was derived from an increase in the number of customers, 9.6%, and an increase in purchases per customer, 1.6%. The increase in customers was driven by hit products, including HEATTECH and BRA TOP. Other factors included sales promotion activities, such as promotional campaigns and the launching of a stronger product lineup for women. UNIQLO's original products—including HEATTECH, which uses high-function materials developed jointly with strategic partner Toray Industries, Inc., as well as BRA TOP, which offers a comfortable fit and beautiful bust line—have found a following in the market. HEATTECH garments are made of special, heat-retaining synthetic fibers, and, during the fall and winter season 2008, UNIQLO Japan sold 27 million items in the HEATTECH series. During the spring and summer season 2009, UNIQLO's sales of BRA TOP expanded threefold, to nine million items.

Number of Stores and Sales Floor Space (UNIQLO Japan)*

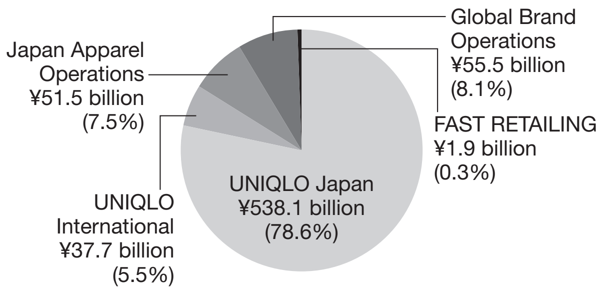


* Directly-operated stores only

Year-on-Year Sales Trend at Existing Stores (UNIQLO Japan)*



Breakdown of Net Sales



UNIQLO Japan is shifting toward larger stores, and, as it scraps its smaller stores, is focusing on stores with a sales area of about 1,600m² as growth drivers. During fiscal 2009, UNIQLO Japan opened 55 directly-operated stores and closed 45 locations, for a net increase of 10 stores. A total of 21 new large-format stores with 1,600m² in sales area were opened and the average total floor space per store rose 3.1% to 710m². The percentage of sales accounted for by large-format stores increased to approximately 20%.

The gross profit margin decreased 0.4 percentage point to 48.1%. During the first half of the fiscal year, the gross profit margin improved by 0.9 percentage point year on year boosted by robust sales of HEATTECH items and winter apparel, although the clearing of fall items had a temporary negative effect on the gross profit margin. In contrast, in the second half of the year, the gross profit margin decreased by 1.8 percentage points, owing to increased campaign activities and early liquidation of summer products.

The ratio of SG&A expenses to sales improved 2.2 percentage points compared with the previous fiscal year. This was primarily due to heightened efficiency in personnel costs and rental costs relative to sales due to sales greatly exceeding business targets. Rents paid for roadside store locations—which account for about 60% of total stores—are a fixed cost. Therefore, as same-store sales strengthened, this contributed directly to the overall efficiency of operations.

As a result of these various factors, the operating income margin at UNIQLO Japan increased 1.9 percentage points to 20.6%. Operating income posted a marked rise of 28.2% year on year, to ¥110.7 billion.

UNIQLO International

During fiscal 2009, UNIQLO International's sales rose 28.8% year on year, to ¥37.7 billion. Sales in local currencies overseas rose about 60%, however, growth in yen terms was lower because of the yen's appreciation. UNIQLO International continued to expand its store network, principally in Asia (outside Japan), and, as a consequence, the number of UNIQLO International stores at the end of fiscal 2009 reached 92, up from 54 a year before. In addition, smooth expansion in same-store sales was reported overseas. The steady increase in awareness of the UNIQLO brand—owing to the activities of flagship stores in New York and London as well as large-format stores located in Shanghai, Beijing, Seoul and elsewhere—contributed to the gains in overseas sales.

In Asia, which accounts for about 70% of the sales of UNIQLO International, aggressive activities to open new stores continued in China, including Hong Kong, and South Korea. As a result, the number of stores in the region rose, nearly doubling to 76 during fiscal 2009. In China, consumer spending trends held relatively firm, and same-store sales posted double-digit growth. In South Korea, the global economic downturn had a major impact on the economy, resulting in a movement toward greater thriftiness among consumers; however, as the first global brand to execute a full-scale entrance into the South Korean market, UNIQLO has established a solid position and performance held firm. Also, UNIQLO International opened its Tampines 1 Store, its first store in Singapore, in April 2009, and it has proved quite popular among consumers.

Operating income of UNIQLO International rose substantially to ¥1.6 billion, compared with ¥0.3 billion the previous year. Performance in Asia showed steady expansion, and UNIQLO U.K. reported a major improvement in profitability, driven by the steady expansion of same-store sales and the disappearance of costs for the flagship store opening, which took place in London in November 2007.

Japan Apparel Operations

In fiscal 2009, sales for our Japan Apparel Operations amounted to ¥51.5 billion, an increase of 4.1% over the previous fiscal year, with an operating loss of ¥0.5 billion, which represented an improvement of ¥2.3 billion from the previous fiscal year.

Following the launch by the G.U. business of a lineup of jeans priced at ¥990 in March 2009, sales expanded dramatically. Subsequently, the G.U. business has steadily launched a series of low-priced items, resulting in major gains in sales overall for the fiscal year and a return to profitability. In footwear operations, reforms have proceeded in the VIEWCOMPANY business and a major program was implemented to close FOOTPARK stores.

Women's apparel chain CABIN was adversely affected by the slump in the fashion apparel industry. Sales stagnated and fell below the previous fiscal year, resulting in an operating loss.

Global Brand Operations

Sales for our Global Brand Operations for fiscal 2009 rose 27.0% year on year, to ¥55.5 billion, but operating income declined 52.8%, to ¥3.6 billion.

The Theory business was consolidated within the Group beginning in the second half of the fiscal year and contributed ¥22.7 billion to consolidated sales and ¥0.4 billion to operating income for the fiscal year.

Due to the deterioration of economic conditions in Europe, COMPTOIR DES COTONNIERS business profitability declined and PRINCESSE TAM.TAM also suffered a drop in profits as a result of stagnation in the wholesale business.

8 Balance Sheets

Total assets as of August 31, 2009, amounted to ¥463.2 billion, ¥58.5 billion higher than at the end of the previous fiscal year. Current assets increased ¥34.4 billion, to ¥298.1 billion. The principal factors accounting for this increase in current assets were a rise in cash flow from UNIQLO Japan Operations, a ¥22.9 billion increase in the balance of marketable securities and a ¥20.8 billion increase in inventories. The increase in inventories was driven by two factors: the early placement of orders by UNIQLO Japan for winter items, which boosted inventories by ¥12.9 billion and the consolidation of LINK THEORY HOLDINGS, which increased inventories by ¥4.8 billion.

Fixed assets rose ¥24.0 billion, to ¥165.1 billion. The consolidation of LINK THEORY HOLDINGS has boosted tangible fixed assets by ¥5.6 billion. Intangible fixed assets increased by ¥14.4 billion, while investments and other assets rose by ¥3.9 billion.

Current liabilities rose ¥57.0 billion year on year and amounted to ¥175.6 billion at the end of the fiscal year. This increase was due primarily to a rise in short-term debt of ¥11.7 billion, and an increase in the exchange rate forward contracts (liabilities) account of ¥47.4 billion owing to the appreciation of the yen. However, because hedge accounting principles were applied to this account with the aim of stabilizing procurement costs, there was no impact on profitability.

Long-term liabilities rose ¥4.1 billion year on year, to ¥26.2 billion at the end of the fiscal year. This increase was driven by a rise in long-term debt of ¥1.6 billion, an allowance of ¥1.1 billion for rental payment guarantees in connection with the sale of Rosner, Inc., and an increase in other long-term liabilities of ¥1.5 billion related to deferred rents in the U.S. operations of LINK THEORY HOLDINGS.

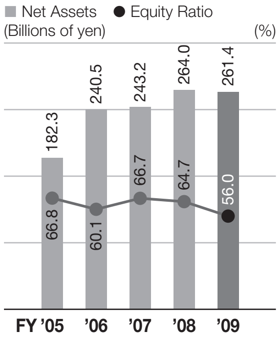
Net assets declined ¥2.6 billion year on year, to ¥261.4 billion. The increase of net income of ¥49.7 billion was outweighed by payments of dividends from retained earnings of ¥14.2 billion, an increase in net unrealized losses on hedge transactions of ¥28.2 billion and an increase in net unrealized losses on securities of ¥8.4 billion. As a result, the ratio of net assets to total liabilities and assets amounted to 56.0%.

Consolidated Subsidiaries*

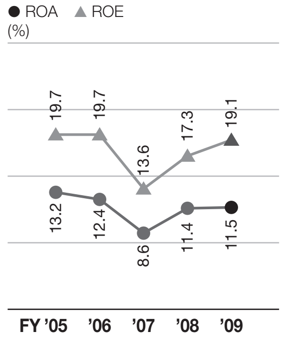
Consolidated Subsidiaries		Share Ownership
UNIQLO Business		
UNIQLO CO., LTD.	Japan	100.0%
UNIQLO(U.K.)LTD.	U.K.	100.0%
FAST RETAILING(CHINA) TRADING CO., LTD.	China	100.0%
UNIQLO USA, Inc.	U.S.	100.0%
FRL KOREA CO., LTD.	South Korea	51.0%
UNIQLO HONG KONG, LIMITED	Hong Kong	100.0%
UNIQLO FRANCE S.A.S.	France	100.0%
UNIQLO Design Studio, New York, Inc.	U.S.	100.0%
UNIQLO (SINGAPORE) PTE. LTD.	Singapore	51.0%
Non-UNIQLO Business		
GOV RETAILING	Japan	100.0%
CABIN CO., LTD.	Japan	100.0%
FR FRANCE S.A.S.	France	100.0%
Créations Nelson S.A.S.	France	100.0%
PETIT VEHICULE S.A.S.	France	100.0%
LINK THEORY HOLDINGS CO., LTD.	Japan	100.0%

* Percentage ownership as of August 31, 2009

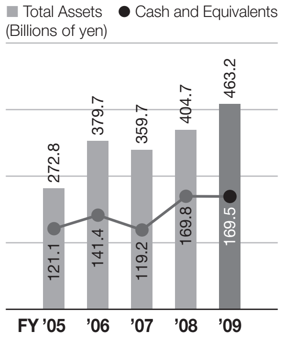
Net Assets and Equity Ratio



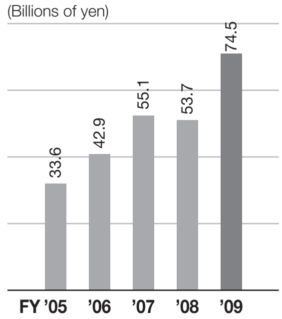
ROA and ROE



Total Assets and Cash and Equivalents



Inventories



9 Cash Flows

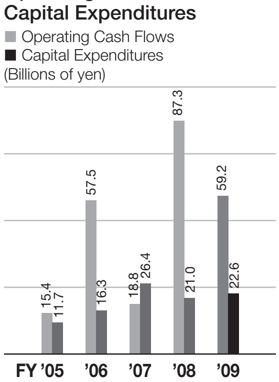
Movements in cash flows in fiscal 2009 were as follows: net cash provided by operating activities was ¥59.2 billion, net cash used in investing activities was ¥34.2 billion and net cash used in financing activities was ¥16.8 billion. As a result, free cash flow amounted to ¥24.9 billion. However, the balance of cash and cash equivalents at the end of fiscal 2009 totaled ¥169.5 billion, decreasing ¥0.3 billion, due to dividend payments amounting to ¥14.2 billion, amortization of bonds totaling ¥11.0 billion and other factors.

