



UNITED ARROWS LTD.

July 20, 2007

Notice Concerning Establishment of Subsidiary

UNITED ARROWS LTD. hereby announces the establishment of a subsidiary focusing on planning and retail of women's apparel and miscellaneous goods, resolved at the meeting of the Board of Directors held on July 20, 2007, as described below.

1. Summary of subsidiary

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|---------------------------|--|
| (1) Name | PERENNIAL UNITED ARROWS LTD. |
| (2) Date of establishment | August 24, 2007 (expected) |
| (3) Place | 8-1-19 Akasaka, Minato-ku, Tokyo |
| (4) Chairman | Osamu Shigematsu (Chairman & CEO of UNITED ARROWS LTD.) |
| President | Akira Hitomi (Managing Director of UNITED ARROWS LTD.) |
| (5) Capital | ¥100 million |
| (6) Shareholder | 100% owned by UNITED ARROWS LTD. |
| (7) Business outline | Planning and retail of women's apparel and miscellaneous goods |
| (8) Fiscal Year End | January |
| (9) Number of employees | 10 employees at the beginning |

2. Reason of establishment

The new subsidiary will establish a new brand that is targeted to women who are in their 30s and 40s and are unsatisfied with apparel brands that are mainly placed in department stores and want practical clothes rather than luxury clothes. The new brand will carry out product planning, planned manufacturing, inventory control, etc. like other apparel companies with UNITED ARROWS' knowledge and experience of store management based on customer perspective. Number of stores will be increased by active investment from the start of business, which is different from the strategy of UNITED ARROWS. Therefore, we have separated the company from UNITED ARROWS and have made it a subsidiary to have independent strategies in investment

and business decisions.

3. Affect on business results of UNITED ARROWS LTD.

PERENNIAL UNITED ARROWS LTD. is expected to become a wholly owned subsidiary of UNITED ARROWS LTD. As the first term (August 2007 to January 2008) will be a preparation period to start business, sales are expected to be posted from the fiscal year ending January 2009.

Affect to the business results of UNITED ARROWS LTD. in fiscal year ending March 2008 is expected to be limited.