



DESIGNING THE FUTURE BY EXPANDING OUR **RETAIL** BUSINESS

One of Wacoal's key strategies for achieving sustained growth is strengthening the Company's retail operations through the stepped-up development of the SPA shop network. We aim to use this network to target younger consumers and to expand our customer base.

Until recently, Wacoal's operations were focused on the Company's wholesale business, with department stores and general merchandising stores serving as the primary sales channels. However, as part of our long-term growth strategy, we are steadily building a network of SPA shops. By expanding our retail operations in this way, we aim to broaden our customer base and establish new sales channels. Wacoal began developing its SPA operations in earnest in 2001, and as of June 30, 2003, it had a network of 67 SPA shops. We offer a range of different SPA brands—such as *une nana cool*, *SUBITO*, *amphi*, and *sur la plage*—that have been designed with specific customer groups or store locations in mind. We are working to differentiate these brands from the *Wacoal* brand by offering product lineups at SPA shops that target consumers in their 20s and emphasize price and design.

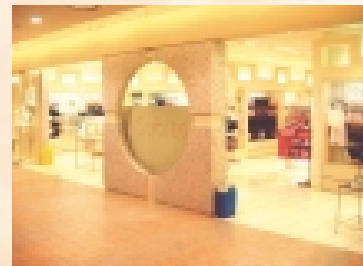
During the year under review, we stepped up the pace of store openings by holding shows to promote our core SPA brands among major property developers nationwide. We took these opportunities to present our brand concepts, future store locations, and store development activities. Also, we established a joint-venture company with World Co., Ltd., WJ Corp., which is tasked with developing new SPA shops. Combining Wacoal's intimate apparel development capabilities with World's SPA expertise, WJ Corp. has already begun opening stores under the new *ZARZARROSA* brand. At this time, we aim to realize a network of 150 SPA shops with sales of ¥8 billion by March 2005. We are confident that by bolstering our retailing operations based on SPA shops we will enhance the appeal and value of Wacoal products.



sur la plage



une nana cool



SUBITO



ZARZARROSA



amphi