The Group’s policy for retained earnings and free cash flow is to attain continued stable growth. To this end, the Group is making M&A investments aimed at expansion of Group operations and effective use of investments to strengthen the business bases of Group companies.

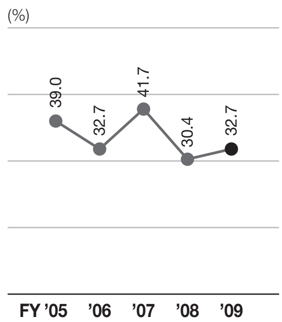
Net Cash Provided by Operating Activities: ¥59.2 Billion

Net income before income taxes and minority interest in fiscal 2009 amounted to ¥95.4 billion, depreciation and amortization was ¥9.7 billion, amortization of goodwill was ¥6.4 billion and impairment losses amounted to ¥2.2 billion. In addition, working capital declined ¥17.5 billion as a result of an increase in inventories. Among other items, income taxes paid, minus income taxes refunded, amounted to ¥40.6 billion.

Operating Cash Flows and Capital Expenditures



Dividend Payout Ratio



Net Cash Used in Investing Activities: ¥34.2 Billion

As a result of the takeover bid to position LINK THEORY HOLDINGS as a wholly owned subsidiary, acquisition of newly consolidated subsidiaries amounted to ¥14.4 billion cash used. In addition, cash used to purchase property and equipment, principally for the UNIQLO and Theory operations, totaled ¥9.9 billion. Payments for lease deposits were ¥8.0 billion.

Net Cash Used in Financing Activities: ¥16.8 Billion

Dividends paid amounted to ¥14.2 billion. In addition, the Group reported expenditures for redemption of bonds of LINK THEORY HOLDINGS of ¥11.0 billion. Procurement of funds pushed the balance of short-term debt up ¥6.8 billion, and long-term debt up ¥6.0 billion.

■ Dividend Policy

FAST RETAILING regards returning a portion of profits to its shareholders as one of its highest priorities and has adopted basic policies of constantly working to improve Group performance and allocating an appropriate amount of profit, depending on performance, to shareholders on a continuing basis. FAST RETAILING’s policy is to pay high dividends linked to performance after giving consideration to funds required for the expansion of the operations of the Group and increasing profits as well as maintaining financial soundness. The Group’s dividend payout ratio for the fiscal year that ended August 31, 2009, was 32.7%, thus remaining a payout ratio above 30%.

10 Outlook for Fiscal 2010

For the fiscal year ending August 31, 2010, FAST RETAILING targets net sales of ¥820.0 billion, an increase of 19.7% year on year, operating income of ¥130.5 billion, an increase of 20.1% and net income of ¥67.5 billion, a gain of 35.6%. Net income per share is forecast to rise to ¥663.16, and plans call for paying a cash dividend of ¥200 per share, including ¥100 as an interim dividend and ¥100 as a final dividend.

1. Consolidated Outlook for Fiscal Year Ending August 31, 2010

Billions of yen	Annual	% Change	First Half	% Change	Second Half	% Change
Net sales	**¥820.0**	+19.7	¥459.5	+28.6	¥360.5	+10.0
Gross profit	**414.5**	+21.4	233.5	+31.1	181.0	+10.7
SG&A expenses	**284.0**	+21.9	144.5	+33.6	139.5	+11.9
Operating income	**130.5**	+20.1	89.0	+27.4	41.5	+7.0
Net income	**67.5**	+35.6	48.0	+35.0	19.5	+37.3

2. Fiscal 2010 Store Forecast by Business

	2009	2010 (Plan)			
	End Aug.	Open	Close	Net Increase	End Aug.
UNIQLO	862	119	29	+90	**952**
UNIQLO Japan:	770	60	26	+34	**804**
Directly-operated	750	60	26	+34	**784**
Franchise	20	0	0	0	**20**
UNIQLO International:	92	59	3	+56	**148**
China	33	30	1	+29	**62**
Hong Kong	11	2	0	+2	**13**
South Korea	30	24	0	+24	**54**
Singapore	2	1	0	+1	**3**
U.K.	14	0	2	(2)	**12**
U.S.	1	0	0	0	**1**
France	1	1	0	1	**2**
Russia	0	1	0	1	**1**
Japan Apparel Operations*	556	74	204	(130)	**426**
GOV RETAILING	351	52	191	(139)	**212**
G.U.	72	50	3	+47	**119**
Footwear	279	2	188	(186)	**93**
CABIN	205	22	13	+9	**214**
Global Brand Operations*	840	51	17	+34	**874**
Theory	306	23	9	+14	**320**
COMPTOIR DES COTONNIERS	368	27	1	+26	**394**
PRINCESSE TAM.TAM	166	1	7	(6)	**160**
Total	2,258	244	250	(6)	**2,252**

* Including franchise stores

3. Outlook of Sales by Group Operation

Billions of yen	2010 (Plan)	2009	Y/Y Difference	% Change
UNIQLO Japan:				
Net sales	**¥615.0**	¥538.1	¥76.9	+14.3
Operating income	**130.0**	110.7	19.3	+17.4
UNIQLO International:				
Net sales	**70.0**	37.7	32.3	+85.2
Operating income	**6.0**	1.6	4.4	+270.4
Japan Apparel Operations:				
Net sales	**47.0**	51.5	(4.5)	(8.8)
Operating loss	**(0.7)**	(0.5)	(0.2)	—
Global Brand Operations:				
Net sales	**85.0**	55.5	29.5	+52.9
Operating income	**4.5**	3.6	0.9	+22.7

UNIQLO Japan

UNIQLO is anticipating 14.3% growth in sales in Japan, to ¥615.0 billion, and a 17.4% expansion in operating income, to ¥130.0 billion, for the fiscal year ending August 31, 2010. UNIQLO is planning to increase the number of directly-operated stores by a net total of 34, with 25 of these scheduled to be large-format stores with about 1,600m^2 of floor space. UNIQLO will continue to focus on opening large-format stores in good locations, such as in prime urban, street-side areas and in department stores. At the end of fiscal 2010, UNIQLO expects to have 804 stores in Japan (including franchise stores), with 96 of these being large-format stores.

As the number of large-format stores increases, UNIQLO is optimizing its product development processes and product lineup accordingly. Previously, these have been focused on standard-sized stores with about 650m^2 to 800m^2 of sales space, but UNIQLO is shifting its emphasis to large-format stores with approximately 1,600m^2 of floor space. Accordingly, plans call for expanding the lineup of items to meet the demand for women's goods, which is said to be more than twice the demand for men's items. While maintaining its share in the existing market for men's goods, UNIQLO will aim to increase its share of the market for women's items. Since the sales area per store will increase as more large-format stores are opened, UNIQLO will place more emphasis on its lineup of items for women, including skirts, dresses, jackets, shirts and blouses.

UNIQLO is forecasting a 6.2% increase in same-store sales, with 11.2% growth in the first half of the fiscal year and 0.0% in the latter half. Initial sales performance for the fall and winter season 2009 has been good, and UNIQLO Japan is aiming to sell 47 million HEATTECH items during the 2009 season, a major increase from the 27 million items sold in the fall and winter season 2008.

The fiscal 2010 forecast calls for a 0.4 percentage point rise in the gross profit margin to 48.5%. During the first half of the year, the gross profit margin is expected to improve by 0.5 percentage point to 49.0%. During the second half, it is forecast to improve 0.3 percentage point to 48.0%. The ratio of SG&A expenses for the full fiscal year is forecast to improve by 0.2 percentage point to 27.4%.

UNIQLO International

UNIQLO is forecasting an 85.2% rise, to ¥70.0 billion, in sales in its operations overseas in fiscal 2010, and a 270.4% gain in operating income, to ¥6.0 billion. Plans call for continuing to add new stores aggressively in the Asian region, including a net increase of 29 stores in China and 24 in South Korea. As a result, the total number of stores under UNIQLO International operations are planned to increase to 148 stores by the end of fiscal 2010, up from 92 the previous fiscal year.

In the United States and the United Kingdom, UNIQLO will work to increase its profitability, by improving sales efficiency in its global flagship stores and its existing stores. In the United States, UNIQLO aims to expand income and in the United Kingdom UNIQLO will aim to break-even. In France, sales have been favorable at the Paris global flagship store, which opened on October 1, 2009. UNIQLO is also planning to open its first store in Russia, the UNIQLO Atrium store, in a shopping center in Moscow.

Japan Apparel Operations

Japan Apparel Operations is forecasting a decline in sales of 8.8%, to ¥47.0 billion, and ¥0.7 billion in operating losses, which is nearly the same as the ¥0.5 billion recorded the previous year. Favorable performance in the G.U. business is expected to help GOV RETAILING to report an increase in income. Building on the brand awareness of G.U. as a low-priced brand, which was established through launching a line of jeans priced at ¥990, GOV RETAILING is expanding its ¥990 product series fivefold to 200 kinds of products. In the footwear business, GOV RETAILING began sales of an original lineup of UNIQLO SHOES in fall 2009 and is aiming to further expand this business.

CABIN, a retailer of women's apparel, is focusing on two brands, ZAZIE and enraciné. At the same time, CABIN is moving forward with original product development and sales activities drawing on UNIQLO's SPA (Specialty store retailer of Private label Apparel) know-how and materials procurement expertise.

Global Brand Operations

In fiscal 2010, sales of Global Brand Operations are forecast to increase 52.9%, to ¥85.0 billion, and operating income is expected to rise 22.7%, to ¥4.5 billion. Consolidation of the results of the Theory business for the first full fiscal year is expected to result in a substantial increase in sales for Global Brand Operations. For Theory, sales at stores in the United States and Japan are forecast to be about the same level as in the previous fiscal year, and operating income is expected to show a slight increase. In the COMPTOIR DES COTONNIERS and PRINCESSE TAM.TAM businesses, economic conditions in Europe are expected to remain challenging, and operating income is forecast to remain at about the same level as in the previous fiscal year. The sales figures for the COMPTOIR DES COTONNIERS business include rental payments totaling ¥4.7 billion, which was not included in sales in previous fiscal years. This change in accounting has no impact on profitability.

11 Risk Factors

Management regards the following to be the principal risk factors associated with the operations of FAST RETAILING and other members of the Group that could have a material impact on the decisions of investors. Management engages in rigorous risk avoidance and risk management in recognition of the possibility of these risks and strives to respond appropriately should any of these risks arise.

(1) Specific risks associated with the implementation of corporate strategy

(a) Corporate acquisition risk

The Group engages in M&A activities as one of its management strategies for the expansion of its operations. Through these activities, the Group seeks to maximize its corporate value by optimizing its business portfolio through synergies with companies and operations targeted through M&A activities. However, in cases where the Group is unable to realize the expected profit and benefits of M&A activities, this could have an adverse impact on its business results.

