

The **31**st Business Report  
(August 21, 2009–August 20, 2010)

**Right-on.**

**Right-on Report**  
For New Growth

**RIGHT ON Co., Ltd.**  
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URL: <http://www.right-on.co.jp/>

Stock Code: 7445

**Right-on**<sup>®</sup>

# To Our Shareholders

I am pleased to report to our shareholders the financial results and business activities of RIGHT ON Co., Ltd. for the 31st fiscal term ended August 20, 2010.

## Management Philosophy

# EMPATHY COMES FIRST

## The 5 types of admiration we strive for:

1. A company admired by its employees
2. A company admired by its customers
3. A company admired by its shareholders
4. A company admired by its suppliers
5. A company admired by its local community

### Business environment

The Japanese economy remained uncertain. Downside risks included concerns that the global economy would slow more than anticipated and that employment conditions would continue to weaken. Added to the high employment rate, these factors weighed against signs of a recovery notably in consumer spending and corporate earnings.

### Review of operations

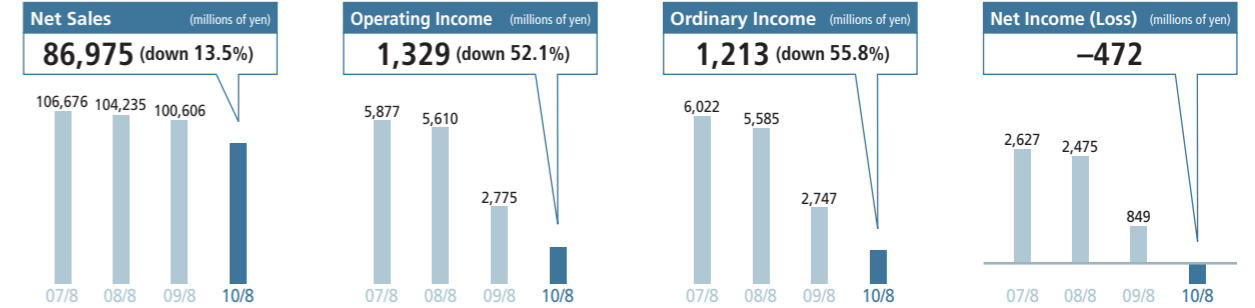
In this environment, we sought to rebuild sales by incorporating the opinion of store staff into not only the sales system but all of our strategies and measures, including products, product supply, sales promotion, and store openings, under the basic principle of the *primacy of the business front line*, according to which everything begins at store level.

In terms of products, we proceeded with product planning and development based on the concept of “seasonal basics” and strived to achieve store product ranges that better match customer needs. In March 2010, we opened the Harajuku Design Office to enhance our product planning and development capabilities by organizing a planning team inside the office. Also, to free ourselves from duplicate inventories and low turnover, we reviewed the number of items we deal with so as to improve inventory efficiency.

On the sales front, we continued to operate a number of in-house systems such as sales contests and took steps to restore sales, with supervisors (chief block managers) and area managers (managers in charge of each area) taking the lead in working on sales floors and actively selling products together with store staff.

In terms of marketing activities, we continued to enhance our ability to attract customers by strengthening public relations for our products through press activities at the Harajuku Design Office, in addition to using existing media such as leaflets, TV

### Financial Highlights



commercials, magazines, direct mails and email magazines. Additionally, we carried on and stepped up an initiative to integrate the three elements of *products, sales floors and sales promotion*, an initiative designed to coordinate sales promotion activities and tools with core products and sales floors, thus targeting further improvements in product appeal and sales. We also strove to stimulate new demand with measures such as trade-in campaigns for children’s wear, jeans, down clothing, and T-shirts, and “Saturday/Sunday only” discounts.

With regard to store openings and closings, we opened a total of 22 new stores including the AEON Mall Kyoto Store this term, while closing a total of 19 stores to increase efficiency. As a result, the number of stores as of the end of the 31st fiscal term stood at 487. In an effort to ensure that our sales floors remain fresh and attractive at all times, we also worked to liven up existing stores by actively undertaking renovations.

We continued to work on raising product competitiveness and name recognition and establishing brand identities for each of the “Flash Report,” “MPS” and “RAPUA” store formats. To expand our operations, we also launched our own website in the e-commerce business.

### Financial results for the 31st fiscal term

Although we executed a number of initiatives as mentioned above, we could not fully meet customer needs and experienced an uphill battle for sales. The main reasons for this were the reduced product variety in our mainstay jeans category as we cut the number of items to increase inventory efficiency, and the overall gearing of our product ranges to the youth market.

As a result, net sales regrettably declined 13.5% year on year to 86,975 million yen. Operating income fell 52.1% from the previous term to 1,329 million yen, and ordinary income declined 55.8% to 1,213 million yen.

On top of this, the addition of losses on retirement of fixed

assets as a result of store renovation work and extraordinary losses such as losses on store closures and impairment losses resulted in a fall in profit, with a net loss totaling 472 million yen (compared to net income of 849 million yen in the previous term).

### Dividends

We regret to report that we have decided not to pay a year-end dividend in light of the financial results for the fiscal term under review. As a result, the annual dividend will be 10 yen per share (the interim dividend of 10 yen and a year-end dividend of 0 yen). We sincerely ask our shareholders to accept our decision, appreciating the circumstances.

