



INTEGRATED
REPORT
2016

Passion
Meets
Performance

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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.

Editorial Policy for This Report

In accordance with international norms for integrated reporting, the Wacoal Group has been issuing integrated reports since FY2011 as part of its communication with shareholders and other investors.

This integrated report explains the Wacoal Group's value creation activities not only through financial information but also through nonfinancial information about unique, significant assets and other facets of the Group's business.

Further, the web site of Wacoal Holdings Corp. includes a wide range of information about the Group. We hope that referring to this integrated report in conjunction with the web site will further understanding of the Group. Going forward, we will continue pursuing an editorial policy that responds to changes in reader expectations.

Publications to Help Stakeholders Understand Wacoal

Integrated Report



News for Shareholders



Annual Handbook



URL

Company Homepage

<http://www.wacoalholdings.jp/en>

IR Information

<http://www.wacoalholdings.jp/en/ir>

CSR Information

<http://www.wacoalholdings.jp/en/csr>

Mutual trust describes how all employees of Wacoal become people who are trusted both by others in Wacoal and by members of society. It is about establishing a body of people bound by trust and respect, who do more than simply get along; they act out of a deep and intense humanity to help and encourage others. Mutual trust is not a value that will fade with time, rather it remains a principle by which the whole world can coexist and prosper, and it stands as the fundamental and enduring founding spirit of the Wacoal Group.

A blue feather and a yellow rose are positioned in the center of the page. A white 'X' is drawn over the rose and feather. The background is black.

Mutual
Trust

Beauty

Since our founding over 70 years ago, we have aimed through our business operations to help women realize their desire to express their beauty. We like to think that, as a result, we have helped women across the world feel more confident and lead more fulfilled lives. Our focus on understanding women's values and sense of beauty, and our empathy with women, has now become a Wacoal value. The ideal that we pursue is the creation of a beauty that can be shared by the world's women.

Sophisticated Figure

Beauty and comfort in the perfect fit.

While brassieres that put appearance before functionality gain in popularity, Wacoal daily continues to drive evolution in pursuit of the ideal brassiere that provides both beauty and comfort for every woman.

Every Stitch, Every Millimeter, Every Second Counts

Our brassieres are made from about 40 parts in about 20 steps. The decorative beauty of the finish and the body-fitting curves are the result of the technical prowess of our employees who perform the final stitching by hand.

With detailed production that leaves no room for even one millimeter error, we also aim to boost efficiency through consciousness of every second, and thoughtfulness in every stitch.

Bringing these three elements together allows us to make Wacoal products loved by customers.

Passion *for* Products

The Science of Women's Beauty

Based on data compiled from more than 40,000 people over 50 years, we have looked at the beauty of shape, motion, and comfort from the point of view of human science.

With many years of scientific research to support results such as the "Golden Canon," a three-dimensional index of the balance of beauty, and the "Aging of the Physique and the Principles of Beauty," that makes clear the effects of age, we can respond to women's desire to express their beauty.



Making it Happen

To help the world's women to express their beauty is the mission and the objective of Wacoal. In today's rapidly changing society, women's perceptions, values, and lifestyles are overflowing with diversity, and their life stages are constantly in flux as time passes.

At Wacoal, our job is to understand those changes, keep listening to women, and offer products and services that match their needs.

We also hope to provide new value throughout the world by strengthening Wacoal's global presence.

Wacoal for Lifestyle

To meet the varying requirements of customers throughout their lives, Wacoal offers a number of product brands manufactured through leveraging our strengths.

