Annual Securities Report

(The 69th Fiscal Year)
From April 1, 2016 to March 31, 2017

WACOAL HOLDINGS CORP.

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

E00590

The 69th Fiscal Year (from April 1, 2016 to March 31, 2017)

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 29, 2017.

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 directly managed 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; the impact of any natural disaster or epidemic on our business; risks in relation to liability for termination and retirement benefit; and risks related to realizability of deferred tax assets and transfer pricing; and compliance risk. 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 29, 2017
【Fiscal Year】	The 69th Fiscal Year (from April 1, 2016 to March 31, 2017)
【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】	Kenya Yamamoto, General Manager of Accounting Department
【Contact Address】	29, Nakajima-cho, Kisshoin, Minami-ku, Kyoto
【Phone No.】	Kyoto (075) 682-1007
【Contact Person】	Kenya Yamamoto, 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		65th	66th	67th	68th	69th
Year-End		March 2013	March 2014	March 2015	March 2016	March 2017
Sales		180,230	193,781	191,765	202,917	195,881
Operating income		8,499	13,860	7,082	13,865	11,065
Net income attributable to Wacoal Holdings Corp.		7,880	10,106	8,444	11,159	12,525
Comprehensive income		19,349	22,749	28,813	(49)	12,296
Total shareholders' equity		186,646	205,106	228,857	224,374	227,568
Total assets		254,536	271,988	300,272	292,854	294,958
Shareholders' equity per share	(yen)	1,325.19	1,456.32	1,624.93	1,592.90	1,658.53
Net income per share attributable to Wacoal Holdings Corp.	(yen)	55.95	71.75	59.95	79.23	90.13
Diluted net earnings attributable to Wacoal Holdings Corp. per share	(yen)	55.86	71.61	59.80	79.00	89.85
Shareholders' equity ratio	(%)	73.3	75.4	76.2	76.6	77.2
Return on equity	(%)	4.4	5.2	3.9	4.9	5.5
Price earnings ratio	(times)	18.72	14.68	22.55	16.95	15.24
Net cash provided by operating activities		12,309	8,949	14,337	12,635	16,351
Net cash provided by (used in) investment activities		(23,520)	1,658	164	(11,407)	(3,032)
Net cash provided by (used in) financing activities		5,379	(5,554)	(8,391)	(4,547)	(13,055)
Cash and cash equivalents at end of year		24,514	30,658	38,410	34,059	33,995
Number of employees [Average number of part-time employees, etc.]	(person)	18,650 [1,259]	18,912 [1,391]	18,986 [1,210]	20,655 [1,237]	21,139 [1,018]

(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 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 65th fiscal year have been adjusted retrospectively.

(2) Financial data etc. of the Company

(Millions of yen, unless otherwise stated)

Fiscal Year		65th	66th	67th	68th	69th
Year-End		March 2013	March 2014	March 2015	March 2016	March 2017
Operating revenue		8,705	8,967	10,898	10,934	13,139
Ordinary income		4,571	5,301	7,350	7,044	9,215
Net income (loss)		4,837	4,955	(541)	6,739	11,453
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		144,513	145,605	140,578	143,135	145,496
Total assets		174,280	177,411	168,762	163,972	165,113
Net assets per share	(yen)	1,024.27	1,031.57	995.48	1,013.19	1,057.19
Dividends per share (interim dividends per share)	(yen)	28.00 (−)	33.00 (−)	30.00 (−)	33.00 (−)	36.00 (−)
Net income (loss) per share	(yen)	34.34	35.18	(3.84)	47.85	82.42
Diluted net earnings per share	(yen)	34.28	35.10	−	47.69	82.16
Shareholders' equity ratio	(%)	82.7	81.8	83.0	87.0	87.9
Return on equity	(%)	3.3	3.4	−	4.7	7.9
Price earnings ratio	(times)	29.49	29.93	−	28.06	16.67
Dividend payout ratio	(%)	81.5	93.7	−	68.9	43.7
Number of employees [average number of part-time employees, etc.]	(person)	71 [−]	80 [−]	80 [−]	81 [−]	81 [−]

(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.
3. Diluted net earnings per share data for the 67th fiscal year is not presented since a net loss was recorded.
4. Return on equity, price earnings ratio and dividend payout ratio for the 67th fiscal year are not presented since a net loss was recorded.

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
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
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
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
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
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 (currently Wacoal Europe Ltd.) became a wholly owned Wacoal subsidiary through the acquisition of all of the issued and outstanding shares of Eveden Group Limited
January 2016	A TECH TEXTILE CO., LTD. and one other company established as joint venture companies

3. 【Description of Business】

Our corporate group consists of one holding company (Wacoal Holdings Corp.), 57 subsidiaries, and eight 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.

The Company falls under the definition of "Specified Listed Companies" as prescribed under Paragraph 2, Article 49 of the Cabinet Office Ordinance on Restrictions on Securities Transactions, etc. For this reason, whether an incident is minor (and not a material fact) under the insider trading restrictions will be determined on the basis of consolidated figures.

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 Wacoal Holdings Corp. and 11 subsidiaries in Japan.

Among 11 subsidiaries, Wacoal Corp. engages in the planning and designing of the above-mentioned products, procurement of materials for the above-mentioned products, commercialization of semifinished products purchased from sewing companies in Japan and overseas and other business associates after inspection, and distribution to end consumers through department stores, general merchandisers, and other general retailers in Japan, as well as directly managed retail stores and distributors in Japan and overseas. Each of our 4 apparel manufacturing companies, including Kyushu Wacoal Manufacturing Corp., receives a 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 4 sales companies, including Une Nana Cool Corp., which conduct retail sales of innerwear, outerwear and swimsuit products.

(2) Wacoal Business (Overseas)

This segment is composed of 38 companies, including our overseas subsidiaries and affiliates.

Among our 31 overseas subsidiaries, nine companies are located in North and Central America; five companies are located in Europe; and 17 companies are located in Asia/Oceania. Seven overseas affiliates are located in Asia.

Among our nine 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 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 Wacoal Timex LTD. and WACOAL EMEA LTD.

Among our five overseas subsidiaries in Europe, WACOAL EMEA LTD., distributes products to end consumers through department stores and specialty retail stores mainly in the United Kingdom.

Our two subsidiaries and four 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 sales companies in Asia. Our sales companies include six subsidiaries, including Wacoal Singapore Private Ltd., Eveden Israel Ltd., and one affiliate. These sales companies distribute innerwear products, which are mainly supplied from the group companies, to their local department stores, specialty retail stores and directly managed retail stores. Our nine remaining subsidiaries include four apparel manufacturing companies producing innerwear, two raw materials manufacturing companies, one company that procures materials for subsidiaries and affiliates in Asia, and two investment companies which make investments in the local subsidiaries and local affiliates that manufacture and sell innerwear.

(3) Peach John Business

This segment is composed of four companies, including our domestic and overseas subsidiaries. The one domestic subsidiary and three overseas subsidiaries are sales companies, and Peach John mainly engages in the retail sales of products that are independently supplied mainly from nongroup companies.

(4) Other

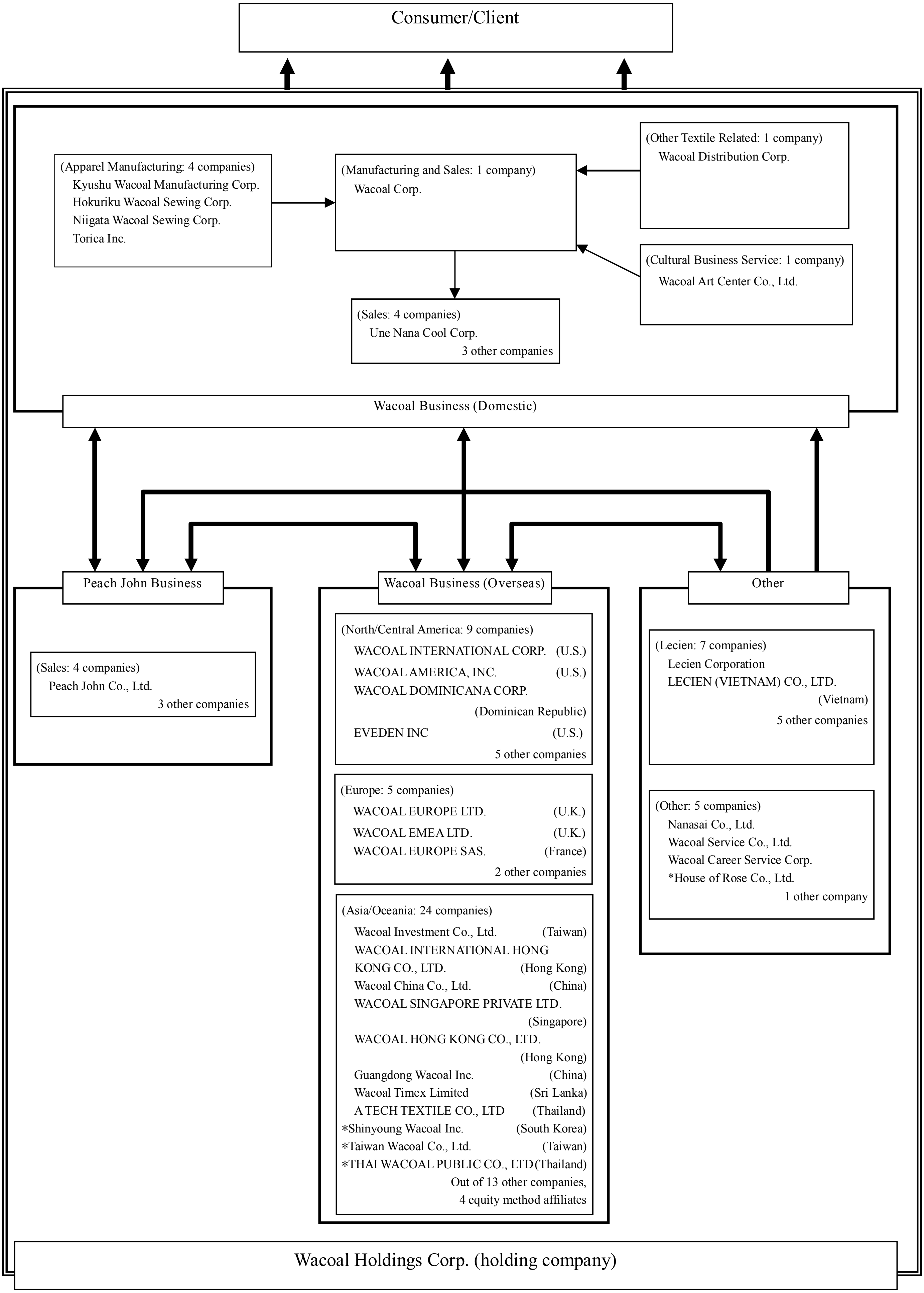
This segment is composed of a total of 12 companies, including five domestic subsidiaries, six overseas subsidiaries and one domestic affiliate.

Among the five 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 three remaining subsidiaries include an apparel manufacturing company and two other subsidiaries which engage in other textile-related business, real estate leasing business, and other business.

Overseas, six subsidiaries are located in Asia.

Four of our subsidiaries in Asia are apparel manufacturing companies. The other two 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 Affiliated Companies】

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	Relationship: Lease/Rent of Facilities
(Consolidated Subsidiary) *1, *6 Wacoal Corp.	Minami-ku, Kyoto	5,000	Wacoal Business (Domestic) (Manufacture and sale of garments)	100	4	Rent of office building
Peach John Co., Ltd.	Shibuya-ku, Tokyo	90	Peach John Business (Sale of garments)	100	2	―
Lecien Corp.	Minato-ku, Kyoto	90	Other (Manufacture and sale of garments and other textile-related products)	100	2	Rent of office・storage building
Kyushu Wacoal Manufacturing Corp.	Unzen-shi, Nagasaki	70	Wacoal Business (Domestic) (Manufacture and sale of garments)	100 (100)	―	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	90	Other (Manufacture and sale of mannequins and display fixtures; interior design and construction work of stores)	99	2	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)	2	―
WACOAL DOMINICANA CORP.	Santo Domingo, Dominican Republic	7 thousand USD	Wacoal Business (Overseas) (Sewing and sale of various textile products)	100 (100)	―	―
WACOAL EUROPE LTD.	Northamptonshire, UK	175 thousand GBP	Wacoal Business (Overseas) (Investment in affiliates)	100	2	―
WACOAL EMEA LTD.	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)	1	―
*1 WACOAL INTERNATIONAL HONG KONG CO., LTD.	Hong Kong	373,690 thousand HK$	Wacoal Business (Overseas) (Import and export of raw materials)	100 (100)	2	―
VIETNAM WACOAL CORP.	Bien Hoa, Vietnam	54,604 million VND	Wacoal Business (Overseas) (Sewing and sale of various textile products)	100 (100)	―	―
Wacoal Investment Co., Ltd.	Taipei, Taiwan	59,000 thousand NT$	Wacoal Business (Overseas) (Investment in Taiwan affiliates)	100 (100)	3	―
Guandong Wacoal Inc.	Guangzhou, China	17,730 thousand RMB	Wacoal Business (Overseas) (Sewing and sale of various textile products)	100 (100)	―	―
*1 Wacoal China Co., Ltd.	Beijing, China	189,364 thousand RMB	Wacoal Business (Overseas) (Manufacture and sale of garments)	100 (100)	1	―
*1 A TECH TEXTILE CO., LTD.	Bangkok, Thailand	1,000 million THB	Wacoal Business (Overseas) (Manufacture and sale of raw materials)	54 (54)	―	―
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)	2	―
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)	3	―
*4, *5 House of Rose Co., Ltd.	Minato-ku, Tokyo	934	Other (Manufacture and sale of cosmetics products)	24	―	―
3 other companies						

(Note) *1 Wacoal Corp., WACOAL INTERNATIONAL CORP., WACOAL INTERNATIONAL HONG KONG CO., LTD, Wacoal China Co., Ltd. and A TECH TEXTILE 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	108,378 million yen
	(ii) Ordinary income	7,658 million yen
	(iii) Net income	5,466 million yen
	(iv) Net assets	106,219 million yen
	(v) Total assets	142,319 million yen

5. 【Employees】

(1) Employees within group

As of March 31, 2017

Name of Operating Segment	Number of Employees
Wacoal Business (Domestic)	7,658 [877]
Wacoal Business (Overseas)	11,030 [40]
Peach John Business	420 [36]
Other	2,031 [65]
Total	21,139 [1,018]

(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.

(2) Employees of the Company

As of March 31, 2017

Number of Employees	Average Age	Average Years of Service	Average Annual Salary (Yen)
81	46.0	20.8	6,411,995

(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 Labor Unions 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 year 2017 to fiscal year 2019), and we have been making efforts to improve profitability and business efficiency in line with the five elements of the basic policies, which are (i) to improve the infrastructure of our group management base as a foundation, (ii) to ensure profits from our domestic business, (iii) to achieve further growth of our overseas business, (iv) to achieve group synergies through collaboration and to strengthen our competitiveness and (v) to attempt to expand our business portfolio. Also, we intend to improve our corporate value by implementing an efficient capital policy.

During the current fiscal year, we steadily focused on increasing the productivity of our wholesale business and the profitability of our retail business in Japan, as well as improving and strengthening the foundations of our overseas business. While the domestic market continues to experience the slowdown in consumption of luxury goods and a series of closings of general merchandise stores, we moved forward with the development of products with new features and the standardization of goods for campaigns implemented at our directly managed stores. With respect to our overseas business, while respecting the local management, we continued to improve the value of our brands by providing high-end goods backed by craftsmanship and quality and to strengthen our ability to respond to the immensely growing e-commerce market. Also, two material manufacturers in Thailand and one sewing company in Myanmar commenced operations, enabling us to upgrade the infrastructure for the stable supply of our high-quality and cost-competitive materials/products.

As a result of our above-mentioned efforts, our consolidated sales for the current fiscal year fell below the consolidated sales for the previous fiscal year due to tighter management of inventories by our clients, even though the over-the-counter sales of our domestic business were steady. Sales from our overseas business in Europe on a local currency basis exceeded such sales for the previous fiscal year, mainly due to the favorable effect of the depreciation of the British Pound. However, sales from our business in the United States and China remained unchanged from the previous fiscal year. As a result, on a yen converted basis, consolidated sales on the Japanese Yen basis fell below the consolidated sales for the previous fiscal year due to the inflation of the Japanese Yen.

Although our consolidated operating income fell much below the consolidated operating income for the previous fiscal year due to increases in selling, general and administrative expenses which resulted from our domestic business and expenses related to the liquidation proceedings by our French subsidiary, it exceeded our initial plan for the current fiscal year. On the other hand, income before income taxes and equity in net income of affiliated companies largely exceeded that for the previous fiscal year due to gain on sale of fixed assets (land) for the first quarter of the current fiscal year.

As a result of the above, with respect to our consolidated business results for the fiscal year ended March 31, 2017, the consolidated operating income margin was 5.6%, and the consolidated ROE (i.e., return on Wacoal Holdings Corp. shareholders' equity for the current fiscal year) was 5.5%.

Net Sales:	195,881 million yen (a decrease of 3.5% as compared to the previous fiscal year)
Operating income:	11,065 million yen (a decrease of 20.2% as compared to the previous fiscal year)
Income before income taxes and equity in net income of affiliated companies:	16,569 million yen (an increase of 10.8% as compared to the previous fiscal year)
Net income attributable to Wacoal Holdings Corp.:	12,525 million yen (an increase of 12.2% as compared to the previous fiscal year)

The following is a summary of operations by operating segment.

(i) Wacoal Business (Domestic)

With respect to our Wacoal brand business, sales of brassiere products with new features which provide comfort to wear increased steadily, and sales of our pajama products of which design focuses on comfort for sleep increased by winning consumers. On the other hand, sales of our luxury-line products and underwear products were poor due to factors such as a slowdown in the consumption of luxury goods, a decrease in average spending per inbound tourist, the impact of a warm winter and the absence of the temporary demand increase we experienced in the previous fiscal year. As a result, overall sales fell below the overall sales for the previous fiscal year.

With respect to our Wing brand business, the shop sales of brassiere products for the whole current fiscal year were steady due to the strong sales of our spring/summer line of products. Also, our brand for junior generation “Pulili” business largely exceeded the results for the previous fiscal year due to the increase in the number of retailers selling this brand. However, as the sales of bottoms products were poor as compared to the sales for the previous fiscal year and general merchandise stores increasingly elected to close unprofitable stores and reduce inventories, overall sales fell below the overall sales for the previous fiscal year.

In our retail business, sales of our directly managed retail store, “AMPHI,” and our outlet store, “Factory Store,” remained unchanged from the previous fiscal year, despite a decrease in the number of buying customers, due to our success in updating our sales approach, including by introducing in-store discounts that resulted in an increase in average spending per customer. However, due to efforts such as the expansion of sales of our common products for the campaign “BRAGENIC,” overall sales exceeded the overall sales for the previous fiscal year.

In our wellness business, although sales of our sports bra products under the “CW-X” brand showed were steady, sales of functional sport tights were poor at both sport specialty chain stores and outdoor specialty stores, due to increased competition in the market. Export sales for the market in the United States were also weak. As a result, overall sales fell below the overall sales for the previous fiscal year.

In our catalog sales business, although there was a turnaround in sales in the fourth quarter of the current fiscal year due to our campaign using SNS “LINE,” review of the number of issues of catalogs published and expansion in demand through improved communications with member customers, overall sales for the whole current fiscal year fell below the overall sales for the previous fiscal year due to the underperformance of our catalog products from the first quarter of the current fiscal year to the third quarter of the current fiscal year.

With respect to Ai Co., Ltd., although sales from our e-commerce website focusing on swimwear grew steadily, overall sales dropped compared to overall sales for the previous fiscal year, due to the underperformance of our seasonal stores opened only during a period of peak demand, as well as the reduction of sales space at department stores and the increased returns of our products resulting from poorly-functioning e-commerce websites managed by other companies.

As a result, sales attributable to our “Wacoal Business (Domestic)” segment decreased 1.8% from such sales for the previous fiscal year. Operating income decreased 21.0% from the previous fiscal year due to an increase in retirement benefit expenses at Wacoal Corp., recognition of one-time expenses and depreciation expenses in connection with the opening for the business at the New Kyoto Building, and an increase in tax as a result of the introduction of pro-forma basis taxation.

Net Sales:	118,389 million yen
	(a decrease of 1.8% as compared to the previous fiscal year)
Operating income:	6,959 million yen
	(a decrease of 21.0% as compared to the previous fiscal year)

(ii) Wacoal Business (Overseas)

With respect to Wacoal America, Inc., department-store sales on a local currency basis were weak due to the shifting focus in the retail environment in the United States from physical store sales to e-commerce sales, a trend that has become more prominent. On the other hand, overall sales on a local currency basis remained unchanged from the previous fiscal year, as sales from our own e-commerce website increased significantly and sales of our products through e-commerce websites managed by department stores and other companies grew substantially. The gross profit rate improved because discounts were decreased by our pricing policy and also due to a higher ratio of e-commerce sales. However, operating income on a local currency basis fell below the operating income for the previous fiscal year due to increases of expenses associated with strengthening of e-commerce sales, increases of labor costs in healthcare costs as a result of increases in medical insurance premiums, and impact of expenses from closure of our directly managed outlet stores that were underperforming.

With respect to sales on a local currency basis for Wacoal Europe (the United Kingdom), sales at department stores in the United Kingdom were steady and e-commerce sales in the North America were strong. Also, sales from our plus-size brand “Elomi” greatly exceeded sales for the previous fiscal year in various countries including Europe, North America and Australia. Although sales were significantly and negatively impacted by the “Huit” brand, which business was liquidated, overall sales exceeded the overall sales for the previous fiscal year due to the currency appreciation in non-British Pound markets. In terms of operating income on a local currency basis, although gross profit increased due to increased sales, our overall operating income largely fell below the operating income for the previous fiscal year due to the impact of expenses related to the liquidation proceedings for our French subsidiary and increased expenses under IT-related investments.

With respect to our business in China, as a result of consumers becoming more sophisticated in balancing quality and service against price, sales of “Wacoal” brand products were poor and over-the-counter sales at department stores grew at a stagnant pace. However, e-commerce sales were steady due to strong sales on the online shopping festival day called

"Double Eleven." As a result, although overall sales on a local currency basis for the first half of the fiscal year were weak, the overall sales on a local currency basis for the whole current fiscal year remained unchanged from the previous fiscal year. Operating income on a local currency basis exceeded the operating income for the previous fiscal year due to the closure of underperforming stores and suspension of opening of shops for the "La Rosabelle," our brand targeting the middle-class consumers.

As a result of the above, and due to the impact of foreign exchange rates caused by the appreciation of the Japanese Yen during the current fiscal year, the overall sales attributable to our "Wacoal Business (Overseas)" segment on the Japanese Yen basis decreased 6.6% and the operating income decreased 31.1% compared to the results for the previous fiscal year.

Net Sales:	48,423 million yen
	(a decrease of 6.6% as compared to the previous fiscal year)
Operating income:	3,055 million yen
	(a decrease of 31.1% as compared to the previous fiscal year)

(iii) Peach John Business

With respect to Peach John Co., Ltd., retail sales at stores exceeded retail sales from mail-order catalogues for the current fiscal year. This is due to strong sales of our directly managed stores we own domestically, especially at the existing stores located in Tokyo. We also experienced significant growth in sales through e-commerce websites managed by other companies for the whole current fiscal year. Overseas subsidiaries in Hong Kong and China both experienced positive growth. On the other hand, because the sales of outerwear from domestic mail order catalogues fell significantly below such sales for the previous fiscal year, the results for the overall sales remained unchanged from the previous fiscal year. In terms of operating income, as the gross profit rate improved due to favorable foreign exchange rates, as well as reduction in production cost for direct mail sales catalogs and our Chinese subsidiaries returning to profitability, operating income largely exceeded the operating income for the previous fiscal year.

Net Sales:	11,107 million yen
	(a decrease of 0.7% as compared to the previous fiscal year)
Operating income:	374 million yen
	(an increase of 45.0% as compared to the previous fiscal year)

(iv) Other

With respect to the business of Lecien Corporation ("Lecien"), sales of the innerwear business, which is its main business division, were poor for the whole current fiscal year, as sales during the fall and winter were poor, while the "brassiere for school club activities" campaign conducted during the fourth quarter of the current fiscal year proved to be successful. The art & hobby business, which mainly deals in handcraft items, performed poorly, as the anticipated repeat orders from North America did not materialize. As a result, overall sales from Lecien fell below the overall sales from the previous fiscal year. However, with respect to operating income, we moved to surplus from deficit for the previous fiscal year, due to the increased gross profit rate as a result of favorable foreign exchange rates, as well as increases in unit prices of innerwear products and a shift towards sales of high-profit products in both innerwear and art & hobby businesses.

