Annual Securities Report

(The 66th Fiscal Year)
From April 1, 2013 to March 31, 2014

WACOAL HOLDINGS CORP.

29, Nakajima-cho, Kisshoin, Minami-ku, Kyoto, Japan

E00590

The 66th Fiscal Year (from April 1, 2013 to March 31, 2014)

Annual Securities Report

1. This is an English translation of the Annual Securities Report filed pursuant to Paragraph 1, Article 24 of the Financial Instruments and Exchange Act via the Electronic Disclosure for Investors' Network ("EDINET") as set forth in Article 27-30-2 of the same Act.
2. This does not contain English translations of the attachments to the Annual Securities Report filed as set out in 1. above, other than the audit report, the English translation of which is included at the end of this document.

WACOAL HOLDINGS CORP.

Certain References and Information

This report is prepared for overseas investors and compiled based on the contents of the Annual Securities Report ("Yukashoken Hokokusho") of WACOAL HOLDINGS CORP. filed with the Director of the Kanto Local Finance Bureau of Japan on June 27, 2014.

As used in this report , unless the context otherwise requires, the "Company" and "Wacoal Holdings" refer to Wacoal Holdings Corp., and "Wacoal," "we," "us," "our" and similar terms refer to Wacoal Holdings Corp. and its consolidated subsidiaries. References to "U.S. dollars" or "$" are to the currency of the United States and references to "yen" or "¥" are to the currency of Japan.

All financial statements and information contained in this report have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP except where otherwise noted.

A Cautionary Note on Forward-Looking Statements

This report contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our company and our industry. You can identify these statements by the fact that they do not relate strictly to historic or current facts. The forward-looking statements discuss future expectations, identify strategies, contain projections of results of operations or of financial condition, or state other "forward-looking" information. In particular, the forward-looking statements may include statements relating to the impact of weak consumer spending in Japan and our other markets on our sales and profitability; the impact on our business of anticipated continued weakness of department stores and other general retailers in Japan; our ability to successfully develop, manufacture and market products in Japan and our other markets that meet the changing tastes and needs of consumers and to deliver high quality products; the highly competitive nature of our business and the strength of our competitors; our ability to successfully expand our network of our own specialty retail stores and achieve profitable operations at these stores; our ability to further develop our catalogue and Internet sales capabilities; our ability to effectively manage our inventory levels; our ability to reduce costs; our ability to recruit and maintain qualified personnel; effects of irregular weather events on our business and performance; risks related to conducting our business internationally; risks from acquisitions and other strategic transactions with third parties; risks relating to return of investment for the development of new markets; risks relating to intellectual property; risks relating to the protection of personal information and our confidential information; risks relating to internal controls over financial reporting; the impact of weakness in the Japanese equity markets on our holdings of Japanese equity securities; and the impact of any natural disaster or epidemic on our business. Forward-looking statements are contained in the sections entitled "II. 【Business Overview】, 4. 【Risk Factors】" and elsewhere in this report.

The forward-looking statements are subject to various risks and uncertainties. Information contained in the sections listed above and elsewhere in this annual report identifies factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in any forward-looking statement.

We undertake no obligation to update any forward-looking statements contained in this annual report, whether as a result of new information, future events or otherwise.

Contents

【Cover】

【Document Filed】	Annual Securities Report (“Yukashoken Hokokusho”)
【Applicable Law】	Paragraph 1, Article 24 of the Financial Instruments and Exchange Act
【Filed to】	Director, Kanto Local Finance Bureau
【Filing Date】	June 27, 2014
【Fiscal Year】	The 66th Fiscal Year (from April 1, 2013 to March 31, 2014)
【Company Name】	*KABUSHIKI KAISHA* WACOAL HOLDINGS
【Company Name in English】	WACOAL HOLDINGS CORP.
【Position and Name of Representative】	Yoshikata Tsukamoto, President and Representative Director
【Address of Head Office】	29, Nakajima-cho, Kisshoin, Minami-ku, Kyoto
【Phone No.】	Kyoto (075) 682-1007
【Contact Person】	Nobuhiro Matsuda, General Manager of Accounting Department
【Contact Address】	29, Nakajima-cho, Kisshoin, Minami-ku, Kyoto
【Phone No.】	Kyoto (075) 682-1007
【Contact Person】	Nobuhiro Matsuda, General Manager of Accounting Department
【Place Where Available for Public Inspection】	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I【Information on Wacoal Holdings Corp. and its consolidated subsidiaries.】

I. 【Overview of Wacoal Holdings Corp. and its consolidated subsidiaries.】

1. 【Key Financial Data】

(1) Consolidated Financial Data, etc.

(Millions of yen, unless otherwise stated)

Fiscal Year		62nd	63rd	64th	65th	66th
Year-End		March 2010	March 2011	March 2012	March 2013	March 2014
Sales		163,548	165,548	171,897	180,230	193,781
Operating income		3,829	4,401	10,377	8,499	13,860
Net income attributable to Wacoal Holdings Corp.		2,475	2,785	6,913	7,880	10,106
Comprehensive income		7,538	△1,186	6,862	19,349	22,749
Total shareholders' equity		171,860	167,480	171,496	186,646	205,106
Total assets		222,889	215,276	221,098	254,536	271,988
Shareholders' equity per share	(yen)	1,217.15	1,189.08	1,217.57	1,325.19	1,456.32
Net income per share attributable to Holdings Corp.	(yen)	17.51	19.73	49.08	55.95	71.75
Diluted net income attributable to Wacoal Holdings Corp. per share	(yen)	17.50	19.72	49.02	55.86	71.61
Shareholders' equity ratio	(%)	77.1	77.8	77.6	73.3	75.4
Return on equity	(%)	1.5	1.6	4.1	4.4	5.2
Price earnings ratio	(times)	65.40	56.56	19.99	18.72	14.68
Net cash provided by operating activities		9,463	10,441	10,060	12,309	8,949
Net cash provided by (used in) investment activities		△3,573	△703	△3,467	△23,520	1,658
Net cash provided by (used in) financing activities		△5,363	△4,965	△2,824	5,379	△5,554
Cash and cash equivalents at end of year		22,328	26,316	29,985	24,514	30,658
Number of employees [Average number of part-time employees, etc.]	(person)	15,686 [1,560]	16,013 [1,411]	16,524 [1,319]	18,650 [1,259]	18,912 [1,391]

(Notes)
1. The foregoing consolidated financial data has been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). In the above table, operating income is stated instead of ordinary income.
2. Sales do not include consumption taxes, etc.
3. For the 64th and 66th fiscal years, certain subsidiaries changed their fiscal year ends from their former fiscal year ends to March 31 to more closely conform with the fiscal year end of the parent company. Accordingly, in order to reflect the change, the consolidated financial statements of the fiscal years prior to the 65th fiscal year have been adjusted retrospectively.

(2) Financial data, etc, of the Company

(Millions of yen, unless otherwise stated)

Fiscal Year		62nd	63rd	64th	65th	66th
Year-End		March 2010	March 2011	March 2012	March 2013	March 2014
Operating revenue		6,968	7,662	7,874	8,705	8,967
Ordinary income		3,106	4,000	3,981	4,571	5,301
Net income		2,887	3,432	3,756	4,837	4,955
Common stock		13,260	13,260	13,260	13,260	13,260
Total number of issued and outstanding shares	(thousand shares)	143,378	143,378	143,378	143,378	143,378
Net assets		142,459	142,451	143,380	144,513	145,605
Total assets		146,898	146,121	146,341	174,280	177,411
Net assets per share	(yen)	1,006.55	1,010.29	1,016.54	1,024.27	1,031.57
Dividends per share (interim dividends per share)	(yen)	20.00 (－)	20.00 (－)	28.00 (－)	28.00 (－)	33.00 (－)
Net income per share	(yen)	20.39	24.30	26.67	34.34	35.18
Diluted net income per share	(yen)	20.38	24.28	26.63	34.28	35.10
Shareholders' equity ratio	(%)	96.9	97.3	97.8	82.7	81.8
Return on equity	(%)	2.0	2.4	2.6	3.3	3.4
Price earnings ratio	(times)	57.28	43.12	36.78	29.49	29.93
Dividend payout ratio	(%)	98.0	82.2	104.9	81.5	93.7
Number of employees [average number of part-time employees, etc.]	(person)	69 [－]	63 [－]	69 [－]	71 [－]	80 [－]

(Note) 1. Operating revenue does not include consumption taxes, etc.

2. Dividends per share for the 66th fiscal year include a commemorative dividend of 3.00 yen in commemoration of the 50th anniversary of our listing.

2. 【History】

June 1946	Wako Shoji founded by late Koichi Tsukamoto
November 1949	Wako Shoji Corp. established with 1 million yen in capital (Nakagyo-ku, Kyoto)
June 1951	Head office relocated to Anekoji-agaru, Muromachi-dori, Nakagyo-ku, Kyoto; plant opened; self-manufacturing begins
July 1957	Head office relocated to 103 Shichijo Goshono-uchi, Minami-machi, Shimogyo-ku, Kyoto
November 1957	Company name changed to Wacoal Inc.
November 1959	Tokai Wacoal Sewing Corp. established as a domestic manufacturing company, and seven sewing subsidiaries established in Japan
June 1964	Company name changed to Wacoal Corp.
September 1964	Wacoal listed on the Second Section of the Tokyo and Osaka Stock Exchanges and the Kyoto Stock Exchange
November 1967	Head office relocated to 29 Nakajima-cho, Kisshoin, Minami-ku, Kyoto
August 1970	A joint venture company, Korea Wacoal Corp. established in Korea
October 1970	A joint venture company, THAI WACOAL CO., LTD. (current THAI WACOAL PUBLIC CO., LTD.) established in Thailand
October 1970	Taiwan Wacoal Co., Ltd. established as joint venture company
January 1971	Wacoal listed on the First Section of the Tokyo and Osaka Stock Exchanges
April 1978	Singapore office (current WACOAL SINGAPORE PRIVATE LTD.) opened
August 1979	Acquired shares from Torica Inc., a subsidiary of the Company, by way of capital increase through third-party allocation
June 1981	WACOAL AMERICA, INC. (current WACOAL INTERNATIONAL CORP.) established as an overseas subsidiary
March 1982	Acquired shares from Nanasai Co., Ltd., a subsidiary of the Company, by way of capital increase through third-party allocation
February 1983	WACOAL HONG KONG CO., LTD., established as an overseas subsidiary
December 1983	Acquired all shares in Teenform Inc., an American corporation (current WACOAL AMERICA, INC.)
December 1983	THAI WACOAL CO., LTD., listed on The Stock Exchange of Thailand
October 1985	Construcution of Spiral Building completed (Minato-ku, Tokyo)
January 1986	Beijing Wacoal Co., Ltd. (current Wacoal China Co., Ltd.), established as joint venture company
April 1989	PHILIPPINE WACOAL CORP. established as joint venture company
January 1990	WACOAL FRANCE S.A. established as an overseas subsidiary (current WACOAL EUROPE SAS)
January 1991	INDONESIA WACOAL CO., LTD. (current PT.INDONESIA WACOAL), established as a joint venture company
April 1993	Joint venture agreement for Korea Wacoal Corp. canceled; investment made into Shinyoung Inc. (current Shinyoung Wacoal Inc.) in Republic of Korea
January 1995	Guangdong Wacoal Inc. established as an overseas subsidiary
June 1997	VIETNAM WACOAL CORP. established as an overseas subsidiary
August 1999	New head office building completed (29, Nakajima-cho, Kisshoin, Minami-ku, Kyoto)
December 2000	Joint venture agreement for Beijing Wacoal Co., Ltd. (current Wacoal China Co., Ltd.), canceled and reestablished as Beijing Wacoal Co., Ltd., a wholly owned subsidiary
January 2002	WACOAL (UK) LTD. established as an overseas subsidiary
August 2002	WACOAL SPORTS SCIENCE CORP. established as an overseas subsidiary
May 2003	WACOAL MALAYSIA SDN BHD established as a joint venture company
August 2003	Dalian Wacoal Co., Ltd., established as an overseas subsidiary
October 2005	Company name changed to Wacoal Holdings Corporation pursuant to the transition to holding company system
	Wacoal Corp. established through incorporation-type company split
January 2008	Peach John Co., Ltd. (“Peach John”), became a wholly owned Wacoal subsidiary through share exchange
August 2009	Lecien Corp. became a wholly owned Wacoal subsidiary through stock exchange

April 2012 Eveden Group Limited (“Eveden”) became a wholly owned Wacoal subsidiary through the acquisition of all of the issued and outstanding shares of Eveden

3. 【Description of Business】

Our corporate group consists of 1 holding company (Wacoal Holdings Corp.), 56 subsidiaries, and 10 affiliates, and is principally engaged in the manufacturing and wholesale distribution of innerwear (primarily women's foundation wear, lingerie, nightwear, and children's underwear), outerwear, sportswear, and other textile goods and related products, as well as the direct sale of certain products to consumers. Our corporate group also conducts business in the restaurant, culture, service, and interior design businesses.

Segment information and a summary of the various companies that make up our corporate group are as follows:

(1) Wacoal Business (Domestic)

This segment is composed of 12 companies, including our subsidiaries and affiliates in Japan.

Among 11 subsidiaries and 1 affiliate, Wacoal Corp. engages in the planning/designing for the above-mentioned products, procurement of materials for the above-mentioned products, commercialization of the semifinished products purchased from the sewing companies in Japan and overseas and other business associates after inspection, and distribution to the end consumers through department stores, general merchandisers, and other general retailers in Japan, as well as direct retail stores and distributors in Japan and overseas. Each of our 4 apparel manufacturing companies, including Kyushu Wacoal Manufacturing Corp., receives supply of raw materials from Wacoal Corp., conducts sewing and processing of innerwear and sportswear, and delivers the semifinished products to Wacoal Corp. We have 3 sales companies, including Une Nana Cool Corp., which conduct retail sales of innerwear and outerwear products, which are mainly supplied from our group companies.

(2) Wacoal Business (Overseas)

This segment is composed of 37 companies, including our overseas subsidiaries and affiliates.

Among our 30 overseas subsidiaries, 10 companies are located in North and Central America; 7 companies are located in Europe; and 13 companies are located in Asia/Oceania. 7 overseas affiliates are located in Asia.

Among our overseas subsidiaries in North and Central America, Wacoal Dominicana Corp., an apparel manufacturing company of innerwear products, ships its products to Wacoal America, Inc., a manufacturing and sales company, which supplies these products to the end consumers through local department stores and specialty retail stores. In addition, Eveden Inc, a sales company, distributes innerwear products, which are mainly supplied from Eveden Timex, Eveden Limited, and Eveden Huit.

Among our 7 overseas subsidiaries in Europe, Eveden Huit SAS designs and markets innerwear products. Eveden Limited distributes products to end consumers through department stores and specialty retail stores mainly in the United Kingdom.

Our 5 subsidiaries and 4 affiliates in Asia/Oceania are manufacturing and sales companies, which distribute products to end-consumers through their local department stores and specialty retail stores, and also distribute a part of their products to Wacoal Corp. and the sales companies in Asia. Our sales companies in Asia/Oceania include 5 subsidiaries, including Wacoal Singapore Private Ltd., Eveden Israel Ltd., and 1 affiliate. These sales companies distribute innerwear products, which are mainly supplied from the group companies, to their local department stores, specialty retail stores and direct retail stores. Our 3 remaining subsidiaries include a company that procures materials for subsidiaries and/or affiliates in Asia, and 2 investment companies which make investments in the local affiliates that manufacture and sell innerwear.

(3) Peach John Business

This segment is composed of 4 companies, including our domestic and overseas subsidiaries. The 2 domestic subsidiaries and 2 overseas subsidiaries are sales companies, and Peach John and one of its subsidiaries mainly engage in the retail sales of products that are independently supplied mainly from nongroup companies.

(4) Other

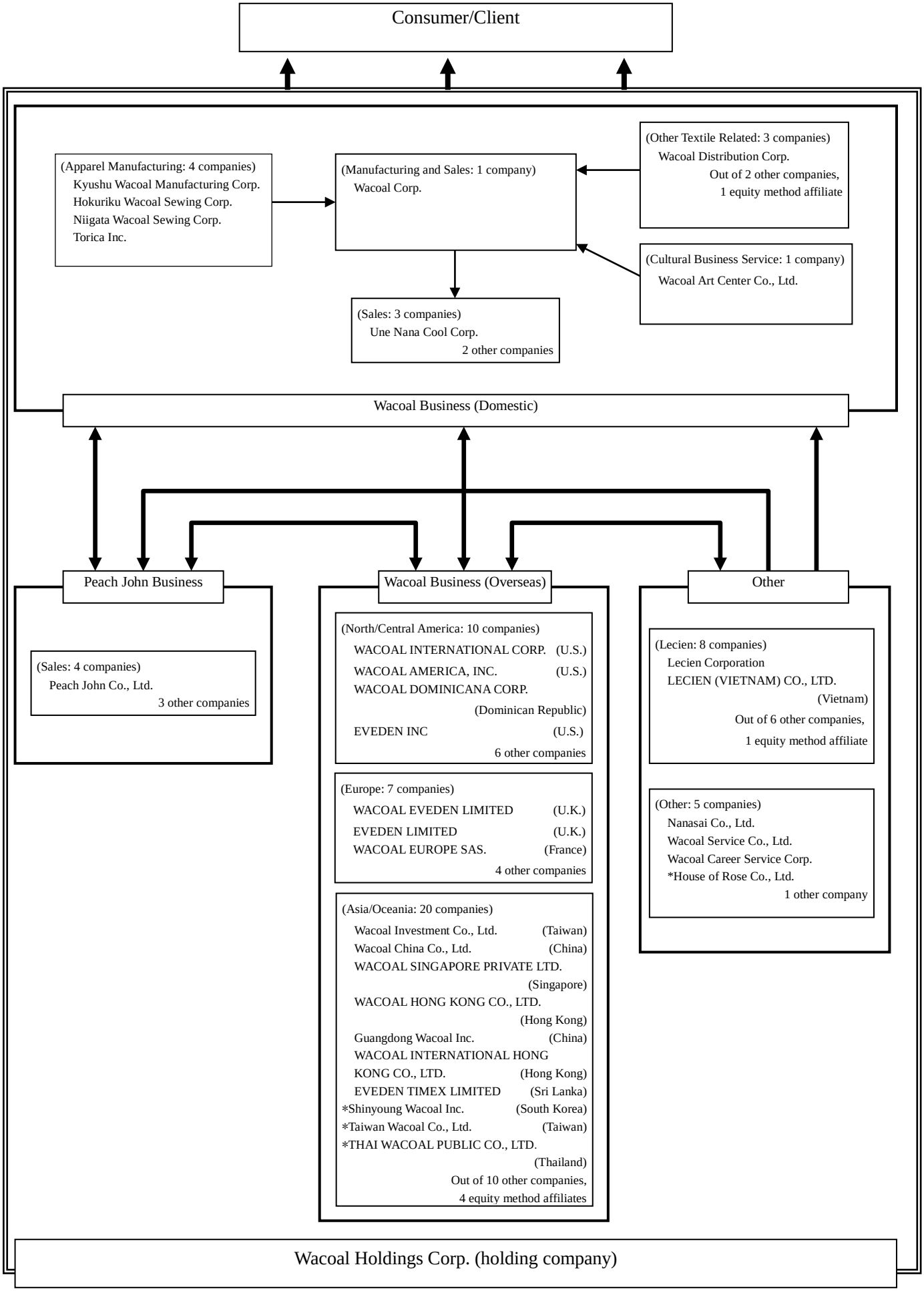
This segment is composed of a total of 13 companies, including 5 domestic subsidiaries, 6 overseas subsidiaries, 1 domestic affiliate, and 1 overseas affiliate.

Among 5 domestic subsidiaries, Nanasai Co., Ltd. ("Nanasai") engages in the manufacture and sale of mannequins and fixtures, and interior design work and Lecien Corporation engages in the manufacture and wholesale distribution of women's innerwear and clothing, lace, thread, and fabrics for handicrafts. Our 3 remaining subsidiaries include an apparel manufacturing company and 2 other subsidiaries which engage in other textile-related business, real estate leasing business, and other business.

Overseas, 6 subsidiaries are located in Asia.

Three of our subsidiaries in Asia are apparel manufacturing companies. The other 3 subsidiaries engage in the manufacture and sale of mannequins and fixtures, interior design work, and other textile-related business.

The business distribution diagram of these subsidiaries and affiliates follows on the next page:



Without mark: a consolidated subsidiary

*: an equity method affiliate

4. 【Information on Consolidated Affiliates】

Company Name	Location	Capital (Millions of yen)	Principal Business	Percentage of Voting Rights Owned or Held (%)	Relationship	
					Number of Company Officer(s) holding a Position as Officer in such Affiliate	Lease/Rent of Facilities
(Consolidated Subsidiary) *1, *6 Wacoal Corp.	Minami-ku, Kyoto	5,000	Wacoal Business (Domestic) (Manufacture and sale of garments)	100	5	Rent of office building
Peach John Co., Ltd.	Shibuya-ku, Tokyo	90	Peach John Business (Sale of garments)	100	3	–
Lecien Corp.	Minato-ku, Kyoto	90	Other (Manufacture and sale of garments and other textile-related products)	100	3	Rent of storage building
Kyushu Wacoal Manufacturing Corp.	Unzen-shi, Nagasaki	70	Wacoal Business (Domestic) (Manufacture and sale of garments)	100 (100)	1	Rent of office building
Niigata Wacoal Sewing Corp.	Nishikan-ku, Niigata	50	Same as above	100 (100)	—	Same as above
Torica Inc.	Ibaraki-shi, Osaka	92	Same as above	57 (57)	—	Same as above
Nanasai Co., Ltd.	Minami-ku, Kyoto	498	Other (Manufacture and sale of mannequins and display fixtures; interior design and construction work of stores)	99	3	Same as above
*1 WACOAL INTERNATIONAL CORP.	New York, USA	20,000 thousand USD	Wacoal Business (Overseas) (Investment and funding in U.S. affiliates)	100 (100)	2	—
WACOAL AMERICA, INC.	New York, USA	2,062 thousand USD	Wacoal Business (Overseas) (Manufacture and sale of garments)	100 (100)	3	—
WACOAL DOMINICANA CORP.	Santo Domingo, Dominican Republic	7 thousand USD	Wacoal Business (Overseas) (Sewing and sale of various textile products)	100 (100)	—	—
WACOAL EVEDEN LIMITED	Northamptonshire, UK	175 thousand GBP	Wacoal Business (Overseas) (Investment in affiliates)	100	3	—
EVEDEN LIMITED	Northamptonshire, UK	250 thousand GBP	Wacoal Business (Overseas) (Manufacture and sale of garments)	100 (100)	—	—
WACOAL EUROPE SAS	Saint-Denis, France	8 thousand EUR	Wacoal Business (Overseas) (Sale of garments)	100 (100)	—	—
WACOAL HONG KONG CO., LTD.	Hong Kong	3,000 thousand HK$	Same as above	80 (80)	2	—
*1 WACOAL INTERNATIONAL HONG KONG CO., LTD.	Hong Kong	373,690 thousand HK$	Wacoal Business (Overseas) (Import and export of raw materials)	100 (100)	3	—
VIETNAM WACOAL CORP.	Bien Hoa, Vietnam	54,604 million VND	Wacoal Business (Overseas) (Sewing and sale of various textile products)	100 (100)	1	—
Wacoal Investment Co., Ltd.	Taipei, Taiwan	59,000 thousand NT$	Wacoal Business (Overseas) (Investment in Taiwan affiliates)	100 (100)	4	—
Guandong Wacoal Inc.	Guangzhou, China	17,730 thousand RMB	Wacoal Business (Overseas) (Sewing and sale of various textile products)	100 (100)	1	—
*1 Wacoal China Co., Ltd.	Beijing, China	189,364 thousand RMB	Wacoal Business (Overseas) (Manufacture and sale of garments)	100 (100)	3	—
37 other companies						
(Equity Method Affiliate) THAI WACOAL PUBLIC CO., LTD.	Bangkok, Thailand	120 million THB	Wacoal Business (Overseas) (Manufacture and sale of garments)	34 (34)	3	—
PT.INDONESIA WACOAL	Bogor, Indonesia	2,400 million IDR	Same as above	42 (42)	2	—
Shinyoung Wacoal Inc.	Seoul, South Korea	4,500 million WON	Same as above	25	1	—
Taiwan Wacoal Co., Ltd.	Taoyuan, Taiwan	800 million NT$	Same as above	50 (50)	4	—
*4, *5 House of Rose Co., Ltd.	Minato-ku, Tokyo	934	Other (Manufacture and sale of cosmetics products)	24	1	—
5 other companies						

(Note) *1 Wacoal Corp., WACOAL INTERNATIONAL CORP., WACOAL INTERNATIONAL HONG KONG CO., LTD., and Wacoal China Co., Ltd. are categorized as a specified subsidiary under the Financial Instruments and Exchange Act.

2 The number in brackets under the “Percentage of Voting Rights Owned or Held” column means the percentage of indirect holding.

3 The name of operating segments is shown under the “Principal Business” column.

*4 The Company executed a business alliance agreement between House of Rose Co., Ltd.

*5 House of Rose Co., Ltd., is a company that is obliged to file an annual securities report.

*6 Wacoal Corp.’s sales (excluding the internal sales recorded among consolidated subsidiaries) account for more than 10% in our consolidated sales.

Key Income Summary		
	(i) Sales	114,877 million yen
	(ii) Ordinary income	9,835 million yen
	(iii) Net income	6,548 million yen
	(iv) Net assets	97,105 million yen
	(v) Total assets	126,737 million yen

5. 【Employees】

(1) Employees within group

As of March 31, 2014

Name of Operating Segment	Number of Employees	
Wacoal Business (Domestic)	7,671	[1,024]
Wacoal Business (Overseas)	9,206	[61]
Peach John Business	376	[91]
Other	1,659	[215]
Total	18,912	[1,391]

(Note) 1 The number of employees is the number of individuals working within our group (excludes individuals seconded from our group to third parties, but includes individuals seconded from third parties to our group). The average number of temporary employees is indicated in brackets for the current consolidated fiscal year.

2 Temporary employees include temporary staff and part-time workers whose working period is about 3 months.

3 From the current consolidated fiscal year, in conformity with the change to the structure of our internal reporting segments based on our organizational structure, the amount related to Wacoal Eveden is recorded in "Wacoal Business (Overseas)", whereas it was originally recorded in our "Other" segment.

(2) Employees of the Company

As of March 31, 2014

Number of Employees	Average Age	Average Years of Service	Average Annual Salary (Yen)
80	45.4	20.8	6,719,684

(Note) 1 The number of employees is the number of individuals working within the Company.

2 The average annual salary includes bonus and extra wages.

3 All employees of the Company belong to the Wacoal Business (Domestic) segment.

(3) Relationship with Labor Union

Employees of the Company are members of the Wacoal Labor Union. The Wacoal Labor Union is a member of The Japanese Federation of Textile, Chemical, Food, Commercial, Service, and General Workers' Unions.

Certain domestic subsidiaries have their own labor unions.

Our relationship with The Wacoal Labor Union is very stable and we have nothing to report on this matter.

II. Business Overview

1. 【Summary of Business Results】

(1) Summary of Operations

Our group entered the first year of our three-year mid-term plan (from fiscal 2014 to fiscal 2016), and we (primarily Wacoal Corp., our core operating entity) made efforts to expand our share of sales while responding to the diversifying domestic women's innerwear market, establish an organizational structure for our business other than the women's innerwear business and strengthen growth by actively developing our overseas business.

As a result of the above, with respect to our consolidated business results for the fiscal year ended March 31, 2014, overall sales exceeded the results for the previous fiscal year as a result of increased sales from Wacoal Corp., our core operating entity, due to the last-minute demand before the sales tax hike, the expansion of sales attributable to our overseas business, as well as the influence of the exchange rate. Operating income exceeded the results for the previous fiscal year mainly due to the increased profits from our overseas subsidiaries and the elimination of the impact of the impairment loss on intangible fixed assets which we recorded in the previous fiscal year.

As of the end of the fiscal year ended March 31, 2014, we have changed the fiscal year end of Wacoal Eveden Limited and its subsidiaries (collectively, "Wacoal Eveden"), which became our subsidiary in April 2012, from its former fiscal year end to March 31 in order to more closely conform the fiscal year end of Wacoal Eveden with that of its parent company. Accordingly, the results for the previous fiscal year of Wacoal Eveden which had previously been stated for a period of 9 months have been restated for a period of 12 months, and our group's consolidated results for the previous fiscal year have been restated accordingly.

Net Sales:	193,781 million yen
	(an increase of 7.5% as compared to the previous fiscal year)
Operating income:	13,860 million yen
	(an increase of 63.1% as compared to the previous fiscal year)
Pre-tax net income:	15,033 million yen
	(an increase of 37.4% as compared to the previous fiscal year)
Net income attributable to Wacoal Holdings Corp.:	10,106 million yen
	(an increase of 28.2% as compared to the previous fiscal year)

The following is a summary of operations by operating segment.

(i) Wacoal Business (Domestic)

In our Wacoal brand business, sales of core brassieres showed favorable performance, due to the sales of certain campaign products and brands in certain sales channels which gained support from consumers. Despite poor sales performance of our bottom products and undergarments which were impacted by climate instability, overall sales of our Wacoal brand business exceeded the results for the previous fiscal year as a result of our successful efforts in strengthening our product lineup mainly for our regular items in response to last-minute demand.

In our Wing brand business, although sales of our products based on "body aging" and high-end products performed poorly, sales of our core brassieres exceeded the results for the previous fiscal year due to an increase in the number of shops promoting collaboration products with our major clients, as well as the impact of last-minute demand. Overall sales of our Wing brand business remained unchanged from the results for the previous fiscal year due to the poor performance of our seasonal men's innerwear products, despite the favorable sales performance of men's innerwear products for seniors.

In our retail business, although sales from existing stores of our directly managed retail store, AMPHI, performed poorly, overall sales exceeded the results for the previous fiscal year due to an expansion in sales as a result of opening new stores, such as our newly-launched innerwear coordinating shop, AMPHI FUL FRU, and the steady sales performance of our Wacoal Factory Stores at outlet malls.

In our wellness business, although sales of running tights were impacted by the products sold by our competitors, sales of our sports conditioning wear "CW-X" brand expanded as a result of an increase in the opening of new sports specialty stores. Overall sales exceeded the results for the previous fiscal year due to the steady performance of women's business shoes with high functionality.

In our catalog sales business, overall sales remained unchanged from the results for the previous fiscal year due to the favorable performance of our internet sales, despite the poor performance of our summer and winter catalog products.

In summary, overall sales attributable to Wacoal Business (Domestic) exceeded the results for the previous fiscal year. With respect to profitability, our operating income exceeded the results for the previous fiscal year due to an increase in sales and our successful efforts in cost reduction.

Net Sales:	118,085 million yen
	(an increase of 2.1% as compared to the previous fiscal year)
Operating income:	9,284 million yen
	(an increase of 10.2% as compared to the previous fiscal year)

(ii) Wacoal Business (Overseas)

In the United States, we made aggressive efforts in expanding our U.S. market share, sales areas and channels mainly at department stores, which are our major clients. Sales exceeded the results for the previous fiscal year as a result of strong performance of our core brassiere products in general, and as a result of our expanded internet sales and Canadian business. In terms of profit, operating income exceeded the results for the previous fiscal year due to the increased sales as well as the impact of the exchange rate.

With respect to our business in China (from January 1 to December 31), we made efforts in improving profitability and enhancing our presence in the middle-class market. Sales exceeded the results for the previous fiscal year as a result of renovations conducted at core shops, the effect of the promotional initiatives we took with respect to our clients and the expanded internet sales. Sales of LA ROSABELLE, our brand targeting the middle-class market, at department stores also showed strong performance. In terms of profit, we recorded an operating profit (as compared to an operating loss for the previous fiscal year) as a result of increased sales, closing of less-profitable stores, discontinuation of underperforming brands, and the effect of reducing costs.

With respect to Wacoal Eveden (from April 1, 2013 to March 31, 2014), we continued with success to expand our market share and improve profitability by exploiting our strengths in fuller bust bras in the United Kingdom, certain European markets, North America and Australia whilst strengthening our group synergies. Although sales were affected by slow consumer spending in the United Kingdom and Europe as well as unstable weather in major markets such as the United States, Fantasie brand sales, especially swimwear, saw strong growth in all markets. In addition, lingerie and swimwear sales of our brand products for the fuller figure, Elomi and Goddess, showed favorable performance as a result of our successful efforts in strengthening product development. Sales of our Wacoal branded products, which we launched in Australia and New Zealand, and of our Huit products in Asia, showed strong performance and, as a result, overall sales of Wacoal Eveden exceeded the results for the previous fiscal year. In terms of profit, operating income exceeded the results for the previous fiscal year both as a result of our efforts to reduce our cost of sales by reassessing our system of production in order to improve margins by improving business efficiency, and also by reducing other types of costs. The increased proportion of our sales owing to North America, which is a highly-profitable region, also contributed to the strong results.

Significant increases in net sales and operating income under the “Wacoal Business (Overseas)” segment are due to the influence of exchange rates. In addition, Wacoal Eveden has been added to this segment from our “Other” segment starting with the current fiscal year and accordingly, the results for the previous fiscal year have been restated.

Net Sales:	43,636 million yen
	(an increase of 30.9% as compared to the previous fiscal year)
Operating income:	4,037 million yen
	(an increase of 99.6% as compared to the previous fiscal year)

(iii) Peach John Business

With respect to Peach John Co., Ltd. (“Peach John”), sales from our print catalogs showed weak performance, while our internet sales showed strong performance as a result of the favorable performance of our new brassiere products, which gained support from consumers, as well as our successful promotional initiatives using TV commercials and the internet. Sales from our core mail-order catalogs, however, exceeded the results for the previous fiscal year due to year-end and new year sales and the impact of last-minute demand.

Similarly to our mail-order catalogs, net sales attributable to our domestic direct retail stores exceeded the results for the previous fiscal year as a result of the strong performance of our flagship shops and as a result of our opening of new stores, such as our new business-style shop, YUMMY MART, in addition to the favorable performance of our new products and the effect of our promotional initiatives. With respect to our directly-managed overseas stores, sales from Hong Kong showed steady performance as a result of the enhanced merchandise policy and our establishing a solid base of customers, while sales from China showed poor performance.

As a result of the above, overall sales from our Peach John business exceeded the results for the previous fiscal year. In terms of profit, we recorded operating income due to the elimination of the impact of the impairment loss on intangible fixed assets which we recorded in the previous fiscal year, despite the increased cost rate which was impacted by the exchange rate.

Net Sales:	12,482 million yen
	(an increase of 4.3% as compared to the previous fiscal year)
Operating income:	83 million yen
	(as compared to 2,701 million yen of operating loss incurred for the previous fiscal year)

(iv) Other

With respect to the business of Lecien Corporation ("Lecien"), overall sales exceeded the results for the previous fiscal year, due to the expanded business volume of our core women's innerwear and outerwear products with our major clients. In terms of profit, we recorded an operating loss due to an increased cost rate which was impacted by the exchange rate.

As for Nanasai Co., Ltd. ("Nanasai"), which engages in the manufacturing, sales and rental business of mannequins and interior design and construction of stores at commercial facilities, although the sales and rental businesses performed poorly due to the impact of reduced investment in reconstruction projects by our clients, overall sales exceeded the results for the previous fiscal year as a result of the steady results achieved by our construction business due to the increased number of orders received. Operating income exceeded the results for the previous fiscal year due to our efforts in cost reduction.

