



Osamu Shigematsu, PRESIDENT AND MANAGING DIRECTOR

Each and every member of the UNITED ARROWS Group joins me in mourning those who lost their precious lives to the Great East Japan Earthquake that struck on March 11, 2011. We also offer our deepest condolences and heartfelt sympathies to all who have suffered as a result of this disaster.

Fashion has the power to bring joy and to enrich both the heart and mind. With a renewed resolve, UNITED ARROWS LTD. is determined to put into practice its corporate philosophy of creating five types of value. By generating value for customers, employees, business partners, society, and shareholders, we will contribute to the earliest possible recovery from this catastrophe while delivering increased satisfaction to our customers.

Q Reflecting on the recent past, how would you assess the fiscal year ended March 31, 2011?

A UNITED ARROWS LTD. was successful in establishing a sustainable earnings structure and securing an increase in both revenues and earnings by enhancing collaboration between product and sales divisions and promoting the effective application of its product platform.

In fiscal 2011, ended March 31, 2011, we achieved an increase in both revenues and earnings. Prior to the start of the fiscal year, we positioned the 12-months to March 2011 as a period in which to establish a sustainable earnings structure and a strong foothold for renewed growth. I am convinced that we have taken significant strides toward achieving these aims.

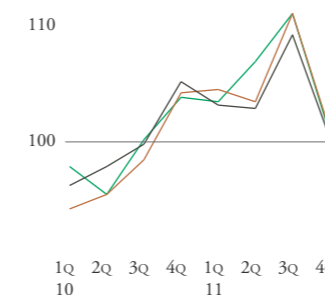
Throughout the fiscal year under review, robust results in our core businesses, comprising UNITED ARROWS and UNITED ARROWS green label relaxing existing stores as well as the online ZOZOTOWN and UNITED ARROWS LTD. ONLINE STORE, drove Group-wide sales. Underpinning this sound performance were successful efforts to enhance collaboration between product and sales divisions, which in turn led to an increase in merchandise that proved popular among customers. Complementing these efforts, we were also able to enhance the quality and efficiency of our operating activities including product procurement, production, product launch, and inventory reduction by effectively applying our product platform. Moreover, we worked diligently to upgrade and expand inventories of top-selling products in a timely manner to minimize opportunity loss and reduced inventories of slow-selling merchandise. As a result, we improved cost efficiency through inventory rationalization, increasing gross profit on the back of reduced inventories. Accounting for each of the aforementioned factors, consolidated net sales climbed 8.5% compared with the previous fiscal year. From a profit perspective, operating income and ordinary income increased 49.4% and 43.7%, respectively, year on year. For the fiscal year under review, we reported a substantial improvement in net income, which surged 156.2%.

P13 Online store sales remain robust

P33 Product planning based on collaboration between product and sales divisions

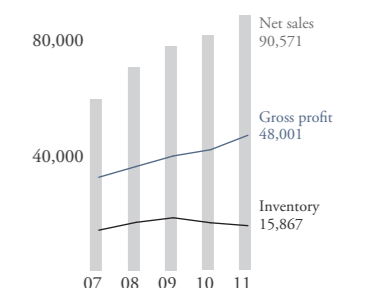
P33 Product planning and procurement as well as production and inventory reduction based on 52-week merchandising and the Group's product platform

Trends in retail and online sales (non-consolidated)
%



	2010	2011	YoY
UNITED ARROWS LTD.	99.9	104.3	+4.4
UNITED ARROWS business	98.6	105.6	+7.0
green label relaxing business	99.5	105.8	+6.3

Trends in gross profit and inventory
millions of yen



Q Please tell us about your targets and initiatives for the fiscal year ending March 2012.

A In fiscal 2012, we intend to embark on a period of genuine renewed growth. We will take steps to further bolster product and sales collaboration while at the same time incorporating the promotion function. Moving forward, we will target a 23rd consecutive fiscal year of revenue growth and rewrite the record book with respect to our ordinary income.