With respect to Nanasai Co., Ltd. ("Nanasai"), while the rental business performed well in areas such as seasonal shops and events, its business aimed at permanent stores such as department stores performed poorly. Sales from the construction business fell below the sales for the previous fiscal year due to continued postponement by our valued clients of sales space renovation projects because of worsened business confidence in the clothing industry. The poor sales of sales business were the result of postponement of construction projects. As a result, overall sales from Nanasai fell below the overall sales for the previous fiscal year. Operating income fell below the operating income for the previous fiscal year in spite of our efforts to reduce operating expenses, due to the decrease in the gross profit rate caused by increases in rental business costs and the increase in the percentage of low-profit construction projects.

As a result of the above, overall sales attributable to our "Other" segment decreased 6.9% from the overall sales for the previous fiscal year, and operating income increased 86.0% from the operating income for the previous fiscal year.

Net Sales:	17,962 million yen
	(a decrease of 6.9% as compared to the previous fiscal year)
Operating income:	677 million yen

(an increase of 86.0% as compared to the previous fiscal year)

The following is a summary of operations by region:

(i) Japan

The summary of operations of this segment (Japan) reflects the results of net sales and operating income attributable to "(i) Wacoal Business (Domestic)" under the operation segment above and the results under "(iii) Peach John Business" and "(iv) Other" segments that are attributable to our domestic business.

As described in the summary of operations by operating segment above, both net sales and operating income attributable to Wacoal Corp. (which accounts for a large portion of this segment) fell below the results for the previous fiscal year.

Sales of Peach John Co., Ltd. remained unchanged from the previous fiscal year. In the current fiscal year, while we experienced significant growth in our storefront business due to strong sales of our directly managed stores, net sales were weak, as a result of weak sales from mail-order catalogues. Operating income largely exceeded the results for the previous fiscal year as the gross profit rate improved due to favorable foreign exchange rates.

As described above, sales of Lecien fell below the results for the previous fiscal year due to the poor results of the innerwear and the art & hobby business. However, we achieved operating income in improvement from operating loss for the previous fiscal year, due to a significant improvement in the gross profit rate from favorable foreign exchange rates, as well as a shift towards sales of highly profitable products.

As a result of the above, both net sales and operating income fell below the results for the previous fiscal year.

Net Sales:	147,061 million yen
	(a decrease of 2.4% as compared to the previous fiscal year)
Operating income:	7,738 million yen
	(a decrease of 16.9% as compared to the previous fiscal year)

(ii) Asia/Oceania

With respect to our business in China, as described in the summary of operations by operating segment, sales on a local currency basis remained unchanged from the previous fiscal year, and operating income on a local currency basis exceeded the results for the previous fiscal year.

With respect to our business in Hong Kong, while sales on a local currency basis of "Wacoal" brand products were poor due to changes in the sale space as a result of renovations at major department stores, sales of "Peach John" brand were strong due to the strong result of our flagship stores, among other things. As a result, sales of our business in Hong Kong remained unchanged from the previous fiscal year. Operating income fell below the results for the previous fiscal year due to a higher sales ratio of Peach John brand products at low profitability levels and increases in labor costs as a result of an increase in the number of sales representatives.

This Asia/Oceania segment includes sales in Oceania and Israel in which our subsidiaries of WACOAL EUROPE LTD. develop businesses. Sales on a local currency basis from Oceania and Israel significantly exceeded the results for the previous fiscal year due to the growing sales from "Wacoal" brand and our plus-size brand "Elomi". The increased gross profit rate as a result of the depreciation of the British Pound had a positive impact on operating income. In addition, we achieved operating income with respect to Israel, in improvement from operating loss for the previous fiscal year.

Also, two material manufacturers in Thailand and one sewing company in Myanmar commenced operations from the current fiscal year, and sales and operating loss, on the Japanese Yen basis, from these operations have reached approximately 3,200 million yen and 300 million yen, respectively.

As a result of the above, both net sales and operating income, on the Japanese Yen basis, have exceeded the results for the previous fiscal year.

Net Sales:	19,187 million yen
	(an increase of 7.2% as compared to the previous fiscal year)

Operating income: 1,758 million yen

(an increase of 27.3% as compared to the previous fiscal year)

(ⅲ) Europe/North America

As described in the summary of operations by operating segment, sales of WACOAL INTERNATIONAL CORP. on a local currency basis remained unchanged from the previous fiscal year, and operating income on a local currency basis fell below the results for the previous fiscal year.

Sales of WACOAL EUROPE LTD. on a local currency basis exceeded the results for the previous fiscal year due to steady sales at department stores in the United Kingdom, strong e-commerce sales in the North America, as well as strong sales at specialty stores in the Eurozone area. However, operating income fell significantly below the results for the previous fiscal year due to the impact of expenses related to the liquidation proceedings for our French subsidiary.

As a result of the above and due to the impact of foreign exchange rates caused by the appreciation of the Japanese Yen, both net sales and operating income, on the Japanese Yen basis, fell significantly below the results for the previous fiscal year.

Net Sales: 29,633 million yen

(a decrease of 13.7% as compared to the previous fiscal year)

Operating income: 1,569 million yen

(a decrease of 50.6% as compared to the previous fiscal year)

(2) Cash Flow Status

The balance of cash and cash equivalents at the end of fiscal year 2017 was 33,995 million yen, a decrease of 64 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 2017 was 16,351 million yen, an increase of 3,716 million yen as compared to the previous fiscal year. It is the result after the net income of 12,648 million yen was adjusted for depreciation expenses, deferred taxes and changes in assets and liabilities.

(Cash flow used in investing activities)

Cash flow used in investing activities during the fiscal year 2017 was 3,032 million yen, a decrease of 8,375 million yen as compared to the previous fiscal year, due to capital expenditures.

(Net cash used in financing activities)

Cash flow used in financing activities during the fiscal year 2017 was 13,055 million yen, an increase of 8,508 million yen as compared to the previous fiscal year, due to the cash dividend payments and repurchase of treasury stock.

2. 【Production, Orders Received, and Sales】

(1) Production Results

Our consolidated production results by operating segment for fiscal year ended March 2017 are as follows. No data is available for the Peach John Business since all of its entities are sales companies. 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)	47,051	96.9
Wacoal Business (Overseas)	14,989	109.1
Total	62,040	99.6

(Note) The amount of operating 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 2017 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	5,219	89.1	253	115.0

(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 2017 are as follows:

Name of Operating Segment	Amount (Millions of yen)	Changes as Compared to Previous Fiscal Year
Wacoal Business (Domestic)	118,389	98.2
Wacoal Business (Overseas)	48,423	93.4
Peach John Business	11,107	99.3
Other	17,962	93.1
Total	195,881	96.5

(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】

Any forward-looking statement contained below is based on our judgements as of the end of the current fiscal year.

(1) Basic Business Policy

Our business activities are built upon "relationships founded in mutual trust," which are based on our listening to the voice of each and every one of our customers, and continuously transforming our business with a sense of humility. This spirit of mutual trust is our starting point and has been our management philosophy since our establishment. We will continuously enhance our corporate value by increasing transparency and ensuring fairness and independence of our corporate management in order to build "mutual trust" in relationships with every stakeholder, including shareholders, customers, employees, business partners and the local community.

(2) Measures for Business Targets

Our target is to achieve consolidated operating income margin of 7% and a consolidated ROE (i.e., return on Wacoal Holdings Corp. shareholders' equity for the current fiscal year) of 5% or higher as our mid-term financial data.

(3) Our Medium- and Long-term Business Strategy

We hope to promote sustainable growth and enhancement of our corporate value, and to become a company that is expected by consumers to exist for 100 years or more, by making further achievements as we listen to the voice of the society and continuously improve our management foundation.

Our group is currently working to implement our three-year mid-term plan, which started from the fiscal year ended March 2017 with our vision to achieve "Wacoal of the World as a Group." We take full advantage of our management resources and our group's network, continue to offer pioneering products, cultivate new market opportunities for the undergarments industry and gain reputation for our reliability from customers around the world. In addition, we will challenge ourselves to participate in areas where we are most competitive and expand to new business area in order to increase our corporate value.

Under the three-year mid-term plan, we aim to achieve consolidated sales for the fiscal year ending March 31, 2019 of over 215,000 million yen and consolidated operating income for the fiscal year ending March 31, 2019 of over 15,000 million yen.

(4) Business and Financial Issues to Address

While the domestic market is expected to steadily recover with the improvement in the job market, consumer spending remains unpredictable, as consumers remain frugal. Also, more and more retail properties continue to close, the environment for domestic women's innerwear continues to be very difficult. On the other hand, recovery and growth in consumption by foreign visitors to Japan, the rise of new distribution channels, women's participation and success in society, and the 2020 Tokyo Olympics are good opportunities for us to create new markets.

In the overseas business, while there are many risk factors such as financial and trade policies of the new U.S. administration, political circumstances of European countries and slowdown of the Chinese economy, our overseas business is and will always be our group's biggest growth engine.

An accurate understanding of the social environment and consumers' needs in each country and region and the establishment of community-based products and marketing strategies will be essential for us. We will develop pioneering products in order to enhance our brand recognition, and increase the productivity of our group and our employees as well as the efficiency of our working capital. We will also improve the management of local entities and further improve our profitability in order to develop a strong management foundation. Further, while we face challenges in an increasingly difficult environment for manufacturing due to increasing wages in China and ASEAN-member countries and risks associated with procurement of raw materials, we will strengthen the collaboration among our group companies to extend our global supply chain and to enable the improvement of product competitiveness and stable supply.

<Basic Policy of Mid-term Plan (from fiscal year 2017 to fiscal year 2019>

(i) Ensure profits from our domestic business

We will continue to develop new, attractive and high value-added products, and at the same time, build a greater mix of channels to deliver such products and their information through channels that improve the convenience for customers from their perspective. In order to achieve our aim, we will first focus on increasing the productivity of our wholesale business and the profitability of our retail business. We will also review our transaction system and integrate our IT systems. Further, we will deepen our consumer base and facilitate movement by consumers across our different service channels, by developing a unique service model that we call "omni-channel" service.

(ii) Achieve further growth of our overseas business

We will promote establishment of a stable management structure, particularly in the United States, Europe and China, that can respond to environmental changes in each country and region. We will focus on strengthening our business structure by strengthening our planning development capability to enhance the higher value-added components of our products, through collaboration between Europe and the United States in product planning and production management and by strengthening our ability to respond to accelerating expansion of e-commerce markets throughout the world, such as China. In addition, we will commercialize products that leverage superior materials and skills by using new functionalities in our global supply chain.

(iii) Achieve group synergies through collaboration and strengthen our competitiveness

We will implement measures to solve management issues at each of our operating entities, and enhance the overall competitiveness of our group by leveraging each other's strengths, such as business know-how, sales network, and manufacturing capability within our group.

(iv) Expand our business portfolio

We will attempt to expand our business portfolio in combination with external management resources by leveraging our tangible and intangible strengths. There are no constrains on our business target, and we will ensure that any new business of ours will deliver "beauty," "comfort" and "health" to society.

(v) Improve the infrastructure of our group management base

We will always ask ourselves what society demands or expects from us and will reflect our answers in our management. For this purpose, we will emphasize our relationships with our stakeholders and aim to continuously improve our management base. We believe that a person's growth will eventually lead to a company's prosperity, and with this in mind, we will focus on cultivating employees who are capable of playing active roles in our global society and nurture a corporate culture that respects diversity. We will also continue to be committed to social issues (sustainability) regarding environmental and human rights matters, socially responsible activities such as pink ribbon breast care, and guaranteeing the safety or security of our products or services to build a relationship of trust with society.

(5) 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 29, 2017).

(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 in order to build "Wacoal" as an enduring corporate brand while improving 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.

We will make efforts to enhance our corporate value by (i) improving the profitability of our domestic business, (ii) achieving further growth of our overseas business, (iii) achieving group synergies through collaboration and by strengthening our competitiveness, (iv) improving the infrastructure for our group management base, and (v) taking on new business, which are also the mid-term policies in our mid-term plan which will start during fiscal year 2017.

(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, 2017, 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. Three 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 administration, management, culture and art. 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, 2017. The function of our Audit & Supervisory Board is to monitor and supervise our management.

Further, all of the three 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 Committee," "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, 2015. The Board of Directors determined and updated specific measures at the meeting held on the same day (which were introduced on June 29, 2006).

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 26, 2015. 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 operating results 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 2017.

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

In the major markets in which we operate, any weakness or deterioration in the economy may have a material adverse effect on our sales, operation results 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 2017, 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 other general retailers 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 other general 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, including mass-market and specialty apparel companies, as well as non-store retailing. In addition, competition may intensify with new entrants.

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 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 Internet sales will be increasingly important, 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 Internet sales and profits sufficiently to compensate for continued flat or declining sales through our core general retailer channel.

(7) *Our business may be adversely affected by poor sales or production plans or weather events*

If we fail to properly judge the market for our products, we may face a significant amount of unsold inventory as a result of poor sales and excess production because we generally manufacture our products in advance of the applicable season. Also, if a season is unusually warm, cold, short or long, sales of our seasonal campaign products or our seasonal products may be adversely affected by irregular weather events. 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, operating results, and financial condition.

(8) *Costs related to procurement of raw materials and products may rise due to changes in the environment*

Raw materials such as nylon, polyester, polyurethane and cotton are used for our products and the price of such raw materials fluctuates based on market conditions. We have gradually increased the amount of goods we produce and raw materials we procure for our products in lower-cost countries in Asia. However, labor costs and prices have been rising consistently, and we also face high political and social instability in those countries in Asia. Increases in product material prices or labor or product costs at our places of production would increase our production costs, and additional costs may be incurred in response to changes in business environment. Any of the foregoing may have a material adverse effect on our operating results and financial condition.

(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 operating results and financial condition.

(10) *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 expose us to various risks relating to the conduct of our business abroad, including:

(i) the risk that our business may be adversely affected as a result of our failing to suit consumer tastes and preferences in overseas markets;
(ii) the risk that political, social, and economic instability in countries where we source, manufacture, or sell our products may adversely affect our group;
(iii) the risk that unexpected tax, legal, or regulatory changes or actions may adversely affect our group;
(iv) the risk of our being unable to adjust to cultural differences which may lead to staffing or management failure that may adversely affect our group business;
(v) the risk that the procurement costs of our group products or our consolidated business results may fluctuate due to changes in exchange rates;
(vi) the risk of our not being able to protect our intellectual property as a result of different intellectual property protection systems or our infringing on the intellectual property of other companies may adversely affect our group business; and
(vii) the risk that public health or similar problems in our important overseas markets or sourcing/production centers may adversely affect our group.

(viii)

(11) *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, or any licensing business that we have pursued or may pursue in the future may have an adverse effect on our group's business results as a result of poor performance of the target company or business partner due to deterioration in the economy, unsuccessful management integration or business collaboration, or failure to achieve satisfying results or synergy effects from the relevant business model. Also, there is the risk of possible impairment charges on goodwill and other intangible assets which we obtained through business acquisitions recorded on our consolidated balance sheet as a result of a decline in anticipated future cash flows.

(12) *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 operating results and financial condition.

(13) ***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 operating results and financial condition.

(14) ***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, or occurring system problems as a result of system development failures or delays. If any of these events occur, our sales may decline as a result of interruption of our business activities and deterioration in our corporate image, which could have a material impact on our operating results and financial condition.

(15) ***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.

(16) ***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.

(17) ***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.

(18) ***Natural disasters, epidemics, dispute, terrorism and riot could affect our manufacturing abilities, operating results, 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, epidemic, dispute, terrorism and riot 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, epidemic, dispute, terrorism or riot would also have a large impact on consumer activity, which would have a significant impact on the sales of our products.

(19) ***We may be exposed to risks in relation to liability for termination and retirement benefit***

Costs and liability for termination and retirement benefits are based on the actuarial assumptions that are used for the calculation of the expected rate of return on plan assets or future liabilities for termination and retirement benefits. Such costs and liability for termination and retirement benefits may increase if the actual results differ from the assumptions or if there is any change to the assumptions, due to fluctuations in the market for securities as well as the interest rate environment. Further, additional obligations may arise if the retirement benefit scheme is amended. As a result, our group business or financial condition could be adversely affected.

(20) ***We may be exposed to risks related to realizability of deferred tax assets and transfer pricing***

According to our current accounting standards, deferred tax assets are recorded based on reasonable assumptions about our future taxable income. However, deferred tax assets may decrease due to changes in the estimated amount of future taxable income or changes in tax rates following tax reforms, which could have an adverse impact on our operating results and financial condition.

As the international tax avoidance by certain multinational enterprises turned into a political issue, OECD prepared and released a report on BEPS (base erosion and profit shifting) at the request of the G20 in October 2015 in efforts to improve tax rules. Following the release of this report, each country will reform and review its domestic tax laws and tax treaties.

We believe that formulation of the international taxation rules will not have a material impact on our group; however, the opinion of the tax authorities in each country may differ from our opinion regarding the newly prescribed transfer pricing documentation.

(21) ***Compliance Risk***

We conduct our business activities pursuant to the Wacoal Code of Ethics and in full compliance with applicable laws and rules, and are taking various risk prevention measures by providing training for our employees, for which our Compliance Committee plays a key role to bring awareness of compliance and by making efforts to strengthen our internal control process. However, if our reputation is damaged or significant compensation losses are incurred due to events attributable to deceptive illegal acts or to our business partners, it may have a material impact on our operating results.

5. 【Material Agreements, etc.】

Not applicable.

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 the creation of a healthy and beautiful body by changing the idea of everyday walking to walking for exercise. In 2010, we conducted an analysis and announced principles on the physiological changes associated with the aging period from a person's 20s to their 50s. We also strengthened the development of new products coping with aging and have been working on developing new functional products based on the lifestyle habits of people as they undergo small physical changes associated with aging.

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

We strengthened our research and development during the current fiscal year by focusing on the concepts of "new beauty," extending to beauty in motion from standstill, "comfort" and "modeling."

As a result of the above, we recorded 810 million yen for our research and development during the fiscal year ended March 2017.

Our research and development activities cover a wide range of research from basic research to product development, mainly of women's innerwear. Therefore, it is difficult to relate each of such activities to a specific segment, and thus, we do not provide information regarding such research and developments by segment.

In order to promote "the realization of an industry supporting women with unbounded living beauty," we will make efforts to enrich research and development activities that contribute to the improvement of customer satisfaction and corporate value based on the key concepts 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 29, 2017).

(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 74.1% of our consolidated net sales for fiscal year 2017. We also design, manufacture, and sell nightwear, children's underwear, outerwear, sportswear, hosiery and other apparel and textile goods, and several other 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 goods, and other products.

The following table sets forth information with respect to our net sales by category of products for fiscal year 2017.

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

Type of product	Millions of yen	Distribution ratio
Foundation and lingerie	145,188	74.1%
Nightwear	9,154	4.7
Children's underwear	1,429	0.7
Subtotal	155,771	79.5
Outerwear and sportswear	17,189	8.8
Hosiery	2,235	1.1
Other textile goods and related products	9,346	4.8
Other	11,340	5.8
TOTAL	195,881	100.0%

For fiscal year 2017, approximately 78% of the net sales of Wacoal business (domestic). (the net sales of which account for approximately 60% of our consolidated net sales) were apparel sales made on a wholesale basis to department stores, general merchandisers, and other general retailers and approximately 20% were apparel sales made through directly managed retail stores, catalogue sales, and the Internet. Sales from our other businesses (which include cultural products and other services) constituted the remaining, approximately 2%, of Wacoal business (domestic)'s net sales for fiscal year 2017.

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 directly managed 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, there was no sign of recovery in consumer spending due to the continued impact of a decline in response to the consumption tax increase, while the female population was declining. The outlook for recovery in consumer spending remains uncertain despite the postponement in April 2017 of a consumption tax increase. In addition, a slowdown is seen in consumption by inbound tourists, while the number of tourists visiting Japan is increasing. With intensifying competition within the industry, the environment remains very difficult as consumer spending continues to be weak.

(ii) As for sales channels, the amount of purchases has increased at locations other than our traditional sale spaces such as department stores, general merchandise stores and specialty stores for underwear. Our sales channels have changed and diversified as seen in growing sales online, at directly managed retail stores and casual apparel shops. On the other hand, with respect to directly managed retail stores, certain competitors have focused on profitability by limiting shop openings and closing underperforming stores.

(iii) Retailers and specialty store retailers of private label apparel have been making efforts to increase the number of customer contacts through direct retail sales, website sales, and other online sales, and to integrate direct retail sales with website sales (realization of omni-channel services). General merchandise stores have also strengthened the development of their "private brand" merchandises. Manufacturers have made efforts to strengthen direct sales and OEM and to develop new sales channels.

(iv) These manufacturers and other competitors have produced lower priced women's innerwear garments by sourcing fabric and producing garments in lower cost countries in Asia, but due to increasing raw material prices and rising costs associated with increases in processing fees, they have come to focus on improving value-added components of products.

During the last two fiscal years, which are the reporting periods of the audited consolidated financial statements included in this report, we made efforts to cultivate new customers and to achieve customer optimization in the domestic market, to rebuild our group's production base, and to expand sales and profits in the overseas market in order to address the above trends. With regard to the domestic market, we implemented initiatives to respond to market diversification and optimization, which include strengthening our geographically-focused sales system, achieving synergies from the acquired swimwear business, realizing omni-channel services, reducing costs related to our retail business, and building business infrastructure. With respect to our production base, we have established a new factory in Myanmar and two new raw materials manufacturing companies in Thailand. We aim to build a global production base by aligning these newly established companies and our existing manufacturing companies in the ASEAN region. With regard to the overseas market, in the United States, Wacoal America Inc. is expanding sales from e-commerce websites and our exports to surrounding countries. In Europe, we have completed business restructuring. In our business in China, we have continued to make efforts to improve profitability, while our business has been weak due to the deteriorating market conditions in China. In addition, we have developed our business and initiated sales in India. Despite these management initiatives and sales efforts, our consolidated business results for the current fiscal year were as follows: 195,881 million yen in sales, a decrease of 3.5% as compared to the previous fiscal year, due to an increase in retirement benefit expenses, recognition of expenses in connection with the opening of new building and the business restructuring expenses in Europe, and the impact of foreign exchange rates; 11,065 million yen in operating income, a decrease of 20.2% as compared to the previous fiscal year; and 16,569 million yen in income before income taxes and equity in net income of affiliated companies, an increase of 10.8% as compared to the previous fiscal year, due to gain on sale of fixed assets (land).

(2) Significant 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 directly managed retail stores at the point of sale to the customer.

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

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.

As of March 31, 2017, 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.

As of March 31, 2017, 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, 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. When we determined impairment, we evaluate the carrying amount of the assets based on their fair value.

In fiscal year 2017, we did not recognize any impairment charges on 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 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 4.3%.

As a result of the evaluation performed for fiscal year 2017, we judged impairment charge on goodwill is unnecessary.

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 7.3% based on a WACC of 4.3% 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 2017, we judged impairment in the carrying value of the trademark is unnecessary.

(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, the 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, 2017 on Japanese government bonds whose maturity dates approximate the timing of the expected future benefit payments. On March 31, 2017, the discount rate used for the contributory retirement plan was 0.6%.

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. The expected return on assets was based on expected equity and debt securities returns weighted by the percentage of each of the major asset classes. The estimate of the long-term rate of return on assets for the contributory retirement plan is 2.5% for fiscal years 2016 and 2017. 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 276 million yen	an increase of 1,845 million yen
Discount rate: 0.5% increase	a decrease of 185 million yen	a decrease of 1,635 million yen

Expected long-term rate of return on plan assets: 0.5% decrease	an increase of 155 million yen	-
Expected long-term rate of return on plan assets: 0.5% increase	a decrease of 157 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

Revenue Recognition – In May 2014, the Financial Accounting Standard Board (the "FASB") issued a new accounting 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 flows arising from contracts with customers. In August 2015, the FASB issued additional guidance and deferred the effective date of the guidance for a year. In May 2016, the FASB also issued additional guidance to improve above guidance by reducing the potential for diversity in practice at initial application and the cost and complexity of applying the guidance both at transition and on an ongoing basis. This guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within that annual period. The Company is currently evaluating the impact of adoption on the Company's consolidated financial position, result of operations, or cash flows.