As a result of the above, with respect to the overall sales and operating income attributable to our "Other" segment, overall sales exceeded the results for the previous fiscal year, while operating income fell below the results for the previous fiscal year.

Net Sales:	19,578 million yen
	(an increase of 1.7% as compared to the previous fiscal year)
Operating income:	456 million yen
	(a decrease of 39.5% as compared to the previous fiscal year)

The following is a summary of operations by region:

(i) Japan

With respect to Wacoal Corp., overall sales exceeded the results for the previous fiscal year due to the impact of last-minute demand in our core Wacoal and Wing brand products. With respect to profitability, our operating income exceeded the results for the previous fiscal year due to an increase in sales and our successful efforts in cost reduction.

With respect to Peach John, sales from our print catalogs showed weak performance, while our internet sales showed strong performance as a result of the favorable performance of our new brassiere products, which gained support from consumers, as well as our successful promotional initiatives using TV commercials and the internet. Similarly to our mail-order catalogs, net sales attributable to our domestic direct retail stores exceeded the results for the previous fiscal year as a result of the strong performance of our flagship shops and as a result of our opening of new stores, such as our new business-style shop in addition to the favorable performance of our new products and the effect of our promotional initiatives. With respect to profitability, operating income fell below the results for the previous fiscal year due to the increased cost rate which was impacted by the exchange rate.

With respect to the business of Lecien Corporation ("Lecien"), overall sales exceeded the results for the previous fiscal year, due to the expanded business volume of our core women's innerwear and outerwear products with our major clients. With respect to profitability, operating income fell far below the results for the previous fiscal year due to the increased cost rate which was impacted by the exchange rate.

As for Nanasai Co., Ltd. ("Nanasai"), which engages in the manufacturing, sales and rental business of mannequins and interior design and construction of stores at commercial facilities, although the sales and rental businesses performed poorly due to the impact of reduced investment in reconstruction projects by our clients, overall sales exceeded the results for the previous fiscal year as a result of the steady results achieved by our construction business due to the increased number of orders received. Operating income exceeded the results for the previous fiscal year due to our efforts in cost reduction.

As a result of the above, sales from our business in Japan amounted to 149,715 million yen, an increase of 2.4% compared to the previous fiscal year.

(ii) Asia/Oceania

With respect to our business in China, we made efforts in improving profitability and enhancing our presence in the middle-class market. Sales exceeded the results for the previous fiscal year as a result of renovations conducted at core shops, the effect of the promotional initiatives we took with respect to our clients and the expanded internet sales. Sales of LA ROSABELLE, our brand targeting the middle-class market, at department stores also showed strong performance. In terms of profit, we recorded an operating profit (as compared to an operating loss for the previous fiscal year) as a result of increased sales, closing of less-profitable stores, discontinuation of underperforming brands, and the effect of reducing costs.

With respect to our directly-managed overseas stores of Peach John, sales from Hong Kong showed steady performance as a result of the enhanced merchandise policy and our establishing a solid base of customers, while sales from China showed poor performance.

As a result of the above, sales from our business in Asia/Oceania amounted to 14,871 million yen, an increase of 26.3% as compared to the previous fiscal year.

(iii) Europe/North America

With respect to our business in the United States, we made aggressive efforts in expanding our U.S. market share, sales areas and channels mainly at department stores, which are our major clients. Sales exceeded the results for the previous fiscal year as a result of strong performance of our core brassiere products in general, and as a result of our expanded internet sales and Canadian business. In terms of profit, operating income exceeded the results for the previous fiscal year due to the increased sales as well as the impact of the exchange rate.

With respect to Wacoal Eveden in the United Kingdom, we made efforts to expand our market share and improve profitability by exploiting our strengths in fuller bust bras in the United Kingdom, certain European markets, North America and Australia whilst strengthening our group synergies. Our core brand products as well as our brand products for the fuller figure showed favorable performance and, as a result, overall sales of Wacoal Eveden exceeded the results for the previous fiscal year. In terms of profit, operating income exceeded the results for the previous fiscal year both as a result of our efforts to reduce our cost of sales by reassessing our system of production in order to improve margins by improving business efficiency, and also by reducing other types of costs. The increased proportion of our sales owing to North America, which is a highly-profitable region, also contributed to the strong results.

As a result of the above, sales from our business in Europe/North America amounted to 29,195 million yen, an increase of 31.3% as compared to the previous fiscal year.

(2) Cash Flow Status

The balance of cash and cash equivalents at the end of fiscal year 2014 was 30,658 million yen, an increase of 6,144 million yen as compared to the end of the previous fiscal year.

(Cash flow provided by operating activities)

Cash flow provided by operating activities during the fiscal year 2014 was 8,949 million yen, a decrease of 3,360 million yen as compared to the previous fiscal year, which reflects the result after adjusting the net income of 10,377 million yen for depreciation expenses and deferred taxes, as well as changes in assets and liabilities.

(Cash flow provided by investing activities)

Cash flow provided by investing activities during the fiscal year 2014 was 1,658 million yen, an increase of 25,178 million yen as compared to the previous fiscal year, due to proceeds from the sale and redemption of marketable securities and proceeds from the sale and redemption of other investments.

(Cash flow used in financing activities)

Cash flow used in financing activities during the fiscal year 2014 was 5,554 million yen, an increase of 10,933 million yen as compared to the previous fiscal year, due to the cash dividend payments.

2. 【Production, Orders Received, and Sales】

(1) Production Results

Our consolidated production results by operating segment for fiscal year ended March 2014 are as follows. The production results for other segment are not shown since it is hard to define such term in this segment.

Name of Operating Segment	Amount (Millions of yen)	Changes as Compared to Previous Fiscal Year (%)
Wacoal Business (Domestic)	49,681	99.7
Wacoal Business (Overseas)	12,057	129.3
Total	61,738	104.4

(Note) The amount of operation results is based on the manufacturing costs and does not include consumption tax, etc.

(2) Orders Received

Among the Other segment, the department of Nanasai, which handles interior design and construction of general housings and stores at commercial facilities, adopts the build-to-order production system.

The status of orders received for other segment for fiscal year ended March 2014 is as follows:

Name of Operating Segment	Amount of Orders Received (Millions of yen)	Changes as Compared to Previous Fiscal Year (%)	Balance of Amount of Orders Received (Millions of yen)	Changes as Compared to Previous Fiscal Year (%)
Other	5,501	101.6	279	82.5

(Note) The amounts in the above table do not include consumption tax, etc.

(3) Sales Results

Our consolidated sales results by operating segment for fiscal year ended March 2013 are as follows:

Name of Operating Segment	Amount (Millions of yen)	Changes as Compared to Previous Fiscal Year
Wacoal Business (Domestic)	118,085	102.1
Wacoal Business (Overseas)	43,636	130.9
Peach John Business	12,482	104.3
Other	19,578	101.7
Total	193,781	107.5

(Note) 1 None of the purchasers' sales accounts for 10% or more of the total sales results.

2 The amounts in the above table do not include consumption tax, etc.

3. 【Management Issues】

(1) Business and Financial Issues to Address

Maintaining and/or expanding sales and profits from our domestic business is an essential factor for our group's sustainable growth. While the domestic women's innerwear market has diversified, our sales channel and regional strategies based on consumer behavior have become a major issue for us. We will need to build a system which can accurately respond to changes in consumer needs (as seen in the price reduction in high volume products) by drawing on our group's collective strength. In addition, it is essential for us to develop new business lines besides our domestic women's innerwear business.

We consider our overseas business as our group's biggest growth engine and the expansion of our business in overseas regions will be essential for us to achieve our aim to become a "Wacoal of the World". In addition, we believe it is essential for us to build manufacturing capability which will enable us to develop and supply products with stability and competitiveness by adapting to the respective markets in Asian countries, and addressing such issues as increased products cost due to increasing wages and/or cost of living and production capacity in these countries.

By promoting such management base and infrastructure development of the entire group, we will strengthen our management practices so that we can achieve further results by responding to any changes in the environment and accelerating initiatives to address issues that we face.

(2) Basic Policies on the Nature of Personnel who should Control the Determination of Financial and Business Policies of Wacoal Holdings Corp.

Basic policies on the nature of personnel who should control the determination of financial and business policies of Wacoal Holdings Corp. have been prescribed as follows as of the filing date of this report (June 27, 2014).

(i) Details of Basic Policy

Since our establishment in 1949, we have strived to develop a domestic market for female innerwear (undergarments), penetrate the global market, and establish our business with the aim of creating a global company through a 50-year long-term management plan based on our business objectives of making and helping women in becoming beautiful and facilitating the realization of women's desire to be beautiful. Moreover, as a leading female innerwear company, we have developed the Wacoal brand, which has become widely accepted by both domestic and international consumers.

Our corporate value is mainly generated from (i) our strong market position and brand value in the intimate apparel market, which has been cultivated over a long period of time; (ii) our ability to develop highly functional, high value-added, attractive products based on the results of human scientific research from a medium- to long-term perspective; (iii) our superb product quality and supporting technical staff, as well as our highly productive global manufacturing and supply systems that use excellent sewing technology; (iv) our close personal relationships with distributors in various sales channels, which link us with consumers; (v) the trust of consumers that has been gained through direct communication and sales by our beauty advisers, who have a sound knowledge of our products and a wealth of sales experience; and (vi) our good social standing established through the promotion of various social action programs, such as the "Remmama" project and "Pink Ribbon" activities, and our corporate value and the common interests of our shareholders will suffer unless these "Wacoal strengths" are secured over the medium to long term. We, therefore, believe that personnel who control the determination of financial and business policies must fully understand these considerations and must be capable of securing and enhancing the corporate value and the common interests of our shareholders over the medium to long term.

We will not uniformly reject an acquisition of a substantial shareholding of the Company, if it contributes to the corporate value and the common interests of our shareholders. However, there are many acquisitions of substantial shareholdings of companies that do not contribute to the corporate value of the target company or the common interests of our shareholders. For example, this is the case where it is clear from the purpose of the acquisition that it will cause damage to the corporate value of the target company or the common interests of our shareholders -- where it is likely that the shareholders are in effect being forced to sell their shares, where insufficient time or information is given for the Board of Directors and the shareholders of the target company to consider the conditions of the acquisition or for the Board of Directors of the target company to make an alternative proposal, or where it is necessary for the target company to negotiate with the prospective purchaser to obtain conditions that are more favorable than those proposed by the prospective purchaser.

In light of these circumstances, we believe that it is essential that we be ready at all times to implement a system that will prevent any acquisition that is contrary to the corporate value or the common interests of our shareholders by enabling our shareholders to determine whether or not to accept such an acquisition and enabling our Board of Directors to secure any necessary information and time to make an alternative proposal or to negotiate with the prospective purchaser on behalf of our shareholders at the time of an acquisition of our shares.

(ii) Specific Details of Efforts

- Special efforts toward ensuring effective use of company assets, appropriate formation of group companies, and implementation of other basic policies

(Efforts to improve corporate value)

We were restructured as a holding company in 2005 in order to realize our medium- and long-term strategies to further enhance our corporate value, and further, we are promoting expansion of domestic and overseas business (including through Mergers and Acquisitions deals), making efforts to improve profitability, and working to secure and enhance the corporate value and common interests of our shareholders under the medium-term and fiscal year management policies.

We will continue to conduct our business operations with the aim of enhancing our corporate value by (i) strengthening Wacoal's overall capabilities through alliances within the group, (ii) expanding our domestic and overseas business and maintaining and improving profitability, (iii) strengthening our group's management system, and (iv) carrying out Corporate Social Responsibility activities (such as compliance training and education, investor relation activities, and social action programs). Such operations will be conducted in order to build "Wacoal" as an enduring corporate brand while we improve Wacoal's strengths that form the basis of our corporate value as described in Section (i) above, and being mindful of our objectives in making and helping women in becoming beautiful, and facilitating the realization of women's desire to be beautiful.

(Measures to Enhance Corporate Governance)

The purpose and basic policy of our group's corporate governance is to continuously enhance our corporate value by increasing transparency and securing the fairness and independence of our corporate management from the perspective of all stakeholders, including our shareholders and customers.

The following bodies and systems have been established within the Company with the aim of enhancing our corporate governance, and the entire Company is also working toward this goal.

As of March 31, 2014, our Board of Directors is composed of seven Directors. The board makes decisions on matters concerning important business, such as management policy and management strategy and matters stipulated by laws or ordinances or our Articles of Incorporation. Two of these seven Directors are independent Outside Directors who give our Board of Directors advice and guidance from an objective perspective based on their wealth of experience and knowledge of management and business. The term of office of each Director is one year, and we are further clarifying the responsibilities of our management to our shareholders. Further, with respect to the nomination, promotion, and remuneration of Directors, an "Executive Compensation Advisory Committee," whose members include Outside Directors has been established, and operates with a high degree of transparency and fairness.

We use an "Audit & Supervisory Board Member system," and our Audit & Supervisory Board consists of five Audit & Supervisory Board Members, of which three are Outside Audit & Supervisory Board Members, as of March 31, 2014. The function of our Audit & Supervisory Board is to monitor and supervise our management.

Further, all of the two Outside Directors and three Outside Audit & Supervisory Board Members have been designated as our independent officers, and have been notified to the Tokyo Stock Exchange.

Wacoal Corp., our core business company, has adopted an executive officer system in order to separate management supervision and management execution. "Group Management Rules" and "Group Accounting Rules" have been established for Wacoal Corp. and all other group companies, and each group company conducts our business operations in accordance with both sets of rules.

Further, the "Group Management Meeting" of our group that is composed of our Directors and Audit & Supervisory Board Members has been established in the Company. This meeting considers matters concerning the management strategy of our group and other important management issues, and conducts preliminary reviews of matters for review by our Board of Directors together with the "Wacoal Senior Management Meeting," which involves Directors, Audit & Supervisory Board Members, and senior executive officers of Wacoal Corp.

Further, the "Quarterly Business Results Review Committee" has been established under the "Group Management Meeting." Every quarter, our Directors and Audit & Supervisory Board Members and the Directors, Audit & Supervisory Board Members, and executive officers of Wacoal Corp. attend meetings of the Quarterly Business Results Review Committee and review the business results of each company and business department. Also, under the "Group Management Meeting,' we have established the "Group Strategy Committee," where the managers of our group's major companies in Japan and overseas, in addition to the attendees of the "Group Management Meeting," attend meetings of the Group Strategy Committee and share management issues and review important matters.

In addition, the "Corporate Ethics Committee" and "Risk Management Committee" have each been established as committees of the entire Company. Under these committees, the "Compliance Division," "Quality Assurance Division," "Accident and Disaster Measures Division," and "Environmental Division" have each been established, and each of these divisions is ready to enhance corporate value and respond to risks of loss in each field. These divisions report to our Board of Directors from time to time on the status of their activities.

- Measures to prevent inappropriate persons from controlling the determination of financial and business policies in light of the basic policy

For the purpose of securing and enhancing corporate value and the common interests of the shareholders of the Company, the Company determined the basic policy for preventive measures to be taken against the acquisition of a substantial shareholding of the Company (i.e., defensive measures against takeovers) at an ordinary general meeting of shareholders held on June 26, 2009. The Board of Directors determined and updated specific measures at the meeting held on the same day (which were introduced on June 29, 2006). Because these measures were terminated upon expiration of a three-year term, the Company,

at an ordinary general meeting of shareholders held on June 28, 2012, obtained approval for a resolution to determine details of the basic policy (hereinafter called "Basic Policy on Defensive Measures against Takeovers") of revised preventive measures to be taken against the acquisition of a substantial shareholding of the Company (i.e., defensive measures against takeovers), and the Board of Directors determined and updated the specific measures based on the Basic Policy on Defensive Measures against Takeovers (hereinafter called "the Plan") at a meeting held on the same day.

The Plan enables the Company's shareholders, in the event of purchase or any similar act or a proposal to purchase the Company's share certificates (hereinafter called "Purchase"), to determine whether or not to accept such offer for the Company's shares, and enables its Board of Directors to secure any necessary information and sufficient time to propose alternatives or to negotiate and consult with a person who purchases (hereinafter called "Purchaser") on behalf of its shareholders, in order to prevent a Purchase of the Company's shares that is detrimental to its corporate value or its shareholders' common interests, and to secure and enhance its corporate value and the common interests of its shareholders.

The Plan covers a Purchase that falls under ① or ② below:

① purchase of share certificates issued by the Company that results in 20% or greater ownership by a shareholder of such share certificates; or

② public tender offer for share certificates issued by the Company that results in combined ownership by the offeror and/or any of its affiliates of 20% or more of such share certificates.

If a Purchaser intends to launch a Purchase of the shares of the Company, such Purchaser will be requested to submit to the Company a document describing the information required to consider details of the Purchase, as well as an oath by such Purchaser that such Purchaser will follow the procedures prescribed by the Plan. Accordingly, the information provided by the Purchaser; the opinion of the Board of Directors; or any supporting materials, alternative proposals (if any), or other information and/or materials will be submitted to the Independent Committee, which consists of three members who are independent from the management operating the Company, and the Independent Committee will evaluate and/or examine such information and/or materials. If need be, the Independent Committee will also separately obtain advice from independent experts and evaluate and/or examine the terms and conditions of the Purchase, consider the alternatives presented by the Board of Directors, and negotiate with the Purchaser or disclose information to the shareholders.

If (A) the Purchaser fails to follow the procedures as prescribed by the Plan or if (B) the Purchase is deemed to fall under any of the requirements as prescribed by the Plan as a result of the examination of the terms and conditions of the Purchase or discussions and/or negotiations with the Purchaser, and if implementation of a free allocation of stock acquisition rights is considered appropriate, the Independent Committee will advise the Board of Directors to implement a free allocation of stock acquisition rights. The Board of Directors will pay the utmost respect to the advice provided by the Independent Committee, and will resolve to implement the free allocation of the stock acquisition rights. The Company will implement a free allocation of the share acquisition rights to those shareholders, other than the Company, who are registered or recorded in the Company's final register of shareholders as of the allocation date that is determined separately, at such rate, as separately determined, up to a maximum of two stock acquisition rights for every one common stock of the Company held. Also, even when the Purchase by the Purchaser is considered to fall under either (A) or (B) above, if the Independent Committee considers it necessary to obtain the approval at an ordinary general meeting of shareholders for implementation of a free allocation of stock acquisition rights, the Independent Committee may advise the Board of Directors to do so. In this case, the Board of Directors, in principle, shall promptly convene an ordinary general meeting of shareholders so that a meeting can be held within the shortest time practically possible and submit a resolution for the implementation of a free allocation of stock acquisition rights.

The holder of stock acquisition rights for the subscription of new shares (with terms that prohibit the Purchaser and certain people (hereinafter called "Nonqualified person") from exercising such rights) is entitled to receive one share of the Company by paying the amount determined by the Board of Directors or the ordinary general meeting of shareholders in the resolution on the free allocation of stock acquisition rights, which shall be at least one yen (¥1) but not exceeding one-half (1/2) of the fair value of one share of the Company. Also, the Company may acquire stock acquisition rights held by shareholders other than the Nonqualified Person, and in exchange, deliver one share of the Company for every stock acquisition right.

Promptly after passing a resolution by the Board of Directors or by an ordinary general meeting of shareholders with regard to implementation or non implementation of the above-mentioned free allocation of stock acquisition rights, the Board of Directors will disclose the outline of such resolution and other information deemed appropriate by the Board of Directors.

As with the effective period of the Basic Policy on Defensive Measures against Takeovers, the effective period of the Plan will expire upon conclusion of the ordinary general meeting of shareholders to be held during the last fiscal year ending within three years after the Ordinary General Meeting of Shareholders held on June 28, 2012. However, the Plan may be changed or terminated to reflect the change made to the Basic Policy on Defensive Measures against Takeovers by and pursuant to the resolution of the ordinary general meeting of shareholders, if the change or termination of the Basic Policy on Defensive Measures against Takeovers is resolved by an ordinary general meeting of shareholders. Further, the Plan will be terminated if so resolved by the Board of Directors.

There will be no direct, concrete impact on the shareholders caused by the Plan's introduction, provided the free allocation of stock acquisition rights is not implemented. On the other hand, if the free allocation of stock acquisition rights is implemented according to the Plan, the overall value of the shares held by the shareholders may be diluted if the procedures for exercising stock acquisition rights are not followed. However, no dilution of the overall value of the shares held will take place if the shares are provided in consideration of stock acquisition rights acquired by the Company.

(iii) Judgment of Board of Directors as to Efforts under Section (ii) above and Reasons Thereof

As stated in Section (ii) above, the Plan was introduced in line with the Basic Policy mentioned in Section (i) above for the purposes of securing or enhancing corporate value and the common interests of shareholders. In particular, highly rational fairness and/or objectivity is ensured under the Plan because (i) the Plan focuses on shareholders' intentions such that the effective period is prescribed as three years, and the Plan may be terminated at any time by a resolution of the Board of Directors or a resolution of an ordinary general meeting of the shareholders to terminate the Basic Policy on Defensive Measures against Takeovers; (ii) the Plan establishes reasonably objective requirements, and a free allocation of stock acquisition rights is not implemented unless these requirements are met; (iii) the Independent Committee shall consist of independent persons; (iv) a free allocation of stock acquisition rights under the Plan may not be initiated unless a judgment is made by the Independent Committee; and (v) the Independent Committee may obtain advice from independent experts at the expense of the Company. The Plan is formulated to maintain corporate value, which is aligned with the common interests of the shareholders. It is not intended to maintain the status of the corporate officers of the Company.

4. 【Risk Factors】

Our business, performance, and financial condition are subject to risks and uncertainties, including those described in the risk factors below. These risks and uncertainties could result in a material adverse effect on our results of operations and financial condition, and a material decline in the trading price of our common stock.

Forward-looking statements in this report are made based on information available as of the end of fiscal year 2014.

(1) ***We may be adversely affected by the domestic and global economy***

During fiscal year 2014, the Japanese market accounted for approximately 77.3% of our net sales, and the United States and European markets accounted for approximately 15.0%. In the major markets in which we operate, any weakness or deterioration in the economy may have a material adverse effect on our sales, results of operations and financial condition.

(2) ***Continued difficulties faced or changes in business policies made by department stores, general merchandisers, and other general retailers in Japan would hurt our business***

In fiscal year 2014, a substantial majority of our net sales were generated in department stores, general merchandisers, and other general retailers in Japan. Due to the ongoing structural change in the retail market, however, we expect that the share of sales from department stores, general merchandisers and specialty retail stores in the overall retail market will remain weak and may continue to decline.

If the business of one or more of our important general retail customers fails as a result of continued weakness in the department stores, general merchandise and specialty retail sector, such a business failure may result not only in decreased sales, but we may also be unable to collect some or all of our outstanding accounts receivable from such customers.

Likewise, increased consolidation of Japanese department stores and general merchandisers in preparation for a shrinking market due to the future anticipated decrease in the population of Japan may allow our customers to increase their bargaining power in negotiating pricing and other terms of trade. Any change in business policy by Japan's leading retailers would have an adverse impact on our performance, such as net sales or return on sales.

(3) ***Our sales may decline if we are unable to effectively anticipate and respond to consumer tastes and preferences and deliver high-quality products***

Customer tastes and fashion trends change continuously and are difficult to predict. If we are unable to successfully anticipate or respond to changing styles or trends, and if we lose the support of our customers, we may be unable to achieve our sales targets and our financial results would suffer as a result.

In addition, our brand image may suffer if we misjudge the market or sell defective merchandise causing customers to believe that we are not able to offer attractive fashions and top-quality products. If any event were to occur that harms our reputation for producing high-quality products, our sales, operations and financial condition could be materially adversely affected.

(4) ***The apparel market is highly competitive, and our share of sales or profitability may decline if we are unable to maintain our competitiveness***

In the domestic innerwear market, in addition to competition from wholesalers and direct retailers in the mid- to high-end undergarment market in Japan, we must also compete against catalog and Internet sales and new entrants to the intimate apparel market, including mass-market and specialty apparel companies, as well as non-store retailing.

An important factor affecting the competitive environment in our industry in recent years has been the increased penetration of lower-priced garments in the market. Our strategy of focusing on the higher end of the intimate apparel market may help us avoid potential negative effects of such trends on our business and performance, including possible loss of market share and reduced profitability. However, we are affected by these competitive trends and our strategy may not be successful.

Additionally, we continue to be challenged by the emergence of new and competitive retail concepts in the Japanese intimate apparel industry, which target consumers through catalogue marketing, e-commerce, and other means. Increased competition could result in price reductions, increased marketing expenditures, and loss of sales volume and market share, all of which could have a material adverse effect on our sales, financial condition, and operating results.

(5) ***Expansion of our specialty retail store network may not lead to improved sales and profits***

Further investment is necessary in order to expand our specialty retail store business, including expenses for the development of new stores and the closure of underperforming stores, and improvement expenses for the specialty retail store brand. While we continue to make efforts in improving profitability, if new shops fail to secure the expected sales levels, if expenses such as shop rent or personnel costs increase due to changes in the market environment, or if the specialty retail store brand fails to be popular with customers, we may not be able to make sufficient gains to recover the investment.

(6) ***We may experience difficulties in successfully increasing our catalogue and Internet sales***

We believe that our catalogue and Internet sales will be increasingly important in achieving sales growth, and we are seeking to strengthen our capabilities in these channels. We also believe that we need to make further investments in systems for Internet sales in order to expand the Internet sales of our entire group. However, as the system environment surrounding our catalogue and Internet sales evolves rapidly, we cannot predict whether our accumulated investments would contribute to the benefit of the entire group. We may not be successful in increasing our catalog and Internet sales sufficiently to compensate for continued flat or declining sales through our core general retailer channel.

(7) ***We are subject to excess of inventory risks that could negatively affect our operating results***

Fluctuations in the demand for our products may affect the inventory we own because we usually manufacture our products well in advance of the applicable season and sometimes before fashion trends are identified or evidenced by consumer purchases. If we are unable to successfully anticipate or respond to changing styles or trends and misjudge the market for our products or any new product lines, our sales will suffer and we may be faced with significant amounts of unsold inventory. In response, we may be forced to reduce our product prices, increase our marketing promotions, or revalue our inventory, which could have a material adverse effect on our sales, results of operations, and financial condition.

(8) ***We may not be successful with cost reduction***

Reducing our cost of conducting business is a key element of our strategy to improve our profitability and business performance, particularly in the coming years during which growth in sales will remain difficult to achieve as consumer spending remains stagnant in Japan.

In recent years, we have taken certain steps intended to reduce our costs. However, with the possibility of an increase in product material prices, exchange rate swings, a rise in labor costs in Asia, or costs being incurred in response to changes in the business environment, we may not be successful in materially reducing our costs, and any cost reductions that we achieve may not be large enough to compensate for difficulties that we may face in increasing our sales.

(9) ***It may be difficult for us to attract and retain highly qualified personnel***

The growth of our business depends significantly on our ability to attract, train, and retain qualified personnel in areas such as product planning, manufacturing technology, and sales and marketing. Our ability to attract qualified personnel depends in large part on our ability to establish and maintain a positive image in the labor market. We may not be successful in attracting and retaining qualified personnel, which may have a material adverse effect on our financial condition and results of operations.

(10) ***Our business may be adversely affected by irregular weather***

Our business performance and results may be affected by the weather and irregularity of seasons. We typically launch new intimate apparel product campaigns for the spring/summer and fall/winter seasons of each year for our Wacoal and Wing brands and our business success largely depends on the success of these seasonal product campaigns. We also produce and acquire merchandise in advance of the peak selling periods of the seasons during which we intend to sell such merchandise and sometimes before new fashion trends are confirmed by consumer purchases. If a season is unusually warm, cold, short, long, or in any other way irregular, consumers may change their buying habits, and we may not be able to sell our inventory in the way we anticipated at the time of purchase. Changes in seasonal weather patterns and extreme weather events have adversely affected our sales in the past and may affect us in the future.

(11) ***We may face increasing risks relating to conducting business internationally***

We have gradually increased both the amount of goods we produce and the amount of raw materials we procure for the products sold in Japan in lower-cost countries in Asia – a trend we expect to continue. In addition, we are making efforts to expand our product sales in overseas markets, including in the United States, Europe, and China. These initiatives and trends may increasingly subject us to various risks relating to the conduct of our business abroad, including:

- differing consumer tastes and preferences in overseas markets;
- political, social, and economic instability in countries where we source, manufacture, or sell our products;
- unexpected tax, legal, or regulatory changes or actions that may adversely affect our group;
- difficulty in staffing and managing widespread operations;
- changes in exchange rates;
- differing protection of intellectual property; and
- public health or similar problems in our important overseas markets or sourcing/production centers.

(12) ***We may not be successful with acquisitions and other strategic transactions with third parties***

We intend to evaluate and pursue opportunities for acquisitions, investments, and other strategic transactions that we believe will help us achieve our business objectives, including extending our product offerings in Japan and in overseas markets and strengthening our capabilities in Internet, catalogue, and other marketing channels.

Any acquisitions or other strategic transactions that we have pursued or may pursue in the future may involve material risks to our company and the value of our shares. Such material risks would include possible impairment charges on our investments in an investee company, in addition to unsuccessful integration of or a lack of cooperation between our businesses with those of our counterparties. If any of these material risks occur, it could have an adverse effect on the results, financial condition and cash flow of our existing operations as well as a business we acquire.

(13) ***We may not be able to recover the cost of investments we make in pursuing growth opportunities and developing new markets***

Our pursuit of growth opportunities and new markets through international expansion, acquisitions, strategic alliances, or otherwise will require significant resources, time, and costs. There is no guarantee that we will generate results that are sufficient to cover the cost of making any such investment, even if we conduct an extensive due diligence investigation and other analyses prior to making the investment to maximize the probability of success and minimize the risks. Failure to recover the cost of investments could have a material adverse effect on our financial condition and results of operations.

(14) ***We may face infringement of our intellectual property rights or claims that we infringe the intellectual property rights of others***

We believe that our intellectual property rights, our brands and related trademarks in particular, are important to our ability to create and sustain demand for our products and to the value of our business. We may encounter trademark and related disputes in the future, and imitation of our products or the infringement of our trademarks and proprietary rights by other could materially harm our operations and financial condition. Additionally, other parties have asserted in the past, and may assert in the future, that we have infringed their intellectual property rights. We cannot predict whether any such assertions or related claims will substantially harm our financial conditions or results of operations.

(15) ***We may be exposed to risks in the occurrence of information system intrusion***

Our computer system may be subject to an attack from external sources resulting in website defacement, leaking of material data, or erasing of material data due to a computer virus. If any of these events occur, our sales may decline as a result of deterioration in our corporate image, which could have a material impact on our operating results and financial condition.

(16) ***If we fail to protect our customers' privacy and data and maintain the confidentiality of our trade secrets we may face proceedings against us, lose customer confidence, or lose our market position***

Any failure by us to comply with laws and regulations regarding privacy and the protection of customer information could result in proceedings against us by governmental entities or others, which could potentially have an adverse effect on our business, operating results and financial condition. Complying with varying privacy requirements could cause us not only to incur substantial costs and force us to change our business practices, but also could cause customers to lose confidence in our business and products, which could result in a material adverse effect on our sales and profitability.

Additionally, in order for us to secure and maintain an advantageous position in the market, we need to protect our trade secrets, such as manufacturing technology and product information. If these trade secrets are divulged by any party related to us or infringed by another company, our business or financial condition could be materially affected.

(17) ***If we fail to maintain adequate internal controls over financial reporting we may not be able to produce reliable financial reports in a timely manner or prevent financial fraud***

Beginning with our annual report for fiscal year 2007, we are required to document and test our internal control procedures.

Effective internal controls are necessary for us to produce reliable financial reports and important in helping prevent financial fraud. If we cannot provide reliable financial reports on a timely basis or prevent financial fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our stock could drop significantly.

(18) ***Our holdings of equity securities expose us to market risks***

We hold equity and other securities in publicly traded Japanese companies. A significant drop in the value of these securities or in the Japanese equity markets in general, could have an adverse impact on our financial results in the relevant reporting period.

In addition, if there is a decrease in our pension assets due to adverse conditions in stock or bond markets or other factors, additional funding and accruals may be required, and such funding and accruals may adversely affect our performance and financial condition.

(19) ***Natural disasters and epidemics could affect our manufacturing abilities, results of operations, or financial condition***

Japan is one of the most seismically active countries in the world and regularly experiences typhoons and other natural disasters. In the event of a large earthquake, other natural disaster, or outbreak of an epidemic that affects our employees or our ability to continue using any of our sales or manufacturing facilities, our sales and marketing efforts would be adversely affected and we would face the possibility of work delays or stoppages, any of which could have a negative effect on our business. Any such natural disaster or epidemic could also cause disruptions in the transportation networks that our business relies upon and could interfere with our normal course of production and distribution. Furthermore, any such natural disaster or epidemic would also have a large impact on consumer activity, which would have a significant impact on the sales of our products.

5. 【Material Agreements, etc.】

During the fiscal year that ended in March 2014, we have not made any management decisions on or been a party to any material agreements, etc.

6. 【Research and Development】

Our research and development activities are mainly conducted by our Human Science Research Center to achieve harmony between the human body and clothing and to support better product making.

Since 1964, we have been conducting research into the female body in order to accurately understand the Japanese woman's physique. In particular, we have developed a silhouette analysis system and introduced a three-dimensional measuring system. We are also working on an even more advanced measurement of sensory comfort. Our research and development activities focus on addressing the proportional, physiological, and mental aspects of garment design. One of our most important research results was the enrichment of our research on sensory comfort through our participation in a project led by the Ministry of Trade and Industry (presently the Ministry of Economy, Trade and Industry) from 1995 to 1998. Based on this research, we have been focusing on developing new products that are not only comfortable for the wearer, but also have a positive physiological effect based on the basic study from three factors, which are pressure, heat, and touch. In 2005, we developed and created a new market for our breakthrough Style Science series products, which support a healthy and beautiful body-making by changing the concept from daily walking to exercise walking. In 2010, we conducted an analysis and announced principles on the physiological changes associated with aging period from 20s to 50s. We also strengthened development of new products coping with aging and we have been working on developing new functional products based on the lifestyle habit of people with small physical changes associated with aging.

Our Human Science Research Center is promoting research and development, which is based on a survey analysis of body shapes and needs of customers of the generation for which the products are introduced and senior generation.

In terms of product development, during the fiscal year that ended in March 2014, we proposed our new aging products and lifestyle modification support products. In addition, we have worked on information development to raise awareness of the "night bust care" and engaged in marketing support for the sales of sleep brassieres.

As a result of the above, we recorded 808 million yen for our research and development during the fiscal year ended March 2014.

In order to promote "the realization of supporting industry for women with unbounded living beauty," we will make efforts to enrich our research and development activities that can contribute to the improvements of customer satisfaction and corporate value based on the key concept of beauty, comfort, and health. We will also work toward strengthening product appeal and developing new products or services that can gain support from and satisfy our customers.

7. 【Analyses of Financial Position, Operating Results, and Cash Flows】

Forward-looking statements in this report are made on information available as of the filing date of this report (June 27, 2014)

(1) Overview

We are a leading designer, manufacturer, and marketer in Japan of women's intimate apparel, with the largest share of the Japanese market for foundation garments and lingerie. Foundation garments (primarily brassieres and girdles) and lingerie (primarily slips, bra-slips, and women's briefs) accounted for approximately 74.7% of our consolidated net sales for fiscal year 2014. We also design, manufacture, and sell nightwear, children's underwear, outerwear, sportswear, hosiery and other apparel and textile products, and other several services.