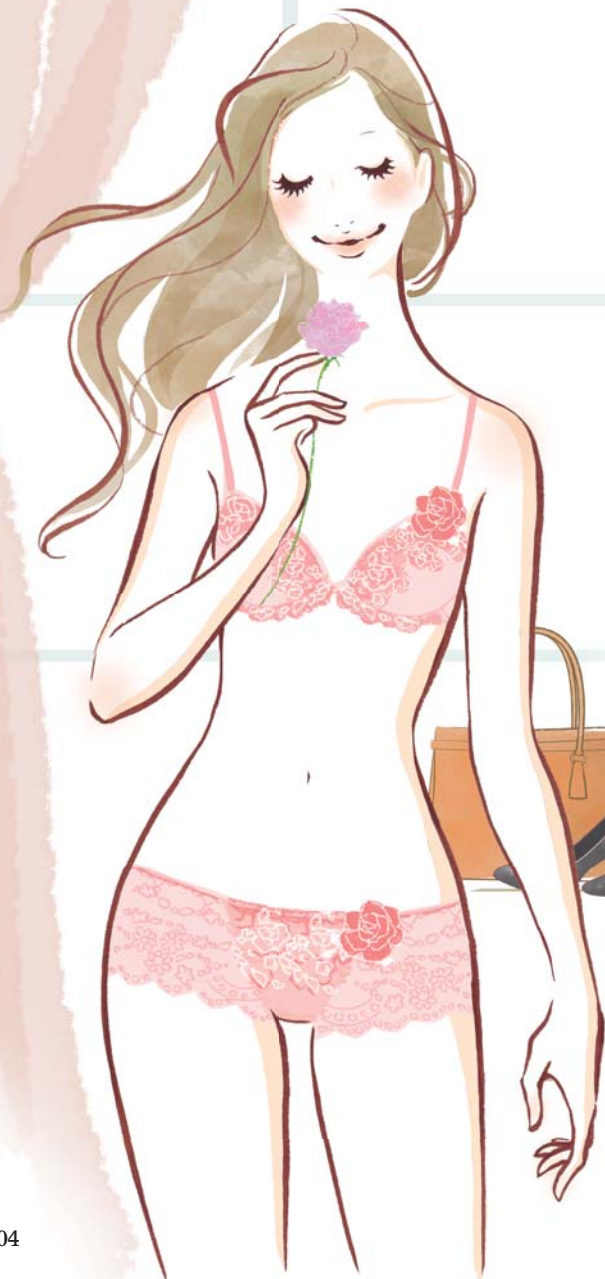


- Wacoal Junior
- KIDS Wacoal
- FAIRY TIARA

- gra-P
- Rakuraku Partner

Daily Life

Rich product lineups of both inner and outer wear for everyone, regardless of gender or age.



- Wacoal
- Wing
- WACOAL DIA
- Trèfle
- Salute
- PARFAGE



- WACOAL MEN
- BROS

- L'ge
- LASSÉE
- amphi
- Pulilli
- une nana cool
- PEACH JOHN
- SUCCESS WALK

Workout

Sportswear designed for mobility and support during physical activities.

● CW-X



● WACOAL BRIDAL

A New Life

Superior-quality bridal lingerie for the special day, maternity innerwear to keep pre and postnatal mothers comfortable, and baby underwear that follows the baby's growth.



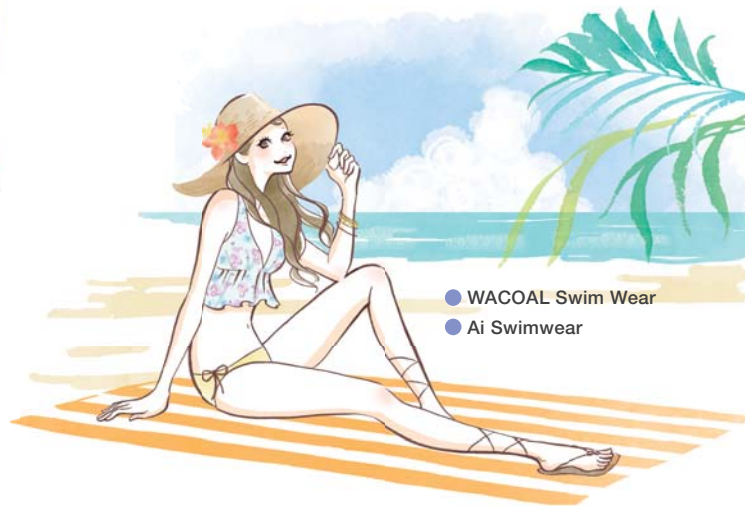
● WACOAL MATERNITY



● WACOAL BABY



● Think Sleeping
● tsumori chisato SLEEP



● WACOAL Swim Wear
● Ai Swimwear

Relax & Resort

Pajamas, and room wear essentials for relaxing, and swimwear for summer and resorts.

1950s

Birth of Wacoal

In Japan, women's dress sense was transforming from Japanese to Western apparel. At its factory, Wako Shoji designed and mass produced Western innerwear for women, which had been until then unfamiliar to Japanese women. The company undertook unique promotional activities, such as innerwear fashion shows, which established innerwear as a fashion item. From 1956 to 1957, the first innerwear boom grew sales beyond ¥500 million and expanded the workforce to 500, laying the foundations of today's businesses.