Extraordinary and Unusual Items – In January 2015, the FASB issued a new accounting standard related to extraordinary and unusual items. This guidance eliminates from U.S. GAAP the concept of extraordinary items and the requirements to 1) segregate an extraordinary item from the results of ordinary operations, 2) present the item separately on the income statement, net of tax, after income from continuing operations and 3) disclose income taxes and earnings-per-share data applicable to the extraordinary item. This guidance is effective for fiscal years and interim periods within that annual period, beginning after December 15, 2015. Our group has adopted this guidance from the first quarter of the fiscal year ended March 31, 2017. The adoption of this guidance does not have a material impact on the Company's consolidated financial position, results of operations, or cash flows, since it relates only to disclosure requirements.

Fair Value Measurements and Disclosures– In May 2015, the FASB issued a new standard which amends fair value measurement. This guidance removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. This guidance is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Our group has adopted this guidance from the first quarter of the fiscal year ended March 31, 2017. The adoption of this guidance does not have a material impact on the Company's consolidated financial position, results of operations, or cash flows, since it relates only to disclosure requirements.

Measurement of Inventory – In July 2015, the FASB issued a new standard related to simplifying the measurement of inventory. Currently an entity is required to measure inventory at the lower of cost or market. Market could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. This guidance requires an entity to measure inventory at the lower of cost or realizable value. This guidance is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. This guidance has a slight material impact on the Company's consolidated financial position, results of operations, or cash flows.

Balance Sheet Classification of Deferred Taxes – In November 2015, FASB issued a new accounting standard related to balance sheet classification of deferred taxes. This guidance requires an entity to classify deferred tax liabilities and assets as noncurrent on the consolidated financial position. This guidance is effective for fiscal years beginning after December 15, 2016. As of March 31, 2017, the deferred income taxes under current assets were 4,049 million yen and we had no deferred income taxes classified as current liabilities.

Recognition and Measurement of Financial Instruments – In January 2016, FASB issued a new accounting standard related to recognition and measurement of financial assets and financial liabilities. This guidance requires an entity to measure equity investments (except those accounted for under to the equity method of accounting or those that result in consolidation of the investee) at fair value with changes in fair value recognized in net income and change of related disclosures. This guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company is currently evaluating the impact of adoption on the Company's consolidated financial position, result of operations, or cash flows.

Leases – In February 2016, the FASB issued a new accounting standard related to leases. This guidance requires an entity to recognize lease assets and lease liabilities on the balance sheet for, with a few exceptions, those leases classified as operating leases under current U.S. GAAP. This guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within that annual period. The Company is currently evaluating the impact of adoption on the Company's consolidated financial position, result of operations, or cash flows.

Classification of Cash Flows – In August 2016, the FASB issued a new accounting standard related to classification of cash flows. This guidance reduces existing diversity and variation in practice in the cash flow statement classification of certain cash receipts and cash payments. This guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company is currently evaluating the impact of adoption on the Company's consolidated financial position, results of operations, or cash flows.

Income Taxes – In October 2016, the FASB issued a new accounting standard related to income taxes. This guidance requires recognition of current and deferred income taxes resulting from intra-entity transfers of assets other than inventory when the transfer occurs. This guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company is currently evaluating the impact of adoption on the Company's consolidated financial position, results of operations, or cash flows.

Intangibles-Goodwill and Other **–** In January 2017, the FASB issued a new accounting standard related to goodwill and other intangible assets. This guidance eliminates Step 2 from the goodwill impairment test and simplifies the measurement of the implied fair value of goodwill. This guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company is currently evaluating the impact of adoption on the Company's consolidated financial position, results of operations, or cash flows.

Net Periodic Pension Cost **–** In March 2017, the FASB issued a new accounting standard related to the presentation of net periodic pension cost and net periodic postretirement benefit cost. This guidance requires presentation of the other components of net benefit cost separately from the service cost component. This guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company is currently evaluating the impact of adoption on the Company's consolidated financial position, results 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 decreased 3.1% from 95,901 million yen for fiscal year 2016 to 92,950 million yen for fiscal year 2017. This decrease was mainly due to cost of sales from our foreign consolidated subsidiaries which decreased due to the appreciation of the Japanese yen, in addition to a decrease in cost of sales caused by sales fluctuations. Cost of sales as a percentage of net sales for fiscal year 2016 and fiscal year 2017 were 47.3% and 47.5%, respectively.

(iii) Selling, General and Administrative Expenses

Our selling, general and administrative expenses decreased 1.4% from 93,151 million yen for fiscal year 2016 to 91,866 million yen for fiscal year 2017. This decrease was mainly due to selling, general and administrative expenses at our foreign consolidated subsidiaries which were deflated by the appreciation of the Japanese yen.

(ⅳ) Operating Margin

Our operating margin decreased 1.2% from 6.8% for fiscal year 2016 to 5.6% for fiscal year 2017 as selling, general and administrative expenses rose as a percentage of the total cost. This increase was mainly due to recognition of expenses in connection with the opening for business at our new building, IT related expenses, and expenses related to the liquidation proceedings for our foreign consolidated subsidiary.

(ⅴ) Other Income/Expenses

We recorded 554 million yen as other income, an increase of 4,412 million yen, as compared to 1,092 million yen of other income recorded for fiscal year 2016. This increase was mainly due to 3,770 million yen of gain on sale of property, plant and equipment, the gain on sale and exchange of marketable securities and investments which increased from fiscal year 2016.

(ⅵ) Net Income Attributable to Wacoal Holdings Corp.

Net income attributable to Wacoal Holdings Corp. for fiscal year 2017 was 12,525 million yen, an increase of 1,366 million yen as compared to that for fiscal year 2016 as a result of an increase in other income, despite an increase in tax expenses.

(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, 2017, we had credit facilities at financial institutions totaling 34,893 million yen, and the unused lines of credit for short-term financing amounted to 7,949 million yen. Of this credit, 2,500 million yen is available to Wacoal Holdings Corp., 2,418 million yen is available to Wacoal Europe Ltd., 2,717 million yen is available to Wacoal Service Co., Ltd., and 235 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. 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 Flow Status.”

III. 【Property, Plants, and Equipment】

1. 【Summary of Capital Investment, etc. 】

The amount of capital investment for the fiscal year ended March 31, 2017, was 7,445 million yen. A majority of our capital investment was used in our new construction project of a business-use building, 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 5,233 million yen, 1,799 million yen, 355 million yen, and 58 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, 2017

Facility (Location)	Operating Segment	Type of Equipment and Facilities	Book Value (Millions of yen)				Number of Employee(s)
			Buildings and structures	Machinery and Equipment	Land (m^2)	Total	
Head Office (Minami-ku, Kyoto) and other	Wacoal Business (Domestic)	Facilities for administration affairs, etc.	20,629	1,233	18,468 (283,050)	40,332	81 [－]

(2) Domestic Subsidiaries

As of March 31, 2017

Name of Company (Location)	Operating Segment	Type of Equipment and Facilities	Book Value (Millions of yen)				Number of Employee(s)
			Buildings and structures	Machinery, Vehicle, Equipment, and Fixtures	Land (m^2)	Total	
Wacoal Corp. Head Office (Minami-ku, Kyoto) Two other business office in Kyoto district	Wacoal Business (Domestic)	Facilities for administration affairs	35	246	－	282	2,152 [181]
Wacoal Corp. Tokyo Office (Chiyoda-ku, Tokyo) One other business office in Tokyo	Wacoal Business (Domestic)	Facilities for administration affairs	36	45	－	82	1659 [70]
Wacoal Corp. Spiral Business Department (Minato-ku, Tokyo)	Wacoal Business (Domestic)	Sales facilities	85	93	－	179	－ [－]
Wacoal Distribution Corp. Moriyama Distribution Center (Moriyama, Shiga)	Wacoal Business (Domestic)	Facilities for merchandise management	18	110	－	128	375 [－]
Kyushu Wacoal Manufacturing Corp., Nagasaki Plant (Unzen, Nagasaki)	Wacoal Business (Domestic)	Manufacturing facilities	1	82	－	83	359 [－]
Torica Inc. (Saihakugun Nanbucho, Tottori) Three other plants	Wacoal Business (Domestic)	Manufacturing facilities	448	83	180 (40,840)	711	148 [41]
Nanasai Co., Ltd. Osaka Commodity Center (Yodogawa-ku, Osaka)	Other	Manufacturing facilities	253	7	150 (2,790)	410	16 [3]

(3) Overseas Subsidiaries

As of March 31, 2017

Name of Company (Location)	Operating Segment	Type of Equipment and Facilities	Book Value (Millions of yen)				Number of Employees
			Buildings and structures	Machinery, Vehicle, Equipment, and Fixtures	Land (m^2)	Total	
WACOAL AMERICA, INC. (New York, USA)	Wacoal Business (Overseas)	Facilities for administration affairs/ merchandise management	1,154	119	270 (32,300)	1,544	168 [−]
WACOAL DOMINICANA CORP. (Santo Domingo, Dominican Republic)	Wacoal Business (Overseas)	Manufacturing facilities	563	166	91 (24,459)	820	1,672 [−]
WACOAL SINGAPORE PRIVATE LTD. (Singapore)	Wacoal Business (Overseas)	Facilities for administration affairs	13	11	198 (235)	223	55 [15]
WACOAL HONG KONG CO., LTD. (Hong Kong)	Wacoal Business (Overseas)	Facilities for administration affairs	414	−	−	414	123 [18]
Wacoal China Co., Ltd. (Beijing, China)	Wacoal Business (Overseas)	Facilities for ad ministration affai rs/manufacturing facilities	215	31	−	247	615 [−]
Guandong Wacoal Inc. (Guandong, China)	Wacoal Business (Overseas)	Manufacturing facilities	106	166	−	273	411 [−]
VIETNAM WACOAL CORP. (Bien Hoa City, Vietnam)	Wacoal Business (Overseas)	Facilities for ad ministration affai rs/manufacturing facilities	132	115	−	248	1,829 [2]
Dalian Wacoal Co., Ltd. (Dalian, China)	Wacoal Business (Overseas)	Manufacturing facilities	312	224	−	537	601 [−]
A TECH TEXTILE CO.,LTD. (Kabin Buri, Thailand)	Wacoal Business (Overseas)	Manufacturing facilities	253	768	243 (65,136)	1,265	729 [−]

(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 and structures	Land (m^2)
Wacoal Corp. Head Office (Minami-ku, Kyoto) Two other business office in Kyoto district	Wacoal Business (Domestic)	Facilities for administration affairs	12,528	1,885 (11,208)
Wacoal Corp. Tokyo Office (Chiyoda-ku, Tokyo) One other business office in Tokyo	Wacoal Business (Domestic)	Facilities for administration affairs	1,355	1,945 (1,471)
Wacoal Corp. Osaka Office (Yodogawa-ku, Osaka)	Wacoal Business (Domestic)	Facilities for administration affairs	434	960 (1,833)
Wacoal Corp. Spiral Business Department (Minato-ku, Tokyo)	Wacoal Business (Domestic)	Sales facilities	1,310	3,972 (1,739)

Wacoal Distribution Corp. Moriyama Distribution Center(Moriyama, Shiga)	Wacoal Business (Domestic)	Facilities for merchandise management	1,912	1,419 (38,923)
Kyushu Wacoal Manufacturing Corp., Nagasaki Plan (Unzen, Nagasaki)	Wacoal Business (Domestic)	Manufacturing facilities	233	52 (19,369)

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)
Peach John Co., Ltd. Head Office (Shibuya-ku, Tokyo)	Peach John Business	Facilities for administration affairs	1,708	－	140

(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	4,599	－	194
PHILIPPINE WACOAL CORP. (Manila, Philippines)	Wacoal Business (Overseas)	Facilities for administration affairs	926	－	13
Wacoal China Co., Ltd. (Beijing, China)	Wacoal Business (Overseas)	Facilities for adm inistration affairs/ manufacturing facilities	－	11,871	5
Guandong Wacoal Inc. (Guandong, China)	Wacoal Business (Overseas)	Manufacturing facilities	－	11,224	－
VIETNAM WACOAL CORP. (Bien Hoa City, Vietnam)	Wacoal Business (Overseas)	Facilities for adm inistration 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

Not applicable.

(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

(Note) It was approved at the 69th Ordinary General Meeting of Shareholders held on June 29, 2017 to implement a share consolidation as to the shares of common stock of the Company pursuant to which two (2) shares will be consolidated into one (1) share, and to amend the Articles of Incorporation of the Company so as to reduce the total number of shares authorized to be issued from 500,000,000 shares to 250,000,000 shares effective as of October 1, 2017, which is the effective date of share consolidation.

(ii) Number of Shares Issued

Class	Number of Shares Issued as of the end of Fiscal Year (March 31, 2017) (shares)	Number of Shares Issued as of the Filing Date (June 29, 2017) (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	—	—

(Note) It was approved at the 69th Ordinary General Meeting of Shareholders held on June 29, 2017 to amend the Articles of Incorporation of the Company so as to change the number of shares in one unit of shares from 1,000 shares to 100 shares effective as of October 1, 2017, which is the effective date of share consolidation.

(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, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
Number of stock acquisition rights	24 (Note 1)	24 (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	24,000 shares (Note 2)	24,000 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 number of shares represented by stock acquisition rights (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 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, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
Number of stock acquisition rights	8 (Note 1)	8 (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	8,000 shares (Note 2)	8,000 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, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
Number of stock acquisition rights	20 (Note 1)	20 (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	20,000 shares (Note 2)	20,000 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, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
Number of stock acquisition rights	8 (Note 1)	8 (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	8,000 shares (Note 2)	8,000 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, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
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, 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; 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, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
Number of stock acquisition rights	7 (Note 1)	7 (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	7,000 shares (Note 2)	7,000 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, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
Number of stock acquisition rights	37 (Note 1)	37 (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	37,000 shares (Note 2)	37,000 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, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
Number of stock acquisition rights	18 (Note 1)	18 (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	18,000 shares (Note 2)	18,000 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, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
Number of stock acquisition rights	44 (Note 1)	44 (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	44,000 shares (Note 2)	44,000 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, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
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, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
Number of stock acquisition rights	45 (Note 1)	45 (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	45,000 shares (Note 2)	45,000 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: 919 yen Amount capitalized as common stock: 460 yen	Issue price: 919 yen Amount capitalized as common stock: 460 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, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
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: 919 yen Amount capitalized as common stock: 460 yen	Issue price: 919 yen Amount capitalized as common stock: 460 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.

(xiii) Thirteenth Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 31, 2014)

	As of the end of Fiscal Year (March 31, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
Number of stock acquisition rights	39 (Note 1)	39 (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	39,000 shares (Note 2)	39,000 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, 2014 until September 1, 2034	From September 2, 2014 until September 1, 2034
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 938 yen Amount capitalized as common stock: 469 yen	Issue price: 938 yen Amount capitalized as common stock: 469 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:

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

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, 2033
From September 2, 2033 until September 1, 2034.

(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.

(xiv) Fourteenth Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 31, 2014)

	As of the end of Fiscal Year (March 31, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
Number of stock acquisition rights	17 (Note 1)	17 (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	17,000 shares (Note 2)	17,000 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, 2014 until September 1, 2034	From September 2, 2014 until September 1, 2034
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 938 yen Amount capitalized as common stock: 469 yen	Issue price: 938 yen Amount capitalized as common stock: 469 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, 2033
From September 2, 2033 until September 1, 2034.

(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.

(xv) Fifteenth Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 31, 2015)

	As of the end of Fiscal Year (March 31, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
Number of stock acquisition rights	37 (Note 1)	37 (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	37,000 shares (Note 2)	37,000 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, 2015 until September 1, 2035	From September 2, 2015 until September 1, 2035

Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 1,420 yen Amount capitalized as common stock: 710 yen	Issue price: 1,420 yen Amount capitalized as common stock: 710 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, 2034
From September 2, 2034 until September 1, 2035.

(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.

(xvi) Sixteenth Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 31, 2015)

	As of the end of Fiscal Year (March 31, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
Number of stock acquisition rights	12 (Note 1)	12 (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	12,000 shares (Note 2)	12,000 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, 2015 until September 1, 2035	From September 2, 2015 until September 1, 2035
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 1,420 yen Amount capitalized as common stock: 710 yen	Issue price: 1,420 yen Amount capitalized as common stock: 710 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, 2034
From September 2, 2034 until September 1, 2035.

(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.

(xvii) Seventeenth Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 29, 2016)

	As of the end of Fiscal Year (March 31, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
Number of stock acquisition rights	43 (Note 1)	43 (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	43,000 shares (Note 2)	43,000 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, 2016 until September 1, 2036	From September 2, 2016 until September 1, 2036
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 1,045 yen Amount capitalized as common stock: 523 yen	Issue price: 1,045 yen Amount capitalized as common stock: 523 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, 2035
From September 2, 2035 until September 1, 2036.

(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.

(xviii) Eighteenth Stock Acquisition Rights (resolved at the Board of Directors' meeting held on July 29, 2016)

	As of the end of Fiscal Year (March 31, 2017)	As of the end of Month Preceding the Filing Date (May 31, 2017)
Number of stock acquisition rights	26 (Note 1)	26 (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	26,000 shares (Note 2)	26,000 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, 2016 until September 1, 2036	From September 2, 2016 until September 1, 2036
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 1,045 yen Amount capitalized as common stock: 523 yen	Issue price: 1,045 yen Amount capitalized as common stock: 523 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, 2035
From September 2, 2035 until September 1, 2036.

(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

As of March 31, 2017

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	—	64	24	185	209	5	10,305	10,792	—
Number of shares held (units)	—	57,918	2,168	27,529	27,585	9	27,425	142,634	744,085
Ratio (%)	—	40.61	1.52	19.30	19.34	0.01	19.22	100	—

(Note) Out of the treasury stock of 6,167,211 shares, 6,167 units are included under “Individuals and other,” and 211 shares of less than one share unit are included under “Shares under One Unit (share).”

(7) Status of Major Shareholders

As of March 31, 2017

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	6,590	4.59
Meiji Yasuda Life Insurance Company	2-1-1, Marunouchi, Chiyoda-ku, Tokyo	6,100	4.25
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo	5,783	4.03
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	5,206	3.63
The Bank of Kyoto, Ltd.	700, Yakushimae-cho, Karasuma-dori, Matsubara-agaru, Shimogyo-ku, Kyoto	4,705	3.28
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo (Nippon Life Insurance Securities Services)	3,672	2.56
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 Dai-ichi Life Insurance Company, Limited	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	2,732	1.90
Asahi Kasei Corporation	1-105 Jimbocho Kanda Chiyoda-ku Tokyo	2,482	1.73
Total	————	43,967	30.66

(Note) 1 The Company is holding 6,167 thousand shares of treasury stock, which are not listed in the above list of major shareholders.

2 The numbers of shares held by Japan Trustee Services Bank, Ltd. (Trust Account) and The Master Trust Bank of Japan, Ltd. (Trust Account) are related to their respective trust services.

3 The substantial shareholding report dated July 8, 2016, filed by Mitsubishi UFJ Financial Group, Inc., which is publicly available, indicates that the shareholders in the below table are holding the respective number of the Company’s shares as of July 1, 2016. However, as we were unable to confirm the actual status of the shareholdings of these shareholders as of the end of fiscal year 2017, those shareholdings have not been reflected in the above list. In addition, 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	4.88
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	7,668	5.35
Mitsubishi UFJ International Asset Management Co., Ltd.	1-12-1, Yurakucho, Chiyoda-ku, Tokyo	339	0.24
Total		14,997	10.46

(8) Status of Voting Rights

(i) Shares Issued

As of March 31, 2017

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 6,167,000	—	Shareholders have unlimited standard rights. The number of shares constituting a unit is 1,000.
Shares with full voting rights – other	Common stock 136,467,000	136,467	Same as above.
Shares less than one unit	Common stock 744,085	—	Same as above.
Total number of shares issued	143,378,085	—	—
Total voting rights held by all shareholders	—	136,467	—

(ii) Treasury Stock, etc.

As of March 31, 2017

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	6,167,000	—	6,167,000	4.30
Total	—	6,167,000	—	6,167,000	4.30

(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	14,000
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.

(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	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.

(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	11,000
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.

(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	48,000
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.

(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	21,000
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.

(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	53,000
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.

(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	52,000
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.

(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.

(xiii) Thirteenth Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 31, 2014, in accordance with the provisions of the Companies Act.

Date of resolution	July 31, 2014
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	46,000
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.

(xiv) Fourteenth Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 31, 2014, in accordance with the provisions of the Companies Act.

Date of resolution	July 31, 2014
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.

(xv) Fifteenth Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 31, 2015, in accordance with the provisions of the Companies Act.

Date of resolution	July 31, 2015
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.

(xvi) Sixteenth Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 31, 2015, in accordance with the provisions of the Companies Act.

Date of resolution	July 31, 2015
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.

(xvii) Seventeenth Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 29, 2016, in accordance with the provisions of the Companies Act.

Date of resolution	July 29, 2016
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.

(xviii) Eighteenth Stock Acquisition Rights

This has been resolved at the Board of Directors' meeting held on July 29, 2016, in accordance with the provisions of the Companies Act.

Date of resolution	July 29, 2016
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 under the condition set forth in Article 155, Item 3 of the Companies Act and acquisition of shares of common stock under the condition set forth in Article 155, Item 7 of the Companies Act

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

Not applicable.

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

Acquisition pursuant to Article 155, Item 3 of the Companies Act

Category	Number of Shares (Shares)	Total Amount (Yen)
Status of Resolution of Board of Directors (May 27, 2016) (Period for acquisition: From June 2, 2016 to September 30, 2016)	2,300,000	3,000,000,000
Treasury stock acquired prior to the current fiscal year	—	—
Treasury stock acquired during the current fiscal year	2,300,000	2,544,376,000
Total number of outstanding shares resolved and total amount	—	455,624,000
Unexercised percentage as of the end of the current fiscal year (%)	—	15.1
Treasury stock acquired during the current period	—	—
Unexercised percentage as of the filing date of this report (%)	—	—

Category	Number of Shares (Shares)	Total Amount (Yen)
Status of Resolution of Board of Directors (January 31, 2017) (Period for acquisition: From February 2, 2017 to February 28, 2017)	1,400,000	2,000,000,000
Treasury stock acquired prior to the current fiscal year	—	—
Treasury stock acquired during the current fiscal year	1,400,000	1,974,036,000
Total number of outstanding shares resolved and total amount	—	25,964,000
Unexercised percentage as of the end of the current fiscal year (%)	—	1.2
Treasury stock acquired during the current period	—	—
Unexercised percentage as of the filing date of this report (%)	—	—

Category	Number of Shares (Shares)	Total Amount (Yen)
Status of Resolution of Board of Directors (May 10, 2017) (Period for acquisition: From May 15, 2017 to December 31, 2017)	2,800,000	4,000,000,000
Treasury stock acquired prior to the current fiscal year	—	—
Treasury stock acquired during the current fiscal year	—	—
Total number of outstanding shares resolved and total amount	—	—
Unexercised percentage as of the end of the current fiscal year (%)	—	—
Treasury stock acquired during the current period	—	—
Unexercised percentage as of the filing date of this report (%)	100.0	100.0

(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, 2017, to the filing date of this report.

(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, Item 7 of the Companies Act

Category	Number of Shares (Shares)	Total Amount (Yen)
Treasury stock acquired during the current fiscal year	2,861	3,412,271
Treasury stock acquired during the current period	230	321,805

(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, 2017, 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)	55,000	63,571,000	—	—
Number of shares of treasury stock held	6,167,211	—	6,167,441	—

(Note) 1 Number of shares of treasury stock held during the current period does not include shares acquired by resolution of Board of Directors or shares constituting less than one full unit purchased or sold during the period from June 1, 2017, to the filing date of this report.

2 Number of shares and total disposition amount for the current fiscal year under “Other” category were related to the exercise of stock acquisition rights.

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 such policy, we plan to distribute the year-end dividend of 36 yen per share as a distribution of earnings for the current fiscal year.

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.