Net Sales

We principally generate revenues from sales of innerwear (consisting of foundation garments and lingerie, nightwear, and children's underwear), outerwear and sportswear, hosiery, textile products, and other products.

The following table sets forth information with respect to our net sales by category of products for fiscal year 2014.

Net Sales to External Customers (and Percentage) by Product Category

Type of product	Millions of yen	Distribution ratio
Foundation and lingerie	144,783	74.7%
Nightwear	9,301	4.8
Children's underwear	1,475	0.8
Total innerwear	155,559	80.3
Outerwear and sportswear	16,954	8.8
Hosiery	1,791	0.9
Other textile products and related products	8,577	4.4
Other	10,900	5.6
TOTAL	193,781	100.0%

For fiscal year 2014, approximately 81% of the net sales of Wacoal Corp. (the net sales of which account for approximately 61% of our consolidated net sales) were apparel sales made on a wholesale basis to department stores, general merchandisers, and other general retailers and approximately 17% were apparel sales made through our own specialty retail stores, catalogue sales, and the Internet. Sales from our other businesses (which include cultural products and other services) constituted the remaining 2% of Wacoal Corp.'s net sales for fiscal year 2014.

Over the past five fiscal years, fluctuations in our sales have typically reflected changes in unit volume, as average unit prices have generally remained stable during this period.

Cost of Sales

Our cost of sales arises principally from material and manufacturing costs related to the production of our apparel products.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses principally consist of employee compensation and benefit expenses and promotional expenses, such as advertising costs and renovation costs. Other selling, general and administrative expenses include shipping and handling costs, payment fees (including outsourcing payments), and rental payments for our specialty retail stores.

Key Industry Trends

We believe that the following have been key trends in our industry during the last two fiscal years:

(i) In the domestic innerwear market, sales shifted from a shrinking trend to flat sales due to changes in the consumption environment and distribution industry, and other factors including a decline in the female population. The purchase price range and the average purchase unit price per innerwear product continue to decline. In addition, the number of purchased items and the number of items in possession per customer are declining.

(ii) Specialty apparel and other manufacturers entered the innerwear market. These manufacturers offer their products by focusing on new elements, such as fashionability, lifestyle, and price, rather than function and quality. Because the economic downturn has led consumers to become more price conscious, these new manufacturers and others have achieved a greater market share.

(iii) These manufacturers and other competitors strengthened their cost reduction efforts by, for example, sourcing fabric and producing garments in lower-cost countries in Asia. Sales in Japan of lower-priced women's innerwear garments manufactured in these countries increased, leading to an intensification of price competition in our industry. The recent development and tendency of general merchandisers producing their own low-priced "private brand" merchandise accelerated these trends.

(iv) Although catalogue marketing has made little progress, new sales strategies, such as e-commerce and television marketing, have led to more diversified sales channels and exposure to new consumer groups.

We have taken steps for two fiscal years to address these key industry trends to build on the core strengths of our market position and brand awareness among Japanese consumers. We continue to seek to sell higher-end products to consumers seeking high-quality innerwear garments and to mitigate the adverse impact on sales and margins from lower-priced garments. We have taken steps to reduce our cost structure, such as producing more products in lower-cost countries in Asia, consolidating and streamlining our product distribution centers and reviewing indirect expenses. We are also seeking to expand sales in overseas markets—in particular China, the United States, and Europe, as well as in the ASEAN region, where we have been trying to increase sales through our directly managed stores and website. Additionally, we intend to extend our innerwear product offerings into the midprice range in our product mix to help us reach a broader consumer base. We will continue to implement these steps and evaluate other strategies to address challenges and opportunities in the industry going forward.

(2) Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of the consolidated financial statements requires our management to make estimates and assumptions. We believe that the followings are some of the more critical judgment areas in applying our accounting policies in the preparation of our consolidated financial statements.

(i) ***Revenue Recognition***

We recognize revenue on sales to retailers, mail-order catalogue sales, and Internet sales when persuasive evidence of an arrangement exists, delivery has occurred resulting in transfer of title and risk of loss, the sales price is fixed or determinable, and collectibility is reasonably assured. As for consignment sales, we recognize revenue when the products are sold to the ultimate customer. We recognize revenue on direct retail sales at our directly managed retail stores at the point of sale to the customer.

(ii) ***Allowance for Doubtful Receivables and Returns***

We are required to assess the collectibility of notes and accounts receivable. A considerable amount of judgment is required in assessing the ultimate realization of these notes and receivables, including the current creditworthiness of each applicable customer, taking into account business conditions, turnover of receivables, and financial positions for significant customers. In the event that a customer's financial condition worsens, the allowance for doubtful receivables may increase and may adversely affect our financial condition and performance.

We allow our customers to return their unsold products when the customers meet certain criteria established by us as outlined in our applicable trade terms. We establish the allowance for estimated returns for each operating department based on historical experience with product returns, sales movements, and the size of inventory on the retail level and on the situation of the retail industry overall. We review and revise the allowance every quarter, in consideration of actual returns, planned product discontinuances, and promotional sales. We record the allowance for estimated returns as a reduction to sales.

(iii) ***Inventories***

Inventories are stated at the lower of cost or market, cost being determined on a first-in, first-out basis for raw materials and on an average cost basis for work in process and finished products. Market value, or net realizable value, is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale. A periodic review of inventory is performed in order to determine if inventory is properly stated at the lower of cost or market. Inventories are written down to the estimated net realizable values, if appropriate. Factors, such as expected average selling price, expected average cost to make a sale, markdown rate, and class or type of inventories, are analyzed to determine estimated net realizable value. We also consider potential disposal of inventories. Criteria utilized to quantify the factors we consider include historical results, judgments regarding future consumer demand, and other factors. We believe that the amount written down is appropriate. However, if market conditions and demand are less favorable than our projections, the amount we write down may increase and may adversely affect our financial condition or operating results.

(iv) ***Deferred Tax Assets***

We currently have significant deferred tax assets, which are subject to periodic recoverability assessments. Realization of our deferred tax assets is principally dependent upon the realization of projected future taxable income. In estimating our future taxable income, we consider past operating results, the feasibility of ongoing tax planning strategies, and other factors. Our judgments regarding future profitability may change due to future market conditions and other factors. These changes, if any, may require recognition of a significant valuation allowance for these deferred tax asset balances. In the event we determine that certain deferred tax assets may not be recoverable, such amounts will be reserved for and may adversely affect net income. We believe our deferred tax assets after adjustments for valuation allowance are recoverable. If we record lower-than-expected earnings and our deferred tax assets become unrecoverable, however, a valuation allowance must be recorded against the amount that is not likely to be recovered, and this may have a negative impact on our profit and loss.

(v) ***Impairment Charges on Investments***

Impairment charges on investments are charged to earnings when a decline in fair value below the cost is other than temporary. We periodically determine whether a decline in the fair value of marketable securities and investments is deemed to be other-than-temporary decline, based on criteria that include the duration and severity of market decline, the extent to which cost exceeds market value, our financial position and business outlook, and our intent and ability to retain the impaired marketable securities and investments for sufficient period of time for anticipated recovery in fair value.

We believe that the criteria for evaluating impairment are reasonable. However, changes in the market or circumstances of each individual investment due to unforeseen changes in economic and business assumptions could affect the valuations of the investments.

For fiscal year 2014, we held securities with respect to which we recognized impairment charges, as well as securities with respect to which we did not recognize any impairment charges even though those securities had been in an unrealized loss position. Based on our assessment of the period of the decline in the fair values and our assessment of the relevant companies' earnings outlook, we concluded that the decline in fair value for the securities not subject to impairment charges was only temporary and thus impairment charges did not need to be recognized for these particular securities. At the end of fiscal year 2014, we did not hold any security that had an unrealized material holding loss.

(vi) ***Impairment of Long-Lived Assets***

The carrying values of long-lived assets, which have estimable useful lives of fixed numbers of years, are evaluated for impairment whenever there is an event or change in circumstances that indicates that such assets have been impaired or that the carrying amounts of such assets might not be recoverable. When we determined impairment, we evaluate the carrying amount of the assets based on their fair value.

In fiscal year 2014, we concluded that there was no material impairment with respect to the carrying value of our long-lived assets.

(vii) ***Valuation of Indefinite-Lived Intangible Assets and Goodwill***

We are required to perform an annual impairment test of our intangible assets with indefinite useful lives and goodwill. We also assess the impairment of such intangible assets and goodwill whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Some of the factors we consider important that could trigger an impairment review include the following:

significant underperformance relative to historical or projected future operating results;

significant changes in the manner of our use of the acquired assets or the strategy for our overall business;

significant negative industry or economic trends; and

significant changes in risk-adjusted discount rates.

When we determine that the carrying amount of indefinite-lived intangible assets and goodwill may not be recoverable based upon the existence of one or more of the above indicators of impairment, we evaluate the carrying amount of the assets based on their fair value. If the fair value is less than the carrying amount of the assets, we record an impairment loss based on the difference between the carrying amount and the fair value of the assets.

If we make an initial determination that the carrying amount of indefinite-lived intangible assets and goodwill may not be recoverable, we engage an independent appraiser to assist us in our determination of the fair values of our reporting units. In our determination of the fair value of goodwill, we utilize the net present value method and incorporate relevant unobservable inputs.

Significant assumptions used in this analysis include future cash flows and the risk-adjusted discount rate. Future cash flows are based on the management's cash flow projections for the future five years, after which future cash flows are estimated using the perpetuity growth rate of zero. The management's cash flow projections are developed using estimates for expected future revenue growth rates, profit margins, and working capital levels of the reporting units. The risk-adjusted discount rate is

determined by the Capital Asset Pricing Model ("CAPM") and we mainly utilize a weighted-average cost of capital ("WACC") of 4.5%.

As a result of the evaluation performed for fiscal year 2014, we concluded that there was no impairment in the carrying value of goodwill.

In our determination of the fair value of trademark, we utilize the relief-from-royalty method and incorporate relevant unobservable inputs. Significant assumptions used in this analysis include future cash flows, the risk-adjusted discount rate, and the rate of royalty. Future cash flows are based on the management's cash flow projections for the future five years, after which future cash flows are estimated using the perpetuity growth rate of zero. The management's cash flow projections are developed using estimates for expected future revenue growth rates, profit margins, and working capital levels of the reporting units. We mainly used a risk-adjusted discount rate of 7.5% based on a WACC of 4.5% and an inherent risk spread of trademark of 3%. The rate of royalty used for valuation was 3%, which was based on the royalty ratio used in the actual transaction with a third party.

As a result of the evaluation performed for fiscal year 2014, we concluded that there was no impairment in the carrying value of the trademark.

The carrying values of other intangible assets that have estimable useful lives are evaluated for impairment based on future cash flows, whenever there is an event or change in circumstances that indicates that the carrying amounts of such assets might not be recoverable. When determining the impairment of other intangible assets, we evaluate the carrying amount of the assets based on their fair value. In our determination of the fair value of customer relationships, we utilize the excess earnings method and incorporate relevant unobservable inputs. Significant assumptions used in this analysis include future cash flows, the risk-adjusted discount rate, and the existing customer percentage, which is the number of the orders received from customers upon acquisition of a company with existing customers as a percentage of the total number of all orders. Future cash flows are based on the management's cash flow projections for the future five years. The management's cash flow projections are developed using estimates for expected future earnings growth rates, rate of return, and working capital ratio by reporting units. The risk-adjusted discount rate is determined by the CAPM and we mainly utilize a WACC of 4.5%. The existing customer percentage is calculated by the percentage of orders from existing customers at the point of merger. Our management believes that the future cash flows and the evaluations of fair value are reasonable. However, due to a change in future cash flows and fair value, the calculation of impairment may be adversely affected.

As a result of the evaluation performed for fiscal year 2014, we concluded that there was no impairment in the carrying value of customer relationships.

(viii) ***Employee Retirement Benefits***

We provide a number of retirement benefit plans to a substantial portion of our employees. Our wholly owned subsidiary, Wacoal Corp., has a contributory retirement plan. The amount of the projected retirement benefit obligation and pension costs are dependent on management's assumptions used by actuaries in calculating such amount. The key assumptions include discount rates, expected long-term rate of return on plan assets, retirement rates, mortality expectations, and other factors. Our management believes that these actuarial assumptions and methods are appropriate in light of our circumstances. However, due to a change in an actuarial assumption, the amount of the projected retirement benefit plan liabilities and costs may be adversely affected.

Our approach to establishing the discount rate is based upon long-term Japanese government bond rates and corporate bond indices. The discount rate assumption is based upon the effective yields as of March 31, 2014 on the Japanese government bonds whose maturity dates approximate the timing of the expected future benefit payments. On March 31, 2014, the discount rate used for the contributory retirement plan was 1.3%.

We determine the expected long-term rate of return on plan asset assumptions by evaluating both historical returns, as well as estimates of future returns. Its expected return on assets was based on expected equity and debt securities returns weighted by the percentage of each of the major asset classes. Its estimate of the long-term rate of return on assets for the contributory retirement plan is 2.5% for fiscal years 2013, and 2014. The estimated long-term rate of return is based on an asset allocation of equity securities of 26.0%, debt securities of 54.0%, life insurance company general accounts of 18.0%, and short-term financing of 2.0%.

These assumptions have a significant effect on the amount of the obligation and periodic benefit cost reported. A change of 0.5% in the discount rate and the expected long-term rate of return on plan assets would have the following effects:

	Effect on periodic benefit costs	Effect on benefit obligation
Discount rate: 0.5% decrease	an increase of 327 million yen	an increase of 1,904 million yen
Discount rate: 0.5% increase	a decrease of 184 million yen	a decrease of 1,661 million yen
Expected long-term rate of return on plan assets: 0.5% decrease	an increase of 147 million yen	-

Expected long-term rate of return on plan assets: 0.5% increase	a decrease of 147 million yen	-

The other retirement plans provide for either lump-sum termination benefits or periodic payments under certain conditions. Benefits are usually paid as a lump sum at the earlier of the employee's termination or the mandatory retirement age.

(3) New Accounting Pronouncements

Presentation of Comprehensive Income - In February 2013, the Financial Accounting Standards Board "FASB" issued new guidance requiring additional disclosure for the amounts reclassified out of accumulated other comprehensive income. The guidance required disclosure of changes in accumulated other comprehensive income by component. It also requires an entity to present information about significant items reclassified out of accumulated other comprehensive income by component either on the face of the statement where net income is presented or as a separate disclosure in the notes to the financial statements. The guidance is effective for fiscal years and interim periods within those years, beginning after December 15, 2012. The Company adopted this guidance from the first quarter beginning from April 1, 2013. The adoption of this guidance does not have an effect on the Companies' consolidated financial position, result of operations, or cash flows since it relates only to disclosure requirements of accumulated other comprehensive income.

Revenue Recognition – In May 2014, the FASB issued a new accounting guidance related to revenue recognition. This guidance is based on the principle that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard provides comprehensive guidance, and requires the disclosure of information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This guidance is effective for fiscal years beginning after December 15, 2016 and interim periods within annual periods. The company is currently evaluating the impact of adoption on the Company's consolidated financial position, result of operations, or cash flows.

(4) Report on Business Results

(i) Sales

Please see "II. Business Overview – 1. Summary of Business Results – (1) Summary of Operations."

(ii) Cost of Sales

Our cost of sales increased 7.6% from 84,548 million yen for fiscal year 2013 to 91,008 million yen for fiscal year 2014. Cost of sales as a percentage of net sales increased 0.1% from 46.9% for fiscal year 2013 to 47.0% for fiscal year 2014 due to an increase in the ratio of sales achieved by our domestic subsidiaries with a high cost rate, in addition to an increase of returned products at Wacoal Corp.

(iii) Selling, General and Administrative Expenses

Our selling, general and administrative expenses increased 5.4% from 84,331 million yen for fiscal year 2013 to 88,913 million yen for fiscal year 2014. On the other hand, the selling, general and administrative expenses as a percentage of net sales decreased 1.0% from 46.8% for fiscal year 2013 to 45.8% for fiscal year 2014. This decrease was due to the suppression of marginal cost, while growth in sales was mainly from our existing business.

(iv) Goodwill and Other Intangible Assets

At the end of fiscal year 2013, we examined potential impairment charges on the trademarks, customer relationships, and goodwill, all of which are recorded as other intangible fixed assets of Peach John, pursuant to its business plan, and accordingly, we recorded an impairment charge of 2,852 million yen in total. There were no impairment charges for fiscal year 2014.

(v) Operating Margin

Our operating margin increased 2.5% from 4.7% for fiscal year 2013 to 7.2% for fiscal year 2014. This increase was mainly due to an increase in sales, as well as our successful efforts in improving the percentage of the selling, general and administrative expenses and the elimination of the impairment charges recorded in connection with Peach John.

(vi) Other Income/Expenses

We recorded 1,173 million yen as other income, a decrease of 1,268 million yen, as compared to 2,441 million yen of other income recorded for fiscal year 2013. This decrease was mainly due to the gain on sale and exchange of marketable securities and investments decrease of 2,124 million yen from fiscal year 2013.

(vii) Net Income Attributable to Wacoal Holdings Corp.

Net income attributable to Wacoal Holdings Corp. for fiscal year 2014 was 10,106 million yen, an increase of 2,226 million yen as compared to fiscal year 2013 as a result of improved operating margin, despite a decrease in other income.

(5) Liquidity and Capital Resources

Our current policy is to fund our cash needs from cash flows from operations, which allows us to secure working capital, make capital investments, and pay dividends without relying on substantial borrowings or other financing from outside of our group companies. As of March 31, 2014, we had credit facilities at financial institutions totaling 37,938 million yen, and the unused lines of credit for short-term financing amounted to 12,449 million yen. Of this credit, 7,316 million yen is available to Wacoal Holdings Corp., 3,545 million yen is available to Wacoal Service Co., Ltd., and 1,588 million yen is available to Nanasai.

In general, most of our credit facilities have automatically renewed terms, and we are not aware of any issues with respect to any of our lenders that could cause these facilities to become unavailable. Even if any of our subsidiaries loses access to funds from our credit facilities, we believe that it is possible for other companies in our group to provide any necessary funds. Our borrowing requirements are not affected by seasonality.

We are not aware of any restrictions on the transfers of funds from a subsidiary to a parent company in the form of a cash dividend, loan, or cash advance. We believe our working capital is adequate for our present requirements and for our business operations in the short to long term.

(i) Capital Investments

Please see "III. Property, Plants, and Equipment – 1. Summary of Capital Investment, etc."

(ii) Cash Flows

Please see "II. Business Overview - 1. Summary of Business Results - (2) Cash Flows."

III. 【Property, Plants, and Equipment】

1. 【Summary of Capital Investment, etc. 】

The amount of capital investment for the fiscal year ended March 31, 2014, was 3,464 million yen. A majority of our capital investment was used in the information system investment for our domestic subsidiaries and maintenance and repair work implemented for the real properties held by the Company.

The amounts of capital investment made in Wacoal Business (Domestic), Wacoal Business (Overseas), Peach John Business, and Other were 2,210 million yen, 621 million yen, 296 million yen, and 337 million yen, respectively.

2. 【Major Property, Plants, and Equipment】

The table below shows our major property, plants, and equipment within our group (Company and consolidated subsidiaries).

(1) Wacoal Holdings Corp.

As of March 31, 2014

Facility (Location)	Operating Segment	Type of Equipment and Facilities	Book Value (Millions of yen)				Number of Employee(s)
			Buildings	Equipment and Fixtures	Land (m^2)	Total	
Head Office (Minami-ku, Kyoto) and other	Wacoal Business (Domestic)	Facilities for administration affairs, etc.	15,747	1,598	18,488 (277,311)	35,834	80 [－]

(2) Domestic Subsidiaries

As of March 31, 2014

Name of Company (Location)	Operating Segment	Type of Equipment and Facilities	Book Value (Millions of yen)				Number of Employee(s)
			Buildings	Machinery, Vehicle, Equipment, and Fixtures	Land (m^2)	Total	
Wacoal Corp. Head Office (Minami-ku, Kyoto) One other business office in Kyoto district	Wacoal Business (Domestic)	Facilities for administration affairs	24	181	－	205	1,311 [248]
Wacoal Corp. Tokyo Office (Chiyoda-ku, Tokyo) One other business office in Tokyo	Wacoal Business (Domestic)	Facilities for administration affairs	26	6	－	32	1,096 [39]
Wacoal Corp. Osaka Office (Yodogawa-ku, Osaka)	Wacoal Business (Domestic)	Facilities for administration affairs	10	6	－	16	895 [59]
Wacoal Corp.Shibaura Office (Minato-ku, Tokyo)	Wacoal Business (Domestic)	Facilities for administration affairs	60	4	－	64	652 [73]
Wacoal Art Center Co., Ltd. (Minato-ku, Tokyo)	Wacoal Business (Domestic)	Sales facilities	41	11	－	52	－ [－]
Wacoal Distribution Corp. West Japan Distribution Center (Moriyama, Shiga)	Wacoal Business (Domestic)	Facilities for merchandise management	20	114	－	134	405 [－]
Kyushu Wacoal Manufacturing Corp., Nagasaki Plant (Unzen, Nagasaki)	Wacoal Business (Domestic)	Manufacturing facilities	1	90	－	91	372 [39]
Torica Inc. (Saihakugun Nanbucho, Tottori) Three other plants	Wacoal Business (Domestic)	Manufacturing facilities	568	58	180 (40,840)	806	179 [36]
Nanasai Co., Ltd. Osaka Commodity Center (Yodogawa-ku, Osaka)	Other	Manufacturing facilities	340	12	150 (2,790)	502	22 [3]

(3) Overseas Subsidiaries

As of March 31, 2014

Name of Company (Location)	Operating Segment	Type of Equipment and Facilities	Book Value (Millions of yen)				Number of Employees
			Buildings	Machinery, Vehicle, Equipment, and Fixtures	Land (m^2)	Total	
WACOAL AMERICA, INC. (New York, USA)	Wacoal Business (Overseas)	Facilities for administration affairs and merchandise management	549	66	245 (32,300)	862	172 [—]
WACOAL DOMINICANA CORP. (Santo Domingo, Dominican Republic)	Wacoal Business (Overseas)	Manufacturing facilities	499	111	82 (24,459)	693	1,448 [—]
WACOAL SINGAPORE PRIVATE LTD. (Singapore)	Wacoal Business (Overseas)	Facilities for administration affairs	25	28	200 (235)	254	67 [19]
WACOAL HONG KONG CO., LTD. (Hong Kong)	Wacoal Business (Overseas)	Facilities for administration affairs	435	—	—	435	135 [29]
Wacoal China Co., Ltd. (Beijing, China)	Wacoal Business (Overseas)	Facilities for adm inistration affairs/ manufacturing facilities	229	36	—	266	798 [—]
Guandong Wacoal Inc. (Guandong, China)	Wacoal Business (Overseas)	Manufacturing facilities	162	224	—	386	545 [—]
VIETNAM WACOAL CORP. (Bien Hoa City, Vietnam)	Wacoal Business (Overseas)	Facilities for adm inistration affairs/ manufacturing facilities	113	166	—	280	1,925 [5]
Dalian Wacoal Co., Ltd. (Dalian, China)	Wacoal Business (Overseas)	Manufacturing facilities	374	233	—	607	661 [—]

(Note) 1 The amount of book value above does not include consumption taxes, etc.

2 None of our major facilities is currently out of service.

3 Buildings and land regarding certain domestic subsidiaries under (2) above are under lease by the Company. The book value of the buildings and land are as follows:

Name of Business Office (Location)	Operating Segment	Type of Equipment and Facilities	Book Value (Millions of yen)	
			Buildings	Land (m^2)
Wacoal Corp. Head Office (Minami-ku, Kyoto) One other business office in Kyoto district	Wacoal Business (Domestic)	Facilities for administration affairs	6,719	591 (8,316)
Wacoal Corp. Tokyo Office (Chiyoda-ku, Tokyo) One other business office in Tokyo	Wacoal Business (Domestic)	Facilities for administration affairs	1,065	1,945 (1,471)
Wacoal Corp. Osaka Office (Yodogawa-ku, Osaka)	Wacoal Business (Domestic)	Facilities for administration affairs	442	960 (1,833)
Wacoal Art Center Co., Ltd. (Minato-ku, Tokyo)	Wacoal Business (Domestic)	Sales facilities	1,629	3,972 (1,739)
Wacoal Distribution Corp. West Japan Distribution Center(Moriyama, Shiga)	Wacoal Business (Domestic)	Facilities for merchandise management	2,298	1,419 (38,923)
Kyushu Wacoal Manufacturing Corp., Nagasaki Plan (Unzen, Nagasaki)	Wacoal Business (Domestic)	Manufacturing facilities	274	52 (19,416)

4 The average number of temporary employees during the period is in brackets.

5. The details of the major leased facilities by other entities other than the above consolidated subsidiaries are as follows.

(1) Domestic Subsidiaries

Name of Business Office (Location)	Operating Segment	Type of Equipment and Facilities	Buildings (m^2)	Land (m^2)	Annual Lease Amount (Millions of yen)
Wacoal Corp.Shibaura Office (Minato-ku, Tokyo)	Wacoal Business (Domestic)	Facilities for administration affairs	2,137	—	34
Peach John Co., Ltd. Head Office (Shibuya-ku, Tokyo)	Peach John Business	Facilities for administration affairs	1,708	—	121
Lecien Corp. Osaka Office (Nishi-ku, Osaka)	Other	Facilities for administration affairs	1,747	—	57

(2) Overseas Subsidiaries

Name of Company (Location)	Operating Segment	Type of Equipment and Facilities	Buildings (m^2)	Land (m^2)	Annual Lease Amount (Millions of yen)
WACOAL AMERICA, INC. (New York, USA)	Wacoal Business (Overseas)	Facilities for administration affairs	7,903	—	176
PHILIPPINE WACOAL CORP. (Manila, Philippines)	Wacoal Business (Overseas)	Facilities for administration affairs	926	—	8
Wacoal China Co., Ltd. (Beijing, China)	Wacoal Business (Overseas)	Facilities for administration affairs/manufacturing facilities	—	11,871	4
Guandong Wacoal Inc. (Guandong, China)	Wacoal Business (Overseas)	Manufacturing facilities	—	11,224	2
VIETNAM WACOAL CORP. (Bien Hoa City, Vietnam)	Wacoal Business (Overseas)	Facilities for administration affairs/manufacturing Facilities	—	25,195	3
Dalian Wacoal Co., Ltd. (Dalian, China)	Wacoal Business (Overseas)	Manufacturing facilities	—	27,543	1

3. 【Plans for Capital Investment, Disposals of Property, Plants, and Equipment, etc.】

(1) Additions of Important Facilities

At the end of the current fiscal year, we are planning a new construction project of a business-use building on land located south of JR Kyoto Station (Minami-ku, Kyoto), which is scheduled to be completed in January 2016. We plan to invest approximately 7,000 million yen in this new construction project.

(2) Disposals of Important Facilities

Not applicable.

IV. 【Information on the Company】

1. 【Information on the Company's Stock, etc.】

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total Number of Shares Authorized to be Issued
Common stock	500,000,000 shares
Total	500,000,000 shares

(ii) Number of Shares Issued

Class	Number of Shares Issued as of the end of Fiscal Year (March 31, 2014) (shares)	Number of Shares Issued as of the Filing Date (June 27, 2014) (shares)	Names of Stock Exchanges on which the Company is listed or Names of Authorized Financial Instruments Firms Association	Description
Common stock	143,378,085	143,378,085	First section of Tokyo Stock Exchange	Shareholders have unlimited standard rights. The number of shares constituting a unit is 1,000.
Total	143,378,085	143,378,085	—	—

(2) Status of Stock Acquisition Rights

The stock acquisition rights are issued by the Company in accordance with the Companies Act.

(i) First Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 30, 2008)

	As of the end of Fiscal Year (March 31, 2014)	As of the end of Month Preceding the Filing Date (May 31, 2014)
Number of stock acquisition rights	30 (Note 1)	30 (Note 1)
Number of stock acquisition rights held by the Company	—	—
Class of shares represented by stock acquisition rights	Common stock 1,000 shares per one stock acquisition right	Common stock 1,000 shares per one stock acquisition right
Number of shares represented by stock acquisition rights	30,000 shares (Note 2)	30,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One (1) yen per share	One (1) yen per share
Exercise period	From September 2, 2008 until September 1, 2028	From September 2, 2008 until September 1, 2028
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 1,138 yen Amount capitalized as common stock: 569 yen	Issue price: 1,138 yen Amount capitalized as common stock: 569 yen
Terms and conditions for exercising the stock acquisition rights	(Note 3)	(Note 3)
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	Subject to the approval of the Board of Directors
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	(Note 4)

(Note) 1 The number of shares represented by one (1) stock acquisition right is 1,000 shares.

2 In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the number of shares represented by stock acquisition rights (the "Conversion Ratio") will be adjusted in accordance with the following formula:

Adjusted Conversion Ratio	=	Conversion Ratio prior to adjustment	X	Ratio of stock split or reverse stock split

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date.
In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.
Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.
Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to each of the holders of stock acquisition rights who are registered as holders of stock acquisition rights ("Option holders") no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3 (1) Option holders may exercise their stock acquisition rights in the event that they lose their status as Director (including officers of a company that has adopted the committee system), Audit & Supervisory Board Member, or executive officer of the Company and Wacoal Corp. (the "Date of Loss of Status"); provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the day after the Date of Loss of Status (the "Exercise Start Date").

(2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

(i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2027
From September 2, 2027 until September 1, 2028.

(ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.

(3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.

4 In the event that the Company conducts a merger (limited to a merger that would result in the dissolution of the Company), absorption-type demerger, incorporation-type demerger, stock swap or share transfer (collectively, "Organizational Restructuring"), stock acquisition rights of the joint stock companies (*kabushiki kaisha*) listed in Article 236, Paragraph 1, Item 8, (a) through (e) of the Companies Act (the "Surviving Company") shall be granted to each holder of stock acquisition rights remaining immediately prior to the Organizational Restructuring takes effect (the "Residual Stock Acquisition Rights") (i.e., for an absorption-type demerger, the date on which the demerger takes effect; for an incorporation-type demerger, the date on which the new company is incorporated; for a stock swap, the date on which the stock swap takes effect; and for share transfer, the date on which the wholly owning parent company is incorporated by share transfer) in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:

(1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.

(2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.

(3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:

To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.

(4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

(5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.

(6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:
(i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 40-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.
(ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.

(7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

(8) Provisions for the Acquisition of Stock Acquisition Rights:
In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:
(i) a proposed merger agreement under which the Company is to be dissolved;
(ii) a proposed corporate division agreement or plan under which the Company would be split;
(iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;
(iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer;
(v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.

(9) Other Conditions relating to the Exercise of Stock Acquisition Rights:
To be determined pursuant to Note 3 above.

(ii) Second Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 30, 2008)

	As of the end of Fiscal Year (March 31, 2014)	As of the end of Month Preceding the Filing Date (May 31, 2014)
Number of stock acquisition rights	14 (Note 1)	14 (Note 1)
Number of stock acquisition rights held by the Company	—	—
Class of shares represented by stock acquisition rights	Common stock 1,000 shares per one stock acquisition right	Common stock 1,000 shares per one stock acquisition right
Number of shares represented by stock acquisition rights	14,000 shares (Note 2)	14,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	One yen per share
Exercise period	From September 2, 2008 until September 1, 2028	From September 2, 2008 until September 1, 2028
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 1,138 yen Amount capitalized as common stock: 569 yen	Issue price: 1,138 yen Amount capitalized as common stock: 569 yen
Terms and conditions for exercising the stock acquisition rights	(Note 3)	(Note 3)
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	Subject to the approval of the Board of Directors
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	(Note 4)

(Note) 1 The number of shares represented by one (1) stock acquisition right is 1,000 shares.

2 In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date.

In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3 (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.

(2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

(i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2027
From September 2, 2027 until September 1, 2028.

(ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.

(3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.

4 In the event that the Company conducts Organizational Restructuring ,stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:

(1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.

(2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.

(3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.

(4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

(5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.

(6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:

(i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 40-1 of the Japanese Company Accounting Regulations. Any amount less than one (1) yen shall be rounded up to the nearest yen.

(ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.

(7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

(8) Provisions for the Acquisition of Stock Acquisition Rights:
In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:

(i) a proposed merger agreement under which the Company is to be dissolved;

(ii) a proposed corporate division agreement or plan under which the Company would be split;

(iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;

(iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer;

(v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.

(9) Other Conditions relating to the Exercise of Stock Acquisition Rights:
To be determined pursuant to Note 3 above:

(iii) Third Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 30, 2009)

	As of the end of Fiscal Year (March 31, 2014)	As of the end of Month Preceding the Filing Date (May 31, 2014)
Number of stock acquisition rights	29 (Note 1)	29 (Note 1)
Number of stock acquisition rights held by the Company	—	—
Class of shares represented by stock acquisition rights	Common stock 1,000 shares per one stock acquisition right	Common stock 1,000 shares per one stock acquisition right
Number of shares represented by stock acquisition rights	29,000 shares (Note 2)	29,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	One yen per share
Exercise period	From September 2, 2009 until September 1, 2029	From September 2, 2009 until September 1, 2029
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 1,085 yen Amount capitalized as common stock: 543 yen	Issue price: 1,085 yen Amount capitalized as common stock: 543 yen
Terms and conditions for exercising the stock acquisition rights	(Note 3)	(Note 3)
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	Subject to the approval of the Board of Directors
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	(Note 4)

(Note) 1 The number of shares represented by one (1) stock acquisition right is 1,000 shares.

2 In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date.
In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.
Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.
Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3 (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.

(2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

(i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2028
From September 2, 2028 until September 1, 2029.

(ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.

(3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.

4 In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:

(1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.

(2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.

(3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.

(4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

(5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.

(6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:

(i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock, which are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.

(ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.

(7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

(8) Provisions for the Acquisition of Stock Acquisition Rights:

In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:

(i) a proposed merger agreement under which the Company is to be dissolved;

(ii) a proposed corporate division agreement or plan under which the Company would be split;

(iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;

(iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or

(v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.

(9) Other Conditions relating to the Exercise of Stock Acquisition Rights:

To be determined pursuant to Note 3 above.

(iv) Fourth Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 30, 2009)

	As of the end of Fiscal Year (March 31, 2014)	As of the end of Month Preceding the Filing Date (May 31, 2014)
Number of stock acquisition rights	14 (Note 1)	14 (Note 1)
Number of stock acquisition rights held by the Company	—	—
Class of shares represented by stock acquisition rights	Common stock 1,000 shares per one stock acquisition right	Common stock 1,000 shares per one stock acquisition right
Number of shares represented by stock acquisition rights	14,000 shares (Note 2)	14,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	One yen per share
Exercise period	From September 2, 2009 until September 1, 2029	From September 2, 2009 until September 1, 2029
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 1,085 yen Amount capitalized as common stock: 543 yen	Issue price: 1,085 yen Amount capitalized as common stock: 543 yen
Terms and conditions for exercising the stock acquisition rights	(Note 3)	(Note 3)
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	Subject to the approval of the Board of Directors
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	(Note 4)

(Note) 1 The number of shares represented by one stock acquisition right is 1,000 shares.

2 In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for

such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date.
In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.
Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.
Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3 (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the "Exercise Start Date.

(2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

(i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2028
From September 2, 2028 until September 1, 2029.

(ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.

(3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.

4 In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:

(1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.

(2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.

(3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.

(4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

(5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.

(6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:

(i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.

(ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.

(7) Limitation on Acquisition of Stock Acquisition Rights by Transfer.

The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

(8) Provisions for the Acquisition of Stock Acquisition Rights.

