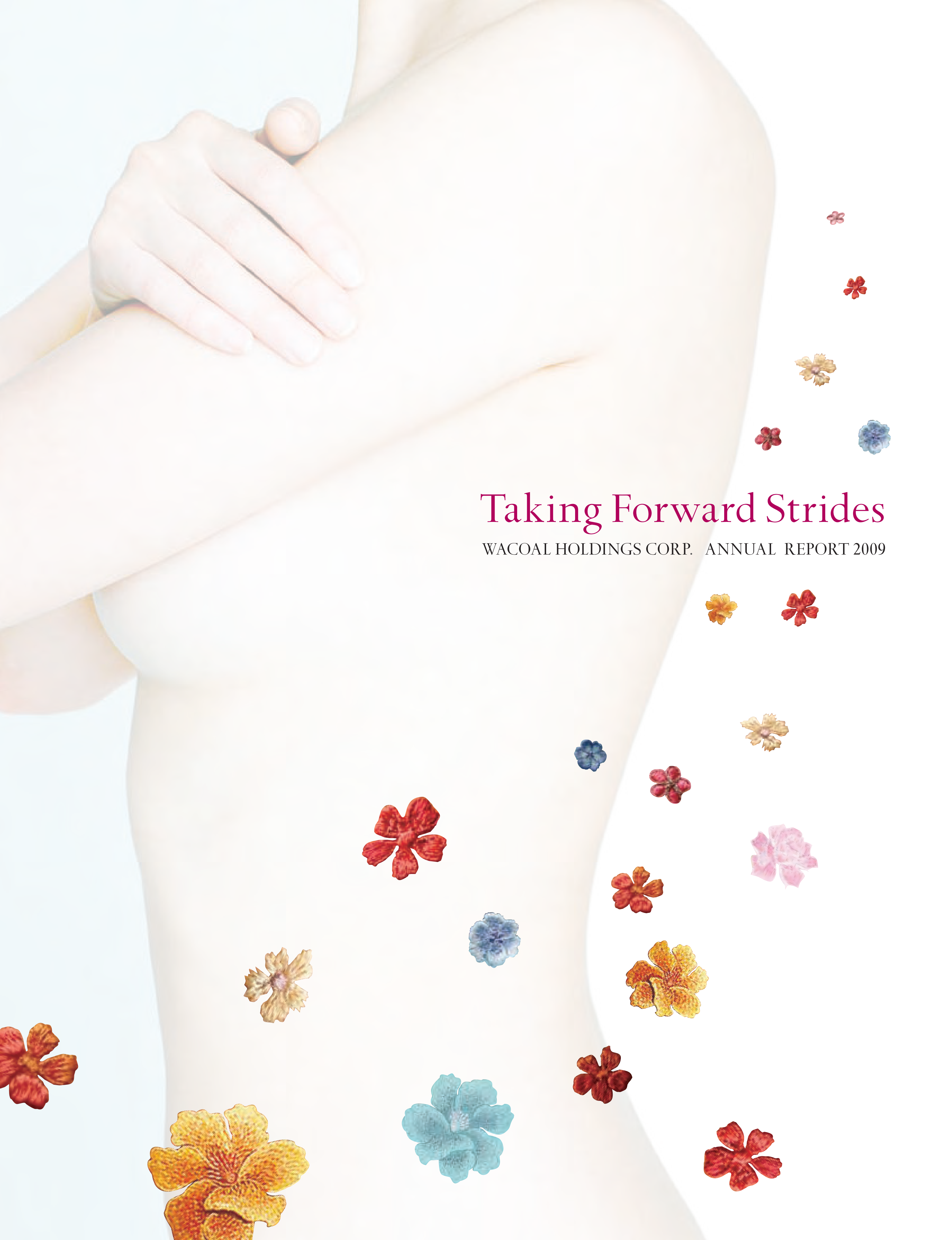


Taking Forward Strides

WACOAL HOLDINGS CORP. ANNUAL REPORT 2009

Since its establishment in 1949, Wacoal has remained at the forefront of the Japanese market for women's innerwear by enabling women the world over to express their beauty. At present, we are building an unshakable operational platform in Japan while increasing sales steadily in North America, Europe, and Asia. Furthermore, we have developed innerwear and other garments that realize outstanding comfort and figure enhancement thanks to basic research on the shape and movement of the human body as well as research on the physiology of sensation. That research draws on a wealth of analytical data that we have accumulated by measuring the bodies of approximately 35,000 Japanese women. Going forward, as well as providing beauty and comfort, through new functionality we will create further added value to products that even more customers love while providing products that invigorate markets.

OUR MISSION

We will contribute to society by helping women to express their beauty.

OUR VISION

We, the employees and management of Wacoal, will maintain a refined corporate culture based on mutual trust and will continually strive to make the Company a global leader in the industry.

OUR VALUES

1. Create products loved by customers.
2. Develop new products that meet the needs of the times.
3. Conduct business in a fair manner with a forward focus.
4. Build a better Wacoal through better human resources.
5. Fear not failure and boast not of success.

CONTENTS

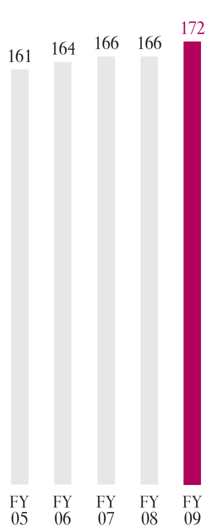
FINANCIAL HIGHLIGHTS

Wacoal Holdings Corp. and Subsidiaries
Years Ended March 31, 2009, 2008 and 2007

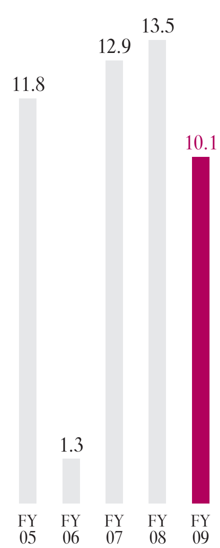
	Millions of Yen (except per 5 share amounts)			Thousands of U.S. Dollars*	% Change
	2009	2008	2007	**2009**	2009 vs 2008
Net sales	**¥172,276**	¥165,761	¥166,410	**$1,737,529**	+3.9%
Operating income	**10,129**	13,540	12,896	**102,158**	−25.2
Income before income taxes, equity in net income (loss) of affiliated companies and minority interests	**7,627**	14,353	13,920	**76,924**	−46.9
Net income	**5,230**	4,966	9,029	**52,748**	+5.3
ROE (%)	**3.0**	2.6	4.8		
Per 5 shares of common stock (in yen/dollars):					
Net income	**¥ 184**	¥ 176	¥ 316	**$ 1.85**	+4.6
Cash dividends	**125**	125	110	**1.26**	+0.0
Shareholders' equity	**5,905**	6,457	6,874	**59.56**	−8.5
Shareholders' equity	**¥165,873**	¥185,113	¥193,278	**$1,672,950**	−10.4
Total assets	**213,486**	241,619	250,266	**2,153,162**	−11.6

* The U.S. dollar amounts represent translations of Japanese yen solely for convenience at the rate of ¥99.15=$1.

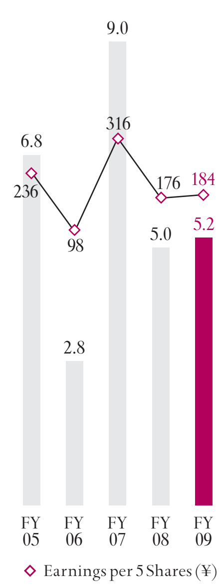
Net Sales
¥ Billion



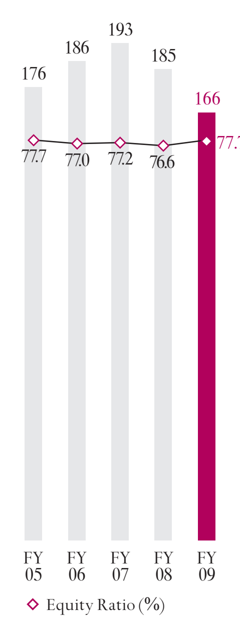
Operating Income
¥ Billion



Net Income
¥ Billion



Shareholders' Equity
¥ Billion



Wacoal Group Challenges

For more than half a century, the Wacoal Group has led the women's innerwear market in Japan. To heighten its market presence even further amid worsening economic conditions worldwide, the Wacoal Group will continue providing customers with real value. This section looks at the management strategies the Wacoal Group will deploy to triumph against fierce competition and achieve sustainable growth.

Strategy for Growth and Analysis of Conditions

An Increasingly Mature Domestic Market for Women's Innerwear

At the core of the Wacoal Group's operations, the Japanese market for women's innerwear has been contracting since peaking in 2000. Currently, it is estimated to generate revenues of about ¥711 billion. As Japan's population ages, that market is maturing and is unlikely to grow significantly.

Meanwhile, in Japan's retail industry, department stores, which form a market worth approximately ¥7.7 trillion, have seen revenues gradually contracting in recent years. Similarly, comprising a market of about ¥14 trillion, general merchandising stores have struggled to overcome stagnation in the past several years.

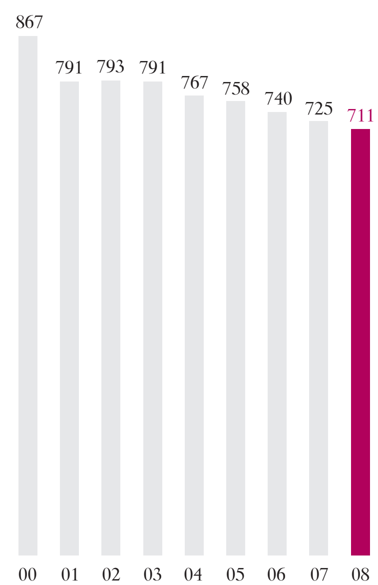
The Wacoal Group's mainstay sales channels—department stores and general merchandising stores—are facing severe business conditions characterized by changes in consumer lifestyles and the emergence of new retail formats such as drug stores and Internet sales. Competition is also intensifying in the women's innerwear industry with the entry of apparel manufacturers.

In response to those trends, the following key strategies will enable the Wacoal Group to realize sustainable growth.

- I Building new sales channels by developing direct retail operations
- II Increasing points of contact with customers with a focus on younger customers
- III Strengthening and expanding overseas operations even further
- IV Strengthening product development that emphasizes signature Wacoal features
- V Maintaining a strong financial base and investing decisively in growth areas

The Japanese Market for Women's Innerwear (Retail base)

¥ Billion



Source: Yano Research Institute Ltd.

Wacoal Group Challenges: Part 1

Building new sales channels by developing direct retail operations

At Wacoal, as a way of counteracting the shrinking of such mainstay wholesale channels as department stores and general merchandising stores, we are developing and strengthening new sales channels and actively creating new business areas to increase points of contact with customers and create further growth opportunities. As part of those initiatives, we are stepping up direct retail operations to build new sales channels. At present, the direct retail operations on which we are concentrating efforts and the pillars of these operations are SPA operations and mail-order sales through catalogs and the Internet.

Since beginning in 2001, SPA operations have developed stores to suit target customers and location characteristics and expanded steadily each year. For fiscal 2009, ended March 31, 2009, SPA operations posted a ¥1.2 billion increase in sales, to ¥10.4 billion. SPA operations accounted for 102 stores at fiscal year-end, up 7 stores from the previous fiscal year-end, testifying to the steady increase in points of contact with customers. Going forward, we will increase profitability by increasing efficiency through efforts to consolidate business format brands and establish common lineups in product mixes.

Mail-order operations saw a ¥0.2 billion increase in sales, to ¥6.0 billion. Internet sales are growing favorably, partly because customers are now able to purchase men's innerwear at our Internet store and are doing so in increasing numbers. We aim to further increase Internet sales by advertising effectively and increasing limited edition products and products exclusive to the Internet sales channel.

SPA Operations Store

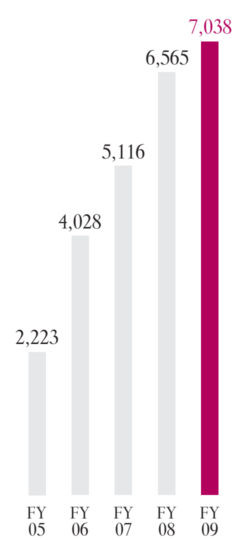
Amphi—Kashiwa

Amphi—Kawasaki BE

Wacoal Factory Store

Net Sales of Wacoal's SPA Operations

¥ Million



Topic | *Une nana cool*—Evolving Steadily

Having increased its business size each year, SPA subsidiary Une nana cool Corp. moved into the black in the fiscal year. The subsidiary achieved sales of approximately ¥3.2 billion for the fiscal year and had 42 stores at fiscal year-end. Hoping to reach sales of ¥5 billion and a 60-store network in three years, *Une nana cool* is stepping up the pace of business expansion. From spring 2009, it began renewing its brand and introduced a new design image for its offerings. At the same time, the subsidiary is marketing high-value-added products with even more advanced functionality and carrying more product lineups to keep in step with the ever-changing needs of younger customers.

Wacoal Group Challenges: Part II

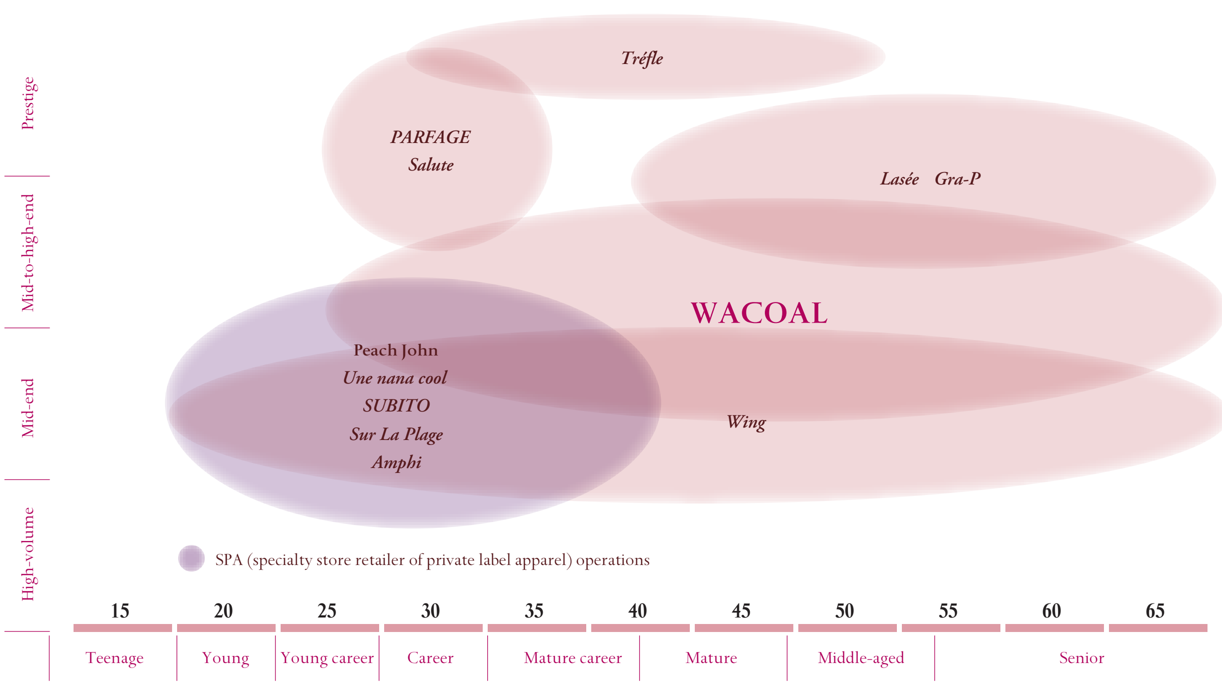
Increasing points of contact with customers with a focus on younger customers

Wacoal's mainstay high-value-added innerwear with advanced functionality enjoys a dominant presence in the department stores and general merchandising stores that make up the mid-to-high-end market. With the aging of the Wacoal fans that are the Company's main customers in that market, Wacoal's customer base has become increasingly biased toward and centered on career women and upward. In particular, for comparatively young customers that tend to favor low prices and fashion, purchasing opportunities in department stores have been decreasing, and Wacoal's points of contact with such customers have been declining.

To rectify that situation and expand our customer base, we need to make sweeping changes across the board, from product development through to sales channels and pricing. Good examples of such fresh approaches are the development of SPA operations and our inclusion of Peach John as a subsidiary. Through those strategies, we will increase points of contact with a younger customer base to grow sales. In conjunction with those initiatives, we will energetically roll out *Gra-P* and *Lasée* as brands for middle-aged and senior customers that offer products tailored to suit changes in physique and physiology.

Through such initiatives, the Wacoal Group will strengthen its market presence by anticipating changes in business conditions in order to market products and build sales channels that cater to all generations, from young customers through to senior customers.

The Positioning of the Wacoal Group's Main Brands



Topic | Peach John—Winning Support from the Younger Generation

Principally targeting young women and young career women, in Japan, Peach John Co., Ltd. sells innerwear through a quarterly mail-order catalog and directly managed stores, numbering 28 as of the end of August 2009. The company specializes in innerwear with a youthful, fashionable look that has become very popular among young women. Consequently, Peach John's customers have a different appreciation of fashion to those of Wacoal, and the Wacoal Group is capitalizing on the new subsidiary to expand the Group's business area.

Wacoal Group Challenges: Part III

Strengthening and expanding overseas operations even further

While the women's innerwear market in Japan is contracting, looking overseas, there are still numerous markets with large reserves of untapped demand. In fact, advancing overseas operations has been one of Wacoal's growth strategies for many years. Our history overseas began in 1970 with forays into Thailand, Taiwan, and South Korea. Since then, we have expanded overseas operations to include the United States, Europe, and China. By redoubling efforts to strengthen and expand overseas operations, the Wacoal Group will advance the creation of platforms for growth.

Retooling Mainstay U.S. Operations

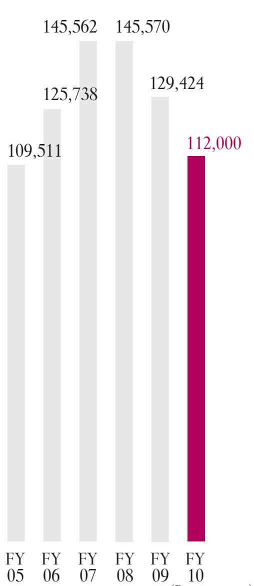
In the U.S. market, Wacoal has built an unshakable standing among department stores in the mid-to-high-end market. For the fiscal year, Wacoal America, Inc., recorded sales of roughly $130 million, making U.S. operations the mainstay of overseas operations in terms of revenues. The fiscal year saw sales drop temporarily due to lower sales stemming from slumping consumption and a reduction in transactions of licensed products for DKI and DKNY designer brands because we stopped manufacturing and selling them in 2008. However, at the beginning of the fiscal year we marketed a new brand for high-end department stores, *Wacoal Luxe*, which is doing well. Another original brand that Wacoal brought to the market was the sexy, fashionable *b.tempt'd by Wacoal* brand, which debuted in January 2009. Although U.S. operations are in a transitional phase at the moment, we are convinced that changing over to in-house brands that have higher margins than licensed products will create even more Wacoal fans and an even more robust earnings base.

Continuing to Expand Operations in China

The ongoing growth of China's economy will likely fuel further growth in the women's innerwear market. Our goal is to build Chinese operations into a second pillar of overseas operations alongside those in the United States by developing operations even more vigorously than before. To that end, in the fiscal year we established a three-brand system that can cater to the diverse demand of our customer base by adding two brands with different target customers and price ranges to the mainstay *Wacoal* brand. In order to increase the sales and name recognition of the *Wacoal* brand, we launched a combined advertising campaign in China, South Korea, Taiwan, Hong Kong, Vietnam, and other Asian countries from July 2008. Also, to supplement sales at department stores, we will look toward opening directly managed stores in shopping malls and other locations as we adopt an even more aggressive posture in China's market and target the early achievement of ¥100 billion in sales.

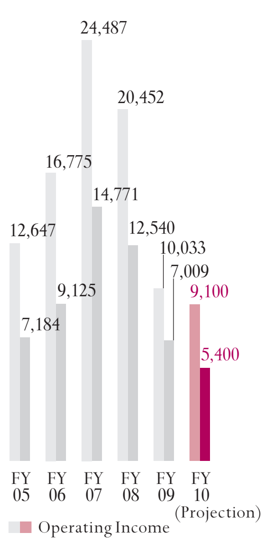
Net Sales of Wacoal America

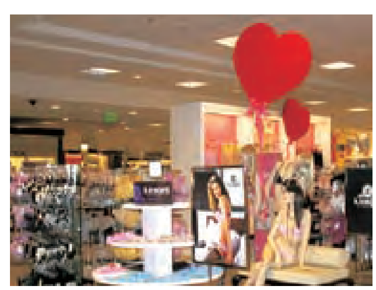
US$ Thousands



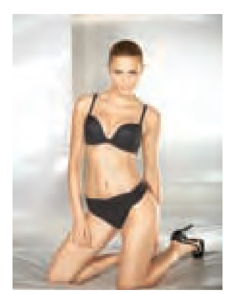
Operating Income & Net Income of Wacoal America

US$ Thousands



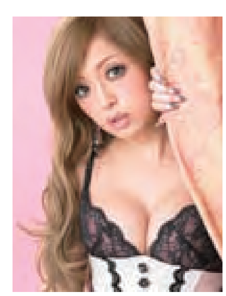


b.tempt'd by Wacoal



Wacoal Luxe

The sales area of a department store in China



A spring / summer 2009 campaign product for China

Wacoal Group Challenges: Part IV

Strengthening product development that emphasizes signature Wacoal features

Wacoal regards itself as a Body Designing Business, which is a key business strategy of using our core competency in innerwear to expand peripheral businesses. As a Body Designing Business, one of our core competencies is human science research. From the standpoint of human science, we discover and create the value customers seek and, by reflecting this in products, realize new possibilities for innerwear. By applying research achievements and basic technologies garnered over many years to product development, Wacoal will continue to provide customers with genuine value.