In addition, although we have paid only year-end dividends so far, in order to enhance the opportunity to return profits to the Company's shareholders, our Articles of Incorporation have been amended to authorize the Company to make interim dividends as stipulated in Paragraph 5, Article 454 of the Companies Act, by a resolution of the 69th Ordinary General Meeting of Shareholders held on June 29, 2017.

Accordingly, our basic policy is to distribute earnings twice a year in the form of interim and year-end dividends and the Board of Directors is the decision-making body for distribution of earnings.

We also provide that the Company may distribute earnings subject to the resolution of the Board of Directors pursuant to the provisions of Paragraph 1, Article 459 of the Companies Act.

(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 10,2017 Resolution of Board of Directors' meeting	4,939	36.00

4. 【Changes in Share Prices】

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

Fiscal Year	65th	66th	67th	68th	69th
Year End	March 2013	March 2014	March 2015	March 2016	March 2017
Highest (yen)	1,056	1,128	1,471	1,768	1,463
Lowest (yen)	842	938	992	1,220	970

(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 2016	November 2016	December 2016	January 2017	February 2017	March 2017
Highest (yen)	1,228	1,329	1,405	1,411	1,463	1,443
Lowest (yen)	1,126	1,165	1,307	1,316	1,392	1,374

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

5. 【Directors and Audit & Supervisory Board Members】

Male: 11 persons

Female: 1 persons (which accounted for 8.3% of the total number of 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	Joined the Company	Note 1	939
			Nov. 1977	Director		
			Nov. 1981	Managing Director		
			Sep. 1984	Executive Vice President		
			Sep. 1984	Representative Director (acting)		
			Jun. 1987	President and Director (acting)		
			Jun. 2002	Corporate Officer		
			Oct. 2005	Representative Director and President, and Corporate Officer of Wacoal Corp.		
			Apr. 2011	Representative Director and Chairman of Wacoal Corp. (acting)		
			Dec. 2012	Representative Director, Chairman, and President of Peach John Co., Ltd.		
			Jan. 2014	Representative Director and Chairman of Peach John Co., Ltd.		
			Jun. 2015	Chairman of Peach John Co., Ltd.		
Director and Vice President	Hironobu Yasuhara	Dec. 28, 1951	Mar. 1975	Joined the Company	Note 1	15
			Sep. 1996	Deputy General Manager of Guandong Wacoal Inc.		
			Apr. 1997	General Manager of Wacoal China Co., Ltd.		
			Apr. 2004	Chief of Planning & Product Group of Wing Brand Business Department		
			Apr. 2005	Corporate Officer/General Manager of Wing Brand Business Department		
			Apr. 2006	Executive Corporate Officer and General Manager of Wing Brand Business Department of Wacoal Corp.		
			Jun. 2006	Director and Executive Corporate Officer, and General Manager of Wing Brand Business Department, of Wacoal Corp.		
			Apr. 2008	Director and Senior Corporate Officer, and General Manager of Wing Brand Business Department, of Wacoal Corp.		
			Apr. 2010	Director and Senior Corporate Officer, and General Manager of Wacoal Brand Business Department, of Wacoal Corp.		
			Apr. 2011	Representative Director and President, Corporate Officer of Wacoal Corp. (acting)		
			Jun. 2011	Director		
			Jun 2013	Senior Managing Director		
			Jun 2016	Director and Vice President (acting)		
Director and Vice President	Masaya Wakabayashi	Jan. 6, 1956	Apr. 1979	Joined the Company	Note 1	19
			Apr. 2004	Group Chief of Business Administration of Direct Retail Operation Division of Wacoal Corp		
			Apr. 2008	General Manager of Corporate Planning		
			Apr. 2010	Corporate Officer, Chief of Corporate Planning of Wacoal Corp.		
			Apr. 2011	Director, Corporate Officer, Chief of Corporate Planning of Wacoal Corp.		
			Apr. 2013	Director, Managing Corporate Officer, Chief of Corporate Planning of Wacoal Corp.		
			Apr. 2014	Director, Managing Corporate Officer, Supervisor of Administration of Wacoal Corp.		
			Jun. 2014	Managing Director and Supervisor of Group Business Management		
			Jun 2016	Director and Vice President and Supervisor of Group Business Management (acting)		

Managing Director	Masashi Yamaguchi	Nov 26, 1957	Apr. 1981 Apr. 2006 Apr. 2011 Apr. 2013 Apr. 2014 Apr. 2015 Jun. 2015 Apr. 2017 Jun. 2017	Joined the Company Business Administration Manager of Wing Brand Operation Division of Wacoal Corp. Corporate Officer and Manager of Personnel Division of Wacoal Corp. Director and Corporate Officer, and General Manager of Personnel and Administration Division of Wacoal Corp. Director and Managing Corporate Officer, and General Manager of Personnel and Administration Division of Wacoal Corp. Director and Senior Managing Corporate Officer in charge of Administration, and General Manager of Personnel and Administration Division of Wacoal Corp. (acting) Director in charge of Personnel and Administration (acting) Representative Director and Vice President, and Corporate Officer of Wacoal Corp. and General Manager of Personnel and Administration Division of Wacoal Corp. (acting) Managing Director in charge of Personnel and Administration (acting)	Note 1	4
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
Director	Madoka Mayuzumi	Jul. 31, 1962	Aug. 1996 Jan. 2001 Dec. 2004 May. 2013 Apr. 2014 Apr. 2014 Jun. 2015	Launched and organized monthly *haiku* magazine *Gekkan Hepburn* Member of “National Language Subdivision” of Council for Cultural Affairs, Ministry of Education, Culture, Sports, Science and Technology Member of “Council for the Promotion of Cultural Diplomacy”, Cabinet Secretariat Member of “Forum to Realize Culture and Arts-Oriented Nation” held by Minister of Education, Culture, Sports, Science and Technology Member of “Cultural Policy Subdivision” of Council for Cultural Affairs, Ministry of Education, Culture, Sports, Science and Technology Advisor Director (acting)	Note 1	—
Director	Shigeru Saito	Jan 26, 1957	Nov. 1979 Oct. 1985 Feb. 1987 Sep. 2004 Dec. 2015 Jun. 2017	Joined TOSE Software Co. Ltd. Development Manager Director Representative Director and President Representative Director and President, and CEO Representative Director and Chairman, and CEO (acting) Director of the Company (acting)	Note 1	—
Standing Audit & Supervisory Board Member	Tomoki Nakamura	Jan 22, 1958	Apr. 1980 Oct. 2007 Apr. 2008 Apr. 2012 Jun. 2012	Joined the Company 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 5	79

Standing Audit & Supervisory Board Member	Kiyotaka Hiroshima	Jan 4, 1958	Apr. 1981 Apr. 2008 Apr. 2009 Apr. 2010 Apr. 2011 Apr. 2015 Jun. 2015	Joined the Company Materials Control Manager of Technology/Production Division of Wacoal Corp. Production Control Manager of Technology/Production Division of Wacoal Corp. Corporate Officer and General Manager of Technology/Production Division of Wacoal Corp. Director and Corporate Officer and General Manager of Technology/Production Division of Wacoal Corp. Director and Corporate Officer, in charge of Technology/Production Division of Wacoal Corp. (acting) Audit & Supervisory Board Member (acting)	Note 4	6
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	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)	Note 3	13
Audit & Supervisory Board Member	Hiroshi Shirai	Oct. 21, 1953	Nov. 1977 Aug. 1982 Jul. 1992 Aug. 2007 Jun. 2010 Sep. 2011 Oct. 2011 Jun. 2013 Jun. 2015	Joined Pricewaterhouse Registered as Certified Public Accountant Joined Aoyama Audit Corporation Joined Deloitte Touche Tohmatsu Vice Chairman of The Japanese Institute of Certified Public Accountants Kinki Chapter Left Deloitte Touche Tohmatsu Established Shirai public accounting firm, Managing Partner (acting) Resigned from position as Vice Chairman of The Japanese Institute of Certified Public Accountants Kinki Chapter Audit & Supervisory Board Member (acting)	Note 4	1
Audit & Supervisory Board Member	Mitsuhiro Hamamoto	Apr. 18, 1970	Oct. 2000 Oct. 2000 Oct. 2004 Oct. 2008 Jun. 2017	Admitted to the Bar Joined the Law Office of Tadashi Yamada Joined the Kikkawa Law Office Partner at the Kikkawa Law Office (acting) Audit & Supervisory Board Member of the Company (acting)	Note 6	—
Total						1,079

(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 29, 2017.
2. Directors Messrs. Atsushi Horiba, Ms. Madoka Mayuzumi and Mr. Shigeru Saito 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 27, 2014.
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 26, 2015.
5. 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 29, 2016.
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 29, 2017.
7. Audit & Supervisory Board Members Mr. Akira Katayanagi, Mr. Hiroshi Shirai, and Mr. Mitsuhiro Hamamoto 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 to establish mutual confidence relationship with all stakeholders, including our shareholders, customers, employee, client and community.

(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 three Outside Directors) and one of them is female. 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.

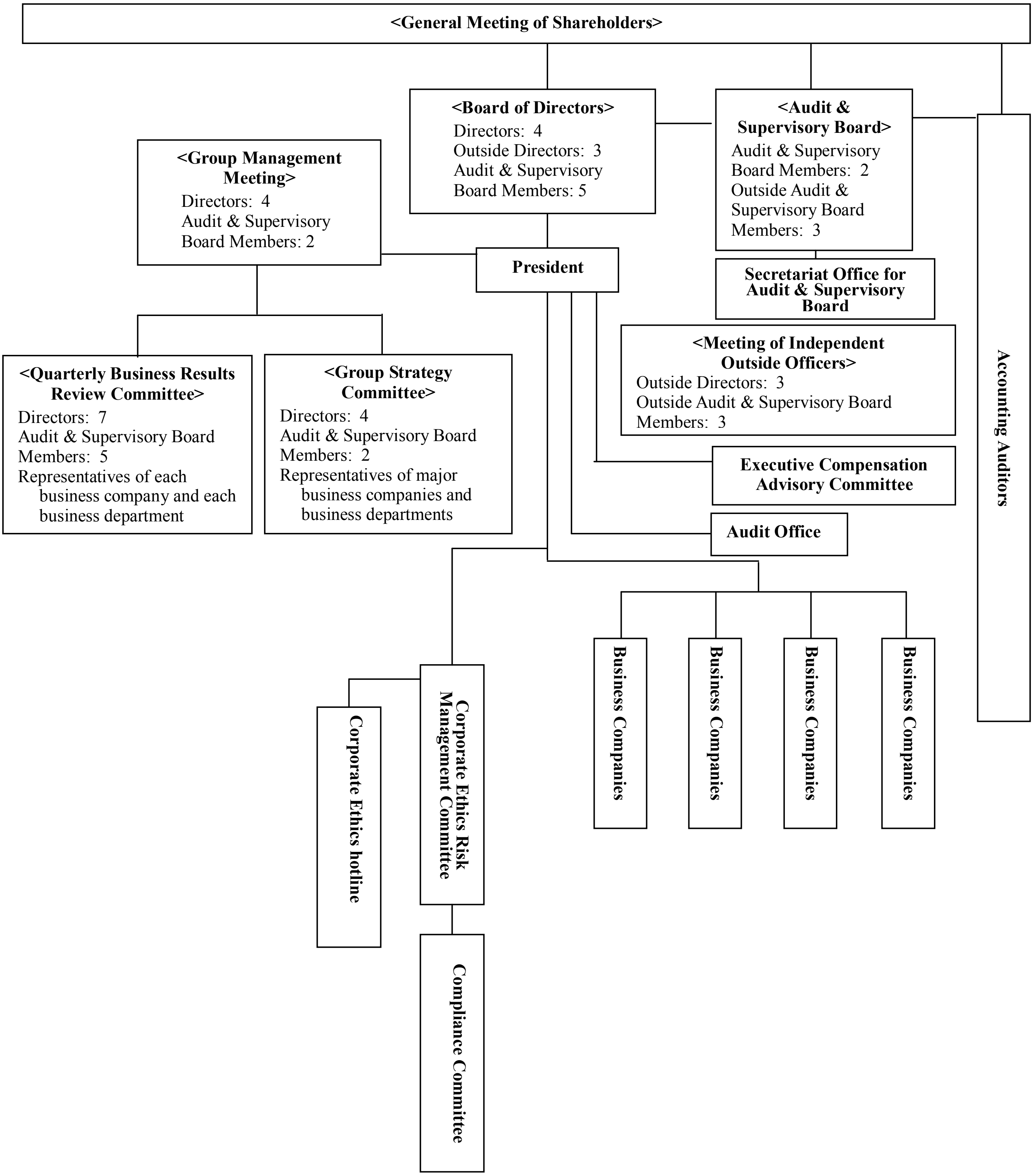
We have designated the above-stated three Outside Directors and three Outside Audit & Supervisory Board Members (i.e., six persons in total) as our independent officers.

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.
- With respect to the nomination, promotion, and remuneration of Directors, an "Executive Compensation Advisory Committee" which is chaired by Managing Director and Supervisor of Group Business Management and which consists of five members (including an Outside Director) and one secretariat, has been established. The Executive Compensation Advisory Committee discusses about the nomination, promotion and remuneration of Directors, and reports the resolved matters to the President and Representative Director. This Committee operates with a high degree of transparency and fairness by holding a meeting four times a year and by resolving matters by the unanimous approval of all members.

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

As of June 29, 2017



B. Reason for Adoption of Corporate Governance System

We, as a holding company, believe that our governance system using a "Board of Directors system" and the company with board of company auditors including Outside Audit & Supervisory Board Member 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 the "Audit & Supervisory Board Member system," 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 Appropriate Business Conduct＞

(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 business group comprised of the Company and its subsidiaries ("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 Standards of Conduct.
- In order to improve our system of compliance and consider any compliance issues which may have a material impact on the Wacoal Group, we have established a Corporate Ethics Committee, which seeks to increase enlightenment of and educate employees about corporate ethics. Our President and Representative Director 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 fact that a Director and/or employee of the Wacoal Group may have violated the "Wacoal Code of Ethics" or the "Corporate Ethics: Wacoal's Code of Conduct", or any other compliance issues is found. We have also established an internal alerting 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.
- The Corporate Ethics: Wacoal Standards of Conduct prescribes that Directors, officers and employees shall firmly refuse to comply with demands of 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 and the place for storage of the documents prescribed in the preceding paragraph shall be subject to the Document Management Rules, but such retention period shall be at least ten years. The Directors and Audit & Supervisory Board Members shall have access to these documents at all times.

(Rules and Other Systems Concerning Risk Management of Losses)

- In order to understand the management risk within the Wacoal 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 Wacoal 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 made 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 Wacoal 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 Wacoal Group company on a monthly basis and report back to the Board of Directors. In addition, by holding "quarterly business results review committee" and "group strategy committee", 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 the 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 and 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.
- We adopt a corporate officer system under which we seek to build an appropriate and efficient management system which clearly defines the delegation of authority and responsibilities in major subsidiaries.
- Our foreign subsidiaries will comply with the laws and regulations of their respective home countries and will adopt a system that is in line with our policies to the extent reasonable.

(Matters Concerning Assistants to Audit & Supervisory Board Members)

- Audit & Supervisory Board Members may appoint employees of the Company as their assistants who are to assist the duties of the Audit & Supervisory Board Members.
- Such assistants shall be full-time employees and the Audit & Supervisory Board Members will be consulted regarding the appointment, evaluation, relocation and discipline of such assistants as well as other related matters, and their opinions will be respected to ensure the effectiveness and independence of such assistants.

(Reporting System of Directors and Employees to the Audit & Supervisory Board Members and Other Reporting System to Audit & Supervisory Board Members)

- Directors of the Wacoal Group will promptly report to the Audit & Supervisory Board Members if they become aware of a material fact that violates the applicable laws and regulations and/or our Articles of Incorporation, misconduct or a fact that may cause significant damage to any company of the Wacoal Group.
- Employees of the Wacoal Group may directly report to the Audit & Supervisory Board Members if they become aware of a material fact that violates the applicable laws and regulations and/or our Articles of Incorporation, misconduct or a fact that may cause significant damage to any company of the Wacoal Group. Any employee who makes such report will not be at a disadvantage for the reason of making such report.
- Through the reporting of the following matters in addition to statutory matters to the Audit & Supervisory Board Members by Directors and employees of the Wacoal Group, we strive to have the Audit & Supervisory Board Members audit conducted effectively.

    Matters referred to the Group Management Meeting
    Monthly and quarterly group management conditions
    Results of internal audits
    The condition of our internal reporting to our internal/alerting system
    Other significant matters

(Other Systems to Ensure Effective Audit by the Audit & Supervisory Board Members)

- 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. In addition, the Audit & Supervisory Board Members may request that the Company reimburse expenses incurred in performing their duties.
- Audit & Supervisory Board Members will attend meetings of the Board of Directors and may also attend other primary meetings of the Wacoal Group.
- The Audit & Supervisory Board Members will regularly meet with the audit office and the Accounting Auditor to receive reports and to exchange opinions.
- The Audit & Supervisory Board may consult legal counsel, certified public accountants, consultants, or other outside advisers as it deems necessary.

< Outline of Operation of our "System to Ensure Appropriate Business Conduct>

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

- We have a Compliance Committee which specifically establishes and operates our compliance system. The Compliance Committee held a meeting each quarter and discussed and reviewed awareness of compliance and matters reported to us through the internal alert system.
- Our legal/compliance department continued to provide level-specific group education and e-learning programs as part of our educational activities for our employees.
- We have established an internal alerting system through an outside law office from September 2016.
- In order to further effectively pursue corporate ethics and risk management, we consolidated the Risk Management Committee and the Corporate Ethics Committee in April, 2017 to create the Corporate Ethics and Risk Management Committee.

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

- Documents prescribed in the Document Management Rules have been properly stored in accordance with the Document Management Rules and the Directors and Audit & Supervisory Board Members have access to these documents on a timely basis.

(Rules and Other Systems Concerning Risk Management of Losses)

- The Risk Management Committee assessed risks, monitored the implementation of measures taken, and reported to the Board of Directors on a quarterly basis.

(System to Ensure Effective Execution of Duties by Directors)

- We engage in highly transparent decision-making by appointing three independent Outside Directors among our seven Directors. In addition, "Criteria for Appointment of Officers" and "Criteria for Appointment of Outside Officers (to ensure independence)" were newly stipulated in April, 2015.
- We discussed and drafted Wacoal Group's plan which is during fiscal year 2018.
- We held meetings of the "Quarterly Business Results Review Committee" and "Group Strategy Committee' on a quarterly basis and confirmed and reviewed the business results and implementation of measures.

(System to Ensure Appropriate Business Conduct within Group Companies)

- Matters to be decided and reported by our subsidiaries are appropriately managed in accordance with the Group Management Rules.
- Our audit office develops an audit plan for each fiscal year and conducts audits on the operation and internal controls of the Company and our domestic and overseas subsidiaries.

(Matters Concerning Assistants to Audit & Supervisory Board Members)

- Our audit office is currently assisting the duties of the Audit & Supervisory Board Members upon their request from time to time. Audit & Supervisory Board Members have not requested or appointed any assistant for their duties.

(Reporting System of Directors and Employees to the Audit & Supervisory Board Members and Other Reporting System to Audit & Supervisory Board Members)

- The Audit & Supervisory Board Members attended primary meetings and received reports on matters that were discussed and on the management condition, and also received reports, from time to time, on the results of internal audits and matters reported through the internal alert system.

(Other Systems to Ensure Effective Audits by Audit & Supervisory Board Members)

- We enhance the effectiveness of audit by appointing three independent Outside Audit & Supervisory Board Members among the five Audit & Supervisory Board Members.
- The Company reimburses any and all expenses incurred by the Audit & Supervisory Board Members for performing their duties.
- The Audit & Supervisory Board Members conducted hearings with the Directors and visited our domestic and overseas subsidiaries to conduct audits. In addition, the Audit & Supervisory Board Members presided at "Audit & Supervisory Board Group Meetings" and received periodic reports from the audit & supervisory board members of the domestic subsidiaries.
- The Audit & Supervisory Board Members have, regularly and whenever necessary, exchanged information and opinions with the Accounting Auditor and the audit office.

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 Limited Liability Partners and Managing Members: Fumihiko Kimura, Hiroaki Sakai, Seiichiro Nakashima
Composition of the assistants for the audit services:
13 certified public accountants, nine persons who passed the certified public accountant examination and 13 other persons

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

Pursuant to the provisions of Paragraph 1, Article 427 of the Companies Act and our Articles of Incorporation, the Company has executed an agreement with its Directors (excluding executive directors, etc.) and Audit & Supervisory Board Members to limit their liability for damages as stipulated in Paragraph 1, Article 423 of the Companies Act.

The maximum amount of liability under such agreement is the minimum amount as provided by laws and regulations.

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 29, 2017, was 8.

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. Hiroshi Shirai 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 three Outside Directors and three Outside Audit & Supervisory Board Members.

We have elected those persons having experiences in corporate management who excel in domestic and/or overseas business development and persons playing an active role in the field of arts and culture in Japan and overseas to our Outside Directors, and each of such persons takes a role in improving the appropriateness of the decision made 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 attorneys at law or independent certified public accountants having a considerable degree of finance and accounting knowledge independently from us, 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.

The Company prescribes "Criteria for Appointment of Officers" and "Criteria for Appointment of Outside Officers (that ensures independence)" for appointing an Outside Director and an Outside Audit & Supervisory Board Member.

Upon the appointment of an Outside Director or an Outside Audit & Supervisory Board Member, Executive Compensation Advisory Committee nominates a candidate based on the following criteria for submission to a meeting of shareholders as an agenda item.

- A candidate with superior character and knowledge and is mentally and physically healthy;
- A candidate pursues a law-abiding spirit;
- A candidate has comprehensive experience in business operation, company management, legal community, administration, accounting, education or culture and art;
- A candidate is not in violation of the "Criteria for Appointment of Outside Officers (that ensures independence)" separately prescribed by the Company;
- A candidate is not currently holding a position as an officer of 4 or more listed companies;
- By appointing such candidate, Board of Directors and the Audit & Supervisory Board will each have a balanced knowledge, experience and expertise that ensures diversity;

We also believe that an Outside Director and an Outside Audit & Supervisory Board Member shall maintain an independent position so that each will not cause any conflict of interest with general shareholders. From this aspect, the Company shall appoint a candidate for an Outside Officer who does not fall under any of the following items:

1. Has held a position to execute duties at any of our group companies;

2. A major shareholder holding the shares of the Company under its name or other name, is equal to or higher than 5% as percentage of voting rights; in case such major shareholders is a legal entity or an association such as general partnership (“Entities”), a candidate who is holding a position to execute duties at such Entities;
3. A candidate who:
   - is the major client of our group or considers our group as the candidate’s major client; in case such candidate is an Entity, a candidate who is holding a position to execute duties at such Entity;
   - is the major lender of our group; in case such lender is an Entity, a candidate who is holding a position to execute duties at such Entity;
   - is holding a position to execute duties at lead manager of our group; or
   - is holding a position to execute duties at any Entity in which our group hold shares, whose percentage of voting rights is equal to or greater than 5%.
4. A certified public accountant who works at an audit firm, which is the Accounting Auditor of our group;
5. Any legal counsel, accountant, tax accountant, patent attorney, consultant or other expert who receives large amount of monies or other assets from our group; in case such candidate is an Entity, an expert who works at such Entity;
6. Anyone who receives large amount of donation from our group; in case such candidate is an Entity, a candidate who is holding a position to execute duties at such Entity;
7. A candidate who is holding a position to execute duties at other companies having a relationship involving mutual appointment of outside officers;
8. A spouse or second-degree relative of a person (limited to those significant) who falls under any of the items under 1 through 7 above;
9. A candidate who used to fall under any of the items under 1 through 8 above during the past three years;
10. A candidate who is deemed to have a special circumstance where a possible conflict of interest with general shareholders of the Company may arise.

It should be noted, however, that a candidate who falls under any of the items under 2 through 9 above, but who fulfills the requirements of an outside officer under the Companies Act, and if the Company deems it appropriate for such candidate to be appointed as an outside officer, may exceptionally become a candidate for an outside officer by describing the reasons of the Company for making such judgment.

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. For Outside Audit & Supervisory Board Member, Standing Audit & Supervisory Board Member does it.