In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:

(i) a proposed merger agreement under which the Company is to be dissolved;

(ii) a proposed corporate division agreement or plan under which the Company would be split;

(iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;

(iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer;

(v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.

(9) Other Conditions relating to the Exercise of Stock Acquisition Rights.

To be determined pursuant to Note 3 above.

(v) Fifth Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 30, 2010)

	As of the end of Fiscal Year (March 31, 2014)	As of the end of Month Preceding the Filing Date (May 31, 2014)
Number of stock acquisition rights	35 (Note 1)	35 (Note 1)
Number of stock acquisition rights held by the Company	—	—
Class of shares represented by stock acquisition rights	Common stock 1,000 shares per one stock acquisition right	Common stock 1,000 shares per one stock acquisition right
Number of shares represented by stock acquisition rights	35,000 shares (Note 2)	35,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	One yen per share
Exercise period	From September 2, 2010 until September 1, 2030	From September 2, 2010 until September 1, 2030
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 1,082 yen Amount capitalized as common stock: 541 yen	Issue price: 1,082 yen Amount capitalized as common stock: 541 yen
Terms and conditions for exercising the stock acquisition rights	(Note 3)	(Note 3)
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	Subject to the approval of the Board of Directors
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	(Note 4)

(Note) 1 The number of shares represented by one stock acquisition right is 1,000 shares.

2 In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

Adjusted Conversion Ratio	=	Conversion Ratio prior to adjustment	X	Ratio of stock split or reverse stock split

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date.
In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.
Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.
Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3 (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.

(2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

(i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2029
From September 2, 2029 until September 1, 2030.

(ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.

(3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.

4 In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:

(1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.

(2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.

(3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.

(4) Amount Capitalized upon Exercise of Stock Acquisition Rights:

The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

(5) Exercise Period for Stock Acquisition Rights:

From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.

(6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:

(i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.

(ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.

(7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:

The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

(8) Provisions for the Acquisition of Stock Acquisition Rights:

In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:

(i) a proposed merger agreement under which the Company is to be dissolved;

(ii) a proposed corporate division agreement or plan under which the Company would be split;

(iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;

(iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or

(v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.

(9) Other Conditions relating to the Exercise of Stock Acquisition Rights:

To be determined pursuant to Note 3 above.

(vi) Sixth Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 30, 2010)

	As of the end of Fiscal Year (March 31, 2014)	As of the end of Month Preceding the Filing Date (May 31, 2014)
Number of stock acquisition rights	11 (Note 1)	11 (Note 1)
Number of stock acquisition rights held by the Company	—	—
Class of shares represented by stock acquisition rights	Common stock 1,000 shares per one stock acquisition right	Common stock 1,000 shares per one stock acquisition right
Number of shares represented by stock acquisition rights	11,000 shares (Note 2)	11,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	One yen per share
Exercise period	From September 2, 2010 until September 1, 2030	From September 2, 2010 until September 1, 2030
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 1,082 yen Amount capitalized as common stock: 541 yen	Issue price: 1,082 yen Amount capitalized as common stock: 541 yen
Terms and conditions for exercising the stock acquisition rights	(Note 3)	(Note 3)
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	Subject to the approval of the Board of Directors
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	(Note 4)

(Note) 1 The number of shares represented by one stock acquisition right is 1,000 shares.

2 In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date.

In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3 (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.

(2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

(i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2029
From September 2, 2029 until September 1, 2030.

(ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.

(3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.

4 In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:

(1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.

(2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.

(3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.

(4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

(5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.

(6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:

(i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.

(ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.

(7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

(8) Provisions for the Acquisition of Stock Acquisition Rights:
In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:

(i) a proposed merger agreement under which the Company is to be dissolved;

(ii) a proposed corporate division agreement or plan under which the Company would be split;

(iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;

(iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer;

(v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.

(9) Other Conditions relating to the Exercise of Stock Acquisition Rights:
To be determined pursuant to Note 3 above.

(vii) Seventh Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 29, 2011)

	As of the end of Fiscal Year (March 31, 2014)	As of the end of Month Preceding the Filing Date (May 31, 2014)
Number of stock acquisition rights	48 (Note 1)	48 (Note 1)
Number of stock acquisition rights held by the Company	—	—
Class of shares represented by stock acquisition rights	Common stock 1,000 shares per one stock acquisition right	Common stock 1,000 shares per one stock acquisition right
Number of shares represented by stock acquisition rights	48,000 shares (Note 2)	48,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	One yen per share
Exercise period	From September 2, 2011 until September 1, 2031	From September 2, 2011 until September 1, 2031
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 879 yen Amount capitalized as common stock: 440 yen	Issue price: 879 yen Amount capitalized as common stock: 440 yen
Terms and conditions for exercising the stock acquisition rights	(Note 3)	(Note 3)
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	Subject to the approval of the Board of Directors
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	(Note 4)

(Note) 1 The number of shares represented by one stock acquisition right is 1,000 shares.

2 In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date.
In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.
Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.
Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3 (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.

(2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

(i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2030
From September 2, 2030 until September 1, 2031.

(ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.

(3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.

4 In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:

(1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.

(2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.

(3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.

(4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

(5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.

(6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:

(i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.

(ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.

(7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

(8) Provisions for the Acquisition of Stock Acquisition Rights:

In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:

(i) a proposed merger agreement under which the Company is to be dissolved;

(ii) a proposed corporate division agreement or plan under which the Company would be split;

(iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;

(iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or

(v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.

(9) Other Conditions relating to the Exercise of Stock Acquisition Rights:
To be determined pursuant to Note 3 above.

(viii) Eighth Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 29, 2011)

	As of the end of Fiscal Year (March 31, 2014)	As of the end of Month Preceding the Filing Date (May 31, 2014)
Number of stock acquisition rights	21 (Note 1)	21 (Note 1)
Number of stock acquisition rights held by the Company	—	—
Class of shares represented by stock acquisition rights	Common stock 1,000 shares per one stock acquisition right	Common stock 1,000 shares per one stock acquisition right
Number of shares represented by stock acquisition rights	21,000 shares (Note 2)	21,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	One yen per share
Exercise period	From September 2, 2011 until September 1, 2031	From September 2, 2011 until September 1, 2031
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 879 yen Amount capitalized as common stock: 440 yen	Issue price: 879 yen Amount capitalized as common stock: 440 yen
Terms and conditions for exercising the stock acquisition rights	(Note 3)	(Note 3)
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	Subject to the approval of the Board of Directors
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	(Note 4)

(Note) 1 The number of shares represented by one stock acquisition right is 1,000 shares.

2 In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date.

In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.
Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.
Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3 (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.

(2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

(i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2030
From September 2, 2030 until September 1, 2031.

(ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.

(3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.

4 In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:

(1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.

(2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.

(3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.

(4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

(5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.

(6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:

(i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.

(ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.

(7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

(8) Provisions for the Acquisition of Stock Acquisition Rights:
In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:

(i) a proposed merger agreement under which the Company is to be dissolved;
(ii) a proposed corporate division agreement or plan under which the Company would be split;
(iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;
(iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or
(v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.

(9) Other Conditions relating to the Exercise of Stock Acquisition Rights:
To be determined pursuant to Note 3 above.

(ix) Ninth Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 31, 2012)

	As of the end of Fiscal Year (March 31, 2014)	As of the end of Month Preceding the Filing Date (May 31, 2014)
Number of stock acquisition rights	53 (Note 1)	53 (Note 1)
Number of stock acquisition rights held by the Company	—	—
Class of shares represented by stock acquisition rights	Common stock 1,000 shares per one stock acquisition right	Common stock 1,000 shares per one stock acquisition right
Number of shares represented by stock acquisition rights	53,000 shares (Note 2)	53,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	One yen per share
Exercise period	From September 4, 2012 until September 3, 2032	From September 4, 2012 until September 3, 2032
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 800 yen Amount capitalized as common stock: 400 yen	Issue price: 800 yen Amount capitalized as common stock: 400 yen
Terms and conditions for exercising the stock acquisition rights	(Note 3)	(Note 3)
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	Subject to the approval of the Board of Directors
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	(Note 4)

(Note) 1 The number of shares represented by one stock acquisition right is 1,000 shares.

2 In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date.
In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.
Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.
Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3 (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.

(2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

(i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2031
From September 2, 2031 until September 3, 2032.

(ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.

(3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.

4 In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:

(1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.

(2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.

(3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.

(4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

(5) Exercise Period for Stock Acquisition Rights:

From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.

(6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:

(i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.

(ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.

(7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:

The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

(8) Provisions for the Acquisition of Stock Acquisition Rights:

In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:

(i) a proposed merger agreement under which the Company is to be dissolved;

(ii) a proposed corporate division agreement or plan under which the Company would be split;

(iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;

(iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or

(v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.

(9) Other Conditions relating to the Exercise of Stock Acquisition Rights:

To be determined pursuant to Note 3 above.

(x) Tenth Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 31, 2012)

	As of the end of Fiscal Year (March 31, 2014)	As of the end of Month Preceding the Filing Date (May 31, 2014)
Number of stock acquisition rights	14 (Note 1)	14 (Note 1)
Number of stock acquisition rights held by the Company	—	—
Class of shares represented by stock acquisition rights	Common stock 1,000 shares per one stock acquisition right	Common stock 1,000 shares per one stock acquisition right
Number of shares represented by stock acquisition rights	14,000 shares (Note 2)	14,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	One yen per share
Exercise period	From September 4, 2012 until September 3, 2032	From September 4, 2012 until September 3, 2032
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 800 yen Amount capitalized as common stock: 400 yen	Issue price: 800 yen Amount capitalized as common stock: 400 yen
Terms and conditions for exercising the stock acquisition rights	(Note 3)	(Note 3)
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	Subject to the approval of the Board of Directors
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	(Note 4)

(Note) 1 The number of shares represented by one stock acquisition right is 1,000 shares.

2 In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date.

In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3 (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.

(2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

(i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2031
From September 2, 2031 until September 3, 2032.

(ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.

(3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.

4 In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:

(1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.

(2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.

(3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.

(4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

(5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.

(6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:

(i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.

(ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.

(7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

(8) Provisions for the Acquisition of Stock Acquisition Rights:
In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:

(i) a proposed merger agreement under which the Company is to be dissolved;

(ii) a proposed corporate division agreement or plan under which the Company would be split;

(iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;

(iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or

(v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.

(9) Other Conditions relating to the Exercise of Stock Acquisition Rights:
To be determined pursuant to Note 3 above.

(xi) Eleventh Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 31, 2013)

	As of the end of Fiscal Year (March 31, 2014)	As of the end of Month Preceding the Filing Date (May 31, 2014)
Number of stock acquisition rights	52 (Note 1)	52 (Note 1)
Number of stock acquisition rights held by the Company	—	—
Class of shares represented by stock acquisition rights	Common stock 1,000 shares per one stock acquisition right	Common stock 1,000 shares per one stock acquisition right
Number of shares represented by stock acquisition rights	52,000 shares (Note 2)	52,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	One yen per share
Exercise period	From September 3, 2013 until September 2, 2033	From September 3, 2013 until September 2, 2033
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 918 yen Amount capitalized as common stock: 459 yen	Issue price: 918 yen Amount capitalized as common stock: 459 yen
Terms and conditions for exercising the stock acquisition rights	(Note 3)	(Note 3)
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	Subject to the approval of the Board of Directors
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	(Note 4)

(Note) 1 The number of shares represented by one stock acquisition right is 1,000 shares.

2 In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date.
In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.
Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.
Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3 (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.

(2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

(i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2032
From September 2, 2032 until September 2, 2033.

(ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.

(3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.

4 In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:

(1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.

(2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.

(3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.

(4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

(5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.

(6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:

(i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.

(ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.

(7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:

The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

(8) Provisions for the Acquisition of Stock Acquisition Rights:

In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:

(i) a proposed merger agreement under which the Company is to be dissolved;

(ii) a proposed corporate division agreement or plan under which the Company would be split;

(iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;

(iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or

(v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.

(9) Other Conditions relating to the Exercise of Stock Acquisition Rights:

To be determined pursuant to Note 3 above.

(xii) Twelfth Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 31, 2013)

	As of the end of Fiscal Year (March 31, 2014)	As of the end of Month Preceding the Filing Date (May 31, 2014)
Number of stock acquisition rights	25 (Note 1)	25 (Note 1)
Number of stock acquisition rights held by the Company	—	—
Class of shares represented by stock acquisition rights	Common stock 1,000 shares per one stock acquisition right	Common stock 1,000 shares per one stock acquisition right
Number of shares represented by stock acquisition rights	25,000 shares (Note 2)	25,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	One yen per share
Exercise period	From September 3, 2013 until September 2, 2033	From September 3, 2013 until September 2, 2033
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 918 yen Amount capitalized as common stock: 459 yen	Issue price: 918 yen Amount capitalized as common stock: 459 yen
Terms and conditions for exercising the stock acquisition rights	(Note 3)	(Note 3)
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	Subject to the approval of the Board of Directors
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	(Note 4)

(Note) 1 The number of shares represented by one stock acquisition right is 1,000 shares.

2 In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts

a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date.
In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.
Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.
Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3 (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.

(2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

(i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2032
From September 2, 2032 until September 2, 2033.

(ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.

(3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.

4 In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:

(1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.

(2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.

(3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.

(4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

(5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.

(6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:

(i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.

(ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.

(7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:

The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

(8) Provisions for the Acquisition of Stock Acquisition Rights:

In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:

(i) a proposed merger agreement under which the Company is to be dissolved;

(ii) a proposed corporate division agreement or plan under which the Company would be split;

(iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;

(iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or

(v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.

(9) Other Conditions relating to the Exercise of Stock Acquisition Rights:

To be determined pursuant to Note 3 above.

(3) Status of Exercise of Bonds with Stock Acquisition Rights containing a Clause for Exercise Price Adjustment

Not applicable.

(4) Right Plans

Not applicable.

(5) Trends in the Total Number of Shares Issued, Common Stock, etc.

Date	Changes in the Total Number of Shares Issued (Thousands of shares)	Balance of Total Number of Shares Issued (Thousands of shares)	Changes in Common Stock (Millions of yen)	Balance of Common Stock (Millions of yen)	Changes in Additional Paid-in Capital (Millions of yen)	Balance of Additional Paid-in Capital (Millions of yen)
March 28, 2008 (Note)	(3,900)	143,378	—	13,260	—	29,294

(Note) This decrease is due to the cancellation of shares held as treasury stock.

(6) Status of Shareholders

4

As of March 31, 2014

Category	Status of Shares (1 unit = 1,000 shares)								Shares under One Unit (share)
	National and Local Governments	Financial Institutions	Securities Companies	Other Corporations	Foreign Shareholders		Individuals and Other	Total	
					Foreign shareholders other than individuals	Individuals			
Number of shareholders	—	66	26	202	205	3	11,284	11,786	
Number of shares held (units)	—	57,243	2,569	30,397	24,139	6	28,140	142,494	884,085
Ratio (%)	—	40.18	1.80	21.33	16.94	0.00	19.75	100	

(Note) Out of the treasury stock of 2,539,371shares, 2,539 units are included under "Individuals and other," and 371 shares of less than one share unit are included under "Shares under one unit."

(7) Status of Major Shareholders

As of March 31, 2014

Name of Shareholder	Address	Number of Shares held by Shareholder (Thousands of shares)	Shareholding Ratio (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	6,990	4.87
Meiji Yasuda Life Insurance Company	2-1-1, Marunouchi, Chiyoda-ku, Tokyo	6,100	4.25
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	5,150	3.59
The Bank of Kyoto, Ltd.	700, Yakushimae-cho, Karasuma-dori, Matsubara-agaru, Shimogyo-ku, Kyoto	4,705	3.28
Nippon Life Insurance Company	3-5-12, Imabashi, Chuo-ku, Osaka	4,458	3.10
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo	4,444	3.09
The Shiga Bank, Ltd.	1-38, Hamamachi, Otsu-shi, Shiga	3,646	2.54
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	3,050	2.12
The Bank of New York Mellon Corporation as depositary bank for depositary receipt holders (Standing Proxy) The Bank of Tokyo-Mitsubishi UFJ, Ltd.	C/O THE BANK OF NEW YORK MELLON 101 BARCLAY STREET, 22ND FLOOR, NEW YORK, NY 10286 USA (2-7-1, Marunouchi, Chiyoda-ku, Tokyo)	2,926	2.04
The Dai-ichi Life Insurance Company, Limited	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	2,732	1.90
Total	————	44,203	30.82

(Note) 1 The Company has received a copy of the substantial shareholding report, dated June 22, 2012, filed by Mitsubishi UFJ Financial Group, Inc., which indicates that the shareholders in the below table are holding the respective number of the Company's shares as of June 15, 2012. While the number of shares held by The Bank of Tokyo-Mitsubishi UFJ, Ltd. (6,990 thousand shares), is indicated in the above table of the major shareholders, the other joint shareholders are not listed in the above table because we were unable to confirm the actual shareholdings' status of the other joint shareholders as of the end of fiscal year 2014. The content of such substantial shareholding report (the amended report) is as follows:

Name of Shareholder	Address	Number of Shares held by Shareholder (Thousands of shares)	Shareholding Ratio (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	6,990	4.87
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	6,198	4.32
Mitsubishi UFJ Asset Management Co., Ltd.	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	335	0.23
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2-5-2, Marunouchi, Chiyoda-ku, Tokyo	842	0.58
Total		14,365	10.01

(8) Status of Voting Rights

(i) Shares Issued

As of March 31, 2014

Category	Number of Shares (Shares)	Number of Voting Rights (Units)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights – treasury stock, etc.	—	—	—
Shares with restricted voting rights – other	—	—	—
Shares with full voting rights – treasury stock, etc.	(Treasury stock) Common stock 2,539,000	—	Shareholders have unlimited standard rights. The number of shares constituting a unit is 1,000.
Shares with full voting rights – other	Common stock 139,955,000	139,955	Same as above.
Shares less than one unit	Common stock 884,085	—	Same as above.
Total number of shares issued	143,378,085	—	—
Total voting rights held by all shareholders	—	139,955	—

(ii) Treasury Stock, etc.

As of March 31, 2014

Name of Shareholder	Address	Number of Shares held under Own Name	Number of Shares held under the Name of Others	Total Number of Shares held	Shareholding Ratio (%)
(Treasury stock) Wacoal Holdings Corp.	29 Nakajima-cho, Kisshoin, Minami-ku, Kyoto	2,539,000	—	2,539,000	1.77
Total	—	2,539,000	—	2,539,000	1.77

(9) Stock Option Plans

The Company issues stock acquisition rights under the stock option plans.

(i) First Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 30, 2008, in accordance with the provisions of the Companies Act.

Date of resolution	July 30, 2008
Category and number of eligible recipients	Five Directors of the Company
Class of shares represented by stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Number of shares	40,000
Amount to be paid upon exercise of stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Exercise period	Please see (2) Status of Stock Acquisition Rights above.
Terms and conditions for exercising the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to transfer of the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	Please see (2) Status of Stock Acquisition Rights above.

(ii) Second Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 30, 2008, in accordance with the provisions of the Companies Act.

Date of resolution	July 30, 2008
Category and number of eligible recipients	Five Directors of subsidiaries
Class of shares represented by stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Number of shares	17,000
Amount to be paid upon exercise of stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Exercise period	Please see (2) Status of Stock Acquisition Rights above.
Terms and conditions for exercising the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to transfer of the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	Please see (2) Status of Stock Acquisition Rights above.

(iii) Third Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 30, 2009, in accordance with the provisions of the Companies Act.

Date of resolution	July 30, 2009
Category and number of eligible recipients	Four Directors of the Company
Class of shares represented by stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Number of shares	35,000
Amount to be paid upon exercise of stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Exercise period	Please see (2) Status of Stock Acquisition Rights above.
Terms and conditions for exercising the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to transfer of the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	Please see (2) Status of Stock Acquisition Rights above.

(iv) Fourth Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 30, 2009, in accordance with the provisions of the Companies Act.

Date of resolution	July 30, 2009
Category and number of eligible recipients	Four Directors of subsidiaries
Class of shares represented by stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Number of shares	Please see (2) Status of Stock Acquisition Rights above.
Amount to be paid upon exercise of stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Exercise period	Please see (2) Status of Stock Acquisition Rights above.
Terms and conditions for exercising the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to transfer of the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	Please see (2) Status of Stock Acquisition Rights above.

(v) Fifth Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 30, 2010, in accordance with the provisions of the Companies Act.

Date of resolution	July 30, 2010
Category and number of eligible recipients	Four Directors of the Company
Class of shares represented by stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Number of shares	Please see (2) Status of Stock Acquisition Rights above.
Amount to be paid upon exercise of stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Exercise period	Please see (2) Status of Stock Acquisition Rights above.
Terms and conditions for exercising the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to transfer of the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	Please see (2) Status of Stock Acquisition Rights above.

(vi) Sixth Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 30, 2010, in accordance with the provisions of the Companies Act.

Date of resolution	July 30, 2010
Category and number of eligible recipients	Three Directors of subsidiaries
Class of shares represented by stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Number of shares	Please see (2) Status of Stock Acquisition Rights above.
Amount to be paid upon exercise of stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Exercise period	Please see (2) Status of Stock Acquisition Rights above.
Terms and conditions for exercising the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to transfer of the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	Please see (2) Status of Stock Acquisition Rights above.

(vii) Seventh Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 29, 2011, in accordance with the provisions of the Companies Act.

Date of resolution	July 29, 2011
Category and number of eligible recipients	Five Directors of the Company
Class of shares represented by stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Number of shares	Please see (2) Status of Stock Acquisition Rights above.
Amount to be paid upon exercise of stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Exercise period	Please see (2) Status of Stock Acquisition Rights above.
Terms and conditions for exercising the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to transfer of the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	Please see (2) Status of Stock Acquisition Rights above.

(viii) Eighth Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 29, 2011, in accordance with the provisions of the Companies Act.

Date of resolution	July 29, 2011
Category and number of eligible recipients	Five Directors of subsidiaries
Class of shares represented by stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Number of shares	Please see (2) Status of Stock Acquisition Rights above.
Amount to be paid upon exercise of stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Exercise period	Please see (2) Status of Stock Acquisition Rights above.
Terms and conditions for exercising the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to transfer of the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	Please see (2) Status of Stock Acquisition Rights above.

(ix) Ninth Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 31, 2012, in accordance with the provisions of the Companies Act.

Date of resolution	July 31, 2012
Category and number of eligible recipients	Five Directors of the Company
Class of shares represented by stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Number of shares	Please see (2) Status of Stock Acquisition Rights above.
Amount to be paid upon exercise of stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Exercise period	Please see (2) Status of Stock Acquisition Rights above.
Terms and conditions for exercising the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to transfer of the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	Please see (2) Status of Stock Acquisition Rights above.

(x) Tenth Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 31, 2012, in accordance with the provisions of the Companies Act.

Date of resolution	July 31, 2012
Category and number of eligible recipients	Four Directors of subsidiaries
Class of shares represented by stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Number of shares	Please see (2) Status of Stock Acquisition Rights above.
Amount to be paid upon exercise of stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Exercise period	Please see (2) Status of Stock Acquisition Rights above.
Terms and conditions for exercising the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to transfer of the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	Please see (2) Status of Stock Acquisition Rights above.

(xi) Eleventh Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 31, 2013, in accordance with the provisions of the Companies Act.

Date of resolution	July 31, 2013
Category and number of eligible recipients	Five Directors of the Company
Class of shares represented by stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Number of shares	Please see (2) Status of Stock Acquisition Rights above.
Amount to be paid upon exercise of stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Exercise period	Please see (2) Status of Stock Acquisition Rights above.
Terms and conditions for exercising the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to transfer of the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	Please see (2) Status of Stock Acquisition Rights above.

(xii) Twelfth Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 31, 2013, in accordance with the provisions of the Companies Act.

Date of resolution	July 31, 2013
Category and number of eligible recipients	Six Directors of subsidiaries
Class of shares represented by stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Number of shares	Please see (2) Status of Stock Acquisition Rights above.
Amount to be paid upon exercise of stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Exercise period	Please see (2) Status of Stock Acquisition Rights above.
Terms and conditions for exercising the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to transfer of the stock acquisition rights	Please see (2) Status of Stock Acquisition Rights above.
Matters related to contributions of bonds upon exercise of the stock acquisition rights in lieu of cash payment	—
Matters related to the grant of stock acquisition rights accompanying reorganization acts	Please see (2) Status of Stock Acquisition Rights above.

2. 【Information on Acquisition, etc., of Treasury Stock】

<Class of shares>

Acquisition of shares of common stock by purchase demand for shares less than one unit, which falls under Article 155-7 of the Companies Act.

(1) Acquisition of Treasury Stock based on a Resolution of Ordinary General Meeting of Shareholders

Not applicable.

(2) Acquisition of Treasury Stock based on a Resolution of Board of Directors

Not applicable.

(3) Acquisition of Treasury Stock not based on a Resolution of Ordinary General Meeting of Shareholders or Board of Directors

Acquisition pursuant to Article 155-7 of the Companies Act

Category	Number of Shares (Shares)	Total Amount (Yen)
Treasury stock acquired during the current fiscal year	5,993	6,190,765
Treasury stock acquired during the current period	100	101,400

(Note) Treasury stock acquired during the current period does not include shares constituting less than one full unit purchased during the period from June 1, 2014, to the filing date of this report.

(4) Status of Disposition and Holding of Acquired Treasury Stock

Category	Current Fiscal Year		Current Period	
	Number of Shares (Shares)	Total Disposition Amount (Yen)	Number of Shares (Shares)	Total Disposition Amount (Yen)
Acquired treasury stock that was offered to subscribers for subscription	—	—	—	—
Acquired treasury stock that was canceled	—	—	—	—
Acquired treasury stock that was transferred due to merger, stock swap, or company split	—	—	—	—
Other (Note 2)	350	386,400	—	—
Number of shares of treasury stock held	2,539,371	—	2,539,471	—

(Note) 1 Number of shares of treasury stock held during the current period does not include shares constituting less than one full unit purchased or sold during the period from June 1, 2014, to the filing date of this report.

2 As for the current fiscal year, the number of shares in this row is the number of shares of treasury stock disposed of by purchase demand for shares less than one full unit.

3. 【Dividend Policy】

Our basic policy on profit distribution to shareholders is to make stable distributions based on consideration of our consolidated performance, while seeking to increase our enterprise value through active investment aimed at higher profitability and to increase net income per share. Based on our basic policy, we provide a fiscal year-end dividend once a year.

We also prescribe that the Company may distribute earnings subject to the resolution of the Board of Directors' meeting pursuant to the provisions of Article 459 of the Companies Act.

Based on such policy, we plan to distribute the year-end dividend of 33.00 yen per share (an ordinary dividend of 30.00 yen and a commemorative dividend of 3.00 yen) as a distribution of earnings for the current fiscal year. We have decided to pay a commemorative dividend in commemoration of the 50th anniversary of our listing in September 2014, in order to return profits to our shareholders for their support.

As for retained earnings, with the aim of improving our corporate value, we have actively invested in expanding new points of contact with consumers for our domestic business and investing in our overseas businesses. We also plan to use our retained earnings in our strategic investments for maintaining competitiveness and reinforcing growth. With these efforts, we seek to benefit our shareholders by improving future profitability. We also intend to flexibly acquire treasury stock, and we will try to improve capital efficiency and return profits to our shareholders.

(Note) The distribution of earnings for which record date belongs to the current fiscal year is as follows:

Date of Resolution	Total Dividend Amount (Millions of yen)	Dividend Amount per Share (Yen)
May 13,2014 Resolution of Board of Directors' meeting	4,647	33.00

4. 【Changes in Share Prices】

(1) Highest and Lowest Share Prices in each of the Recent Five Fiscal Years

Fiscal Year	62nd	63rd	64th	65th	66th
Year End	March 2010	March 2011	March 2012	March 2013	March 2014
Highest (yen)	1,340	1,240	1,066	1,056	1,128
Lowest (yen)	928	890	903	842	938

(Note) The share prices are market prices on the first section of the Tokyo Stock Exchange.

(2) Highest and Lowest Share Prices in each of the Recent Six Months

Month	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014
Highest (yen)	1,058	1,128	1,122	1,123	1,108	1,096
Lowest (yen)	988	1,040	1,036	1,057	995	1,000

(Note) The share prices are market prices on the first section of the Tokyo Stock Exchange.

5. 【Directors and Audit & Supervisory Board Members】

Title	Name	Date of Birth	Business Experience and Position(s) and Office(s)		Office Term	Number of Shares Owned (Thousands of shares)
President and Representative Director	Yoshikata Tsukamoto	Jan. 29, 1948	Apr. 1972 Nov. 1977 Nov. 1981 Sep. 1984 Sep. 1984 Jun. 1987 Jun. 2002 Oct. 2005 Apr. 2011 Dec. 2012 Jan. 2014	Joined Wacoal Corp. Director Managing Director Executive Vice President Representative Director (acting) President and Director (acting) Corporate Officer Representative Director and President, and Corporate Officer of Wacoal Corp. Representative Director and Chairman of Wacoal Corp. (acting) Representative Director, Chairman, and President of Peach John Co., Ltd. Representative Director and Chairman of Peach John Co., Ltd. (acting)	Note 1	1,356
Director and Vice President	Hideo Kawanaka	Jun. 25, 1942	Apr. 1965 Jun. 1992 Jul. 1993 Jun. 2001 Jun. 2004 Jun. 2007 Jun. 2007 Nov. 2007 Apr. 2008 Jun. 2009 Mar. 2011 Apr. 2011 Jun. 2011	Joined Isetan Co., Ltd. Director of Isetan Co., Ltd. Matsudo Branch Manager Representative Director and President of West Japan Railway Isetan Ltd. Corporate Officer and Managing Director, General Manager of Management and General Affairs of OMRON Corporation Representative Director and Senior Manager, and Sales Manager of Matsuzakaya Co., Ltd. Adviser Senior Managing Director Director and Senior Corporate Officer of Wacoal Corp. Director and Vice President, and Corporate Officer of Wacoal Corp. Director and Vice President and Supervisor of Business Restructuring (acting) Representative Director and Chairman of Peach John Co., Ltd. Director and Vice Chairman of Wacoal Corp. Representative Director, Chairman and President of Peach John Co., Ltd.	Note 1	15
Senior Managing Director	Hironobu Yasuhara	Dec. 28, 1951	Mar. 1975 Sep. 1996 Apr. 1997 Apr. 2004 Apr. 2005 Apr. 2006 Jun. 2006 Apr. 2008 Aug. 2009 Apr. 2010 Apr. 2011 Jun. 2011 Jun 2013	Joined Wacoal Corp. Deputy General Manager of Guandong Wacoal Inc. General Manager of Wacoal China Co., Ltd. Chief of Planning & Product Group of Wing Brand Business Department Corporate Officer/General Manager of Wing Brand Business Department Executive Corporate Officer/General Manager of Wing Brand Business Department of Wacoal Corp. Director and Executive Corporate Officer of Wacoal Corp./General Manager of Wing Brand Business Department Director and Senior Corporate Officer of Wacoal Corp./General Manager of Wing Brand Business Department Director and Senior Corporate Officer of Wacoal Corp./General Manager of Wing Brand Business Department/Representative Director and Chairman of Lecien Corporation (part-time) Director and Senior Corporate Officer of Wacoal Corp./General Manager of Wacoal Brand Business Department Representative Director and President, and Corporate Officer of Wacoal Corp. (acting) Director Senior Managing Director (acting)	Note 1	9

Managing Director	Yuzo Ide	Sep. 24, 1954	Apr. 1977 Apr. 2001 Apr. 2006 Apr. 2008 Apr. 2010 Apr. 2012 Jun. 2012 Apr. 2014 Jun. 2014	Joined Wacoal Corp. Director and Vice Chairman of Wacoal America Inc. Corporate Officer of Wacoal Corp. Director and Senior Corporate Officer of Wacoal Corp./General Manager of Wacoal Brand Business Department Director and Senior Corporate Officer of Wacoal Corp./General Manager of Wing Brand Business Department Director and Senior Managing Corporate Officer/General Manager of International Operations of Wacoal Corp. Director and Supervisor of International Operations Director, Vice President and Corporate Officer, Supervisor of International Operations/General Manager of International Operations of Wacoal Corp. (acting) Managing Director (acting)	Note 1	5
Managing Director	Masaya Wakabayashi	Jan. 6, 1956	Apr. 1979 Apr. 2004 Apr. 2005 Apr. 2006 Apr. 2008 Apr. 2010 Apr. 2011 Apr. 2013 Apr. 2014 Jun. 2014	Joined Wacoal Corp. Group Chief of Business Administration of Direct Retail Operation Division of Wacoal Corp Group Chief of Business Administration of Directly Managed Retail Store Operation Division of Wacoal Corp. Group Chief of Business Administration of Direct Marketing Operation Department of Wacoal Corp. General Manager of Corporate Planning Corporate Officer, Chief of Corporate Planning of Wacoal Corp. Director, Corporate Officer, Chief of Corporate Planning of Wacoal Corp. Director, Managing Corporate Officer, Chief of Corporate Planning of Wacoal Corp. Director, Managing Corporate Officer, Supervisor of Administration of Wacoal Corp. (acting) Managing Director (acting)	Note 1	16
Director	Mamoru Ozaki	May 20, 1935	Jun. 1991 Jun. 1992 May 1994 Oct. 1999 Feb. 2003 Jul. 2003 Jun. 2005	Commissioner of the National Tax Agency Administrative Vice Minister of Finance President of People's Finance Corporation President of National Life Finance Corporation Advisor to Yazaki Corporation (acting) Advisor Director (acting)	Note 1	—
Director	Atsushi Horiba	Feb. 5, 1948	Sep. 1972 Jun. 1982 Jun. 1988 Jan. 1992 Jun. 2005 Jun. 2008	Joined HORIBA, Ltd. Director and General Manager of Overseas Business of HORIBA, Ltd. Senior Managing Director and General Manager of Sales Division of HORIBA, Ltd. Representative Director and President of HORIBA, Ltd. Representative Director, Chairman and President of HORIBA, Ltd. (acting) Director (acting)	Note 1	3
Standing Audit & Supervisory Board Member	Mitsuo Yamamoto	Jan. 8, 1955	Apr. 1977 Apr. 2005 Apr. 2008 Apr. 2011 Jun. 2011	Joined Wacoal Corp. General Manager of Human Affairs Department Corporate Officer of Wacoal Corp. General Manager of Personnel and Administration Planning Department Audit & Supervisory Board Member (acting)	Note 3	7
Standing Audit & Supervisory Board Member	Tomoki Nakamura	Jan. 22, 1958	Apr. 1980 Oct. 2007 Apr. 2008 Apr. 2012 Jun. 2012	Joined Wacoal Corp. Accounting Manager of Wacoal Corp. Accounting Manager Audit & Supervisory Board Member/Secretariat of Board of Audit & Supervisory Board Members Audit & Supervisory Board Member (acting)	Note 4	75

Audit & Supervisory Board Member	Akira Katayanagi	Feb. 4, 1946	Apr. 1968 Jun. 1995 Apr. 1996 Feb. 2000 May 2001 Jun. 2003 Apr. 2007 Jun. 2008 Jun. 2010 Jun. 2011	Joined Mitsubishi Bank Ltd. Director and Manager of Loan Department 1 Director of The Bank of Tokyo-Mitsubishi, Ltd. Managing Director and Deputy Branch Manager of Nihonbashi Branch Managing Director and Deputy Branch Office Manager of Osaka Branch Office Representative Director and President of DC Card Co., Ltd. Representative Director and Vice President of Mitsubishi UFJ NICOS Co., Ltd. Representative Director and Chairman of Mitsubishi UFJ NICOS Co., Ltd. Audit & Supervisory Board Member (acting) Special Adviser of Mitsubishi UFJ NICOS Co., Ltd. (acting)	Note 6	5
Audit & Supervisory Board Member	Tomoharu Kuda	Dec. 7, 1946	Sep. 1972 Oct. 1979 Sep. 1987 Feb. 1990 Jun. 1997 Jul. 2007	Joined Deloitte Haskins & Sells Registered as Certified Public Accountant Transferred to London Office Partner of Deloitte Touche Tohmatsu Representative Partner of Deloitte Touche Tohmatsu Audit & Supervisory Board Member (acting)	Note 3	—
Audit & Supervisory Board Member	Yoko Takemura	Apr. 7, 1952	Apr. 1990 Jan. 1997 Jun. 2005	Registered as Lawyer (Tokyo), joins Miyake Imai Ikeda Law Firm Partner at Miyake Imai Ikeda Law Firm (acting) Audit & Supervisory Board Member (acting)	Note 5	15
						1,506

(Note) 1 The term of office of a Director is one year from the conclusion of the Ordinary General Meeting of Shareholders held on June 27, 2014.