(b) Management personnel risk

Members of the Group's management team, led by Chairman, President & CEO Tadashi Yanai, have a major role to play in their respective areas of responsibility. In the event that any member of management becomes unable to fulfill his/her duties, this could have an adverse impact on business results.

(c) Competitive risk

In each of its businesses, the Group customers are consumers who are always highly discriminating about merchandise, services and prices, and the Group engages in tough competition with other companies in the same industry in Japan and overseas. In the event that the relative competitive strength of the Group deteriorates, this could have an adverse impact on business results.

(d) Risk of reliance on certain regions for production

The majority of merchandise sold through UNIQLO business operations, which are the core activities of the Group, are imports manufactured in China and other countries in Asia. For this reason, in the event that major changes occur in the political, economic and/or legal environment, or in the event of natural disasters in China or other countries where production takes place, there is a possibility that this could have an impact on the Group's ability to supply products.

(e) Risk of operations outside Japan

The Group is developing its business activities through M&A and actively expanding its operations overseas. As the Group's businesses open many stores in countries around the world, the ratio of overseas sales to the Group's net sales is expected to rise. In conjunction with this, the uncertainties related to changes in market needs and product trends, economic fluctuations, political and social turbulence, or changes in legal regulations and/or other conditions in these overseas markets could have an adverse impact on business results.

(f) Foreign currency risk

Transactions for the majority of the products imported for the UNIQLO business, which is the Group's core business, are conducted in U.S. dollars. The Group has concluded forward foreign exchange contracts to cover imports for approximately the coming three years, and, therefore, by locking in the foreign exchange rate for its imports, endeavors to stabilize its procurement costs. However, if there are major movements in exchange rates that persist for prolonged periods, this could have an adverse impact on the Group's business results.

(2) General business risks

The Group recognizes the following risks associated with the management and conduct of its operations: risk of product liability, risk of leakage of personal information, risk of weather conditions, risk of disasters, risk of disputes and lawsuits and risk of changes in economic conditions and consumption trends.

Consolidated Balance Sheets

FAST RETAILING CO., LTD. and consolidated subsidiaries
August 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (note 1)
ASSETS	**2009**	2008	**2009**
Current assets:			
Cash (note 3)	**¥ 43,876**	¥ 67,248	**$ 473,371**
Marketable securities (notes 3 and 5)	**125,875**	102,912	**1,358,025**
Trade notes and accounts receivable	**15,213**	13,411	**164,130**
Less—Allowance for doubtful accounts	**(175)**	(109)	**(1,892)**
Net trade receivables	**15,038**	13,302	**162,238**
Inventories (note 12)	**74,580**	53,778	**804,623**
Deferred tax assets (note 6)	**22,187**	2,545	**239,369**
Income tax refund receivable	**4,771**	6,959	**51,476**
Exchange rate forward contracts	**—**	6,607	**—**
Other	**11,844**	10,345	**127,763**
Total current assets	**298,171**	263,696	**3,216,865**
Fixed assets:			
Property and equipment:			
Land	**3,891**	3,995	**41,982**
Buildings and structures	**64,309**	57,764	**693,812**
Furniture and equipment	**7,962**	6,170	**85,895**
Construction in progress	**1,785**	897	**19,257**
Leased assets	**2,590**	—	**27,947**
Total	**80,537**	68,826	**868,893**
Less—Accumulated depreciation	**(34,590)**	(28,509)	**(373,189)**
Net property and equipment	**45,947**	40,317	**495,704**
Intangible assets:			
Goodwill	**39,399**	28,122	**425,067**
Other (note 12)	**15,914**	12,716	**171,683**
Total intangible assets	**55,313**	40,838	**596,750**
Investments and other assets:			
Investments in securities (note 5)	**686**	669	**7,408**
Investments in subsidiaries and affiliates (note 5)	**104**	3,756	**1,126**
Lease deposits (note 12)	**40,500**	35,629	**436,941**
Construction assistance fund receivables	**17,350**	18,076	**187,191**
Deferred tax assets (note 6)	**3,354**	730	**36,195**
Other	**2,204**	1,551	**23,757**
Less—Allowance for doubtful accounts	**(344)**	(542)	**(3,712)**
Total investments and other assets	**63,854**	59,869	**688,906**
Total fixed assets	**165,114**	141,024	**1,781,360**
Total assets	**¥463,285**	¥404,720	**$4,998,225**

See accompanying notes to consolidated financial statements.

LIABILITIES	Millions of Yen 2009	2008	Thousands of U.S. Dollars (note 1) 2009
Current liabilities:			
Accounts payable	¥ 56,930	¥ 57,035	$ 614,202
Short-term debt	11,775	—	127,044
Portion of long-term debt due within one year (notes 7 and 12)	3,098	3,201	33,431
Forward exchange contracts	40,846	—	440,676
Accrued income taxes (note 6)	27,022	24,570	291,535
Deferred tax liabilities (note 6)	0	3	0
Provision	1,665	228	17,968
Other	34,267	33,554	369,659
Total current liabilities	175,603	118,591	1,894,515
Long-term liabilities:			
Long-term debt (notes 7 and 12)	17,980	16,288	193,980
Accrued retirement and severance obligations (note 8)	—	253	—
Provision	1,130	—	12,197
Other (note 12)	7,159	5,574	77,231
Total long-term liabilities	26,269	22,115	283,408
Total liabilities	201,872	140,706	2,177,923
Net assets:			
Capital stock (note 9)	10,274	10,274	110,842
Capital surplus (note 9)	5,000	4,999	53,948
Retained earnings (note 10)	295,442	259,756	3,187,424
Treasury stock, at cost (note 11)	(16,254)	(15,556)	(175,363)
Valuation difference on available-for-sale securities	(9,353)	(928)	(100,906)
Deferred gains or losses on hedges	(24,290)	3,940	(262,056)
Foreign currency translation adjustments	(1,180)	(517)	(12,726)
Minority interest	1,774	2,046	19,139
Total net assets	261,413	264,014	2,820,302
Commitments and contingencies (note 13)			
Total liabilities and net assets	¥463,285	¥404,720	$4,998,225

Consolidated Statements of Income

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the Years Ended August 31, 2009, 2008 and 2007

	Millions of Yen			Thousands of U.S. Dollars (note 1)
	2009	2008	2007	**2009**
Net sales	**¥685,043**	¥586,451	¥525,203	**$7,390,692**
Cost of sales	**343,515**	292,769	276,808	**3,706,064**
Gross profit	**341,528**	293,682	248,395	**3,684,628**
Selling, general and administrative expenses (note 14)	**232,889**	206,189	183,432	**2,512,550**
Operating income	**108,639**	87,493	64,963	**1,172,078**
Other income (expenses):				
Interest and dividend income	**847**	2,240	1,314	**9,149**
Penalty income	**258**	—	—	**2,793**
Equity in losses of affiliates	**(1,383)**	(379)	(2,078)	**(14,929)**
Foreign exchange gains (losses)	**(5,793)**	(2,001)	1,884	**(62,499)**
Gain on sale of investments in securities	**—**	—	98	**—**
Interest expenses	**(917)**	(1,635)	(1,775)	**(9,897)**
Gain on forgiveness of subsidiary debt	**—**	301	—	**—**
Gain on sale of fixed assets	**—**	123	1,409	**—**
Reversal of allowance for doubtful accounts	**149**	212	209	**1,617**
Reversal of provision for directors' retirement benefits	**184**	—	—	**1,989**
Loss on disposal of fixed assets	**(836)**	(1,005)	(650)	**(9,019)**
Impairment loss (note 15)	**(2,242)**	(896)	(2,118)	**(24,190)**
Loss on closure of stores	**(448)**	(1,290)	(467)	**(4,840)**
Restructuring expenses	**—**	(1,296)	—	**—**
Provision for loss on business liquidation	**(1,571)**	—	—	**(16,951)**
Office transfer expenses	**(1,008)**	—	—	**(10,883)**
Other, net	**(392)**	127	(76)	**(4,233)**
Total	**(13,152)**	(5,499)	(2,250)	**(141,893)**
Income before income taxes and minority interest	**95,487**	81,994	62,713	**1,030,185**
Income taxes (note 6):				
Current	**44,939**	38,890	31,145	**484,837**
Deferred	**494**	(762)	(371)	**5,328**
Total	**45,433**	38,128	30,774	**490,165**
Minority interest	**257**	337	164	**2,773**
Net income	**¥ 49,797**	¥ 43,529	¥ 31,775	**$ 537,247**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the Years Ended August 31, 2009, 2008 and 2007

	Millions of Yen								
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Minority interest	Total
Balance at August 31, 2006	¥10,274	¥4,999	¥211,135	¥(15,540)	¥ 465	¥ 16,385	¥ 509	¥12,253	¥240,480
Net income	—	—	31,775	—	—	—	—	—	31,775
Cash dividends (note 10)	—	—	(13,749)	—	—	—	—	—	(13,749)
Increase in treasury stock (note 11)	—	—	—	(6)	—	—	—	—	(6)
Decrease in treasury stock (note 11)	—	0	—	0	—	—	—	—	0
Effect of newly consolidated subsidiaries	—	—	(203)	—	—	—	—	—	(203)
Net change during the year	—	—	—	—	(96)	(5,992)	188	(9,114)	(15,014)
Balance at August 31, 2007	10,274	4,999	228,958	(15,546)	369	10,393	697	3,139	243,283
Net income	—	—	43,529	—	—	—	—	—	43,529
Cash dividends (note 10)	—	—	(12,731)	—	—	—	—	—	(12,731)
Increase in treasury stock (note 11)	—	—	—	(10)	—	—	—	—	(10)
Decrease in treasury stock (note 11)	—	0	—	0	—	—	—	—	0
Net change during the year	—	—	—	—	(1,297)	(6,453)	(1,214)	(1,093)	(10,057)
Balance at August 31, 2008	10,274	4,999	259,756	(15,556)	(928)	3,940	(517)	2,046	264,014
Net income	**—**	**—**	**49,797**	**—**	**—**	**—**	**—**	**—**	**49,797**
Cash dividends (note 10)	**—**	**—**	**(14,258)**	**—**	**—**	**—**	**—**	**—**	**(14,258)**
Increase in treasury stock (note 11)	**—**	**—**	**—**	**(698)**	**—**	**—**	**—**	**—**	**(698)**
Decrease in treasury stock (note 11)	**—**	**1**	**—**	**0**	**—**	**—**	**—**	**—**	**1**
Change of scope of consolidation	**—**	**—**	**147**	**—**	**—**	**—**	**—**	**—**	**147**
Net change during the year	**—**	**—**	**—**	**—**	**(8,425)**	**(28,230)**	**(663)**	**(272)**	**(37,590)**
Balance at August 31, 2009	**¥10,274**	**¥5,000**	**¥295,442**	**¥(16,254)**	**¥(9,353)**	**¥(24,290)**	**¥(1,180)**	**¥ 1,774**	**¥261,413**