Each one of our Outside Directors and two of our Outside Audit & Supervisory Board Members hold 3,000 and 14,000 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	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, because he meets the eligibility requirements which the Company prescribes under “Criteria for Appointment of Outside Officers (to ensure independence)” and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated him as an independent officer.
Outside Director	Madoka Mayuzumi	Ms. Mayuzumi plays an active role as a haiku poet in the field of arts and culture in Japan and overseas. While serving as Advisor of the Company from April 2014, she has provided advice that addresses social challenges and educational training for employees of the Company and Wacoal Corp. We expect that, with her knowledge and experience, she will contribute to the Company’s management which respects diversity.

		Although Ms. Mayuzumi has never been involved in the Company's management other than by way of serving as an Outside Director or Outside Audit & Supervisory Board Member in the past, we believe that she will be able to perform her duties appropriately for the above-stated reasons. Also, because she meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of Outside Officers (to ensure independence)" and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated her as an independent officer.
Outside Director	Shigeru Saito	Mr. Saito currently serves as the Representative Director and Chairman at another company, and has many years of experience and knowledge as a business manager. We believe that he is qualified to be an Outside Director to further strengthen the supervisory function of the Company management. Also, because he meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of Outside Officers (to ensure independence)" and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated him as an independent officer.
Outside Audit & Supervisory Board Member	Akira Katayanagi	Mr. Katayanagi has many years of experience in the financial industry, and we believe that he is qualified to be an Outside Audit & Supervisory Board Member, with his extensive experience and knowledge in different business fields. Also, because he meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of Outside Officers (to ensure independence)" and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated him as an independent officer.
Outside Audit & Supervisory Board Member	Hiroshi Shirai	We believe that Mr. Shirai is qualified to be our Outside Audit & Supervisory Board Member, as he has knowledge and experience in accounting and finance (including U.S. accounting standards) as a certified public accountant. Mr. Shirai worked at Deloitte Touche Tohmatsu LLC, our accounting auditor, from August 2007 to September 2011, but he was never involved in the audit services engaged for the Company during such period. It has been five years and eight months since Mr. Shirai left Deloitte Touche Tohmatsu LLC. Also, because he meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of Outside Officers (to ensure independence)" and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated him as an independent officer.
Outside Audit & Supervisory Board Member	Mitsuhiro Hamamoto	We believe that Mr. Hamamoto is qualified to be our Outside Audit & Supervisory Board Member, as he has legal knowledge and great store of experience of business and commercial issues as an attorney at law. Also, because he meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of Outside Officers (to ensure independence)" and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated him 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)	286	190	46	49	–	5
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	35	35	–	–	–	2
Outside officers	46	46	–	–	–	6

(Note) As of March 31, 2017, the numbers of Directors, Audit & Supervisory Board Members, and Outside Officers were four, two, and six, respectively. These numbers were inconsistent with the numbers described above because the numbers described above include one Director who resigned as Director upon the close of the 68th Ordinary General Meeting of Shareholders held on June 29, 2016.

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.	109	24	25	–	183
	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 an Outside Director, 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 on the balance sheet: 6 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 2016

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	2	Maintaining and enhancing business transactions

Fiscal Year 2017

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 Holdings, Inc.	2,100	4	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 2015 and the fiscal year 2016, as well as the amount of dividends received, the gain/loss on sale, and the valuation gain/loss for fiscal year 2016 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: 107 stock names
Total amount recorded in the balance sheet: 58,666 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 2016

Specified investment stocks:

Stock Name	Number of Shares (Shares)	Amount Recorded in the Balance Sheet (Millions of yen)	Purpose of Holding
KDDI Corporation	3,520,500	10,582	Maintaining and enhancing transactions
Nissin Foods Holdings Co., Ltd.	575,100	3,042	Building, maintaining and enhancing cooperative and transactional relationship in business deployment
Aeon Co., Ltd.	1,531,017	2,489	Maintaining and enhancing business transactions
Kyocera Corporation	445,900	2,210	Maintaining and enhancing transactions
Bank of Kyoto, Ltd.	2,849,985	2,091	Maintaining steady financial transactions
Kokuyo Co., Ltd.	1,509,400	1,987	Maintaining and enhancing transactions
Aeon Financial Service Co., Ltd.	687,300	1,825	Maintaining and enhancing business transactions
Isetan Mitsukoshi Holdings Ltd.	1,315,769	1,730	Maintaining and enhancing business transactions
Mitsubishi UFJ Financial Group, Inc.	2,885,850	1,504	Maintaining steady financial transactions
Shimadzu Corporation	825,000	1,456	Maintaining and enhancing transactions
Heiwado Co., Ltd.	517,531	1,208	Maintaining and enhancing business transactions
Taisho Pharmaceutical Holdings Cp., Ltd.	132,000	1,177	Building, maintaining and enhancing cooperative and transactional relationship in business deployment
Shiga Bank, Ltd.	2,312,040	1,095	Maintaining steady financial transactions
Tokio Marine Holdings, Inc.	274,000	1,041	Maintaining steady financial transactions
SCREEN Holdings Co., Ltd	1,085,898	966	Maintaining and enhancing regional economy relationship
Horiba, Ltd.	230,000	966	Maintaining and enhancing regional economy relationship
Shiseido Co., Ltd.	383,000	962	Maintaining and enhancing transactions
Takara Holdings Inc.	1,000,000	927	Maintaining and enhancing transactions
Ezaki Glico Co., Ltd.	159,500	920	Building, maintaining and enhancing cooperative and transactional relationship in business deployment
J. Front Retailing Co., Ltd.	541,388	808	Maintaining and enhancing business transactions
Toppan Printing Co., Ltd.	852,000	804	Maintaining and enhancing transactions
Chori Co., Ltd.	548,890	799	Maintaining and enhancing transactions

Nippon Shinyaku Co., Ltd.	175,000	770	Maintaining and enhancing regional economy relationship
Seven & i Holdings Co., Ltd.	154,939	742	Maintaining and enhancing business transactions
Mitsubishi UFJ Lease & Finance Company Limited	1,320,000	652	Maintaining and enhancing transactions
Ono Pharmaceutical Co., Ltd.	130,000	619	Building, maintaining and enhancing cooperative and transactional relationship in business deployment
Aoyama Trading Co., Ltd.	141,500	611	Building, maintaining and enhancing cooperative and transactional relationship in business deployment
H2O Retailing Corporation	310,759	603	Maintaining and enhancing business transactions
Fukuyama Transporting Co., Ltd.	1,022,000	561	Maintaining and enhancing transactions
Tokyo Broadcasting System Holdings, Inc.	310,700	541	Maintaining and enhancing transactions
NTT DoCoMo, Inc.	209,200	533	Maintaining and enhancing transactions
Odakyu Electric Railway Co., Ltd.	395,000	483	Maintaining and enhancing business transactions
Asahi Kasei Corporation	598,195	455	Maintaining and enhancing transactions
Hisamitsu Pharmaceutical Co., Inc.	90,000	452	Maintaining and enhancing transactions
Hankyu Hanshin Holdings, Inc.	601,000	431	Maintaining and enhancing business transactions
Saha Pathana Inter-Holding PCL	4,940,000	382	Maintaining and enhancing transactions
Autobacs Seven Co., Ltd.	188,400	357	Building, maintaining and enhancing cooperative and transactional relationship in business deployment
Chuo Warehouse Co., Ltd.	381,300	356	Maintaining and enhancing transactions
Seino Holdings Co., Ltd.	283,000	343	Maintaining and enhancing transactions
Yomeishu Seizo Co., Ltd.	170,500	337	Building, maintaining and enhancing cooperative and transactional relationship in business deployment
Onward Holdings Co., Ltd.	435,000	334	Strategic information sharing
I.C.C INTERNATIONAL PCL	2,677,300	328	Maintaining and enhancing transactions
Kintetsu Department Store Co., Ltd.	1,000,000	302	Maintaining and enhancing business transactions
Sanyo Shokai Ltd.	1,000,000	256	Strategic information sharing
Marui Group Co., Ltd.	151,487	244	Maintaining and enhancing business transactions
Nissha Printing Co., Ltd.	147,000	242	Maintaining and enhancing transactions
Nichikon Corporation	296,500	232	Maintaining and enhancing regional economy relationship
IZUMI Co., Ltd.	45,648	221	Maintaining and enhancing business transactions
Matsuya Co., Ltd.	205,000	212	Maintaining and enhancing business transactions
TSI Holdings Co., Ltd.	216,645	162	Strategic information sharing
Fuji Company, Limited	62,600	145	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	2,544,000	7,647	Authorization to give directions on the exercise of voting rights as to retirement benefit trust agreement
Mitsubishi UFJ Financial Group, Inc.	3,365,000	1,754	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 2017

Specified investment stocks:

Stock Name	Number of Shares (Shares)	Amount Recorded in the Balance Sheet (Millions of yen)	Purpose of Holding
KDDI Corporation	3,520,500	10,286	Maintaining and enhancing transactions
Nissin Foods Holdings Co., Ltd.	575,100	3,548	Building, maintaining and enhancing cooperative and transactional relationship in business deployment
Kyocera Corporation	445,900	2,765	Maintaining and enhancing transactions
Aeon Co., Ltd.	1,535,261	2,494	Maintaining and enhancing business transactions
Bank of Kyoto, Ltd.	2,849,985	2,311	Maintaining steady financial transactions
Kokuyo Co., Ltd.	1,509,400	2,165	Maintaining and enhancing transactions
Mitsubishi UFJ Financial Group, Inc.	2,885,850	2,019	Maintaining steady financial transactions
SCREEN Holdings Co., Ltd	217,179	1,778	Maintaining and enhancing regional economy relationship
Isetan Mitsukoshi Holdings Ltd.	1,315,769	1,607	Maintaining and enhancing business transactions
Shimadzu Corporation	825,000	1,459	Maintaining and enhancing transactions
Aeon Financial Service Co., Ltd.	687,300	1,441	Maintaining and enhancing business transactions
Heiwado Co., Ltd.	517,531	1,398	Maintaining and enhancing business transactions
Horiba, Ltd.	230,000	1,373	Maintaining and enhancing regional economy relationship
Shiga Bank, Ltd.	2,312,040	1,320	Maintaining steady financial transactions
Tokio Marine Holdings, Inc.	274,000	1,286	Maintaining steady financial transactions
Takara Holdings Inc.	1,000,000	1,201	Maintaining and enhancing transactions
Taisho Pharmaceutical Holdings Cp., Ltd.	132,000	1,193	Building, maintaining and enhancing cooperative and transactional relationship in business deployment
Shiseido Co., Ltd.	383,000	1,122	Maintaining and enhancing transactions
Chori Co., Ltd.	548,890	1,064	Maintaining and enhancing transactions
Nippon Shinyaku Co., Ltd.	175,000	992	Maintaining and enhancing regional

			economy relationship
Toppan Printing Co., Ltd.	852,000	967	Maintaining and enhancing transactions
J. Front Retailing Co., Ltd.	541,388	893	Maintaining and enhancing business transactions
Ezaki Glico Co., Ltd.	159,500	861	Building, maintaining and enhancing cooperative and transactional relationship in business deployment
Mitsubishi UFJ Lease & Finance Company Limited	1,320,000	732	Maintaining and enhancing transactions
Fukuyama Transporting Co., Ltd.	1,022,000	682	Maintaining and enhancing transactions
Seven & i Holdings Co., Ltd.	154,969	675	Maintaining and enhancing business transactions
Saha Pathana Inter-Holding PCL	4,940,000	668	Maintaining and enhancing transactions
Asahi Kasei Corporation	598,195	646	Maintaining and enhancing transactions
Tokyo Broadcasting System Holdings, Inc.	310,700	617	Maintaining and enhancing transactions
Hisamitsu Pharmaceutical Co., Inc.	90,000	572	Maintaining and enhancing transactions
H2O Retailing Corporation	310,759	556	Maintaining and enhancing business transactions
NTT DoCoMo, Inc.	209,200	542	Maintaining and enhancing transactions
Aoyama Trading Co., Ltd.	141,500	540	Building, maintaining and enhancing cooperative and transactional relationship in business deployment
Hankyu Hanshin Holdings, Inc.	120,200	435	Maintaining and enhancing business transactions
Odakyu Electric Railway Co., Ltd.	197,500	427	Maintaining and enhancing business transactions
Chuo Warehouse Co., Ltd.	381,300	412	Maintaining and enhancing transactions
Nissha Printing Co., Ltd.	147,000	387	Maintaining and enhancing transactions
Yomeishu Seizo Co., Ltd.	170,500	357	Building, maintaining and enhancing cooperative and transactional relationship in business deployment
Seino Holdings Co., Ltd.	283,000	353	Maintaining and enhancing transactions
Kintetsu Department Store Co., Ltd.	1,000,000	341	Maintaining and enhancing business transactions
I.C.C INTERNATIONAL PCL	2,677,300	331	Maintaining and enhancing transactions
Nichikon Corporation	296,500	307	Maintaining and enhancing regional economy relationship
Ono Pharmaceutical Co., Ltd.	130,000	299	Building, maintaining and enhancing cooperative and transactional relationship in business deployment
Marui Group Co., Ltd.	151,487	229	Maintaining and enhancing business transactions
IZUMI Co., Ltd.	45,648	228	Maintaining and enhancing business transactions
Matsuya Co., Ltd.	205,000	216	Maintaining and enhancing business transactions

Sanyo Shokai Ltd.	1,000,000	165	Strategic information sharing
Fuji Company, Limited	62,600	152	Maintaining and enhancing business transactions
Dai Nippon Printing Co., Ltd.	116,000	139	Maintaining and enhancing 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	2,544,000	7,433	Authorization to give directions on the exercise of voting rights as to retirement benefit trust agreement
Mitsubishi UFJ Financial Group, Inc.	3,365,000	2,354	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 2016 and the fiscal year 2017, as well as the amount of dividends received, the gain/loss on sale, and the valuation gain/loss for fiscal year 2017 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, 2016		Fiscal Year Ended March 31, 2017	
	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	133	2	138	12
Consolidated subsidiaries	15	—	14	—
Total	149	2	153	12

(ii)【Other fees】

(Fiscal year ended March 31, 2016)

Wacoal International Corp., one of the Company’s consolidated subsidiaries, and its consolidated subsidiaries paid 62 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, 2017)

Wacoal International Corp., one of the Company’s consolidated subsidiaries, and its consolidated subsidiaries paid 57 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, 2016)

The Company pays fees to accounting auditors or certified public accountants as compensation for the advice and guidance regarding the investigation of the impact of the application of IFRS, which is out of the scope of the services that are set forth in Paragraph 1, Article 2 of the Certified Public Accountants Act.

(Fiscal year ended March 31, 2017)

The Company pays fees to the accounting auditor or certified public accountants as compensation for the advice and guidance regarding the creation of Group Accounting Rules and Accounting Definition Glossary, which is out of the scope of the 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, 2017 and 2016

ASSETS	Millions of Yen 2017	Millions of Yen 2016	Thousands of U.S. Dollars (Note 2) 2017
CURRENT ASSETS:			
Cash and cash equivalents	¥ 33,995	¥ 34,059	$ 305,134
Time deposits	2,722	2,131	24,432
Marketable securities (Notes 3, 19 and 20)	1,457	1,880	13,078
Notes and accounts receivable (Note 17)	25,563	26,936	229,450
Allowance for returns and doubtful receivables (Note 4)	(2,477)	(2,229)	(22,233)
Inventories (Note 5)	43,822	44,445	393,340
Deferred income taxes (Note 16)	4,049	3,832	36,343
Other current assets (Notes 17, 20, 21 and 23)	4,683	5,797	42,034
Total current assets	113,814	116,851	1,021,578
PROPERTY, PLANT AND EQUIPMENT:			
Land (Notes 9 and 20)	21,555	21,677	193,475
Buildings and structures (Notes 9 , 11 and 20)	72,664	65,056	652,222
Machinery and equipment (Note 20)	17,722	17,552	159,070
Construction in progress	274	5,419	2,459
Total	112,215	109,704	1,007,226
Accumulated depreciation	(56,927)	(55,766)	(510,969)
Net property, plant and equipment	55,288	53,938	496,257
OTHER ASSETS:			
Investments in affiliated companies (Note 6)	20,868	20,713	187,308
Investments (Notes 3, 19 and 20)	59,847	56,021	537,178
Goodwill (Notes 7 and 8)	16,071	17,911	144,251
Other intangible assets (Note 8)	11,849	12,112	106,355
Prepaid pension expense (Note 12)	10,287	8,145	92,335
Deferred income taxes (Note 16)	1,060	1,036	9,514
Other	5,874	6,127	52,724
Total other assets	125,856	122,065	1,129,665
TOTAL	¥ 294,958	¥ 292,854	$ 2,647,500

LIABILITIES AND EQUITY	Millions of Yen 2017	Millions of Yen 2016	Thousands of U.S. Dollars (Note 2) 2017
CURRENT LIABILITIES:			
Short-term bank loans (Note 9)	¥ 7,716	¥ 11,759	$ 69,258
Notes and accounts payable:			
Trade notes payable	1,438	1,431	12,907
Trade accounts payable (Note 17)	11,605	12,017	104,165
Other payables	6,185	6,106	55,516
Accrued payroll and bonuses	7,093	7,152	63,666
Income taxes payable (Note 16)	2,964	711	26,604
Current portion of long-term debt (Notes 9 and 19)	50	293	449
Other current liabilities (Notes 20 and 21)	4,008	4,874	35,975
Total current liabilities	41,059	44,343	368,540
LONG-TERM LIABILITIES:			
Long-term debt (Notes 9 and 19)	185	95	1,661
Liability for termination and retirement benefit (Note 12)	1,956	1,703	17,557
Deferred income taxes (Note 16)	17,862	15,588	160,327
Other long-term liabilities (Notes 11, 12 and 16)	1,414	1,724	12,691
Total long-term liabilities	21,417	19,110	192,236
COMMITMENTS AND CONTINGENCIES (Notes 9 and 10)			
EQUITY:			
WACOAL HOLDINGS CORP. SHAREHOLDERS' EQUITY (Note 14):			
Common stock, no par value - authorized, 500,000,000 shares in 2017 and 2016; issued 143,378,085 shares in 2017 and 2016	13,260	13,260	119,020
Additional paid-in capital (Note 14)	29,707	29,686	266,646
Retained earnings	170,062	162,196	1,526,452
Accumulated other comprehensive income (Note 15):			
Foreign currency translation adjustments	1,212	5,177	10,878
Unrealized gain on securities	21,075	17,966	189,166
Pension liability adjustments (Note 12)	(414)	(1,035)	(3,716)
Total accumulated other comprehensive income	21,873	22,108	196,328
Treasury stock, at cost - 6,167,211 shares and 2,519,350 shares in 2017 and 2016, respectively	(7,334)	(2,876)	(65,829)
Total Wacoal Holdings Corp. shareholders' equity	227,568	224,374	2,042,617
NONCONTROLLING INTERESTS	4,914	5,027	44,107
Total equity	232,482	229,401	2,086,724
TOTAL	¥ 294,958	¥ 292,854	$ 2,647,500

See notes to consolidated financial statements.

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Income
Years Ended March 31, 2017, 2016 and 2015

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2017	2016	2015	2017
NET SALES (Note 17)	¥ 195,881	¥ 202,917	¥ 191,765	$ 1,758,200
OPERATING COSTS AND EXPENSES:				
Cost of sales (Notes 12 and 17)	92,950	95,901	90,722	834,306
Selling, general and administrative expenses (Notes 1, 10, 11, 12, 13, 20 and 22)	91,866	93,151	87,940	824,576
Impairment charges on goodwill (Notes 8 and 20)			4,845	
Impairment charges on other intangible assets (Notes 8 and 20)			1,176	
Total operating costs and expenses	184,816	189,052	184,683	1,658,882
OPERATING INCOME	11,065	13,865	7,082	99,318
OTHER INCOME (EXPENSES):				
Interest income	157	161	142	1,409
Interest expense	(27)	(65)	(98)	(242)
Dividend income	1,176	1,057	1,011	10,556
Gain (loss) on sale or exchange of marketable securities and investments – net (Note 3)	441	90	1,585	3,958
Valuation gain (loss) on marketable securities and investments – net (Note 3)	1	(20)	(14)	9
Gain on sale of property, plant and equipment	3,770			33,839
Gain on bargain purchase (Note 7)		173		
Gain on sales of paintings			1,405	
Other – net (Notes 1, 15 and 21)	(14)	(304)	229	(126)
Total other income (expenses) – net	5,504	1,092	4,260	49,403
INCOME BEFORE INCOME TAXES AND EQUITY IN NET INCOME OF AFFILIATED COMPANIES	16,569	14,957	11,342	148,721
INCOME TAXES (Note 16):				
Current	4,830	3,442	5,223	43,354
Deferred	450	1,288	(1,920)	4,039
Total income taxes	5,280	4,730	3,303	47,393
INCOME BEFORE EQUITY IN NET INCOME OF AFFILIATED COMPANIES	11,289	10,227	8,039	101,328
EQUITY IN NET INCOME OF AFFILIATED COMPANIES (Note 6)	1,359	1,245	705	12,199
NET INCOME	12,648	11,472	8,744	113,527
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(123)	(313)	(300)	(1,104)
NET INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP.	¥ 12,525	¥ 11,159	¥ 8,444	$ 112,423

(Continued)

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Income
Years Ended March 31, 2017, 2016 and 2015

	Yen			U.S. Dollars (Note 2)
	2017	2016	2015	2017
NET INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP. PER SHARE (Note 18):				
Basic	¥ 90.13	¥ 79.23	¥ 59.95	$ 0.81
Diluted	¥ 89.85	¥ 79.00	¥ 59.80	$ 0.81
NET INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP. PER AMERICAN DEPOSITARY RECEIPT (5 shares of common stock) (Note 18):				
Basic	¥ 450.65	¥ 396.15	¥ 299.77	$ 4.04
Diluted	¥ 449.27	¥ 394.99	¥ 299.00	$ 4.03

See notes to consolidated financial statements.

(Concluded)

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended March 31, 2017, 2016 and 2015

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2017	2016	2015	2017
NET INCOME	¥ 12,648	¥ 11,472	¥ 8,744	$ 113,527
OTHER COMPREHENSIVE INCOME, NET OF TAX (Note 15):				
Foreign currency translation adjustments:				
Amounts arising during the year	(4,079)	(5,670)	8,671	(36,613)
Reclassification adjustments				
Total foreign currency translation adjustments	(4,079)	(5,670)	8,671	(36,613)
Unrealized gain (loss) on securities:				
Amounts arising during the year	3,413	(2,833)	10,216	30,635
Reclassification adjustments	(304)	(47)	(974)	(2,729)
Total unrealized gain (loss) on securities	3,109	(2,880)	9,242	27,906
Pension liability adjustments:				
Amounts arising during the year	619	(2,327)	2,332	5,556
Reclassification adjustments	(1)	(644)	(176)	(9)
Total pension liability adjustments	618	(2,971)	2,156	5,547
OTHER COMPREHENSIVE (LOSS) INCOME	(352)	(11,521)	20,069	(3,160)
COMPREHENSIVE INCOME (LOSS)	12,296	(49)	28,813	110,367
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(6)	(270)	(472)	(54)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO WACOAL HOLDINGS CORP.	¥ 12,290	¥ (319)	¥ 28,341	$ 110,313

See notes to consolidated financial statements.

