



Transformation for Expanding Its Territory

Wacoal is extending its points of contact with customers by transforming its sales network, in the same way that a caterpillar, through metamorphosis in its chrysalis, extends its sphere of activity by becoming a butterfly.



.....▷ **Wacoal is transforming its sales network to achieve a three channel retailing strategy.**

Three channel retailing is a marketing strategy crucial to securing the Company's continued expansion in the 21st century. Due to limited growth that can be achieved by selling wholesale to department stores, specialty shops, and general merchandising stores, it is necessary to establish new sales channels to increase our points of contact with customers. Wacoal's three channel retailing strategy aims to expand the Company's network of directly managed SPA shops and Internet and mail-order catalog operations through effective cross-linking of each area.

In our SPA business, which was launched in 2001, we had established 40 SPA shops as of the end of June 2002, and we plan to expand the network to approximately 150 shops, with annual sales of about ¥10 billion, by March 2004. By targeting different customer groups and lifestyles, Wacoal is developing a variety of brands that are retailed exclusively through SPA shops, including SUBITO, une nana cool, Intimates, QCVD, and CHERCHEZ. In an effort to create brand differentiation from Wacoal goods available through other retailing channels, we have focused our SPA product ranges on customers in their 20s and emphasized design and price.

Meanwhile, we made a full-scale launch of intimate apparel sales utilizing Wacoal's Internet and mail-order catalog retailing channels during the year under review. Our website, WACOAL ONLINE, and our mail-order catalogs, SACHET and LOVE BODY, have become established strategic retailing tools.

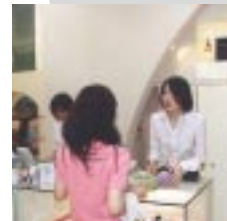
SUBITO

une
nana
cool

Cherchez
BOY OF PARIS



une nana cool (Sannomiya shop)



<http://www.e-shop.wacoal.co.jp/>