### For the 32nd fiscal term

Given the weak economy, market conditions are expected to remain difficult going forward. In this environment, we will go back to our roots as a jeans shop and strive to reconstruct our merchandising by strengthening areas such as bottomwear, national brands, and adult wear.



November 2010  
Masahiro Fujiwara  
President and Representative Director

In the 32nd fiscal term ending August 20, 2011, we will aim to improve our financial results and achieve new growth with the following four core initiatives:

**1. Return to a jeans shop**

Based on our renewed understanding that the Company ultimately must offer a rich selection of jeans, we will return to our roots as a jeans shop by enhancing the product range of bottomwear, including jeans.

**2. Strengthening national brands**

We will enrich our sales floors by strengthening partnerships with suppliers and introducing an abundance of popular and seasonal brands, so that customers can better enjoy the process of selecting products.

**3. Shifting toward stores for “adult wear”**

We will aim to expand support from families and adults by changing our product range, which has previously been heavily geared to the youth market, to offer products for a broader age range.

**4. Review of sizes**

We will expand the coverage of sizes so that more customers can select our products, increasing the coverage rate.

**Voice of Staff**

Role of the Harajuku Design Office  
Toward the reconstruction of our merchandising



Yoshinori Nakamigawa  
Merchandising Strategy Team

My name is Yoshinori Nakamigawa, and I am a member of the Merchandising Strategy Team, which comprehensively manages and supports product plans, design, and development. The Company opened the Harajuku Design Office under the Merchandising Strategy Team in March 2010, seeking to reconstruct its merchandising, and started research and development in earnest.

The Merchandise Planning Team and designers are permanently stationed in the Harajuku Design Office, which is well located to identify and convey the latest trends. There, they engage in product development based on merchandise plans, while researching the latest trends, studying and proposing materials, formulating merchandise maps and preparing merchandise plans.

The design office is also equipped with a permanent media showroom which lends out samples and acts as a base for press activities such as interviews.

I am very much aware that the biggest factor in our sluggish sales of the 31st fiscal term was our inability to meet customer needs, although there were external factors such as the economic conditions and unseasonable weather.

As we reaffirm the essence of our focus on the *primacy of the front line*—that everything begins with the customer—the Harajuku Design Office will play a central role in accurately identifying and analyzing customer needs, developing private-brand products around the concept of “seasonal basics” that can appeal to a wide range of customers regardless of age or generation, and reconstructing our merchandising by enhancing our national brand and seasonal brand ranges. Additionally, we will communicate the Company’s innovative and evolving profile by providing timely information to various media and expand the number of Right-on devotees by creating the opportunity for more and more people to learn about our products.

**Medium-term business strategy**

As part of our medium-term business strategy, we will continue to proceed with the creation of new business models for future growth, as well as thoroughly implementing the *primacy of the business front line* and further strengthening the *Scheme for Large Sales*.

**Implementing the Primacy of the Business Front Line**

As our store network expands across the country, each of our stores has special characteristics in terms of temperature, climate, geographical environment, and store type. Therefore, opinions and requests on the business front line vary widely. Under the basic principle of the *primacy of the business front line*, according to which everything begins at store level,

we aim to make maximum use of the characteristics of each store around the country to increase sales by incorporating the opinions and requests of store staff into every strategy and measure, including our merchandise strategy, store-opening strategy, sales strategy, marketing activities, and product supply.

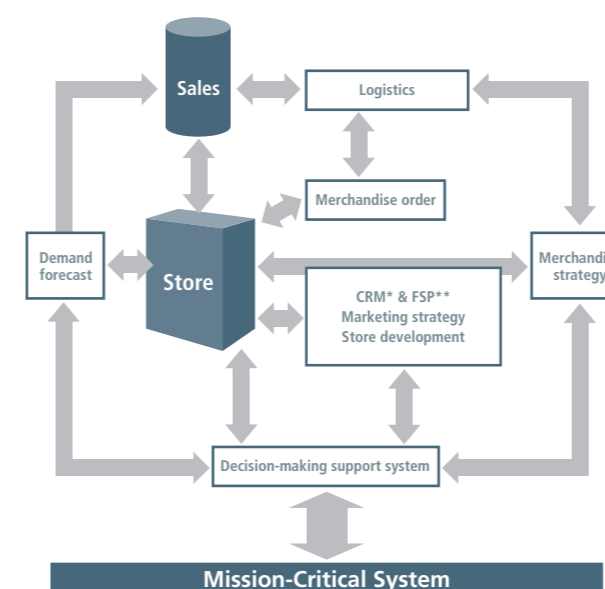
**Scheme for Large Sales**

Our *Scheme for Large Sales* is a unique system designed in accordance with our business model that is based on the principle of the *primacy of the business front line*. The system is designed to organically combine the three capabilities that form the source of our business strength, namely the dynamics of stores (superiority in the design of sales floors, locations, and other factors), products (a rich assortment of popular products), and sales (ability to

sell out products), and to realize the five pillars of success, namely “the right time, the right product, the right quantity, the right place, and the right price.”