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Equity
Years Ended March 31, 2017, 2016 and 2015

		Millions of Yen							
	Shares of Outstanding Common Stock (Thousands)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock, at Cost	Total Wacoal Holdings Corp. Shareholders' Equity	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2014	140,839	¥ 13,260	¥ 29,587	¥ 151,468	¥ 13,689	¥ (2,898)	¥ 205,106	¥ 2,430	¥ 207,536
Net income				8,444			8,444	300	8,744
Foreign currency translation adjustments					8,521		8,521	150	8,671
Unrealized gain on securities					9,215		9,215	27	9,242
Pension liability adjustments					2,161		2,161	(5)	2,156
Cash dividends paid to Wacoal Holdings Corp. shareholders, ¥165 per 5 shares of common stock				(4,648)			(4,648)		(4,648)
Cash dividends paid to noncontrolling interests								(190)	(190)
Purchase of treasury stock	(3)					(3)	(3)		(3)
Share-based compensation granted (exercised) (Note 13)	5		55			6	61		61
Equity transactions with noncontrolling interests			0				0	(1)	(1)
BALANCE, MARCH 31, 2015	140,841	13,260	29,642	155,264	33,586	(2,895)	228,857	2,711	231,568
Net income				11,159			11,159	313	11,472
Foreign currency translation adjustments					(5,654)		(5,654)	(16)	(5,670)
Unrealized loss on securities					(2,855)		(2,855)	(25)	(2,880)
Pension liability adjustments					(2,969)		(2,969)	(2)	(2,971)
Cash dividends paid to Wacoal Holdings Corp. shareholders, ¥150 per 5 shares of common stock				(4,225)			(4,225)		(4,225)
Cash dividends paid to noncontrolling interests								(206)	(206)
Purchase of treasury stock	(5)					(7)	(7)		(7)
Disposal of treasury stock	1					1	1		1
Share-based compensation granted (exercised) (Note 13)	22		44	(2)		25	67		67
Increase due to establishment of subsidiaries (Note 7)								2,252	2,252
BALANCE, MARCH 31, 2016	140,859	13,260	29,686	162,196	22,108	(2,876)	224,374	5,027	229,401
Net income				12,525			12,525	123	12,648
Foreign currency translation adjustments					(3,965)		(3,965)	(114)	(4,079)
Unrealized gain on securities					3,109		3,109	0	3,109
Pension liability adjustments					621		621	(3)	618
Cash dividends paid to Wacoal Holdings Corp. shareholders, ¥165 per 5 shares of common stock				(4,648)			(4,648)		(4,648)
Cash dividends paid to noncontrolling interests								(167)	(167)
Purchase of treasury stock	(3,703)					(4,522)	(4,522)		(4,522)
Share-based compensation granted (exercised) (Note 13)	55		21	(11)		64	74		74
Equity transactions with noncontrolling interests								48	48
BALANCE, MARCH 31, 2017	137,211	¥ 13,260	¥ 29,707	¥ 170,062	¥ 21,873	¥ (7,334)	¥ 227,568	¥ 4,914	¥ 232,482

(Continued)

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Equity
Years Ended March 31, 2017, 2016 and 2015

	Thousands of U.S. Dollars (Note 2)							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock, at Cost	Total Wacoal Holdings Corp. Shareholders' Equity	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2016	$ 119,020	$ 266,457	$ 1,455,848	$ 198,438	$ (25,815)	$ 2,013,948	$ 45,121	$ 2,059,069
Net income			112,423			112,423	1,104	113,527
Foreign currency translation adjustments				(35,590)		(35,590)	(1,023)	(36,613)
Unrealized gain on securities				27,906		27,906	0	27,906
Pension liability adjustments				5,574		5,574	(27)	5,547
Cash dividends paid to Wacoal Holdings Corp. shareholders, $1 per 5 shares of common stock			(41,720)			(41,720)		(41,720)
Cash dividends paid to noncontrolling interests							(1,499)	(1,499)
Purchase of treasury stock					(40,589)	(40,589)		(40,589)
Share-based compensation granted (exercised) (Note 13)		189	(99)		575	665		665
Equity transactions with noncontrolling interests							431	431
BALANCE, MARCH 31, 2017	$ 119,020	$ 266,646	$ 1,526,452	$ 196,328	$ (65,829)	$ 2,042,617	$ 44,107	$ 2,086,724

See notes to consolidated financial statements.

(Concluded)

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2017, 2016 and 2015

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2017	2016	2015	2017
OPERATING ACTIVITIES:				
Net income	¥ 12,648	¥ 11,472	¥ 8,744	$ 113,527
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	5,032	4,815	5,074	45,167
Share-based compensation (Note 13)	74	67	60	664
Allowance for returns and doubtful receivables – net	264	(117)	(45)	2,370
Deferred income taxes	450	1,288	(1,920)	4,039
(Gain) loss on sales or disposal of property, plant and equipment – net	(3,374)	59	38	(30,285)
Impairment charges on long-lived assets		256		
Impairment charges on goodwill (Notes 8 and 20)			4,845	
Impairment charges on other intangible assets (Notes 8 and 20)			1,176	
(Gain) loss on sale or exchange of marketable securities and investments – net (Note 3)	(441)	(90)	(1,585)	(3,958)
Valuation (gain) loss on marketable securities and investments – net (Note 3)	(1)	20	14	(9)
Gain on bargain purchase (Note 7)		(173)		
Gain on sales of paintings			(1,405)	
Equity in net income of affiliated companies, less dividends received	(837)	(482)	(27)	(7,513)
Changes in assets and liabilities:				
Decrease (increase) in notes and accounts receivable	882	(195)	534	7,917
Increase in inventories	(378)	(1,008)	(1,038)	(3,393)
Decrease (increase) in other current assets	475	(1,111)	(442)	4,264
(Decrease) increase in notes and accounts payable	(95)	(45)	1,302	(853)
Decrease in liability for termination and retirement benefit	(417)	(2,101)	(1,601)	(3,743)
Increase (decrease) in accrued expenses, income taxes payable and other current liabilities	1,615	(261)	505	14,496
Other	454	241	108	4,074
Net cash provided by operating activities	16,351	12,635	14,337	146,764
INVESTING ACTIVITIES:				
Increase in time deposits	(4,336)	(2,459)	(3,548)	(38,919)
Decrease in time deposits	3,717	2,889	3,383	33,363
Proceeds from sales and redemption of available-for-sale securities (Note 3)	1,968	602	4,499	17,664
Payments to acquire available-for-sale securities	(313)	(420)	(1,353)	(2,809)
Proceeds from redemption of held-to-maturity debt securities	109	739	114	978
Payments to acquire held-to-maturity debt securities	(330)	(629)	(568)	(2,962)
Proceeds from sales of paintings			1,785	
Proceeds from sales of property, plant and equipment	3,585	775	174	32,178
Capital expenditures	(5,504)	(7,546)	(3,093)	(49,403)
Payments to acquire intangible assets (Note 8)	(1,941)	(1,432)	(1,385)	(17,422)
Proceeds from sales of other investments	15	12	124	135
Payments to acquire other investments	(39)			(350)
Proceeds from sales of shares of affiliated companies	4	6	6	36
Payments to acquire additional shares of a subsidiary			(1)	
Payments associated with the acquisition of a business (net of cash and cash equivalents acquired) (Note 7)		(3,822)		
Other	33	(122)	27	296
Net cash (used in) provided by investing activities	(3,032)	(11,407)	164	(27,215)
FORWARD	¥	¥	¥	$

(Continued)

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2017, 2016 and 2015

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2017	2016	2015	2017
FORWARD	¥	¥	¥	$
FINANCING ACTIVITIES:				
(Decrease) increase in short-term bank loans with original maturities of three months or less – net	(3,613)	2,101	(6,784)	(32,430)
Proceeds from issuance of long-term debt	250		4,460	2,244
Repayments of long-term debt	(403)	(4,463)	(1,226)	(3,617)
Purchase of treasury stock	(4,522)	(7)	(3)	(40,589)
Proceeds from sales of treasury stock		1		
Dividends paid on common stock	(4,648)	(4,225)	(4,648)	(41,720)
Dividends paid to noncontrolling interests	(167)	(206)	(190)	(1,499)
Proceeds from payments from noncontrolling interests	48	2,252		431
Net cash used in financing activities	(13,055)	(4,547)	(8,391)	(117,180)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(328)	(1,032)	1,642	(2,944)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(64)	(4,351)	7,752	(575)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	34,059	38,410	30,658	305,709
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 33,995	¥ 34,059	¥ 38,410	$ 305,134
ADDITIONAL CASH FLOW INFORMATION:				
Cash paid for:				
Interest	¥ 27	¥ 67	¥ 100	$ 242
Income taxes	2,812	5,756	4,497	25,240
NONCASH INVESTING ACTIVITIES:				
Acquisition of property, plant and equipment by assuming payment obligation	¥795	¥736	¥419	$7,136

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 other 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 have been 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 end. Necessary adjustments have been made for significant events related to subsidiaries that occurred during the period between their fiscal year ends and March 31.

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 from 20% to 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 highly liquid investments 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, which is 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, 2017, 2016 and 2015 were ¥(175) million, ¥(519) million and ¥300 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, available-for-sale or held-to-maturity. Trading securities are recorded at fair value and unrealized holding gains and losses on trading securities are included in earnings. Available-for -sale securities are recorded at fair value with a corresponding recognition of unrealized holding gain or loss (net of tax) in accumulated other comprehensive income or loss, which is a separate component of equity, until realized. 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. 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 – An allowance for sales returns is estimated based on historical products returns experience, sales movements, and the overall retail industry considerations.

Allowance for Doubtful Receivables – An 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 charges. Depreciation of property, plant and equipment is computed by the declining-balance method, except for buildings acquired on or after April 1, 1998 as well as building improvements and structures acquired on or after April 1, 2016, 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 structures	2 - 50 years (mainly 38 years)
Machinery and equipment (except for the part of the paintings)	2 - 20 years (mainly 5 years)

Depreciation expenses for the years ended March 31, 2017, 2016 and 2015 are ¥3,443 million, ¥3,278 million and ¥3,356 million, respectively.

Impairment of Long-Lived Assets - The carrying amount of long-lived assets held and used by the Companies is 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 is based on the carrying amount of the asset at the date it is tested for recoverability, whether in use or under development. The impairment charge is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Impairment charges on long-lived assets for the year ended March 31, 2016 were ¥256 million in selling, general and administrative expenses in the consolidated statements of income. The Companies recorded no impairment charges on long-lived assets for the years ended March 31, 2017 and 2015.

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 amount 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 charge 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 charge is recognized in an amount equal to that excess.

Other intangible assets with estimable useful lives consist primarily of brands 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)
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 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 estimated asset retirement costs are capitalized as part of the carrying amount of the associated 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.

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. In the case where the purchase price is below the fair value of the net assets, the Companies recognize the excess of fair value of the net assets over the purchase price in earnings as a gain on bargain purchase in the consolidated statements of income.

Revenue Recognition - The Companies recognize revenue on sales to retailers, mail order catalog sales and web 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, 2017, 2016 and 2015 were ¥5,249 million, ¥5,560 million and ¥5,487 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, 2017, 2016 and 2015 were ¥12,694 million, ¥13,167 million and ¥13,103 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, 2017, 2016 and 2015 were ¥810 million, ¥839 million and ¥869 million, respectively, and have been included in selling, general and administrative expenses.

Consumption Taxes - Consumption taxes are excluded from sales, costs, and expenses in the consolidated statements of income.

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 statements 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 a 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 of the derivatives are recorded in earnings or losses.

Subsequent Events - In accordance with the guidance for subsequent events, the Company has evaluated subsequent events through June 29, 2017.

Reclassifications - Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the current year's presentation.

Recent Accounting Pronouncements:

Revenue Recognition - In May 2014, the Financial Accounting Standards Board (the "FASB") issued a new accounting standard 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. In August 2015, the FASB issued additional guidance and deferred the effective date of the guidance for a year. In May 2016, the FASB also issued additional guidance to improve the above guidance by reducing the potential for diversity in practice at initial application and the cost and complexity of applying Topic 606 both at transition and on an ongoing basis. This guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within that annual period. The Companies are currently evaluating the potential impact of adoption on the Companies' consolidated financial position and results of operations.

Extraordinary and Unusual Items - In January 2015, the FASB issued a new accounting standard related to extraordinary and unusual items. This guidance eliminates from U.S. GAAP the concept of extraordinary items and the requirements to 1) segregate an extraordinary item from the results of ordinary operations, 2) present the item separately on the income statement, net of tax, after income from continuing operations, and 3) disclose income taxes and earnings per share data applicable to the extraordinary item. This guidance is effective for fiscal years and interim periods within that annual period, beginning after December 15, 2015. Adoption of this guidance did not have an impact on the Companies' consolidated financial position, results of operations, or cash flows.

Fair Value Measurement - In May 2015, the FASB issued a new standard which amends fair value measurement. This guidance removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. This guidance is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The adoption of this guidance did not have an impact on the Companies' consolidated financial position, results of operations, or cash flows.

Measurement of Inventory - In July 2015, the FASB issued a new standard related to simplifying the measurement of inventory. Currently an entity is required to measure inventory at the lower of cost or market. Market could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. This guidance requires an entity to measure inventory at the lower of cost or net realizable value. This guidance is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. The adoption of this guidance is not expected to have a significant impact on the Company's consolidated financial position, results of operations, or cash flows.

Balance Sheet Classification of Deferred Taxes **-** In November 2015, the FASB issued a new accounting standard related to balance sheet classification of deferred taxes. This guidance requires an entity to classify deferred tax liabilities and assets as noncurrent on the consolidated financial position. This guidance is effective for fiscal years beginning after December 15, 2016. The carrying amount of the current portion of deferred tax assets in the Companies' consolidated balance sheet as of March 31, 2017 was ¥4,049 million. There was no current portion of deferred tax liabilities as of March 31, 2017.

***Recognition and Measurement of Financial Instruments* -** In January 2016, the FASB issued new accounting guidance related to recognition and measurement of financial assets and financial liabilities. This guidance requires an entity to measure equity investments (except those accounted for under to the equity method of accounting or those that result in consolidation of the investee) at fair value with changes in fair value recognized in net income and change of related disclosures. This guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company is currently evaluating the potential impact of adoption on the Company's consolidated financial position, and results of operations.

Lease - In February 2016, the FASB issued new accounting guidance related to leases. This guidance requires an entity to recognize lease assets and lease liabilities on the balance sheet for, with a few exceptions, those leases classified as operating leases under current U.S. GAAP. This guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within that annual period. The Company is currently evaluating the potential impact of adoption on the Company's consolidated financial position, and results of operations.

Classification of Certain Cash Receipts and Cash Payments - In August 2016, the FASB issued new accounting guidance related to classification of certain cash receipts and cash payments. This guidance is intended to reduce existing diversity in practice with respect to classification of certain cash receipts and payments in the statement of cash flows. This guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within that annual period. The Company is currently evaluating the potential impact of adoption on the Company's consolidated statement of cash flows.

Income Taxes - In October 2016, the FASB issued new accounting guidance related to income taxes. This guidance requires an entity to recognize income tax consequences of intra-entity transfers of assets other than inventory. This guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within that annual period. The Company is currently evaluating the potential impact of adoption on the Company's consolidated financial position, and results of operations.

Simplifying the Test for Goodwill Impairment - In January 2017, the FASB issued new accounting guidance related to goodwill and other intangible assets. This guidance simplifies the goodwill impairment test by eliminating Step 2 from the test. This guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within that annual period. The Company is currently evaluating the potential impact of adoption on the Company's consolidated financial position, and results of operations.

Periodic Pension Cost - In March 2017, the FASB issued new accounting guidance related to periodic pension cost and net periodic post retirement benefit cost. This guidance requires an entity to disaggregate the service cost component from the other components of net periodic benefit costs. This guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within that annual period. The Company is currently evaluating the potential impact of adoption on the Company's consolidated financial position, and results of operations.

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 translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside of Japan and has been made at the rate of ¥111.41 to $1, the noon buying rate for yen in New York City as of March 31, 2017. Such translation 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, 2017 and 2016. 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			
2017	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Available-for-sale securities:				
Current:				
Municipal bonds	¥ 10	¥ 0		¥ 10
Mutual funds	701	168	¥ 1	868
Total	¥ 711	¥ 168	¥ 1	¥ 878
Noncurrent:				
Equity securities	¥ 23,153	¥ 34,833	¥ 10	¥ 57,976
Held-to-maturity securities:				
Current:				
Corporate debt securities	¥ 567		¥ 3	¥ 564
Noncurrent:				
Corporate debt securities	¥ 566		¥ 4	¥ 562

	Millions of Yen			
2016	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Available-for-sale securities:				
Current:				
Municipal bonds	¥ 10	¥ 0		¥ 10
Corporate debt securities	395		¥ 0	395
Mutual funds	1,083	279	1	1,361
Total	¥ 1,488	¥ 279	¥ 1	¥ 1,766
Noncurrent:				
Equity securities	¥ 23,592	¥ 30,336	¥ 3	¥ 53,925
Held-to-maturity securities:				
Current:				
Corporate debt securities	¥ 114		¥ 1	¥ 113
Noncurrent:				
Corporate debt securities	¥ 808	¥ 0	¥ 3	¥ 805

Gross unrealized holding losses and fair values of held-to-maturity securities, all of which have been in a continuous unrealized loss position for more than 12 months as of March 31, 2017 and 2016, were as follows:

	Millions of Yen			
	2017		2016	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Held-to-maturity securities:				
Current:				
Corporate debt securities	¥340	¥3	¥114	¥1
Noncurrent:				
Corporate debt securities			¥345	¥3

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, 2017 and 2016, were as follows:

	Millions of Yen			
	2017		2016	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Available-for-sale securities:				
Current:				
Corporate debt securities			¥395	¥0
Mutual funds	¥8	¥1	480	1
Noncurrent:				
Equity securities	¥172	¥10	¥102	¥3
Held-to-maturity securities:				
Current:				
Corporate debt securities	¥224	¥0		
Noncurrent:				
Corporate debt securities	¥562	¥4	¥232	¥0

As of March 31, 2017, the available-for-sale securities in a continuous unrealized loss position are composed of three equity securities and one mutual fund. The percentage of decline was less than 11.5%. 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 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 available-for-sale and held-to-maturity securities for a sufficient period of time for anticipated recovery in fair value as described in Note 1. No available-for-sale or held-to-maturity securities were identified that meet the Companies' criteria for recognition of an impairment charge on available-for-sale and held-to-maturity securities in an unrealized loss position presented above. Therefore, the Companies do not believe the unrealized losses represent an other-than-temporary impairment as of March 31, 2017 and 2016.

Future maturities of debt securities and mutual funds classified as available-for-sale excluding debt securities and mutual funds without fixed maturities as of March 31, 2017 were as follows:

	Millions of Yen	
	Cost	Fair Value
Due within one year		
Due after one year through five years	¥ 305	¥ 308
Due within ten years		
More than ten years	280	291
Total	¥ 585	¥ 599

Future maturities of debt securities classified as held-to-maturity as of March 31, 2017 were as follows:

	Millions of Yen	
	Cost	Fair Value
Due within one year	¥ 567	¥ 564
Due after one year through five years	566	562
Total	¥ 1,133	¥ 1,126

Proceeds from sales of available-for-sale securities and the gross realized gain or loss on the sales of available-for-sale securities during the years ended March 31, 2017, 2016 and 2015 were as follows:

	Millions of Yen		
	2017	2016	2015
Proceeds from sales of available-for-sale securities	¥1,573	¥102	¥3,499
Gross realized gain on sales of available-for-sale securities	458	90	1,516
Gross realized loss on sales of available-for-sale securities	17		

During the year ended March 31, 2017, the Companies exchanged certain equity securities for other marketable securities. The Companies recorded newly-received securities at fair value and recognized a loss of ¥0 million for the year ended March 31, 2017. There was no exchange of marketable securities for the year ended March 31, 2016. The Companies recorded newly-received securities at fair value and recognized a gain of ¥1 million for the year ended March 31, 2015.

The amount of impairment charges the Companies recognized on available-for-sale securities in which declines in fair value were deemed to be other than temporary was ¥3 million, ¥20 million and ¥4 million for the years ended March 31, 2017, 2016 and 2015, respectively.

***Trading Securities* -** A subsidiary in the United States of America has trading securities consisting of mutual funds, which are recorded as investments at a fair value of ¥44 million as of March 31, 2017. There were no trading securities as of March 31, 2016. The Companies recorded a gain of ¥4 million for the year ended March 31, 2017. There was no gain or loss related to trading securities for the years ended March 31, 2016 and 2015.

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 ¥1,273 million and ¥1,288 million as of March 31, 2017 and 2016, respectively. Investments in nonmarketable equity securities are reviewed annually or upon the occurrence of an event for other-than-temporary impairment. There were no impairment charges on investments in nonmarketable equity securities for the year ended March 31, 2017. The Companies recognized impairment charges on investments in nonmarketable equity securities of ¥0 million and ¥10 million for the years ended March 31, 2016 and 2015, respectively.

4. ALLOWANCES FOR DOUBTFUL RECEIVABLES AND SALES RETURNS

Information related to the Companies' allowance for doubtful receivables was as follows:

	Millions of Yen		
	2017	2016	2015
Balance at the beginning of the year	¥ 196	¥ 198	¥ 201
Charged to costs and expenses	68	110	45
Balances written-off/reversed	(45)	(112)	(48)
Balance at the end of the year	¥ 219	¥ 196	¥ 198

Information related to the Companies' allowance for sales returns was as follows:

	Millions of Yen		
	2017	2016	2015
Balance at the beginning of the year	¥ 2,033	¥ 2,211	¥ 2,120
Charged to costs and expenses	2,258	2,033	2,211
Balances utilized	(2,033)	(2,211)	(2,120)
Balance at the end of the year	¥ 2,258	¥ 2,033	¥ 2,211

5. INVENTORIES

The components of inventories as of March 31, 2017 and 2016 were as follows:

	Millions of Yen	
	2017	2016
Finished products	¥ 37,586	¥ 37,689
Work in process	3,743	4,056
Raw materials	2,493	2,700
Total	¥ 43,822	¥ 44,445

6. INVESTMENTS IN AFFILIATED COMPANIES

Certain investments are accounted for using the equity method if the investment provides the Companies with 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, 2017 and 2016, were as follows:

Name of Investee	Percentage of Ownership (%) 2017	2016
Shinyoung Wacoal Inc.	25	25
Taiwan Wacoal Co., Ltd.	50	50
THAI WACOAL PUBLIC CO., LTD.	34	34
PT. Indonesia Wacoal	42	42
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, 2017 and 2016, were as follows:

	Millions of Yen 2017	2016
Carrying amount	¥ 13,556	¥ 13,522
Aggregate value of quoted market price	11,754	11,561

The following tables represent the affiliated companies' summarized information from the balance sheets as of March 31, 2017 and statements of income for the years ended March 31, 2017 and 2015. Summarized information of the balance sheet and statement of income of affiliated companies for the year ended March 31, 2016 is not disclosed as it is immaterial.

	Millions of Yen 2017
Current assets	¥ 40,589
Noncurrent assets	41,773
Total	¥ 82,362
Current liabilities	¥ 8,538
Long-term liabilities	7,366
Equity	66,458
Total	¥ 82,362

	Millions of Yen 2017	2015
Net sales	¥ 59,172	¥ 62,459
Gross profit	30,200	31,519
Income before income taxes	5,105	2,848
Net income	4,089	2,196

Dividends received from affiliated companies were ¥522 million, ¥763 million and ¥678 million for the years ended March 31, 2017, 2016 and 2015, respectively.

Retained earnings includes net undistributed earnings of affiliated companies of ¥15,689 million and ¥15,226 million as of March 31, 2017 and 2016, respectively.

7. ACQUISITIONS

On April 1, 2015, Ai Co., Ltd., a wholly-owned domestic subsidiary of the Company, acquired the swimwear business and underwear business from San-Ai Co., Ltd. and San-Ai Style Co., Ltd., and the difference between the acquisition cost and the estimated fair values of the identifiable assets acquired and liabilities assumed, the details of which were investigated and analyzed, was recorded on the consolidated statements of income as a gain on bargain purchase in the amount of ¥173 million.

The fair values of the assets and liabilities as of the date of the acquisition have been revised based on updated information obtained after the date of acquisition, and were adjusted retroactively to the date of the acquisition.

In January 2016, Wacoal Corp., a wholly-owned subsidiary of the Company, established A Tech Textile Co., Ltd. ("A Tech") and G Tech Material Co., Ltd. ("G Tech") in the Kingdom of Thailand pursuant to joint venture agreements executed on November 13, 2015. A Tech and G Tech executed business transfer agreements with Textile Prestige Public Company Limited ("TPC") and Erawan Textile Company Limited ("ETC"), respectively, and transfers of the material business assets and liabilities were completed on February 1, 2016.

In connection with these business transfers, A Tech and G Tech agreed to pay the purchase price for the assets acquired and liabilities assumed, in the amount of ¥2,334 million (THB 699 million) and ¥693 million (THB 208 million), respectively.

By establishing these two subsidiaries, the Group will build a worldwide system to supply materials and products in the ASEAN region, which has the potential to further develop and grow, improve the manufacturing quality and cost competitiveness of our entire group and to stably supply high value-added materials and products to the global network of the Wacoal group and customers in the future.

As a result of purchase price allocations for A Tech and G Tech, goodwill was recognized and recorded in the consolidated balance sheet in the year ended March 31, 2016. Goodwill is not deductible for tax purposes.