2 Directors Messrs. Mamoru Ozaki and Atsushi Horiba are Outside Directors.

3 The term of office of an Audit & Supervisory Board Member is four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 29, 2011.

4 The term of office of an Audit & Supervisory Board Member is four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 28, 2012.

5 The term of office of an Audit & Supervisory Board Member is four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 27, 2013.

6 The term of office of an Audit & Supervisory Board Member is four years from the conclusion of the Ordinary General Meeting of Shareholders to be held on June 27, 2014.

7 Audit & Supervisory Board Members Mr. Akira Katayanagi, Mr. Tomoharu Kuda, and Ms. Yoko Takemura are Outside Audit & Supervisory Board Members.

6【Corporate Governance, etc.】

(1) 【Status of Corporate Governance】

Fundamental Policies for Corporate Governance:

The purpose and basic policy of our group's corporate governance is to continuously enhance our corporate value by increasing transparency and securing the fairness and independence of our corporate management from the perspective of all stakeholders, including our shareholders and customers.

(i) System of Corporate Governance

A. Outline of System of Corporate Governance

We, as a holding company, use an "Audit & Supervisory Board Member system" for the purpose of ensuring the corporate governance of group companies, and have both the Board of Directors and the Audit & Supervisory Board monitor and supervise the management operating the Company.

Our Board of Directors is composed of seven Directors (including two Outside Directors). Their roles are to supervise and make business judgments from an objective perspective. We have been working to enhance the supervisory function and to improve the decision-making process. Further, the term of office of each Director is one year for the purpose of clarifying the responsibilities of our management, and establishing a management system that may respond promptly to changes in the business environment.

In addition to the supervisory function of the Board of Directors, the Audit & Supervisory Board is composed of five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members). Their function is to monitor and supervise our management.

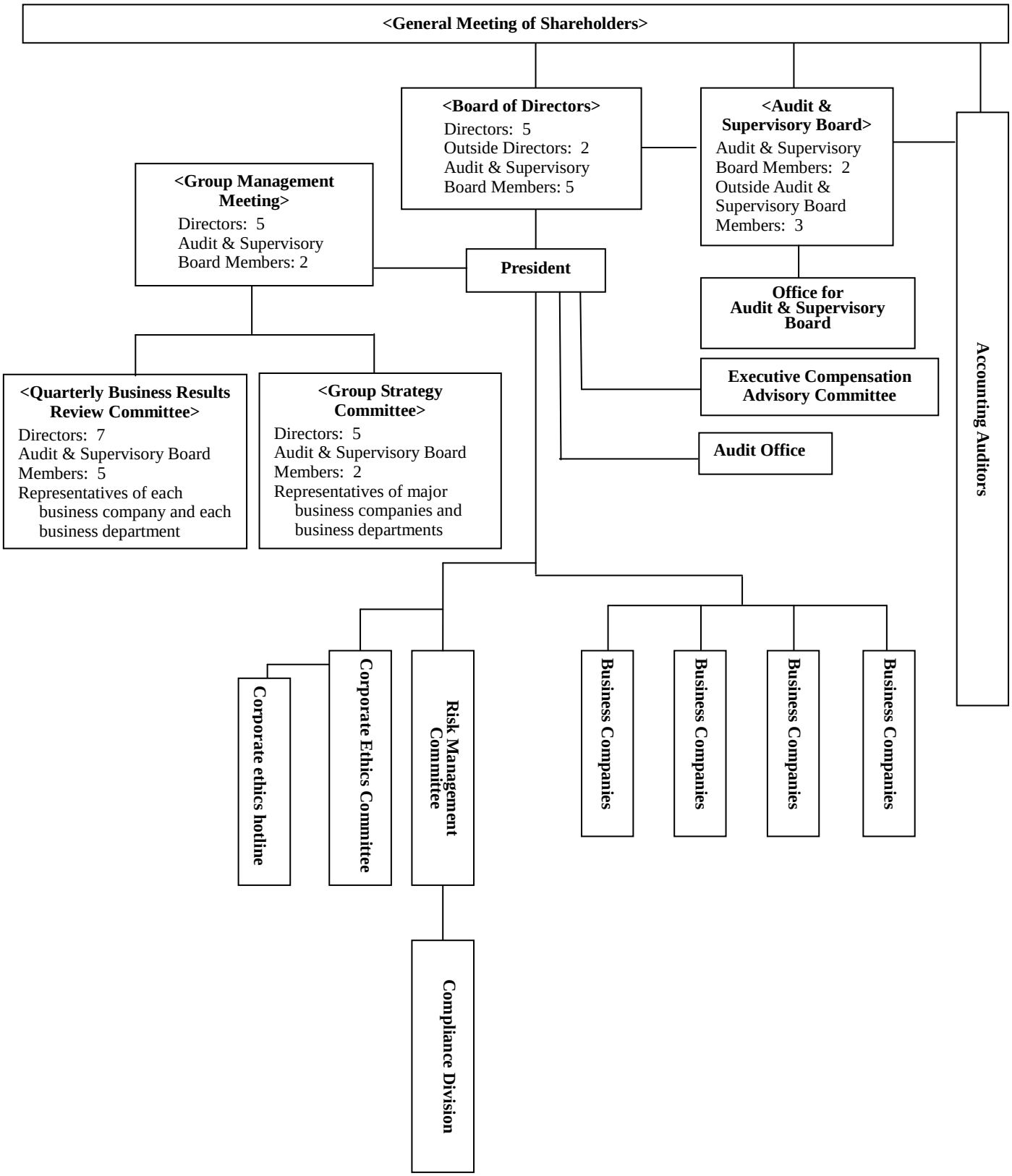
We have designated the above-stated two Outside Directors and three Outside Audit & Supervisory Board Members (i.e., five persons in total) as our independent officers.

We, as a holding company, seek to govern our group companies with the management, audit, and supervisory systems as set out below:

- The Board of Directors shall hold a regular Board of Directors' meeting every month and also hold a special Board of Directors' meeting from time to time, as necessary, in accordance with the rules of the Board of Directors, to make decisions on matters concerning important business, such as management policy and management strategy and matters stipulated by laws or ordinances or our Articles of Incorporation. Further, we have established the "Group Management Meeting" comprising our Directors and Audit & Supervisory Board Members, which considers matters concerning the management strategy of our group and other important management issues and conducts preliminary reviews of matters for review by our Board of Directors.
- Furthermore, with respect to the nomination, promotion, and remuneration of Directors, an "Executive Compensation Advisory Committee," whose members include Outside Directors, has been established and operates with a high degree of transparency and fairness.

The following diagram illustrates the outline of our corporate governance system:

As of June 27, 2014



B. Reason for Adoption of Corporate Governance System

We, as a holding company, believe that our governance system using a "Board of Directors system" to make decisions is the most effective in ensuring the corporate governance within our group companies, and auditing and supervising the operations of each of our group companies for the purpose of actualizing and maintaining a high-quality management for the benefit of all stakeholders, including our shareholders and customers. The "Board of Directors system" consists of Directors who are experts in each business area and who receive advice from Outside Directors in terms of an objective and independent perspective based on their long career and extensive professional knowledge and an "Audit & Supervisory Board Member system," which consists of five Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members. For the foregoing reason, we have adopted our current governance system.

C. Status of Improvement of Internal Control System

Our fundamental philosophy toward the internal control system and the status of improvement thereof, details of which have been determined at the Board of Directors' meetings, are as follows:

(System to ensure that execution of duties by Directors and/or employees is in compliance with laws and regulations and the Articles of incorporation)

- To ensure that all Directors and employees of the Company and the Wacoal Group comply with laws and regulations and the Articles of Incorporation and conduct business based on sound social norms, we have enacted the "Wacoal Code of Ethics" and the "Corporate Ethics: Wacoal's Code of Conduct."
- Directors will take the initiative to ensure compliance and awareness of corporate ethics within the Wacoal Group.
- In order to improve our system of compliance and consider any compliance issues that may have a material impact on the Company and the Wacoal Group, we have established the Corporate Ethics Committee, which seeks to increase awareness of and educate employees about corporate ethics. Our representative Director and president acts as the chairperson, and our legal/compliance department is in charge of the committee.
- We have established a system under which our legal/compliance department is promptly notified if the Company becomes aware that a Director and/or employee of the Company and the Wacoal Group may have violated the "Wacoal Code of Ethics" or the "Corporate Ethics: Wacoal's Code of Conduct", or of any other compliance issues. We have also established an internal alert system (a corporate ethics hotline). After being notified and/or alerted, the legal/compliance department conducts an investigation and formulates preventive measures after discussions with the related department. If the issue is critical, the legal/compliance department will refer the matter to the Corporate Ethics Committee and will report the results of its deliberation to the Board of Directors and/or Audit & Supervisory Board.
- Wacoal's Code of Conduct prescribes that Directors, officers, and employees shall firmly refuse to comply with demands of antisocial forces and as a rule of conduct for risk management practices, our Risk Management Manual prescribes that none of Directors, officers, and employees shall have any relationship with antisocial forces. In order to handle unjust demands of antisocial forces, we cooperate with Outside specialized institutions, collect and/or control information related to antisocial forces, and are building an internal system.

(System concerning the Storage and Management of Information related to Execution of Duties by Directors)

- With the approval of the Board of Directors, we have enacted the Document Management Rules pursuant to which we store the following documents (including electromagnetic records; hereafter the same) along with any related materials:

  Minutes of the General Meeting of Shareholders, minutes of the Board of Directors' meetings, minutes of the Group Management meetings, documents for which a Director is the final decision maker, and any other documents prescribed in the Document Management Rules.
- The retention period for storage of the documents prescribed in the preceding paragraph shall be 10 years. The storage of these documents shall be subject to the Document Management Rules, and the Directors and Audit & Supervisory Board Members shall have access to these documents at all times.

(Rules and Other Systems Concerning Loss and Risk Management)

- In order to understand the management risk within the group in general and to improve and/or strengthen our risk management system, we have established a Risk Management Committee, for which the Director in charge of risk management acts as chairperson. The Management Planning Department shall act as the organizer.
- The Risk Management Committee prescribes risk management rules, subject to the approval of the Board of Directors, which form the basis for our risk management system. The Risk Management Committee clarifies the responsibilities by risk category pursuant to these rules, and formulates a risk management system that thoroughly and/or comprehensively controls potential risk within the group.

- The Risk Management Committee regularly reports on the operations of the Wacoal Group's risk management system to the Board of Directors.

(System to Ensure Effective Execution of Duties by Directors)

- In order to enhance appropriate decision making by our Directors, we will appoint several independent Outside Directors.
- We will formulate a medium-term management plan to be shared by the Directors and/or employees within the group and will direct and confirm courses of action and business targets in the mid to short term that are consistent with such plan.
- We will follow the business results of each group company on a monthly basis and report back to the Board of Directors. In addition, by holding quarterly business meetings, we will confirm the business results and the implementation of measures and policies, consider measures in the event targets are not achieved, and review such targets, as may be necessary.

(System to Ensure Appropriate Business Conduct within Group Companies)

- We have enacted and managed our group companies in accordance with our Group Management Rules, which prescribe basic policies regarding the management of group companies and matters to be decided by our Board of Directors, as well as matters to be reported to the Company.
- We conduct any inter-company transaction fairly in compliance with laws and regulations, accounting principles, and the tax system.
- Our audit office will conduct internal audits, including an audit of the establishment and/or operation of our compliance system and risk management system, within the group companies. The audit office will report the results of its audits to the Board of Directors and appropriate departments, and will give guidance and/or advice on system formulation to group companies to ensure the appropriate conduct of business.

(Matters Concerning Assistants to Audit & Supervisory Board Members and Matters Concerning Independence of such Assistants from Directors)

- To assist the Audit & Supervisory Board Members, we have established an office for our Audit & Supervisory Board and appointed assistants to assist them.
- The Audit & Supervisory Board Members will be consulted regarding the appointment, evaluation, relocation, and discipline of such assistants, and their opinions will be respected.

(Reporting System of Directors and Employees to the Audit & Supervisory Board Members, Other Reporting System to Audit & Supervisory Board Members, and other Systems to Ensure Effective Audit by Audit & Supervisory Board Members)

- Through the reporting of the following matters in addition to statutory matters to the Audit & Supervisory Board Members by Directors and employees, we strive to have the Audit & Supervisory Board Members' audits conducted effectively:

  matters referred to the Group Management Meeting;
  matters that may have a material impact on the group;
  monthly and quarterly management conditions;
  results of internal audits;
  material violation of laws or regulations and/or our Articles of Incorporation;
  status of our internal reporting/alerting system; and
  other significant matters.
- The majority of the Audit & Supervisory Board Members will be independent Outside Audit & Supervisory Board Members to enhance the transparency and neutrality of management.
- The Audit & Supervisory Board Members may order employees who belong to the audit office to perform any matters that are required to provide audit services.
- The Audit & Supervisory Board may consult legal counsel, certified public accountants, consultants, or other outside advisers as it deems necessary.

D. Status of Accounting Audit

An accounting audit agreement has been executed between the Company and Deloitte Touche Tohmatsu LLC ("Tohmatsu") pursuant to the Companies Act and the Financial Instruments and Exchange Act. There are no special relationships between the Company and the said accounting firm and any of their partners who have been engaged in the audit of the Company. Also, the said accounting firm takes precautionary measures not to have any of its engagement partners participate in the audit of the Company for any longer period than the prescribed maximum period. The names of the certified public accountants who were engaged in the audit of the Company and the composition of the assistants for the audit services for this fiscal period are as follows:

Names of the certified public accountants who were engaged in the audit:

Designated LLC Partners and Engagement Partners: Fumihiko Kimura, Koichiro Tsukuda, Akiyo Shimoida

Composition of the assistants for the audit services:

Six certified public accountants and other 21 persons

E. Matters Concerning Limitation of Liability Agreements with Outside Directors and Outside Audit & Supervisory Board Members

In order to have excellent persons as Outside Directors and Outside Audit & Supervisory Board Members, our Articles of Incorporation prescribe that we may execute a limitation of liability agreement with Outside Directors and Outside Audit & Supervisory Board Members to limit their liability for damages in certain instances, and Outside Directors and Outside Audit & Supervisory Board Members have executed such agreement with the Company.

A summary of the above-mentioned limitation of liability agreement is as follows:

- The maximum amount of liability for damages incurred due to negligence of duties by the Outside Director or the Outside Audit & Supervisory Board Member shall be the minimum liability amount as provided by Paragraph 1, Article 427 of the Companies Act.
- The foregoing limitation of liability shall be accepted only if the Outside Director or the Outside Audit & Supervisory Board Member is in good faith and is not grossly negligent in performing his or her business duties.

F. Number of Directors

Our Articles of Incorporation prescribe that the number of Directors of the Company shall be not more than eight.

G. Decision-Making Body for Distribution of Earnings, etc.

Our Articles of Incorporation prescribe that matters set out in each Item of Paragraph 1, Article 459 of the Companies Act (including the matters concerning distribution of earnings) shall be determined by a resolution of the Board of Directors, unless otherwise provided for in any laws or regulations, for the purpose of performing an expeditious profit return to our shareholders.

H. Requirement for Appointment of Directors

Our Articles of Incorporation prescribe that resolutions to appoint Directors shall be made by a majority vote of the voting rights of shareholders present at a General Meeting of Shareholders, where such shareholders present shall hold shares representing one-third or more of the voting rights of all shareholders who are entitled to exercise such voting rights and that resolutions to appoint Directors shall not be adopted by cumulative voting.

I. Requirement for Special Resolutions at General Meeting of Shareholders

Our Articles of Incorporation prescribe that a resolution as stipulated in Paragraph 2, Article 309 of the Companies Act shall be adopted by a two-thirds majority of the voting rights held by the shareholders present at the General Meeting of Shareholders, who shall represent one-third or more of the total number of voting rights of the shareholders who are entitled to exercise such voting rights. The purpose of this provision is to more surely secure the quorum for a special resolution at any General Meeting of Shareholders.

(ii) Status of Audit & Supervisory Board Members and Internal Audit Department

Our Audit & Supervisory Board Members and internal audit department (audit office) have a regular meeting for reporting and confirmation once a month. The main purpose of such meeting is to report the discussions at major meetings at which our Audit & Supervisory Board Members attended, activities conducted by our audit office, and other matters. We have implemented an audit system allowing the sharing of documents and information necessary for audit so that audit working papers are mutually exchanged and confirmed by our Audit & Supervisory Board Members and audit office, and the audit can be performed more efficiently and effectively through alliance between our Audit & Supervisory Board Members and audit office.

The number of staff of our internal audit department (audit office) as of June 27, 2014, was 13.

Further, our Audit & Supervisory Board Members and Accounting Auditor have regular meetings for discussion six times a year. The purpose of such discussion is mainly to report and confirm the plan and status of the audit and to exchange opinions on the management. In addition, they have a meeting from time to time as necessary.

Standing Audit & Supervisory Board Member Mr. Tomoki Nakamura has many years of accounting experience at our Accounting Department with a respectable degree of finance and accounting knowledge. Also, Audit & Supervisory Board Member Mr. Tomoharu Kuda is qualified as a certified public accountant with a considerable degree of finance and accounting knowledge as well.

(iii) Outside Directors and Outside Audit & Supervisory Board Members

We have two Outside Directors and three Outside Audit & Supervisory Board Members.

We have elected those persons having experiences in corporate management who excel in financial administration and/or overseas business development to our Outside Directors, and each of such persons takes a role in improving the appropriateness of the decision making by the Board of Directors by giving objective and independent advice based on their long careers in each business area and extensive professional knowledge. Also, we have elected those persons who have experiences as business administrators in financial services, independent certified public accountants having a considerable degree of finance and accounting knowledge independently from us, or attorneys at law to our Outside Audit & Supervisory Board Members. Each Outside Audit & Supervisory Board Member conducts a strict audit on the legality of Directors' decision making and performance of their businesses from a technical perspective by maintaining high levels of independence.

Although we have not yet established standards or policies on the independence of our Outside Directors and Outside Audit & Supervisory Board Member, we have elected our Outside Directors and Outside Audit & Supervisory Board Members after confirming that the independence is ensured, by reference to the requirements for the independent officers prescribed in the rules, etc., of the Tokyo Stock Exchange. Thus, we have notified our two Outside Directors and three Outside Audit & Supervisory Board Members to the Tokyo Stock Exchange.

For our Outside Directors, the Management Planning Department hands out documents setting out the proposals presented to the Board of Directors' meetings in advance and gives prior explanations on important matters to them. To our Audit & Supervisory Board Members, we have appointed full-time assistants to assist them and adopted such system so as to enable us to support them, including the Outside Audit & Supervisory Board Members. The prior explanations on the proposals presented to the Board of Directors' meetings are made by our Audit & Supervisory Board Members and their assistants.

Each one of our Outside Directors and two of our Outside Audit & Supervisory Board Members hold 3,000 and 20,000 shares of common stock of the Company, respectively. Other than the foregoing, there are no special interests between our Outside Directors or Outside Audit & Supervisory Board Members and the Company.

The reasons for the election of our Outside Directors and Outside Audit & Supervisory Board Members are as follows:

Title	Name	Reasons for Election
Outside Director	Mamoru Ozaki	He is an influential individual who has held public positions, such as the Administrative Vice Minister of Finance and the President of National Life Finance Corporation. Since July 2003, he has provided advice mainly regarding financial matters and Chinese business to the Company as our adviser. We believe that he is qualified to be an Outside Director of the Company that is aiming to further enhance social responsibility of corporations in the future, as he has broad social insight. Also, in relation to our general shareholders, he shall not have any vested interest that might cause a conflict of interest and would be able to fulfill his duties as independent officer by keeping "independence." For these reasons, we have designated him as an independent officer.
Outside Director	Atsushi Horiba	He has wide experience and knowledge with domestic and overseas business deployment. We believe that he is qualified to be an Outside Director of the Company that is aiming to further strengthen the overseas business deployment. Also, in relation to our general shareholders, he shall not have any vested interest that might cause conflict of interest and would be able to fulfill his duties as independent officer by keeping "independence." For these reasons, we have designated him as an independent officer.
Outside Audit & Supervisory Board Member	Akira Katayanagi	We believe that he is qualified to be our Outside Audit & Supervisory Board Member, as he is experienced in the finance industry and has extensive experience and knowledge cultivated outside our industry. Also, in relation to our general shareholders, he shall not have any vested interest that might cause conflict of interest and would be able to fulfill his duties as independent officer by keeping "independence." For these reasons, we have designated him as an independent officer.

Outside Audit & Supervisory Board Member	Tomoharu Kuda	We believe that he is qualified to be our Outside Audit & Supervisory Board Member, as he is able to serve as a supervisor and adviser of our management with his expertise in accounting and finance cultivated as a certified public accountant. Further, he had served as a representative partner of Tohmatsu, our accounting auditor, until June 30, 2007, and left Tohmatsu on June 30, 2007. We determined that he meets the requirements for being an independent officer and designated him as an independent officer, taking into account the following: that he had not been directly involved with the audit of the Company during his career with Tohmatsu, that he keeps independence and neutrality in relation to our general shareholders who are involved in our management, and that he has fulfilled his duties as a supervisor and adviser for our management since assuming his position as our Audit & Supervisory Board Member with his accounting and financial professional knowledge cultivated as a certified public accountant. For these reasons, we have designated him as an independent officer.
Outside Audit & Supervisory Board Member	Yoko Takemura	We believe that she is qualified to be our Outside Audit & Supervisory Board Member, as she has legal knowledge and great store of experience of commercial issues as an attorney at law. Also, in relation to our general shareholders, she shall not have any vested interest that might cause conflict of interest and would be able to fulfill her duties as independent officer by keeping "independence." For these reasons, we have designated her as an independent officer.

(iv) Details of Remunerations Paid to Officers

A. Aggregate amount of remunerations, etc., paid to each category of officers, aggregate amount of remunerations, etc., by type thereof, as well as the number of relevant officers:

Category of Officers	Aggregate Amount of Remunerations, etc. (Millions of yen)	Aggregate Amount of Remunerations, etc., by Type Thereof (Millions of yen)				Number of Relevant Officers
		Basic Remuneration	Stock Option	Bonus	Retirement Allowance	
Directors (Excluding Outside Directors)	340	212	46	82	—	5
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	30	30	—	—	—	2
Outside officers	41	41	—	—	—	6

(Note) As of March 31, 2014, the numbers of Directors, Audit & Supervisory Board Members, and Outside Officers were five, two, and five, respectively. These numbers do not match the numbers described above because the numbers described above include one Outside Audit & Supervisory Board Member who had passed away as of May 20, 2013.

B. Aggregate amount, etc., of the consolidated remunerations, etc., of the person who receives 100 million yen or more as remunerations, etc., on a consolidated basis:

Name	Category of Officers	Relevant Company	Amount of Consolidated Remunerations, etc., by Type Thereof (Millions of yen)				Aggregate Amount of Consolidated Remunerations, etc. (Millions of yen)
			Basic Remuneration	Stock Option	Bonus	Retirement Allowance	
Yoshikata Tsukamoto	Director	Wacoal Holdings Corp.	108	22	40	—	195
	Director	Wacoal Corp.	24	—	—	—	

C. Details and Method of Determination of Policies for Determination of Amount of Remunerations, etc., Paid to Officers or Method of Calculating such Amount

Our compensation system for officers is designed by the "Executive Compensation Advisory Committee," whose members include Outside Directors, and therefore, such system is highly objective and transparent.

The remunerations paid to Directors under said system consists of "Basic Remuneration," the amount of which is fixed, and "Bonus," which is linked to the business results of each fiscal year, as well as "Stock Option," which is linked to medium- and long-term business results. In the case of Outside Directors and Audit & Supervisory Board Members who shall be in the position independent from the management, only "Basic Remuneration" is paid because any remuneration linked to business results are not appropriate in such case.

The level of remuneration has been set according to the business results and scale of the Company, compared with other companies within the same industry or of the same scale.

The maximum annual amounts of the basic remuneration paid to Directors and Audit & Supervisory Board Members were determined to be 350 million yen (excluding the amount paid as salaries for employees to the Directors who concurrently serve as employees) and 75 million yen, respectively, by the resolution adopted at the 57th Ordinary General Meeting of Shareholders held on June 29, 2005. The amount of bonuses was determined to be such amount as is determined according to the business results of each fiscal year, which was resolved at each Ordinary General Meeting of Shareholders held for the relevant year. Further, the maximum annual amount of stock options was determined to be 70 million yen by the resolution adopted at the 60th Ordinary General Meeting of Shareholders held on June 27, 2008.

The retirement allowance system for officers was abolished by the resolution adopted at the 57th Ordinary General Meeting of Shareholders held on June 29, 2005.

(v) Information on Shareholdings

The status of the shareholding by the Company is as follows:

A. Equity securities held for purposes other than pure investment (including unlisted shares):

Number of stock names: Three stock names

Total amount recorded in the balance sheet: 5 million yen

B. Segments, stock names, number of shares, amount recorded in the balance sheet, and purpose of holding of listed equity securities held for purposes other than pure investment are as follows:

Fiscal Year 2013

Specified investment stocks:

Stock Name	Number of Shares (shares)	Amount Recorded in the Balance Sheet (Millions of yen)	Purpose of Holding
The Dai-ichi Life Insurance Company, Limited	21	3	Maintaining and enhancing business transactions

Fiscal Year 2014

Specified investment stocks:

Stock Name	Number of Shares (shares)	Amount Recorded in the Balance Sheet (Millions of yen)	Purpose of Holding
The Dai-ichi Life Insurance Company, Limited	2,100	3	Maintaining and enhancing business transactions

(Note) The foregoing table shows the information of one of the specified investment stocks held by the Company, although the amount recorded in the balance sheet as to such investment stocks is not more than one-hundredth of the stated capital of the Company.

C. Total amount recorded in the balance sheet for the fiscal year 2013 and the fiscal year 2014, as well as the amount of dividends received, the gain/loss on sale, and the valuation gain/loss for fiscal year 2014 of equity securities held for pure investment are as follows:

N/A.

D. Stock names, number of shares, and the amount recorded in the balance sheet of equity securities, the purpose of holding of which has been changed from pure investment to any other purpose other than pure investment:

N/A.

E. Stock names, number of shares, and the amount recorded in the balance sheet of equity securities, the purpose of holding of which has been changed from any other purpose other than pure investment to pure investment:

N/A.

We are a holding company. The status of the shareholding by Wacoal Corp., the amount recorded in the balance sheet of equity securities (i.e., the balance sheet amount of investment stocks) for which is the largest among the Company and our consolidated subsidiaries, is as follows:

A. Equity securities held for purposes other than pure investment (including unlisted shares):
Number of stock names: 114 stock names
Total amount recorded in the balance sheet: 44,880 million yen

B. Segments, stock names, number of shares, amount recorded in the balance sheet, and purpose of holding of those listed equity securities held for purposes other than pure investment of which the amount recorded in the balance sheet is more than one-hundredth of the stated capital of the Company are as follows:

Fiscal Year 2013

Specified investment stocks:

Stock Name	Number of Shares (Shares)	Amount Recorded in the Balance Sheet (Millions of yen)	Purpose of Holding
KDDI Corporation	1,347,000	5,213	Maintaining and enhancing business transactions
Bank of Kyoto, Ltd.	2,849,985	2,616	Maintaining and enhancing business transactions
Nissin Foods Holdings Co., Ltd.	575,100	2,522	Maintaining and establishing cooperative and business relationship in business deployment
Kyocera Corporation	222,950	1,964	Maintaining and enhancing business transactions
Aeon Co., Ltd.	1,516,765	1,843	Maintaining and enhancing business transactions
Aeon Credit Service Co., Ltd.	687,300	1,838	Maintaining and establishing cooperative and business relationship in business deployment
Isetan Mitsukoshi Holdings Ltd.	1,315,769	1,787	Maintaining and enhancing business transactions
Mitsubishi UFJ Financial Group, Inc.	2,885,850	1,610	Maintaining and enhancing business transactions
Shiga Bank, Ltd.	2,312,040	1,484	Maintaining and enhancing business transactions
Kokuyo Co., Ltd.	1,509,400	1,090	Maintaining and enhancing business transactions
Taisho Pharmaceutical Holdings Cp., Ltd.	132,000	900	Maintaining and establishing cooperative and business relationship in business deployment
Takara Holdings Inc.	1,000,000	790	Maintaining and establishing cooperative and business relationship in business deployment
J. Front Retailing Co., Ltd.	1,082,776	789	Maintaining and enhancing business transactions
Heiwado Co., Ltd.	514,531	746	Maintaining and enhancing business transactions
Tokio Marine Holdings, Inc.	274,000	726	Maintaining and enhancing business transactions
Horiba, Ltd.	230,000	662	Maintaining and establishing cooperative and business relationship in business deployment
Mitsubishi UFJ Lease & Finance Company Limited	132,000	656	Maintaining and enhancing business transactions
H2O Retailing Corporation	618,691	629	Maintaining and enhancing business transactions
Chori Co., Ltd.	548,890	585	Maintaining and enhancing business transactions
Toppan Printing Co., Ltd.	852,000	576	Maintaining and enhancing business transactions
Shimadzu Corporation	825,000	554	Maintaining and enhancing business transactions

Fukuyama Transporting Co., Ltd.	1,022,000	548	Maintaining and enhancing business transactions
Shiseido Co., Ltd.	383,000	508	Maintaining and enhancing business transactions
Seven & i Holdings Co., Ltd.	154,939	483	Maintaining and enhancing business transactions
Dainippon Screen Mfg. Co., Ltd.	1,085,898	471	Maintaining and establishing cooperative and business relationship in business deployment
Hisamitsu Pharmaceutical Co., Inc.	90,000	463	Maintaining and establishing cooperative and business relationship in business deployment
Odakyu Electric Railway Co., Ltd.	395,000	463	Maintaining and enhancing business transactions
Saha Pathana Inter-Holding PCL	4,940,000	439	Maintaining and enhancing business transactions
Tokyo Broadcasting System Holdings, Inc.	310,700	438	Maintaining and enhancing business transactions
Asahi Kasei Corporation	598,195	376	Maintaining and enhancing business transactions
I.C.C INTERNATIONAL PCL	2,677,300	368	Maintaining and enhancing business transactions
Onward Holdings Co., Ltd.	435,000	367	Maintaining and enhancing business transactions
Hankyu Hanshin Holdings, Inc.	601,000	342	Maintaining and enhancing business transactions
Aoyama Trading Co., Ltd.	141,500	335	Maintaining and establishing cooperative and business relationship in business deployment
Chuo Warehouse Co., Ltd.	381,300	322	Maintaining and enhancing business transactions
Matsuya Co., Ltd.	205,000	314	Maintaining and enhancing business transactions
Ezaki Glico Co., Ltd.	319,000	311	Maintaining and establishing cooperative and business relationship in business deployment
NTT DoCoMo, Inc.	2,092	297	Maintaining and enhancing business transactions
Sanyo Shokai Ltd.	1,000,000	293	Maintaining and enhancing business transactions
Autobacs Seven Co., Ltd.	188,400	283	Maintaining and establishing cooperative and business relationship in business deployment
Yomeishu Seizo Co., Ltd.	341,000	282	Maintaining and establishing cooperative and business relationship in business deployment
Kintetsu Department Store Co., Ltd.	1,000,000	273	Maintaining and enhancing business transactions
Nissha Printing Co., Ltd.	147,000	244	Maintaining and enhancing business transactions
Nichikon Corporation	296,500	238	Maintaining and establishing cooperative and business relationship in business deployment
Nippon Shinyaku Co., Ltd.	175,000	234	Maintaining and establishing cooperative and business relationship in business deployment
Seino Holdings Co., Ltd.	283,000	230	Maintaining and enhancing business transactions
Ono Pharmaceutical Co., Ltd.	26,000	149	Maintaining and establishing cooperative and business relationship in business deployment
Marui Group Co., Ltd.	151,487	148	Maintaining and enhancing business transactions

Stocks deemed to be held:

Stock Name	Number of Shares (Shares)	Amount Recorded in the Balance Sheet (Millions of yen)	Details of Rights
KDDI Corporation	848,000	3,282	Authorization to give directions on the exercise of voting rights as to retirement benefit trust agreement
Mitsubishi UFJ Financial Group, Inc.	3,365,000	1,878	Authorization to give directions on the exercise of voting rights as to retirement benefit trust agreement

(Note) In specifying the major stock names in light of the amount recorded in the balance sheet, specified investment stocks and stocks deemed to be held have not been combined.