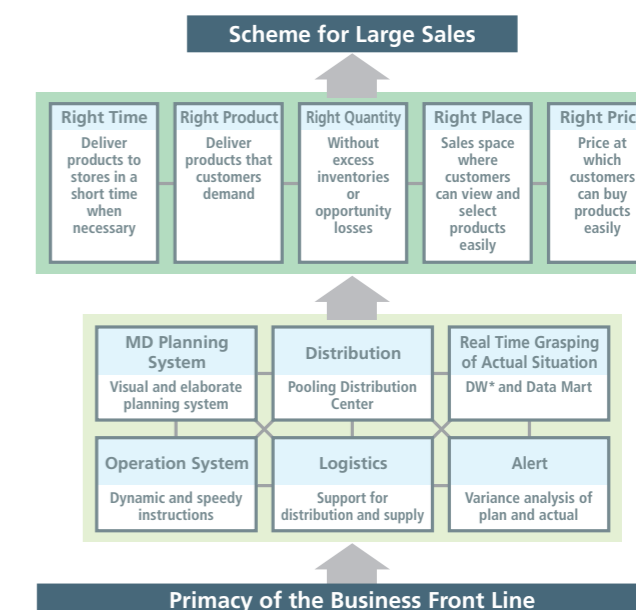
We have been actively investing in systems and striving to increase their operational accuracy. We will continue to create a business model for growth by strengthening each item in the system cycle of our *Scheme for Large Sales* and further improving their accuracy.

● Primacy of the Business Front Line



\* Customer Relationship Management  
\*\* Frequent Shoppers Program

● Scheme for Large Sales—Organic Linkage of the Primacy of the Business Front Line and Systems



\* Data Warehouse

## Merchandise Strategy

In our merchandise strategy, we will create sales floors that meet customer expectations by returning to our roots as a jeans shop that focuses on a wide selection of products, based on the theme of “going back to where we started.”

For national brand products, we will increase the competitiveness of our stores by strengthening our partnerships with our suppliers to create a richer range of attractive seasonal brands. Particularly in bottomwear, we will work to provide a fulfilling selection of products unique to a jeans shop.

For private-brand products, we will continue to plan and develop products based on the “seasonal basics” concept. We will promote the development of simple products that combine well with other items

and basic products that will be popular with many customers, regardless of age or generation. We will also work to increase product value by implementing comprehensive quality management.

In addition, we will meet demand from a broader range of adult customers by broadening the selection of products in bottomwear as well as topwear and reviewing product sizes so that adult customers can enjoy our products.

To facilitate the distribution of products, we will make merchandise transfers more efficient and increase sales and profits by controlling products in more detail through the operation of the Block Distributor System, whereby a distributor is assigned to each sales block.

## NEW ITEM



Men's item

Women's item

### REAL LEATHER

Making itself off from the large number of “fake” products on the market, we have developed a jacket that focuses on being “real” with high quality and a supple feel to the material. The jacket offers the texture that can be realized only by genuine leather. To “be real” means to “be natural.” The more you wear it, the more it will adapt to the natural shape of your body.

### Made in NIPPON

“Made in NIPPON” is the ultimate pair of jeans brought to realization after going through more than 300 trial products over a period of approximately a year.

It is manufactured using processes from around the country: spinning in Hiroshima, sewing in Oita, and fabrication in Kanagawa. A pair of jeans is made not only with the skills of individual craftsmen in each process, but also with the added aspiration of manufacturers.



Men's item

Women's item

## Marketing Strategy

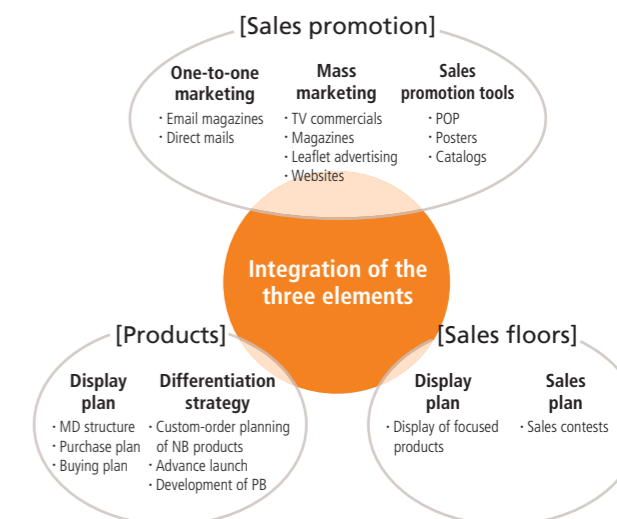
In our marketing strategy, we will work to convey information about the Company to as many customers as possible by employing a mixed media strategy that uses a variety of media (including magazines, newspapers, leaflets, websites, email newsletters and Twitter) and tools (such as catalogs and point of purchase) to promote sales.

We will continue to conduct integrated marketing activities incorporating the three elements of *products, sales floors and sales promotions* so as to coordinate the aforementioned sales promotion media and tools with core products and sales floors. The aim of these integrated marketing activities is to increase customer satisfaction by enhancing product appeal and transforming products that we want to sell into products that customers want to buy.

We will also be vigorous in conducting press activities to transmit seasonal information about the Company. With the Harajuku Design Office opened in March as our core, we will increase our ability to transmit information and create new customers through press releases (information disclosure), lending of merchandise to magazines, permanent displays of samples, and merchandise exhibitions.



