

CORPORATE GOVERNANCE OF WACOAL HOLDINGS CORP.

Wacoal Holdings Corp. (“Wacoal”), a worldwide manufacturer of high-end women’s intimate apparel, is a forward-thinking company with a strategy to enhance shareholder value over the medium to long term. As the holding company of 10 subsidiaries, Wacoal is continually innovating not only its product lines but also its governance mechanisms to stay at the forefront of its industry. Wacoal believes that commitment to both its products and corporate governance is essential for Wacoal to optimize shareholder value and foster continual growth of the Company.

CORPORATE GOVERNANCE STRUCTURE

Corporate Governance Innovations

Wacoal has always been a leader in the corporate governance field and has instituted several measures beyond those required by law to ensure that its corporate governance system works to the greatest advantage of its shareholders.

We describe below a few of these innovations.

- **Disclosure Committee** In 2003, Wacoal established the Disclosure Committee to strengthen its corporate governance infrastructure. The Disclosure Committee ensures the accuracy of the financial and other information made available to the public and filed with our regulators, including the U.S. Securities and Exchange Commission and the Japanese Financial Services Agency. This committee also reviews and confirms the appropriateness of our internal controls.

- **Corporate Ethics Committee** In 2004, Wacoal created the Corporate Ethics Committee, which is headed by a member of Wacoal’s board. This committee produced a code of conduct for executives, corporate officers, and other employees, and it works to instill a strong culture of ethics and legal compliance at all levels of the Company. Wacoal’s corporate ethics framework conveys strongly to employees the Company’s unyielding commitment to good corporate ethics.

- **Hotline System** Wacoal has established a hotline system that allows employees to ask questions about corporate ethics and to report any violations or potential violations of its ethics code. The hotline promotes good ethics within the Company and provides a way for the Company to learn promptly about ethics violations.

- **Accidents and Disasters Countermeasures Committee**

In 2006, Wacoal established the Accidents and Disasters Countermeasures Committee as a subcommittee of the Risk Management Committee to manage overall risks to Wacoal. The Risk Management Committee establishes measures to manage and control risks to the Company and monitors Wacoal’s implementation of those measures. The Risk Management Committee keeps the Board of Directors fully informed about the operation of the risk management system.

- **Independent Committee** In the event of a potential takeover of the Company through the acquisition of substantial shares, Wacoal has granted independent outsiders extraordinary authority to exchange information and conduct discussions about the Company without

management. An “Independent Committee” – composed of one outside director, one outside auditor, and one academic – has the authority to call a meeting without the presence of the Company’s executives and may retain external professionals to advise them on takeover and related issues. With these powers and resources, the Independent Committee can evaluate takeover bids and pursue related strategies without management interference. This committee serves as a powerful tool to safeguard shareholder interests at a crucial juncture.

Statutory Auditor System

The aforementioned innovations complement Wacoal’s corporate governance infrastructure under the statutory auditor system. Operating under that system, Wacoal’s directors oversee operations and provide broad oversight of the Company and its subsidiaries. Wacoal’s statutory auditors, in turn, supervise the activities of the board and provide a check on the directors’ oversight of the Company.

In the following section, we discuss some of the specific features of Wacoal’s statutory auditor system and certain enhancements designed to produce better governance.

1. Board of Directors

Following the ordinary general meeting of shareholders in June 2007, Wacoal’s board was expanded from seven members to eight members. In 2002, we reduced the number of directors to allow directors to respond more flexibly and make decisions more efficiently in an ever-changing business environment. This process was intended to permit directors to focus on the supervisory and strategic responsibilities and to unburden them from operational and management duties.

Although Japanese law does not require any independent, outside directors on the board under the statutory auditor system, Wacoal believes that including the voices and perspectives of independent directors improves the governance of the Company. As a result, Wacoal has two independent, outside directors who contribute to the work of the board.

The directors work diligently for the benefit of the Company. To assist the members of the Board of Directors, Wacoal has drafted guidelines for board meetings that are provided in the Company’s articles of incorporation as well as directors’ meeting rules.