Capitalizing on Human Science Research in Product Development

For more than four decades, Wacoal has accumulated a variety of basic research on women's bodies. Through the use of such research achievements in product development, Wacoal has consistently given the world attractive, innovative products. For example, human science research achievements have enabled the creation of many of Wacoal's flagship products, including Style Science lineups*, which have become a hot topic, the sports conditioning wear product *CW-X*, and *Shakitto Bra*, which stretches the back muscles naturally. Similarly, *Gra-P*, *Lasée*, and other brands for middle-aged and senior customers are the fruit of research on changes in body shape as well as sensory and physiological phenomena that draws on a huge amount of accumulated data. Product development underpinned by such original research realizes the advanced functionality and high added value that clearly differentiate Wacoal products in the market.

* For further details, please see the feature section on page 14.

Shakitto Bra

Lasée

Gra-P

Topic | *Sugoi*—Realizing further Innerwear Innovations

Launched in September 2007, the women's innerwear product *Sugoi* features outstanding thinness, lightness, and warmth. Reflecting those advanced characteristics, *Sugoi* became a hit product, shipping more than 930,000 units in the six months after being launched. The use of ultra-fine-fiber micro-acrylic thread creates a structure that traps air to achieve heat insulation. At the same time, the structure prevents moisture build-up and thereby maintains a comfortable warmth. With a thickness equivalent to roughly three sheets of tissue paper, 0.4mm, and a weight of 66g, the product feels light when worn. Currently, we are growing sales by bringing out similar products for men, boys, girls, and pregnant women.

Wacoal Group Challenges: Part V

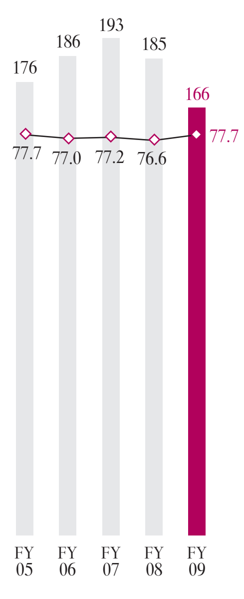
Maintaining a strong financial base and investing decisively in growth areas

At Wacoal, we believe that maintaining a strong financial base is indispensable to the creation of platforms for growth. At present, we do not need large loans because we keep the capital required for working capital, capital investment, and dividend payments within the scope of net cash provided by operating activities. Some of our overseas subsidiaries have established credit facilities with financial institutions in order to secure working capital. However, our level of interest-bearing debt is extremely low. At the fiscal year-end, total interest-bearing debt stood at ¥5,263 million and the ratio of interest-bearing debt to equity was 0.03 times. Further, the equity ratio was 77.7%, reflecting strong financial stability, and we maintained a high current ratio of 2.84 times. Also, for the fiscal year we secured free cash flows of ¥5,806 million. As those figures illustrate, Wacoal has an extremely solid and stable financial base, affording significant advantages to various management initiatives such as flexible and timely strategic investment and business development.

Taking advantage of its robust financial base, the Wacoal Group actively undertakes strategic investment for growth. Aiming to strengthen our earning power and enhance enterprise value, we will implement additional investment in Peach John, which became a consolidated subsidiary. Also, Wacoal will invest to expand SPA operations, the Wellness Business, and men's innerwear operations as well as undertaking timely investment to strengthen overseas operations. Moreover, in accordance with our CAP21 growth strategy, we will aggressively pursue M&A transactions for companies or operations—irrespective of whether they are in Japan or overseas—that promise to create synergistic benefits with our existing businesses. In line with that strategy, we made Lecien Corporation, which mainly manufactures and sells mid-priced women's innerwear for general merchandising stores, a wholly owned subsidiary through a share exchange in August 2009. That acquisition will allow Wacoal to strengthen its mid-priced product lineups and carve out a larger share of the domestic market.

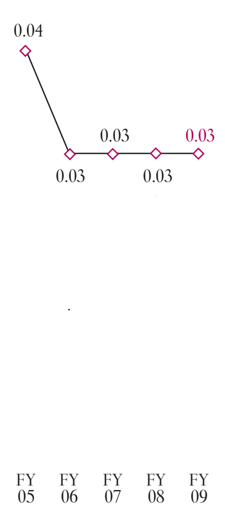
Shareholders' Equity

¥ Billion



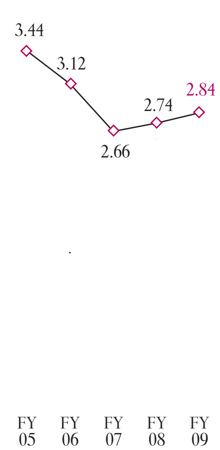
Debt to Equity Ratio

Times



Current Ratio

Times



Free Cash Flows*

¥ Billion

* Free Cash Flows = Net cash provided by operating activities – Capital expenditures

TO OUR SHAREHOLDERS AND OTHER INVESTORS

Wacoal is moving forward with initiatives on various fronts to ensure sustainable growth.

Yoshikata Tsukamoto
Representative Director

Evaluation of the Fiscal Year's Business Results and Market Conditions

In the fiscal year under review, ended March 31, 2009, net sales and earnings unfortunately were below our initial targets. Although our performance was comparatively solid in the first half of the fiscal year, from the second half the worldwide economic crisis that began in the United States, coupled with a worsening of the real economy, significantly affected business results. Reflecting a rapid loss of consumer confidence as personal income stagnated and the job market worsened, the domestic retail industry, Wacoal's mainstay sales channel, saw sales of fall and winter lineups slump, centered on department stores and general merchandising stores. Similarly, the women's fashion apparel industry faced very tough conditions, with the exception of certain low-price products.

We were unable to meet our targets mainly because of lackluster performances by core operations—women's innerwear operations in Japan and operations in the United States. In Japan, the high-value-added brand *Gra-P* for mature to senior consumers and the specialty-store luxury brand *Salute* posted year-on-year increases in sales. Overall, however, sales were sluggish for such brassieres as the *Wacoal*-brand *LALAN* brassiere, which was the centerpiece of a marketing campaign. In the United States, a deteriorating business climate and falling consumer spending depressed sales at department stores carrying our lineups, which affected operations. Other negative factors in the fiscal year included volatile foreign exchange rates and diminishing shipments of licensed products accompanying the cancellation of a manufacturing and sales contract for DKI and DKNY designer brands.

Meanwhile, new Style Science lineups featuring exercise functionality, which has been a focus of our sales promotion efforts in recent years, sold favorably. In the fiscal year, we introduced women's *Cross Walker*, using the same name as that used for the men's lineup, and sales of both lineups increased. Further, SPA (specialty store retailer of private label apparel) operations performed well thanks to a lowering of median prices and mainstay customers who are young and more willing to spend, even in the current recession, than those in established wholesale channels. Similarly, mail-order operations performed steadily thanks to solid mail-order catalog sales and Internet sales. Also, the Wellness Business grew sales of *CW-X* conditioning sportswear, mainly to sports chain stores and specialty stores.

Progress under the Medium-Term Management Plan and CAP21

Started April 2007, our three-year Medium-Term Management Plan sets net sales of ¥194.0 billion and operating income of ¥16.4 billion as numerical targets for its final year, which is the year ending March 2010. However, given the volatility of recent business conditions, I think that achieving those targets will be difficult. Nonetheless, we will likely achieve the key task of moving SPA operations into the black earlier than expected. Moreover, initiatives to expand operations by venturing into new business areas are producing benefits. For example, we are harnessing the development of *Cross Walker* to expand men's innerwear operations dramatically. Further, we have almost completed integrating the manufacturing operations of the *Wacoal* brand and *Wing* brand, which is creating a structure for even higher earnings. That initiative is enabling us to consolidate varieties and colors for *Wacoal*-brand products, which lowers inventory loss and thereby reduces the cost of sales as a percentage of net sales.

Also, because business conditions in Japan and overseas have transformed since we began the CAP21 (Corporate Activation Project 21) growth strategy three years ago, meeting its numerical targets—net sales of ¥200 billion and operating income of ¥18 billion in the fiscal year ending March 2011—will be challenging. Nevertheless, over those three years we engaged in M&A transactions, which is a key element of CAP21. The inclusion of Peach John Co., Ltd., as a wholly owned subsidiary is steadily producing benefits by allowing us to develop a new customer base and market. Guided by CAP21, Wacoal will continue initiatives for new growth. At the same time, we will set new medium- to long-term targets in light of progress under CAP21 and trends in business conditions. At this juncture, I believe our task is to lay foundations in readiness for the growth that will come with economic recovery. We must see the current tough business conditions as an opportunity to clarify pressing tasks and make decisive forays into growth areas.

One such initiative was making Lecien Corporation a wholly owned subsidiary through a share exchange in August 2009. Lecien manufactures and sells women's innerwear under its own brand and on an OEM basis mainly for general merchandising stores. Also, the company designs and manufactures high-quality lace. Before that merger, the Wacoal Group's business relationship with Lecien involved only the outsourcing of some production for SPA brands and Peach John. Lecien will provide a stable supply of lace and other raw materials and will help reduce the Wacoal Group's purchasing costs. Further, the addition of Lecien will give the Wacoal Group access to an even wider variety of sales methods and channels. Primarily rolling out products for high-volume markets, Lecien will complement the strengths of Wacoal Corp. in high-value-added lineups with advanced functionality for career women and upward and the strength of Peach John in fashionable, reasonably priced products for young women through to young career women.

MEDIUM-TERM MANAGEMENT PLAN OVERVIEW

Period	April 2007 – March 2010	
Theme	Getting Closer to Customers, Three Years of Shifting to Growth and Heightening Earning Power	
Priority measures	1. Reform and strengthen existing businesses to reflect changing markets 2. Increase points of contact with customers for new growth 3. Enforce rigorous quality control that justifies customers' trust	
Numerical targets for FY 2010 (¥ Million)	Net sales	180,000
	Operating income	15,300

CAP21 OVERVIEW

Aims	Reorganize and strengthen existing businesses and develop business in areas that promise growth through M&As, operational tie-ups, capital tie-ups, and independent initiatives	
Numerical targets for FY 2011 (¥ Million)	Net sales	200,000
	Operating income	18,000
	Operating income margin	9%

* Corporate Activation Project 21

The Strengthening of Our Platform for Future Growth

In order to build a growth platform for the future, Wacoal will take on the challenges of new business areas by undertaking product development based on its unique research and development and advancing M&A activities and SPA operations.

Mindful that its products are the source of its competitiveness, Wacoal has created appealing products with unique value by always trying to identify what customers see as providing real value and conscientiously manufacturing products accordingly. In recent years, such efforts have produced a series of high-value-added hit products that have contributed significantly to Wacoal's business results. Examples include the Style Science *Cross Walker* lineup, which is highly attuned to current market trends, *Shakitto Bra*, and *Sugoi*. Even in a mature market such as women's innerwear, products that offer customers value can invigorate the market and grow sales.

Therefore, our subsidiary Peach John still has considerable scope for growth. To tap this potential, we are developing a system for the development of products that are even more competitive. Also, to complement mail-order catalog sales and Internet sales, which have been Peach John's mainstay sales channels, we will step up the company's sales through directly managed stores. December 2008 saw the opening of Peach John's first overseas store in Hong Kong. Since then, the store's sales have been brisk, surpassing its initial targets. Using that store as a bridgehead, we will open another store in Hong Kong and develop a store network in China. And, with a view to creating synergies with Wacoal Corp., we will move forward with measures that effectively combine the differing expertise that both companies have evolved for their respective customer bases. For example, the companies will collaborate in product development and mail-order catalog sales to cater to the wide range of customer preferences and heighten both companies' brand value.

In the SPA operations of Wacoal Corp., for the time being we will focus on achieving profitability rather than expansion. Specifically, we will partly reorganize and streamline SPA operations. At the same time, SPA operations will expand lineups and raise efficiency by carrying more products in the low-to-medium price range. Further, we will use OEM as well as in-house production to reduce costs. After shortening lead times from planning to marketing in order to move SPA shops quickly into the black, we will once again increase shop openings.

The Strengthening of Overseas Operations

Strengthening and expanding overseas operations is an important pillar of the Wacoal Group's growth strategy. In mainstay U.S. operations, we have been rolling out original *Wacoal Luxe* brand products as a luxury lineup for high-end department stores since the cancellation of a manufacturing and sales contract for licensed products for DKI and DKNY designer brands. The *Wacoal Luxe* brand has earned high acclaim from our business customers, and sales have outperformed initial targets. We also brought to market our sexy and fashionable *b.tempt'd by Wacoal* brand from January 2009. Based on those two brands, we will take more aggressive measures, such as increasing sales channels to encompass specialty retail stores as well as department stores and entering countries nearby the United States. Although the sales of U.S. operations have decreased due to slumping consumption and the ending of a contract for licensed products, I am confident that these operations will become more profitable in the near future with the changeover from licensed products to our high-margin brand products.

In China, the most promising market, we will expand operations even further. In order to cater to a wider customer base, we are already selling through a three-brand system comprising the mainstay *Wacoal* brand, *amphi* for younger customers, and the high-value-added brand *Salute*. Also, in the fiscal year we advertised on a larger scale than before to increase name recognition of the *Wacoal* brand in China. Looking ahead, our goal is to grow in step with the pace of market expansion by increasing the number of stores carrying our products.

In other areas of Asia, from October 2008 we launched sales in Vietnam, the site of some of our production bases, and sales have been encouraging. Vietnam's market has the potential to grow significantly as the lifting of regulatory restrictions on foreign capital in the retail industry allows inflows of foreign capital. Closely monitoring that trend, we will expand operations in Vietnam as appropriate in order to supply products from nearby Asian countries.

Worldwide, the Wacoal Group's companies will achieve growth and profitability by analyzing business conditions in their respective countries to gain a firm grasp of issues while using the resources of other Group companies effectively—including those of joint venture companies—to build networks that offset the weaknesses of individual countries.

Outlook

Given the lack of clarity in global economic trends, there is concern that the economic recession may deepen. In Japan, personal spending is likely to continue declining. While in both Japan and overseas, market conditions are expected to be difficult. However, we aim to maintain sales at approximately their current level by continuing to market appealing products and brands. As a result, for the current fiscal year we expect year-on-year declines of 0.7% in net sales, to ¥171.0 billion; 28.9% in operating income, to ¥7.2 billion, due to slumping U.S. operations and an increase in retirement benefit payments resulting from impairment of pension assets; and 27.0% in net income, to ¥3.8 billion. That forecast assumes a foreign exchange rate of US$1=¥97, but foreign exchange fluctuations could significantly affect consolidated business results because U.S. operations account for a large share of Wacoal's consolidated revenues and earnings.

Despite the tough business conditions, Wacoal will redouble efforts to discover what customers see as real value so that it can develop products that are even more appealing and advance business results. As we move forward with those initiatives, I ask our shareholders and other investors for their continued understanding and support.

August 2009

Yoshikata Tsukamoto
Representative Director

MESSAGES FROM THE VICE PRESIDENTS

While maintaining a sound, stable financial base, the Wacoal Group will invest to increase earnings in domestic growth areas and overseas markets.

Shoichi Suezawa   Director and Vice President

Analysis of Consolidated Business Results for the Fiscal Year

In fiscal 2009, net sales were up 3.9%, to ¥172,276 million; operating income declined 25.2%, to ¥10,129 million; income before income taxes, equity in net income (loss) of affiliated companies, and minority interests decreased 46.9%, to ¥7,627 million; and net income rose 5.3%, to ¥5,230 million. Net sales increased because the inclusion of Peach John in consolidated business results from the fiscal year counteracted a lackluster performance by existing operations. Operating income decreased due to a ¥0.9 billion increase in pension expenses at Wacoal Corp., a ¥0.6 billion loss arising from the dissolution of Tokai Wacoal Sewing Corp. on June 30, 2008, and a ¥0.5 billion decrease in gains on sales of fixed assets. Although the SG&A ratio increased 3.3 percentage points, to 45.0%, due to the inclusion of Peach John in consolidated business results, the cost of sales ratio improved 0.9%, to 49.2%. That improvement stemmed from a lowering of inventories, including store inventories, which reduced write-downs on returned goods, the effect of Peach John's cost of sales as a percentage of net sales, and an increase in the percentage of products manufactured overseas. While we have set 9% or higher as a medium-term target for the operating income margin, for the fiscal year the operating income margin was 5.9%, down 2.3 percentage points year on year.

The marked decrease in equity in net income (loss) of affiliated companies and minority interests was due to a ¥2.6 billion increase in loss on securities held by the Company because of a fall in stock prices and the absence of an approximately ¥0.6 billion gain on sale and exchange of marketable securities and investment recognized in the previous fiscal year. Meanwhile, the increase in net income resulted from the absence of a ¥4.7 billion write-down of our interest in Peach John, recognized as net loss of affiliate companies in the previous fiscal year.

Looking at the sales of our main consolidated subsidiaries, mainstay Wacoal Corp. recorded a year-on-year decrease in net sales, to ¥114,738 million, which represented 66.6% of net sales, down 5.0 percentage points year on year. Included in consolidation from the fiscal year, Peach John posted net sales of ¥14,893 million, accounting for 8.6% of net sales. Although still small, Une nana cool Corp. and Wacoal China Co., Ltd., saw favorable sales growth. However, Wacoal International Corp. (U.S.A.), our holding company in the United States, and Nanasai Co., Ltd., saw significant drops in sales.

Capital Measures and Returns to Shareholders

Wacoal's basic financial policy is to ensure the Company has strong financial foundations and ample cash flows to enable flexible capital measures. Reflecting that basic policy, Wacoal is investing in growth areas to strengthen earning power and increase enterprise value. In China, Vietnam, and other countries that promise growth, we are investing in advertising and sales promotions to further brand penetration. In Japan, we believe that, rather than increasing sales through wholesale channels, our mission is to increase profit margins by improving operational efficiency and reducing costs and expenses. Meanwhile, in Japan we will deploy capital in areas promising growth.

Regarding our M&A strategy, we will not miss opportunities to invest in growth areas in Japan and expand markets overseas, and we are making strategic preparatory moves for long-term growth accordingly. While maintaining a sound, stable financial base, the Wacoal Group will invest to advance domestic growth areas and increase revenues and earnings from overseas markets.

Regarding returns to shareholders, we view meeting the expectations of our shareholders by steadily increasing earnings to heighten enterprise value as an important management task, in accordance with our basic policy of paying stable dividends in light of consolidated business results. For the fiscal year, we maintained cash dividends per ADR at the previous fiscal year's level of ¥125. Further, since 2001 we have purchased treasury stock as part of increasing returns to shareholders. In the fiscal year, we improved capital efficiency by purchasing 770,000 shares of treasury stock, bringing treasury stock purchased to a total of 18.16 million shares. Given performance trends and the challenging conditions, for fiscal 2010, ending March 2010, we plan to pay cash dividends per ADR of ¥100. Also, regarding retained earnings, while considering investment in new businesses and M&As, we will purchase treasury stock flexibly to improve capital efficiency and realize returns to our shareholders.

The Wacoal Group will accelerate management reforms to realize even greater growth potential and profitability.

Hideo Kawanaka Director and Vice President

Initiatives to Restructure Organizations and Reengineer Operations

The aims of our Medium-Term Management Plan are Shifting to Growth and Heightening Earning Power as well as achieving Operational Restructuring and establishing Advancement Systems. Accordingly, we implemented organizational restructuring that established the Corporate Strategy Division at Wacoal and the General Strategy Section at Wacoal Corp. in April 2008. With those new departments laterally coordinating and controlling our vertically structured organization, we will increase the overall strength of the Wacoal Group and the competitiveness of operating companies. Already, those organizational changes are steadily producing benefits.

Specifically, the holding company's Corporate Strategy Division will allocate personnel, resources, and capital among operating companies more efficiently. And, the General Strategy Section, which laterally links divisions within Wacoal Corp., has strengthened our control of strategies that transcend specific sales channels and brands. For example, we increased sales of Style Science lineups by developing them laterally, above divisional boundaries. Also, we have brought SPA operations, for which achieving profitability has become a pressing task, to the verge of profitability ahead of schedule. Another success has been accelerating the earnings growth of the Wellness Business, which we are developing into core operations second only to innerwear operations.