Furthermore, based on updated information obtained after the date of the transfers, the fair values of the assets and liabilities as of the date of the transfers were adjusted. A Tech and TPC reached a final agreement on the purchase price. As a result of these changes, the amount of goodwill relating to A Tech and G Tech decreased by ¥39 million and ¥18 million, respectively. These adjustments during the measurement period were reflected in the consolidated balance sheet as of March 31, 2017.

The fair value of the assets and liabilities of the businesses, which A Tech and G Tech acquired, were as follows:

	Before Adjustment	
	Millions of Yen	
	February 1, 2016	
	A Tech	G Tech
Cash and cash equivalents	¥ 210	
Notes and accounts receivable	557	¥ 150
Inventories	608	101
Other current assets	18	4
Property, plant and equipment	1,243	342
Goodwill	246	223
Other noncurrent assets		1
Total	2,882	821
Current liabilities	281	82
Other long-term liabilities	251	46
Total	532	128
Total shareholder's equity	¥ 2,350	¥ 693

	After Adjustment	
	Millions of Yen	
	February 1, 2016	
	A Tech	G Tech
Cash and cash equivalents	¥ 210	
Notes and accounts receivable	557	¥ 150
Inventories	608	101
Other current assets	18	4
Property, plant and equipment	1,265	342
Goodwill	207	205
Other noncurrent assets		1
Total	2,865	803
Current liabilities	282	64
Other long-term liabilities	249	46
Total	531	110
Total shareholder's equity	¥ 2,334	¥ 693

8. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill **-** The changes in the carrying amount of goodwill by operating segment for the years ended March 31, 2017, 2016 and 2015 were as follows. For information about the Companies' operating segments, see Note 24.

	Millions of Yen 2017 Wacoal Business (Overseas)	Millions of Yen 2017 Peach John	Millions of Yen 2017 Total
Balance at the beginning of the year:			
Goodwill	¥ 13,586	¥ 11,203	¥ 24,789
Accumulated impairment charges		(6,878)	(6,878)
Total	13,586	4,325	17,911
Adjustments during the measurement period	(57)		(57)
Foreign currency translation adjustments	(1,783)		(1,783)
Balance at the end of the year:			
Goodwill	11,746	11,203	22,949
Accumulated impairment charges		(6,878)	(6,878)
Total	¥ 11,746	¥ 4,325	¥ 16,071

	Millions of Yen 2016 Wacoal Business (Overseas)	Millions of Yen 2016 Peach John	Millions of Yen 2016 Total
Balance at the beginning of the year:			
Goodwill	¥ 14,425	¥ 11,203	¥ 25,628
Accumulated impairment charges		(6,878)	(6,878)
Total	14,425	4,325	18,750
Acquisition during the year	469		469
Foreign currency translation adjustments	(1,308)		(1,308)
Balance at the end of the year:			
Goodwill	13,586	11,203	24,789
Accumulated impairment charges		(6,878)	(6,878)
Total	¥ 13,586	¥ 4,325	¥ 17,911

	Millions of Yen 2015 Wacoal Business (Overseas)	Millions of Yen 2015 Peach John	Millions of Yen 2015 Total
Balance at the beginning of the year:			
Goodwill	¥ 13,553	¥ 11,203	¥ 24,756
Accumulated impairment charges		(2,033)	(2,033)
Total	13,553	9,170	22,723
Foreign currency translation adjustments	872		872
Impairment charges		(4,845)	(4,845)
Balance at the end of the year:			
Goodwill	14,425	11,203	25,628
Accumulated impairment charges		(6,878)	(6,878)
Total	¥ 14,425	¥ 4,325	¥ 18,750

During the year ended March 31, 2015, the Companies recorded impairment charges on goodwill of ¥4,845 million in the Peach John segment. See Note 20 for further information.

Other Intangible Assets - The components of intangible assets excluding goodwill as of March 31, 2017 and 2016 were as follows:

	Millions of Yen			
	2017		2016	
Year Ended March 31	Gross Carrying Amount	Accumulated Amortization and Impairment Charge	Gross Carrying Amount	Accumulated Amortization and Impairment Charge
Amortized intangible assets:				
Brands	¥ 5,853	¥ 1,311	¥ 6,766	¥ 1,212
Software	9,692	5,434	8,034	4,597
Others	1,601	660	1,646	633
Total	¥ 17,146	¥ 7,405	¥ 16,446	¥ 6,442
Unamortized intangible assets:				
Trademarks	¥ 5,316	¥ 3,322	¥ 5,316	¥ 3,322
Other	114		114	
Total	¥ 5,430	¥ 3,322	¥ 5,430	¥ 3,322

Other intangible assets acquired during the year ended March 31, 2017, 2016 and 2015 totaled ¥1,941 million, ¥1,432 million and ¥1,385 million, all of which primarily consist of software with an estimated useful life of five years.

The gross carrying amounts of brands include foreign currency translation adjustments.

During the year ended March 31, 2015, the Companies recorded an impairment charge on other intangible assets for the trademarks of ¥1,176 million in the Peach John segment. During the years ended March 31, 2017 and 2016, the Companies recorded no impairment charge on other intangible assets. See Note 20 for further information.

Aggregate amortization expenses for the years ended March 31, 2017, 2016 and 2015 related to other intangible assets were ¥1,589 million, ¥1,537 million and ¥1,536 million, respectively. Future estimated amortization expenses as of March 31, 2017 were as follows:

Year Ending March 31	Millions of Yen
Estimated amortization expense	
2018	¥ 1,568
2019	1,382
2020	1,124
2021	840
2022	633
Total	¥ 5,547

9. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans as of March 31, 2017 and 2016 consisted of the following:

	Millions of Yen	
	2017	2016
Unsecured bank loans	¥7,716	¥11,759

The weighted-average annual interest rate on short-term bank loans as of March 31, 2017 and 2016 was 0.4%.

Unused lines of credit for short-term financing as of March 31, 2017 and 2016 aggregated ¥26,830 million and ¥24,779 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, 2017 and 2016.

Long-term debt as of March 31, 2017 and 2016 is summarized below. The interest rates and maturities are for loans as of March 31, 2017.

	Millions of Yen	
	2017	2016
Collateralized bank loans, with fixed interest at 0.6%, maturing through 2022	¥ 95	¥ 231
Unsecured bank loans, with fixed interest at 0.4%, maturing through 2022	140	157
Total	235	388
Less current portion	(50)	(293)
Long-term debt, less current portion	¥ 185	¥ 95

The annual maturities of long-term debt as of March 31, 2017 were as follows:

Year Ending March 31	Millions of Yen
2018	¥ 50
2019	50
2020	50
2021	50
2022	35
Total	¥ 235

A subsidiary has pledged assets as security for loans. As of March 31, 2017 and 2016, assets pledged as collateral for bank loans were as follows:

	Millions of Yen	
	2017	2016
Land	¥ 150	¥ 150
Buildings	213	236
Total	¥ 363	¥ 386

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 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, 2017 are presented below:

Year Ending March 31	Millions of Yen
2018	¥ 495
2019	466
2020	157
2021	72
2022	8
Thereafter	10
Total	¥ 1,208

Rental expenses were ¥7,862 million, ¥7,902 million and ¥6,476 million for the years ended March 31, 2017, 2016 and 2015, 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		
	2017	2016	2015
Balance at the beginning of the year	¥ 878	¥ 777	¥ 728
Accretion expense	2	20	8
Liabilities incurred	84	157	66
Liabilities settled	(111)	(74)	(32)
Change due to translation of foreign currencies	2	(2)	7
Balance at the end of the year	¥ 855	¥ 878	¥ 777

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		
	2017	2016	2015
Change in benefit obligations:			
Benefit obligations at the beginning of the year	¥ 35,777	¥ 34,085	¥ 33,712
Service cost	1,103	1,074	1,021
Interest cost	183	321	417
Participants' contributions	65	66	66
Actuarial (gain) loss	(509)	1,893	1,001
Prior service cost arising during the year	271		
Benefits paid from plan assets	(958)	(950)	(908)
Settlement paid from plan assets	(865)	(850)	(1,075)
Settlement paid by the Company and certain subsidiaries	(125)	(100)	(149)
Changes in foreign currency exchange rate	(7)	(6)	
Change in the scope of consolidation		244	
Benefit obligations at the end of the year	34,935	35,777	34,085
Change in plan assets:			
Fair value of plan assets at the beginning of the year	¥ 42,156	¥ 43,137	¥ 37,738
Actual return on plan assets	2,176	(516)	5,565
Employer contributions	633	1,275	1,751
Participants' contributions	65	66	66
Benefit payments	(958)	(950)	(908)
Settlement payments	(865)	(850)	(1,075)
Changes in foreign currency exchange rate	(4)	(6)	
Fair value of plan assets at the end of the year	43,203	42,156	43,137
Funded status at the end of the year	¥ 8,268	¥ 6,379	¥ 9,052

Amounts recognized in the consolidated balance sheets as of March 31, 2017 and 2016, consist of:

	Millions of Yen	
	2017	2016
Prepaid pension expense	¥ 10,287	¥ 8,145
Other current liabilities	(63)	(63)
Liability for termination and retirement benefit	(1,956)	(1,703)
Total	¥ 8,268	¥ 6,379

Amounts recognized in accumulated other comprehensive income, pre-tax, as of March 31, 2017 and 2016 were as follows:

	Millions of Yen	
	2017	2016
Actuarial loss (gain)	¥ 667	¥ (1,264)
Prior service benefit	121	607
Total	¥ 788	¥ (657)

The accumulated benefit obligation for all defined retirement benefit plans as of March 31, 2017 and 2016 was as follows:

	Millions of Yen	
	2017	2016
Accumulated benefit obligation	¥34,935	¥35,777

The projected benefit obligations and the fair value of the plan assets for the Company's 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	
	2017	2016
Plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligations	¥ 2,905	¥2,659
Fair value of plan assets	886	893
Plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligations	2,905	2,659
Fair value of plan assets	886	893

Net periodic benefit costs for the Company and certain subsidiaries' plans consisted of the following for the years ended March 31, 2017, 2016 and 2015:

	Millions of Yen		
	2017	2016	2015
Service cost	¥ 1,103	¥ 1,074	¥ 1,021
Interest cost	183	321	417
Expected return on plan assets	(967)	(967)	(865)
Amortization of actuarial loss (gain)	213	(461)	220
Amortization of prior service benefit	(215)	(491)	(492)
	¥ 317	¥ (524)	¥ 301

The unrecognized net actuarial gain or loss and prior service benefit are being amortized within 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 for the years ended March 31, 2017, 2016 and 2015 were as follows:

	Millions of Yen		
	2017	2016	2015
Actuarial gain (loss)	¥ 1,718	¥ (3,376)	¥ 3,699
Amortization of actuarial loss (gain)	213	(461)	220
Prior service cost arising during the year	(271)		
Amortization of prior service benefit	(215)	(491)	(492)
	¥ 1,445	¥ (4,328)	¥ 3,427

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	¥ (124)
Prior service benefit	(122)

The Company and certain subsidiaries use a measurement date of March 31 for their plans. The weighted-average assumptions used as of March 31, 2017 and 2016 in computing the benefit obligations shown above were as follows:

	2017	2016
Discount rate	0.6%	0.5%

The weighted-average assumptions used as of March 31, 2017, 2016 and 2015 in computing the net periodic benefit cost shown above were as follows:

	2017	2016	2015
Discount rate	0.5%	1.0%	1.3%
Rate of increase in future compensation	5.3%	5.3%	7.6%
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, 2017 on the corporate bond indices for which maturity dates approximate the timing of the expected future benefit payments.

The retirement benefit plans of the Company and a certain subsidiary is a point-based benefits system, and, therefore, the rate of compensation increase has not been included in computing the benefit obligations.

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 other short-term investments of 2.0%.

The Company's and certain subsidiaries' plan investment strategy is to maintain actual asset weightings within a preset range of target allocations. The Company's and certain subsidiaries' plan 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 payments.

The asset allocation as of March 31, 2017 and 2016, was as follows:

	2017	2016
Equity securities	48.3%	46.4%
Debt securities	26.3%	30.6%
Life insurance company general accounts	11.1%	12.2%
Real estate	3.9%	3.9%
Other short-term investments	10.4%	6.9%

The target allocation percentages are reviewed and approved by the Pension Committee. The actual allocations for 2017 and 2016 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's and certain subsidiaries' plan assets using the fair value hierarchy as of March 31, 2017 and 2016. The fair value hierarchy has three levels based on the reliability of the inputs used to determine the fair value. For the reference to each level, see Note 20.

	Millions of Yen			
2017	Level 1	Level 2	Level 3	Total
Assets evaluated by other than net asset value per share				
Equity securities:				
Japanese companies	¥ 9,962			¥ 9,962
Foreign companies	25			25
Debt securities:				
Foreign government bonds	67			67
Life insurance company general accounts		4,805		4,805
Other types of investments:				
Other short-term investments		3,235		3,235
Assets evaluated by net asset value per share (a)				
Equity securities:				
Pooled funds (b)				10,021
Debt securities:				
Pooled funds (c)				7,894
Other types of investments:				
Hedge funds (d)				1,377
Pooled funds (e)				5,817
Total	¥ 10,054	¥ 8,040		¥ 43,203

2016	Millions of Yen Level 1	Level 2	Level 3	Total
Assets evaluated by other than net asset value per share				
Equity securities:				
Japanese companies	¥ 9,508			¥ 9,508
Debt securities:				
Foreign government bonds	25			25
Life insurance company general accounts		5,135		5,135
Other types of investments:				
Other short-term investments		1,391		1,391
Assets evaluated by net asset value per share (a)				
Equity securities:				
Pooled funds (b)				9,397
Debt securities:				
Pooled funds (c)				9,139
Other types of investments:				
Hedge funds (d)				1,273
Pooled funds (e)				6,288
Total	¥ 9,533	¥ 6,526		¥ 42,156

(a) Certain assets evaluated by net asset value per share (or its equivalent) are not categorized in the fair value hierarchy. Total amounts in the above table are presented to reconcile the amounts in the fair value hierarchy to the amounts stated on the consolidated balance sheets.

(b) This class includes common stock of approximately 34% Japanese companies and 66% foreign companies as of March 31, 2017 and 32% and 68%, respectively, as of March 31, 2016.

(c) This class includes approximately 15% of Japanese government bonds, 2% of Japanese municipal bonds, 38% of foreign government bonds, 44% of corporate bonds and 1% of other short-term investments as of March 31, 2017. This class includes approximately 27% of Japanese government bonds, 4% of Japanese municipal bonds, 36% of foreign government bonds and 33% of corporate bonds as of March 31, 2016.

(d) This class consists of hedge funds that invest in both long- and short-term debt securities as of March 31, 2017 and 2016.

(e) This class includes approximately 35% of corporate bonds, 2% of common stock of Japanese companies, 13% of common stock of foreign companies, 29% of real estate and 21% of other short-term investments as of March 31, 2017. This class includes approximately 39% of corporate bonds, 2% of common stock of Japanese companies, 8% of common stock of foreign companies, 27% of real estate and 24% of other short-term investments as of March 31, 2016.

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 the funds. Life insurance company general accounts include contracts with insurance companies with guaranteed rates of return and capital, and those values are based on the sum of original value and return. Pooled funds are valued using the net asset value per share provided by the administrator of the fund.

The Company’s 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 ¥613 million to their plans in the year ending March 31, 2018.

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid:

Year Ending March 31	Millions of Yen
2018	¥ 1,879
2019	1,996
2020	2,007
2021	2,008
2022	1,943
Thereafter	9,623

Defined Contribution Plan - Certain subsidiaries have defined contribution plans. The amounts of cost recognized for their contributions to the plan were ¥249 million, ¥219 million and ¥203 million for the years ended March 31, 2017, 2016 and 2015, respectively.

Employee Early Retirement Program - The Company and certain subsidiaries provide additional benefits to employees that elect to participate in the Company’s and certain subsidiaries' early retirement program. Retirement benefits of ¥143 million, ¥125 million and ¥114 million were paid in addition to normal benefits and charged to selling, general and administrative expenses for the years ended March 31, 2017, 2016 and 2015, respectively.

Termination Plan for Directors - The Company previously had, and a certain subsidiary currently has, 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 ¥340 million as of March 31, 2017 and 2016 and were recorded in other long-term liabilities. A certain subsidiary has plans for its directors and recorded a liability for termination benefit for directors at the amount that would be needed if all directors were to resign at each balance sheet date in accordance with the guidance for determination of vested benefit obligation for a defined benefit pension plan.

13. 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, 2017, 2016 and 2015. 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. The risk-free interest rate is based on the Japanese government bond yield curve in effect at the time of grant for a period commensurate with the expected term of the Company's share options. The 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.

	2017	2016	2015
Expected dividend yield	2.9%	2.0%	3.2%
Expected volatility	25.1%	20.9%	18.7%
Risk-free interest rate	(0.2)%	0.0%	0.1%
Expected term	2.5 years	2.6 years	3.1 years

A summary of stock option activities under the plan for the year ended March 31, 2017, 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, 2016	431,000	¥1		
Granted	69,000	1		
Exercised	55,000	1		
Outstanding as of March 31, 2017	445,000	1	14.58 years	¥611
Exercisable as of March 31, 2017	52,000	1	3.10 years	71

The total intrinsic value of options exercised was ¥69 million, ¥31 million and ¥6 million as of years ended March 31, 2017, 2016 and 2015, respectively.

The total compensation costs recognized for the years ended March 31, 2017, 2016 and 2015 were ¥74 million, ¥67 million and ¥60 million, respectively. The total recognized tax benefits related thereto for the years ended March 31, 2017, 2016 and 2015 were ¥23 million, ¥21 million and ¥21 million, respectively.

The weighted-average grant date fair values of options granted for the years ended March 31, 2017, 2016 and 2015 were ¥1,044, ¥1,419 and ¥937, respectively.

As of March 31, 2017, there was ¥11 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.

14. 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. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit and Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria and, accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year.

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 a specific formula.

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								
	2017			2016			2015		
	Foreign Currency Translation Adjustments	Unrealized Gain on Securities	Pension Liability Adjustments	Foreign Currency Translation Adjustments	Unrealized Loss on Securities	Pension Liability Adjustments	Foreign Currency Translation Adjustments	Unrealized Gain on Securities	Pension Liability Adjustments
Balance at the beginning of the year (after-tax)	¥ 5,177	¥ 17,966	¥ (1,035)	¥ 10,831	¥ 20,821	¥ 1,934	¥ 2,310	¥ 11,606	¥ (227)
Amount arising during the year:									
Pre-tax amount	(4,109)	4,905	1,062	(5,890)	(4,169)	(3,418)	9,019	15,809	3,651
Tax credit	30	(1,492)	(443)	220	1,336	1,091	(348)	(5,593)	(1,319)
Net amount	(4,079)	3,413	619	(5,670)	(2,833)	(2,327)	8,671	10,216	2,332
Reclassification adjustments:									
Pre-tax amount		(438)	(2)		(70)	(952)		(1,513)	(272)
Tax credit		134	1		23	308		539	96
Net amount		(304)	(1)		(47)	(644)		(974)	(176)
Other comprehensive income (loss) attributable to noncontrolling interests (after-tax)	114	(0)	3	16	25	2	(150)	(27)	5
Balance at the end of the year (after-tax)	¥ 1,212	¥ 21,075	¥ (414)	¥ 5,177	¥ 17,966	¥ (1,035)	¥ 10,831	¥ 20,821	¥ 1,934

Reclassification adjustments (pre-tax) of unrealized gain or loss on securities are included in "Gain on sales or exchange of marketable securities and Investments - net" and “Valuation gain or loss on marketable securities and investments – net” in the consolidated statements of income.

Reclassification adjustments (pre-tax) of pension liability adjustments are included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statements of income as the net periodic benefit costs.

16. INCOME TAXES

Domestic and foreign components of income before income taxes and equity in net income of affiliated companies for the years ended March 31, 2017, 2016 and 2015 were summarized as follows:

	Millions of Yen		
	2017	2016	2015
Japan	¥ 27,487	¥ 24,002	¥ 19,902
Foreign	(10,918)	(9,045)	(8,560)
Total	¥ 16,569	¥ 14,957	¥ 11,342

Domestic and foreign components of income tax expense for the years ended March 31, 2017, 2016 and 2015 consist of:

	Millions of Yen		
	2017	2016	2015
Current:			
Japan	¥ 3,230	¥ 1,666	¥ 3,852
Foreign	1,600	1,776	1,371
	¥ 4,830	¥ 3,442	¥ 5,223
Deferred:			
Japan	¥ 690	¥ 1,483	¥ (1,983)
Foreign	(240)	(195)	63
	¥ 450	¥ 1,288	¥ (1,920)
Total income taxes	¥ 5,280	¥ 4,730	¥ 3,303

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 30.9%, 33.1% and 35.6% for the years ended March 31, 2017, 2016 and 2015, respectively. 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 effective statutory tax rates for the following reasons for the years ended March 31, 2017, 2016 and 2015:

	2017	2016	2015
Normal Japanese effective statutory tax rates	30.9%	33.1%	35.6%
Increase (decrease) in taxes resulting from:			
Permanently nondeductible expenses	2.4	2.8	3.6
Change in valuation allowance	3.1	1.1	(9.4)
Undistributed earnings of associated companies	(2.1)	0.1	(0.5)
Differences in foreign subsidiaries' tax rate	(0.5)	(1.2)	(3.3)
Tax exemption	(0.4)	(0.2)	(0.1)
Unrecognized tax benefits	(1.8)	(0.1)	0.0
Impairment charges on goodwill			15.2
Changes in Japanese income tax rates	0.2	(3.0)	(10.7)
Other – net	0.1	(1.0)	(1.4)
Effective tax rates	31.9%	31.6%	29.0%

The Act on the Partial Revision of the Income Tax Act, etc. (Act No. 9 of 2015) and the Act on the Partial Revision of Local Tax Act, etc. (Act No. 2 of 2015), were issued on March 31, 2015, and the corporate tax rate has been lowered starting from the consolidated fiscal year beginning on and after April 1, 2015. Accordingly, from the end of the fiscal year ended March 31, 2015, with respect to the Company and our major domestic subsidiaries, the effective statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities has been changed from the current 35.6% to 33.1% for the temporary differences which were expected to reverse during the consolidated fiscal year beginning April 1, 2015 and to 32.3% for the temporary differences which are expected to reverse in and after the consolidated fiscal year beginning April 1, 2016.

Due to this tax rate change, the deferred income taxes recognized in the fiscal year ended March 31, 2015 decreased by ¥1,209 million as a result of the reversal of the deferred tax assets and deferred tax liabilities.

Following the amendments described above, new amendments, the Act on the Partial Revision of the Income Tax Act, etc. (Act No. 15 of 2016) and the Act on the Partial Revision of Local Tax Act, etc. and Related Matters (Act No. 13 of 2016) were enacted in the Diet session on March 29, 2016, and the corporate tax rate is lowered starting from the consolidated fiscal year beginning on or after April 1, 2016. Accordingly, with respect to the Company and our major domestic subsidiaries, the effective statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities has been changed from 32.3% to 30.9% for the temporary differences which are expected to reverse during the consolidated fiscal year beginning April 1, 2016 and the consolidated fiscal year beginning April 1, 2017, and to 30.6% for the temporary differences which are expected to reverse in and after the consolidated fiscal year beginning April 1, 2018.

Due to this tax rate change, the deferred income taxes recognized in the fiscal year ended March 31, 2016 decreased by ¥454 million as a result of the reversal of the deferred tax assets and deferred tax liabilities.

The approximate effect of temporary differences and tax loss carryforwards that gave rise to deferred tax balances as of March 31, 2017 and 2016 were as follows:

	Millions of Yen			
	2017		2016	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Allowance for returns	¥ 713		¥ 638	
Allowance for doubtful receivables	14		17	
Accruals not currently deductible	221		139	
Inventory valuation	830		964	
Accrued bonuses	963		1,038	
Impairment charges on marketable securities and investments	972		1,118	
Advanced depreciation on property, plant and equipment		¥ 1,992		¥ 1,126
Undistributed earnings of associated companies		2,209		2,564
Net unrealized gain on marketable securities and investments		10,738		9,395
Net realized gain on exchange of investments		818		818
Capitalized supplies	162		167	
Enterprise taxes	298		86	
Accrued vacation	761		743	
Asset retirement obligation	267		277	
Prepaid pension expense		2,462		1,872
Liability for termination and retirement benefit	478		415	
Tangible fixed assets	1,472		1,439	
Tax loss carryforwards	1,491		2,017	
Intangible assets		1,761		2,017
Other temporary differences	525	95	577	203
Total	9,167	20,075	9,635	17,995
Valuation allowance	(1,845)		(2,360)	
Total	¥ 7,322	¥ 20,075	¥ 7,275	¥ 17,995

The valuation allowance decreased by ¥515 million and ¥175 million for the years ended March 31, 2017 and 2016, respectively.