● Integrated marketing activities incorporating the three elements



## TOPICS

We are creating an environment in which customers can shop at a Right-on store anytime and anywhere. Our new initiative was our opening of an official Twitter account in August 2010. We will expand our customer base by holding events linked to store campaigns in real time.

- Right-on e-commerce (mail order) site

**Right-on** ONLINE SHOP <http://le.right-on.co.jp/>

- Right-on email magazine

**R PRESS** <http://right-on.co.jp/r/>

- Right-on blog

**R PRESS** <http://www.right-on.co.jp/rpress/>

- Right-on twitter account

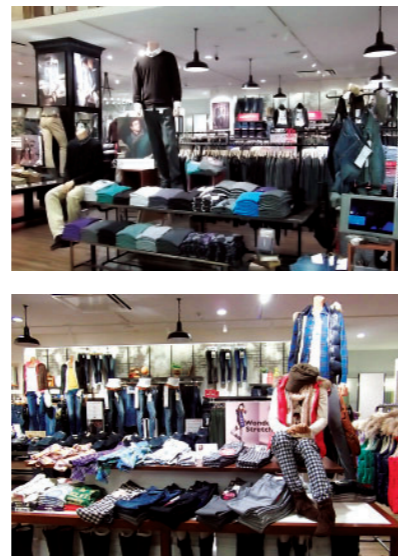
**twitter** [righton\\_jp](https://twitter.com/righton_jp)





## Store-opening Strategy

With regard to our store-opening strategy, we will aim to expand our sales share by seeking to improve the accuracy of our market research, by continuing to open stores in locations with good geographical and other conditions, and by seeking to bolster the efficiency of our stores through the continuation of our “scrap and build” program. We will also inject vigor into our existing stores by actively undertaking renovations to ensure that our sales floors remain fresh and attractive at all times and reorganizing sales floors to take advantage of the characteristics of each store in accordance with the *primacy of the business front line*. We plan to open about 14 new stores during the 32nd fiscal term.



## Right-on Business Types

### Right-on.



<http://right-on.co.jp/>

### FLASH REPORT



<http://flashreport.co.jp>

### MPS.



<http://mps-kids.com/>

### RAPUA.



<http://rapua.jp/>

**National total: 487 stores** (as of August 20, 2010)

#### Number of stores according to business type (as of the end of the term)

Right-on	465
FLASH REPORT	18
MPS	2 (2)
RAPUA	2

#### Number of stores by area at the end of the term

Hokkaido area	23	Kinki area	73
Tohoku area	30	Chugoku area	27
Chubu area	28	Shikoku area	12
Kanto area	168	Kyushu area	53
Tokai area	70	Okinawa area	3

\* Figures in parentheses refer to the number of stores attached to other businesses.

Total  
**487 (2)**

## Sales Strategy

In our sales strategy, we are seeking to expand our customer base by improving the quality of our customer support and sales activities. We do this based on our store operation policy, which is reflected by the expression “smile comes first,” so that customers think “I would love to come here again” after visiting any of our stores.

To boost the overall sales capabilities of our stores, supervisors (chief block managers) and area managers (managers in charge of each area) are taking the lead in selling on the sales floor to improve the sales skills and enthusiasm of our part-time sales force.

We are also actively participating in the Role-Playing Contest at shopping malls in which staff improve sales skills through friendly competition with sales staff at other stores and discover the enjoyment of serving customers at the same time. Our aim is to increase the number of stores that make customers think “I would love to come here again,” with each member of the sales team providing cheerful and friendly service and transmitting their positive mood to customers.

We will also provide a national store manager training session twice a year, using this as a forum for cultivating store managers and improving their administration and management capabilities by naming outstanding store managers and undertaking role-playing. We will set up a product exhibition during the training to help trainees learn about our products and how to create a sales floor environment where it is easy for customers to see and purchase our products.



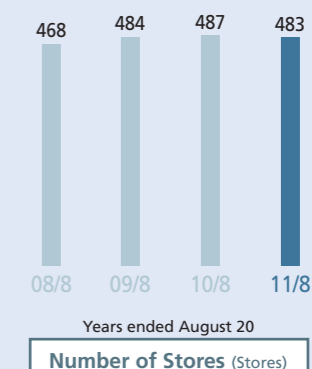
## Outlook for the 32nd Fiscal Term

We expect that we will face an even more difficult sales environment during the 32nd fiscal term, given the fierce competition in the industry amid unfavorable economic conditions.

With this in mind, we will reconstruct our merchandising to strengthen bottomwear and national brands and enhance adult wear, going back to where we started as a jeans shop. We will also endeavor to enhance our performance by strengthening integrated marketing activities incorporating the three elements of *products, sales floors and sales promotions*, and fulfilling customer expectations.

### Forecasts for the 32nd fiscal term

Net sales	<b>83,000</b> million yen
Operating income	<b>1,330</b> million yen
Ordinary income	<b>1,300</b> million yen
Net loss	<b>2,120</b> million yen



## Social action program

As part of our social action program, we conduct reuse activities. In July, we undertook the “T-shirts and Polo Shirts Reuse Project.” We donated T-shirts and polo shirts we were given to refugees, evacuees, and disaster victims in

many parts of the world, including Haiti, Chile, and Mongolia through the Japan Relief Clothing Center, a nonprofit organization.