Wacoal also believes that there should be a retirement age for the members of the board so that fresh perspectives can periodically be brought to the board. To enhance the transparency of Wacoal's corporate governance, the Company has established the retirement age in its corporate rules. Also, beginning with the current fiscal year, Wacoal will include in the proxy materials the attendance records of directors at board meetings.

While the board members have a depth of experience and knowledge, Wacoal believes that continuous education and training of directors are essential to good corporate governance of the Company. To this end, new directors of Wacoal attend an educational seminar for directors conducted by outside professionals.

2. Statutory Auditors

The statutory auditors continually monitor the supervisory activities of the board and the overall work of the Company. The statutory auditors attend board meetings and separately meet with individual directors once a month and Wacoal's President twice a year.

Wacoal believes that enhanced independence of the statutory auditors would allow the auditors to be more effective "watchdogs"

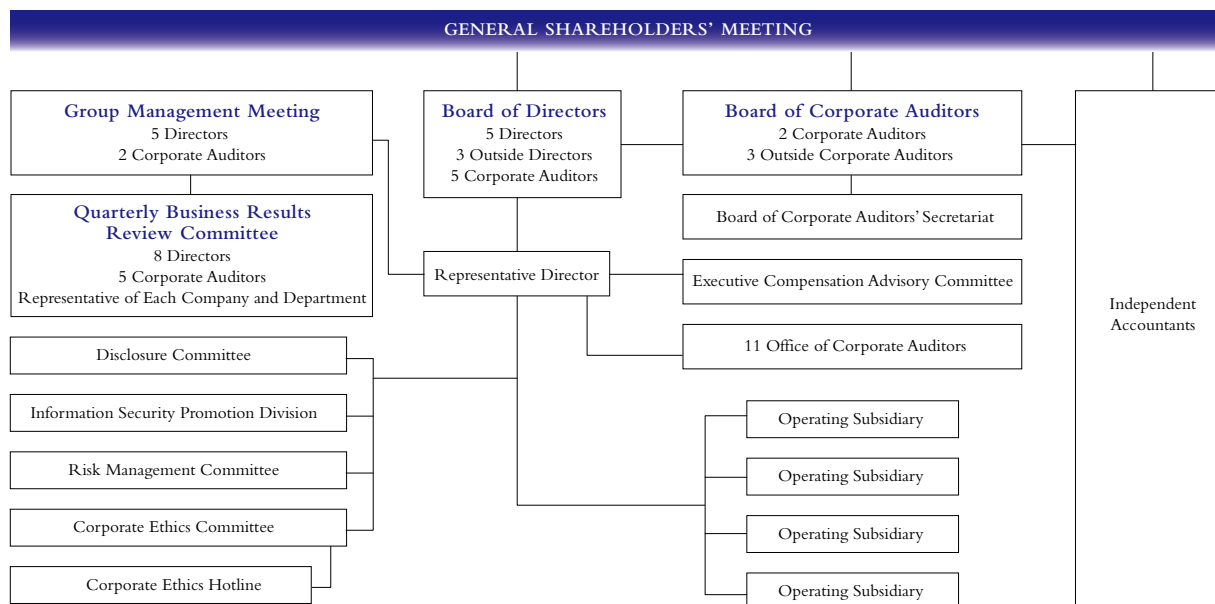
for the Company. We, therefore, have gone beyond what is required under Japanese law for statutory auditors. Although Japanese law only requires that 50% of the statutory auditors be independent, 60% of Wacoal's statutory auditors are independent of the Company.

3. Appointment and Compensation Committee

Wacoal has created the Executive Compensation Advisory Committee. This committee, with the assistance of the Management and Administration Department of the Company, develops proposals for personnel appointments and for compensation. The committee, which comprises independent outside directors, a personnel officer, staff supervisors, and members of the Management and Administration Department, submits its proposals to the President and Representative Director. The President then reviews the proposals and submits the appointments for a board resolution. A shareholder resolution would then be made at the general meeting of shareholders.