Fiscal Year 2014

Specified investment stocks:

Stock Name	Number of Shares (Shares)	Amount Recorded in the Balance Sheet (Millions of yen)	Purpose of Holding
KDDI Corporation	1,347,000	8,049	Maintaining and enhancing business transactions
Nissin Foods Holdings Co., Ltd.	575,100	2,677	Maintaining and establishing cooperative and business relationship in business deployment
Bank of Kyoto, Ltd.	2,849,985	2,428	Maintaining and enhancing business transactions
Kyocera Corporation	445,900	2,074	Maintaining and enhancing business transactions
Aeon Co., Ltd.	1,521,630	1,769	Maintaining and enhancing business transactions
Isetan Mitsukoshi Holdings Ltd.	1,315,769	1,676	Maintaining and enhancing business transactions
Mitsubishi UFJ Financial Group, Inc.	2,885,850	1,636	Maintaining and enhancing business transactions
Aeon Financial Service Co., Ltd.	687,300	1,599	Maintaining and establishing cooperative and business relationship in business deployment
Shiga Bank, Ltd.	2,312,040	1,294	Maintaining and enhancing business transactions
Kokuyo Co., Ltd.	1,509,400	1,139	Maintaining and enhancing business transactions
Taisho Pharmaceutical Holdings Cp., Ltd.	132,000	1,096	Maintaining and establishing cooperative and business relationship in business deployment
Horiba, Ltd.	230,000	894	Maintaining and establishing cooperative and business relationship in business deployment
Tokio Marine Holdings, Inc.	274,000	848	Maintaining and enhancing business transactions
Takara Holdings Inc.	1,000,000	787	Maintaining and establishing cooperative and business relationship in business deployment
J. Front Retailing Co., Ltd.	1,082,776	768	Maintaining and enhancing business transactions
Shimadzu Corporation	825,000	756	Maintaining and enhancing business transactions
Heiwado Co., Ltd.	514,531	746	Maintaining and enhancing business transactions
Shiseido Co., Ltd.	383,000	695	Maintaining and enhancing business transactions
Mitsubishi UFJ Lease & Finance Company Limited	1,320,000	667	Maintaining and enhancing business transactions

Fukuyama Transporting Co., Ltd.	1,022,000	633	Maintaining and enhancing business transactions
Toppan Printing Co., Ltd.	852,000	629	Maintaining and enhancing business transactions
Chori Co., Ltd.	548,890	616	Maintaining and enhancing business transactions
Seven & i Holdings Co., Ltd.	154,939	611	Maintaining and enhancing business transactions
Dainippon Screen Mfg. Co., Ltd.	1,085,898	517	Maintaining and establishing cooperative and business relationship in business deployment
H2O Retailing Corporation	618,691	509	Maintaining and enhancing business transactions
Ezaki Glico Co., Ltd.	319,000	436	Maintaining and establishing cooperative and business relationship in business deployment
Asahi Kasei Corporation	598,195	419	Maintaining and enhancing business transactions
Hisamitsu Pharmaceutical Co., Inc.	90,000	419	Maintaining and establishing cooperative and business relationship in business deployment
Aoyama Trading Co., Ltd.	141,500	383	Maintaining and establishing cooperative and business relationship in business deployment
Kintetsu Department Store Co., Ltd.	1,000,000	373	Maintaining and enhancing business transactions
Tokyo Broadcasting System Holdings, Inc.	310,700	370	Maintaining and enhancing business transactions
Saha Pathana Inter-Holding PCL	4,940,000	353	Maintaining and enhancing business transactions
Odakyu Electric Railway Co., Ltd.	395,000	351	Maintaining and enhancing business transactions
Chuo Warehouse Co., Ltd.	381,300	348	Maintaining and enhancing business transactions
Nippon Shinyaku Co., Ltd.	175,000	342	Maintaining and establishing cooperative and business relationship in business deployment
NTT DoCoMo, Inc.	209,200	340	Maintaining and enhancing business transactions
I.C.C INTERNATIONAL PCL	2,677,300	339	Maintaining and enhancing business transactions
Hankyu Hanshin Holdings, Inc.	601,000	337	Maintaining and enhancing business transactions
Yomeishu Seizo Co., Ltd.	341,000	335	Maintaining and establishing cooperative and business relationship in business deployment
Onward Holdings Co., Ltd.	435,000	311	Maintaining and enhancing business transactions
Sanyo Shokai Ltd.	1,000,000	301	Maintaining and enhancing business transactions
Autobacs Seven Co., Ltd.	188,400	299	Maintaining and establishing cooperative and business relationship in business deployment
Seino Holdings Co., Ltd.	283,000	278	Maintaining and enhancing business transactions
Nichikon Corporation	296,500	242	Maintaining and establishing cooperative and business relationship in business deployment
Ono Pharmaceutical Co., Ltd.	26,000	232	Maintaining and establishing cooperative and business relationship in business deployment

Nissha Printing Co., Ltd.	147,000	199	Maintaining and enhancing business transactions
Matsuya Co., Ltd.	205,000	175	Maintaining and enhancing business transactions
TSI Holdings Co., Ltd.	216,645	147	Maintaining and enhancing business transactions
Marui Group Co., Ltd.	151,487	134	Maintaining and enhancing business transactions
IZUMI Co., Ltd.	43,748	133	Maintaining and enhancing business transactions

Stocks deemed to be held:

Stock Name	Number of Shares (Shares)	Amount Recorded in the Balance Sheet (Millions of yen)	Details of Rights
KDDI Corporation	848,000	5,067	Authorization to give directions on the exercise of voting rights as to retirement benefit trust agreement
Mitsubishi UFJ Financial Group, Inc.	3,365,000	1,907	Authorization to give directions on the exercise of voting rights as to retirement benefit trust agreement

(Note) In specifying the major stock names in light of the amount recorded in the balance sheet, specified investment stocks and stocks deemed to be held have not been combined.

C. Total amount recorded in the balance sheet for the fiscal year 2013 and the fiscal year 2014, as well as the amount of dividends received, the gain/loss on sale, and the valuation gain/loss for fiscal year 2014 of equity securities held for pure investment are as follows:

N/A.

D. Stock names, number of shares, and the amount recorded in the balance sheet of equity securities, the purpose of holding of which has been changed from pure investment to any other purpose other than pure investment:

N/A.

E. Stock names, number of shares, and the amount recorded in the balance sheet of equity securities, the purpose of holding of which has been changed from any other purpose other than pure investment to pure investment:

N/A.

(2) 【Audit Fees】

(i)【Fees to Certified Public Accountants】

Category	Fiscal Year Ended March 31, 2013		Fiscal Year Ended March 31, 2014	
	Fees for Audit Services (Millions of yen)	Fees for Nonaudit Services (Millions of yen)	Fees for Audit Services (Millions of yen)	Fees for Nonaudit Services (Millions of yen)
The Company	140	13	131	6
Consolidated subsidiaries	14	—	14	—
Total	154	13	145	6

(ii)【Other fees】

(Fiscal year ended March 31, 2013)

Wacoal International Corp., one of the Company's consolidated subsidiaries, and its consolidated subsidiaries paid 48 million yen as fees for audit services to Deloitte & Touche LLP, which belongs to the same network as the Company's certified public accountants, etc.

(Fiscal year ended March 31, 2014)

Wacoal International Corp., one of the Company's consolidated subsidiaries, and its consolidated subsidiaries paid 49 million yen as fees for audit services to Deloitte & Touche LLP, which belongs to the same network as the Company's certified public accountants, etc.

(iii)【Description of nonaudit services provided to the Company】

(Fiscal year ended March 31, 2013)

Nonaudit services provided to the Company by the certified public accountants, etc., for which the Company paid fees were consulting services related to the internal control of the Company's subsidiaries and other services, which are out of those services that are set forth in Paragraph 1, Article 2 of the Certified Public Accountants Act.

(Fiscal year ended March 31, 2014)

Nonaudit services provided to the Company by the certified public accountants, etc., for which the Company paid fees were consulting services related to the internal control of the Company's subsidiaries and other services, which are out of those services that are set forth in Paragraph 1, Article 2 of the Certified Public Accountants Act.

(iv)【Policy on determination of audit fees】

The Company determines the amount of audit fees to be paid to the certified public accountants, etc., taking into account the number of days required for the audit, the characteristics of services, and other factors.

V. 【Financial Information】

1. 【Consolidated Financial Statements】

Consolidated Balance Sheets
March 31, 2014 and 2013

ASSETS	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 2) 2014
CURRENT ASSETS:			
Cash and cash equivalents	¥ 30,658	¥ 24,514	$ 297,708
Time deposits	2,168	1,914	21,053
Marketable securities (Notes 3, 19 and 20)	3,523	4,601	34,211
Notes and accounts receivable (Note 17)	26,269	23,935	255,088
Allowance for returns and doubtful receivables (Note 4)	(2,321)	(1,882)	(22,538)
Inventories (Note 5)	40,211	37,903	390,474
Deferred income taxes (Note 16)	4,848	4,817	47,077
Other current assets (Notes 17, 19 and 20)	4,132	7,785	40,124
Total current assets	109,488	103,587	1,063,197
PROPERTY, PLANT AND EQUIPMENT:			
Land (Note 9)	21,994	21,948	213,576
Buildings and building improvements (Notes 9 and 11)	63,024	61,498	612,002
Machinery and equipment (Note 9)	15,446	15,104	149,990
Construction in progress	147	151	1,428
Total	100,611	98,701	976,996
Accumulated depreciation	(51,633)	(49,036)	(501,389)
Net property, plant and equipment	48,978	49,665	475,607
OTHER ASSETS:			
Investments in affiliated companies (Note 6)	18,894	17,599	183,473
Investments (Notes 3, 19 and 20)	45,951	42,368	446,213
Goodwill (Notes 7, 8 and 20)	22,723	20,442	220,654
Other intangible assets (Notes 7, 8 and 20)	13,688	12,899	132,919
Prepaid pension expense (Note 12)	5,666	1,400	55,020
Deferred income taxes (Note 16)	1,008	1,064	9,788
Other	5,592	5,512	54,302
Total other assets	113,522	101,284	1,102,369
TOTAL	¥ 271,988	¥ 254,536	$ 2,641,173

LIABILITIES AND EQUITY	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars (Note 2) 2014
CURRENT LIABILITIES:			
Short-term bank loans (Note 9)	¥ 16,630	¥ 16,351	$ 161,488
Notes and accounts payable:			
Trade notes	1,064	1,442	10,332
Trade accounts (Note 17)	10,657	10,961	103,486
Other payables	5,764	6,008	55,972
Accrued payroll and bonuses	7,085	6,927	68,800
Income taxes payable (Note 16)	1,224	4,559	11,886
Current portion of long-term debt (Notes 9 and 19)	695	898	6,749
Other current liabilities (Notes 19 and 20)	3,489	3,358	33,880
Total current liabilities	46,608	50,504	452,593
LONG-TERM LIABILITIES:			
Long-term debt (Notes 9 and 19)	822	1,516	7,982
Liability for termination and retirement benefits (Note 12)	1,795	1,802	17,431
Deferred income taxes (Note 16)	13,611	10,201	132,171
Other long-term liabilities (Notes 11, 12 and 16)	1,616	1,688	15,692
Total long-term liabilities	17,844	15,207	173,276
COMMITMENTS AND CONTINGENCIES (Notes 9 and 10)			
EQUITY:			
WACOAL HOLDINGS CORP. SHAREHOLDERS' EQUITY (Notes 13 and 22):			
Common stock, no par value - authorized, 500,000,000 shares in 2014 and 2013; issued 143,378,085 shares in 2014 and 2013	13,260	13,260	128,763
Additional paid-in capital (Note 14)	29,587	29,514	287,308
Retained earnings	151,468	145,306	1,470,849
Accumulated other comprehensive income (Note 15):			
Foreign currency translation adjustments	2,310	(5,924)	22,432
Unrealized gain on securities	11,606	9,310	112,701
Pension liability adjustments (Note 12)	(227)	(1,928)	(2,204)
Total accumulated other comprehensive income	13,689	1,458	132,929
Less treasury stock at cost - 2,539,371 shares and 2,533,728 shares in 2014 and 2013, respectively	(2,898)	(2,892)	(28,142)
Total Wacoal Holdings Corp. shareholders' equity	205,106	186,646	1,991,707
NONCONTROLLING INTERESTS	2,430	2,179	23,597
Total equity	207,536	188,825	2,015,304
TOTAL	¥ 271,988	¥ 254,536	$ 2,641,173

See notes to consolidated financial statements.

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Income
Years Ended March 31, 2014, 2013 and 2012

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2014	2013	2012	2014
NET SALES (Note 17)	¥ 193,781	¥ 180,230	¥ 171,897	$ 1,881,734
OPERATING COSTS AND EXPENSES:				
Cost of sales (Notes 5, 12 and 17)	91,008	84,548	81,891	883,744
Selling, general and administrative expenses (Notes 1, 7, 10, 12 and 14)	88,913	84,331	79,629	863,401
Impairment charges on goodwill (Notes 8 and 20)		1,197		
Impairment charges on other intangible assets (Notes 8 and 20)		1,655		
Total operating costs and expenses	179,921	171,731	161,520	1,747,145
OPERATING INCOME	13,860	8,499	10,377	134,589
OTHER INCOME (EXPENSES):				
Interest income	97	85	112	942
Interest expense	(105)	(164)	(93)	(1,020)
Dividend income	831	789	724	8,070
Gain or loss on sale or exchange of marketable securities and investments - net (Note 3)	84	2,208	25	816
Valuation gain or loss on marketable securities and investments - net (Notes 3 and 20)	(47)	(325)	(831)	(456)
Other - net (Notes 1, 3 and 20)	313	(152)	(107)	3,039
Total other income (expenses) - net	1,173	2,441	(170)	11,391
INCOME BEFORE INCOME TAXES AND EQUITY IN NET INCOME OF AFFILIATED COMPANIES (Note 16)	15,033	10,940	10,207	145,980
INCOME TAXES (Note 16):				
Current	5,256	6,638	3,523	51,039
Deferred	385	(2,866)	676	3,739
Total income taxes	5,641	3,772	4,199	54,778
INCOME BEFORE EQUITY IN NET INCOME OF AFFILIATED COMPANIES	9,392	7,168	6,008	91,202
EQUITY IN NET INCOME OF AFFILIATED COMPANIES (Note 6)	985	939	1,008	9,565
NET INCOME	10,377	8,107	7,016	100,767
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(271)	(227)	(103)	(2,631)
NET INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP.	¥ 10,106	¥ 7,880	¥ 6,913	$ 98,136

(Continued)

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Income
Years Ended March 31, 2014, 2013 and 2012

	Yen			U.S. Dollars (Note 2)
	2014	2013	2012	2014
NET INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP. PER SHARE (Note 18):				
Basic	¥ 71.75	¥ 55.95	¥ 49.08	$ 0.70
Diluted	¥ 71.61	¥ 55.86	¥ 49.02	$ 0.70
NET INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP. PER AMERICAN DEPOSITARY RECEIPT (5 shares of common stock) (Note 18):				
Basic	¥ 358.77	¥ 279.74	¥ 245.41	$ 3.48
Diluted	¥ 358.03	¥ 279.29	¥ 245.12	$ 3.48

See notes to consolidated financial statements.

(Concluded)

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended March 31, 2014, 2013 and 2012

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2014	2013	2012	2014
NET INCOME	¥ 10,377	¥ 8,107	¥ 7,016	$ 100,767
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX (Note 15):				
Foreign currency translation adjustments	8,369	5,072	(782)	81,268
Unrealized gains on securities	2,302	5,122	1,602	22,354
Pension liability adjustments	1,701	1,048	(974)	16,518
OTHER COMPREHENSIVE INCOME (LOSS)	12,372	11,242	(154)	120,140
COMPREHENSIVE INCOME	22,749	19,349	6,862	220,907
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(412)	(316)	(79)	(4,001)
COMPREHENSIVE INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP.	¥ 22,337	¥ 19,033	¥ 6,783	$ 216,906

See notes to consolidated financial statements.

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Equity
Years Ended March 31, 2014, 2013 and 2012

		Millions of Yen							
	Shares of Outstanding Common Stock (Thousands)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Wacoal Holdings Corp. Shareholders' Equity	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2011	140,848	¥ 13,260	¥ 29,401	¥ 137,274	¥ (9,565)	¥ (2,890)	¥ 167,480	¥ 1,900	¥ 169,380
Net income				6,913			6,913	103	7,016
Foreign currency translation adjustments					(757)		(757)	(25)	(782)
Unrealized gains on securities					1,601		1,601	1	1,602
Pension liability adjustments					(974)		(974)		(974)
Cash dividends paid to Wacoal Holdings Corp. shareholders, ¥100 per 5 shares of common stock				(2,817)			(2,817)		(2,817)
Cash dividends paid to noncontrolling interests								(47)	(47)
Repurchase of treasury stock	(15)					(15)	(15)		(15)
Sale of treasury stock	6					5	5		5
Share-based compensation granted and exercised (Note 14)	12		46			14	60		60
BALANCE, MARCH 31, 2012	140,851	13,260	29,447	141,370	(9,695)	(2,886)	171,496	1,932	173,428
Net income				7,880			7,880	227	8,107
Foreign currency translation adjustments					4,992		4,992	80	5,072
Unrealized gains on securities					5,113		5,113	9	5,122
Pension liability adjustments					1,048		1,048		1,048
Cash dividends paid to Wacoal Holdings Corp. shareholders, ¥140 per 5 shares of common stock				(3,944)			(3,944)		(3,944)
Cash dividends paid to noncontrolling interests								(96)	(96)
Repurchase of treasury stock	(11)					(10)	(10)		(10)
Sale of treasury stock	1					1	1		1
Acquisition of subsidiaries								208	208
Equity transactions with noncontrolling interests (Note 13)			17				17	(181)	(164)
Share-based compensation granted and exercised (Note 14)	3		50			3	53		53
BALANCE, MARCH 31, 2013	140,844	13,260	29,514	145,306	1,458	(2,892)	186,646	2,179	188,825
Net income				10,106			10,106	271	10,377
Foreign currency translation adjustments					8,234		8,234	135	8,369
Unrealized gains on securities					2,296		2,296	6	2,302
Pension liability adjustments					1,701		1,701		1,701
Cash dividends paid to Wacoal Holdings Corp. shareholders, ¥140 per 5 shares of common stock				(3,944)			(3,944)		(3,944)
Cash dividends paid to noncontrolling interests								(148)	(148)
Repurchase of treasury stock	(6)					(6)	(6)		(6)
Sale of treasury stock	1					0	0		0
Equity transactions with noncontrolling interests (Note 13)			4				4	(13)	(9)
Share-based compensation granted (Note 14)			69				69		69
BALANCE, MARCH 31, 2014	140,839	¥ 13,260	¥ 29,587	¥ 151,468	¥ 13,689	¥ (2,898)	¥ 205,106	¥ 2,430	¥ 207,536

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Equity
Years Ended March 31, 2014, 2013 and 2012

	Thousands of U.S. Dollars (Note 2)							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Wacoal Holdings Corp. Shareholders' Equity	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2013	$ 128,763	$ 286,599	$ 1,411,012	$ 14,158	$ (28,083)	$ 1,812,449	$ 21,159	$ 1,833,608
Net income			98,136			98,136	2,631	100,767
Foreign currency translation adjustments				79,957		79,957	1,311	81,268
Unrealized gains on securities				22,296		22,296	58	22,354
Pension liability adjustments				16,518		16,518		16,518
Cash dividends paid to Wacoal Holdings Corp. shareholders, $1 per 5 shares of common stock			(38,299)			(38,299)		(38,299)
Cash dividends paid to noncontrolling interests							(1,437)	(1,437)
Repurchase of treasury stock					(59)	(59)		(59)
Sale of treasury stock					0	0		0
Equity transactions with noncontrolling interests (Note 13)		39				39	(125)	(86)
Share-based compensation granted and exercised (Note 14)		670				670		670
BALANCE, MARCH 31, 2014	$ 128,763	$ 287,308	$ 1,470,849	$ 132,929	$ (28,142)	$1,991,707	$ 23,597	$ 2,015,304

See notes to consolidated financial statements.

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2014, 2013 and 2012

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2014	2013	2012	2014
OPERATING ACTIVITIES:				
Net income	¥ 10,377	¥ 8,107	¥ 7,016	$ 100,767
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	5,036	4,888	4,660	48,903
Share-based compensation (Note 14)	69	53	60	670
Provision for returns and doubtful receivables - net	365	269	(155)	3,544
Deferred income taxes	385	(2,866)	676	3,739
Gain (loss) on sale or disposal of property, plant and equipment - net	94	103	(35)	913
Impairment charges on property, plant and equipment (Note 20)			37	
Impairment charges on goodwill (Notes 8 and 20)		1,197		
Impairment charges on other intangible assets (Notes 8 and 20)		1,655		
Gain on sale or exchange of marketable securities and investments - net (Note 3)	(84)	(2,208)	(25)	(816)
Valuation gain or loss on marketable securities and investments - net (Notes 3 and 20)	47	325	831	456
Equity in net income of affiliated companies, less dividends	(272)	(359)	(451)	(2,641)
Changes in assets and liabilities:				
(Increase) decrease in notes and accounts receivable	(1,368)	1,438	(1,589)	(13,284)
Increase in inventories	(339)	(680)	(1,801)	(3,292)
Decrease (increase) in other current assets	636	(215)	(377)	6,176
(Decrease) increase in notes and accounts payable	(1,541)	(1,905)	1,973	(14,964)
Decrease in liability for termination and retirement benefits	(827)	(853)	(685)	(8,031)
(Decrease) increase in accrued expenses, income taxes payable and other current liabilities	(3,649)	3,215	(513)	(35,434)
Other	20	145	438	195
Net cash provided by operating activities	8,949	12,309	10,060	86,901
INVESTING ACTIVITIES:				
Increase in time deposits	(2,347)	(1,846)	(515)	(22,791)
Decrease in time deposits	2,291	836	488	22,247
Proceeds from sales and redemption of available-for-sale securities	4,685	1,578	8,477	45,494
Payments to acquire available-for-sale securities	(57)	(3,828)	(8,707)	(553)
Proceeds from redemption of held-to-maturity debt securities	113	334	79	1,097
Payments to acquire held-to-maturity debt securities	(322)	(340)	(79)	(3,127)
Proceeds from sales of property, plant and equipment	24	64	451	233
Capital expenditures	(2,265)	(2,475)	(2,708)	(21,995)
Payments to acquire intangible assets (Note 8)	(1,199)	(855)	(846)	(11,643)
Proceeds from sales of other investments	762	767	90	7,400
Payments to acquire other investments		(461)	(221)	
Acquisitions of subsidiaries, net of cash acquired and payments to acquire additional shares of a subsidiary (Note 7)	(8)	(17,070)		(78)
Payments to acquire additional shares of an affiliated company	(16)	(253)		(155)
Other	(3)	29	24	(29)
Net cash provided by (used in) investing activities	1,658	(23,520)	(3,467)	16,100
FINANCING ACTIVITIES:				
(Decrease) increase in short-term bank loans with three months or less maturity - net	(455)	10,524	(690)	(4,418)
Proceeds from issuance of short-term bank loans with more than three months maturity		353	393	
Repayments of short-term bank loans with more than there months maturity	(100)	(578)	(71)	(971)
Proceeds from issuance of long-term debt		2,039	500	
Repayments of long-term debt	(901)	(2,910)	(82)	(8,749)
Repurchase of treasury stock	(6)	(10)	(15)	(59)
Sale of treasury stock	0	1	5	0
Dividends paid on common stock	(3,944)	(3,944)	(2,817)	(38,299)
Dividends paid to noncontrolling interests	(148)	(96)	(47)	(1,437)
Net cash (used in) provided by financing activities	(5,554)	5,379	(2,824)	(53,933)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS - (Forward)	¥ 1,091	¥ 361	¥ (100)	$ 10,594

(Continued)

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2014, 2013 and 2012

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2014	2013	2012	2014
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS - (Forward)	¥ 1,091	¥ 361	¥ (100)	$ 10,594
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,144	(5,471)	3,669	59,662
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	24,514	29,985	26,316	238,046
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 30,658	¥ 24,514	¥ 29,985	$ 297,708
ADDITIONAL CASH FLOW INFORMATION:				
Cash paid for:				
Interest	¥ 98	¥ 161	¥ 90	$ 952
Income taxes	8,305	4,275	3,702	80,647
NONCASH INVESTING ACTIVITIES:				
Fair value of certain marketable securities received in exchange for other marketable securities (Note 3)		¥1,450	¥126	
Acquisition of fixed assets by assuming payment obligation	¥582	¥429	¥352	$5,652
Sales of investments (Note 3)		¥3,775		

See notes to consolidated financial statements.

(Concluded)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements - Wacoal Holdings Corp. (the "Company") and subsidiaries are predominantly engaged in one industry, the manufacture and sale of apparel, including foundation garments, lingerie, nightwear and outerwear in Japan, the United States of America, Europe and certain Asian countries.

The accompanying consolidated financial statements, stated in Japanese yen, have been prepared on the basis of accounting principles generally accepted in the United States of America (U.S. GAAP).

Consolidation - The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries (collectively, the "Companies"). All intercompany transactions and balances are eliminated.

Some foreign subsidiaries of the Company have a fiscal year ending December 31. The accounts of those subsidiaries are included in the Company's consolidated financial statements based on the subsidiaries' fiscal year. There were no material intervening events that occurred with respect to these subsidiaries.

Investments in affiliated companies where the Companies' ownership is 20% to 50% are accounted for using the equity method.

Significant influence is generally deemed to exist if the Companies have an ownership interest in the voting stock of the investee between 20% and 50%, although other factors are considered in determining whether the equity method of accounting is appropriate.

Use of Estimates - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents include all time deposits (all of which are interest bearing) with original maturities of three months or less.

Foreign Currency Translation - Assets and liabilities of foreign subsidiaries have been translated to Japanese yen at period-end exchange rates and income and expenses have been translated using average exchange rates for the period. Translation adjustments resulting from the process of translating consolidated financial statements, net of tax, are included in accumulated other comprehensive income, a separate component of equity. Exchange gains and losses resulting from foreign currency transactions and the conversion of monetary assets and liabilities denominated in foreign currencies are included in other income (expenses) in the consolidated statements of income.

Foreign currency translation gains (losses) for the years ended March 31, 2014, 2013 and 2012 were ¥161 million, ¥(146) million, and ¥(94) million, respectively. They have been included in other - net of other income (expenses).

Marketable Securities and Investments - The Companies classify their marketable securities and investments into one of three categories: trading, held to maturity or available for sale. Trading securities are bought and held principally for the purpose of selling them in the near term. Trading securities are recorded at fair value and unrealized holding gains and losses on trading securities are included in earnings. Held-to-maturity securities are measured at amortized cost. The Companies classify debt securities as held to maturity only if the Companies have the positive intent and ability to hold those securities to maturity. Available-for-sale securities are carried at fair value with a corresponding recognition of unrealized holding gains or losses (net of tax) in accumulated other comprehensive income or loss, a separate component of equity, until realized. Equity securities that do not have readily determinable fair values are recorded at cost. Gains and losses on sales of investments are computed based on cost determined using the average cost method.

If a decline in the fair value of marketable securities and investments is determined to be other than temporary, an impairment charge is recorded in the consolidated statements of income. The Companies periodically determine whether a decline in the fair value of marketable securities and investments is deemed to be other than temporary based on criteria that include the duration of the market decline, the extent to which cost exceeds fair value, the financial position and business outlook of the issuer and the intent and ability of the Companies to retain the impaired marketable securities and investments for a sufficient period of time for anticipated recovery in fair value.

Allowance for Sales Returns - Allowance for sales returns is estimated based on historical products returns experience, sales movements, and the overall retail industry situation.

Allowance for Doubtful Receivables - Allowance for doubtful notes and receivables is estimated based on historical collection experience and additional information including current economic conditions and creditworthiness of each applicable customer.

Inventories - Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method for raw materials and the average cost method for work in process and finished products. Cost includes net prices paid for materials purchased, production labor cost, factory overhead and charges for customs duties.

Property, Plant and Equipment - Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Depreciation of property, plant and equipment is computed by the declining-balance method, except for buildings acquired on or after April 1, 1998, which are depreciated using the straight-line method, based upon the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings and building improvements:	2 - 50 years (mainly 38 years)
Machinery and equipment:	2 - 20 years (mainly 5 years)

Depreciation expenses for the years ended March 31, 2014, 2013 and 2012 are ¥3,212 million, ¥3,037 million and ¥2,913 million, respectively.

Impairment of Long-Lived Assets - The carrying values of long-lived assets, held and used by the Companies, are evaluated for impairment whenever there is an event or change in circumstances that indicates that such assets have been impaired or that the carrying amounts of such assets might not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. That assessment shall be based on the carrying amount of the asset at the date it is tested for recoverability, whether in use or under development. The impairment loss is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. The Companies recorded no impairment charges on long-lived assets for the years ended March 31, 2014 and 2013. The Companies recorded ¥37 million impairment charges on long-lived assets for the year ended March 31, 2012 which has been included in selling, general and administrative expenses.

Goodwill and Other Intangible Assets - Goodwill represents the excess of the purchase price of an acquired entity over the fair value of assets acquired and liabilities assumed.

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if conditions indicate an earlier review is necessary. The goodwill is allocated to the reporting unit in which the business that created the goodwill resides. To test for goodwill impairment, the carrying value of each reporting unit is compared with its fair value. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed by comparing the carrying amount of reporting unit goodwill with its implied fair value. If the carrying amount of reporting unit goodwill exceeds its implied fair value, an impairment loss is recognized in an amount equal to that excess.

To test for impairment of other intangible assets with indefinite useful lives, the carrying value of an intangible asset is compared with its fair value. If the carrying amount of an intangible asset with indefinite useful life exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Other intangible assets with estimable useful lives consist primarily of brands, customer relationships and software and are amortized over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Brands:	20 - 25 years (mainly 25 years)
Customer relationships:	7 years
Software:	5 years

Asset Retirement Obligations - The Companies have obligations arising from contractual commitments to remove leasehold improvements from leased facilities and return the property to a specified condition when the lease terminates. The Companies recognize asset retirement obligations at the inception of a lease. The asset retirement obligations are measured with an expected present value technique based on historical experience and recorded in other long-term liabilities in the consolidated balance sheets and are subsequently adjusted for changes in estimated disposal costs. The difference between the gross expected future cash flow and its present value is accreted over the life of the related lease, which is determined using best estimate because the Companies' lease contracts generally have automatic renewal articles. The associated estimated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over its useful life.

Termination and Retirement Plans - Termination and retirement benefits are accounted for in accordance with the guidance for retirement benefits. The Companies amortize net actuarial gains and losses and prior service cost over the average employees' remaining service period by the declining-balance method and by the straight-line method, respectively. Provisions for termination and retirement benefits include those for directors of the Companies.

The Companies do not recognize a gain or loss on settlement of the pension obligation when the cost of all settlements in a year is less than or equal to the sum of the service cost and interest cost components of net periodic pension cost for the plan for the year.

Leases - Certain noncancelable leases are classified as capital leases and the leased assets are included as part of property, plant and equipment. Other leases are classified as operating leases and are not capitalized. The payments on such leases are recorded as expense. The rental expense under operating leases is recognized on a straight-line basis.

Treasury Stock - The Companies account for treasury stock under the cost method and include treasury stock as a component of equity.

Acquisitions - The Companies account for acquisitions using the acquisition method in accordance with the guidance for business combinations. The Companies allocate the purchase price to the assets acquired and liabilities assumed based on the estimated fair values at the date of acquisition, including intangible assets that can be identified and named. The purchase price in excess of the fair value of the net assets is recorded as goodwill.

Revenue Recognition - The Companies recognize revenue on sales to retailers, mail order catalog sales and internet sales when (1) persuasive evidence of an arrangement exists, (2) delivery has occurred resulting in transfer of title and risk of loss, (3) the sales price is fixed or determinable, and (4) collectability is reasonably assured. As for consignment sales, the Companies recognize revenue when the products are sold to the ultimate customer. The Companies recognize revenue on direct retailing sales at the Companies' directly managed retail stores at the point of sale to the customer.

Shipping and Handling Costs - Shipping and handling fees billed to customers are classified in net sales. Shipping and handling costs are expensed as incurred. Shipping and handling costs for the years ended March 31, 2014, 2013 and 2012 were ¥5,708 million, ¥5,479 million and ¥5,773 million, respectively, and have been included in selling, general and administrative expenses.

Advertising Expenses - Advertising costs are expensed as incurred. Advertising expenses for the years ended March 31, 2014, 2013 and 2012 were ¥14,295 million, ¥13,146 million and ¥12,665 million, respectively, and have been included in selling, general and administrative expenses.

Research and Development Costs - Research and development costs are expensed as incurred. Research and development costs for the years ended March 31, 2014, 2013 and 2012 were ¥808 million, ¥788 million and ¥801 million, respectively, and have been included in selling, general and administrative expenses.

Consumption Taxes - Consumption taxes have been excluded from sales.

Income Taxes - The provision for income taxes is determined under the asset and liability method in accordance with the guidance for income taxes. Under this method, deferred tax assets and liabilities are determined for temporary differences between the financial statement and tax bases of assets and liabilities and tax loss carryforwards at presently enacted tax rates. A valuation allowance is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized in the future.

The Companies assess their income tax positions and record tax benefits for all years subject to examination based upon their evaluation of the facts, circumstances and information available as of the end of the fiscal year. For those tax positions only where there is greater than 50% likelihood that the tax position will be sustained, the Companies record the largest amount of tax benefit that may potentially be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information.

Share-Based Compensation - Share-based compensation is accounted for in accordance with the guidance for stock compensation. The Company measures share-based compensation cost at the grant date, based on the fair value of the award and recognizes the cost over the requisite service period, which is the vesting period. The fair value of the award is estimated using the Black-Scholes option-pricing model.

Derivatives - Derivative instruments, including certain derivative instruments embedded in other contracts, are accounted for in accordance with the guidance for derivatives and hedging. Because such derivative instruments are not designated as hedges, changes in the fair value are recorded in earnings.

Subsequent Events - In accordance with the guidance for subsequent events, the Company has evaluated subsequent events through June 27, 2014.

Change of Subsidiaries' Fiscal Year Ends - For the year ended March 31, 2014, certain subsidiaries changed their fiscal year ends from December 31 to March 31 to more closely conform with the Parent's fiscal year end. Accordingly, the Companies have retrospectively adjusted the prior periods' consolidated financial statements to reflect the change. The effect of the retrospective application for the year ended March 31, 2013 was as follows. There was no cumulative effect of the change on retained earnings as of April 1, 2012.

	Millions of Yen	
	2013	
	As Originally Reported	As Adjusted
Consolidated balance sheet:		
Total assets	¥ 253,803	¥ 254,536
Total liabilities	65,799	65,711
Total equity	188,004	188,825
Consolidated statement of income:		
Net income	7,834	8,107
Net income attributable to Wacoal Holdings Corp.	7,623	7,880
Consolidated statement of cash flows:		
Operating activities	12,741	12,309
Investing activities	(23,436)	(23,520)
Financing activities	5,303	5,379
Cash and cash equivalents, end of the year	24,860	24,514
	Yen	
Earnings per share:		
Net income attributable to Wacoal Holdings Corp.:		
Basic	¥54.12	¥55.95
Diluted	54.04	55.86

Reclassifications - Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the current year's presentation.

Recent Accounting Pronouncements:

Presentation of Comprehensive Income - In February 2013, the Financial Accounting Standards Board "FASB" issued new guidance requiring additional disclosure for the amounts reclassified out of accumulated other comprehensive income. The guidance required disclosure of changes in accumulated other comprehensive income by component. It also requires an entity to present information about significant items reclassified out of accumulated other comprehensive income by component either on the face of the statement where net income is presented or as a separate disclosure in the notes to the financial statements. The guidance is effective for fiscal years and interim periods within those years, beginning after December 15, 2012. The Company adopted this guidance from the first quarter beginning from April 1, 2013. The adoption of this guidance does not have an effect on the Companies' consolidated financial position, result of operations, or cash flows since it relates only to disclosure requirements of accumulated other comprehensive income.

Revenue Recognition - In May 2014, the FASB issued a new accounting guidance related to revenue recognition. This guidance is based on the principle that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard provides comprehensive guidance, and requires the disclosure of information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This guidance is effective for fiscal years beginning after December 15, 2016 and interim periods within annual periods. The company is currently evaluating the impact of adoption on the Company's consolidated financial position, result of operations, or cash flows.