Also in June 2010, we held “Save Haiti,” a charity T-shirt campaign, to contribute to the reconstruction of Haiti after it was struck by a devastating earthquake. This became a fashion charity project where T-shirts were designed by six artists who supported the concept. Many

customers participated in this fashion-based charity activity. Some of the proceeds were donated to Japan for UNHCR to be used in activities to assist victims of the earthquake conducted by the Office of the United Nations High Commissioner for Refugees.

We look forward to continuing to provide opportunities to participate in social action programs with our customers, to help solve various social issues through fashion.

**Japan Relief Clothing Center (JRCC)**

URL: [http://www.jrcc.or.jp/index\\_e.html](http://www.jrcc.or.jp/index_e.html)

## Balance Sheets (Summary)

Item	(Unit: millions of yen)		(Unit: millions of yen)		Item	(Unit: millions of yen)		(Unit: millions of yen)	
	Current term (as of August 20, 2010)	Previous term (as of August 20, 2009)	Current term (as of August 20, 2010)	Previous term (as of August 20, 2009)		Current term (as of August 20, 2010)	Previous term (as of August 20, 2009)	Current term (as of August 20, 2010)	Previous term (as of August 20, 2009)
<b>Assets</b>					<b>Liabilities</b>				
<b>Current assets</b>	<b>30,390</b>	<b>50.3%</b>	<b>26,888</b>	<b>44.5%</b>	<b>Current liabilities</b>	<b>19,889</b>	<b>33.0%</b>	<b>20,345</b>	<b>33.7%</b>
Cash and time deposits	15,168		10,389		Notes payable—trade	135		93	
Accounts receivable—trade	1,163		1,225		Trust payable	11,306		11,708	
Merchandise	11,878		12,178		Accounts payable—trade	1,963		2,225	
Advance payments—trade	59		526		Current portion of long-term loans payable	2,826		2,555	
Prepaid expenses	175		144		Current portion of bonds	700		—	
Deferred tax assets	367		372		Accounts payable—other	1,214		1,667	
Accrued income	1,342		1,836		Accrued expenses	957		1,237	
Other	235		215		Income taxes payable	162		133	
<b>Fixed assets</b>	<b>29,979</b>	<b>49.7%</b>	<b>33,597</b>	<b>55.5%</b>	Accrued consumption taxes	—		73	
<b>Tangible assets</b>	<b>14,371</b>	<b>23.8%</b>	<b>16,705</b>	<b>27.6%</b>	Advances received	5		7	
Buildings	9,628		10,858		Deposits received	165		170	
Structures	280		326		Reserve for bonuses	452		472	
Tools, furniture and fixtures	2,490		3,341		Other	0		—	
Land	1,952		1,952		<b>Long-term liabilities</b>	<b>8,762</b>	<b>14.5%</b>	<b>7,643</b>	<b>12.6%</b>
Construction in progress	19		226		Bonds payable	2,450		—	
<b>Intangible assets</b>	<b>910</b>	<b>1.5%</b>	<b>1,633</b>	<b>2.7%</b>	Long-term debt	6,095		7,390	
<b>Investments and other assets</b>	<b>14,697</b>	<b>24.4%</b>	<b>15,259</b>	<b>25.2%</b>	Other	217		253	
Investment securities	461		536		<b>Total liabilities</b>	<b>28,651</b>	<b>47.5%</b>	<b>27,989</b>	<b>46.3%</b>
Investments in capital	0		0		<b>Net assets</b>				
Long-term prepaid expenses	33		34		<b>Shareholders' equity</b>	<b>31,730</b>	<b>52.5%</b>	<b>32,473</b>	<b>53.7%</b>
Prepaid pension cost	168		155		<b>Capital stock</b>	<b>6,195</b>	<b>10.3%</b>	<b>6,195</b>	<b>10.2%</b>
Deferred tax assets	671		891		<b>Capital surplus</b>	<b>6,481</b>	<b>10.7%</b>	<b>6,481</b>	<b>10.7%</b>
Guarantee and rental deposits	13,637		13,991		Capital reserve	6,481		6,481	
Other	46		52		<b>Retained earnings</b>	<b>22,538</b>	<b>37.3%</b>	<b>23,280</b>	<b>38.5%</b>
Allowance for doubtful accounts	(321)		(402)		Legal reserve	78		78	
<b>Total assets</b>	<b>60,369</b>	<b>100.0%</b>	<b>60,486</b>	<b>100.0%</b>	Other retained earnings	22,460		23,202	
					Special reserve	4,000		4,000	
					Retained earnings carried forward	18,460		19,202	
					<b>Treasury stock</b>	<b>(3,485)</b>	<b>(5.8%)</b>	<b>(3,485)</b>	<b>(5.8%)</b>
					Valuation and translation adjustments	(29)	<b>0.0%</b>	24	<b>0.1%</b>
					Unrealized gains on marketable securities	(29)		24	
					<b>Subscription rights to shares</b>	<b>17</b>		—	
					<b>Total net assets</b>	<b>31,718</b>	<b>52.5%</b>	<b>32,497</b>	<b>53.7%</b>
					<b>Total liabilities and net assets</b>	<b>60,369</b>	<b>100.0%</b>	<b>60,486</b>	<b>100.0%</b>

### Assets >>>

Total assets as of the end of the term came to 60,369 million yen, a decline of 116 million yen year on year.