The Status and Business Strategies of Peach John

Becoming a wholly owned subsidiary in January 2008, Peach John, together with Wacoal International Corp. (U.S.A.), forms a strong secondary tier within the Wacoal Group. In the fiscal year, only Wacoal Corp.'s sales surpassed Peach John's net sales of ¥14.9 billion. Peach John has grown rapidly thanks to overwhelming endorsement and popularity among young women and young career women and unique sales channels that comprise mail-order catalog sales, Internet sales, and store sales. Following a temporary dip in revenues in the previous fiscal year, Peach John posted higher revenues and earnings in the fiscal year due to solid mail-order catalog sales and the opening of new stores.

Targeting net sales of ¥20 billion and operating income of ¥2 billion in the immediate future, Peach John is pursuing a business strategy focused on opening additional directly managed stores mainly in the Tokyo metropolitan area and expanding overseas operations. Under that strategy, the company will raise store sales to a level comparable with mail-order catalog sales by doubling its store network, which stood at 28 stores on August 30, 2009. Meanwhile, Peach John will consider opening stores in China and Southeast Asia. Opened in Hong Kong during the fiscal year, Peach John's first overseas store made an impressive debut by outperforming initial targets. We are aiming to open more stores and launch a foray into China.

Preconditions for Growth

To achieve sustainable growth, Wacoal has to take on two challenges. First, we need to adapt to structural change in Japan's retail industry. Second, we must expand operations in overseas markets with strong growth potential. In Japan's retail industry, wholesale channels that have been our mainstays, such as department stores and general merchandising stores, are shrinking, while convenience stores and drug stores are increasing their presence. We have to respond to that structural change by developing new products, establishing new sales channels, and pursuing pricing strategies. Further, we will deploy capital in areas that promise growth, such as the Wellness Business, SPA operations, and Internet sales.

Further, to offset Japan's maturing innerwear market, we will embark upon full-fledged development of China's promising market. At the same time, as we have already done in Vietnam, we will begin sales in new countries and regions. In China, stepped-up advertising and sales promotions bore fruit. However, we intend to raise revenues in China from their current level of roughly ¥3.3 billion to ¥10.0 billion as soon as possible. Furthermore, we want to increase overseas sales, including those of affiliates, from the fiscal year's level of approximately ¥60.0 billion* to ¥100.0 billion.*

* Total local sales of overseas subsidiaries and affiliates.

Taking Forward Strides

Style Science—Innovating New Value

Style Science products provide customers with new value by drawing on technology that Wacoal has evolved for women's innerwear over many years. Developed by Wacoal's Human Science Research Center, Style Science technology changes walking into exercise, enabling wearers to tone their muscles as they go about their everyday routines. That unique feature has built a new market and generated more than 11 million product sales, as of March 2009, since the launch of the first Style Science product, *Hip Walker*, in fall 2005. Through Style Science, this section provides a window on one area of Wacoal's product development.

Cross Walker—Revolutionizing the Men's Innerwear Market

As part of its efforts with the Style Science series, in March 2008 Wacoal unveiled *Cross Walker*, heralding the Company's full-fledged entry into the men's innerwear market. *Cross Walker* is a pioneering product that incorporates exercise functionality. Wacoal's unique cross structure lengthens the wearer's stride by providing just the right amount of stimulation to the thigh muscles. Consequently, walking while wearing *Cross Walker* in accordance with our wearing guidelines can reduce body fat and firm up the wearer's physique.* Becoming an instant hit and selling 860,000 products in its first year, *Cross Walker* is breathing new life into the market for men's innerwear in Japan.

Aiming to increase points of contact with customers, Wacoal entered the men's innerwear market in Japan, which is estimated to account for sales of about ¥250 billion. Although that market is small compared with the market for women 's innerwear products, which are viewed as fashion items, recent years have seen growing demand from male consumers for fashionable and functional products. Therefore, because it has fashion appeal and revolutionary functionality, *Cross Walker* has attracted a great deal of attention and helped invigorate the men's innerwear market. Developed by exploiting technology that Wacoal evolved for women's innerwear, *Cross Walker* enables wearers to reduce their body fat and firm up muscle tone as they walk. Another tailwind for *Cross Walker* is the recent increase of concern in Japan with staying healthy to prevent metabolic syndrome, also known as visceral obesity syndrome, and other lifestyle-related diseases.

Interest in *Cross Walker* is strong not only among consumers but also among such business customers as department stores, which see the product as helping to invigorate sales areas. For example, to heighten the appeal of sales areas and create synergistic sales benefits, stores stock *Cross Walker* in sales areas for sports products and footwear, as well as in those for men's underwear. As a result, sales of *Cross Walker* are steadily growing through a variety of retail formats and sales channels.

* Wearing Guidelines: If the wearer walks 6,000 steps or more at least five days per week for one month or longer

Style Science—Changing How People See Innerwear

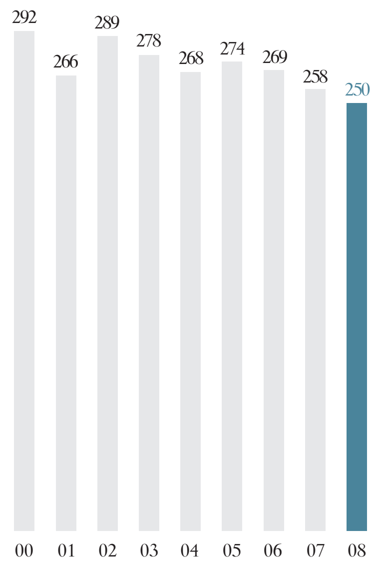
By enabling a new way to get exercise, Wacoal's aim was not to have Style Science wearers exercise energetically but to allow them to acquire attractive well-toned physiques at their own pace while carrying out everyday activities. Accordingly, we created Style Science lineups based on the completely new concept of changing everyday walking into exercise. The scientific approach that we applied to walking when developing the Style Science series resulted in products that further reduce body fat and firm up muscles the more they are worn.*

Until recently, functional innerwear has been for body-shape "correction." What differentiates Style Science lineups is that they reflect an approach not of "correcting" the shape of the body but of toning it. By changing how people think of innerwear, that innovativeness won the support of consumers and ensured the success of these lineups as hit products. Style Science lineups are a good example of how Wacoal brings to bear its outstanding capabilities in technology and product development.

* Wearing Guidelines: If the wearer walks 6,000 steps or more at least five days per week for one month or longer

The Japanese Market for Men's Innerwear (Retail base)

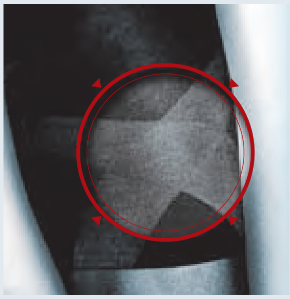
¥ Billion

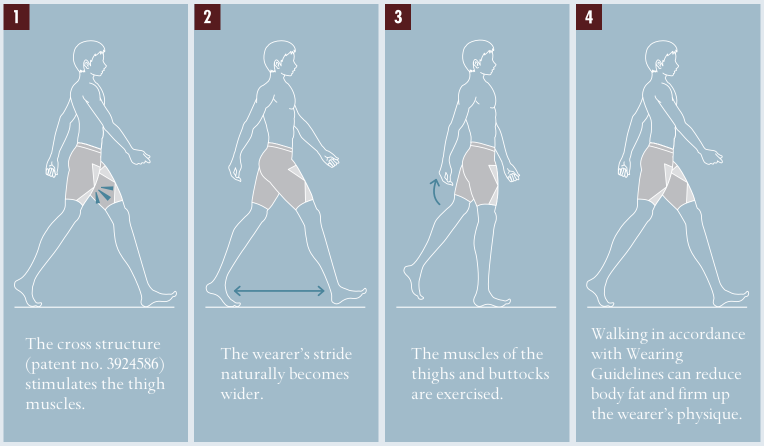


Source: Yano Research Institute Ltd.

The Benefits of *Cross Walker*

The cross structure stimulates the quadriceps to promote long strides. Taking long strides uses a lot of muscles and exercises the whole body, thereby providing aerobic exercise that burns body fat. As an approximate guide, walking 6,000 steps or more at least five days per week for one month or longer while wearing *Cross Walker* can reduce body fat and tighten up the body's muscles.





Note: Indications of benefits differ depending on the individual.
Please carefully read the "safety warning" included with the product before using them.

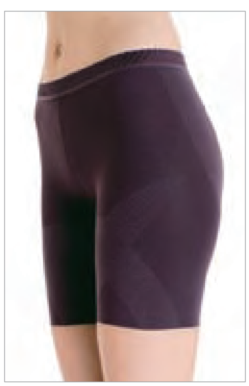
Style Science—Opening Up New Horizons

着るエクササイズ。

The inaugural product in the Style Science series was *Hip Walker*, a women's undergarment for the lower body launched in fall 2005. As a product incorporating a unique structure that shapes up the buttocks as the wearer walks, *Hip Walker* became a huge hit, shipping more than 2 million units its first year. Capitalizing on that success, we brought a series of new products to market: for women, *Onaka Walker*, which tones the stomach muscles, and for men, the abovementioned *Cross Walker*. As a whole, Style Science had accounted for 11 million unit sales in the Wacoal Group as of the end of March 2009. Also, *Cross Walker* for women, with the same name as the men's product, has sold briskly since we brought it to market. Through such efforts the market presence of Style Science lineups is building steadily.

Further, for Style Science products, we are opening up new sales channels, including gyms and health insurance associations. In Japan, as part of the reform of the medical care system, in April 2008 medical check-ups and health guidance targeting metabolic syndrome became mandatory from the age of 40 for those with health insurance that has medical care coverage. Because they can help prevent lifestyle-related diseases, Style Science products are attracting interest from various quarters. For such new sales channels, Wacoal has already marketed a Style Science product, *Exwalker*, and is expanding operational foundations in these areas.

Exwalker is sold through such channels as corporate health insurance associations



Onaka Walker

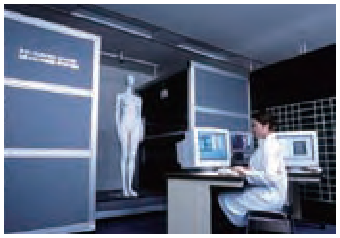
Style Science—Emerging from Human Science Research

Style Science products are a representative example of the lineups Wacoal has created using the research achievements of its Human Science Research Center. For more than 40 years, since its establishment in 1964, the Human Science Research Center has been conducting basic research on women's bodies to identify, from a human science standpoint, the products and customer value customers want. Today, it is one of the core competencies supporting Wacoal's product development. Every year, the Center measures the physiques of between 500 and 1,000 Japanese women, ranging from those in their late teens through to those in their 60s. To date, we have gathered data on approximately 35,000 individuals. Further, by measuring the same individuals over long periods of time, we are advancing research that sheds light on the changes in women's physiques that accompany aging. In 2002, in China we established the Chinese Human Science Research Center, which has begun collecting data in order to develop products suited to Chinese women.

In addition to that basic research on the changes in women's body shapes, the Human Science Research Center investigates sensory and physiological reactions and physical functions. In particular, the Center's research on muscle and joint mechanisms and other body movements forms the basis of Style Science product development. We have also applied the achievements of that research to the sports conditioning wear product *CW-X* and girdles that support the joints and help senior women to walk.

CW-X supports fluid movement and can lessen muscle fatigue by incorporating a taping principle to stabilize joints during exercise. That functionality has earned high praise from professional athletes in a wide range of sports, and sales of that product grow yearly.

In this way, Wacoal draws on research on human science garnered over more than four decades to create revolutionary functionality, which plays a key role in differentiating and increasing the appeal of Wacoal products.



Far left:
CW-X Expert Model
Left:
The Human Science Research Center

Style Science—Developing through Diverse Sales Channels

Offering a wide spectrum of possibilities and features as well as the prospect of business expansion, Style Science products are dramatically reforming the organization of Wacoal's activities. As mentioned earlier, to complement the men's *Cross Walker* product, we launched a version of *Cross Walker* for women in August 2008. Through a large variety of sales channels that cover a wide customer base, we have begun sales promotions of *Cross Walker* as innerwear with innovative functionality under the new concept of "wearing for exercise."

Specifically, in addition to such mainstay sales channels as department stores and general merchandising stores, we are marketing Style Science lineups through major drug stores and sundry goods stores. Further, Wacoal Corp. is advancing lateral promotional activities that transcend its in-house operating departments and divisions. Those activities are enabling combined marketing initiatives that encompass both women's and men's products. And, we are varying pricing in accordance with characteristics of sales channels. Thus, through Style Science the Company has realized a new initiative that truly draws on Wacoal's wide-ranging strengths.

As the above example shows, in addition to creating new possibilities for the innerwear business, Style Science lineups are helping to vitalize the Wacoal Group's organization.

CORPORATE GOVERNANCE OF WACOAL HOLDINGS CORP.

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

Corporate Governance Structure

Corporate Governance Innovations

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

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

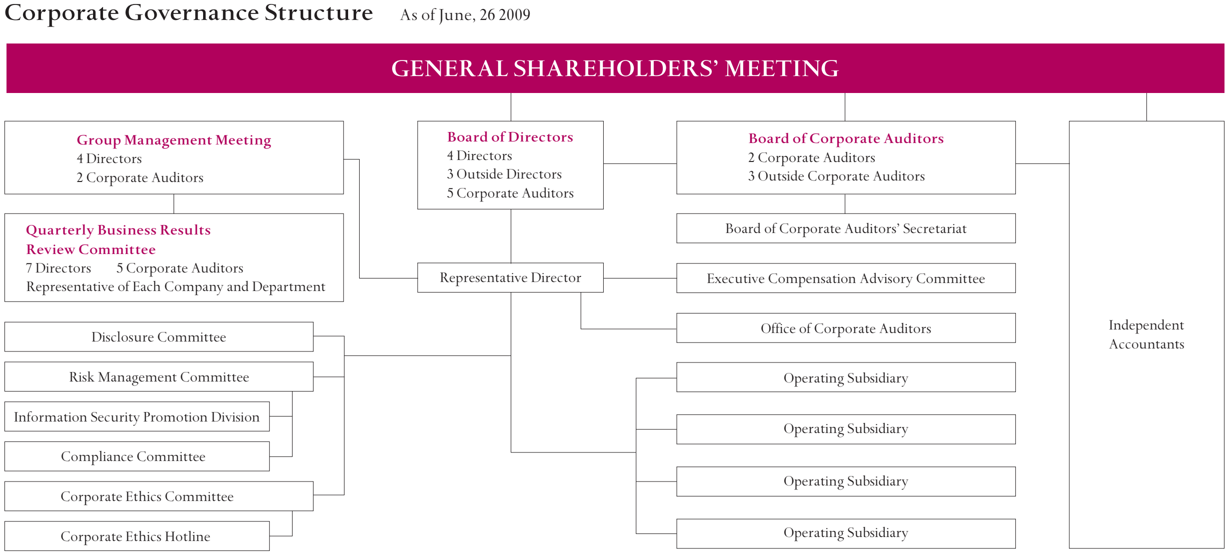
• **Corporate Ethics Committee** In 2004, Wacoal created the Corporate Ethics Committee, which is headed by a member of Wacoal's board. This committee produced a code of conduct for executives, corporate officers, and other employees, and it works to instill a strong culture of ethics and legal compliance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

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

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

• **Independent Committee** In the event of a potential takeover of the Company through the acquisition of substantial shares, Wacoal has granted independent outsiders extraordinary authority to exchange information and conduct discussions about the Company without management. An "Independent Committee" – composed of one outside director, one outside auditor, and one academic – has the authority to call a meeting without the presence of the Company's executives and may retain external professionals to advise them on takeover and related issues. With

Corporate Governance Structure As of June, 26 2009



these powers and resources, the Independent Committee can evaluate takeover bids and pursue related strategies without management interference. This committee serves as a powerful tool to safeguard shareholder interests at crucial junctures.

Statutory Auditor System

The aforementioned innovations complement Wacoal's corporate governance infrastructure under the statutory auditor system. Operating under that system, Wacoal's directors oversee operations and provide broad oversight of the Company and its subsidiaries. Wacoal's statutory auditors, in turn, supervise the activities of the board and provide a check on the directors' oversight of the Company. In the following section, we discuss some of the specific features of Wacoal's statutory auditor system and certain enhancements designed to produce better governance.

1. Board of Directors

Following the ordinary general shareholders' meeting in June 2009, Wacoal's board was reduced from eight members to seven members. In 2002, we reduced the number of directors to allow directors to respond more flexibly and make decisions more efficiently in an ever-changing business environment. This process was intended to permit directors to focus on the supervisory and strategic responsibilities and to unburden them from operational and management duties.

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

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

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

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

2. Statutory Auditors

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

Wacoal believes that enhanced independence of the statutory auditors would allow the auditors to be more effective "watchdogs" for the Company. We, therefore, have gone beyond what is required under Japanese law for statutory auditors. Although Japanese law only requires that 50% of the statutory auditors be independent, 60% of Wacoal's statutory auditors are independent of the Company.

3. Appointment and Compensation Committee

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

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

Defensive Measures Against Takeovers through the Acquisition of a Substantial Shareholding of the Company

After the Company's June 2006 ordinary general shareholders' meeting passed a resolution authorizing the adoption of a basic policy on measures against the acquisition of a substantial shareholding of the Company, the Board of Directors decided upon specific countermeasures reflecting that basic policy. Further, the June 2009 ordinary general shareholders' meeting of renewed this policy.

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

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

www.wacoalholdings.jp/ir_e/news.html

SOCIAL CONTRIBUTION ACTIVITIES AND ENVIRONMENTAL MANAGEMENT

Benefiting society at large by enabling women the world over to express their beauty is both the goal of the Wacoal Group and the philosophy at the heart of its success. Drawing on a variety of expertise garnered from our businesses, we will realize unique social contributions.

Remamma

In 1974, we began the Remamma project to provide our originally developed innerwear and swimwear for women who have undergone operations for breast cancer. More than 180,000 women in Japan and overseas have used these products to date.

Pink Ribbon

Since September 2002, we have supported Pink Ribbon activities, which raise awareness of the importance of early diagnosis and treatment of breast cancer. As part of those efforts, we donate to the "breast cancer eradication smile fund." Our shareholders also participate in efforts to eradicate breast cancer. In 2005, we introduced a system whereby shareholders are able to make contributions to the fund equivalent to a part of the Wacoal essence check gift certificates provided as a shareholder benefit. Wacoal matches the amount of those contributions with its own contributions to the fund. Moreover, we hold Pink Ribbon Fitting Campaign events in which we donate to the "breast cancer eradication smile fund" the equivalent of the total number of brassieres customers try on multiplied by ¥10. Also, we incorporate education for consumers about breast cancer prevention in other events.

Tsubomi School

As a contribution to local educational initiatives, we have held Tsubomi School programs since 2001 for adolescent girls and their parents. We began those programs to help girls become healthy, beautiful women. The programs seek to alleviate the uncertainty and insecurity that is common among adolescent girls by promoting understanding of the body's development and addressing anxieties. Together, parents and children learn how to choose innerwear to suit specific needs or stages of maturity, thereby providing a chance for parents and children to discuss these issues at home. Held with the cooperation of the National Federation of Kodomo-kai, our approximately 1,000 Tsubomi School programs have instructed more than 15,000 participants since 2001.

"Tsubomi" means bud in Japanese. The name Tsubomi School is based on an analogy between women's lives and flowers, with adolescent girls whose busts are beginning to develop called "buds."

Sports Sponsorship

As a company empathetic to women, Wacoal formed the Spark Angels women's track team and supports the activities of the athletes that belong to the team. The Spark Angels celebrated their 20th anniversary in 2007. By sponsoring women that run like the wind, lithely and freely, and personify our image as a company with operations focused on beauty, health, and comfort, we want to show society at large the joy of sports and the radiant beauty of active women through sports.

Environmental Corporate Management

The Wacoal Group actively promotes environmental activities. One example from among our many initiatives is the "bra recycle" campaign. We launched our first such campaign in February 2008. And, we organized another in 2009, from February 12, ("Brassiere Day") until April 22 ("Earth Day.") During that period, across Japan a total of 650 stores, mainly Wacoal's directly managed stores and innerwear specialty stores carrying Wacoal products, took part in the campaign. As a manufacturer, we believe the treatment of Wacoal products that our customers have previously owned and loved is an important responsibility. Accordingly, during the campaign we encouraged customers to put brassieres no longer used into special collection bags, and the stores collected 9,500 of these "bra recycle bags." Those products were then processed into 3,590 kg of recycled plastic fuel. The resulting fuel is slated for use by paper manufacturing companies. True to its environmental policy, Wacoal will continue taking the initiative in environmental activities.

Bra recycle bag

Recycled plastic fuel

BOARD OF DIRECTORS AND CORPORATE AUDITORS

Wacoal Holdings Corp. and Subsidiaries
As of June 26, 2009

Representative Director

Yoshikata Tsukamoto
Representative Director, President and Chief Executive Officer, Wacoal Corp.