	Thousands of U.S. Dollars (note 1)								
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Minority interest	Total
Balance at August 31, 2008	$110,842	$53,940	$2,802,419	$(167,837)	$ (10,013)	$ 42,503	$ (5,578)	$22,078	$2,848,354
Net income	**—**	**—**	**537,247**	**—**	**—**	**—**	**—**	**—**	**537,247**
Cash dividends (note 10)	**—**	**—**	**(153,835)**	**—**	**—**	**—**	**—**	**—**	**(153,835)**
Increase in treasury stock (note 11)	**—**	**—**	**—**	**(7,530)**	**—**	**—**	**—**	**—**	**(7,530)**
Decrease in treasury stock (note 11)	**—**	**8**	**—**	**4**	**—**	**—**	**—**	**—**	**12**
Change of scope of consolidation	**—**	**—**	**1,593**	**—**	**—**	**—**	**—**	**—**	**1,593**
Net change during the year	**—**	**—**	**—**	**—**	**(90,893)**	**(304,559)**	**(7,148)**	**(2,939)**	**(405,539)**
Balance at August 31, 2009	**$110,842**	**$53,948**	**$3,187,424**	**$(175,363)**	**$(100,906)**	**$(262,056)**	**$(12,726)**	**$19,139**	**$2,820,302**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the Years Ended August 31, 2009, 2008 and 2007

	Millions of Yen			Thousands of U.S. Dollars (note 1)
	2009	2008	2007	**2009**
Cash flows from operating activities:				
Income before income taxes and minority interest	**¥ 95,487**	¥ 81,994	¥ 62,713	**$1,030,185**
Adjustments to reconcile income before income taxes and minority interest to net cash provided by operating activities:				
Depreciation and amortization	**9,765**	8,523	6,567	**105,360**
Impairment loss	**2,242**	896	2,118	**24,190**
Amortization of goodwill	**6,450**	5,315	4,254	**69,587**
Equity in losses of affiliates	**1,383**	379	2,078	**14,929**
Decrease in allowance for doubtful accounts	**(283)**	(260)	(263)	**(3,060)**
Increase (decrease) in accrued retirement and severance obligations	**57**	(130)	(55)	**620**
Increase in other provision	**1,542**	—	—	**16,647**
Interest and dividend income	**(847)**	(2,240)	(1,314)	**(9,149)**
Interest expenses	**917**	1,635	1,775	**9,897**
Foreign exchange (gains) losses	**1,396**	369	(608)	**15,062**
Loss on disposal of fixed assets	**836**	1,005	650	**9,019**
Gain on sales of fixed assets	**—**	(123)	(1,409)	**—**
Decrease (increase) in trade receivables	**63**	(3,505)	(1,132)	**689**
(Increase) decrease in inventories	**(17,576)**	1,851	(11,809)	**(189,621)**
(Increase) decrease in other assets	**(1,061)**	(2,104)	6,408	**(11,452)**
(Decrease) increase in trade payables	**(1,150)**	15,378	(2,529)	**(12,417)**
Increase (decrease) in other liabilities	**393**	7,117	(4,243)	**4,250**
Bonuses to directors	**—**	—	(175)	**—**
Other	**899**	606	(163)	**9,674**
Total	**100,513**	116,706	62,863	**1,084,410**
Interest and dividend received	**897**	2,210	1,365	**9,679**
Interest paid	**(1,053)**	(1,647)	(1,700)	**(11,361)**
Repayments of debt associated with reorganizing subsidiary	**(512)**	(502)	(482)	**(5,525)**
Income taxes paid	**(47,680)**	(36,258)	(55,993)	**(514,414)**
Income taxes refund	**7,049**	6,827	12,794	**76,051**
Net cash provided by operating activities	**59,214**	87,336	18,847	**638,840**
Cash flows from investing activities:				
Net decrease (increase) in time deposits	**95**	(95)	16	**1,026**
Purchase of investment securities	**—**	—	(181)	**—**
Proceeds from sales and redemption of securities	**31**	9	6,172	**342**
Investments in subsidiaries	**—**	—	(15,400)	**—**
Acquisition of newly consolidated subsidiaries	**(14,465)**	(1,013)	—	**(156,066)**
Purchase of property and equipment	**(9,910)**	(11,187)	(14,427)	**(106,923)**
Proceeds from sale of property and equipment	**145**	172	2,271	**1,569**
Payments for lease deposits	**(8,029)**	(3,978)	(7,414)	**(86,630)**
Collections of lease deposits	**2,487**	3,396	2,830	**26,832**
Payments for construction assistance fund receivables	**(1,537)**	(1,253)	(1,112)	**(16,586)**
Collections of construction assistance fund receivables	**2,143**	2,333	2,231	**23,126**
Purchase of intangible assets	**(3,123)**	(4,597)	(3,487)	**(33,701)**
Other, net	**(2,110)**	792	(282)	**(22,757)**
Net cash used in investing activities	**(34,273)**	(15,421)	(28,783)	**(369,768)**
Cash flows from financing activities:				
Net increase (decrease) in short-term debt	**6,838**	214	(169)	**73,783**
Proceeds from long-term debt	**6,000**	56	3,844	**64,732**
Repayments of long-term debt	**(3,541)**	(4,896)	(3,308)	**(38,206)**
Redemption of bonds	**(11,070)**	—	—	**(119,439)**
Proceeds from (payment for) treasury stocks, net	**(697)**	(9)	(6)	**(7,518)**
Dividends paid	**(14,257)**	(12,729)	(13,747)	**(153,819)**
Other	**(120)**	(1,690)	627	**(1,295)**
Net cash used in financing activities	**(16,847)**	(19,054)	(12,759)	**(181,762)**
Effect of exchange rate changes on cash and equivalents	**(8,488)**	(2,189)	153	**(91,584)**
Net (decrease) increase in cash and equivalents	**(396)**	50,672	(22,542)	**(4,274)**
Cash and equivalents at beginning of year (note 3)	**169,888**	119,216	141,404	**1,832,867**
Cash and equivalents of newly consolidated subsidiaries	**82**	—	354	**888**
Cash and equivalents at end of year (note 3)	**¥169,574**	¥169,888	¥119,216	**$1,829,481**

See accompanying notes to consolidated financial statements.

1 Basis of Presentation and Financial Statement Translation

(a) Basis of Presentation and Financial Statement Translation

The accompanying consolidated financial statements of FAST RETAILING CO., LTD. ("the Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. Effective September 1, 2008, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (PITF No. 18)." In accordance with PITF No. 18, the accompanying consolidated financial statements for the year ended August 31, 2009 have been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States as adjusted for certain items. Until August 31, 2008, the accompanying consolidated financial statements had been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with accounting principles generally accepted in their countries of domicile. In addition, for the convenience of readers outside Japan, the accompanying consolidated financial statements, including the notes thereof, have been reclassified and contain additional information which is not required under accounting principles generally accepted in Japan.

(b) Basis of Financial Statement Translation

The accompanying consolidated financial statements are expressed in yen, and solely for the convenience of the reader, have been translated into United States (U.S.) dollars at the rate of ¥92.69=$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of August 31, 2009. This translation should not be construed as a presentation that any amounts shown could be converted into U.S. dollars.

2 Basis of Consolidation and Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and the 96 subsidiaries (21 in 2008) over which the Company has power of control through substantial ownership of majority voting rights.

The main subsidiaries are as follows:

Consolidated Subsidiaries	Ownership Percentage 2009	Ownership Percentage 2008
UNIQLO CO., LTD.	**100%**	100%
UNIQLO(U.K.)LTD.	**100%**	100%
FAST RETAILING(CHINA)TRADING CO., LTD.	**100%**	100%
UNIQLO USA, Inc.	**100%**	100%
FRL KOREA CO., LTD.	**51%**	51%
UNIQLO HONG KONG, LIMITED	**100%**	100%
GOV RETAILING CO., LTD.	**100%**	—
COMPTOIR DES COTONNIERS JAPAN CO., LTD.	**100%**	100%
FR FRANCE S.A.S.	**100%**	100%
Créations Nelson S.A.S.	**100%**	100%
UNIQLO FRANCE S.A.S.	**100%**	100%
PETIT VEHICULE S.A.S.	**100%**	95%
CABIN CO., LTD.	**100%**	100%
VIEWCOMPANY CO.,LTD.	**100%**	100%
G.U. CO., LTD.	**100%**	100%
UNIQLO Design Studio, New York, Inc.	**100%**	100%
LINK THEORY HOLDINGS CO.,LTD.	**100%**	32%
UNIQLO (SINGAPORE) PTE.LTD.	**51%**	51%

The importance of the nonconsolidated subsidiary UNIQLO Design Studio, New York, Inc. increased during the fiscal year, and that company has therefore been included within the scope of consolidation from this fiscal year under review. Regarding UNIQLO (SINGAPORE) PTE.LTD., because that company began business operations and increased in importance during this fiscal year under review, that company has been included within the scope of consolidation from this fiscal year under review. Regarding LINK THEORY HOLDINGS CO.,LTD., because the management control of that company was acquired in March 2009, that company has been included within the scope of consolidation from this fiscal year under review (see Note 20. Business Combinations). Accompanying this move, the consolidated subsidiaries of that company have also been included within the scope of consolidation. Regarding GLOBAL RETAILING CO., LTD. and GLOBAL INVESTMENT CO., LTD., accompanying the amalgamation by absorption of those companies during this fiscal year under review, those companies have been removed from the scope of consolidation. The corporate name of ONEZONE CORPORATION was changed to GOV RETAILING CO., LTD. from this fiscal year under review. Regarding FAST RETAILING (JIANGSU) APPAREL CO., LTD., that company was liquidated in July 2009.

The consolidated financial statements of the Company as of and for the years ended August 31, 2009 and 2008 include accounts of FAST RETAILING(CHINA)TRADING CO., LTD. as of June 30, and VIEWCOMPANY CO.,LTD. as of August 20, which are the end of the interim period.

Because the financial closing date of two consolidated subsidiaries of LINK THEORY HOLDINGS CO.,LTD.—Link Theory Holdings (US) Inc. and Link Theory Holdings (Europe) GmbH—and the consolidated subsidiaries of those companies is June 30, while the financial closing date of another consolidated subsidiary of LINK THEORY HOLDINGS CO.,LTD.—LK International (H.K.) Ltd.—and its consolidated subsidiaries is May 31, the financial statements of those companies prepared at each of those financial closing dates were used in the preparation of consolidated financial statements. Regarding Theory Shanghai International Trading Co., Ltd., the interim closing date of June 30 was used as the closing date for the preparation of consolidated financial statements. During the process of preparing consolidated financial statements, the financial statements prepared at that closing date were used, and necessary consolidation adjustments were made with respect to important transactions that took place between that closing date and the consolidated closing date.

The Company does not account for the Company's one other subsidiary and one other affiliate under the equity method, as the Company determined those companies to be insignificant, individually and in the aggregate, to total assets, revenue, net income and retained earnings of the accompanying consolidated financial statements.

All the assets and liabilities of newly consolidated subsidiaries are evaluated at fair value.

(b) Cash and Equivalents

For the purpose of consolidated statements of cash flows, the Company considers all highly liquid investments with insignificant risk of changes in value, with maturities of generally three months or less when purchased, to be cash equivalents.