Current assets rose by 3,501 million yen compared to the end of the previous term to 30,390 million yen. This was mainly due to an increase in cash and time deposits (up 4,778 million yen year on year) and a decrease in merchandise (down 299 million yen).

Fixed assets decreased by 3,618 million yen compared to the end of the previous term to 29,979 million yen. This was mainly due to declines in tangible and intangible assets (down 3,056 million yen).

### Liabilities >>>

Total liabilities as of the end of the term came to 28,651 million yen, a rise of 662 million yen compared to the end of the previous term.

Current liabilities decreased by 456 million yen compared to the end of the previous term to 19,889 million yen. This was mainly due to increases in the current portion of long-term loans payable (up 270 million yen year on year) and the current portion of bonds (up 700 million yen), combined with declines in trust payable (down 402 million yen year on year), trade accounts payable (down 262 million yen) and other accounts payable (down 453 million yen).

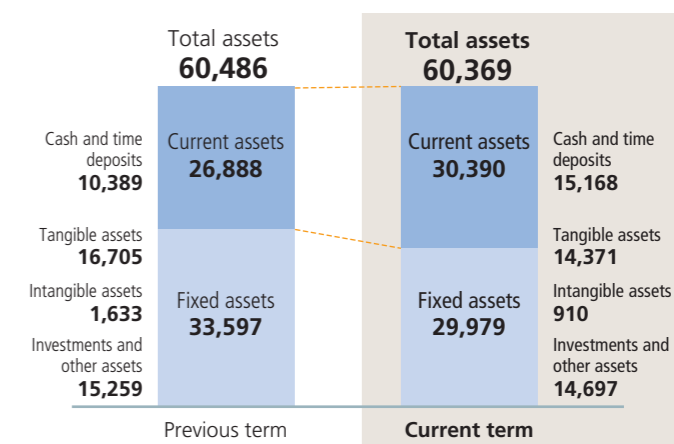
Long-term liabilities increased by 1,118 million yen compared to the end of the previous term to 8,762 million yen. This was mainly because of an increase in bonds payable (up 2,450 million yen year on year), combined with a decrease in long-term debt (down 1,295 million yen).

### Net assets >>>

Total net assets as of the end of the term came to 31,718 million yen, a decrease of 778 million yen compared to the end of the previous term. This was mainly due to a decrease in retained earnings (down 741 million yen). The equity ratio as a percentage of total assets stood at 52.5%.

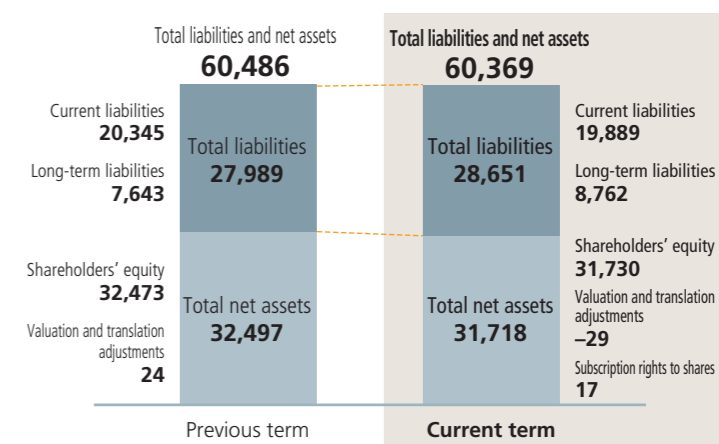
### Status of assets

(millions of yen)



### Status of liabilities and net assets

(millions of yen)



## Statements of Income (Summary)

(Unit: millions of yen)

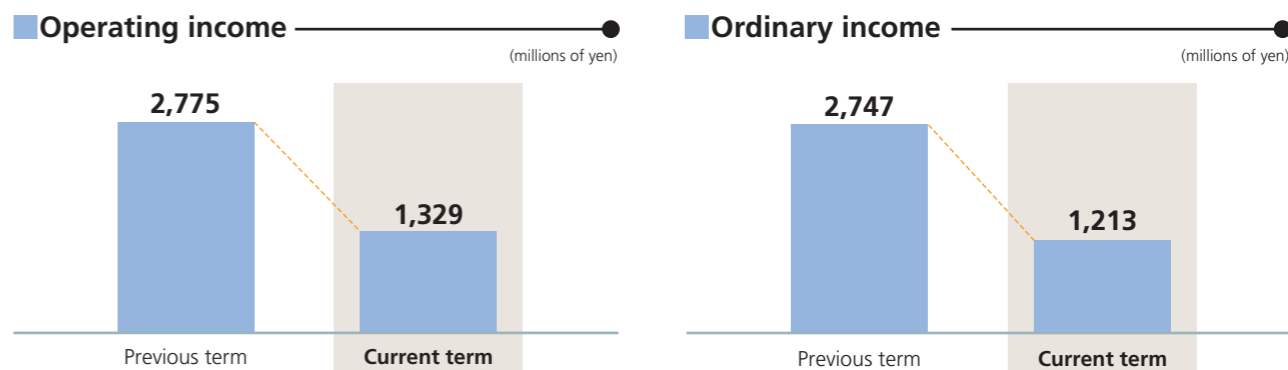
Item	Current term (year ended August 20, 2010)		Previous term (year ended August 20, 2009)	
<b>Net sales</b>	<b>86,975</b>	<b>100.0%</b>	<b>100,606</b>	<b>100.0%</b>
Cost of sales	45,661		53,932	
<b>Gross profit on sales</b>	<b>41,313</b>	<b>47.5%</b>	<b>46,673</b>	<b>46.4%</b>
Selling, general and administrative expenses	39,984		43,897	
<b>Operating income</b>	<b>1,329</b>	<b>1.5%</b>	<b>2,775</b>	<b>2.8%</b>
Non-operating income	238		268	
Non-operating expenses	353		297	
<b>Ordinary income</b>	<b>1,213</b>	<b>1.4%</b>	<b>2,747</b>	<b>2.7%</b>
Extraordinary income	81		76	
Extraordinary losses	1,087		936	
<b>Income before income taxes</b>	<b>208</b>	<b>0.2%</b>	<b>1,886</b>	<b>1.9%</b>
Income taxes				
Current:	440		944	
Deferred:	241		92	
<b>Net income (loss)</b>	<b>(472)</b>	<b>(0.5%)</b>	<b>849</b>	<b>0.8%</b>