On November 28, 2014, the Company resolved a restructuring plan for its group organization. Based on the resolution, most of the assets and liabilities of Lecien Corp. ("Lecien"), a wholly-owned subsidiary of the Company, were transferred to a newly-established subsidiary, and Wacoal Corp., another wholly-owned subsidiary of the Company, merged with Lecien, including Lecien's remaining of assets and liabilities on April 1, 2015.

In conjunction with the merger, deferred tax assets for temporary differences related to the merged assets and liabilities and tax loss carryforwards were transferred from Lecien to Wacoal Corp., such deferred tax assets which had been fully covered by a valuation allowance due to the poor operating results of Lecien. However, as a result of considering the change in the realizability of deferred tax assets triggered by the resolution, the Company reversed ¥1,398 million of valuation allowance and recognized the same amount of income tax benefit for the year ended March 31, 2015.

The Companies reversed a part of the valuation allowance and utilized ¥257 million and ¥189 million of tax loss carryforwards, and recognized tax benefits of ¥77 million and ¥56 million for the years ended March 31, 2017 and 2016, respectively.

As of March 31, 2017, 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
2018	¥ 267
2019	439
2020	812
2021	194
2022	414
2023	
2024	43
2025	121
2026	657
Thereafter	2,253
Total	¥ 5,200

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, 2017 and 2016.

A reconciliation of beginning and ending amounts of unrecognized tax benefits was as follows:

	Millions of Yen		
	2017	2016	2015
Balance at the beginning of the year	¥ 300	¥ 312	¥ 296
Additions based on tax positions related to the current year	1	1	16
Reductions for tax positions of prior years	(297)	(13)	
Balance at the end of the year	¥ 4	¥ 300	¥ 312

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is ¥4 million, ¥300 million and ¥312 million as of March 31, 2017, 2016 and 2015, 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, 2017, 2016 and 2015 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 2014 with few exceptions. For other countries, the Companies are no longer subject to regular income tax examinations by the tax authorities for years before 2010 with few exceptions. The transfer pricing examinations of certain domestic and U.S. subsidiaries' 2007 and 2010 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 ¥2,646 million, ¥2,468 million and ¥2,581 million in the years ended March 31, 2017, 2016 and 2015, respectively. The accounts payable to affiliated companies were ¥237 million and ¥188 million as of March 31, 2017 and 2016, respectively.

The Companies also sell supplies, materials and products to certain affiliated companies. Aggregate sales to affiliated companies were ¥1,898 million, ¥335 million and ¥386 million in the years ended March 31, 2017, 2016 and 2015, respectively. The accounts receivable from affiliated companies were ¥513 million and ¥97 million as of March 31, 2017 and 2016, respectively.

The Companies earn royalties from the use of the Wacoal Brand by certain affiliated companies. The amount of royalty revenue earned was ¥263 million, ¥266 million and ¥288 million in the years ended March 31, 2017, 2016 and 2015, respectively. Other accounts receivable from affiliated companies, which are included in other current assets in the consolidated balance sheets, were ¥226 million and ¥225 million as of March 31, 2017 and 2016, respectively.

18. EARNINGS PER SHARE

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 shares outstanding during each year. Diluted net income attributable to Wacoal Holdings Corp. per share assumes the dilution that would occur if share-based options to issue common stock were exercised.

The weighted-average number of common shares outstanding used in the computations of basic net income attributable to Wacoal Holdings Corp. per share was 138,966,630 shares, 140,842,184 shares and 140,839,059 shares for the years ended March 31, 2017, 2016 and 2015, respectively. The weighted-average number of diluted common shares outstanding used in the computations of diluted net income attributable to Wacoal Holdings Corp. per share was 139,393,263 shares, 141,255,241 shares and 141,203,998 shares for the years ended March 31, 2017, 2016 and 2015, 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, 2017 and 2016 were as follows:

	Millions of Yen			
	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Marketable securities (Notes 3 and 21)	¥ 1,445	¥ 1,442	¥ 1,880	¥ 1,879
Investments (Notes 3 and 21)	58,586	58,582	54,733	54,730
Total assets	¥ 60,031	¥ 60,024	¥ 56,613	¥ 56,609
Liabilities:				
Long-term debt including current portion	¥ 235	¥ 235	¥ 388	¥ 389
Total liabilities	¥ 235	¥ 235	¥ 388	¥ 389

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. For information about fair values of foreign exchange contracts, see Note 20.

Marketable Securities and Investments - Held-to-maturity debt securities are classified as marketable securities and investments as of March 31, 2017 and 2016. 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 inputs.

Limitations - Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instruments. 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.

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, 2017 and 2016 were as follows:

	Millions of Yen			
2017	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Municipal bonds		¥ 10		¥ 10
Mutual funds		868		868
Total marketable securities		878		878
Investments:				
Equity securities	¥ 57,976			57,976
Mutual funds	44			44
Total investments	58,020			58,020
Derivative instruments:				
Foreign exchange contracts		2		2
Total assets	¥ 58,020	¥ 880		¥ 58,900
Liabilities:				
Derivative instruments:				
Foreign exchange contracts		¥ 4		¥ 4
Total liabilities		¥ 4		¥ 4

	Millions of Yen			
2016	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Municipal bonds		¥ 10		¥ 10
Corporate bonds		395		395
Mutual funds		1,361		1,361
Total marketable securities		1,766		1,766
Investments:				
Equity securities	¥ 53,925			53,925
Total assets	¥ 53,925	¥ 1,766		¥ 55,691
Liabilities:				
Derivative instruments:				
Foreign exchange contracts		¥ 297		¥ 297
Total liabilities		¥ 297		¥ 297

Investments presented in Level 1 are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Bonds presented in Level 2 are valued by financial institutions using quoted market prices for identical instruments in markets that are not active. Mutual funds presented in Level 2 are valued by financial institutions based on quoted prices in an inactive market for identical instruments which are included in the mutual funds.

As discussed 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.

Foreign exchange contracts presented in Level 2 are valued by financial institutions based on market data in both active and inactive market.

Assets Measured at Fair Value on a Nonrecurring Basis

There were no assets measured at fair value on a nonrecurring basis as of March 31, 2017. Assets measured at fair value on a nonrecurring basis as of March 31, 2016 were as follows:

	Millions of Yen				
2016	Level 1	Level 2	Level 3	Total	Impairment Losses
Land			¥133	¥133	¥ (233)
Buildings and structures			0	0	(8)
Machinery and equipment			0	0	(15)
					¥ (256)

During the fiscal year ended March 31, 2016, the Company categorized a certain asset group as real estate for rent. The Company performed an impairment analysis as of March 31, 2016 and determined that the fair value of the real estate was below its carrying amount. Accordingly, the Company reduced the carrying amount from ¥366 million to ¥133 million for land and from ¥8 million to ¥0 million for buildings and structures, respectively. The fair value was measured mainly based on the real estate appraisal value. An impairment charge on the long-lived assets of ¥241 million was included in an operating expense of Wacoal Business (Domestic) in the segment information.

As of March 31, 2015, goodwill with a carrying amount of ¥9,170 million was written down to its implied fair value of ¥4,325 million, resulting in an impairment charge of ¥4,845 million, which is included in earnings for the year ended March 31, 2015. 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 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 ¥3,170 million as of March 31, 2015 were written down to their fair values of ¥1,994 million, resulting in recognition of an impairment charge of ¥1,176 million for the year ended March 31, 2015. 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 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 next 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.

Valuation process:

The valuation process involved in Level 3 measurements for applicable assets and liabilities 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 valuation experts to assist us in the valuation process for certain assets over a specific amount, and their results of their valuations are reviewed by the responsible personnel of the Companies. All valuations, including those performed by the external experts, are reviewed and approved by management of the Companies 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, 2015 is as follows:

March 31, 2015	Millions of Yen Fair Value	Valuation Technique	Principal Unobservable Input	Range
Trademarks	¥1,994	Relief-from-royalty method	Discount rate	7.3% - 11.3%
			Royalty rate	3.0% - 4.0%
			Short-term revenue growth rates (within five years)	2.3% - 5.3%
			Perpetuity growth rate (over five years)	0%

21. DERIVATIVE INSTRUMENTS

Risk Management Policy - The Companies are exposed to the risk of changes in foreign currency exchange rates. Derivative instruments are used to manage such risk. Derivative instruments are used based on Company policy and administrative provisions. There were no derivative instruments used for the purpose of speculative trading. The Companies consider the related credit risk to be low since these derivative instruments are provided by the financial institutions with international credibility.

Foreign Exchange Risk - Assets and liabilities denominated in foreign currencies, which are primarily related to international business, are exposed to the risk of changes in foreign currency exchange rates. Foreign exchange contracts are used to mitigate such risk.

Derivative Instruments Not Designated as A Hedge - Foreign exchange contracts are classified as derivative instruments, which are not designated as a hedge since these derivative instruments do not qualify for hedge accounting. These derivative instruments are used to mitigate the risk of changes in foreign currency exchange rates, and the changes in fair value of such derivative instruments are recorded in earnings immediately.

Notional contract amounts of foreign currency exchange contracts that are not designated as hedges are ¥1,313 million and ¥5,366 million as of March 31, 2017 and 2016, respectively. 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 hedges. The Companies recognized a gain of ¥295 million, a loss of ¥(506) million and a gain of ¥192 million in other - net of other income (expenses) for the years ended March 31, 2017, 2016 and 2015, respectively.

The Companies recorded the derivative instruments at fair value in the consolidated balance sheets as other current assets and other current liabilities in the amount of ¥2 million and ¥4 million, respectively, as of March 31, 2017, and as other current liabilities of ¥297 million as of March 31, 2016.

22. REORGANIZATION EXPENSES

Eveden Huit SAS, a wholly-owned subsidiary of the Company which sold underwear and swimwear, filed with the Rennes Commercial Court in France for reorganization on April 1, 2016. On July 9, 2016, the subsidiary was instructed to transfer its business to Trendy Capital Co., which operates in France. Accordingly, in connection with this reorganization, expenses of ¥750 million were recognized during the year ended March 31, 2017. The total amount of reorganization expenses are estimated to be ¥805 million.

The changes in the amount of related liabilities for the year ended March 31, 2017 were as follows:

	Millions of Yen			
2017	Retirement Cost	Depreciation and Loss on Disposal of Assets without Cash Payment – net	Other Related Expenses	Total
Balance at the beginning of the year:				
Reorganization expenses	¥ 237	¥ 301	¥ 212	¥ 750
Expenses without cash payment		(301)	(2)	(303)
Cash payments made	(237)		(121)	(358)
Foreign currency translation adjustments			(2)	(2)
Balance at the end of the year			¥ 87	¥ 87

The Companies recorded ¥211 million and ¥539 million of reorganization expenses in costs of sales and selling, general and administrative expenses, respectively, in the consolidated statement of income for the year ended March 31, 2017. These expenses were included in the operating costs and expenses for Wacoal Business (Overseas) in the segment information.

23. ASSETS CLASSIFIED AS HELD FOR SALE

The Companies transferred land, located at the site of the Nagoya branch, on April 27, 2016 to make effective use of resources because it was unlikely that the Companies would use this site for future business.

The Companies recorded ¥295 million of land held for sale in other current assets in the consolidated balance sheet as of March 31, 2016, which was included in the asset group for Wacoal Business (Domestic) in the segment information.

As a result of the transfer, the Companies recorded a gain on sale of property, plant and equipment of ¥3,770 million in the consolidated statement of income for the year ended March 31 2017.

24. 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 income (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.

The "Wacoal business (domestic)" segment primarily produces and sells innerwear (consisting of foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear and hosiery. The "Wacoal business (overseas)" segment produces and sells innerwear (consisting of foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, hosiery and other textile-related products. The "Peach John" segment produces and sells innerwear (consisting of foundation, lingerie, nightwear), outerwear, and other textile-related products, which are sold under the "Peach John" brand. The "Other" produces and sells innerwear (consisting of foundation, lingerie, nightwear and children's innerwear), outerwear, other textile-related products, mannequins and construction of stores and interior design.

Information about operating results and assets for each segment as of and for the years ended March 31, 2017, 2016 and 2015 is as follows:

	Millions of Yen					
2017	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John	Other	Elimination	Consolidated
Net sales:						
External customers	¥ 118,389	¥ 48,423	¥ 11,107	¥ 17,962		¥ 195,881
Intersegment	1,098	9,236	1,006	5,947	¥ (17,287)	
Total	119,487	57,659	12,113	23,909	(17,287)	195,881
Operating costs and expenses:						
Operating costs and expenses	109,280	53,320	11,427	23,044	(17,287)	179,784
Depreciation and amortization	3,248	1,284	312	188		5,032
Total	112,528	54,604	11,739	23,232	(17,287)	184,816
Operating income	6,959	3,055	374	677		11,065
Total assets and capital expenditures:						
Total assets	259,531	77,313	11,882	18,684	(72,452)	294,958
Capital expenditures	5,233	1,799	355	58		7,445

	Millions of Yen					
2016	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John	Other	Elimination	Consolidated
Net sales:						
External customers	¥ 120,570	¥ 51,869	¥ 11,190	¥ 19,288		¥ 202,917
Intersegment	1,427	8,595	775	6,102	¥ (16,899)	
Total	121,997	60,464	11,965	25,390	(16,899)	202,917
Operating costs and expenses:						
Operating costs and expenses	110,144	54,711	11,442	24,839	(16,899)	184,237
Depreciation and amortization	3,043	1,320	265	187		4,815
Total	113,187	56,031	11,707	25,026	(16,899)	189,052
Operating income	8,810	4,433	258	364		13,865
Total assets and capital expenditures:						
Total assets	254,269	80,580	11,959	18,866	(72,820)	292,854
Capital expenditures	6,977	1,694	245	62		8,978

2015	Millions of Yen Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John	Other	Elimination	Consolidated
Net sales:						
External customers	¥ 112,203	¥ 48,107	¥ 11,626	¥ 19,829		¥ 191,765
Intersegment	1,906	8,592	650	5,046	¥ (16,194)	
Total	114,109	56,699	12,276	24,875	(16,194)	191,765
Operating costs and expenses:						
Operating costs and expenses	102,789	50,444	12,080	24,469	(16,194)	173,588
Depreciation and amortization	2,876	1,479	471	248		5,074
Impairment charges on goodwill (Note 8)			4,845			4,845
Impairment charges on other intangible assets (Note 8)			1,176			1,176
Total	105,665	51,923	18,572	24,717	(16,194)	184,683
Operating income (loss)	8,444	4,776	(6,296)	158		7,082
Total assets and capital expenditures:						
Total assets	261,467	78,143	11,748	20,789	(71,875)	300,272
Capital expenditures	3,338	742	300	98		4,478

The sum of the operating income (loss) of the reportable segments is consistent with the operating income on the consolidated statements of income. For a reconciliation from operating income to income before income taxes and equity in net income of affiliated companies, see other income (expenses) on the consolidated statements of income.

The Companies account for intersegment sales and transfers at cost plus a markup. Operating income (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, 2017, 2016 and 2015 is as follows:

	Millions of Yen 2017	2016	2015
Innerwear:			
Foundation and lingerie	¥ 145,188	¥ 151,166	¥ 142,681
Nightwear	9,154	10,098	9,514
Children's underwear	1,429	1,386	1,373
Subtotal	155,771	162,650	153,568
Outerwear/Sportswear and others	¥ 17,189	¥ 19,074	¥ 16,227
Hosiery	2,235	2,178	2,437
Other textile goods and related products	9,346	7,161	7,616
Others	11,340	11,854	11,917
Total	¥ 195,881	¥ 202,917	¥ 191,765

Geographic Information

Information by major geographic area as of and for the years ended March 31, 2017, 2016 and 2015 is as follows:

	Millions of Yen		
	2017	2016	2015
Net sales:			
Japan	¥ 147,061	¥ 150,673	¥ 143,250
Asia and Oceania	19,187	17,906	16,261
Americas and Europe	29,633	34,338	32,254
Consolidated	¥ 195,881	¥ 202,917	¥ 191,765
Long-lived assets:			
Japan	¥ 47,452	¥ 46,136	¥ 43,200
Asia and Oceania	4,661	4,490	2,998
Americas and Europe	3,175	3,312	2,990
Consolidated	¥ 55,288	¥ 53,938	¥ 49,188

Countries or areas are classified according to their geographical proximity.

Asia and Oceania includes East Asia, Southeast Asia, West Asia and Australia.

Net sales are attributed to countries or areas based on the location where sold.

Long-lived assets represent property, plant and equipment.

25. SUBSEQUENT EVENTS

(Purchase of Treasury Stock)

On May 10, 2017, the Board of Directors resolved to purchase treasury stock with the specific purchasing method as described below pursuant to the provisions of Paragraph 1, Article 459 of the Companies Act as follows.

a. Reason for Purchase:

   To improve capital efficiency and to implement our capital policy with increased flexibility tailored to the business environment

b. Type of Shares to Be Purchased:

   Common stock of the Company

c. Total Number of Shares to Be Purchased:

   2,800,000 shares (at maximum)

d. Purchase Period:

   From May 15, 2017 through December 31, 2017

e. Total Amount to Be Purchased:

   ¥4,000 million (at maximum)

(Share Consolidation and Amendment of the Number of Shares Constituting One Share Unit)

On May 10, 2017, the Board of Directors resolved to submit a proposal for share consolidation and amendment of the number of shares constituting one share unit to the 69th ordinary general meeting of shareholders held on June 29, 2017, and the proposal was approved.

a. Reason for Share Consolidation and Amendment of the Number of Shares Constituting One Share Unit:

All Japanese stock exchanges issued the "Plan of Action for Consolidating Unit of Trading," and have purpose the minimum trading unit of common stock for domestically listed companies to aiming to unify 100 shares and a unit trading price within a range from ¥50,000 to ¥500,000. In response to this, the number of shares constituting one share unit was amended to 100 shares from 1,000 shares, and a share consolidation pursuant to which two shares will be consolidated into one share was implemented, which was determined based on the Company's mid- and long-term stock price fluctuations.

b. Details of the Share Consolidation:

Type of shares subject to the share consolidation:

Common stock of the Company

Method and ratio of share consolidation:

From October 1, 2017, shares possessed by shareholders of record as of September 30, 2017 (September 29, 2017 in fact) are consolidated in at a ratio of one for two shares.

Number of decreasing shares due to the share consolidation:

Total number of authorized shares (on March 31, 2017)	143,378,085 shares
Decrease in shares due to the share consolidation	71,689,043 shares
Total number of authorized shares after the share consolidation	71,689,042 shares

The "Decrease in shares due to the share consolidation" is theoretical value calculated by multiplying the total number of authorized shares before the share consolidation and the ratio of share consolidation.

Correspondence to fractional shares occurring:

If any fractional shares arise as a result of the share consolidation, the Company will collectively purchase all such fractional shares and distribute the proceeds to each of the shareholders holding fractional share(s) in proportion to the number of fractional share(s) held by each of such shareholders, pursuant to the provisions of the Companies Act.

c. Contents of Amendment of the Number of Shares Constituting One Share Unit:

Resulting from the share consolidation, the number of shares constituting one share unit was amended to 100 shares from 1,000 shares.

d. Schedule of the Share Consolidation and Amendment of the Number of Shares Constituting One Share Unit:

Resolution day of the Board of Directors	May 10, 2017
Resolution day of the ordinary general meeting of shareholders	June 29, 2017
Share consolidation and amendment of the number of shares constituting one share unit	October 1, 2017 (scheduled)

e. Effect on Per Share Information:

Assuming that the share consolidation had taken place on April 1, 2015, per share information for the years ended March 31, 2017 and 2016 would be as follows:

	Yen	
	2017	2016
Shareholder's equity per share	¥3,317.06	¥3,185.80
Basic net income attributable to Wacoal Holdings Corp. per share	¥180.26	¥158.46
Diluted net income attributable to Wacoal Holdings Corp. per share	¥179.71	¥158.00

(Dividend Declaration)

On May 10, 2017, the Board of Directors resolved to pay a cash dividend of ¥180 per 5 shares of common stock to holders of record as of March 31, 2017 (aggregate amount of ¥4,940 million).

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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 it 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.
3. It was approved at the 69th Ordinary General Meeting of Shareholders held on June 29, 2017 to amend the Articles of Incorporation of the Company so as to change the number of shares in one unit of shares from 1,000 shares to 100 shares effective as of October 1, 2017, which is the effective date of share consolidation.

4. It was approved at the 69th Ordinary General Meeting of Shareholders held on June 29, 2017 to amend the Articles of Incorporation of the Company so as to change the provisions on "Record Date for Allocation of Surplus" following the introduction of the interim dividend policy.

   The record dates for respective dividend payments are as follows:

Interim dividends	September 30 of each year
Year-end dividends	March 31 of each year

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, 2017, to the filing date of the Annual Securities Report.

(1)	Annual Securities Report and the attachments thereto, and Confirmation Letter	Fiscal Year (68th Fiscal Year)	From April 1, 2015 to March 31, 2016	Filed with the Director of the Kanto Local Finance Bureau on June 29, 2016
(2)	Amendment to Annual Securities Report and Confirmation Letter	Fiscal Year (68th Fiscal Year)	Amendment to the Annual Securities Report (From April 1, 2015 to March 31, 2016), and Confirmation Letter	Filed with the Director of the Kanto Local Finance Bureau on July 28, 2016
(3)	Internal Control Report and the attachments thereto			Filed with the Director of the Kanto Local Finance Bureau on June 29, 2016
(4)	Quarterly Report and Confirmation Letter	(First quarter of 69h Fiscal Year)	From April 1, 2016 to June 30, 2016	Filed with the Director of the Kanto Local Finance Bureau on August 10, 2016
		(Second quarter of 69th Fiscal Year)	From July 1, 2016 to September 30, 2016	Filed with the Director of the Kanto Local Finance Bureau on November 11, 2016
		(Third quarter of 69th Fiscal Year)	From October 1, 2016 to December 31, 2016	Filed with the Director of the Kanto Local Finance Bureau on February 10, 2017
(5)	Extraordinary Report	Extraordinary Report on the Results of the Exercise of Voting Rights at General Meeting of Shareholders pursuant to 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 30, 2016

(6) Share Repurchase Report	Reporting Period	From June 2, 2016 To June 30, 2016	Field with the Director of the Kanto Local Finance Bureau on July 5, 2016
	Reporting Period	From July 1, 2016 To July 31, 2016	Field with the Director of the Kanto Local Finance Bureau on August 10, 2016
	Reporting Period	From January 1, 2017 To January 31, 2017	Field with the Director of the Kanto Local Finance Bureau on February 10, 2017
	Reporting Period	From February 1, 2017 To February 28, 2017	Field with the Director of the Kanto Local Finance Bureau on March 10, 2017
	Reporting Period	From May 1, 2017 To May 31, 2017	Field with the Director of the Kanto Local Finance Bureau on June 6, 2017

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, 2017 and 2016, 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, 2017 (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.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wacoal Holdings Corp. and its subsidiaries as of March 31, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2017, 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.

DELOITTE TOUCHE TOHMATSU LLC
June 29, 2017

NOTE TO READERS:

The 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 29, 2017

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:

Hiroaki Sakai

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Seiichiro Nakashima

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, 2017 of Wacoal Holdings Corp. and its consolidated subsidiaries (the "Company"), and the consolidated statements of income, comprehensive income, equity and cash flows for the fiscal year from April 1, 2016 to March 31, 2017, 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 Wacoal Holdings Corp. and its consolidated subsidiaries as of March 31, 2017, 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, 2017.

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.

Audit 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 Wacoal Holdings Corp. and its consolidated subsidiaries as of March 31, 2017 is effectively maintained, 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 29, 2017
【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, Director and Vice President
【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 READERS

The 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's 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 approximate 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, and Masaya Wakabayashi, Director and Vice President, 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 certain 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, 2017. 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 the 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 our materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of our 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 the 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, 2017.

4.【Supplementary Matters】

Not applicable.

5.【Special Information】

Not applicable.