(c) Short-Term Investments and Investments in Securities

In accordance with "Accounting Standards for Financial Instruments" of the Business Accounting Deliberation Council ("the BADC"), securities other than investments in an affiliate are classified into one of the following three categories, and the Company accounts for the securities as follows:

- Trading securities, which are debt and equity securities that the Company holds for the purpose of earning profits on short-term movement of the fair market values, are reported at fair market value, with unrealized holding gains and losses included in earnings.
- Held-to-maturity securities, which are debt securities that the Company has the positive intent and ability to hold to maturity, are reported at amortized cost.
- Available-for-sale securities, which are debt and equity securities with fair market values that are classified as neither trading securities nor held-to-maturity securities, are reported at fair market value. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and are reported as a net unrecognized holding gain or loss, net of the related tax effect, in a separate component of net assets until realized. In computing the realized gain or loss, costs of available-for-sale securities are principally determined by the average method.

Available-for-sale securities with no fair market value are carried at cost.

Investments in unconsolidated subsidiaries and the other affiliate that are not accounted for under the equity method are reported at cost determined by the average method.

(d) Allowance for Doubtful Accounts

An allowance for doubtful accounts, including trade notes and accounts receivable and certain investments and other assets, is provided against probable future losses on collection. The Company and subsidiaries designate certain accounts as highly doubtful accounts and provide a specific allowance for these accounts based on the management's detailed credit analysis. Other than these accounts, the Company provides an allowance for doubtful accounts based on the Company's historical average charge-off ratio.

(e) Inventories

Most inventories are stated at the lower of cost or market. The cost is mainly determined by the specific identification method. "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, issued July 5, 2006) is applied from the fiscal year beginning September 1, 2009.

The financial impact of this change is immaterial.

(f) Property and Equipment

Property and equipment is stated at cost. Depreciation is computed by the declining-balance method for the Company and its certain domestic subsidiaries except for the buildings acquired by certain domestic subsidiaries after April 1, 1998 for which the straight-line method is used. Depreciation is computed principally by the straight-line method for overseas subsidiaries. The ranges of principal estimated useful lives are as follows:

Buildings and structures	8 to 50 years
Furniture, equipment and vehicles	5 to 8 years

(g) Intangible Assets

Goodwill is amortized on a straight-line basis over the respective estimated useful lives of property and equipment, not exceeding 20 years, unless it is deemed insignificant.

Software for internal use is amortized on a straight-line method over 3 to 5 years of the estimated available period.

(h) Retirement and Severance Benefits

The Company and certain subsidiaries have defined contribution plans.

Certain other subsidiaries have defined benefit plans for the employees' retirement and severance. Accrued retirement and severance obligations under the defined benefit plans are provided based on estimated projected benefit obligation and plan assets at the end of the fiscal year. Actuarial gains and losses are recognized as income or expense on a straight-line basis over certain years, beginning with the next fiscal year of occurrence, principally over seven years, not exceeding the expected average remaining working lives of the employees participating in the plans.

(i) Leases Assets

Before the fiscal year ended August 31, 2008, finance lease transactions that did not involve a transfer of ownership were accounted for using the same method as operating leases. Since the fiscal year beginning September 1, 2008, "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, issued on June 17, 1993 (First Committee of Business Accounting Council), revised on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, issued on January 18, 1994 (Accounting System Committee of Japan Institute of Certified Public Accountants), revised on March 30, 2007) are applied and all finance lease transactions are capitalized, except for the finance lease transactions executed on or before August 31, 2008 that do not involve a transfer of ownership that are accounted for by the same method as former fiscal years.

The financial impact of this change is immaterial.

(j) Revenue Recognition

The Company and subsidiaries recognize sales revenue upon the sale of merchandise to customers where the title of the merchandise transfers to the customers.

(k) Foreign Currency Translation

Foreign currency transactions are translated into yen on the basis of the rates in effect at the transaction date or, if only the relation between foreign currency transactions and related firm forward exchange contracts meets the criteria of hedge accounting as regulated in "Accounting Standards for Financial Instruments" of the BADC, those covered by firm forward exchange contracts can be translated at such contract rates. At year-end, monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except for those, as described above, translated at related contract rates. Gains or losses resulting from the translation of foreign currencies, including gains and losses on settlement, are credited or charged to income as incurred.

The financial statements of the consolidated overseas subsidiaries are translated into the reporting currency or yen.

All assets and liabilities are translated at the rates of exchange in effect at the balance sheet date.

Shareholders' equity accounts are translated at historical rates.

The income and expenses of consolidated overseas subsidiaries are translated at the quarterly average exchange rates.

A comprehensive adjustment resulting from translation of assets, liabilities, and net assets is reported as foreign currency translation adjustments, a separate component of net assets.

(l) Derivative Financial Instruments and Hedge Accounting

In principle, net assets and liabilities arising from derivative financial transactions are measured at fair value, with the unrealized gain or loss included in earnings. Hedging transactions that meet the criteria of hedge accounting as regulated in "Accounting Standards for Financial Instruments" of the BADC are accounted for using deferral hedge accounting, which requires the unrealized gains or losses to be deferred as a net asset until gains or losses relating to the hedge are recognized.

For debts dominated in foreign currencies that are hedged using foreign currency forward contracts, the Company and its certain subsidiaries record such debts at the contracted forward rates and no gain or loss is recognized.

The Company and its certain subsidiaries manage risks associated with adverse fluctuations in foreign currency exchange rates using foreign currency forward contracts. The Company is also exposed to the risk of credit loss in the event of non-performance by the counterparties to the currency and interest-rate contracts; however, it does not anticipate nonperformance by any of these counterparties, and all of them are financial institutions with high credit ratings.

The Company does not hold or issue derivative financial instruments for speculative trading purposes.

The Company has developed hedging policies to control various aspects of derivative financial transactions including authorization levels, transaction volumes and counterparty credit guidelines. Under the policies, in particular, the finance group of the Company executes, manages and reports the hedge transactions on a timely basis.

The Company compares periodically cumulative changes in hedging instruments with those of hedged items when assessing effectiveness of the hedge. In case crucial terms of assets or liabilities designated for hedges are identical, the Company does not perform such assessment.

(m) Reclassifications

Certain reclassifications have been made to prior year balances in order to conform to the current year presentation.

3 Cash and Equivalents

Cash and equivalents as of August 31, 2009 and 2008 consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Cash	**¥ 43,876**	¥ 67,248	**$ 473,371**
Time deposits with maturity over three months	**(177)**	(272)	**(1,915)**
Marketable securities	**125,875**	102,912	**1,358,025**
Cash and equivalents	**¥169,574**	¥169,888	**$1,829,481**

4 Inventories

Inventories as of August 31, 2009 and 2008 consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Merchandise	**¥72,229**	¥51,645	**$779,249**
Supplies	**2,351**	2,133	**25,374**
Total	**¥74,580**	¥53,778	**$804,623**

The value of inventories is stated after reducing book values when the contribution of inventories to profitability declines, and the associated loss on the write-down of inventories is included in cost of sales.

5 Short-Term Investments and Investments in Securities

Investments in securities as of August 31, 2009 and 2008 are classified as available-for-sale securities.

The following tables summarize acquisition costs and fair values of securities with available fair values as of August 31, 2009 and 2008:

(a) Securities with Available Fair Values

	Millions of Yen		
As of August 31, 2009	Acquisition cost	Fair value	Unrealized gains (losses)
Securities with available fair values exceeding acquisition cost:			
Equity securities	**¥ —**	**¥ —**	**¥ —**
Other	**296**	**357**	**61**
Securities with available fair values not exceeding acquisition cost:			
Equity securities	**310**	**270**	**(40)**
Other	**3,130**	**2,991**	**(139)**
Total	**¥3,736**	**¥3,618**	**¥(118)**

	Millions of Yen		
As of August 31, 2008	Acquisition cost	Fair value	Unrealized gains (losses)
Securities with available fair values exceeding acquisition cost:			
Equity securities	¥ 327	¥ 450	¥123
Other	3,425	3,917	492
Securities with available fair values not exceeding acquisition cost:			
Equity securities	17	14	(3)
Other	—	—	—
Total	¥3,769	¥4,381	¥612

	Thousands of U.S. Dollars		
As of August 31, 2009	Acquisition cost	Fair value	Unrealized gains (losses)
Securities with available fair values exceeding acquisition cost:			
Equity securities	**$ —**	**$ —**	**$ —**
Other	**3,193**	**3,852**	**659**
Securities with available fair values not exceeding acquisition cost:			
Equity securities	**3,344**	**2,913**	**(431)**
Other	**33,769**	**32,268**	**(1,501)**
Total	**$40,306**	**$39,033**	**$(1,273)**

The following table summarizes book values of securities with no fair values as of August 31, 2009 and 2008.

(b) Sale of Securities with Available Fair Values

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Sales amounts of securities	**¥31**	¥1,758	**$342**
Total of gain on sales	**2**	6	**31**
Total of loss on sales	**(9)**	(17)	**(101)**

(c) Securities with No Available Fair Values

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Equity securities	**¥ 415**	¥ 203	**$ 4,477**
Mutual funds	**38,487**	45,138	**415,223**
Cash liquidity fund	**20,039**	25,069	**216,194**
Certificates of deposit	**64,000**	26,786	**690,474**
Others	**0**	2,000	**0**

6 Income Taxes

The Company and subsidiaries are subject to a number of taxes based on income. The aggregate statutory tax rate for the Company was approximately 40.5% for the years ended 2009, 2008 and 2007.

Reconciliations between the statutory income tax rate and the effective income tax rate as a percentage of income before income taxes and minority interest for fiscal 2009, 2008 and 2007 are as follows:

	2009	2008	2007
Statutory income tax rate:	**40.5%**	40.5%	40.5%
Increase in reserves for valuation changes	**2.9**	3.8	5.8
Loss in earnings of affiliate	**—**	—	1.3
Amortization of goodwill	**2.8**	2.6	2.6
Impairment of goodwill	**0.7**	—	—
Lower income tax rates applicable to income in certain foreign countries	**—**	(1.2)	—
Other	**0.7**	0.8	(1.1)
Effective income tax rate	**47.6%**	46.5%	49.1%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of August 31, 2009 and 2008 are presented as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred tax assets—current	**¥22,187**	¥ 2,545	**$239,369**
Total gross deferred tax assets:			
Accrued business tax	**¥ 1,936**	¥ 1,698	**$ 20,890**
Accrued bonus	**2,110**	1,792	**22,765**
Loss on impairment	**810**	1,246	**8,745**
Operating loss carryforward	**14,209**	11,848	**153,302**
Deferred losses on hedges	**16,559**	—	**178,650**
Other	**10,465**	3,823	**112,889**
	46,089	20,407	**497,241**
Valuation allowance	**(19,591)**	(14,516)	**(211,353)**
	26,498	5,891	**285,888**
Total gross deferred tax liabilities:			
Deferred gains on hedges	**—**	(2,619)	**—**
Other	**(956)**	—	**(10,323)**
	(956)	(2,619)	**(10,323)**
Net deferred tax assets	**¥25,542**	¥ 3,272	**$275,565**

Net deferred tax assets as of August 31, 2009 and 2008 are reflected in the consolidated balance sheets under the following captions:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred tax assets—current	**¥22,187**	¥2,545	**$239,369**
Deferred tax assets—non-current	**3,354**	730	**36,195**
Deferred tax liabilities—current	**0**	(3)	**0**
Net deferred tax assets	**¥25,542**	¥3,272	**$275,565**

7 Long-Term Debt

Long-term debt as of August 31, 2009 and 2008 is summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Unsecured loans mainly from Japanese financial institutions, with weighted average interest of 1.43% due 2010 through 2015	**¥21,078**	¥19,489	**$227,411**
Less current portion	**3,098**	3,201	**33,431**
	¥17,980	¥16,288	**$193,980**

The annual maturities of long-term debt subsequent to August 31, 2009 are as follows:

Year ending August 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 3,098	$ 33,431
2011	12,049	130,000
2012	1,212	13,076
2013	1,472	15,889
2014	845	9,120
Thereafter	2,402	25,895
	¥21,078	$227,411

8 Accrued Retirement and Severance Obligations

The Company and certain consolidated subsidiaries have defined contribution plans. Certain other subsidiaries have defined benefit plans.