## Statements of Cash Flows (Summary)

(Unit: millions of yen)

Item	Current term	Previous term
	(year ended August 20, 2010)	(year ended August 20, 2009)
<b>Cash flows from operating activities</b>	<b>4,644</b>	<b>4,039</b>
<b>Cash flows from investing activities</b>	<b>(1,676)</b>	<b>(3,116)</b>
<b>Cash flows from financing activities</b>	<b>1,810</b>	<b>749</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,778</b>	<b>1,672</b>
<b>Cash and cash equivalents at beginning of the term</b>	<b>10,389</b>	<b>8,717</b>
<b>Cash and cash equivalents at end of the term</b>	<b>15,168</b>	<b>10,389</b>

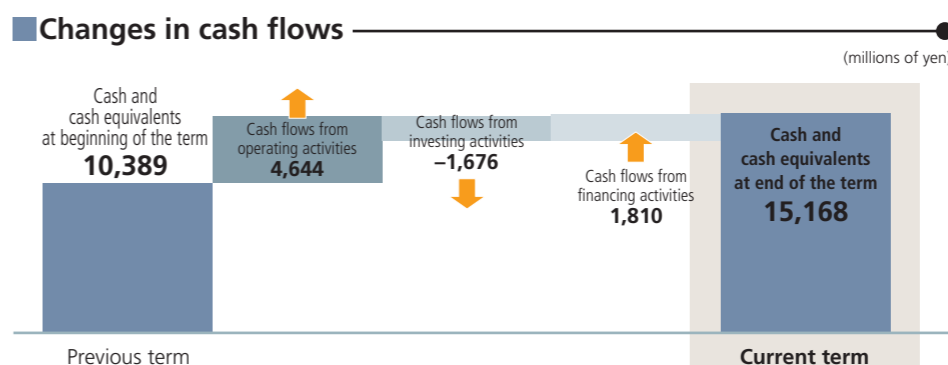
### Income >>>



In the fiscal term under review, we could not fully meet customer needs and experienced an uphill battle for sales, attributable among other factors to the heavy gearing of our products as a whole to the youth market and the reduction in the number of items in our mainstay jeans category to improve inventory efficiency. As a result, net sales declined 13.5% year on year, to 86,975 million yen.

While the gross margin rose to 47.5%, thanks to our efforts to strengthen private brands, operating income fell 52.1%, to 1,329 million yen, and ordinary income declined 55.8%, to 1,213 million yen, as sales continued to struggle. Moreover, the addition of extraordinary losses associated with store closures and impairment losses, resulted in a fall in the bottom line profit, resulting in a regrettable net loss of 472 million yen.

### Cash flows >>>



Cash and cash equivalents at the end of the term showed a 4,778 million yen increase from the end of the previous term, to 15,168 million yen (up 46.0% year on year). This increase was mainly due to income before income taxes of 208 million yen, depreciation of 3,345 million yen, and proceeds from long-term debt and issuance of bonds, which offset factors such as income taxes paid, purchase of tangible assets as part of new store openings and store refurbishment, purchase of intangible assets, and cash distribution paid.



## Corporate Data (as of August 20, 2010)

**Company name:** RIGHT ON Co., Ltd.  
**Headquarters:** 1-11-1 Azuma, Tsukuba-shi, Ibaraki 305-8503, Japan  
 Phone +81-29-858-0321 (pilot number)  
 Fax +81-29-858-0331  
 URL: <http://www.right-on.co.jp/>  
**Establishment:** April 1, 1980  
**Capital stock:** 6,195 million yen  
**Representative:** Masahiro Fujiwara, Representative Director  
**Number of employees:** 940  
**Business Contents:**  
 ● A specialty store that sells jeans as the core item and other casual wear to male and female customers of all ages.  
 ● A nationwide chain store operation with different types of stores for different locations, such as shops located in shopping centers, power centers and station buildings, urban street stores and suburban roadside stores.