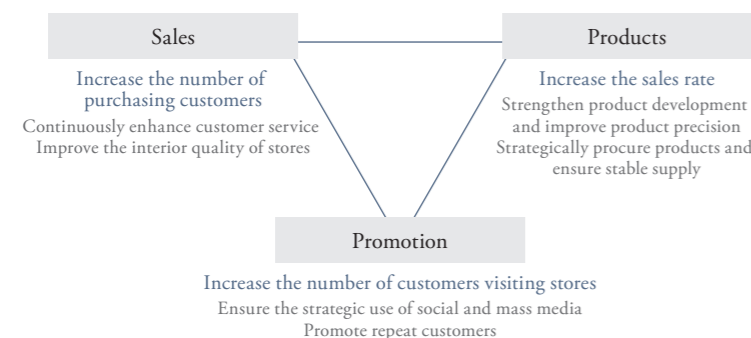
After taking significant strides toward establishing a strong foothold during the fiscal year ended March 2011, UNITED ARROWS LTD. is poised to embark on a period of genuine renewed growth in the fiscal year ending March 2012. In this regard, the Company has clearly identified the management policy of further enhancing profitability and securing record-high consolidated ordinary income by adhering strictly to a policy of collaboration between product, sales, and promotion divisions and ensuring diversified cost control. In bringing this policy to fruition, the Company is united in its efforts to carry out two priority initiatives.

The first is to strengthen the collaboration cycle between the product, sales, and promotion divisions. After achieving significant success in securing smooth and effective collaboration between the product and sales divisions during the fiscal year under review, we will build on this momentum to increase both pace and quality while introducing to the cycle a promotion component. In this context, we will focus on increasing the number of customers visiting stores. From a promotion perspective, the recent surge in social media has significantly diversified communication methods with consumers. On this basis, every effort will be made to ensure the strategic use of social and mass media to promote repeat customers and to increase the number of customers visiting stores. The sales division will continue to enhance customer service in efforts to consistently exceed the expectations of customers. At the same time, particular emphasis will be placed on improving the interior quality of stores to boost the number of purchasing customers. The product division will channel its energies toward further bolstering the development and accuracy of products in an effort to enhance procurement. Building on these endeavors, the division will adhere strictly to a policy of strategic product purchasing and stable supply in close collaboration with its counterparts in sales and promotion. Through these means, every effort will be made to maintain an ongoing focus on increasing improvements in sales rates.

Turning to the second priority issue, UNITED ARROWS LTD. is placing equal emphasis on increasing productivity to ensure diversified cost control. On this basis, the Company will increase productivity by strengthening collaboration between related divisions and improving the efficiency of operating processes and practices. At the same time, we will implement cost controls finely tuned to earnings to further enhance profitability. Furthermore, we will promote greater inventory efficiency by improving the planning accuracy of sales initiatives.

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 UA Style Share—Adding to the enjoyment of customers by combining the concepts of individual style and a shared community

Strengthening the product, sales, and promotion collaboration cycle



In working diligently to address these key challenges, UNITED ARROWS LTD. is confident of increasing its revenue in the fiscal year ending March 2012. This would represent 23 consecutive fiscal years of growth since the Company's foundation. In specific terms, we are projecting consolidated net sales of between ¥95,547 million and ¥96,493 million, a year-on-year increase of between 5.5% and 6.5%, and operating income of between ¥7,724 million and ¥8,124 million (4.6% to 10.0%). The forecast lower and upper limits for ordinary income are ¥7,678 million and ¥8,078 million (6.0% to 11.6%), an historic high.

Q What direction will the Company's business strategies take over the medium term?

A Over the next three years, we plan to secure the position as the dominant specialist fashion store group and accordingly will identify the next step required to ensure business growth and expansion.

Existing business and online sales will continue to form the core components of our business strategies for medium-term growth. In this context, BEAUTY&YOUTH UNITED ARROWS, UNITED ARROWS green label relaxing, and COEN will be positioned as drivers of future growth. UNITED ARROWS LTD. will accordingly work aggressively to open new stores in each format. In addition to consistently upgrading existing online sales sites, the Company will prioritize efforts aimed at strengthening its own UNITED ARROWS LTD. ONLINE STORE.

Moreover, we will develop new sales channels significantly expanding points of contact with customers. In its startup years, UNITED ARROWS LTD.'s sales channel strategy focused largely on roadside stores. Since then, we have expanded sales channels extending into urban shopping centers, commercial spaces inside railway stations, and the Internet. This strategy has continued to fuel growth.