Benefit obligations and plan assets as of August 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Projected benefit obligations	**¥3,113**	¥3,492	**$33,591**
Less: Plan assets	**(2,328)**	(2,940)	**(25,114)**
Unfunded benefit obligations	**785**	552	**8,477**
Unrecognized actuarial loss	**(478)**	(311)	**(5,158)**
Unrecognized prior service benefit	**—**	12	**—**
Accrued retirement and severance obligations	**¥ 307**	¥ 253	**$ 3,319**

The components of net retirement benefit costs for the years ended August 31, 2009, 2008 and 2007 are as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	**2009**
Service cost	**¥152**	¥230	¥213	**$1,645**
Interest cost	**75**	55	53	**815**
Expected return on plan assets	**(88)**	(129)	(124)	**(951)**
Expenses related to defined contribution plans	**293**	280	196	**3,170**
Others	**94**	19	(41)	**995**
	¥526	¥455	¥297	**$5,674**

9 Capital Stock and Capital Surplus

The Company's common stock has no par value in accordance with the Japanese Corporate Law (JCL). Under the JCL, at least 50% of the paid-in amount of new shares is designated as stated capital and proceeds in excess of the amount designated as stated capital are credited to legal capital surplus.

The Company has authorized for issuance 300 million shares of common stock with no par value as of August 31, 2009. Issued and outstanding shares were 106,073,656 shares for each of the three years in the period ended August 31, 2009.

10 Legal Retained Earnings

The JCL requires an amount equal to at least 10% of distributions of retained earnings be appropriated as legal reserves, which are included in retained earnings, until the legal capital surplus and the legal retained earnings equal 25% of capital stock. Under the JCL, capital, capital surplus and retained earnings, including legal reserves, can generally be transferred to each other upon resolution of the shareholders' meeting.

Capital surplus and retained earnings less legal reserves and certain adjustments thereto may be available for dividends by resolution of the meeting of the Board of Directors. The accompanying consolidated financial statements do not include any provision for dividends of ¥85 ($0.92) per share, aggregating ¥8,652 million ($93,343 thousand). These dividends were approved at the meeting of the Board of Directors held November 9, 2009 in respect of the fiscal year ended August 31, 2009.

11 Treasury Stock

The JCL allows repurchase of treasury stock to the extent of distributable funds appropriated by resolution of the meeting of the Board of Directors. In addition, the shareholders may request the Company to repurchase their shares of less than a trading unit (100 shares) upon request pursuant to the provision of the JCL.

The changes in shares of treasury stock for the years ended August 31, 2009, 2008 and 2007 are summarized as follows.

	Shares	Millions of Yen	Thousands of U.S. Dollars
Balance as of August 31, 2006	4,221,909	¥15,540	
Repurchase of common stock	711	6	
Issuance of treasury stock, net	(60)	(0)	
Balance as of August 31, 2007	4,222,560	15,546	
Repurchase of common stock	1,038	10	
Issuance of treasury stock, net	(16)	(0)	
Balance as of August 31, 2008	4,223,582	¥15,556	$167,837
Repurchase of common stock	64,876	698	7,530
Issuance of treasury stock, net	(112)	(0)	(4)
Balance as of August 31, 2009	**4,288,346**	**¥16,254**	**$175,363**

12 Pledged Assets

As of August 31, 2009, the following assets are pledged as collateral for debts and other liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Pledged assets:		
Inventories	¥ 34	$ 377
Other intangible assets	918	9,913
Lease deposits	29	313
Total assets of five subsidiaries of Link Theory Holdings (US) Inc.	21,209	228,799
	¥22,190	$239,402
Corresponding liabilities:		
Portion of long-term debt due within one year	¥ 317	$ 3,423
Long-term debt	601	6,490
Other long-term liabilities	78	850
Import L/C (limitation)	582	6,272
	¥ 1,578	$ 17,035

13 Commitments and Contingencies

The Company had the following contingent liabilities as of August 31, 2009.

	Millions of Yen	Thousands of U.S. Dollars
Loan guarantees for:		
Employees' benefit society 2009	¥23	$256
Loan guarantees for:		
Employees' benefit society 2008	20	217

14 Selling, General and Administrative Expenses

Major items included in selling, general and administrative expenses for the years ended August 31, 2009, 2008 and 2007 are as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	**2009**
Advertising and promotion	**¥30,697**	¥27,793	¥26,261	**$331,181**
Salaries	**62,911**	56,603	52,126	**678,734**
Rent	**55,521**	45,596	37,404	**599,005**
Depreciation	**9,765**	8,523	6,567	**105,360**
Amortization of goodwill	**6,450**	5,315	4,254	**69,587**
Allowance for doubtful accounts	**64**	14	10	**694**

15 Impairment Loss

The Company and consolidated subsidiaries identify groups of assets on a store basis as the smallest identifiable group of assets that generates cash inflow from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

The impairment loss was recognized for store assets with a significant decline in profitability. The total impairment loss of ¥510 million ($5,505 thousand), ¥896 million and ¥1,476 million, which represents an amount by which the carrying amount exceeds the recoverable amount, was recognized as other expense for the years ended August 31, 2009, 2008 and 2007, respectively. They consisted of the following assets:

	Millions of Yen			Thousands of U.S. Dollars
Assets	**2009**	2008	2007	**2009**
Buildings and structures	**¥386**	¥708	¥1,293	**$4,172**
Furniture and equipment	**27**	59	111	**295**
Leased assets	**—**	110	42	**—**
Land	**97**	—	—	**1,037**
Other	**—**	19	30	**11**
	¥510	¥896	¥1,476	**$5,505**

The recoverable value of retail store assets is estimated using the value in use approach. Retail store assets are assumed to have no recoverable value if the expected future cash flows derived from those assets is negative. The recoverable value of retail store assets expected to generate positive future cash flows is estimated based on discounting the anticipated future cash flows at a discount rate of 11.1% per annum.

In addition, regarding goodwill associated with a portion of consolidated subsidiaries, an impairment loss of ¥1,731 million ($18,675 thousand) corresponding to the portion of the unamortized balance determined to be unrecoverable due to profitability decreases was recorded as an extraordinary loss. The recoverable value of goodwill is estimated based on discounting the anticipated future cash flows at a discount rate of 10% per annum.

16 Leases

With finance leases for which ownership is not transferred to the lessee and which commenced on or prior to August 31, 2008, the Company employs accounting methods normally applicable to ordinary rental transactions. The content of these leases is as follows.

	Millions of Yen		
	2009		
	Furniture, equipment and other	Buildings and structures	Total
Acquisition costs	**¥12,326**	**¥942**	**¥13,268**
Accumulated depreciation	**6,979**	**528**	**7,507**
Impairment	**188**	**—**	**188**
Net balance	**¥ 5,159**	**¥414**	**¥ 5,573**

	Millions of Yen		
	2008		
	Furniture, equipment and other	Buildings and structures	Total
Acquisition costs	¥14,210	¥300	¥14,510
Accumulated depreciation	6,161	36	6,197
Impairment	176	—	176
Net balance	¥ 7,873	¥264	¥ 8,137

	Thousands of U.S. Dollars		
	2009		
	Furniture, equipment and other	Buildings and structures	Total
Acquisition costs	**$132,984**	**$10,168**	**$143,152**
Accumulated depreciation	**75,286**	**5,698**	**80,984**
Impairment	**2,039**	**—**	**2,039**
Net balance	**$ 55,659**	**$ 4,470**	**$ 60,129**

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	2009
Lease payments	**¥3,136**	¥3,009	¥3,358	**$33,843**
Reversal of allowance for loss on impairment of leased assets	**91**	18	10	**991**
Depreciation expenses	**2,967**	2,863	3,191	**32,016**
Interest expenses	**168**	179	169	**1,821**
Impairment loss	**13**	110	42	**148**

Future minimum lease payments relating to finance leases accounted for as operating leases as of August 31, 2009 are as follows:

Year ending August 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥2,523	$27,224
2011 and thereafter	3,392	36,595
	¥5,915	$63,819

Future minimum lease payments relating to operating leases as of August 31, 2009 are as follows:

Year ending August 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 2,497	$ 26,943
2011 and thereafter	18,256	196,955
	¥20,753	$223,898

17 Per Share Data

Net income per share for the years ended August 31, 2009, 2008 and 2007 is as follows:

	Yen			U.S. Dollars
	2009	2008	2007	2009
Basic	**¥488.96**	¥427.38	¥311.98	**$5.28**
Diluted	**—**	—	—	**—**

Under "Earnings Per Share" of the Accounting Standards Board of Japan, net income per share is based on the weighted average number of shares of common stock outstanding during the respective years. On a diluted basis, both net income and shares outstanding are adjusted assuming the exercise of rights relevant to potential shares. No diluted net income per share for 2009, 2008 and 2007 has been presented because there was no item with dilutive effect for those years.

Net assets per share as of August 31, 2009 and 2008 are as follows:

	Yen		U.S. Dollars
	2009	2008	2009
Basic	**¥2,550.86**	¥2,572.09	**$27.52**

18 Related Party Transactions

There were no related party transactions during the years ended August 31, 2008 and 2009.

From this fiscal year, the Company and its subsidiary have applied "Accounting Standard for Related Party Disclosures" (ASBJ statement No. 11, issued on October 17, 2006) and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ guidance No. 13, issued on October 17, 2006). The adoption of them requires the Company no further disclosure of objects compared with the previous method.

19 Provision for Loss on Business Liquidation

The provision for loss on business liquidation accompanied a decision to close stores due to the shrinkage of FOOTPARK business.

20 Business Combinations

Business combinations for the year ended August 31, 2009 were as follows.

Acquisition of LINK THEORY HOLDINGS CO.,LTD.

