



UNITED ARROWS LTD.

April 25, 2008

## Notice Concerning Establishment of New Subsidiary

UNITED ARROWS LTD. hereby announces the establishment of a subsidiary focusing on retail of apparel and miscellaneous goods, resolved at the meeting of the Board of Directors held on April 25, 2008, as described below.

### 1. Summary of subsidiary

(1) Name	COEN CO., LTD.
(2) Date of establishment	May 20, 2008 (expected)
(3) Place	3-1-15 Shiba, Minato-ku, Tokyo
(4) Representative	Tetsuya Iwaki (President)
(5) Capital	¥100 million
(6) Shareholder	100% owned by UNITED ARROWS LTD.
(7) Business outline	Retail of apparel and miscellaneous goods
(8) Fiscal Year End	January
(9) Number of employees	10 employees at the beginning

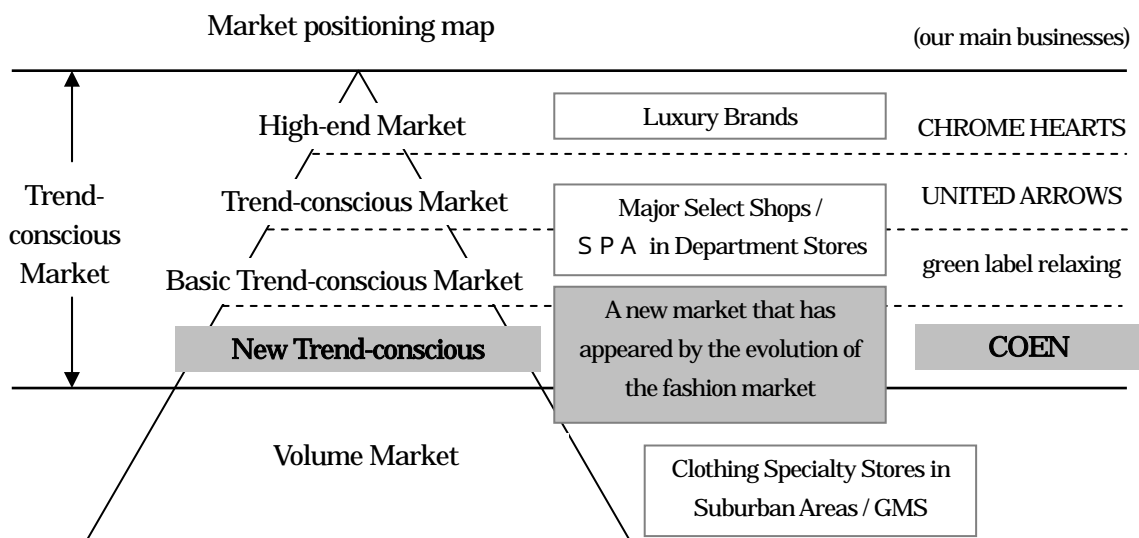
2. Purpose of establishment and summary of business

1) Purpose of establishment

The Japanese apparel retail market can be divided into two categories: the volume market that mainly consists of relatively cheaply priced daily clothing, and the trend-conscious market that is highly sensitive to fashion trends. Our group targets the trend-conscious market.

On the other hand, as the fashion market has evolved in the past few years, a new market has appeared between the volume market and the trend-conscious market which consists of relatively cheaply priced clothing that are fashionable. We believe that this market is expanding and there are possibilities of growth.

We have named this market the new trend-conscious market, and will start a new business by COEN CO., LTD. (store brand named "COEN") targeting this market.



## 2. Summary of new business by new subsidiary

In the new business, we will use the product planning and development skills of our existing businesses to meet the market needs of the new market mentioned above. The main products of the new brand will be casual clothing for both men and women, which are fashionable but reasonably priced.

Cooperation with Mitsubishi Corporation which we made agreements on business alliance in September 2007 will be made in the areas of product manufacturing and logistics functions. By cooperating with Mitsubishi Corporation, we will be able to minimize the dispersion of business and human resource from UNITED ARROWS LTD. and also be able to use the stable manufacturing background that general trading companies have. We will establish a quick responding product supplying system and improve inventory turnover for higher productivity and profitability.

By promoting store openings in suburban areas and large shopping centers in rural areas, we will try to secure long term and stable opportunities to open stores.

To manage the stores, we will establish a chain operation system with Mitsubishi Corporation to minimize miscellaneous operation (such as product inspection) and improve operation efficiency. We will also improve customer satisfaction by developing a recruitment and education system with UNITED ARROWS LTD.

### (2) Schedule

January 31, 2008	Announcement of new business
April 25, 2008	Resolution at Board Members Meeting
May 20, 2008	Establishment of subsidiary (expected)
Autumn 2008	Start operation of new stores

## 3. Future outlook

Earnings forecast of this subsidiary will be included in the consolidated earnings forecast for the term ending March 2009 that is expected to be announced on May 14, 2008.