### Directors and Corporate Auditors (as of November 18, 2010)

Masahiro Fujiwara	President and Representative Director
Tatsuharu Yokouchi	Director
Kazushi Orita	Director
Yusuke Fujiwara	Director
Noriyuki Miura	Director
Makoto Kobayashi	Standing Corporate Auditor
Hatsuo Nishikawa	Standing Corporate Auditor
Toshihiro Nagai	Corporate Auditor
Shinichi Hiraide	Corporate Auditor

Note  
 Corporate Auditors Toshihiro Nagai and Shinichi Hiraide are both outside corporate auditors.

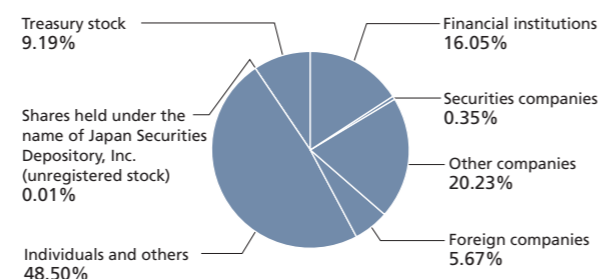
## Stock Information (as of August 20, 2010)

Total number of shares authorized 60,000,000  
 Total number of shares issued and outstanding 29,631,500  
 Number of shareholders 17,869

### Major shareholders

Name	Number of shares held (thousands of shares)	Ratio of shares held (%)
Masahiro Fujiwara	5,213	17.60
Fujiwara Kosan Inc.	4,873	16.45
RIGHT ON Co., Ltd.	2,722	9.19
Yusuke Fujiwara	1,727	5.83
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	687	2.32
Japan Trustee Services Bank, Ltd. (Trust Account)	683	2.31
Eiko Fujiwara	674	2.28
Nippon Life Insurance Company	635	2.14
BBH for Fidelity Low-Priced Stock Fund	610	2.06
Joyo Bank, Ltd.	528	1.78

### Status of Stock by Type of Shareholder



## Sharing Profits with Our Shareholders

### Dividends

Our dividend policy is to sustain a stable payment of dividends and distribute profits to shareholders backed by our business performance, while building the internal reserves necessary to strengthen our financial profile and enable us to operate our business in the future.

Based on this policy, we plan to pay an annual dividend of 5 yen per share (an interim dividend of 0 yen and a year-end dividend of 5 yen) for the 32nd fiscal term.

We sincerely ask for the understanding of our shareholders.

### Special Benefit Plan for Shareholders

We present discount coupons available at all of our stores as a gift to shareholders recorded or registered on the final list of shareholders on August 20.

The gift is as follows:

Number of Shares Held	Value of Discount Coupon
100-499	3,000 yen (1,000 yen coupon × 3)
500-999	5,000 yen (1,000 yen coupon × 5)
1,000-	7,000 yen (1,000 yen coupon × 7)

The expiration date of the discount coupons is August 20 of the year after the coupons are presented.

## Website Information

Information about Right-on is available at the following URLs:

●IR site: .....  
<http://www.right-on.co.jp/biz/ir/index.htm>

\* On the IR site, settlement information is available, including data on monthly sales with year-on-year changes and financial results.

●Corporate information: .....  
<http://www.right-on.co.jp/biz/index.htm>

●Corporate site: .....  
<http://right-on.co.jp/>  
<http://www.right-on.co.jp/english/>

●Mobile phone website: .....  
<http://right-on.co.jp>



## IR Information

**Business Year:** August 21 to August 20 of the following year

**Date of General Meeting of Shareholders:**  
 November

**Record Date for Dividend Payments:**  
 Year-end Dividend: August 20  
 Interim Dividend: February 20

**Handling Office of Administrator of Shareholders' Register:**  
 Mitsubishi UFJ Trust and Banking Corporation

**Contact details:** Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation  
 7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081  
 Phone: 0120-232-711 (toll free)

**Account managing agency for special accounts:**  
 Mizuho Trust & Banking Co., Ltd.

**Address:** Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.  
 8-4, Izumi 2-chome, Suginami-ku, Tokyo, 168-8507  
 Phone: 0120-288-324 (toll free)

**Listing:** Tokyo Stock Exchange

**Public Notice:** The Company makes public notices electronically. URL for the website where the notices will be published: <http://www.right-on.co.jp/biz>  
 However, if the Company is unable to give an electronic public notice because of an unavoidable reason, public notices may be given in the Nihon Keizai Shimbun.

(Notes)

- As part of the dematerialization of stock certificates, in principle administrative operations such as changes of registered address and requests to purchase shares shall be handled by the account managing agencies (securities companies) with whom the shareholder has an account.  
 Make inquiries with the securities company where you have an account. Note that these administrative operations cannot be handled by the Handling Office of Administrator of Shareholders' Register.
- For administrative operations relating to shares recorded in special accounts, the account managing agency is Mizuho Trust & Banking Co., Ltd. Note that these administrative operations cannot be handled by the Handling Office of Administrator of Shareholders' Register (Mitsubishi UFJ Trust and Banking Corporation).
- Dividends receivable are paid by the main and branch offices of Mitsubishi UFJ Trust and Banking Corporation.