Director and Vice Presidents

Shoichi Suezawa

Hideo Kawanaka
Director, Vice President and Corporate Officer, Wacoal Corp., In charge of Business Restructuring, General Manager of Sales Control Department and General Manager of Technology / Production Division

Directors

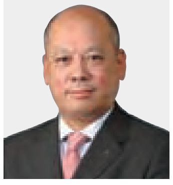
Tadashi Yamamoto
Director and Senior Corporate Officer, Wacoal Corp., General Manager of International Operations

Kazuo Inamori
(Outside Director)
Chairman Emeritus, Kyocera Corporation, Honorary Adviser, KDDI Corporation

Mamoru Ozaki
(Outside Director)
Advisor, Yazaki Sogyo Corporation, Outside Director, Fujikyuko Co., Ltd., Outside Director, Kikkoman Corporation

Atsushi Horiba
(Outside Director)
Representative Director and Chairman and President, HORIBA, Ltd.

Corporate Auditors



Kimiaki Shiraishi
(Standing Corporate Auditor)

Yoshio Kawashima
(Standing Corporate Auditor)

Yutaka Hasegawa
(Corporate Auditor)
Corporate Auditor, The Hyakugo Bank, Ltd.

Tomoharu Kuda
(Corporate Auditor)
Certified Public Accountant

Yoko Takemura
(Corporate Auditor)
Partner at Miyake Imai Ikeda law firm, Lawyer

ELEVEN-YEAR FINANCIAL SUMMARY

Wacoal Holdings Corp. and Subsidiaries
Years Ended March 31

	2009	2008	2007
For the year:			
Net sales	**¥172,276**	¥165,761	¥166,410
Cost of sales	**84,686**	83,127	84,658
% of net sales	**49.2%**	50.1%	50.9%
Selling, general and administrative expenses	**77,399**	69,245	68,831
Loss (gain) on sale or disposal of property, plant and equipment	**33**	(184)	25
Impairment charges on long-lived assets	**29**	33	
Government subsidy			
Special retirement related expenses			
Total selling, general and administrative expenses	**77,461**	69,094	68,856
% of net sales	**45.0%**	41.7%	41.4%
Operating income	**10,129**	13,540	12,896
Other income and expenses, net	**(2,701)**	588	861
Net interest income (expense)	**199**	225	163
Income before income taxes, equity in net income (loss) of affiliated companies and minority interests	**7,627**	14,353	13,920
Income taxes	**3,213**	5,853	6,502
Net income	**5,230**	4,966	9,029
Return on assets	**2.3%**	2.1%	3.7%
Return on equity	**3.0%**	2.6%	4.8%
Net cash provided by operating activities	**8,168**	14,225	9,339
Net cash (used in) provided by investing activities	**(4,714)**	3,590	(1,185)
Net cash (used in) provided by financing activities	**(7,448)**	(9,400)	(8,404)
Depreciation and amortization	**4,546**	3,908	3,735
Capital expenditures	**2,362**	1,211	2,536
Per 5 shares of common stock (in yen)**:**			
Net income	**¥ 184**	¥ 176	¥ 316
Cash dividends	**125**	125	110
Shareholders' equity	**5,905**	6,457	6,874
At year-end:			
Total current assets	**¥ 90,619**	¥ 98,845	¥ 92,915
Total current liabilities	**31,943**	36,010	34,868
Cash and cash equivalents	**22,939**	28,043	19,816
Net property, plant and equipment	**49,039**	51,548	52,782
Total assets	**213,486**	241,619	250,266
Short-term bank loans and long-term debt, including current portion	**5,263**	5,701	5,984
Total shareholders' equity	**165,873**	185,113	193,278

Millions of Yen (except per 5 share amounts)

2006	2005	2004	2003	2002	2001	2000	1999
¥164,122	¥160,968	¥163,155	¥163,709	¥162,829	¥162,023	¥165,937	¥169,996
84,322	84,041	84,638	85,306	86,567	87,493	89,290	91,951
51.4%	52.2%	51.9%	52.1%	53.2%	54.0%	53.8%	54.1%
69,720	72,128	72,472	70,440	68,336	64,831	66,004	67,319
612	133	455	143	740	75	(474)	(706)
614		2,574	556				
	(7,100)						
7,521							
78,467	65,161	75,501	71,139	69,076	64,906	65,530	66,613
47.8%	40.5%	46.3%	43.5%	42.4%	40.1%	39.5%	39.2%
1,333	11,766	3,016	7,264	7,186	9,624	11,117	11,432
1,976	206	1,404	(2,800)	310	10,443	338	595
157	107	112	140	117	62	(54)	195
3,466	12,079	4,532	4,604	7,613	20,129	11,401	12,222
1,459	5,800	2,520	2,487	3,785	9,058	4,961	4,749
2,821	6,790	2,902	2,898	4,983	10,889	7,254	8,489
1.2%	3.0%	1.3%	1.3%	2.2%	4.6%	3.1%	3.6%
1.6%	3.9%	1.8%	1.8%	2.9%	6.3%	4.2%	5.0%
719	2,045	5,201	7,858	8,653	11,480	8,451	8,813
(2,069)	(5,528)	1,328	(9,839)	(9,412)	(13,686)	(9,624)	(10,624)
(3,428)	296	(6,138)	(6,006)	(5,472)	(6,478)	(2,611)	(105)
3,433	3,312	3,081	2,971	3,533	3,265	3,157	2,447
6,456	5,418	2,338	2,104	2,484	1,182	7,757	8,604
¥ 98	¥ 236	¥ 99	¥ 97	¥ 166	¥ 356	¥ 235	¥ 275
100	100	75	68	68	83	68	68
6,480	6,105	5,931	5,487	5,640	5,709	5,632	5,485
¥110,773	¥120,300	¥123,045	¥124,486	¥127,390	¥129,508	¥127,734	¥129,206
35,525	34,970	33,899	33,576	37,095	41,449	38,490	39,541
19,893	24,195	27,443	27,246	35,381	41,196	49,889	53,933
53,501	51,826	49,932	54,171	57,291	58,644	59,990	56,339
242,296	226,196	224,803	218,105	223,985	232,262	237,721	233,817
6,458	6,911	4,450	6,301	8,079	8,865	9,658	10,649
186,475	175,746	170,758	160,839	168,205	172,558	173,612	169,065

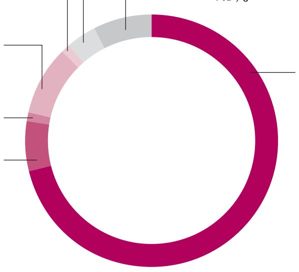
MANAGEMENT'S DISCUSSION AND ANALYSIS

Wacoal Holdings Corp. and Subsidiaries
Years Ended March 31, 2009, 2008 and 2007

Financial information contained in this section is based on the consolidated financial statements included in this annual report, which have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP). The Wacoal Group consists of 1 holding company (the Company), 37 consolidated subsidiaries and 8 equity-method affiliates. The Wacoal Group is engaged in the manufacturing, wholesaling, and – for certain products – retailing of women's foundation garments and lingerie, nightwear, children's underwear, outerwear and sportswear, hosiery and other textile products. Other operations include restaurant businesses, cultural and service-related operations, and the construction of interiors for commercial premises.

Share of Net Sales

2009



OVERVIEW

We are the leading designer, manufacturer and marketer of women's intimate apparel in Japan, with the largest share of the Japanese market for foundation garments and lingerie. We also sell our foundation garments and lingerie products in several overseas markets. Sales of foundation garments (primarily brassieres and girdles) and lingerie (primarily slips, bra-slips and women's briefs) accounted for approximately 71.3% of our consolidated net sales for fiscal 2009. We also design, manufacture and sell nightwear, children's underwear, outerwear, sportswear, hosiery and other apparel and textile products, and engage in several business lines that are ancillary to our core apparel business.

Revenues

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

The following table sets forth information with respect to our net sales by category of products for fiscal 2009, 2008 and 2007:

For fiscal 2009, approximately 87% of the sales of Wacoal Corp. (the net sales of which account for approximately 67% of our consolidated sales) were apparel sales made on a wholesale basis to department stores, general merchandise stores and other general retailers, and approximately 11% were apparel sales made through our own specialty retail stores, catalog sales and the Internet. Sales from our other businesses (which include store and home design services, restaurant businesses, cultural products and other services) comprised the remaining 2% of Wacoal Corp.'s sales for fiscal 2009.

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. Other selling, general and administrative expenses include shipment costs, payment fees (including outsourcing payments) and rental payments for our specialty retail stores. Our selling, general and administrative expenses do not include any impairment charges on long-lived assets or any gains or losses on the sale or disposal of property, plant and equipment. However, these expenses are included in operating costs and expenses and thus impact our operating income.

Net Sales (and Percentage) by Product Category

Millions of Yen

	2009		2008		2007	
Innerwear						
Foundation Garments and Lingerie	¥122,823	71.3%	¥123,460	74.4%	¥123,295	74.1%
Nightwear	11,009	6.4	10,611	6.4	10,081	6.0
Children's Underwear	1,950	1.1	1,953	1.2	2,069	1.2
Total Innerwear	135,782	78.8	136,024	82.0	135,445	81.3
Outerwear and Sportswear	15,424	8.9	8,920	5.4	8,751	5.3
Hosiery	1,657	1.0	1,803	1.1	2,102	1.3
Textile Products	6,899	4.0	3,963	2.4	4,051	2.4
Other	12,514	7.3	15,051	9.1	16,061	9.7
Total	¥172,276	100.0%	¥165,761	100.0%	¥166,410	100.0%

KEY INDUSTRY TRENDS

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

- Consumer spending in Japan stagnated in the second half of fiscal 2008 following increased fuel prices and volatility in the stock and currency exchange markets due to the U.S. sub-prime mortgage crisis. Additionally, since September of fiscal 2009, with the collapse of Lehman Brothers and the global financial crisis, the economy has rapidly worsened and consumer spending has remained sluggish.
- The number of department stores, one of our key distribution channels, and retail sales through department stores declined due to the deterioration in consumption caused by the worsening economy. Mass merchandising stores faced not only decreases in the numbers of new branch openings due to stagnant consumption levels, but also reductions in store sizes and increases in store closings, as well as reductions in retail sales. At the same time however, sales at direct sales outlets and on the Internet have steadily risen.
- Due to the adverse changes in the retail industry coupled with factors such as a decline in the female population, the market for women's innerwear garments in Japan shrank, and the prices of innerwear declined in terms of both overall prices and average price per item. The numbers of innerwear items purchased and owned per person also decreased.
- Outerwear and other manufacturers entered the innerwear market. These manufacturers offer their products by focusing on new elements, such as fashionability, lifestyle and price, rather than function and quality. Because the economic downturn has led consumers to become more price conscious, these new manufacturers and others achieved a greater market share.
- These manufacturers and other competitors strengthened their cost reduction efforts by, for example, sourcing fabric and producing garments in China and other lower-cost countries. Sales in Japan of lower priced women's innerwear garments manufactured in these counties increased, leading to an intensification of price competition in our industry. The recent development and tendency of mass merchandise stores producing their own low priced "private brand" merchandise accelerated these trends.
- Although catalog marketing and direct marketing have made little progress, new sales strategies such as e-commerce and television marketing have led to more diversified sales channels and exposure to new customer groups.

We have taken steps to address these key industry trends, in seeking to build on the core strengths of our market position and brand awareness with Japanese consumers. We continue to seek to sell higher-end products to reach consumers seeking high quality innerwear garments and to mitigate the adverse impact on sales and margins from lower priced garments. We have taken steps to reduce our cost structure, such as producing more products in lower-cost countries such as China and Vietnam, consolidating and modernizing our product distribution centers and expanding our early retirement program. We are also seeking to expand sales in overseas markets—in particular China, the United States and Europe, as well as in the ASEAN region, where we launched our *Sorci age* brand—and increase sales through our own specialty retail stores, our catalog operations and the Internet. Pursuant to our CAP 21 strategic plan, we intend to extend our innerwear product offerings into the mid-price range and include more fashionable offerings in our product mix to help us reach a broader customer base. We believe that Peach John and our expected acquisition of Lecien will help us to advance these goals. We will continue to implement these steps and evaluate other strategies to address challenges and opportunities in the industry going forward.

RESULTS OF OPERATIONS— FISCAL 2009 COMPARED TO FISCAL 2008

Net Sales

Consolidated net sales increased 3.9% from ¥165,761 million for fiscal 2008 to ¥172,276 million for fiscal 2009 due to inclusion of sales through Peach John in our consolidated net sales. However, the net sales of our existing businesses decreased due to a deterioration in general economic conditions and consumer confidence in both Japan and the United States caused by the sub-prime crisis, the global financial crisis and the bankruptcy of Lehman Brothers, followed by the collapse of other major financial institutions.

Innerwear

In our innerwear business, sales for fiscal 2009 decreased 0.2% to ¥135,782 million as compared to sales for fiscal 2008 due to a deterioration in general economic conditions and consumer confidence. Sales from our innerwear products (consisting of foundation wear, nightwear and children's underwear) comprised 78.8% of total consolidated sales for fiscal 2009.

Wacoal Brand. In the Wacoal brand business department of Wacoal Corporation, which is our core operating company, overall sales performance of our main product of brassieres, including *LALAN* which is our new campaign brassiere, remained sluggish. In the fall and winter season, we actively developed *Sugoi*, a line of lingerie with sales that largely exceeded our expectations last season. However, due to an unusually warm winter and increased competition from other companies' products, our overall sales of lingerie were lower than fiscal 2008 even though the sales performance of *Sugoi* exceeded the fiscal 2008 figures. In contrast to this, the sales of our high value-added brands, *Salute* for specialist boutiques and *Gra-P* targeted at middle-age to senior consumers, exceeded fiscal 2008 sales. For girdle pants, we renamed our *Style Science* series products with new features for the lower body *Cross Walker*, which is the same name as our men's *Style Science* products, and sales of these and other products for the lower body remained strong. Additionally, sales of sleepwear and casual clothes under the license of the designer brand *Tsumori Chisato*, and those of pajamas for women and children under *Atsuko Matano*, another designer brand, were both firm.

Wing Brand. In our Wing brand business department, the overall sales of the core brassiere products were sluggish. Further, although sales of our new product *Slim Up Pants*, which launched in the fall as one of our *Style Science* series products performed strongly at first, sales of girdle pants were significantly lower compared to sales for fiscal 2008.

Specialty Retail Business. Sales at our specialty retail business, mainly targeting the younger generation who have more consumer confidence compared to customers of our existing retail channels, exceeded sales for fiscal 2008. This business performed well due to a number of reasons including, the closure of non-performing stores, and slightly lower pricing leading to increased sales. Similarly, our specialty retail store business, Une Nana Cool Corp., which is also targeted at the younger generation, has been expanding well.

Outerwear and Sportswear

In our outerwear and sportswear business, sales for fiscal 2009 increased 72.9% to ¥15,424 million as compared to sales for fiscal 2008 due principally to the inclusion of the results of Peach John as a newly consolidated subsidiary. Additionally, the sales of men's innerwear, which belongs to this segment, performed strongly for fiscal 2009. While sales of our main sports conditioning wear product *CW-X* increased significantly, primarily in sporting goods chains and specialty stores, sales in the shrinking swimming goods stores market were significantly lower than for fiscal 2008. *Cross Walker* products that we developed in spring 2008 as *Style Science* products for men were promoted under the men's inner wear *DAMS* brand in department stores, and under the *BROS* brand, which is mainly promoted in chain store channels. Sales of these products have largely exceeded our sales plan because of wide media coverage that attracted much interest from consumers.

Hosiery

In our hosiery business, sales for fiscal 2009 decreased 8.1% to ¥1,657 million as compared to sales for fiscal 2008, due to sluggish hosiery sales in department stores, drugstores and convenience stores. There was, however, an increase in sales from TV shopping and catalog shopping, focusing mainly on our *Style Cover* products.

Textile Products

In our textile products business, sales for fiscal 2009 increased 74.1% to ¥6,899 million as compared to sales for fiscal 2008 due to a solid increase in sales of our *Success Walk* brand of shoes, which we account for in our textile products business, and which emphasize foot comfort and functionality.

Other

In our other businesses (mannequin and fixture rental, store design and construction, residential interiors, restaurants, culture, services), sales for fiscal 2009 decreased 16.9% to ¥12,514 million compared to sales for fiscal 2008, due mainly to the completion of large-scale remodeling projects in department stores in the Tokyo area, combined with the postponement, cancellation and wind-down of new remodeling plans due to worsening economic conditions.

Overseas Sales

United States. Our sales in the United States. represented 7.9% of our total consolidated sales for fiscal 2009, compared to 10.5% for fiscal 2008. In the United States, sales for fiscal 2009 were significantly lower than for fiscal 2008 due to department stores suffering from a slump in sales caused by a deterioration in general economic conditions and confidence. Additionally, we had less business involving *Donna Karan* licensed products *(DKI, DKNY)*, because the relevant licensing agreement was terminated as of December 31, 2008. On the other hand, Wacoal *LUXE*, a new brand that we developed from the beginning of fiscal 2009 for high-grade department stores, was well received by customers and its sales exceeded our expectations, though they were not sufficient to cover the decline in sales in our U.S. business. We expect the effect of the license terminations on our operating margins to be small relative to their impact on our net sales, because the operating margins for the terminated licensed brands were generally lower than our consolidated operating margin.

Asia (Excluding Japan). Our sales in Asia outside of Japan (including China, Hong Kong and Singapore) represented 4.4% of our total consolidated sales for fiscal 2009, compared to 4.6% for fiscal 2008. Against this trend in Asia, our sales in China increased by 14.1% to ¥3,318 million for fiscal 2009 compared to ¥2,908 million for fiscal 2008. In China, we commenced a three-brand system with our youth orientated brand *Amphi*, our high value-added brand *Salute*, and our core brand *Wacoal*, and have been enhancing selling space and product appeal that will meet diversified consumer needs. Additionally, since July 2008, as part of a joint promotion with some Asian countries, we have been working on improving the visibility and enhancement of the Wacoal brand image in China by running a campaign featuring a popular Japanese artist.

Cost of Sales

Our cost of sales increased 1.9% from ¥83,127 million for fiscal 2008 to ¥84,686 million for fiscal 2009. Cost of sales as a percentage of net sales decreased by 1.0%, from 50.1% for fiscal 2008 to 49.1% for fiscal 2009. This was due to a number of factors including, product consolidation and improvements in inventory management by Wacoal Corp. resulting in fewer returned goods and fewer losses from inventory write-downs, improved efficiencies in overseas production, and the consolidation of Peach John which has a comparatively lower cost percentage.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses increased 11.8% from ¥69,245 million for fiscal 2008 to ¥77,399 million for fiscal 2009. Selling, general and administrative expenses as a percentage of net sales increased by 3.1% from 41.8% for fiscal 2008 to 44.9% for fiscal 2009 due mainly to the increase in our net periodic benefit costs and the consolidation of Peach John, which has considerably larger selling, general and administrative expenses as a percentage of net sales than Wacoal. The increase in our net periodic benefits costs was principally attributable to the significant increase in the actuarial loss with respect to our pension plans. Peach John's greater selling, general and administrative expenses as a percentage of net sales than such expenses for Wacoal on a consolidated basis is attributable mainly to Peach John's greater publicity and shipping costs, which are characteristic of a catalog business.

Operating Margin

Our operating margin (i.e., operating income as a percentage of net sales) decreased to 5.9% for fiscal 2009, as compared to 8.1% for fiscal 2008. Although our consolidated net sales increased as a result of Peach John consolidation, net sales from non-Peach John operations declined. In addition, with respect to non-Peach John operations, net sales declined at a greater rate than the decline in cost of sales, while selling, general and administrative expenses increased. As a result, the operating margin of non-Peach John operations decreased. The decrease in our consolidated operating margin was primarily due to the decrease in the operating margin of non-Peach John operations, which more than offset any positive impact of Peach John consolidation on our consolidated operating margin.

Total Other Expenses, Net

We had a net ¥2,502 million of other expenses for fiscal 2009, as compared to a net ¥813 million of other income for fiscal 2008. This change was primarily due to a loss on valuation of investment securities of approximately ¥2,600 million for fiscal 2009 and an approximately ¥600 million profit on sale of investment securities for fiscal 2008.

Net Income

Net income was ¥5,230 million for fiscal 2009, an increase of ¥264 million compared to fiscal 2008. Net income increased despite a large decrease in sales proceeds and pre-tax net income because fiscal 2008 included a large one-off approximately ¥4,700 million write-down in the value of our investment in Peach John which was at that time not a consolidated subsidiary and therefore recorded as an investment loss under equity in net loss of affiliated companies.

LIQUIDITY AND CAPITAL RESOURCES

Our main source of liquidity is cash 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 the group. Some of our subsidiaries, however, have credit facilities at financial institutions to secure working capital. The aggregate amount of these credit facilities is ¥14,474 million, and the outstanding balance drawn from these facilities was ¥5,221 million as of March 31, 2009, including borrowings by Wacoal Service of ¥2,878 million and borrowings by Nanasai of ¥2,000 million. In general, all of our credit facilities have unlimited or automatically renewed terms, and we are not aware of issues with respect to any of our lenders that could cause these facilities to become unavailable. Even if any of our overseas subsidiaries loses access to funds from such credit facilities, we believe we have or are capable of raising sufficient funds to meet their funding requirements. Our borrowing requirements are not affected by seasonality.