2. TRANSLATION INTO U.S. DOLLAR STATEMENTS

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for convenience of readers outside of Japan and have been made at the rate of ¥102.98 to $1, the noon buying rate for yen in New York City as of March 31, 2014. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

3. MARKETABLE SECURITIES AND INVESTMENTS

Held-to-Maturity and Available-for-Sale Securities - The fair value of debt and marketable equity securities classified as held to maturity and available for sale is based on quoted market prices as of March 31, 2014 and 2013. The cost, gross unrealized gain and loss and the fair value of held-to-maturity and available-for-sale securities by major security type were as follows:

	Millions of Yen			
2014	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Available-for-sale securities:				
Current:				
National debt securities and municipal bonds	¥ 10		¥ 0	¥ 10
Corporate debt securities	500	¥ 2		502
Mutual fund	2,483	428	5	2,906
Total	¥ 2,993	¥ 430	¥ 5	¥ 3,418
Noncurrent:				
Equity securities	¥ 23,844	¥ 20,333	¥ 7	¥ 44,170
Held-to-maturity debt securities:				
Current:				
Corporate debt securities	¥ 105		¥ 3	¥ 102
Noncurrent:				
Corporate debt securities	¥ 419	¥ 3	—	¥ 422

	Millions of Yen			
2013	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Available-for-sale securities:				
Current:				
National debt securities and municipal bonds	¥ 10	¥ 0		¥ 10
Corporate debt securities	1,200	0	¥ 9	1,191
Mutual fund	2,532	373	2	2,903
Total	¥ 3,742	¥ 373	¥ 11	¥ 4,104
Noncurrent:				
Equity securities	¥ 23,927	¥ 16,603	¥ 4	¥ 40,526
Held-to-maturity debt securities:				
Noncurrent:				
Corporate debt securities	¥ 291	¥ 3	—	¥ 294

There were no available-for-sale and held-to-maturity securities that have been in a continuous unrealized loss position for more than 12 months as of March 31, 2014 and 2013. Gross unrealized holding losses and fair values of available-for-sale and held-to-maturity securities, all of which have been in a continuous unrealized loss position for less than 12 months as of March 31, 2014 and 2013, were as follows:

	Millions of Yen			
	2014		2013	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Available-for-sale securities:				
Current:				
National debt securities and municipal bonds	¥ 10	¥ 0		
Corporate debt securities			¥ 991	¥ 9
Mutual fund	467	5	296	2
Total	¥ 477	¥ 5	¥ 1,287	¥ 11
Noncurrent:				
Equity securities	¥ 144	¥ 7	¥ 157	¥ 4
Held-to-maturity debt securities:				
Current:				
Corporate debt securities	¥ 102	¥ 3		

As of March 31, 2014, the available-for-sale securities in a continuous unrealized loss position are composed of three equity securities and two other securities. The severity of decline was less than 8.1%. The Companies periodically determine whether a decline in the fair value of available-for-sale and held-to-maturity securities is deemed to be other than temporary based on criteria that includes the duration of market decline, the extent to which cost exceeds fair value, the financial position and business outlook of the issuer and the intent and ability of the Companies to retain the impaired available-for-sale and held-to-maturity securities for sufficient period of time for anticipated recovery in fair value as described in Note 1. No available-for-sale and held-to-maturity securities were identified that meet the Companies' criteria for recognition of an impairment loss on available-for-sale and held-to-maturity securities in unrealized loss position presented above. Therefore, the Companies do not believe the unrealized losses represent an other-than-temporary impairment as of March 31, 2014 and 2013.

Future maturities of debt securities and mutual funds classified as available for sale excluding mutual funds without fixed maturities as of March 31, 2014, were as follows:

	Millions of Yen	
	Cost	Fair Value
Due within one year	¥ 210	¥ 215
Due after one year through five years	1,671	1,778
Total	¥ 1,881	¥ 1,993

Future maturities of debt securities classified as held to maturity as of March 31, 2014 were as follows:

	Millions of Yen	
	Cost	Fair Value
Due within one year	¥ 105	¥ 102
Due after one year through five years	419	422
Total	¥ 524	¥ 524

Proceeds from sales of available-for-sale securities and the gross realized gains or losses on the sales of available-for-sale securities during the years ended March 31, 2014, 2013 and 2012, were as follows:

Proceeds from sales of available-for-sale securities during the year ended March 31, 2013, include accounts receivable of ¥3,775 million, which is included in other current assets on the consolidated balance sheets.

	Millions of Yen		
	2014	2013	2012
Proceeds from sales of available-for-sale securities	¥190	¥5,049	¥180
Gross realized gains on sales of available-for-sale securities	64	2,164	2
Gross realized losses on sales of available-for-sale securities		9	

During the years ended March 31, 2013 and 2012, the Companies exchanged certain equity securities for other marketable securities. The Companies recorded the newly received securities at fair value and recognized a gain of ¥40 million in the year ended March 31, 2012. There was no gain or loss recognized for the exchange transaction during the year ended March 31, 2013 as there was no difference between the carrying amount of the security transferred and the fair value of the security received. There was no exchange of marketable securities for the year ended March 31, 2014.

The amount of impairment charges the Companies recognized on available-for-sale securities in which declines in fair value were other than temporary were ¥47 million, ¥55 million and ¥823 million in the years ended March 31, 2014, 2013 and 2012, respectively.

Trading Securities - A subsidiary in the United States of America has trading securities consisting of mutual funds, which are recorded as marketable securities and investments at the fair value of ¥683 million and ¥518 million as of March 31, 2013 and 2012, respectively. There were no trading securities consisting of mutual funds as of March 31, 2014. The Companies recorded a loss of ¥9 million, and a gain of ¥19 million for the years ended March 31, 2013 and 2012, respectively, that relate to trading securities still held as of March 31, 2013 and 2012, respectively.

Cost-Method Securities - Investments in nonmarketable equity securities for which there are no readily determinable fair values were accounted for using the cost method and aggregated ¥1,362 million and ¥1,365 million as of March 31, 2014 and 2013, respectively. Investments in nonmarketable equity securities are reviewed annually or upon the occurrence of an event for other-than-temporary impairment. The Companies recognized impairment charges on investments in nonmarketable equity securities of ¥261 million and ¥8 million in the years ended March 31, 2013 and 2012, respectively. There was no impairment charges on investments in nonmarketable equity securities for the year ended March 31, 2014.

4. VALUATION AND QUALIFYING ACCOUNTS

Information related to the Companies' allowance for doubtful receivables was as follows:

	Millions of Yen		
	2014	2013	2012
Balance at the beginning of the year	¥ 180	¥ 70	¥ 100
Increase due to change in scope of consolidation		84	
Charged to costs and expenses	32	49	9
Balances written-off/reversed	(11)	(23)	(39)
Balance at the end of the year	¥ 201	¥ 180	¥ 70

Information related to the Companies' allowance for returns was as follows:

	Millions of Yen		
	2014	2013	2012
Balance at the beginning of the year	¥ 1,702	¥ 1,390	¥ 1,517
Charged to costs and expenses	2,120	1,702	1,390
Balances utilized	(1,702)	(1,390)	(1,517)
Balance at the end of the year	¥ 2,120	¥ 1,702	¥ 1,390

5. INVENTORIES

The components of inventories as of March 31, 2014 and 2013, were as follows:

	Millions of Yen	
	2014	2013
Finished products	¥ 34,504	¥ 32,398
Work in process	3,496	3,635
Raw materials	2,211	1,870
Total	¥ 40,211	¥ 37,903

During the year ended March 31, 2013, a subsidiary in the United States of America settled an insurance claim and received cash proceeds of ¥383 million related primarily to merchandise damaged by the impact of Hurricane Sandy, which made landfall in the Northeast of the United States of America on October 29, 2012. The subsidiary recorded the proceeds from the insurance settlement in cost of sales in the consolidated statements of income for the year ended March 31, 2013.

6. INVESTMENTS IN AFFILIATED COMPANIES

Investments are accounted for using the equity method of accounting if the investment provides the Companies the ability to exercise significant influence over an investee. Significant influence is generally deemed to exist if the Companies have an ownership interest in the voting stock of the investee between 20% and 50%, although other factors are considered in determining whether the equity method of accounting is appropriate. The Companies record investments in equity method investees meeting these characteristics as "Investments in affiliated companies." Under the equity method, the Companies record their proportionate share of an affiliated companies' income or loss based on the most recently available financial statements.

The primary affiliated companies and percentage of ownership as of March 31, 2014 and 2013, were as follows:

Name of Investee	Percentage of Ownership (%)	
	2014	2013
Thai Wacoal Public Co., Ltd	34	34
Shinyoung Wacoal Inc.	25	25
PT. Indonesia Wacoal	42	42
Taiwan Wacoal Co., Ltd.	50	50
House of Rose Co., Ltd.	24	24

Aggregate carrying amounts and fair values of investments in affiliated companies which have a quoted market price as of March 31, 2014 and 2013, were as follows:

	Millions of Yen	
	2014	2013
Carrying amount	¥11,969	¥10,787
Aggregate value of quoted market price	10,461	8,650

The following tables represent the affiliated companies' summarized information from the balance sheets as of March 31, 2014 and 2013, and statements of income for the years ended March 31, 2014, 2013 and 2012.

	Millions of Yen	
	2014	2013
Current assets	¥ 42,464	¥ 37,653
Noncurrent assets	38,787	32,341
Total	¥ 81,251	¥ 69,994
Current liabilities	¥ 8,578	¥ 7,763
Long-term liabilities	8,984	7,098
Equity	63,689	55,133
Total	¥ 81,251	¥ 69,994

	Millions of Yen		
	2014	2013	2012
Net sales	¥60,257	¥53,229	¥51,690
Gross profit	31,011	27,819	27,765
Income before income taxes	3,664	3,921	4,753
Net income	2,503	2,955	3,302

Dividends received from the affiliated companies were ¥713 million, ¥580 million and ¥557 million during the years ended March 31, 2014, 2013 and 2012, respectively.

Retained earnings include net undistributed earnings of affiliated companies in the amount of ¥15,458 million and ¥15,193 million as of March 31, 2014 and 2013, respectively.

7. ACQUISITIONS

Eveden **-** On April 10, 2012, the Company acquired all of the shares of Eveden Group Limited (currently Wacoal Eveden Limited, "Eveden"), which manufactures and sells innerwear and swimsuits for women in Europe and the United States of America in the amount of ¥19,961 million, inclusive of ¥2,581 million of funds to repay Eveden's preexisting debts and of ¥3,597 million to acquire the preferred shares and made it the Company's wholly owned subsidiary. The acquisition aims to expand the Company's overseas operations. This will enable the group to accelerate the Company's globalization strategy and to expand the target customer segment by effectively utilizing sales channels, technology, management know-how and brand strength of both companies.

The Company has been consolidating Eveden since April 1, 2012, because the impact of the result of operations and the changes in the financial position of Eveden from April 1, 2012 to April 10, 2012, was insignificant.

Acquisition-related costs were ¥456 million, of which ¥45 million and ¥411 million had been included in the results of operations for the years ended March 31, 2013, and 2012, respectively, in selling, general and administrative expenses.

As a result of the purchase price allocation, the Company has recognized ¥10,662 million of goodwill and ¥5,499 million of brand and these are classified as goodwill and other intangible assets, respectively, on the consolidated balance sheets. Goodwill is not deductible for tax purposes. The amount of brand will be amortized based on the estimated useful lives of 20 to 25 years.

During the year ended March 31, 2013, the Company adjusted the fair values of assets acquired and liabilities assumed as of the acquisition date based on the information the Company obtained subsequent to the acquisition date. These adjustments are reflected retroactively to the fair values of assets acquired and liabilities assumed as of the acquisition date.

Fair value of assets acquired, liabilities assumed and noncontrolling interests on the acquisition date were as follows:

	Millions of Yen	
	April 1, 2012	
	Before Adjustments	After Adjustments
Notes and accounts receivable	¥ 2,106	¥ 2,106
Inventories	3,244	3,244
Other current assets	936	1,037
Property, plant and equipment	710	710
Intangible assets	5,524	5,524
Goodwill	10,748	10,662
Other fixed assets	184	184
Total	23,452	23,467
Current liabilities	1,758	1,773
Long-term debt	2,581	2,581
Other long-term liabilities	1,525	1,525
Total	5,864	5,879
Noncontrolling interests	208	208
Net assets acquired	¥ 17,380	¥ 17,380

The above long-term debt was repaid during the year ended March 31, 2013.

8. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill - The changes in the carrying amount of goodwill for the years ended March 31, 2014 and 2013 were as follows:

During the current first quarter, the division of operating segments were changed. See Note 21 further information.

	Millions of Yen		
	2014		
	Wacoal Business (Overseas)	Peach John Segment	Total
Balance at the beginning of the year:			
Goodwill	¥ 11,272	¥ 11,203	¥ 22,475
Accumulated impairment losses		(2,033)	(2,033)
Total	11,272	9,170	20,442
Foreign currency translation adjustments	2,281		2,281
Balance at the end of the year:			
Goodwill	13,553	11,203	24,756
Accumulated impairment losses		(2,033)	(2,033)
Total	¥ 13,553	¥ 9,170	¥ 22,723

	Millions of Yen		
	2013		
	Wacoal Business (Overseas)	Peach John Segment	Total
Balance at the beginning of the year:			
Goodwill		¥ 11,203	¥ 11,203
Accumulated impairment losses		(836)	(836)
Total		10,367	10,367
Goodwill acquired during the year	¥ 10,662		10,662
Foreign currency translation adjustments	610		610
Impairment losses		(1,197)	(1,197)
Balance at the end of the year:			
Goodwill	11,272	11,203	22,475
Accumulated impairment losses		(2,033)	(2,033)
Total	¥ 11,272	¥ 9,170	¥ 20,442

There was no change in the carrying amount of goodwill for the year ended March 31, 2012.

During the year ended March 31, 2013, the Companies recorded impairment charges on goodwill of ¥1,197 million in the Peach John Segment. See Note 20 for further information.

Other Intangible Assets - The components of acquired intangible assets excluding goodwill as of March 31, 2014 and 2013 were as follows:

	Millions of Yen			
	2014		2013	
Year Ended March 31	Gross Carrying Amount	Accumulated Amortization and Impairment Loss	Gross Carrying Amount	Accumulated Amortization and Impairment Loss
Amortized intangible assets:				
Brands	¥ 6,991	¥ 627	¥ 5,815	¥ 260
Customer relationships	3,361	3,214	3,361	3,068
Software	8,480	5,494	8,270	5,329
Others	1,461	543	1,316	479
Total	¥ 20,293	¥ 9,878	¥ 18,762	¥ 9,136
Unamortized intangible assets:				
Trademarks	¥ 5,316	¥ 2,146	¥ 5,316	¥ 2,146
Other	103		103	
Total	¥ 5,419	¥ 2,146	¥ 5,419	¥ 2,146

Other intangible assets acquired during the year ended March 31, 2014 totaled ¥1,199 million which primarily consist of software of ¥1,195 million with an estimated useful life of five years.

The gross carrying amounts of brands include foreign currency translation adjustments.

During the years ended March 31, 2014 and 2012, the Companies recorded no impairment charge on other intangible assets. During the year ended March 31, 2013, the Companies recorded an impairment charge on other intangible assets for the customer relationships and trademarks of ¥68 million and ¥1,587 million, respectively, in the Peach John Segment. See Note 20 for further information.

Aggregate amortization expenses for the years ended March 31, 2014, 2013 and 2012 related to other intangible assets were ¥1,824 million, ¥1,851 million and ¥1,747 million, respectively. Future estimated amortization expenses as of March 31, 2014, were as follows:

Year Ending March 31	Millions of Yen
Estimated amortization expense	
2015	¥ 1,382
2016	1,001
2017	924
2018	819
2019	593
Total	¥ 4,719

9. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen	
	2014	2013
Unsecured bank loans	¥16,630	¥16,351

The weighted-average annual interest rates on short-term bank loans as of March 31, 2014 and 2013 were 0.6% and 0.7%, respectively.

Unused lines of credit for short-term financing as of March 31, 2014 and 2013, aggregated ¥25,377 million and ¥24,637 million, respectively. The Companies compensate banks for these facilities in the form of commitment fees, which were not material during the years ended March 31, 2014 and 2013.

Long-term debt as of March 31, 2014 and 2013, are summarized below. The interest rates and maturities are for loans as of March 31, 2014.

	Millions of Yen	
	2014	2013
Collateralized bank loans, with floating interest at 4.5%, maturing through 2015	¥ 12	¥ 26
Collateralized bank loans, with fixed interest at 1.0% - 1.7%, maturing through 2022	311	351
Unsecured bank loans, with fixed interest at 0.4% - 1.5%, maturing through 2022	1,194	2,037
Total	1,517	2,414
Less current portion	(695)	(898)
Long-term debt, less current portion	¥ 822	¥ 1,516

The annual maturities of long-term debt as of March 31, 2014, were as follows:

Year Ending March 31	Millions of Yen
2015	¥ 695
2016	534
2017	50
2018	50
2019	50
Thereafter	138
Total	¥ 1,517

A subsidiary has pledged assets as security for loans. As of March 31, 2014 and 2013, assets pledged as collateral for bank loans were as follows:

	Millions of Yen	
	2014	2013
Land	¥ 888	¥ 888
Buildings	595	638
Machinery and equipment	21	30
Total	¥ 1,504	¥ 1,556

As is customary in Japan, both short-term and long-term loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank. The bank has the right to offset cash deposits against obligations that have become due or, in the event of default, against all obligations due to the bank.

10. LEASES

The Companies lease most of their store premises, some of their distribution centers, and certain equipment. Most leases have automatic renewal provisions and allow the Companies to extend the lease term beyond the initial base period, subject to the terms agreed at lease inception. Future minimum rental commitments on operating leases having a remaining noncancelable lease term in excess of one year as of March 31, 2014 are presented below:

Year Ending March 31	Millions of Yen
2015	¥ 389
2016	342
2017	304
2018	238
2019	237
Thereafter	152
Total	¥ 1,662

Rental expenses were ¥5,975 million, ¥5,780 million and ¥5,317 million for the years ended March 31, 2014, 2013 and 2012, respectively, and have been included in selling, general and administrative expenses.

11. ASSET RETIREMENT OBLIGATIONS

The Companies recorded the fair value of asset retirement obligations in order to recognize legal obligations associated with the removal of leasehold improvements from leased facilities and return of the property to a specified condition when the lease terminates.

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation was as follows:

	Millions of Yen	
	2014	2013
Balance at the beginning of the year	¥ 648	¥ 661
Accretion expense	6	5
Liabilities incurred	112	92
Liabilities settled	(43)	(113)
Change due to translation of foreign currencies	5	3
Balance at the end of the year	¥ 728	¥ 648

12. TERMINATION AND RETIREMENT PLANS

Employee Retirement Plans - The Company and certain subsidiaries sponsor termination and retirement benefit plans that cover substantially all employees. Benefits are based on the employee's years of service, position and performance. If the termination is involuntary or caused by death, the employee is usually entitled to greater payments than in the case of voluntary termination.

The Company and certain subsidiaries have a contributory defined retirement benefit plan and several unfunded termination plans administered by the Company and certain subsidiaries. Benefits under the contributory defined retirement benefit plan are usually paid in a lump sum at the earlier of termination or retirement, although periodic payments are available under certain conditions. Benefits under the other termination and retirement benefit plan are paid either as lump-sum payments or periodic payments under certain conditions. The benefits are usually paid as a lump-sum payment, if the employee resigns before the mandatory retirement age.

Contributory Defined Retirement Benefit Plan **-** The following provides a reconciliation of benefit obligations, plan assets and funded status of the plans:

	Millions of Yen	
	2014	2013
Change in benefit obligations:		
Benefit obligations at the beginning of the year	¥ 34,449	¥ 34,135
Service cost	1,025	849
Interest cost	398	602
Participants' contributions	66	68
Actuarial loss	(258)	1,005
Benefits paid from plan assets	(879)	(825)
Settlement paid from plan assets	(995)	(1,201)
Settlement paid by the Company and certain subsidiaries	(94)	(184)
Benefit obligations at the end of the year	33,712	34,449
Change in plan assets:		
Fair value of plan assets at the beginning of the year	¥ 34,178	¥ 31,607
Actual return on plan assets	3,659	2,748
Employer contributions	1,709	1,781
Participants' contributions	66	68
Benefit payments	(879)	(825)
Settlement payments	(995)	(1,201)
Fair value of plan assets at the end of the year	37,738	34,178
Funded status at the end of the year	¥ 4,026	¥ (271)

Amounts recognized in the consolidated balance sheets as of March 31, 2014 and 2013, consist of:

	Millions of Yen	
	2014	2013
Prepaid pension expense	¥ 5,666	¥ 1,400
Accrued expenses	(63)	(87)
Liability for termination and retirement benefits	(1,577)	(1,584)
	¥ 4,026	¥ (271)

Amounts recognized in accumulated other comprehensive income (loss), pre-tax, as of March 31, 2014 and 2013, were as follows:

	Millions of Yen	
	2014	2013
Actuarial loss	¥ (1,346)	¥ (5,396)
Prior service benefit	1,590	2,164
	¥ 244	¥ (3,232)

The accumulated benefit obligation for all defined retirement benefit plans as of March 31, 2014 and 2013, were as follows:

	Millions of Yen	
	2014	2013
Accumulated benefit obligation	¥33,712	¥34,449

The projected benefit obligations and the fair value of the plan assets for the Company and certain subsidiaries' pension plans with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of the plan assets for the Company and certain subsidiaries' pension plans with accumulated benefit obligations in excess of plan assets were as follows:

	Millions of Yen	
	2014	2013
Plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligations	¥2,369	¥2,333
Fair value of plan assets	729	662
Plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligations	2,369	2,333
Fair value of plan assets	729	662

Net periodic benefit costs for the Company and certain subsidiaries' plans consisted of the following for the years ended March 31, 2014, 2013 and 2012:

	Millions of Yen		
	2014	2013	2012
Service cost	¥ 1,025	¥ 849	¥ 833
Interest cost	398	602	725
Expected return on plan assets	(803)	(772)	(756)
Amortization of actuarial loss	936	1,298	1,208
Amortization of prior service benefit	(574)	(641)	(692)
	¥ 982	¥ 1,336	¥ 1,318

The unrecognized net actuarial loss and prior service benefit are being amortized over 12 years (the average remaining service life of active participants) using the declining-balance method and the straight-line method, respectively.

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the years ended March 31, 2014, 2013 and 2012 were as follows:

	Millions of Yen		
	2014	2013	2012
Current year actuarial gain (loss)	¥ 3,114	¥ 971	¥ (1,999)
Amortization of actuarial loss	936	1,298	1,208
Amortization of prior service benefit	(574)	(641)	(692)
	¥ 3,476	¥ 1,628	¥ (1,483)

The estimated amounts that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next year are summarized as follows:

	Millions of Yen
Actuarial loss	¥ 235
Prior service benefit	(492)

The Company and certain subsidiaries use a measurement date of March 31 for their plans. The weighted-average assumptions used as of March 31 in computing the benefit obligations shown above were as follows:

	2014	2013
Discount rate	1.3%	1.2%
Rate of increase in future compensation	0.0%	0.0%

The weighted-average assumptions used as of March 31 in computing the net periodic benefit cost shown above were as follows:

	2014	2013	2012
Discount rate	1.2%	1.9%	2.4%
Rate of increase in future compensation	0.0%	0.0%	0.0%
Expected long-term rate of return on plan assets	2.5%	2.5%	2.5%

The Company's approach to establishing the discount rate is based upon corporate bond indices. The discount rate assumption is based upon the effective yields as of March 31, 2014 on the corporate bond indices whose maturity dates approximate the timing of the expected future benefit payments.

The expected long-term rate of return on plan assets is derived proportionally from return assumptions determined for each of the major asset classes. The return expectations for each of the asset classes are based largely on assumptions about economic growth and inflation, which are supported by long-term historical data. The estimated long-term rate of return is based on an asset allocation of equity securities of 26.0%, debt securities of 54.0%, life insurance company general accounts of 18.0% and short-term financing of 2.0%.

The Company and certain subsidiaries' investment strategy is to maintain actual asset weightings within a preset range of target allocations. The Company and certain subsidiaries' investments are broadly diversified, consisting primarily of equity and debt securities. The Company and certain subsidiaries' believe these ranges represent an appropriate risk profile for the planned benefit payments of the plans based on the timing of the estimated benefit payment.

The asset allocation as of March 31, 2014 and 2013, was as follows:

	2014	2013
Equity securities	43.1%	35.8%
Debt securities	36.6%	37.8%
Life insurance company general accounts	13.6%	14.9%
Short-term financing	6.7%	11.5%

The target allocation percentages are reviewed and approved by the Pension Committee. The actual allocations for 2014 and 2013 are different from the target allocation percentages primarily because Wacoal Corp. maintained additional equity securities within a separate plan asset which is assigned to the plan based on an agreement between Wacoal Corp. and its employees and is not governed by the Pension Committee. As such, the actual allocation percentage of equity securities to the total plan assets is higher than the target allocation, and similarly, the actual allocation for some other types of assets is lower than the target allocation.

The following tables present the Company and certain subsidiaries' plan assets using the fair value hierarchy as of March 31, 2014 and 2013. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. For the reference to each level, see Note 20.

	Millions of Yen			
2014	Level 1	Level 2	Level 3	Total
Equity securities:				
Japanese companies	¥ 6,976			¥ 6,976
Pooled funds (a)		¥ 9,280		9,280
Debt securities:				
Pooled funds (b)		12,443		12,443
Life insurance company general accounts		5,146		5,146
Other types of investments:				
Hedge funds (c)		634		634
Pooled funds (d)		973		973
Short-term financing		2,286		2,286
Total	¥ 6,976	¥ 30,762		¥ 37,738

	Millions of Yen			
2013	Level 1	Level 2	Level 3	Total
Equity securities:				
Japanese companies	¥ 5,159			¥ 5,159
Pooled funds (a)		¥ 7,066		7,066
Debt securities:				
Japanese government bonds	2,476			2,476
Pooled funds (b)		8,883		8,883
Life insurance company general accounts		5,094		5,094
Other types of investments:				
Hedge funds (c)		1,577		1,577
Short-term financing		3,923		3,923
Total	¥ 7,635	¥ 26,543		¥ 34,178

(a) This class includes common stock of approximately 24% Japanese companies and 76% foreign companies as of March 31, 2014 and those percentages were 27% and 73%, respectively, as of March 31, 2013.

(b) This class includes approximately 41% of Japanese government bonds, 5% of Japanese municipal bonds, 25% of foreign government bonds, and 29% of corporate bonds as of March 31, 2014, and those percentages were 37%, 4%, 33%, and 26%, respectively, as of March 31, 2013.

(c) This class is hedge funds that invest both long and short in debt securities as of March 31, 2014. This class includes hedge funds that invest both long and short at a ratio of in approximately 84% in debt securities, 8% in currencies and 8% in other investments as of March 31, 2013.

(d) This class includes approximately 38% of corporate bonds, 36% of insurance swaps, 26% of Short-term funds as of March 31, 2014.

Equity securities and debt securities presented in Level 1 are primarily valued using a market approach based on the quoted market prices of identical instruments. Pooled funds in equity securities or debt securities and hedge funds which are categorized in Level 2 are valued by the sponsor of the funds primarily based on quoted prices in both active and inactive market for identical instruments which comprise funds. Life insurance company general accounts include contracts with the insurance companies with guaranteed rate of return and capital, and those values are based on the sum of original value and return.

The Company and certain subsidiaries' funding policy for the funded plans is to contribute amounts computed in accordance with actuarial methods accepted by Japanese tax law. The Company and certain subsidiaries expect to contribute ¥1,656 million to their plans in the year ending March 31, 2015.

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid:

Year Ending March 31	Millions of Yen
2015	¥1,983
2016	2,070
2017	2,151
2018	2,108
2019	2,067
Thereafter	9,737

Multiemployer Plan - A subsidiary participated in a multiemployer plan, Kyoto Orimono Oroshisho Employee Pension Plan, but withdrew from the plan by paying a special contribution as a condition of withdrawal in the amount of ¥1,580 million during the year ended March 31, 2012. The subsidiary recorded the estimated withdrawal liability of ¥774 million as of March 31, 2011 as it was probable that the subsidiary would withdraw from the fund. Accordingly, the subsidiary recorded an additional expense in the amount of ¥806 million for the year ended March 31, 2012, and it has been included in selling, general and administrative expenses.

Defined Contribution Plan - Certain subsidiaries have a defined contribution plan. The amounts of cost recognized for their contributions to the plan were ¥196 million, ¥193 million and ¥27 million for the years ended March 31, 2014, 2013 and 2012, respectively.

Employee Early Retirement Program - The Company and certain subsidiaries provide additional benefits to employees that elect to participate in the Company and certain subsidiaries' early retirement program. Retirement benefits of ¥228 million, ¥280 million and ¥260 million were paid in addition to normal benefits and charged to selling, general and administrative expenses for the years ended March 31, 2014, 2013 and 2012, respectively.

Termination Plan for Directors - The Company had and certain subsidiaries have termination plans for directors. Payment of termination benefits to directors is made in a lump sum upon termination and requires the approval of the shareholders before payment. In June 2005, the Company rescinded its termination plan for directors upon the approval of its shareholders. The amount of benefit for each individual was fixed as of June 29, 2005 and will remain frozen until the retirement of each respective director. The outstanding liabilities were ¥399 million and ¥391 million as of March 31, 2014 and 2013, respectively, and were recorded in other long-term liabilities. Subsidiaries still maintain plans for their directors. In accordance with the guidance for determination of vested benefit obligation for a defined benefit pension plan, the subsidiaries recorded a liability for termination benefits for directors at the amount that would be needed if all directors were to resign at each balance sheet date. The liabilities for termination benefits for directors as of March 31, 2014 and 2013 were ¥218 million, and were included in liability for termination and retirement benefits.

13. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the companies have prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the companies so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

During the years ended March 31, 2014 and 2013, changes in Wacoal Holdings Corp.'s additional paid-in capital due to equity transactions with noncontrolling interest shareholders were as follows:

	Millions of Yen	
	2014	2013
Net income attributable to Wacoal Holdings Corp.	¥ 10,106	¥ 7,880
Increase in Wacoal Holdings Corp.'s additional paid-in capital due to transfers of Wacoal Holdings Corp.'s ownership interests in its subsidiaries from noncontrolling interests	4	17
Change in net income attributable to Wacoal Holdings Corp. and transfers from noncontrolling interests	¥ 10,110	¥ 7,897

There were no changes in Wacoal Holdings Corp.'s additional paid-in capital due to equity transactions with noncontrolling interest shareholders for the year ended March 31, 2012.

14. SHARE-BASED COMPENSATION

The Company adopted an annual stock option plan in the year ended March 31, 2009. Under the stock option plan, the Company granted shares of its common stock to directors of the Company excluding outside directors and directors of the Company's wholly owned subsidiary, Wacoal Corp., in the years ended March 31, 2014, 2013 and 2012. The Company believes that such awards better align the interests of its directors with those of its shareholders, by sharing both risk and return from fluctuations in stock prices and giving motivation to enhance its corporate value. Each stock option is exercisable to acquire 1,000 shares of the Company's common stock at ¥1 per share. The compensation cost is measured at fair value on the grant date. Options vest over one year in proportion to the services rendered by the directors, and are exercisable from the day after the date of retirement up to (i) 20 years from the grant date or (ii) 5 years from the day after the date of retirement, whichever is earlier.

The fair value of the options is estimated by using the Black-Scholes option-pricing model with the following assumptions.

Expected dividend yield is based on the actual payout of dividends in the last fiscal year and the closing price of the Company's common stock on the grant date. Expected volatility is based on the historical volatility of the Company's share price over the most recent period commensurate with the expected term of the Company's stock options. Risk-free interest rate is based on the Japanese government bonds yield curve in effect at the time of grant for a period commensurate with the expected term of the Company's share options. Expected term of options granted is based on the average remaining service period of directors, assuming that those who are granted options will render service until the stated retirement date and they will exercise options immediately after their retirement.

	2014	2013	2012
Expected dividends	2.8%	3.2%	2.1%
Expected volatility	20.6%	22.5%	31.6%
Risk-free interest rate	0.1%	0.1%	0.3%
Expected term	2.8 years	3.1 years	3.8 years

A summary of stock option activities under the plan for the year ended March 31, 2014, was as follows:

		Yen	Years	Millions of Yen
	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of April 1, 2013	269,000	¥1		
Granted	77,000	1		
Exercised				
Forfeited or expired				
Outstanding as of March 31, 2014	346,000	1	17.3 years	¥364
Exercisable as of March 31, 2014				

The total intrinsic value of options exercised was ¥3 million and ¥12 million for the years ended March 31, 2013 and 2012, respectively. There were no options exercised during the year ended March 31, 2014, and no exercisable options as of March 31, 2014.

Total compensation costs recognized for the years ended March 31, 2014, 2013 and 2012 were ¥69 million, ¥53 million and ¥60 million, respectively. The total recognized tax benefits related thereto for the years ended March 31, 2014, 2013 and 2012 were ¥25 million, ¥19 million and ¥21 million, respectively.

The weighted-average grant date fair values of options granted for the years ended March 31, 2014, 2013 and 2012 were ¥918, ¥799 and ¥878, respectively.

As of March 31, 2014, there was ¥12 million in total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the plan. That cost is expected to be recognized over three months.

15. OTHER COMPREHENSIVE INCOME (LOSS)

The changes in the components of accumulated other comprehensive income, including amounts attributable to noncontrolling interests were as follows:

	Millions of Yen		
	2014		
	Foreign Currency Translation Adjustments	Unrealized Gain on Securities	Pension Liability Adjustments
Balance at the beginning of the year (after-tax)	¥ (5,924)	¥ 9,310	¥ (1,928)
Amount arising during the year:			
Pre-tax amount	8,582	3,709	2,578
Tax credit	(240)	(1,396)	(1,110)
Net amount	8,342	2,313	1,468
Reclassification adjustments:			
Pre-tax amount	27	(17)	362
Tax credit		6	(129)
Net amount	27	(11)	233
Other comprehensive income attributable to noncontrolling interests (after-tax)	(135)	(6)	
Balance at the end of the year (after-tax)	2,310	11,606	(227)

Reclassification adjustments (pre-tax) of foreign currency translation adjustments are included in "Other - net."

Reclassification adjustments (pre-tax) of unrealized gain on securities are included in "Gain on sale or exchange of marketable securities and Investments - net" and "valuation gain or loss on marketable securities and investments - net."

Reclassification adjustments (pre-tax) of pension liability adjustments are included in the net periodic benefit costs.

	Millions of Yen					
	2013			2012		
	Pre-tax Amount	Tax (Expense) Credit	Net Amount	Pre-tax Amount	Tax Expense	Net Amount
Foreign currency translation adjustments:						
Amount arising during the year	¥ 5,332	¥ (260)	¥ 5,072	¥ (836)	¥ 54	¥ (782)
Unrealized gain on securities:						
Amount arising during the year	9,909	(3,435)	6,474	1,608	(470)	1,138
Reclassification adjustments	(2,101)	749	(1,352)	783	(319)	464
Net unrealized gain	7,808	(2,686)	5,122	2,391	(789)	1,602
Pension liability adjustments:						
Amount arising during the year	971	(346)	625	(1,999)	712	(1,287)
Reclassification adjustment	657	(234)	423	516	(203)	313
Net unrealized gain (loss)	1,628	(580)	1,048	(1,483)	509	(974)
Other comprehensive income (loss)	¥ 14,768	¥ (3,526)	¥ 11,242	¥ 72	¥ (226)	¥ (154)

16. INCOME TAXES

Domestic and foreign components of income before income taxes, equity in net income of affiliated companies were summarized as follows:

	Millions of Yen		
	2014	2013	2012
Japan	¥ 22,877	¥ 18,609	¥ 18,045
Foreign	(7,844)	(7,669)	(7,838)
Total	¥ 15,033	¥ 10,940	¥ 10,207

Domestic and foreign components of income tax expense consist of:

	Millions of Yen		
	2014	2013	2012
Current:			
Japan	¥ 3,710	¥ 5,578	¥ 2,942
Foreign	1,546	1,060	581
	¥ 5,256	¥ 6,638	¥ 3,523
Deferred:			
Japan	¥ 549	¥ (2,754)	¥ 675
Foreign	(164)	(112)	1
	¥ 385	¥ (2,866)	¥ 676
Total income taxes	¥ 5,641	¥ 3,772	¥ 4,199

Income taxes in Japan applicable to the Companies, imposed by the national, prefectural and municipal governments, in the aggregate resulted in a normal effective statutory tax rate of approximately 38.0% for the year ended March 31, 2014 and 2013, and approximately 40.7% for the year ended March 31, 2012. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The Companies are subject to a number of different taxes based on income. The effective income tax rates differed from the normal statutory tax rates for the following reasons for the years ended March 31, 2014, 2013 and 2012:

	2014	2013	2012
Normal Japanese statutory tax rates	38.0%	38.0%	40.7%
Increase (decrease) in taxes resulting from:			
Permanently nondeductible expenses	3.3	4.2	4.6
Change in valuation allowance	(2.9)	1.0	3.2
Undistributed earnings of associated companies	0.1	0.0	(0.1)
Differences in foreign subsidiaries' tax rate	(2.6)	(1.0)	(1.5)
Changes in Japanese income tax rates			(6.0)
Tax exemption	(0.2)	(0.3)	(0.3)
Unrecognized tax benefits	0.2	0.2	0.2
Impairment losses on goodwill		(4.1)	
Other - net	1.6	(3.5)	0.3
Effective tax rates	37.5%	34.5%	41.1%

Amendments to the Japanese tax regulations were issued on December 2, 2011. As a result of these amendments, the statutory income tax rate was reduced from 40.7% to 38.0% effective from the year beginning April 1, 2012 and will be reduced to 35.6% effective from the year beginning April 1, 2015, and thereafter. Consequently, the statutory income tax rate utilized for deferred tax assets and liabilities expected to be settled or realized in the period from April 1, 2012 to March 31, 2015 is 38.0% and for periods subsequent to March 31, 2015 the rate is 35.6%. The adjustment of deferred tax assets and liabilities for this change in the tax rate resulted in a decrease of income taxes by ¥616 million and have been reflected in income taxes in the consolidated statements of income for the year ended March 31, 2012.