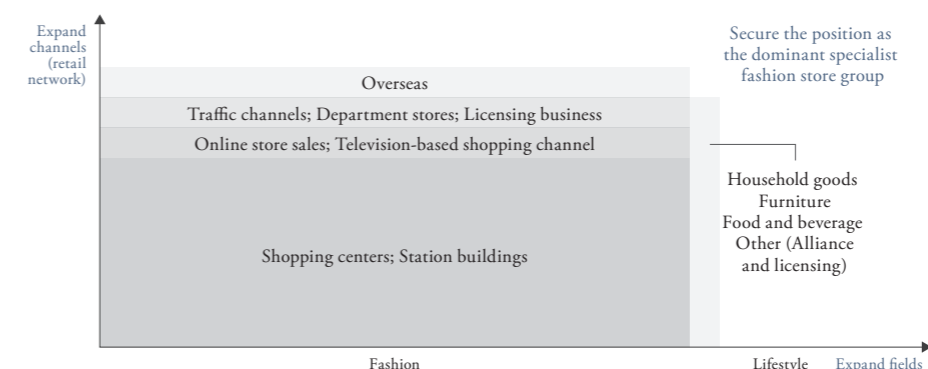
As a part of ongoing efforts to develop new channels, UNITED ARROWS LTD. opened stores in Narita, Haneda, and Kansai airports in the fiscal year ended March 2011. The Company also attracted favorable attention through the Shop Channel, Japan's largest television-based shopping channel. In the fiscal year ending March 2012, plans are in place to enter railway stations as well as expressway service areas. Building on the success of sales channel models established during the fiscal year under review, we will harness our experiences to develop an appropriate store opening strategy for the current fiscal year.

UNITED ARROWS LTD. is broadening its horizons to explore opportunities through its licensing business as well as endeavors outside of fashion including lifestyle, food, and other fields.

The Company is currently considering several business development proposals including alliances with other companies. We are currently undertaking due diligence with a view to breaking new ground. Turning to our ongoing overseas aspirations, we plan to clarify our direction and

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 Online store sales remain robust

The direction of medium-term business strategies



strategy during the current fiscal year. Building on this preparatory phase, we will commence opening new stores in the next fiscal year.

Following the direction and path laid by these business strategies, UNITED ARROWS LTD. will secure a position as the dominant specialist fashion store group over the next three years and accordingly identify the next step required to ensure business growth and expansion.

After evaluating the impact of the Great East Japan Earthquake on economic trends and the Company's future performance, UNITED ARROWS LTD. plans to announce details of its mid-term business strategies and quantitative business targets around November 2011.

Q As a company that consistently stands at the forefront of Japan's select shop market, how will UNITED ARROWS LTD. continue to define itself and put forward its unique appeal?

A First and foremost, we will continue to maximize customer satisfaction. With this unwavering focus, we will improve our profitability and enhance our profile and standing within stock markets. Ultimately, we are confident that these efforts will help maximize value for shareholders.

Guided by a corporate philosophy that emphasizes our mission and role as a group that keeps on setting new standards of Japanese lifestyle, we have maintained the simple and honest commitment of creating and proposing new value for our customers since our foundation. Based on these endeavors, we take great pride in our position as a group that is leading Japan's select shop market forward. Drawing on its accumulated experience and skills, UNITED ARROWS LTD.'s unique presence is defined by its ability to put forward proposals that remain a half-step ahead of customers' aspirations and expectations built on its great service, products, and store environment.

UNITED ARROWS LTD. is fully cognizant of the importance of maximizing value for shareholders. For this reason, the Company will work diligently to enhance its stock market position and standing and increase its corporate value and market capitalization by carrying out a variety of measures including the payment of increased dividends, the implementation of stock splits, and the acquisition and retirement of treasury stock. In pushing forward its plans to open new stores and invest in growth businesses, UNITED ARROWS LTD. will strike an optimal balance between its operating environment and retained earnings, keeping in mind the goal of maximizing returns to shareholders. Based on this understanding, we intend to pay an annual dividend of ¥31 per share. This includes an interim dividend of ¥10 per share and a year-end dividend of ¥21 per share.

Building on our performance up to the previous fiscal year, we will embark on a period of renewed growth from the fiscal year ending March 2012. Endeavoring to secure a position as the dominant specialist fashion store group, we again reconfirm our mission to consistently maximize customer satisfaction.

As we work toward achieving our established goals, we kindly request the support and understanding of all shareholders.