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

Cash Flows

Cash Provided by Operating Activities. Net cash from operating activities was ¥8,168 million for fiscal 2009, as compared to ¥14,225 million for fiscal 2008. This significant decrease in net cash from operating activities, despite the increase in net income by ¥264 million, was, in part, because net income for fiscal 2008 reflected our equity in net loss of affiliated companies, less dividends, in the amount of ¥4,198 million, while net income for fiscal 2009 reflected our equity in net income of affiliated companies, less dividends, in the amount of ¥296 million. The significant decrease in net cash from operating activities was also attributable to a net decrease in assets and liabilities of ¥4,741 million that included an increase in inventories of ¥3,712 million, an increase in notes and accounts payable of ¥3,455 million, a decrease in liability for termination and retirement benefits of ¥1,404 million and a decrease in accrued expenses, income taxes payable and other current liabilities ¥6,231 million. The foregoing items were only partially offset by an increase in impairment charges on marketable securities and investments of ¥2,613 million.

Net Cash Used in Investing Activities. Net cash used in investing activities was ¥4,714 million for fiscal 2009, as compared to net cash provided by investing activities of ¥3,590 million for fiscal 2008. This was primarily due to the impact of Peach John's cash and cash equivalents of ¥4,115 million, which were consolidated into our accounts for fiscal 2008 and were no longer treated as cash provided by investing activities for fiscal 2009, as well as due to the following factors: a decrease in proceeds from the sale and redemption of marketable securities of ¥3,382 million, an increase in acquisition of investments of ¥1,253 million, and a decrease in proceeds from sale of investments and fixed assets of ¥2,282 million. The foregoing cash provided by investing activities was partially offset by a decrease in payments to acquire marketable securities of ¥4,453 million.

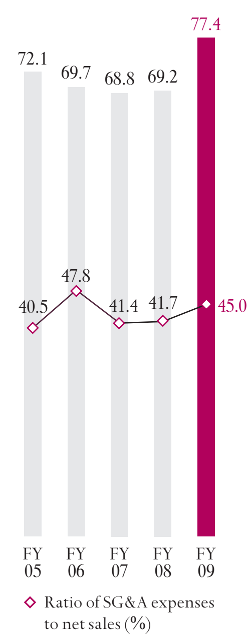
Net Cash Used in Financing Activities. Net cash used in financing activities was ¥7,448 million for fiscal 2009, as compared to ¥9,400 million for fiscal 2008. This was primarily due to a decrease in treasury stock purchases of ¥2,478 million in fiscal 2009 compared to fiscal 2008, which more than offset an increase in dividend payments of ¥491 million in fiscal 2009 compared to fiscal 2008.

Capital Expenditures

Capital expenditures were ¥2,362 million for fiscal 2009, ¥1,211 million for fiscal 2008 and ¥2,536 million for fiscal 2007. These expenditures were primarily for the repair of office facilities of our domestic subsidiaries and the expansion of our specialty retail store network. Payments to acquire intangible assets were ¥1,846 million for fiscal 2009, ¥1,678 million for fiscal 2008 and ¥984 million for fiscal 2007. These payments primarily comprised of payments for information technology-related investments.

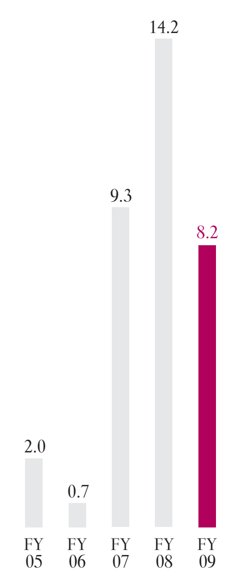
SG&A Expenses

¥ Billion



Net Cash Provided by Operating Activities

¥ Billion



We expect to spend approximately ¥1,600 million in fiscal 2010 (and possibly fiscal 2011) to rebuild and relocate some of our manufacturing operations. We also expect to continue to make expenditures for the expansion of our specialty retail store network, (including costs for the development of new stores and the closure of underperforming stores), and for maintenance, to meet applicable legal requirements and to facilitate the manufacture of new products with new designs and specifications. Furthermore, 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 the Internet, catalog and other marketing channels. We expect to fund these capital expenditures and other expenditures through our cash from operations, existing cash reserves and other available sources of liquidity.

In fiscal 2007, we sold domestic corporate housing units with a book value of ¥129 million. In fiscal 2008, we sold overseas corporate housing units and other property with a book value of ¥211 million, and in fiscal 2009, we sold plants and other property in connection with the liquidation of our subsidiary Tokai Wacoal Sewing Corp. with a book value of ¥59 million.

RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

For more than 40 years since the establishment of our Human Science Research Center in 1964, we have conducted many forms of basic research including research on the Japanese woman's body. In order to accurately understand the Japanese woman's physique, we have developed such things as a silhouette analysis system and a three-dimensional measuring system. However, we are currently developing equipment that we believe will provide 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 *Golden Canon*, which we announced in 1995, and which provides a set of indicators that characterize the beautiful Japanese woman's body. We also began utilizing new sales methods at that time. We also began applying new sales methods at that time. From 1995 and for 10 years, we participated in a project led by the Ministry of International Trade and Industry (presently the Ministry of Economy, Trade and Industry) enriching the basic study of sensory comfort and conducting research based on reactions to three factors: pressure, heat and touch. Based on this research, we are focused on developing new products that are not only comfortable for the wearer but have a positive physiological effect. In 2000, we conducted an analysis on the physiological changes associated with aging throughout a 25 year period from the teenage years to the 40s. We named the principles of these changes *SPIRAL Aging*. In addition, every year we take the measurements of 500 – 1,000 people focusing on women any age from teenagers to those in their 60s. Presently we have collect data from over 35,000 persons.

In addition, we have been conducting further studies focusing on body movement. Based on these studies, we have been able to incorporate the principles behind "taping" for stabilizing joint function during exercise into sportswear products designed to create smooth movements and alleviate muscle fatigue such as *CW-X*. Also based on our studies, we have developed products such as those that support both posture and movement in order to ease and alleviate the aging and body changes that burden senior citizens.

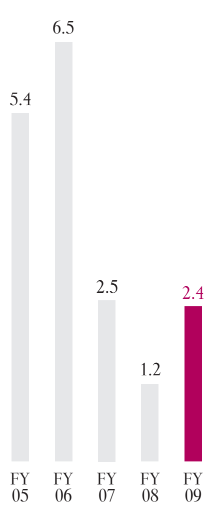
From fiscal 2007, we began research and development into men's innerwear, and have progressed in implementing the measurement of the male body and improved the organization of our monitoring system. In fiscal 2008, we carried out various trials in relation to *Style Science* products for men and were able to verify their effectiveness. As a result, we developed our *Cross Walker* product and began sales in department stores and chain stores across Japan. This product has shown favorable sales. In addition, in fiscal 2009 we released an easy-to-understand summary of our collection and accumulation of information regarding the fat-burning ability of our *Style Science* products and this contributed to our marketing activities of the *Style Science* line.

Overseas, we established the Chinese Human Science Research Center to undertake research and development into the Chinese woman's body, similar to that conducted in Japan.

The cost of research and development for fiscal 2009 was approximately ¥768 million, compared to ¥766 million for fiscal 2008 and ¥714 million for fiscal 2007.

Capital Expenditures

¥ Billion



RISK FACTORS

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

1. The recent global economic downturn and financial crisis, which has weakened the Japanese economy, could negatively affect our business, results of operations and financial condition.

2. Continued difficulties faced or changes in business policies made by department stores, general merchandise stores and other general retailers in Japan would hurt our business.

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

4. The apparel market is highly competitive, and our share of sales or profitability may decline if we are unable to maintain our competitivenesss.

5. Our specialty retail store network expansion may not lead to improved sales and profits.

6. We may experience difficulties in successfully increasing our catalog and Internet sales.

7. We are subject to inventory risks that could negatively impact our operating results.

8. Improvement in our profitability will largely depend on our ability to reduce costs.

9. It may be difficult for us to attract and retain highly qualified personnel.

10. Our business may be adversely affected by seasonality.

11. We may face increasing risks relating to conducting business internationally.

12. We may not be successful with acquisitions and other strategic transactions with third parties.

13. We may face infringement of our intellectual property rights or claims that we infringe the intellectual property rights of others.

14. If we fail to protect our customers' privacy and data and maintain the confidentiality of our trade secrets we may face proceedings against us and lose customer confidence.

15. 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.

16. Our holdings of equity securities expose us to market risks.

17. Natural disasters and epidemics could affect our manufacturing abilities or sales results.

18. We may become classified as a passive foreign investment company, which could result in adverse U.S. tax consequences to U.S. holders of our stock or ADSs.

19. Yen–dollar fluctuations could cause the market price of the ADSs to decline and reduce dividend amounts payable to ADS holders as expressed in U.S. dollars.

20. Holders of ADSs will have fewer rights than a shareholder has, and you must act through the depositary to exercise those rights.

21. Japan's unit share system imposes restrictions on holdings of our common stock that do not constitute whole units.

CONSOLIDATED BALANCE SHEETS

Wacoal Holdings Corp. and Subsidiaries
March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
Assets	**2009**	2008	**2009**
Current assets:			
Cash and cash equivalents:			
Cash	**¥ 13,378**	¥ 15,857	**$ 134,927**
Time deposits and certificates of deposit	**9,561**	12,186	**96,430**
Total	**22,939**	28,043	**231,357**
Marketable securities (Notes 3 and 19)	**10,483**	12,614	**105,729**
Notes and accounts receivable:			
Trade notes	**541**	353	**5,456**
Trade accounts (Note 16)	**19,422**	22,337	**195,885**
Allowance for returns and doubtful receivables (Note 4)	**(2,279)**	(3,145)	**(22,985)**
Inventories (Note 5)	**31,153**	30,020	**314,201**
Deferred income taxes (Note 15)	**5,395**	5,411	**54,412**
Other current assets	**2,965**	3,212	**29,904**
Total current assets	**90,619**	98,845	**913,959**
Property, plant and equipment:			
Land	**20,502**	20,711	**206,777**
Buildings and building improvements	**58,216**	58,575	**587,151**
Machinery and equipment	**13,660**	14,448	**137,771**
Construction in progress	**68**	99	**686**
Total	**92,446**	93,833	**932,385**
Accumulated depreciation	**(43,407)**	(42,285)	**(437,791)**
Net property, plant and equipment	**49,039**	51,548	**494,594**
Other assets:			
Investments in affiliates (Note 6)	**13,283**	18,942	**133,969**
Investments (Notes 3 and 19)	**29,182**	38,056	**294,322**
Goodwill (Notes 9 and 10)	**11,203**	11,203	**112,990**
Other intangible assets (Notes 9 and 10)	**13,242**	13,216	**133,555**
Prepaid pension expense (Note 11)		3,444	
Deferred income taxes (Note 15)	**1,088**	1,462	**10,973**
Other	**5,830**	4,903	**58,800**
Total other assets	**73,828**	91,226	**744,609**
Total	**¥213,486**	¥241,619	**$2,153,162**

See notes to consolidated financial statements.

Liabilities and Shareholders' Equity	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 2) 2009
Current liabilities:			
Short-term bank loans (Note 7)	¥ 5,221	¥ 5,572	$ 52,658
Notes and accounts payable:			
Trade notes	2,498	1,935	25,194
Trade accounts (Note 16)	9,172	9,394	92,506
Other payables	5,817	6,327	58,669
Accrued payroll and bonuses	6,336	6,645	63,903
Income taxes payable	747	3,872	7,534
Current portion of long-term debt (Notes 7 and 18)	39	48	393
Other current liabilities (Note 11)	2,113	2,217	21,311
Total current liabilities	31,943	36,010	322,168
Long-term liabilities:			
Long-term debt (Notes 7 and 18)	42	81	424
Liability for termination and retirement benefits (Note 11)	4,090	2,181	41,251
Deferred income taxes (Note 15)	8,346	14,527	84,175
Other long-term liabilities (Notes 11 and 15)	1,098	1,356	11,074
Total long-term liabilities	13,576	18,145	136,924
Minority interests	2,094	2,351	21,120
Commitments and contingencies (Note 8)			
Shareholders' equity (Note 12):			
Common stock, no par value—			
authorized, 500,000,000 shares in 2009 and 2008;			
issued 143,378,085 shares in 2009 and 2008	13,260	13,260	133,737
Additional paid-in capital (Note 13)	29,316	29,262	295,673
Retained earnings	138,235	136,589	1,394,201
Accumulated other comprehensive (loss) income (Note 14):			
Foreign currency translation adjustments	(8,288)	248	(83,591)
Unrealized gain on securities	325	5,295	3,278
Pension liability adjustments (Note 11)	(3,383)	514	(34,120)
Total accumulated other comprehensive (loss) income	(11,346)	6,057	(114,433)
Less treasury stock at cost—			
2,927,238 shares and 35,998 shares in 2009 and 2008	(3,592)	(55)	(36,228)
Total shareholders' equity	165,873	185,113	1,672,950
Total	¥213,486	¥241,619	$2,153,162

CONSOLIDATED STATEMENTS OF INCOME

Wacoal Holdings Corp. and Subsidiaries
Years Ended March 31, 2009, 2008 and 2007

			Millions of Yen	Thousands of U.S. Dollars (Note 2)
	2009	2008	2007	**2009**
Net sales (Note 16)	**¥172,276**	¥165,761	¥166,410	**$1,737,529**
Operating costs and expenses (income):				
Cost of sales (Notes 11 and 16)	**84,686**	83,127	84,658	**854,120**
Selling, general and administrative (Notes 11 and 13)	**77,399**	69,245	68,831	**780,625**
Impairment charges on long-lived assets	**29**	33		**293**
Loss (gain) on sale or disposal of property, plant and equipment	**33**	(184)	25	**333**
Total operating costs and expenses	**162,147**	152,221	153,514	**1,635,371**
Operating income	**10,129**	13,540	12,896	**102,158**
Other income (expenses):				
Interest income	**274**	303	236	**2,763**
Interest expense	**(75)**	(78)	(73)	**(756)**
Dividend income	**677**	641	603	**6,828**
Gain on sale or exchange of marketable securities and investments (Note 3)	**19**	715	406	**192**
Impairment charges on marketable securities and investments (Notes 1 and 3)	**(3,550)**	(937)	(423)	**(35,804)**
Other – net	**153**	169	275	**1,543**
Total other (loss) income – net	**(2,502)**	813	1,024	**(25,234)**
Income before income taxes, equity in net income (loss) of affiliated companies, and minority interests (Note 15)	**7,627**	14,353	13,920	**76,924**
Income taxes (Note 15):				
Current	**2,717**	5,577	2,874	**27,403**
Deferred	**496**	276	3,628	**5,003**
Total income taxes	**3,213**	5,853	6,502	**32,406**
Income before equity in net income (loss) of affiliated companies, and minority interests	**4,414**	8,500	7,418	**44,518**
Equity in net income (loss) of affiliated companies (Note 6)	**893**	(3,392)	1,771	**9,007**
Minority interests	**(77)**	(142)	(160)	**(777)**
Net income	**¥ 5,230**	¥ 4,966	¥ 9,029	**$ 52,748**

			Yen	U.S. Dollars (Note 2)
	2009	2008	2007	**2009**
Earnings per share (Note 17):				
Basic	**¥36.75**	¥35.14	¥63.18	**$0.37**
Diluted	**¥36.74**	¥35.14	¥63.18	**$0.37**
Earnings per american depositary receipt (5 shares of common stock) (Note 17):				
Basic	**¥183.74**	¥175.72	¥315.90	**$1.85**
Diluted	**¥183.72**	¥175.72	¥315.90	**$1.85**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

Wacoal Holdings Corp. and Subsidiaries
Years Ended March 31, 2009, 2008 and 2007

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2009	2008	2007	**2009**
Net income	**¥ 5,230**	¥ 4,966	¥ 9,029	**$ 52,748**
Other comprehensive (loss) income, net of tax (Note 14):				
Foreign currency translation adjustments	**(8,536)**	(468)	1,452	**(86,092)**
Unrealized (losses) gains on securities	**(4,970)**	(9,133)	117	**(50,126)**
Pension liability adjustments	**(3,897)**	(3,616)		**(39,304)**
Other comprehensive (loss) income	**(17,403)**	(13,217)	1,569	**(175,522)**
Comprehensive (loss) income	**¥(12,173)**	¥ (8,251)	¥10,598	**$(122,774)**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Wacoal Holdings Corp. and Subsidiaries
Years Ended March 31, 2009, 2008 and 2007

Millions of Yen

	Shares of Outstanding Common Stock (Thousands)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock
BALANCE, APRIL 1, 2006	143,916	¥13,260	¥25,242	¥134,515	¥ 13,575	¥ (117)
Net income				9,029		
Other comprehensive income					1,569	
Cash dividends paid, ¥100 per 5 shares of common stock				(2,878)		
Repurchase of treasury stock	(3,339)					(5,047)
Adjustment to initially apply SFAS No. 158, net of tax (Note 11)					4,130	
BALANCE, MARCH 31, 2007	140,577	13,260	25,242	140,666	19,274	(5,164)
Net income				4,966		
Other comprehensive loss					(13,217)	
Cash dividends paid, ¥110 per 5 shares of common stock				(3,093)		
Repurchase of treasury stock	(3,936)					(6,015)
Cancellation of treasury stock				(5,950)		5,950
Issuance of new shares to acquire a subsidiary (Note 9)	3,261		4,474			
Distribution of treasury stock to acquire a subsidiary (Note 9)	3,440		(454)			5,174
BALANCE, MARCH 31, 2008	143,342	13,260	29,262	136,589	6,057	(55)
Net income				**5,230**		
Other comprehensive loss					**(17,403)**	
Cash dividends paid, ¥125 per 5 shares of common stock				**(3,584)**		
Repurchase of treasury stock	**(2,891)**					**(3,537)**
Share-based compensation granted (Note 13)			**54**			
Balance, March 31, 2009	**140,451**	**¥13,260**	**¥29,316**	**¥138,235**	**¥(11,346)**	**¥(3,592)**

Thousands of U.S. Dollars (Note 2)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock
BALANCE, MARCH 31, 2008	$133,737	$295,129	$1,377,600	$ 61,089	$ (555)
Net income			**52,748**		
Other comprehensive loss				**(175,522)**	
Cash dividends paid, $1.26 per 5 shares of common stock			**(36,147)**		
Repurchase of treasury stock					**(35,673)**
Share-based compensation granted (Note 13)		**544**			
Balance, March 31, 2009	**$133,737**	**$295,673**	**$1,394,201**	**$(114,433)**	**$(36,228)**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Wacoal Holdings Corp. and Subsidiaries
Years Ended March 31, 2009, 2008 and 2007

			Millions of Yen	Thousands of U.S. Dollars (Note 2)
	2009	2008	2007	2009
Operating activities:				
Net income	¥ 5,230	¥ 4,966	¥ 9,029	$ 52,748
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	4,546	3,908	3,735	45,850
Provision for returns and doubtful receivables	(725)	190	173	(7,312)
Deferred income taxes	496	276	3,628	5,003
Loss (gain) on sale or disposal of property, plant and equipment	33	(184)	25	333
Impairment charges on long-lived assets	29	33		293
Gain on sale or exchange of marketable securities and investments	(19)	(715)	(406)	(192)
Impairment charges on marketable securities and investments (Note 1)	3,550	937	423	35,804
Equity in net (income) loss of affiliated companies, less dividends	(296)	4,198	(1,164)	(2,986)
Changes in assets and liabilities:				
Decrease in notes and accounts receivable	2,109	1,822	401	21,271
(Increase) decrease in inventories	(2,494)	1,218	(2,897)	(25,154)
Decrease (increase) in other current assets	105	49	(371)	1,059
Increase (decrease) in notes and accounts payable	841	(2,614)	219	8,482
Decrease in liability for termination and retirement benefits	(1,209)	(2,613)	(2,472)	(12,194)
(Decrease) increase in accrued expenses, income taxes payable and other current liabilities	(3,550)	2,681	(696)	(35,804)
Other	(478)	73	(288)	(4,821)
Net cash provided by operating activities	8,168	14,225	9,339	82,380
Investing activities:				
Proceeds from sales and redemption of marketable securities	7,124	10,506	28,509	71,851
Payments to acquire marketable securities	(5,439)	(9,892)	(9,929)	(54,856)
Proceeds from sales of property, plant and equipment	159	1,057	524	1,604
Capital expenditures	(2,362)	(1,211)	(2,536)	(23,823)
Payments to acquire intangible assets	(1,846)	(1,678)	(984)	(18,618)
Proceeds from sales of investments	30	1,414	8	303
Payments to acquire investments in affiliated companies			(15,326)	
Payments to acquire investments	(1,871)	(618)	(1,887)	(18,871)
Cash balances of subsidiary acquired in excess of cash paid			80	
Cash balances of subsidiary acquired through share exchanges (Note 9)		4,115		
Other	(509)	(103)	356	(5,134)
Net cash (used in) provided by investing activities	(4,714)	3,590	(1,185)	(47,544)
Financing activities:				
Decrease in short-term bank loans—net	(279)	(259)	(575)	(2,814)
Proceeds from issuance of long-term debt		18	130	
Repayments of long-term debt	(48)	(51)	(34)	(484)
Repurchase of treasury stock	(3,537)	(6,015)	(5,047)	(35,673)
Dividends paid on common stock	(3,584)	(3,093)	(2,878)	(36,147)
Net cash used in financing activities	(7,448)	(9,400)	(8,404)	(75,118)
Effect of exchange rate changes on cash and cash equivalents	(1,110)	(188)	173	(11,195)
Net (decrease) increase in cash and cash equivalents	(5,104)	8,227	(77)	(51,477)
Cash and cash equivalents, beginning of year	28,043	19,816	19,893	282,834
Cash and cash equivalents, end of year	¥22,939	¥28,043	¥19,816	$231,357
Additional cash flow information:				
Cash paid for:				
Interest	¥ 75	¥ 78	¥ 70	$ 756
Income taxes	7,268	2,542	4,667	73,303
Noncash investing activities:				
Fair value of certain marketable securities received in exchange for other marketable securities with a carrying values of ¥7 million ($71 thousand) and ¥48 million in 2009 and 2008, respectively	¥ 9	¥ 143		$ 91
Acquisition of subsidiary through share exchanges (Note 9)		9,194		

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Wacoal Holdings Corp. and Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements—Wacoal Holdings Corp. (the "Company") and subsidiaries are predominantly engaged in one industry, the manufacture and sale of apparel, including foundation garments, lingerie, nightwear and outerwear in Japan, the United States of America, Europe and certain Asian countries.