Wacoal believes that this structure for determining nominees and compensation is appropriate for the Company. For this reason, the Company does not maintain separate board committees for these purposes.

Corporate Governance Structure (As of June, 27 2008)



COMPENSATION AND STOCK OWNERSHIP

Wacoal has strived for a compensation system that aligns the interests of directors/management with those of its shareholders. We, therefore, encourage our executives and directors to own shares of Wacoal so that they will be similarly situated as our shareholders. Directors own approximately 1% of the outstanding shares of Wacoal.

We, however, do not provide equity compensation or grant stock options to officers or directors. Although equity compensation and stock option plans may incentivize directors and employees to maximize shareholder value, the potential conflicts of interest that arise with these compensation arrangements discourage Wacoal from adopting them for the Company.

INDEPENDENT AUDIT

Under the Japanese laws governing certified public accountants, an accounting firm cannot audit a company for more than seven years. Consistent with these laws, the board has adopted a resolution regarding the re-selection of a certified public accountant in charge of auditing the Company. When Wacoal changes certified public accountants, as required by law, it will seek shareholder approval of the new auditors.

DEFENSIVE MEASURES AGAINST TAKEOVERS THROUGH THE ACQUISITION OF A SUBSTANTIAL SHAREHOLDING OF THE COMPANY

After the Company's June 2006 ordinary general meeting of shareholders passed a resolution authorizing the adoption of a basic policy on measures against the acquisition of a substantial shareholding of the Company, the Board of Directors decided upon specific counter-measures reflecting that basic policy.

In principle, the Company does not oppose the acquisition of large shareholdings that contribute to the enhancement of the enterprise value and shareholders' common interests.














The Company's defensive measures against takeovers, or peacetime takeover defensive measures, include providing advance warning that there are procedures prospective purchasers of the Company's shares must follow and that a gratis allocation if acquisition rights for the subscription of new shares with discriminatory treatment for the exercise of such rights may be implemented. In addition, the Company has established the Independent Committee to ensure that initiations of defensive measures against takeovers are based on substantive, objective decisions and not based on arbitrary decisions by the Board of Directors. For further details, please refer to the Company's web site.

www.wacoalholdings.jp/ir/news.html

BOARD OF DIRECTORS AND CORPORATE AUDITORS

Wacoal Holdings Corp. and Subsidiaries

As of March 31, 2008

REPRESENTATIVE DIRECTOR			
	Yoshikata Tsukamoto Representative Director, President and Chief Executive Officer, Wacoal Corp.		
DIRECTOR AND VICE PRESIDENT		SENIOR MANAGING DIRECTOR	
	Shoichi Suezawa		Hideo Kawanaka Director, Vice President and Corporate Officer, Wacoal Corp., In charge of Business Restructuring and General Manager of Sales Control Department
DIRECTORS		CORPORATE AUDITORS	
	Tadashi Yamamoto Director and Senior Corporate Officer, Wacoal Corp., General Manager of International Operation		Kimiaki Shiraishi (Standing Corporate Auditor)
	Tsuneo Shimizu Director and Senior Corporate Officer, Wacoal Corp., Assistant Manager of Sales Control Department		Yoshio Kawashima (Standing Corporate Auditor)
	Kazuo Inamori (Outside Director) Chairman Emeritus, Kyocera Corporation, Honorary Adviser, KDDI Corporation		Yutaka Hasegawa (Corporate Auditor) Corporate Auditor, The Hyakugo Bank, Ltd.
	Mamoru Ozaki (Outside Director) Advisor, Yazaki Sogyo Corporation, Outside Director, Fujikyuko Co., Ltd., Outside Director, Kikkoman Corporation		Tomoharu Kuda (Corporate Auditor) Certified Public Accountant
	Atsushi Horiba (Outside Director) Representative Director and Chairman and President, HORIBA, Ltd.		Yoko Takemura (Corporate Auditor) Partner at Miyake Imai Ikeda law firm, Lawyer