Following after the amendment described above, new amendments to the Japanese tax regulations were issued on March 31, 2014. As a result of these amendments, the statutory income tax rate was reduced from 38.0% to 35.6% effective from the year beginning April 1, 2014. Consequently, the statutory income tax rate utilized for deferred tax assets and liabilities expected to be settled or realized in the period from April 1, 2014 is 35.6%. The adjustment of deferred tax assets and liabilities for this change in the tax rate resulted in an increase of income taxes by ¥255 million and has been reflected in income taxes in the consolidated statements of income for the year ended March 31, 2014.

The approximate effect of temporary differences and tax loss carryforwards that gave rise to deferred tax balances as of March 31, 2014 and 2013 were as follows:

	Millions of Yen			
	2014		2013	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Sales returns	¥ 771		¥ 608	
Allowance for doubtful receivables	51		100	
Accruals not currently deductible	187		181	
Inventory valuation	1,149		1,194	
Accrued bonuses	1,258		1,274	
Impairment charges on marketable securities and investments	1,471		1,467	
Advanced depreciation on property, plant and equipment		¥ 1,354		¥ 1,403
Undistributed earnings of associated companies		2,405		2,112
Net unrealized gain on marketable securities and investments		7,407		6,045
Net realized gain on exchange of investments		1,059		1,059
Capitalized supplies	290		285	
Enterprise taxes	114		335	
Accrued vacation	799		834	
Asset retirement obligation	259		231	
Prepaid pension cost		1,420		
Pension expense	501		575	
Tangible fixed assets	1,312		1,269	
Tax loss carryforwards	3,668		4,037	
Intangible assets		2,802		2,651
Other temporary differences	1,076	198	992	223
Total	12,906	16,645	13,382	13,493
Valuation allowance	(4,016)		(4,209)	
Total	¥ 8,890	¥ 16,645	¥ 9,173	¥ 13,493

The valuation allowance decreased by ¥193 million for the year ended March 31, 2014. The valuation allowance increased by ¥121 million for the year ended March 31, 2013.

The Companies reversed certain valuation allowance and utilized ¥847 million and ¥705 million of tax loss carryforwards, and recognized tax benefits of ¥226 million and ¥228 million for the year ended March 31, 2014 and 2013, respectively.

As of March 31, 2014, certain subsidiaries had tax loss carryforwards, which are available to offset future taxable income of such subsidiaries, expiring as follows:

Year ending March 31	Millions of Yen
2015	¥ 13
2016	229
2017	478
2018	618
2019	2,188
2020	2,349
2021	1,056
2022	733
2023	
Thereafter	3,222
Total	¥ 10,886

There was no portion of undistributed earnings of foreign subsidiaries and foreign corporate joint ventures which was deemed to be permanently invested as of March 31, 2014 and 2013.

A reconciliation of beginning and ending amounts of unrecognized tax benefits was as follows:

	Millions of Yen		
	2014	2013	2012
Balance at the beginning of the year	¥ 313	¥ 267	¥ 188
Additions based on tax positions related to the current year	133	46	79
Reductions for tax positions of prior years	(150)		
Balance at the end of the year	¥ 296	¥ 313	¥ 267

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is ¥296 million, ¥313 million and ¥267 million as of March 31, 2014, 2013 and 2012, respectively.

The Companies recognize interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income. Total amounts of interest and penalties recognized in the consolidated statements of income for the years ended March 31, 2014, 2013 and 2012 were not material.

The Companies file income tax returns in Japan and various foreign tax jurisdictions. In Japan, the Companies are no longer subject to regular income tax examinations by the tax authorities for years before 2012 with few exceptions. For other countries, the Companies are no longer subject to regular income tax examinations by the tax authorities for years before 2006 with few exceptions. In the year ended March 31, 2009, the transfer pricing examinations of certain domestic subsidiaries' 2002 to 2007 fiscal years and certain U.S. subsidiaries' 2004 and 2003 fiscal years were completed.

17. RELATED-PARTY TRANSACTIONS

The Companies purchase merchandise from numerous suppliers throughout the world, including certain affiliated companies of the Companies. The Companies purchased merchandise from affiliated companies in the amount of ¥2,375 million, ¥2,353 million and ¥2,093 million in the fiscal years ended March 31, 2014, 2013 and 2012, respectively. The accounts payable to affiliated companies were ¥220 million and ¥166 million as of March 31, 2014 and 2013, respectively.

The Companies also sell supplies, materials and products to certain affiliated companies. Aggregate sales to affiliated companies were ¥342 million, ¥381 million and ¥477 million in fiscal years ended March 31, 2014, 2013 and 2012. The accounts receivable from affiliated companies were ¥58 million and ¥81 million as of March 31, 2014 and 2013.

The Companies earn royalties from the use of the Wacoal Brand by certain affiliated companies. The amount of royalty revenue earned was ¥248 million, ¥247 million and ¥216 million in the fiscal years ended March 31, 2014, 2013 and 2012, respectively. Other accounts receivables from affiliated companies, which are included in other current assets in the consolidated balance sheets, were ¥188 million and ¥190 million as of March 31, 2014 and 2013, respectively.

18. EARNINGS PER SHARE AND AMERICAN DEPOSITARY RECEIPT

Basic net income attributable to Wacoal Holdings Corp. per share has been computed by dividing net income attributable to Wacoal Holdings Corp. by the weighted-average number of common stock outstanding during each year. Diluted net income attributable to Wacoal Holdings Corp. per share assumes the dilution that could occur if share-based option to issue common stock were exercised.

The computation of earnings per American Depositary Receipt (ADR), each ADR representing 5 shares of common stock, is based on the weighted-average number of common stock outstanding.

The weighted-average number of common stock outstanding used in the computations of basic net income attributable to Wacoal Holdings Corp. per share was 140,841,722 shares, 140,846,298 shares and 140,848,576 shares for 2014, 2013 and 2012, respectively. The weighted-average number of diluted common stock outstanding used in the computations of diluted net income attributable to Wacoal Holdings Corp. per share was 141,135,395 shares, 141,070,568 shares and 141,013,083 shares for 2014, 2013 and 2012, respectively.

19. FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Fair Value of Financial Instruments

The carrying amounts and fair values of financial instruments as of March 31, 2014 and 2013 were as follows:

	Millions of Yen			
	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Marketable securities (Notes 3 and 20)	¥ 3,523	¥ 3,520	¥ 4,601	¥ 4,601
Investments (Notes 3 and 20)	44,589	44,592	41,003	41,006
Foreign exchange contracts (Note 20)	18	18	29	29
Total assets	¥ 48,130	¥ 48,130	¥ 45,633	¥ 45,636
Liabilities:				
Foreign exchange contracts (Note 20)	¥ (1)	¥ (1)	¥ (7)	¥ (7)
Long-term debt including current portion	(1,517)	(1,518)	(2,414)	(2,414)
Total liabilities	¥ (1,518)	¥ (1,519)	¥ (2,421)	¥ (2,421)

There are investments in nonmarketable equity securities and debt securities for which there are no readily determinable fair values. See Note 3 for further information. The carrying amounts of all other financial instruments approximate their estimated fair values because of the short maturity of those instruments.

Foreign Exchange Contracts - The Companies are exposed to foreign currency exchange risks on the transactions denominated in foreign currencies relating to its ongoing business operations. Such risks are primarily managed by using foreign currency exchange contracts. The Companies measure forward currency exchange contracts at the fair value since they are not designated as a hedge.

Marketable Securities and Investment - Held-to-maturity debt securities are classified as marketable securities and investments as of March 31, 2014 and as investments as of March 31, 2013, respectively. The fair value of these held-to-maturity debt securities are classified as Level 1. For all other investments included in marketable securities and investments, see Notes 3 and 20.

Long-Term Debt - The fair values for long-term debt are estimated by discounted cash flow analysis, using rates currently available for similar types of borrowings with similar terms and remaining maturities. The estimated fair value is based on Level 2 input.

Limitations - Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Concentration of Credit Risk - The Companies' business consists primarily of sales of women's intimate apparel to a large number of diverse customers in the Japanese retail industry, which include well-established department stores, general merchandise stores and other general retailers and specialty stores. No single customer constitutes 10.0% or more of the total sales, although the general retail customers that are consolidated companies within the Aeon Group collectively accounted for approximately 10.0%, 9.1% and 9.8% of the total sales in fiscal years ended March 31, 2014, 2013 and 2012, respectively.

20. FAIR VALUE MEASUREMENTS

The guidance for fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The guidance establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

Level 1 - Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs are unobservable.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2014 and 2013 were as follows:

	Millions of Yen			
2014	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Municipal bonds		¥ 10		¥ 10
Corporate bonds		502		502
Mutual funds		2,906		2,906
Total marketable securities		3,418		3,418
Investments:				
Equity securities	¥ 44,170			44,170
Derivative instruments:				
Foreign exchange contracts		18		18
Total assets	¥ 44,170	¥ 3,436		¥ 47,606
Liabilities:				
Derivative instruments:				
Foreign exchange contracts		¥ (1)		¥ (1)

2013	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Municipal bonds		¥ 10		¥ 10
Corporate bonds		1,191		1,191
Mutual funds	¥ 497	2,903		3,400
Total marketable securities	497	4,104		4,601
Investments:				
Equity securities	40,526			40,526
Mutual funds	186			186
Total investments	40,712			40,712
Derivative instruments:				
Foreign exchange contracts		29		29
Total assets	¥ 41,209	¥ 4,133		¥ 45,342
Liabilities:				
Derivative instruments:				
Foreign exchange contracts		¥ (7)		¥ (7)

Marketable securities and investments presented in Level 1 are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions. Bonds presented in Level 2 are valued by the financial institution using quoted market price for identical instruments in markets that are not active and mutual funds presented in Level 2 are valued by the financial institution based on quoted prices in both active and inactive market for identical instruments which comprise funds.

As presented in Note 3, the Companies recorded impairment charges on marketable securities and investments if a decline in fair value of marketable securities and investments is determined to be other than temporary.

Derivative instruments are composed of foreign currency exchange contracts. Financial instruments presented in Level 2 are valued using quotes obtained from third parties.

The changes in the fair value of the foreign currency exchange contracts are recorded in earnings, since the foreign currency exchange contracts are not designated as a hedge. The Companies recognized a gain of ¥5 million, ¥40 million and ¥89 million in other - net of other income (expenses) in the years ended March 31, 2014, 2013 and 2012, respectively.

The Companies recorded the derivative instruments as other current assets and other current liabilities in the consolidated balance sheets at fair value of ¥18 million and ¥1 million, respectively as of March 31, 2014. The derivative instruments are presented as other current assets and other current liabilities in the consolidated balance sheets at fair value of ¥29 million and ¥7 million as of March 31, 2013.

Assets Measured at Fair Value on a Nonrecurring Basis

Assets measured at fair value on a nonrecurring basis as of March 31, 2013 were as follows:

	Millions of Yen				
2013	Level 1	Level 2	Level 3	Total	Total Losses
Goodwill (Note 8)			¥ 9,170	¥ 9,170	¥ (1,197)
Trademarks (Note 8)			3,170	3,170	(1,587)
Customer relationships (Note 8)			293	293	(68)
					¥ (2,852)

As of the end of March 31, 2013, goodwill with a carrying amount of ¥10,367 million was written down to its implied fair value of ¥9,170 million, resulting in an impairment charge of ¥1,197 million, which is included in earnings for the year ended March 31, 2013. The impairment arose due to the decline in its fair value, which was mainly caused by a downturn in consumption due to general market conditions. To measure the fair values of the reporting units, the Companies used the expected present value of future cash flows and incorporated relevant unobservable inputs, such as management's internal assumptions about future cash flows and appropriately risk-adjusted discount rates, which reflected the management's estimate of assumptions that market participants would use in pricing the asset in an arm's length transaction as of the measurement date.

Trademarks with a carrying amount of ¥4,757 million as of March 31, 2013, were written down to their fair values of ¥3,170 million, resulting in recognition of an impairment charge of ¥1,587 million for the year ended March 31, 2013. The impairment arose due to the decline in their fair value, which was mainly caused by a downturn in consumption due to general market conditions. To measure the fair value of the trademarks, the Companies used the relief-from royalty method and incorporated relevant unobservable inputs, such as management's internal assumptions about future cash flows, the rate of royalty, and appropriately risk-adjusted discount rate, which reflected the management's estimate of assumptions that market participants would use in pricing the asset in an arm's length transaction as of the measurement date. Future cash flows were based on the management's cash flow projections for the future five years, and after five years, future cash flows were estimated using the perpetuity growth rate of 0%. The management's cash flow projections were developed using estimates for expected future revenue growth rates, profit margins and working capital levels of the reporting units. The rate of royalty used for the valuation was based on the actual royalty ratio used in transactions. The risk-adjusted discount rate represents a weighted-average cost of capital (WACC) adjusted for inherent risk spread.

Customer relationships with a carrying amount of ¥361 million as of March 31, 2013 were written down to their fair value of ¥293 million, resulting in recognition of impairment charges of ¥68 million for the year ended March 31, 2013. The impairments recorded for this year arose due to the decline in their fair value, which were mainly caused by a downturn in consumption because of general market conditions. To measure the fair values of the customer relationships, the Companies used the excess earnings method and incorporated relevant unobservable inputs, such as management's internal assumptions about future cash flows, the percentage of orders that the Companies expect to receive from the customers existing at the point of acquisition and appropriately risk-adjusted discount rate, which reflected the management's estimate of assumptions that market participants would use in pricing the asset in a current transaction as of the measurement date. The future cash flows were projected in the same way as described in the trademarks. The percentage of orders that the Companies expect to receive from the customers existing at the point of acquisition was estimated based on the historical trend of the percentage of sales to the preacquisition customers. A risk-adjusted discount rate representing a WACC was determined using the capital asset pricing model.

There were no significant assets or liabilities that were measured at fair value on a nonrecurring basis as of March 31, 2014 and 2012.

Valuation process:

The valuation process involved in Level 3 measurements for applicable asset and liability is governed by the valuation policies and procedures, including evaluation method for fair value measurements, pre-approved by the Companies. Based on the policies and procedures, either personnel from the accounting division or personnel in charge of valuation determine the valuation model to be utilized to measure each asset and liability at fair value. We engage independent external experts of valuation to assist us in the valuation process for certain assets over a specific amount, and their results of valuations are reviewed by the responsible personnel. All the valuations including those performed by the external experts are reviewed and approved by the management of the Company before being recorded in the general ledger.

Quantitative information regarding Level 3 fair value measurements:

Information about valuation techniques and significant unobservable inputs used for Level 3 assets measured at fair value for the year ended March 31, 2013 is as follows:

March 31, 2013	Millions of Yen Fair Value	Valuation Technique	Principal Unobservable Input	Range
Trademarks	¥3,170	Relief-from royalty method	Discount rate	7.5% - 11.5%
			Royalty rate	3.0% - 4.0%
			Short-term revenue growth rates (within five years)	3.3% - 5.5%
			Perpetuity growth rate (over five years)	0%
Customer relationships	¥293	Excess earning method	Discount rate	4.5%
			Remaining useful life	2 years

21. SEGMENT INFORMATION

Operating Segment Information

The Companies have three reportable segments: "Wacoal business (domestic)," "Wacoal business (overseas)," and "Peach John," which are based on their locations and brands. These segments represent components of the Companies for which separate financial information is available and for which operating profit (loss) is reviewed regularly by the chief operating decision maker in deciding how to allocate the Companies' resources and in assessing their performance. The accounting policies used for these reportable segments are the same as those described in the summary of significant accounting policies in Note 1.

"Wacoal business (domestic)" segment primarily produces and sells innerwear (consisting of foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear and hosiery. "Wacoal business (overseas)" segment produces and sells innerwear (consisting of foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear and hosiery. "Peach John" segment produces and sells innerwear (consisting of foundation, lingerie, nightwear and children's innerwear), outerwear, and other textile-related products, which are sold under the "Peach John" brand. "Other" segment produces and sells innerwear (consisting of foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, other textile-related products, mannequins and construction of stores and interior design.

During the current consolidated first quarter, certain segment information has been changed in conformity with the internal reporting segment that is based on our organizational structure. Accordingly, the amount related to Wacoal Eveden is recorded in "Wacoal business (overseas)," whereas it was originally recorded in our "Other" segment. The segment information for the years ended March 31, 2013 and 2012 has been restated based on the segments.

Information about operating results and assets for each segment as of and for the years ended March 31, 2014, 2013 and 2012 is as follows:

	Millions of Yen					
2014	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John	Other	Elimination	Consolidated
Net sales:						
External customers	¥ 118,085	¥ 43,636	¥ 12,482	¥ 19,578		¥ 193,781
Intersegment	2,149	8,049	455	5,406	¥ (16,059)	
Total	120,234	51,685	12,937	24,984	(16,059)	193,781
Operating costs and expenses:						
Operating costs and expenses	108,015	46,410	12,270	24,249	(16,059)	174,885
Depreciation and amortization	2,935	1,238	584	279		5,036
Total	110,950	47,648	12,854	24,528	(16,059)	179,921
Operating profit	9,284	4,037	83	456		13,860
Total assets and capital expenditures:						
Total assets	244,502	69,352	18,026	20,070	(79,962)	271,988
Capital expenditures	2,210	621	296	337		3,464

	Millions of Yen					
2013	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John	Other	Elimination	Consolidated
Net sales:						
External customers	¥ 115,657	¥ 33,345	¥ 11,972	¥ 19,256		¥ 180,230
Intersegment	2,193	7,575	232	5,415	¥ (15,415)	
Total	117,850	40,920	12,204	24,671	(15,415)	180,230
Operating costs and expenses:						
Operating costs and expenses	106,482	37,868	11,357	23,699	(15,415)	163,991
Depreciation and amortization	2,945	1,029	696	218		4,888
Impairment charges on goodwill (Note 20)			1,197			1,197
Impairment charges on other intangible assets (Note 20)			1,655			1,655
Total	109,427	38,897	14,905	23,917	(15,415)	171,731
Operating profit (loss)	8,423	2,023	(2,701)	754		8,499
Total assets and capital expenditures:						
Total assets	236,006	59,237	18,135	19,721	(78,563)	254,536
Capital expenditures	2,283	688	202	157		3,330

	Millions of Yen					
2012	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John	Other	Elimination	Consolidated
Net sales:						
External customers	¥ 115,870	¥ 21,396	¥ 13,836	¥ 20,795		¥ 171,897
Intersegment	2,719	6,541	193	5,744	¥ (15,197)	
Total	118,589	27,937	14,029	26,539	(15,197)	171,897
Operating costs and expenses:						
Operating costs and expenses	107,332	25,946	12,766	26,013	(15,197)	156,860
Depreciation and amortization	3,085	551	734	290		4,660
Total	110,417	26,497	13,500	26,303	(15,197)	161,520
Operating profit	8,172	1,440	529	236		10,377
Total assets and capital expenditures:						
Total assets	208,373	29,367	21,237	20,566	(58,445)	221,098
Capital expenditures	1,991	549	348	666		3,544

The Companies account for intersegment sales and transfers at cost plus a markup. Operating profit (loss) represents net sales less operating costs and expenses.

Products and Service Information

Net sales information by product and service for the years ended March 31, 2014, 2013 and 2012 is as follows:

	Millions of Yen		
	2014	2013	2012
Innerwear:			
Foundation and lingerie	¥ 144,783	¥ 132,525	¥ 124,303
Nightwear	9,301	9,221	9,390
Children's underwear	1,475	1,465	1,530
Subtotal	155,559	143,211	135,223
Outerwear/Sportswear	¥ 16,954	¥ 17,287	¥ 16,371
Hosiery	1,791	1,559	1,646
Other textile goods and related products	8,577	7,580	8,226
Others	10,900	10,593	10,431
Total	¥ 193,781	¥ 180,230	¥ 171,897

Geographic Information

Information by major geographic area as of and for the years ended March 31, 2014, 2013 and 2012 is as follows:

	Millions of Yen		
	2014	2013	2012
Net sales:			
Japan	¥ 149,715	¥ 146,224	¥ 149,587
Asia and Oceania	14,871	11,777	10,527
Americas and Europe	29,195	22,229	11,783
Consolidated	¥ 193,781	¥ 180,230	¥ 171,897
Long-lived assets:			
Japan	¥ 43,446	¥ 44,670	¥ 45,240
Asia and Oceania	2,894	2,692	2,334
Americas and Europe	2,638	2,303	1,504
Consolidated	¥ 48,978	¥ 49,665	¥ 49,078

Net sales are attributed to countries or areas based on the location of sellers.

Asia and Oceania includes East Asia, Southeast Asia, West Asia and Australia.

Countries or areas are classified according to their geographical proximity. Long-lived assets represent property, plant and equipment.

22. SUBSEQUENT EVENTS

On May 8, 2014, an agreement to sell a part of our paintings held as fixed assets of the Company was executed. Accordingly, we expect to record approximately 1.2 billion yen of gain on sale of fixed assets during the fiscal year ending March 31, 2015.

On May 13, 2014, the Board of Directors resolved to pay a cash dividend of ¥165 per 5 shares of common stock to holders of record as of March 31, 2014 (aggregate amount of ¥4,648 million).

* * * * * *

VI. 【Stock-Related Administration for the Company】

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	To be held in June
Record date	March 31
Record date for distribution of surplus	March 31
Number of shares constituting one unit	1,000 shares
Purchase and sale of shares less than one unit	
Office for handling business	(Special Account) Osaka Securities Transfer Section Mitsubishi UFJ Trust and Banking Corporation 6-3, Fushimi 3-chome, Chuo-ku, Osaka
Transfer agent	Securities Transfer Section Sumitomo Mitsui Trust Bank, Limited 1-10, Nikkocho, Fuchu-shi, Tokyo (Note 2) (Special Account) Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Forwarding office	———
Handling charge for purchase and Sale	Free of charge
Method of public notice	Public notice of the Company shall be in electronic form; provided that, where public notice cannot be provided electronically due to an accident or unavoidable event, it shall be published in *Nihon Keizai Shimbun*.
Special benefit for shareholders	(i) Wacoal Essence Check (coupon for goods) shall be presented to the shareholders as follows (with the date of determination of the shareholders entitled thereto being the end of March and September): - To shareholders holding 1,000 shares or more, but less than 3,000 shares: Wacoal Essence Check worth JPY3,000 shall be presented twice a year. - To shareholders holding 3,000 shares or more: Wacoal Essence Check worth JPY5,000 shall be presented twice a year. (ii) Shareholder special discount shall be made for Wacoal products by means of catalogue sales as follows: - Wacoal catalogue shall be sent to those shareholders who want them and 20% discount shall be made for the products ordered for purchase by such shareholders.

(Notes) 1. Our Articles of Incorporation prescribe that the shareholders holding shares constituting less than one unit of the Company may not exercise any rights, except for the rights as prescribed under each item in Paragraph 2, Article 189 of the Companies Act, the put rights pursuant to the provisions of Paragraph 1, Article 166 of the same law, the right to receive an allocation of share offerings and stock acquisition rights in proportion to the number of shares held, and the right to request the sale of additional shares not constituting one unit.

2. For those shareholders of the Company who held shares of Lecien Corporation at the special account as of August 16, 2009 (i.e., the day preceding the effective date of the share exchange between the Company and Lecien Corporation), Sumitomo Mitsui Trust Bank, Limited shall act as an account management institution of the special account.

VII. 【Reference Information on the Company】

1. 【Information on the Parent Company】

The Company does not have the parent company set out in Paragraph 1, Article 24-7 of the Financial Instruments and Exchange Act.

2. 【Other Reference Information】

The Company filed the following documents during the period from the commencing date of the fiscal year ended March 31, 2014, to the filing date of the Annual Securities Report.

(1)	Annual Securities Report and the attachments thereto, and Confirmation Letter	Fiscal Year (65th Fiscal Year)	From April 1, 2012 to March 31, 2013	Filed with the Director of the Kanto Local Finance Bureau on June 27, 2013
(2)	Internal Control Report and the attachments thereto			Filed with the Director of the Kanto Local Finance Bureau on June 27, 2013
(3)	Quarterly Report and Confirmation Letter	(First quarter of 66th Fiscal Year)	From April 1, 2013 to June 30, 2013	Filed with the Director of the Kanto Local Finance Bureau on August 14, 2013
		(Second quarter of 66th Fiscal Year)	From July 1, 2013 to September 30, 2013	Filed with the Director of the Kanto Local Finance Bureau on November 14, 2013
		(Third quarter of 66th Fiscal Year)	From October 1, 2013 to December 31, 2013	Filed with the Director of the Kanto Local Finance Bureau on February 14, 2014
(4)	Extraordinary Report	(Pursuant to Paragraph 4, Article 24-5 of the Financial Instruments and Exchange Act and Item 9-2, Paragraph 2, Article 19 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.)		Filed with the Director of the Kanto Local Finance Bureau on June 28, 2013

Part II 【Information on Guarantors, etc., for the Company】

Not applicable.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of Wacoal Holdings Corp.
Kyoto, Japan

We have audited the accompanying consolidated financial statements of Wacoal Holdings Corp. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended March 31, 2014 (all expressed in Japanese yen), and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2014 and 2013, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2014, in accordance with accounting principles generally accepted in the United States of America.

Convenience Translation

Our audits also comprehended the translation of the Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. The translation of the financial statement amounts into U.S. dollars has been made solely for convenience of readers outside of Japan.

Report on Management's Report on Internal Control over Financial Reporting

Notwithstanding the second paragraph of the "Auditors' Responsibility" section, we have performed an audit of management's report on internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act of Japan. A translated copy of management's report on ICFR along with a translated copy of our report is included within this Annual Securities Report as information for readers.

June 27, 2014

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING (TRANSLATION)

NOTE TO REASDERS

Following is an English translation of management's report on internal control over financial ("ICFR") filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between the management assessment of ICFR under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA").

In the management assessment of ICFR under FIEA, there is detailed guidance on the scope of management assessment of ICFR such as quantitative guidance on business units selection and/or account selection. In the management assessment of ICFR under the attestation standards established by the AICPA, there is no such detailed guidance. Accordingly based on the quantitative guidance which provides an approximately measure for the scope of assessment of internal control over business processes, we designated the business units that accounted for approximately two-thirds of the aggregated sales for the previous fiscal year on a consolidated basis as "significant business units" which should be subject to the process-level controls.

1.【Matters Relating to the Basic Framework for Internal Control over Financial Reporting】

Yoshikata Tsukamoto, President and Representative Director, Masaya Wakabayashi, Managing Director, are responsible for the designing and operating effective internal control over financial reporting of Wacoal Holdings Corp. (the "Company"), and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "The Standards and Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2.【Matters Relating to Scope of Assessment, the Assessment Date, and Assessment Procedures】

The assessment of internal control over financial reporting was performed as of March 31, 2014. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on the entire financial reporting in a consolidation ("company-level controls") and based on the result of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of its internal controls.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity-method affiliated companies. We did not include those consolidated subsidiaries and equity-method affiliated companies which do not have any quantitatively or quantitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we designated the business locations that accounted for approximately two-thirds of the aggregated sales for the previous fiscal year on a consolidated basis as "significant business locations" which should be subject to the process-level controls.

At the selected significant business units, we included, in the scope of assessment, those business processes leading to sales or accounts receivable and inventories, as significant accounts that may have a material impact on the business objectives of us. Further, not only at selected significant business units, but also at other business units, we added to the scope assessment, as business processes having greater materiality considering their impact on the financial reporting, (1) those business processes relating to greater likelihood of material misstatements and significant account involving estimates and the management's judgment, and (2) those business processes relating to businesses or operations dealing with high-risk transactions.

3.【Matters Relating to the Results of Assessment】

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2014.

4.【Supplementary Matters】

Not applicable.

5.【Special Information】

We were a registrant of the Securities and Exchange Commission ("SEC") and our American Depositary Receipts ("ADR") was listed on NASDAQ until the previous fiscal year. Accordingly, pursuant to the provisions of Section 404 of the Sarbanes-Oxley Act of 2002, the Company conducted assessments of the internal control over financial reporting in accordance with the "Final Rule: Management's Report on Internal Control Over Financial Reporting" and "Management Guidance" on internal control issued by SEC, and regularly filed its annual report in Form 20-F with an internal control report of management. On April 15, 2013, we filed an application with NASDAQ for delisting our ADRs and the delisting was completed on April 25, 2013. Our registration with SEC and applicable disclosures under Article 15 of the U.S. Securities Exchange Act of 1934 (submission of Form 20-F) were terminated on July 24, 2013, and from the current fiscal year, we have been performing an assessment of the internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

NOTE TO READERS:

Following is an English translation of the Independent Auditors' Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between an audit of internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA").

In an audit of ICFR under FIEA, the auditors express an opinion on management's report on ICFR, and do not express an opinion on the Company's ICFR directly. In an audit of ICFR under the attestation standards established by the AICPA, the auditors express an opinion on the Company's ICFR directly. Also in an audit of ICFR under FIEA, there is detailed guidance on the scope of an audit of ICFR, such as quantitative guidance on business units selection and/or account selection. In an audit of ICFR under the attestation standards established by the AICPA, there is no such detailed guidance. Accordingly, based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business process, we used a measure of approximately 70% of total assets on a consolidated basis and income before income taxes on a consolidated basis for the selection of significant business units.

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

June 27, 2014

To the Board of Directors of Wacoal Holdings Corp.

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Fumihiko Kimura

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Koichiro Tsukuda

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Akiyo Shimoida

Audit of Financial Statements

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2014 of Wacoal Holdings Corp. and its consolidated subsidiaries (the "Company"), and the consolidated statement of income, comprehensive income, equity and cash flows for the fiscal year from April 1, 2013 to March 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America pursuant to the third paragraph of the Supplementary Provisions of the Cabinet Office Ordinance for Partial Amendment of the Regulations for Terminology, Forms and Preparation Methods of Consolidated Financial Statements (No. 11 of the Cabinet Office Ordinance in 2002), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2014, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Audit of Internal Control

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of the Company as of March 31, 2014.

Management's Responsibility for the Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditors' Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditors' judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of the Company as of March 31, 2014 is effectively maintained and presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

【Cover】

【Document Filed】	Internal Control Report
【Applicable Law】	Paragraph 1, Article 24-4-4 of the Financial Instruments and Exchange Act
【Filed to】	Director, Kanto Local Finance Bureau
【Filing Date】	June 27, 2014
【Company Name】	*KABUSHIKI KAISHA* WACOAL HOLDINGS
【Company Name in English】	WACOAL HOLDINGS CORP.
【Position and Name of Representative】	Yoshikata Tsukamoto, President and Representative Director
【Position and Name of Chief Financial Officer】	Masaya Wakabayashi, Managing Director
【Address of Head Office】	29, Nakajima-cho, Kisshoin, Minami-ku, Kyoto
【Place Where Available for Public Inspection】	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING (TRANSLATION)

NOTE TO REASDERS

Following is an English translation of management's report on internal control over financial ("ICFR") filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between the management assessment of ICFR under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA").

In the management assessment of ICFR under FIEA, there is detailed guidance on the scope of management assessment of ICFR such as quantitative guidance on business units selection and/or account selection. In the management assessment of ICFR under the attestation standards established by the AICPA, there is no such detailed guidance. Accordingly based on the quantitative guidance which provides an approximately measure for the scope of assessment of internal control over business processes, we designated the business units that accounted for approximately two-thirds of the aggregated sales for the previous fiscal year on a consolidated basis as "significant business units" which should be subject to the process-level controls.

1.【Matters Relating to the Basic Framework for Internal Control over Financial Reporting】

Yoshikata Tsukamoto, President and Representative Director, Masaya Wakabayashi, Managing Director, are responsible for the designing and operating effective internal control over financial reporting of Wacoal Holdings Corp. (the "Company"), and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "The Standards and Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2.【Matters Relating to Scope of Assessment, the Assessment Date, and Assessment Procedures】

The assessment of internal control over financial reporting was performed as of March 31, 2014. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on the entire financial reporting in a consolidation ("company-level controls") and based on the result of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of its internal controls.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity-method affiliated companies. We did not include those consolidated subsidiaries and equity-method affiliated companies which do not have any quantitatively or quantitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls .

Regarding the scope of assessment of internal control over business processes, we designated the business locations that accounted for approximately two-thirds of the aggregated sales for the previous fiscal year on a consolidated basis as "significant business locations" which should be subject to the process-level controls.

At the selected significant business units, we included, in the scope of assessment, those business processes leading to sales or accounts receivable and inventories, as significant accounts that may have a material impact on the business objectives of us. Further, not only at selected significant business units, but also at other business units, we added to the scope assessment, as business processes having greater materiality considering their impact on the financial reporting, (1) those business processes relating to greater likelihood of material misstatements and significant account involving estimates and the management's judgment, and (2) those business processes relating to businesses or operations dealing with high-risk transactions.

3.【Matters Relating to the Results of Assessment】

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2014.

4.【Supplementary Matters】

Not applicable.

5.【Special Information】

We were a registrant of the Securities and Exchange Commission ("SEC") and our American Depositary Receipts ("ADR") was listed on NASDAQ until the previous fiscal year. Accordingly, pursuant to the provisions of Section 404 of the Sarbanes-Oxley Act of 2002, the Company conducted assessments of the internal control over financial reporting in accordance with the "Final Rule: Management's Report on Internal Control Over Financial Reporting" and "Management Guidance" on internal control issued by SEC, and regularly filed its annual report in Form 20-F with an internal control report of management. On April 15, 2013, we filed an application with NASDAQ for delisting our ADRs and the delisting was completed on April 25, 2013. Our registration with SEC and applicable disclosures under Article 15 of the U.S. Securities Exchange Act of 1934 (submission of Form 20-F) were terminated on July 24, 2013, and from the current fiscal year, we have been performing an assessment of the internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.