The accompanying consolidated financial statements, stated in Japanese yen, have been prepared on the basis of accounting principles generally accepted in the United States of America except for the omission of segment information as required by Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures about Segments of an Enterprise and Related Information."

Consolidation—The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries (collectively, the "Companies"). All intercompany transactions and balances are eliminated.

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. As further described in Note 9 to the financial statements, on January 10, 2008, the Company acquired the remaining 51% interest in a domestic subsidiary with a fiscal year ended February 29, 2008. Prior to January 10, 2008, the Company accounted for its original investment of 49% in this subsidiary using the equity method. As of March 31, 2008 and thereafter, the subsidiary is included in the Company's consolidated balance sheet based on the subsidiary's fiscal year end. However, because the subsidiary's results of operations and changes in financial position between January 10, 2008 and March 31, 2008 were not significant, the Company continued to account for its investment using the equity method and the income from the subsidiary's operations for the fiscal year ended February 29, 2008 was included in equity in net income (loss) of affiliated companies in the consolidated statements of income. The subsidiary is included in the Company's consolidated statements of income for the year ended March 31, 2009 based on the subsidiary's fiscal year end for the year ended February 28, 2009.

Investments in affiliates where the Company's 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 of between 20% to 50%, although other factors are considered in determining whether the equity method of accounting is appropriate.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents include all time deposits and certificates of deposit (all of which are interest-bearing) with original maturities of three months or less, which can be withdrawn at face value at any time without diminution of principal.

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 weighted-average exchange rates for the period. Translation adjustments are included in other comprehensive (loss) income, a separate component of shareholders' 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.

Marketable Securities and Investments—The Companies classify their debt and marketable equity securities as available-for-sale and carry them at fair value with a corresponding recognition of unrealized holding gains or losses (net of tax) in other comprehensive (loss) income, a separate component of shareholders' equity, until realized. Equity securities that do not have readily determinable fair values are recorded at cost. Gains and losses on sales of investments are computed based on cost determined using the average cost method.

If a decline in the fair value of marketable securities and investments is determined to be other-than-temporary, an impairment charge is recorded in the consolidated statements of income. The Companies periodically determine whether a decline in the fair value of marketable securities and investments is deemed to be other-than temporary based on criteria that include the duration of the market decline, the extent to which cost exceeds market 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 market value.

Inventories—Inventories are stated at the lower of cost or market, cost being determined on the first-in, first-out method for raw materials and the average cost method for work in process and finished products.

Property, Plant and Equipment—Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation of property, plant and equipment is computed by the declining-balance method, except for buildings acquired on or after April 1, 1998, which are depreciated using the straight-line method, based upon the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings and building improvements:	5—50 years (Mainly 38 years)
Machinery and equipment:	2—20 years (Mainly 5 years)

Goodwill and Other Intangible Assets—Goodwill represents the excess of the purchase price over the related underlying tangible and intangible net asset values of business acquired. Annually, or more frequently if conditions indicate an earlier review is necessary, the carrying value of the goodwill of reporting unit is compared to an estimate of its fair value. The annual or more frequent evaluation for impairment of goodwill is based on valuation models that incorporate assumptions and internal projections of expected future cash flows and operating plans.

Other intangible assets with estimable useful lives consist primarily of customer list and software and are amortized over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Customer list:	7 years
Software:	5 years

Other intangible assets with indefinite useful lives are evaluated for potential impairment in a manner consistent with goodwill.

Impairment of Long-lived Assets—The carrying values of long-lived assets, held and used by the Companies, are evaluated for impairment whenever there is an event or change in circumstances that indicates that such assets have been impaired or that the carrying amounts of such assets might not be recoverable.

The Companies recorded ¥29 million ($293 thousand) and ¥33 million in impairment charges on long-lived assets for the years ended March 31, 2009 and 2008, respectively, which resulted from the impairment of primarily buildings of certain factory in the year ended 2009, and land and buildings of a company residence in the year ended 2008. The Company decided to close its wholly owned manufacturing subsidiary, Tokai Wacoal Sewing Corp., and to sell its property, plant and equipment to an unrelated party in the year ended March 31, 2009. Therefore, the Companies recognized an impairment of the asset to be disposed of by sale at the amount of the difference between the sales price and the Company's book value. In the year ended March 31, 2008, the Company decided to sell the company residence to an unrelated party. The Company entered into a sales contract in March 2008 and the sales transaction completed in April 2008. Therefore, the Companies recognized an impairment of the asset to be disposed of by sale at the amount of the difference between the sales price and the Company's book value.
No impairment charges were recorded in the year ended March 31, 2007.

Derivatives—Derivative instruments, including certain derivative instruments embedded in other contracts, are accounted for in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities an Amendment of the Financial Accounting Standards Board ("FASB") Statement No. 133," and SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." Changes in the fair value of a derivative are recorded in earnings, since derivative instruments are not designated as a hedge.

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. Lease contracts have automatic renewal articles and therefore, the Companies use their best estimate to determine the lease termination dates for the purpose of calculating asset retirement obligations.

Termination and Retirement Plans—Termination and retirement benefits are accounted for in accordance with SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." Provisions for termination and retirement benefits include those for directors and corporate auditors of the Companies.

As allowed under SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," the Companies do not recognize a gain or loss on settlement of the pension obligation when the cost of all settlements in a year is less than or equal to the sum of the service cost and interest cost components of net periodic pension cost for the plan for the year.

Leases—Certain noncancelable leases are classified as capital leases and the leased assets are included as part of property, plant and equipment. Such leasing arrangements involve the computer aided design system and the computer hardware. 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 Shareholders' Equity.

Acquisition—The Company accounts for acquisitions using the purchase method in accordance with SFAS No. 141, "Business Combinations." The Company allocates 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 and liability is recorded as goodwill.

Share-Based Compensation—Share-based compensation is accounted for in accordance with SFAS No. 123(R) (revised 2004), "Share Based Payment." The Company measures share-based compensation cost at the grant date, based on the fair value of the award and is recognized 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.

Revenue Recognition—The Companies recognize revenue on sales to retailers, mail order catalog sales and internet sales when (1) persuasive evidence of an arrangement exists, (2) delivery has occurred resulting in transfer of title and risk of loss, (3) the sales price is fixed or determinable, and (4) collectibility is reasonably assured. The Companies establish allowances for estimated returns based on historical experience. 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.

Advertising Expenses—Advertising costs are expensed as incurred. Advertising expenses for the years ended March 31, 2009, 2008 and 2007 were ¥13,624 million ($137,408 thousand), ¥11,768 million and ¥12,084 million, respectively and have been included in selling, general and administrative expenses.

Shipping and Handling Costs—Shipping and handling costs for the years ended March 31, 2009, 2008 and 2007 were ¥4,895 million ($49,370 thousand), ¥4,062 million and ¥4,186 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, 2009, 2008 and 2007 were ¥768 million ($7,746 thousand), ¥766 million and ¥714 million, respectively, and have been included in selling, general and administrative expenses.

Income Taxes—The provision for income taxes is determined under the asset and liability method pursuant to SFAS No. 109, "Accounting for Income Taxes." Under this method, deferred tax assets and liabilities are determined for temporary differences between the financial statement and tax bases of assets and liabilities 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.

Provisions are made for taxes on undistributed earnings and cumulative translation adjustments of foreign subsidiaries whose earnings are not deemed to be permanently invested.

On April 1, 2007, the Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109" ("FIN 48"). The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

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

To conform to the 2009 presentation, the Companies have reclassified impairment charges on marketable securities to "Impairment charges on marketable securities and investments," which had previously been presented as "Other" in other expenses in the consolidated statements of income and "Other" in operating activities in the consolidated statements of cash flows.

Recent Accounting Pronouncements:

Fair Value Measurements—In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued Staff Position ("FSP") No. FAS157-2, "Effective Date of FASB Statement No. 157," which delayed the effective date of SFAS No. 157 for one year for certain nonfinancial assets and liabilities. The Companies adopted SFAS No. 157 in the first quarter beginning April 1, 2008 for all financial assets and liabilities that are recognized or disclosed at fair value. This adoption did not have a material impact on the Companies' consolidated results of operations and financial position. The Companies are currently in the process of assessing the impact of the adoption of SFAS No. 157 for all nonfinancial assets and liabilities, since the adoption of SFAS No. 157 for all nonfinancial assets and liabilities is effective for the fiscal years beginning after November 15, 2008. See Note 19 for disclosures required by SFAS No. 157.

In October 2008, the FASB issued FSP No. FAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active," which clarifies the application of SFAS No. 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. FSP No. FAS 157-3 is effective upon issuance. This adoption did not have a material impact on the Companies' consolidated financial position, result of operations or cash flows.

In April 2009, the FASB issued FSP No. FAS 157-4 "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly," which provides additional guidance on measuring the fair value of financial instruments when markets become inactive and quoted prices may reflect distressed transactions. FSP No. FAS 157-4 is effective for interim or fiscal years ending after June 15, 2009. The Companies are currently in the process of assessing the impact of adoption of FSP No. FAS 157-4 on its financial position, results of operation or cash flows.

The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115—In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115." SFAS No. 159 provides entities with an option to report selected financial assets and liabilities at fair value, with changes in fair value recorded in earnings. It also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS No. 159 did not have a impact on the consolidated financial statements, since the Companies did not elect to report financial assets and liabilities at fair value.

Business Combinations—In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations". SFAS No. 141(R) replaces SFAS No. 141, "Business Combinations." This statement establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. This statement also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. In April 2009, FASB issued FSP No. FAS 141(R)-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies." FSP No. FAS 141(R)-1 amends and clarifies SFAS No. 141(R) to address application issues raised by preparers, auditors, and members of the legal profession on initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. SFAS No. 141(R) and FSP No. FAS 141(R)-1 are effective for business combinations for which the acquisition date is on or after the beginning of the fiscal year beginning on or after December 15, 2008. The Companies are currently in the process of assessing the impact the adoption of SFAS No.141(R)and FSP No. FAS 141(R)-1 will have on their consolidated financial position, cash flows or results of operations.

Noncontrolling Interest in Consolidated Financial Statements—In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an Amendment of Accounting Research Bulletin No. 51." This statement establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008. The Companies are currently evaluating the potential impact, if any, of the adoption of SFAS No. 160 on its financial position, results of operations or cash flows.

Disclosure about Derivative Instruments and Hedging Activities—In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities." The new standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. According to FSP No. FAS 133 and FIN 45-4, the Companies adopted SFAS No. 161 in the fourth quarter ended March 31, 2009. SFAS No. 161 impacts disclosures only. See Note 19 for disclosures required by SFAS No. 161.

Employer's Disclosures about Postretirement Benefit Plan Assets—In December 2008, the FASB issued FSP No. FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets." FSP No. FAS 132(R)-1 requires providing detailed disclosures about fair value measurements of plan assets such as information about how investment allocation decisions are made, the fair value of each major category of plan assets, information about the inputs and valuation techniques used to develop fair value measurements, and significant concentrations of risk. FSP No. FAS 132(R) impacts disclosures only. FSP No. FAS 132(R)-1 is effective for fiscal years ending after December 15, 2009.

Recognition and Presentation of Other-than-temporary Impairments—In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments." FSP No. FAS 115-2 and FAS 124-2 amends the other-than-temporary impairment guidance for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This FSP does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. FSP No. FAS 115-2 and FAS 124-2 are effective for interim or fiscal years ending after June 15, 2009. The Companies are currently in the process of assessing the impact the adoption of FSP No. FAS 115-2 and FAS 124-2 will have on their consolidated financial position, cash flows or results of operations.

Subsequent Events—In May 2009, the FASB issued SFAS No. 165, "Subsequent Events." SFAS No. 165 provides guidance to establish general standards of accounting for and disclosure of events that occur after balance sheet date but before financial statements are issued or are available to be issued. SFAS No. 165 is effective for interim or fiscal years ending after June 15, 2009. The Companies are currently evaluating the potential impact, if any, of the adoption of SFAS No. 165.

2. TRANSLATION INTO U.S. DOLLAR STATEMENTS

The financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for convenience of readers outside of Japan and have been made at the rate of ¥99.15 to $1, the noon buying rate for yen in New York City at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

3. MARKETABLE SECURITIES AND INVESTMENTS

The fair value of debt and marketable equity securities is based on quoted market prices at March 31, 2009 and 2008. The fair values of the debt and marketable equity securities were as follows:

				Millions of Yen
2009	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Current:				
Corporate debt securities	**¥ 5,011**	**¥ 56**	**¥ 143**	**¥ 4,924**
Bank debt securities	**100**			**100**
Mutual fund	**3,987**	**261**	**461**	**3,787**
National debt securities	**1,659**	**13**		**1,672**
Total	**¥10,757**	**¥330**	**¥ 604**	**¥10,483**
Noncurrent:				
Equity securities	**¥22,505**	**¥5,961**	**¥2,173**	**¥26,293**

				Millions of Yen
2008	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Current:				
Corporate debt securities	¥ 4,302	¥ 4	¥ 127	¥ 4,179
Bank debt securities	100		1	99
Mutual fund	5,475	118	144	5,449
National debt securities	2,309	12		2,321
Total	¥12,186	¥ 134	¥ 272	¥12,048
Noncurrent:				
Equity securities	¥25,762	¥13,333	¥2,114	¥36,981

2009	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
	Thousands of U.S. Dollars			
Current:				
Corporate debt securities	$ 50,540	$ 565	$ 1,442	$ 49,663
Bank debt securities	1,008			1,008
Mutual fund	40,212	2,633	4,650	38,195
National debt securities	16,732	131		16,863
Total	$108,492	$ 3,329	$ 6,092	$105,729
Noncurrent:				
Equity securities	$226,979	$60,121	$21,916	$265,184

There were no securities which had been in a continuous unrealized loss position for more than 12 months at March 31, 2009 and 2008. Gross unrealized holding losses and fair values of debt and marketable equity securities, all of which have been in a continuous unrealized loss position for less than 12 months at March 31, 2009 and 2008, were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
2009	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Current:				
Corporate debt securities	¥3,638	¥ 143	$36,692	$ 1,442
Bank debt securities	100	0	1,008	0
Mutual fund	2,247	461	22,663	4,650
Total	¥5,985	¥ 604	$60,363	$ 6,092
Noncurrent:				
Equity securities	¥5,862	¥2,173	$59,123	$21,916

	Millions of Yen	
2008	Fair Value	Gross Unrealized Loss
Current:		
Corporate debt securities	¥3,675	¥ 127
Mutual fund	2,943	144
Bank debt securities	99	1
National debt securities	810	
Total	¥7,527	¥ 272
Noncurrent:		
Equity securities	¥5,351	¥2,114

The unrealized losses on investments were caused primarily by a general decline in stock prices in Japan as of the end of the fiscal year. 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 market decline, the extent to which cost exceeds market 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 sufficient period of time for anticipated recovery in market value as described in Note 1. No investments were identified that meet the Companies' criterion for recognition of an impairment loss on investments in unrealized loss position presented above. Therefore, the Companies do not believe the unrealized losses represent an other-than-temporary impairment as of March 31, 2009 and 2008.

Future maturities of debt securities and mutual fund classified as available-for-sale at March 31, 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Cost	Fair Value	Cost	Fair Value
Due within one year	¥ 2,330	¥ 2,367	$ 23,500	$ 23,873
Due after one year through five years	5,402	5,572	54,483	56,198
Due after five years through ten years	1,501	1,351	15,138	13,626
After ten years	1,524	1,193	15,371	12,032
Total	¥10,757	¥10,483	$108,492	$105,729

Proceeds from sales of available-for-sale securities were ¥304 million ($3,066 thousand), ¥2,136 million and ¥2,573 million for the years ended March 31, 2009, 2008 and 2007, respectively. The gross realized gains on the sales of available-for-sale securities for the years ended March 31, 2008 and 2007 were ¥557 million and ¥408 million, respectively. No realized gains were recorded in 2009. The gross realized losses on the sales of available-for-sale securities for the year ended March 31, 2007 were ¥2 million. No realized losses were recorded in 2009 and 2008.

During the years ended March 31, 2009 and 2008, the Companies exchanged certain equity securities for other marketable securities. The Companies recorded the newly received securities at fair value and recognized a gain of ¥2 million ($20 thousand) and ¥95 million in the years ended March 31, 2009 and 2008. No such exchanges were made in 2007.

The Companies recognized impairment charges on marketable securities and investments of ¥3,550 million ($35,804 thousand), ¥937 million and ¥423 million in the years ended March 31, 2009, 2008 and 2007, respectively.

Investments in non-marketable equity securities for which there is no readily determinable fair value were accounted for using the cost method and aggregated ¥2,865 million ($28,896 thousand) and ¥1,019 million at March 31, 2009 and 2008, respectively. Investments in non-marketable equity securities are reviewed annually or upon the occurrence of an event for other-than temporary impairment.

The Company's subsidiary in the United States of America adopted a non-qualified deferred compensation plan and trust agreement. Investments consist of several mutual funds, which are recorded at the fair market value of ¥24 million ($242 thousand) and ¥56 million as of March 31, 2009 and 2008, respectively.

4. VALUATION AND QUALIFYING ACCOUNTS

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

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	2009
Balance at beginning of year	¥77	¥ 82	¥ 92	$777
Charged to costs and expenses	13	10	10	131
Balances written-off/reversed	(8)	(15)	(20)	(81)
Balance at end of year	¥82	¥ 77	¥ 82	$827

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

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	2009
Balance at beginning of year	¥ 3,068	¥ 2,897	¥ 2,686	$ 30,943
Charged to costs and expenses	2,197	3,068	2,897	22,158
Balances utilized	(3,068)	(2,897)	(2,686)	(30,943)
Balance at end of year	¥ 2,197	¥ 3,068	¥ 2,897	$ 22,158

5. INVENTORIES

Inventories at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Finished products	¥26,702	¥25,653	$269,309
Work in process	3,269	3,097	32,970
Raw materials	1,182	1,270	11,922
Total	¥31,153	¥30,020	$314,201

6. INVESTMENTS IN AFFILIATES

Investments are accounted for using the equity method of accounting if the investment provides the Companies the ability to exercise significant influence, but not control, over an investee. Significant influence is generally deemed to exist if the Companies have an ownership interest in the voting stock of the investee of between 20% to 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 affiliates." Under the equity method, the Companies record their proportionate share of an affiliate's income or loss based on the most recently available financial statements.

The Companies' investments in affiliated companies and percentage of ownership at March 31, 2009 and 2008 include, among others, the following companies:

2009

		Yen	Millions of Yen	U.S. Dollar	Thousands of U.S. Dollars
Name of Investee	Percentage of Ownership (%)	Quoted Market Price	Aggregate Value of Quoted Market Price	Quoted Market Price	Aggregate Value of Quoted Market Price
Thai Wacoal Public Company Limited	34	¥ 97	¥3,896	$ 978	$39,294
Shinyoung Wacoal Inc.	25	6,046	1,360	60,978	13,717
Indonesia Wacoal Co., Ltd.	42				
Taiwan Wacoal Co., Ltd.	50				
House of Rose Co., Ltd.	20	1,334	1,267	13,454	12,779

2008

		Yen	Millions of Yen
Name of Investee	Percentage of Ownership (%)	Quoted Market Price	Aggregate Value of Quoted Market Price
Thai Wacoal Public Company Limited	34	¥ 111	¥4,488
Shinyoung Wacoal Inc.	25	15,064	3,389
Indonesia Wacoal Co., Ltd.	42		
Taiwan Wacoal Co., Ltd.	50		
House of Rose Co., Ltd.	20	1,370	1,302

The following tables represent the summarized information from the balance sheets and statements of operations for the affiliated companies which are accounted for under the equity method as of and for the years ended March 31, 2009 and 2008.