(a) Outline of the Acquisition

(1) Name and lines of business of company acquired:
Name: LINK THEORY HOLDINGS CO.,LTD.
Line of business: Management of company engaged in the following businesses

- Licensed brand-related planning, manufacturing, marketing and directly-operated store operation
- Own-brand-related planning, manufacturing, marketing and directly-operated store operation
- Import and marketing of overseas brand merchandise

(2) Purpose for acquisition:
To further expand the Group's global brand business as one of the principal businesses, the Company decided that there was a need to build a stronger system of cooperation with the combined company. In addition, the Group decided that it could further strengthen the business base of the combined company by shifting to a business structure that clarifies the Group's commitment, and the decision was therefore made to convert the combined company into a subsidiary.

(3) Date of acquisition:
March 13, 2009 (date of announcement of results of tender offer)

(4) Legal form of share purchase:
Acquisition of shares through a tender offer

(5) Name of the company after acquisition:
LINK THEORY HOLDINGS CO.,LTD.

(6) Acquired voting rights:
The Company implemented a tender offer for shares of LINK THEORY HOLDINGS CO.,LTD. during the tender offer period from January 29, 2009 to March 12, 2009, and thereby acquired share certificates, etc., amounting to 107,485 shares. As a result, the Company and its wholly owned subsidiaries GLOBAL RETAILING CO., LTD. and GLOBAL INVESTMENT CO., LTD., acquired 97.71% of the shares of LINK THEORY HOLDINGS CO.,LTD. (acquired 97.71% of voting rights).

(b) Period of the Acquired Company's Results/Business Included in the Consolidated Financial Statements

The acquired company's business performance from March 1, 2009 to August 31, 2009 is included within the consolidated financial statements. The acquired company's performance through February 28, 2009 is accounted for under the equity method in the consolidated statements of income and is recorded as equity in loss of affiliates (31.59% of voting rights) in the consolidated statements of income.

(c) Details of Acquisition Cost

	Millions of Yen	Thousands of U.S. Dollars
Payments for purchase of common shares	¥18,272	$197,135
Direct costs incurred in the acquisition	271	2,928
Total acquisition cost	¥18,543	$200,063

(d) Amount of Goodwill Incurred, Reasons for Recognizing Goodwill, Amortization Method and Amortization Term

(1) Amount of Goodwill: ¥14,503 million

(2) Reasons for Recognizing Goodwill: The acquisition cost of the Company's additionally acquired shares of LINK THEORY HOLDINGS CO.,LTD., exceeded the acquired company's net asset value based on market prices at the time of the additional acquisition of shares.

(3) Method and term of amortizing the goodwill:
Amortization on a straight-line basis over six years

(e) Assets Acquired and Liabilities Assumed on the Date of Acquisition

(1) Value of assets accepted: ¥31,806 million
Principal components were ¥5,811 million in inventory and ¥4,078 million in cash and deposits.

(2) Value of liabilities accepted: ¥25,536 million
Principal components were ¥11,055 million in bonds and ¥4,307 million in short-term borrowings.

21 Segment Information

Information by Business Segment

As net sales, operating income and total assets from the Apparel-related business of the Company and its consolidated subsidiaries constituted more than 90% of the consolidated totals for the years ended August 31, 2009 and 2008, the information by business segment for fiscal years 2009 and 2008 is not presented.

Information by Geographic Area

	Millions of Yen					
Year ended August 31, 2009	Japan	Europe	Others	Total	Eliminations and Corporate	Consolidated
I. Net sales and operating income (loss):						
External sales	**¥606,329**	**¥38,665**	**¥40,049**	**¥685,043**	**¥ —**	**¥685,043**
Intersegment sales	**72**	**469**	**1,035**	**1,576**	**(1,576)**	**—**
Total	**606,401**	**39,134**	**41,084**	**686,619**	**(1,576)**	**685,043**
Operating expenses	**497,941**	**41,454**	**38,265**	**577,660**	**(1,256)**	**576,404**
Operating income (loss)	**¥108,460**	**¥ (2,320)**	**¥ 2,819**	**¥108,959**	**¥ (320)**	**¥108,639**
II. Total assets	**¥253,125**	**¥45,927**	**¥34,910**	**¥333,962**	**¥129,323**	**¥463,285**

	Millions of Yen					
Year ended August 31, 2008	Japan	Europe	Others	Total	Eliminations and Corporate	Consolidated
I. Net sales and operating income:						
External sales	¥514,864	¥49,475	¥22,112	¥586,451	¥ —	¥586,451
Intersegment sales	—	337	—	337	(337)	—
Total	514,864	49,812	22,112	586,788	(337)	586,451
Operating expenses	432,843	47,819	19,434	500,096	(1,138)	498,958
Operating income	¥ 82,021	¥ 1,993	¥ 2,678	¥ 86,692	¥ 801	¥ 87,493
II. Total assets	¥239,764	¥57,210	¥14,877	¥311,851	¥92,869	¥404,720

	Millions of Yen					
Year ended August 31, 2007	Japan	Europe	Others	Total	Eliminations and Corporate	Consolidated
I. Net sales and operating income (loss):						
External sales	¥471,711	¥39,766	¥13,726	¥525,203	¥ —	¥525,203
Intersegment sales	—	206	43	249	(249)	—
Total	471,711	39,972	13,769	525,452	(249)	525,203
Operating expenses	412,270	35,708	14,054	462,032	(1,792)	460,240
Operating income (loss)	¥ 59,441	¥ 4,264	¥ (285)	¥ 63,420	¥ 1,543	¥ 64,963
II. Total assets	¥211,094	¥57,719	¥12,977	¥281,790	¥77,980	¥359,770

	Thousands of U.S. Dollars					
Year ended August 31, 2009	Japan	Europe	Others	Total	Eliminations and Corporate	Consolidated
I. Net sales and operating income (loss):						
External sales	**$6,541,482**	**$417,147**	**$432,063**	**$7,390,692**	**$ 0**	**$7,390,692**
Intersegment sales	**777**	**5,069**	**11,157**	**17,003**	**(17,003)**	**—**
Total	**6,542,259**	**422,217**	**443,219**	**7,407,695**	**(17,003)**	**7,390,692**
Operating expenses	**5,372,121**	**447,240**	**412,803**	**6,232,164**	**(13,550)**	**6,218,614**
Operating income (loss)	**$1,170,138**	**$ (25,023)**	**$ 30,416**	**$1,175,531**	**$ (3,453)**	**$1,172,078**
II. Total assets	**$2,730,877**	**$495,490**	**$376,637**	**$3,603,004**	**$1,395,221**	**$4,998,225**

Notes: 1. Countries and regions are classified according to geographic proximity.
2. Principal countries and regions other than Japan are
Europe: France and the United Kingdom
Others areas: China/Hong Kong, Korea, Singapore and the United States of America
3. Corporate operating expenses consist primarily of the administration expenses of the Company (which are not allocated to segments by geographic area). Corporate operating expenses for fiscal 2009, 2008 and 2007 were ¥15,510 million ($167,332 thousand), ¥12,584 million and ¥9,396 million, respectively.
4. Corporate assets consist primarily of cash available for management (cash, deposits and securities) and administrative assets of the Company. Corporate assets as of August 31, 2009, 2008 and 2007 were ¥145,781 million ($1,572,780 thousand), ¥110,741 million and ¥83,293 million, respectively.

Overseas Net Sales

	Millions of Yen									Thousands of U.S. Dollars		
	Year ended August 31, 2009			Year ended August 31, 2008			Year ended August 31, 2007			**Year ended August 31, 2009**		
	Europe	Others	Total	Europe	Others	Total	Europe	Others	Total	Europe	Others	Total
I. Overseas net sales	**¥38,199**	**¥40,795**	**¥ 78,995**	¥49,475	¥22,112	¥ 71,587	¥39,972	¥13,769	¥ 53,741	**$412,123**	**$440,128**	**$ 852,251**
II. Consolidated net sales			**¥685,043**			¥586,451			¥525,203			**$7,390,692**
III. Percentage of overseas sales in consolidated net sales	**5.6%**	**6.0%**	**11.5%**	8.4%	3.8%	12.2%	7.6%	2.6%	10.2%	**5.6%**	**6.0%**	**11.5%**

Notes: 1. Countries and regions are classified according to geographic proximity.
2. Principal countries in each geographic area
(1) Europe: France and the United Kingdom
(2) Other geographic areas: China/Hong Kong, Korea, Singapore and the United States of America
3. Overseas net sales are defined as net sales of the Company and its consolidated subsidiaries in countries or regions outside Japan.

Report of Independent Auditors

The Board of Directors
FAST RETAILING CO., LTD.

We have audited the accompanying consolidated balance sheets of FAST RETAILING CO., LTD. and consolidated subsidiaries as of August 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the three years in the period ended August 31, 2009, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of FAST RETAILING CO., LTD. and consolidated subsidiaries at August 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the three years in the period ended August 31, 2009, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended August 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young Shin Nihon LLC

November 27, 2009

History

1949.3
Men's Shop Ogori Shoji founded as a private enterprise in Ube City, Yamaguchi Prefecture.

1963.5
Ogori Shoji Co., Ltd., established with capital of ¥6 million, succeeding the original business.

1984.6
The first UNIQLO store specializing in casual clothing opened in Hiroshima (UNIQLO Fukuromachi Store; closed in August 1991).

1985.6
The first UNIQLO roadside store opened. Following immediate success, the format was adopted as the new standard.

1991.9
Company name changed to FAST RETAILING CO., LTD.

1994.7
Company stock listed on the Hiroshima Stock Exchange.

1998.2
Head office constructed in Yamaguchi Prefecture.

1998.10
The ¥1,900 fleece campaign attracted enormous public attention.

1998.11
The first downtown store opened in the fashionable Harajuku district of Tokyo.

1999.2
Company stock listed on the First Section of the TSE.

1999.4
Shanghai Office established to further enhance production management.

2000.4
Headquarter functions moved to Tokyo to promote merchandising and marketing.

2000.10
Online sales business launched.

2001.9
UNIQLO's first overseas business launched with store openings in London.

2002.4
UNIQLO Design Studio (current R&D Center) established.

2002.9
Opened first two UNIQLO stores in Shanghai, China.

2002.11
Started food business under the SKIP brand name (exited the business in April 2004).

2003.10
Cashmere campaign stimulated high consumer interest.

2004.1
Took an equity stake in Link International Co., Ltd. (now LINK THEORY HOLDINGS CO., LTD.), marketer of the Theory apparel brand.

2004.10
Opened the first large-format UNIQLO store in Shinsaibashi, Osaka.

2004.12
Established UNIQLO Design Studio, New York, Inc., a design subsidiary to help strengthen the R&D function.

2004.12
Established a joint venture with Lotte Shopping Co., Ltd., of South Korea to expand the UNIQLO business there.

2005.3
Footwear retail chain ONEZONE CORPORATION became a consolidated subsidiary (currently GOV RETAILING).

2005.5
Took position in NELSON FINANCES S.A.S. (currently Créations Nelson S.A.S.), developer of COMPTOIR DES COTONNIERS.