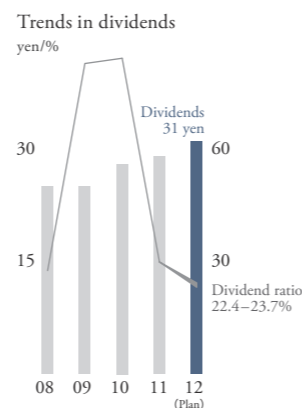
August 2011

Osamu Shigematsu

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Corporate Philosophy

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Select shops

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Three Key Sources of Satisfaction for Customers



Online store sales remain robust

Online store sales continue to enjoy high rates of growth. Results are particularly strong for ZOZOTOWN and UNITED ARROWS LTD. ONLINE STORE. In addition to an expanding online sales market, UNITED ARROWS LTD.'s efforts to address consumer calls for greater convenience and functionality have paid off handsomely.

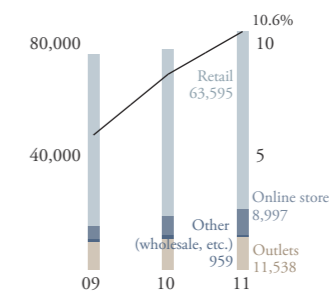
Effective measures used to attract customers to the UNITED ARROWS LTD. ONLINE STORE include an e-mail magazine that serves a variety of functions. In addition to introducing the latest products, the magazine provides articles from sales personnel outlining styling and other proposals. The site also functions as a product catalogue. After deciding on an item, customers can confirm the location of stores where the product can be tried on and purchased through the site. This helps stimulate a consistent flow of foot traffic to stores. Those customers who return home undecided about a particular item even after visiting a store can later purchase the product online. The relationship between such online tools and stores is therefore very much a complementary one.

The Company is responsible for the centralized control and management of inventories for retail stores, ZOZOTOWN, and UNITED ARROWS LTD. ONLINE STORE. Where available,

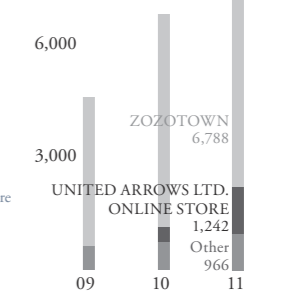
arrangements can be made to purchase items that are marked as out of stock on a particular site by drawing on warehouse inventories earmarked for stores. UNITED ARROWS LTD. recognizes that by attending swiftly to shipment irrespective of sales channel demand, the Company is better positioned to minimize opportunity loss and ensure the efficient application of inventory.

Moving forward, UNITED ARROWS LTD. will continue to strengthen its online store initiatives with the aim of lifting the ratio of online store sales to total sales to 15%.

Trends in sales by channel as well as the share of online sales (non-consolidated)
millions of yen/%



Trends in sales by online site (non-consolidated)
millions of yen



UA Style Share—Adding to the enjoyment of customers by combining the concepts of individual style and a shared community

The UA Style Share site, which boasts "kisekae" and community functions, was incorporated into UNITED ARROWS LTD. ONLINE STORE and launched in March 2011. In much the same manner as trying on assorted items at stores, UA Style Share is an online site that allows users to freely coordinate ensembles to their own personal tastes using an innovative "kisekae" simulation tool.

A major component of the UA Style Share site is a community function that is linked to such social media as Facebook and Twitter. Individually coordinated fashion styles can be uploaded and shared with community members. Using the "Good" and "Comment" functions, thoughts and opinions on individual fashions can be shared among users.

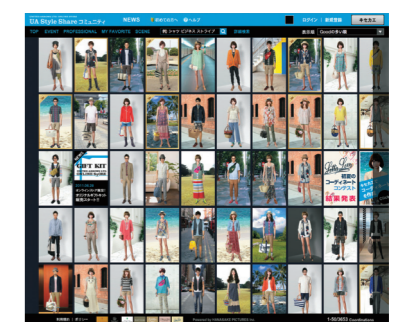
Extending beyond a sales function, UNITED ARROWS LTD. ONLINE STORE helps promote communication in the spirit of community. This in turn serves to nurture new and repeat customers.



UNITED ARROWS LTD. ONLINE STORE
<http://store.united-arrows.co.jp/>



UA Style Share "kisekae" simulation tool
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UA Style Share Community
<http://www.styleshare.asia.jp/>