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Current assets	¥30,974	¥40,330	$312,395
Noncurrent assets	24,926	37,690	251,397
Total	¥55,900	¥78,020	$563,792
Current liabilities	¥ 8,247	¥13,223	$ 83,177
Noncurrent liabilities	5,771	5,885	58,205
Minority interests	1	1	10
Net assets	41,881	58,911	422,400
Total	¥55,900	¥78,020	$563,792

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	2009
Net sales	¥57,488	¥81,466	¥75,414	$579,808
Gross profit	30,388	44,063	38,260	306,485
Income before income taxes	3,630	7,480	7,011	36,611
Net income	2,832	5,087	5,052	28,563

Dividends received from the affiliated companies were ¥597 million ($6,021 thousand), ¥806 million and ¥607 million during the years ended March 31, 2009, 2008 and 2007, respectively.

7. SHORT-TERM BANK LOANS AND CAPITAL LEASE OBLIGATIONS

Short-term bank loans at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Unsecured bank loans	¥5,221	¥5,572	$52,658

The weighted-average annual interest rates on short-term bank loans as of March 31, 2009 and 2008 were 1.5% and 1.3%, respectively.

Capital lease obligations at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Capital lease obligations	¥ 81	¥129	$ 817
Less current portion	(39)	(48)	(393)
Capital lease obligations, less current portion	¥ 42	¥81	$ 424

The future minimum payments required at March 31, 2009 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥39	$393
2011	42	424
Total	¥81	$817

In 2009 and 2008, no assets were pledged as collateral.

8. LEASES

The Companies lease most of their store premises, some of their distribution centers, and certain equipment. Most leases have automatic renewal provisions and allow the Companies to extend the lease term beyond the initial base period, subject to the terms agreed at lease inception. Future minimum rental commitments on non-cancelable operating leases are presented below:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 820	$ 8,271
2011	713	7,191
2012	535	5,396
2013	505	5,093
2014	164	1,654
Thereafter	946	9,541
Total	¥3,683	$37,146

Rental expenses were ¥4,800 million ($48,411 thousand), ¥3,979 million and ¥3,795 million for the years ended March 31, 2009, 2008 and 2007, respectively.

9. ACQUISITION

On January 10, 2008, the Company acquired the remaining 51% of the outstanding common shares of Peach John Co., Ltd. ("PJ"), primarily a mail-order innerwear retailer, through share exchange. Until then, the Company had held a 49% of the issued common shares since the initial acquisition on June 2, 2006. This acquisition aimed to expand its innerwear operations' market area by including customer age groups and product styles that it had not been able to develop fully.

This transaction was accounted for as a purchase. PJ is included in the Company's consolidated balance sheet as of March 31, 2008 based on PJ's fiscal year end, which is February 29, 2008. However, because PJ's results of operations and change in financial position between January 10, 2008 and March 31, 2008 were not significant, the Company continued to account for its investment using the equity method and the income from PJ's operations for the fiscal year ended February 29, 2008 was included in equity in net income (loss) of affiliated companies in the consolidated statements of income.

The purchase cost of the additional shares was ¥9,266 million, which consisted of the fair value of the shares distributed to the shareholder of PJ and the direct costs of the business combination. As consideration for the acquisition, the Company distributed 3,261,400 new shares and 3,440,000 shares of treasury stock to the shareholder of PJ. Those shares were valued at ¥1,372 per share which was the five-day average stock price before the acquisition announcement on November 9, 2007.

The purchase price of additional PJ shares was allocated based upon the estimated fair value of the identifiable assets acquired and liabilities assumed. The Company's new basis of investments in PJ was ¥21,814 million, including the initial investment of ¥10,670 million for the 49% shares and the corresponding amount of deferred tax liability of ¥1,878 million for the outside basis temporary differences, which the Company recognized on investment in PJ upon the acquisition.

As a result of the allocation of new basis of investment in PJ, the Company recognized goodwill of ¥11,203 million and intangible assets of ¥8,677 million, in aggregate, which were classified as goodwill and other intangible assets in the consolidated balance sheets. Intangible assets consisted of trademark of ¥5,316 million and customer list of ¥3,361 million. The trademark is not subject to amortization and the customer list is subject to amortization over estimated useful life of 7 years. Goodwill is not deductible for tax purpose.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

	2008
	Millions of Yen
Current assets	¥ 6,808
Property, plant, and equipment	698
Intangible assets	8,677
Goodwill	11,203
Other assets	692
Total assets acquired	28,078
Current liabilities	2,432
Long-term debt	3,832
Total liabilities assumed	6,264
Net assets acquired	¥21,814

Unaudited Pro Forma Results

Unaudited pro forma financial information is presented below as if the acquisition of PJ occurred at the beginning of the 2008 and 2007.

	Millions of Yen	
	2008	2007
Pro forma sales	¥180,407	¥181,820
Pro forma operating income	14,627	14,219
Pro forma net income	5,492	9,802

	Yen	
	2008	2007
Pro forma earnings per share	¥39	¥66

10. GOODWILL AND OTHER INTANGIBLE ASSETS

The components of acquired intangible assets excluding goodwill at March 31, 2009 and 2008 were as follows:

2009

	Millions of Yen		Thousands of U.S. Dollars	
Year Ended March 31	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Customer list	¥ 3,361	¥ 480	$ 33,898	$ 4,841
Software	7,118	2,730	71,790	27,534
Other	945	386	9,531	3,893
Total	¥11,424	¥3,596	$115,219	$36,268
Unamortized intangible assets:				
Trademark	¥ 5,316		$ 53,616	
Other	98		988	
Total	¥ 5,414		$ 54,604	

2008

	Millions of Yen	
Year Ended March 31	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:		
Customer list	¥3,361	
Software	5,633	¥2,356
Other	1,414	251
Total	¥10,408	¥2,607
Unamortized intangible assets:		
Trademark	¥5,316	
Other	99	
Total	¥5,415	

Intangible assets acquired during the year ended March 31, 2009 totaled ¥1,846 million ($18,618 thousand) which primarily consist of software of ¥1,832 million ($18,477 thousand). Trademark and customer list are recorded from acquired business. Trademark is not subject to amortization, customer list is subject to amortization over estimated useful life of 7 years and software is subject to amortization over estimated useful life of 5 years.

Aggregate amortization expenses related to intangible assets and future estimated amortization expense were as follows:

2009	Millions of Yen	Thousands of U.S. Dollars
Year Ended March 31		
Aggregate amortization expense		
2009	¥1,496	$15,088
Year Ending March 31		
Estimated amortization expense		
2010	1,570	15,835
2011	1,541	15,542
2012	1,441	14,534
2013	1,251	12,617
2014	967	9,752
Total	¥6,770	$68,280

2008	Millions of Yens
Year Ended March 31	
Aggregate amortization expense	
2008	¥ 909
Year Ending March 31	
Estimated amortization expense	
2009	1,379
2010	1,260
2011	1,200
2012	1,084
2013	841
Total	¥5,764

There were no changes in the carrying amount of goodwill for the year ended March 31, 2009.

11. TERMINATION AND RETIREMENT PLANS

Employee Retirement Plans—The Companies 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 Companies have a contributory defined retirement benefit plan, several partially funded plans administered by independent trustees and several unfunded termination plans administered by the Companies. 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 a lump-sum payments or a periodic payments under certain conditions. The benefits are usually paid as a lump-sum payment, if the employee resigns before the mandatory retirement age.

The following provides a reconciliation of benefit obligations, plan assets and funded status of the plans:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Change in benefit obligation:			
Benefit obligation at beginning of year	¥32,819	¥33,059	$331,003
Service cost	812	858	8,190
Interest cost	751	761	7,574
Participants' contributions	73	73	736
Actuarial loss (gain)	61	(1,041)	615
Benefits paid from plan assets	(492)	(394)	(4,962)
Settlement paid from plan assets	(694)	(569)	(6,999)
Settlement paid by the Companies	(384)	(187)	(3,873)
Increase due to change in scope of consolidation		259	
Benefit obligation at end of year	32,946	32,819	332,284
Change in plan assets:			
Fair value of plan assets at beginning of year	¥34,067	¥38,048	$343,590
Actual return on plan assets	(5,963)	(5,581)	(60,141)
Employer contributions	2,078	2,490	20,958
Participants' contributions	73	73	736
Benefit payments	(492)	(394)	(4,962)
Settlement payments	(694)	(569)	(6,999)
Fair value of plan assets at end of year	29,069	34,067	293,182
Funded status at end of year	¥ (3,877)	¥ 1,248	$(39,102)

Amounts recognized in the consolidated balance sheets at March 31, 2009 and 2008 consist of:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Prepaid pension expense		¥ 3,444	
Accrued expenses	¥ (91)	(104)	$ (918)
Liability for termination and retirement benefits	(3,786)	(2,092)	(38,184)
	¥(3,877)	¥ 1,248	$(39,102)

Amounts recognized in accumulated other comprehensive income at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Actuarial loss	¥(10,585)	¥(4,705)	$(106,757)
Prior service benefit	4,880	5,572	49,218
	¥ (5,705)	¥867	$ (57,539)

The accumulated benefit obligation for all defined benefit plans at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Accumulated benefit obligation	¥32,023	¥31,842	$322,975

Net periodic benefit costs for the Companies' plans consisted of the following for the year ended March 31:

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	2009
Service cost	¥ 812	¥ 858	¥ 936	$ 8,190
Interest cost on projected benefit obligation	751	761	748	7,574
Expected return on plan assets	(774)	(788)	(726)	(7,806)
Net amortization	228	(770)	(826)	2,299
	¥1,017	¥ 61	¥ 132	$10,257

The unrecognized net actuarial loss and prior service benefit are being amortized over 12 years (the average remaining service life of active participants) using the declining-balance method and the straight-line method, respectively.

Other changes in plan assets and benefit obligations recognized in other comprehensive income for the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Current year actuarial loss	**¥(6,800)**	¥(5,328)	**$(68,583)**
Amortization of actuarial loss (gain)	**919**	(79)	**9,269**
Amortization of prior service benefit	**(691)**	(691)	**(6,969)**
	¥(6,572)	¥(6,098)	**$(66,283)**

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	Thousands of U.S. Dollars
	2009	**2009**
Actuarial gain	**¥1,852**	**$18,679**
Prior service benefit	**(691)**	**(6,969)**

The Companies use a March 31 measurement date for its plans. The weighted-average assumptions used as of March 31, in computing the benefit obligation liabilities shown above were as follows:

	2009	2008
Discount rate	**2.5%**	2.5%
Rate of increase in future compensation	**0.0%**	0.0%

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

	2009	2008	2007
Discount rate	**2.5%**	2.5%	2.5%
Expected long-term rate of return on plan assets	**2.5%**	2.5%	2.5%
Rate of increase in future compensation	**0.0%**	0.5%	0.5%

The Company's wholly owned subsidiary, Wacoal Corp.'s 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 five-year average of the effective yields on the 20-year Japanese government bond, adjusted for an incremental yield of approximately 25 basis points that is achieved by selecting corporate bonds whose credit characteristics satisfy the quality requirements but whose yields are slightly higher than the yields on Japanese government bonds. For other plans, similar indices and methods are used.

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 36.0%, debt securities of 52.0%, and other investments of 12.0%.

The Companies' investment strategy is to maintain actual asset weightings within a preset range of target allocations. The Companies' investments are broadly diversified, typically consisting primarily of equity and debt securities. The Companies believe these ranges represent an appropriate risk profile for the planned benefit payments of the plans based on the timing of the estimated benefit payment.

The asset allocation at March 31, 2009 and 2008 was as follows:

	2009	2008
Equity securities	**39.0%**	45.4%
Debt securities	**40.8%**	44.4%
Life insurance company general accounts	**14.8%**	8.4%
Cash and cash equivalents	**5.4%**	1.8%

The target allocation percentages are reviewed and approved by the Pension Committee. The actual allocations for 2009 and 2008 are different from the target allocation percentages primarily because the Company maintained additional equity securities as the separate plan asset which was contributed to the plan based on an agreement between the Company and employees and are 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 the debt securities and other types of assets are lower than the target allocation.

The general funding policy of the funded plans is to contribute amounts computed in accordance with actuarial methods accepted by Japanese tax law. The Companies expect to contribute ¥1,479 million ($14,917 thousand) to their plans in the year ending March 31, 2010.

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

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 1,358	$ 13,696
2011	1,512	15,250
2012	1,609	16,228
2013	1,781	17,963
2014	1,886	19,022
2015–2019	10,111	101,977

Employee Early Retirement Program—The Companies provide additional benefits to employees that elect to participate in the Companies' early retirement program. Retirement benefits of ¥157 million ($1,583 thousand), ¥51 million and ¥14 million were paid in addition to normal benefits and charged to selling, general and administrative for the years ended March 31, 2009, 2008 and 2007, respectively.

Termination Plan for Directors and Corporate Auditor—The Company and certain subsidiaries had termination plans for directors and corporate auditors. Payment of termination benefits to directors and corporate auditors 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 and corporate auditors 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 and corporate auditor. The outstanding liabilities at March 31, 2009 and 2008 were ¥339 million ($3,419 thousand) and ¥368 million, respectively, and were recorded in other long-term liabilities. Subsidiaries still maintain plans for their directors and corporate auditors. In accordance with EITF 88-1, "Determination of Vested Benefit Obligation for a Defined Benefit Pension Plan," the subsidiaries recorded a liability for termination benefits for directors and corporate auditors at the amount that would be needed if all directors and corporate auditors were to resign at each balance sheet date. The liabilities for termination benefits for directors and corporate auditors at March 31, 2009 and 2008 were ¥304 million ($3,066 thousand) and ¥90 million, respectively, and were included in liability for termination and retirement benefits.

12. SHAREHOLDERS' EQUITY

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"), which reformed and replaced the Commercial Code of Japan. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal 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. The Board of Directors of companies with board committees (an appointment committee, compensation committee and audit committee) can also do so because such companies with board committees already, by nature, meet the above criteria under the Companies Act, even though such companies have an audit committee instead of the Board of Corporate Auditors.

The Companies Act permits companies to distribute dividends-in-kind (non-cash 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 company 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.

The amount of retained earnings available for dividends under the Companies Act was ¥95,616 million ($964,357 thousand) as of March 31, 2009, based on the amount recorded in the parent company's general books of account.

(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 and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are now presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

13. SHARE-BASED COMPENSATION

The Company adopted stock option plan in the year ended March 31, 2009. Under the 2009 stock option plan, the Company granted its shares of common stock to directors of the Company and the Company's wholly owned subsidiary, Wacoal Corp. except outside directors in the year ended March 31, 2009. The Company believes that such awards better align the interests of its directors with those of its shareholders, by sharing both risk and return of fluctuations in stock prices and giving motivation to heighten its corporate value. The compensation cost is valued at fair value on the grant date. Options vest over one year in proportion to the service months of directors, and are exercisable from the day after the date of retirement up to (i) twenty years from the grant date or (ii) five 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 following assumptions.

Expected volatility is based on the historical volatility of the Company's share over the most recent period commensurate with the expected term of the Company's stock options. Expected term of options granted is based on the average remaining service period of directors, assuming that those who are granted options will render service until the stated retirement date and they will exercise option simmediately after their retirement. Expected dividend yield is based on the actual payout of dividend in the last fiscal year and the closing price of the Company's common stock on the grant date.

Risk-free interest rate is based on the Japanese government bonds yield curve in effect at the time of grant for a period commensurate with the expected term of the Company's share options.

	2009
Expected volatility	24.7%
Expected dividends	2.0%
Expected term	4.8 years
Risk-free rate	1.0%

A summary of option activity under the Plan as of March 31, 2009, and changes for the year ended March 31, 2009, were as follows::

		Yen	U.S. Dollars	Years	Millions of Yen	Thousands of U.S. Dollars
	Shares		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term		Aggregate Intrinsic Value
Outstanding at April 1, 2008	—	—	—			
Granted	57,000	1	0			
Exercised	—	—	—			
Forfeited or expired	—	—	—			
Outstanding at March 31, 2009	57,000	1	0	19.4	65	656
Exercisable at March 31, 2009	—	—	—	—	—	

Total compensation cost recognized and the total recognized tax benefit related thereto during the years 2009 were ¥54 million ($544 thousand) and ¥22 million ($222 thousand), respectively.

The weighted-average grant date fair value of options granted during the year ended March 31, 2009, was ¥1,137 ($11).

As of March 31, 2009, there was ¥11 million ($111 thousand) of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Plan. That cost is expected to be recognized over 0.25 year.

14. OTHER COMPREHENSIVE (LOSS) INCOME

The changes in the components of accumulated other comprehensive (loss) income were reported net of income taxes as follows:

	Millions of Yen								
	2009			2008			2007		
	Pre-Tax Amount	Tax (Expense) Credit	Net Amount	Pre-Tax Amount	Tax Credit	Net Amount	Pre-Tax Amount	Tax Credit	Net Amount
Foreign currency translation adjustments	¥ (9,228)	¥ 692	¥ (8,536)	¥ (506)	¥ 38	¥ (468)	¥1,598	¥(146)	¥1,452
Unrealized (loss) gain on securities:									
Unrealized holding (loss) gain	(10,078)	4,024	(6,054)	(14,658)	5,972	(8,686)	56	(15)	41
Reclassification adjustments	1,828	(744)	1,084	(754)	307	(447)	129	(53)	76
Net unrealized (loss) gain	(8,250)	3,280	(4,970)	(15,412)	6,279	(9,133)	185	(68)	117
Pension liability adjustment:									
Unrealized holding (loss) gain	(6,800)	2,768	(4,032)	(5,328)	2,168	(3,160)			
Reclassification adjustment	228	(93)	135	(770)	314	(456)			
Net unrealized (loss) gain	(6,572)	2,675	(3,897)	(6,098)	2,482	(3,616)			
Other comprehensive (loss) income	¥(24,050)	¥6,647	¥(17,403)	¥(22,016)	¥8,799	¥(13,217)	¥1,783	¥(214)	¥1,569

	Thousands of U.S. Dollars		
	2009		
	Pre-Tax Amount	Tax (Expense) Credit	Net Amount
Foreign currency translation adjustments	$ (93,071)	$ 6,979	$ (86,092)
Unrealized loss on securities:			
Unrealized holding loss	(101,644)	40,585	(61,059)
Reclassification adjustments	18,437	(7,504)	10,933
Net unrealized loss	(83,207)	33,081	(50,126)
Pension liability adjustment:			
Unrealized holding (loss) gain	(68,583)	27,917	(40,666)
Reclassification adjustment	2,300	(938)	1,362
Net unrealized (loss) gain	(66,283)	26,979	(39,304)
Other comprehensive loss	$(242,561)	$67,039	$(175,522)

15. INCOME TAXES

Income before income taxes, equity in net income (loss) of affiliated companies, and minority interests is summarized as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	2009
Japan	¥12,553	¥15,959	¥14,487	$126,606
Foreign	(4,926)	(1,606)	(567)	(49,682)
Total	¥ 7,627	¥14,353	¥13,920	$ 76,924

Income taxes expense consists of:

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	2009
Current:				
Japan	¥2,214	¥4,652	¥1,446	$22,330
Foreign	503	925	1,428	5,073
	¥2,717	¥5,577	¥2,874	$27,403
Deferred:				
Japan	¥ 522	¥ 280	¥3,854	$ 5,265
Foreign	(26)	(4)	(226)	(262)
	¥ 496	¥ 276	¥3,628	$ 5,003
Total income taxes	¥3,213	¥5,853	¥6,502	$32,406

The Companies are subject to a number of different taxes based on income. The effective income tax rates differed from the normal statutory rates for the following reasons for the years ended March 31, 2009, 2008 and 2007:

	2009	2008	2007
Normal Japanese statutory rates	40.7%	40.7%	40.7%
Increase in taxes resulting from:			
Permanently non-deductible expenses	5.8	2.9	6.5
Change in valuation allowance	4.1	(1.5)	(2.0)
Undistributed earnings of foreign subsidiaries	(2.1)	2.6	0.8
Differences in subsidiaries' tax rate	(3.4)	(2.5)	(0.8)
Tax exemption	(0.3)	(0.2)	(1.3)
Other—net	(2.7)	(1.2)	2.8
Effective tax rates	42.1%	40.8%	46.7%

The approximate effect of temporary differences and tax loss carryforwards that gave rise to deferred tax balances at March 31, 2009 and 2008 were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2009		2008		2009	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Sales returns	¥ 838		¥ 1,082		$ 8,452	
Allowance for doubtful receivables	257			¥ 252	2,592	
Inventory valuation	1,469		1,201		14,816	
Intercompany profits	268		248		2,703	
Accrued bonuses	1,415		1,420		14,271	
Impairment charges on marketable securities and investments	985		1,141		9,934	
Advanced depreciation on property, plant and equipment		¥ 1,696		1,753		$ 17,105
Undistributed earnings of foreign subsidiaries		1,712		2,695		17,267
Net unrealized gain on marketable securities and investments		1,430		4,511		14,423
Net realized gain on exchange of equity securities		2,448		2,453		24,690
Capitalized supplies	227		291		2,289	
Enterprise taxes	52		363		525	
Accrued vacation	842		902		8,492	
Pension expense	2,104		966	815	21,220	
Tangible fixed assets	1,328		1,343		13,394	
Tax loss carryforwards	1,733		2,054		17,479	
Intangible assets		3,337		3,532		33,656
Investment in a subsidiary		1,878		1,878		18,941
Other temporary differences	767	4	679	37	7,736	40
Total	12,285	12,505	11,690	17,926	123,903	126,122
Valuation allowance	(1,643)		(1,418)		(16,571)	
Total	¥10,642	¥12,505	¥ 10,272	¥17,926	$107,332	$126,122

The valuation allowance increased by ¥225 million ($2,269 thousand) for the year ended March 31, 2009 and decreased by ¥47 million for the year ended March 31, 2008.