2005.9
Opened first UNIQLO store in South Korea (Seoul).

2005.9
Opened first store in the United States (New Jersey).

2005.9
Opened first store in Hong Kong (Tsim Sha Tsui shopping district).

2005.9
Opened UNIQLO large-format store in Ginza, Tokyo.

FAST RETAILING

60TH ANNIVERSARY

FAST RETAILING CO., LTD., in 2009 celebrated the 60th anniversary of its establishment. The predecessor of FAST RETAILING was Men's Shop Ogori Shoji, located in Ube City, Yamaguchi Prefecture. The year 2009 was also the 25th anniversary of the founding of UNIQLO. As a gesture of gratitude to its customers, UNIQLO conducted a special 60th anniversary sales campaign.

2005.11

Shifted to a holding company structure.

2006.2

Acquired PETIT VEHICULE S.A.S. as a consolidated subsidiary developing the PRINCESSE TAM. TAM brand.

2006.4

Invested in CABIN CO., LTD. to develop, design and retail women's clothing (became a consolidated subsidiary in August 2006).

2006.6

UNIQLO formed a strategic business partnership with Toray Industries, Inc.

2006.9

Commenced UNIQLO All-Product Recycling Initiative.

2006.10

The first G.U. store opened in Ichikawa City, Chiba Prefecture.

2006.11

Invested in women's shoe speciality chain retailer VIEWCOMPANY CO.,LTD., which became a wholly owned subsidiary in February 2008 (currently GOV RETAILING).

2006.11

UNIQLO New York Soho Store opened in New York City as the first global flagship store.

2007.3

Opened the UNIQLO Kobe Harborland Store, the largest UNIQLO store in Japan, with over 3,300m² of floor space.

2007.4

Opened T-shirt specialty store UT STORE HARAJUKU.

2007.11

UNIQLO 311 Oxford Street Store opened in London as a global flagship store.

2007.12

First UNIQLO store in France opened in Paris suburb, La Defense.

2008.8

Established Singapore joint venture with Wing Tai Retail for UNIQLO business.

2008.9

Subsidiaries G.U., VIEW-COMPANY and ONEZONE merged into newly formed GOV RETAILING CO., LTD.

2008.11

Conducted global sales campaigns for HEATTECH in five major cities overseas.

2008.11

Invested in joint venture CPAT (SINGAPORE) PRIVATE LTD., with the aim of developing a production base in Bangladesh.

2009.3

¥990 jeans marketed by g.u. (GOV RETAILING) attracted great public attention.

2009.3

Conducted tender offer to make LINK THEORY HOLDINGS CO., LTD. a FAST RETAILING subsidiary.

2009.3

Signed a design consulting contract for UNIQLO products with world renowned fashion designer Ms. Jil Sander.

2009.4

Opened first UNIQLO store in Tampines, Singapore.

2009.4

Opened UNIQLO Shinjuku West Exit Store (large-format, urban, high-street).

2009.9

Launched UNIQLO SHOES, a new footwear brand.

2009.10

Opened third UNIQLO global flagship store, Paris Opera Store, in Paris, France.

2009.10

UNIQLO Ms. Jil Sander collection marketed in UNIQLO stores worldwide.

2009.11

Celebrated the 60th anniversary of FAST RETAILING.
2,000 customers lined up at Ginza Store for its 6 a.m. opening.

Investor Information

(As of August 31, 2009)

Securities Code: 9983

Stock Exchange Listing: Tokyo Stock Exchange (First Section)

Stock Information

Number of shares authorized	300,000,000
Number of issued and outstanding shares	106,073,656
Number of shareholders (including holders of treasury stock)	11,917

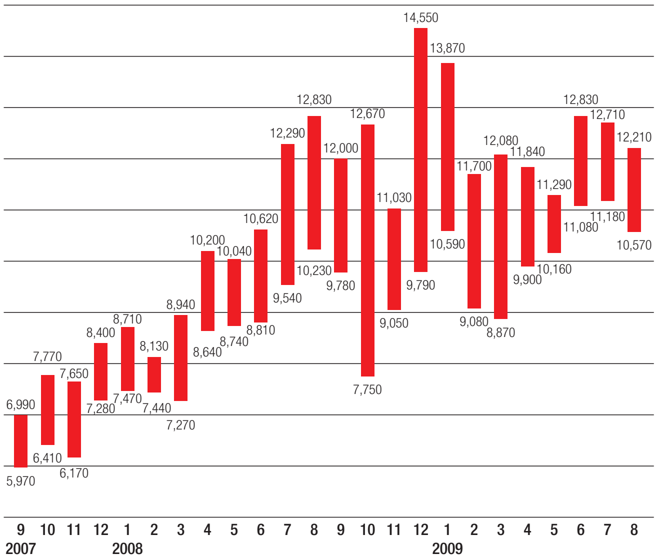
Principal Shareholders

	Number of shares	Percentage of total shares in issue (%)
Tadashi Yanai	28,297,284	26.68
The Master Trust Bank of Japan, Ltd.	6,720,400	6.34
Japan Trustee Services Bank, Ltd.	6,100,700	5.75
Kazumi Yanai	4,781,808	4.51
Koji Yanai	4,780,600	4.51
Fight & Step Co., Ltd.	4,750,000	4.48
FAST RETAILING CO., LTD.	4,288,346	4.04
MASTERMIND Co., Ltd.	3,610,000	3.40
JPMorgan Securities Japan Co., Ltd.	2,979,490	2.81
Teruyo Yanai	2,327,848	2.19

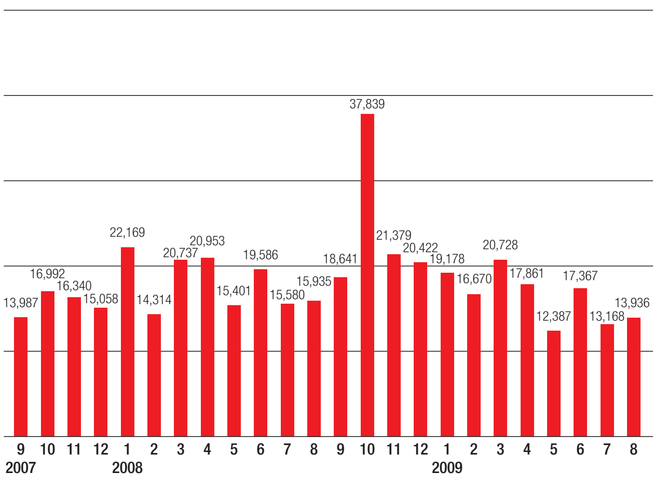
Shareholder Breakdown

	Number of shareholders	Number of shares (Thousands)	Percentage of total shares in issue (%)
Individuals and others	11,182	47,472	44.75
Other financial institutions	62	20,330	19.17
Foreign investors	483	20,628	19.45
Companies and corporations	125	8,752	8.25
Securities companies	65	8,889	8.38
Total	11,917	106,073	100.00

Stock Price (Yen)



Trading Volume (Thousands of shares)



Information available in the Investor Relations (IR) section of our website

You can access materials and videos of our latest business results, meetings and press conferences.

Monthly Retail Data: You can view monthly sales for UNIQLO Japan.

IR Library: You can access the latest IR publications, including the *Annual Report*, *Fact Book*, *Business Review* and *CSR Report*.

IR Calendar: You can access the schedule for monthly announcements, business results meetings and other events.

IR News: You can access the latest IR news releases.

CEO Message: You can access the latest message from the president of FAST RETAILING.

http://www.fastretailing.com/eng/ir/

FAST RETAILING received the Daiwa Investor Relations' Best IR Website Award in 2009.

Corporate Information

Corporate Data
(As of December 31, 2009)

FAST RETAILING CO., LTD.
Head Office
717-1, Sayama, Yamaguchi City,
Yamaguchi 754-0894, Japan

Tokyo Office*1
Midtown Tower,
7-1, Akasaka 9-chome, Minato-ku,
Tokyo 107-6231, Japan

Established
May 1, 1963

Paid-in Capital
¥10,274 million

Line of Business
Control and management of overall Group activities as owner and holding company

Number of Full-time Employees
(Consolidated)
11,037 (As of August 31, 2009)

Settlement Date
August 31

Annual Shareholders' Meeting
End of November

Transfer Agent
The Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome,
Chiyoda-ku, Tokyo 100-8212, Japan
Telephone: 0120-232-711

Number of Shares per Trading Unit
100

Board of Directors
(As of December 31, 2009)

Tadashi Yanai
Chairman, President & CEO

Toru Hambayashi*2

Nobumichi Hattori*2

Toru Murayama*2

Masaaki Shintaku*2

Statutory Auditors' Board
(As of December 31, 2009)

Akira Tanaka

Takaharu Yasumoto*3

Norihiko Shimizu*3

Akira Watanabe*3

Minoru Ota*3

Main Group Companies
(As of December 31, 2009)

<Consolidated Subsidiaries>

UNIQLO CO., LTD.
717-1, Sayama, Yamaguchi City,
Yamaguchi 754-0894, Japan

UNIQLO(U.K.)LTD.
3rd Floor, 311 Oxford Street,
London, W1C 2HP, U.K.

FAST RETAILING(CHINA)TRADING CO., LTD.
4th Floor Novel City No. 133,
Xingeng Road,
Shanghai, 200030, China

UNIQLO USA, Inc.
11th Floor, 101 Avenue of the Americas,
New York, NY 10013, U.S.A.

FRL KOREA CO., LTD.
5th Floor, 24-11 Chungmuro 1ga,
Jung-gu, Seoul, 100-011, Korea

UNIQLO HONG KONG, LIMITED
Room 704-705,
7th Floor, Miramar Tower,
No. 132 Nathan Road, Tsim Sha Tsui,
Kowloon, Hong Kong

UNIQLO (SINGAPORE) PTE.LTD.
107 Tampines Road,
Singapore 535129

LLC UNIQLO (RUS)
10th Floor of Citydel Business Centre,
9 Zemlyanoy Val. Moscow,
105064 Russian Federation

UNIQLO FRANCE S.A.S.*1
Créations Nelson S.A.S.*1
PETIT VEHICULE S.A.S.*1
50/52 Boulevard Haussmann
75009, Paris, France

LINK THEORY HOLDINGS CO., LTD.*1
COMPTOIR DES COTONNIERS JAPAN CO., LTD*1
CABIN CO., LTD.*1
GOV RETAILING CO., LTD.*1
Midtown Tower,
7-1, Akasaka 9-chome, Minato-ku,
Tokyo 107-6231, Japan

*1. Address effective March 1, 2010.
*2. External director
*3. External auditor

Additional copies of this annual report and other information may be obtained by contacting:

Investor Relations
Corporate Management & Control
FAST RETAILING CO., LTD.*1
Midtown Tower,
7-1, Akasaka 9-chome, Minato-ku,
Tokyo 107-6231, Japan
Telephone: +81-3-6862-9983
Facsimile: +81-3-6865-0076

Forward-Looking Statements

Statements in this annual report with respect to the Company's plans, strategies, forecasts and other statements that are not historical facts are forward-looking statements that are based on management's judgment in light of currently available information. Factors that could cause actual results to differ materially from our earnings forecasts include, without limitation, global economic conditions, our response to market demand for and competitive pricing pressure on products and services and currency exchange rate fluctuations.

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FAST RETAILING

60TH ANNIVERSARY

FAST RETAILING CO., LTD.
www.fastretailing.com

Printed in Japan