At March 31, 2009, certain subsidiaries had loss carryforwards which are available to offset future taxable income of such subsidiaries expiring as follows:

Year Carryforward Expires	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 457	$ 4,609
2011	592	5,971
2012	482	4,861
2013	299	3,016
2014	602	6,072
2015	472	4,760
2016	564	5,688
Indefinitely until utilized	963	9,713
Total	¥4,431	$44,690

The portion of the undistributed earnings of foreign subsidiaries which were deemed to be permanently invested amounted to ¥5,239 million at March 31, 2008. Provisions were not made for income taxes on undistributed earnings of foreign subsidiaries to the extent that they are deemed to be permanently invested. There was no such portion of undistributed earnings as of March 31, 2009.

The Companies adopted FIN 48 effective April 1, 2007. As a result of implementation of FIN 48, the Companies recognized a tax benefit of ¥181 million as of April 1, 2007, and did not require a cumulative-effect adjustment to retained earnings.

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

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Balance at beginning of year	¥ 420	¥ 181	$ 4,236
Additions based on tax positions related to the current year	20	332	202
Additions for tax positions of prior years		29	
Reductions for tax positions of prior years	(334)	(122)	(3,369)
Balance at end of year	¥ 106	¥ 420	$ 1,069

Total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is ¥106 million ($1,069 thousand) and ¥420 million at March 31, 2009 and 2008, 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, 2009 and 2008 were not material.

The Companies file income tax returns in Japan and various foreign tax jurisdictions. With few exceptions, the Companies are no longer subject to regular income tax examinations by the tax authority for years before 2007. In the current year, the transfer pricing examination of certain domestic subsidiary's 2002 to 2007 fiscal year and certain the U.S. subsidiary's 2003 and 2004 fiscal year was completed.

16. RELATED PARTY TRANSACTIONS

The Companies purchase merchandise from numerous suppliers throughout the world, including certain affiliates of the Companies. The Companies purchased merchandise from affiliates in the amount of ¥1,674 million ($16,884 thousand), ¥1,031 million and ¥1,588 million in the fiscal years ended March 31, 2009, 2008 and 2007, respectively. The accounts payable to affiliates were ¥34 million ($343 thousand) and ¥48 million at March 31, 2009 and 2008, respectively.

The Companies also sell supplies, materials and products to certain affiliates. Aggregate sales to affiliates were ¥958 million ($9,662 thousand), ¥803 million and ¥1,042 million in fiscal years ended March 31, 2009, 2008 and 2007. The accounts receivable from affiliates were ¥123 million ($1,241 thousand) and ¥60 million at March 31, 2009 and 2008, respectively.

17. EARNINGS PER SHARE AND AMERICAN DEPOSITARY RECEIPT

The Company accounts for its earnings per share in accordance with SFAS No. 128, "Earnings per Share." Basic net income per share has been computed by dividing net income available to common shareholders by the weighted-average number of common stock outstanding during each year. Diluted net income per share assumes the dilution that could occur if share-based option to issue common stock were exercised.

The computation of earnings per American Depositary Receipt ("ADR"), each ADR representing 5 shares of common stock, is based on the weighted-average number of common shares outstanding. The weighted-average number of common stock outstanding used in the computations of basic net income per share was 142,316,921 shares for 2009, 141,304,256 shares for 2008 and 142,910,187 shares for 2007. The weighted-average number of diluted common stock outstanding used in the computations of diluted net income per share was 142,336,296 shares , 141,304,256 shares and 142,910,187 shares for 2009, 2008 and 2007.

18. FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Fair Value of Financial Instruments—The carrying amount of cash and cash equivalents and short-term bank loans approximates fair value because of the short maturities of these instruments. The fair values of marketable securities, as presented in Note 3, are primarily estimated based on quoted market prices for these securities. However investments in non-marketable securities for which there is no readily determinable fair value were accounted for using the cost method and are reviewed annually or upon the occurrence of an event for other-than temporary impairment.

The fair value of long-term debt, including current portion, consists of lease obligation, and there is no long-term debt which is required to disclose its fair value at March 31, 2009 and 2008.

Limitations—Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Forward Currency Exchange Contracts—The Companies occasionally uses forward currency exchange contracts to manage their exposure to foreign currency fluctuation on the transactions denominated in foreign currencies. The Companies measures forward currency exchange contracts at the fair value since they were not designated as a hedge.

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 to specialty stores. No single customer constitutes 10.0% or more of the total sales, although the general retail customers that are consolidated companies in the Aeon Group collectively accounted for approximately 9.8%, 11.2% and 10.1% of the total sales in fiscal years ended March 31, 2009, 2008 and 2007, respectively.

19. FAIR VALUE MEASUREMENTS

The Companies adopted SFAS No. 157 on April 1, 2008. SFAS No. 157 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. SFAS No. 157 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 at fair value on a recurring basis as of March 31, 2009 were as follows:

				Millions of Yen
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities	**¥ 1,662**	**¥8,821**		**¥ 10,483**
Investments	**26,317**			**26,317**
Total assets	**¥27,979**	**¥8,821**		**¥36,800**
Liabilities:				
Financial instruments		**¥ (84)**		**¥ (84)**

				Thousands of U.S. Dollars
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities	**$ 16,763**	**$88,966**		**$105,729**
Investments	**265,426**			**265,426**
Total assets	**$282,189**	**$88,966**		**$371,155**
Liabilities:				
Financial instruments		**$ (847)**		**$ (847)**

Marketable securities presented in Level 1 include government bonds. Marketable securities presented in Level 2 include principally corporate debt securities. Investments presented in Level 1 include principally equity securities.

Marketable securities and investments presented in Level 1 are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions. Marketable securities presented in Level 2 are valued using quoted market price obtained from third parties.

As presented in Note 3, the Companies recorded impairment charges on marketable securities and investments if a decline in fair value of marketable securities and investments is determined to be other than temporary.

Financial instruments are comprised of foreign currency exchange contracts. Financial instruments are valued using quotes obtained from third parties.

The changes in the fair value of the foreign currency exchange contracts are recorded in earnings, since the foreign currency exchange contracts are not designate as a hedge. The Companies recognized ¥62 million ($625 thousand) and ¥35 million in other income (expenses) in the years ended March 31, 2009 and 2008. No foreign currency exchange contract was outstanding as of March 31, 2007.

The Companies recorded the financial instruments as other current liabilities in the consolidated balance sheet at fair value of ¥84 million ($847 thousand) at March 31, 2009.

20. SUBSEQUENT EVENTS

On May 8, 2009, the Board of Directors resolved to pay a cash dividend of ¥125 ($1.26) per 5 shares of common stock to holders of record as of March 31, 2009 (aggregate amount of ¥3,511 million ($35,411 thousand)).

On May 8, 2009, the Board of Directors of the Company resolved to make Lecien Corporation (“Lecien”) its wholly owned subsidiary through a share exchange. Upon the resolution of the board of directors, the Company entered into a share exchange agreement with Lecien.

Lecien is a manufacturing and wholesale company which manufactures and sells women’s mid-priced innerwear and clothing, lace and other handicrafts accessories. This business integration with Lecien aims to enable the Company to enhance its adaptability to the new innerwear business in the domestic market.

According to the share exchange agreement, 0.065 shares of the Company’s common stock will be allocated and distributed in exchange for each share of Lecien’s stock on August 17, 2009. There will be no issuance of new shares of common stock upon the share exchange. The Company will distribute 2,104,441 shares (tentative) of its treasury stock for the share exchange.

Unaudited financial results of Lecien which is prepared on the basis of accounting principles generally accepted in Japan for the recent fiscal years were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Sales	**¥17,013**	¥19,326	**$171,589**
Net loss	**260**	899	**2,622**
Total assets	**10,647**	11,872	**107,383**

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Wacoal Holdings Corp. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

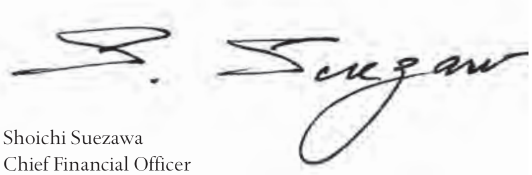
Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Wacoal Holdings Corp's management assessed the effectiveness of internal control over financial reporting as of March 31, 2009. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (the COSO criteria).

Based on its assessment, management concluded that, as of March 31, 2009, Wacoal Holdings Corp's internal control over financial reporting was effective based on the COSO criteria.

Wacoal Holdings Corp's independent registered public accounting firm, Deloitte Touche Tohmatsu, has issued an attestation report on the effectiveness of our internal control over financial reporting as of March 31, 2009.

Yoshikata Tsukamoto
Representative Director



Shoichi Suezawa
Chief Financial Officer

June 26, 2009

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte.

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Tel: +81 6 4560 6017
Fax: +81 6 4560 6019
www.deloitte.com/jp

To the Board of Directors and Shareholders of Wacoal Holdings Corp.
Kyoto, Japan:

We have audited the accompanying consolidated balance sheets of Wacoal Holdings Corp. and subsidiaries (the "Companies") as of March 31, 2009 and 2008, and the related consolidated statements of income, comprehensive (loss) income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2009, all expressed in Japanese yen. These financial statements are the responsibility of the Companies' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Certain information required by Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" has not been presented in the accompanying financial statements. In our opinion, presentation of segment information concerning the Companies' operations is required for a complete presentation of the Companies' consolidated financial statements.

In our opinion, except for the omission of segment information, such consolidated financial statements present fairly, in all material respects, the financial position of Wacoal Holdings Corp. and subsidiaries as of March 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 20 to the consolidated financial statements, on May 8, 2009, the board of directors of Wacoal Holdings Corp. resolved to make Lecien Corporation its wholly owned subsidiary through a share exchange.

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.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Companies' internal control over financial reporting as of March 31, 2009, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated June 26, 2009 expressed an unqualified opinion on the Companies' internal control over financial reporting.

June 26, 2009

Deloitte Touche Tohmatsu

Member of
Deloitte Touche Tohmatsu

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte.

Deloitte Touche Tohmatsu
Yodoyabashi Mitsui Building
4-1-1, Imabashi Chuo-ku,
Osaka 541-0042
Japan

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www.deloitte.com/jp

To the Board of Directors and Shareholders of Wacoal Holdings Corp.
Kyoto, Japan:

We have audited the internal control over financial reporting of Wacoal Holdings Corp. and subsidiaries (the "Companies") as of March 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Companies' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Companies' internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Companies maintained, in all material respects, effective internal control over financial reporting as of March 31, 2009, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended March 31, 2009 of the Companies and our report dated June 26, 2009 expressed an unqualified opinion on those financial statements, except for the omission of segment information required by Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information."

June 26, 2009

Deloitte Touche Tohmatsu

Member of
Deloitte Touche Tohmatsu

CORPORATE DATA

As of March 31, 2009

WACOAL HOLDINGS CORP.

Head Office
29, Nakajima-cho, Kisshoin,
Minami-ku, Kyoto 601-8530, Japan
Tel: (075) 682-5111
Fax: (075) 661-5603
URL: www.wacoalholdings.jp/index_e.html

Date of Foundation
June 15, 1946

Date of Establishment
November 1, 1949

Shareholders' Equity
¥165,873 million

Number of Employees (Consolidated)
14,476

Domestic Principal Subsidiaries

Wacoal Holdings Equity Owned	(%)
Wacoal Corp.	100
Peach John Co., Ltd.	100
Studio Five Corp.	100
Wacoal Dublevé Corp.	100
Une nana cool Corp.	100
Kyushu Wacoal Manufacturing Corp.	100
Niigata Wacoal Sewing Corp.	100
Fukuoka Wacoal Sewing Corp.	100
Miyazaki Wacoal Sewing Corp.	100
Hokuriku Wacoal Sewing Corp.	90
Torica Inc.	57
Nanasai Co., Ltd.	81
Wacoal Distribution Corp.	100

Domestic Principal Joint Ventures

Wacoal Holdings Equity Owned	(%)
House of Rose Co., Ltd.	20

Overseas Principal Subsidiaries

Wacoal Holdings Equity Owned	(%)
Wacoal International Corp. (U.S.A.)	100
Wacoal America, Inc.	100
Wacoal France S.A.	100
Wacoal (UK) Limited	100
Wacoal Singapore Pte. Ltd.	100
Wacoal Hong Kong Co., Ltd.	80
Wacoal International Hong Kong Co., Ltd.	100
Wacoal China Co., Ltd.	100
Guangdong Wacoal Inc.	100
Dalian Wacoal Co., Ltd.	100
Vietnam Wacoal Corp.	100
Wacoal Dominicana Corp.	100
Philippine Wacoal Corp.	67
Wacoal Sports Science Corp.	100
Wacoal (Shanghai) Human Science R&D Co., Ltd.	100

Overseas Joint Ventures

Wacoal Holdings Equity Owned	(%)
Shinyoung Wacoal Inc. (South Korea)	25
Thai Wacoal Public Co., Ltd.	34
Taiwan Wacoal Co., Ltd.	50
Indonesia Wacoal Co., Ltd.	42
Wacoal Malaysia Sdn. Bhd.	50
Shanghai Yadie Fashion Co., Ltd.	20

International Network

Wacoal America, Inc.
136 Madison Avenue,
New York, NY 10016, U.S.A.
Tel: 1-212-532-6100

Wacoal France S.A.
7/11 Rue des Gazometres,
93218 Saint-Denis La Plaine Cedex, France
Tel: 33-1-5593-0310

Wacoal (UK) Limited
4th Floor, Hardy House,
16-18 Beak Street,
London W1R 3HA,
United Kingdom
Tel: 44-207-439-6190

Wacoal Singapore Pte. Ltd.
215 Henderson Road,
#01-08 Henderson Industrial Park,
Singapore 159554
Tel: 65-6270-2887

Wacoal Hong Kong Co., Ltd.
16th Floor East, Warwick House,
Taikoo Place, 979 King's Road,
Quarry Bay, Hong Kong
Tel: 852-2811-3202

Wacoal International Hong Kong Co., Ltd.
16th Floor East, Warwick House,
Taikoo Place, 979 King's Road,
Quarry Bay, Hong Kong
Tel: 852-2561-9191

Wacoal China Co., Ltd.
Jia 16 Tongji North Road,
Beijing Economic & Technological
Development Area,
Beijing 100176, P. R. C.
Tel: 86-10-6787-2185

Guangdong Wacoal Inc.
Huahai Industrial District,
Xinhua Town, Huadu Qu,
Guangzhou City,
Guangdong, P. R. C.
Tel: 86-20-8686-1170~3

Dalian Wacoal Co., Ltd.
#42 Economic & Technical
Development Zone, Dalian,
Liaoning, P. R. C.
Tel: 86-411-8733-7722

Vietnam Wacoal Corp.
110 Amata Road,
Amata Mordern Industrial Park,
Long Binh Ward, Bien Hoa City,
Dong Nai Province,
Socialist Republic of Vietnam
Tel: 84-61-892060~2

Wacoal Dominicana Corp.
Zona Franca Industrial,
Las Americas KM22,
Autopista Las Americas,
Santo Domingo, Dominican Republic
Tel: 1-809-549-1090

Philippine Wacoal Corp.
3rd Floor, 6788 Ayala Avenue,
Makati Metro Manila, Philippines
Tel: 63-2-893-7432

Shinyoung Wacoal Inc.
345-54, Ka San Dong, Cum Chone Gu, Seoul,
Republic of Korea
Tel: 82-2-818-5120

Thai Wacoal Public Co., Ltd.
930/1 Soi Pradoo 1,
Sathupradith Bangkholaem,
Bangkok, Thailand
Tel: 66-2-289-3100~9

Taiwan Wacoal Co., Ltd.
15, Jingkwo Road, Taoyuan,
Taiwan, R.O.C.
Tel: 886-3-326-9369~80

Indonesia Wacoal Co., Ltd.
Jl. Tarikolot No. 59,
Citeureup-Bogor, Indonesia
Tel: 62-21-875-3611

Wacoal Malaysia Sdn. Bhd.
5th Floor, Plaza Hamodal,
Lot 15, Jalan 13/2 (Section 13),
46200 Petaling Jaya, Selangor, Malaysia
Tel: 60-3-7960-8308

Wacoal Sports Science Corp.
136 Madison Avenue,
New York, NY 10016, U.S.A.
Tel: 1-212-743-9849

Wacoal (Shanghai) Human Science R&D Co., Ltd.
7th Floor, Jiangnan Zaochuan Bldg.,
600 Luban Road, Luwan District,
Shanghai, P. R. C.
Tel: 86-21-6390-7448

INVESTOR INFORMATION

As of March 31, 2009

Stock Listings
Tokyo, Osaka, NASDAQ

Fiscal Year-End
March 31

Securities Code
3591

Common Stock
Issued: 143,378,085 shares
Outstanding: 143,342,087 shares

Trading Unit
1,000 shares

Shareholder Register Agent for Common Stock
Mitsubishi UFJ Trust and Banking Corporation
1-4-5, Marunouchi, Chiyoda-ku,
Tokyo 100-8212, Japan

American Depositary Receipts
Cusip No.: 930004205
Ratio (ADR:ORD): 1:5
Exchange: NASDAQ
Symbol: WACLY

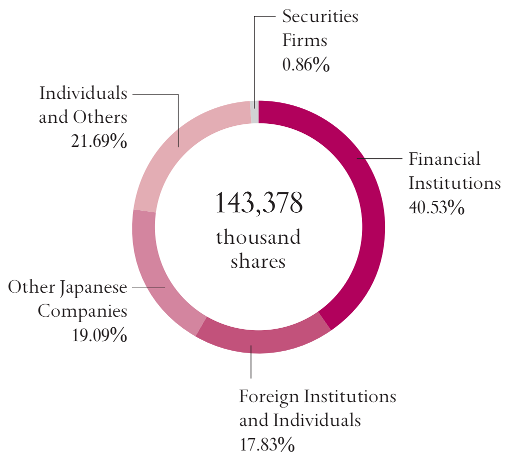
Depositary
The Bank of New York Mellon
101 Barclay Street,
New York, NY 10286, U.S.A.
Tel: 1-212-815-8161
U.S. toll free: 888-269-2377
(888-BNY-ADRS)
URL: http://www.adrbny.com

Number of Shareholders
11,038

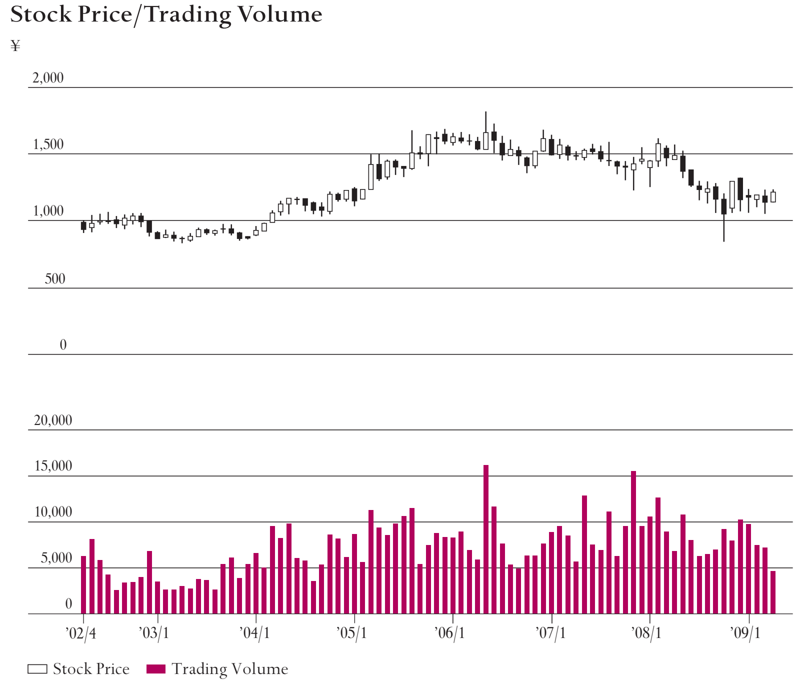
Major Shareholders	%
The Bank of New York Mellon as depositary bank for depositary receipt holders*	12.38
Meiji Yasuda Life Insurance Company	4.98
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4.97
Mika Noguchi	4.77
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	3.92
Nippon Life Insurance Company	3.88
The Bank of Kyoto, Ltd.	3.03
The Dai-ichi Mutual Life Insurance Company	2.78
The Shiga Bank, Ltd.	2.40
Mitsubishi UFJ Trust and Banking Corporation	2.17

* Shares deposited to issue American Depositary Shares traded on the NASDAQ stock market.

Ownership and Distribution of Shares



Stock Price/Trading Volume



Forward-Looking Statements
Statements contained in this annual report that are not historical facts are forward-looking statements which reflect the Company's plans and expectations. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, performance, or achievements to differ materially from those anticipated in these statements.

WACOAL HOLDINGS CORP.
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Printed in Japan
090731-FA-WT3