Business Based on Mutual Trust

Labor relations became a major issue for business in the 1960s. Ultimately, management judged that it had to trust employees completely, and the principle of "Business Based on Mutual Trust" became a pillar of management.



Net Sales
(Sep. 1950—Aug. 1951)

¥35 million

1960s

Domination of the Domestic Market

In the 1960s, Japan's period of rapid economic growth was changing women's lifestyles and heightening their interest in fashion. In 1961, we completed a three-dimensional drawing method for brassieres. And, in 1965 we obtained an international patent for Tummy Girdle, which we developed by applying an innovative flexible fabric. The Wacoal Group established the Product Research Department and began investigative research on the physique of Japanese women in 1964. In the same year, the Group listed on the stock market, and we have continued to adhere to a passage of the address Koichi Tsukamoto delivered at this time. In fact, his words have become our mission.



Net Sales
(Sep. 1968—Aug. 1969)

¥9.7 billion

1970s

Overseas Strategy and Diversification

This era saw consumer tastes shift from volume to quality and from the material to the spiritual. In 1970, we established joint ventures in South Korea, Thailand, and Taiwan, laying the foundations of a stronger global presence for the Wacoal Group. This was also the era in which we sought to go beyond the innerwear industry's traditional boundaries and become part of the fashion industry by diversifying into peripheral industries. In 1979, to mark the 30th anniversary of our foundation, we renewed our corporate logo to create the current "fashion flower" logo.



Net Sales
(Sep. 1978—Aug. 1979)

¥74.3 billion

Wa

Founding — 1950s

1960s

1970s

Developing the Domestic Market

Establishing the Domestic Market

Developing the Overseas Market

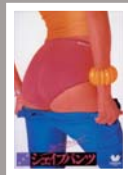
1980s

Expansion Strategy

To expand our presence in overseas markets, we established local subsidiaries in the United States in 1981 and in Hong Kong in 1983. In 1985, we became the first Japanese company to establish a joint venture in China. Further, we overturned conventional wisdom in the innerwear industry by launching Shape Pants with 17 choices of color in 1981. The product became a huge hit, shipping 2.8 million units. Around this period, we began such social contribution activities as corporate philanthropy in the areas of culture and sports. It was the era in which we began sowing the seeds of long-term value creation.

Net Sales
(Apr. 1988—Mar. 1989)

¥107.9 billion



1990s

Evolution into a Global Corporate Group

As well as expanding manufacturing and sales networks in Asia, we entered Europe's market as part of efforts to realize a stronger global presence for the Wacoal Group. In Japan, amid a growing consumer preference for authenticity, we advanced investigation and research of women's physiques under the themes beauty, comfort, and health. A product of these efforts, the Good Up Bra, launched in 1992, became an unprecedented success through advertising that emphasized its "gather and lift" functionality. Over five years, with 10 million sold, it became a leading product in Japan's innerwear industry.

Net Sales
(Apr. 1998—Mar. 1999)

¥169.9 billion



2000s



A New Century

In 2000, Wacoal China Co., Ltd. became a wholly-owned subsidiary and began rolling out products in earnest and heightening brand-name recognition. In 2005, we adopted a holding company system to increase the accuracy and speed of operational decision making. Further, the Wacoal Group pursued increased enterprise value by welcoming companies into the Group: Peach John Co., Ltd., in 2006 and Lecien Corporation in 2009. Also, we have actively pursued various social contributions as an essential part of our role in society. For example, from 2002 we began Pink Ribbon activities, which raise awareness of breast cancer, while 2008 saw the launch of our Brassiere Recycling Campaign.

Net Sales
(Apr. 2008—Mar. 2009)

¥171.0 billion

Net Sales
(Apr. 2015—Mar. 2016)

¥202.9 billion

2010s

Strengthening Our Global Presence

On a day-to-day basis, we are continuing efforts to establish a corporate group that is able to achieve further value creation and grow with customers by exploiting global networks and marketing rooted in countries or regions. The report "Aging of the Physique and the Principles of Beauty," which we published based on half a century of research, is a major achievement that has provided new value to customers and shown the importance of wearing innerwear appropriate to the individual's physique. In 2012, we made Eveden Group Limited a wholly-owned subsidiary with a view to expanding our businesses in Europe.



Wacoal's History

1980s

1990s — Present

Establishing the Overseas Market

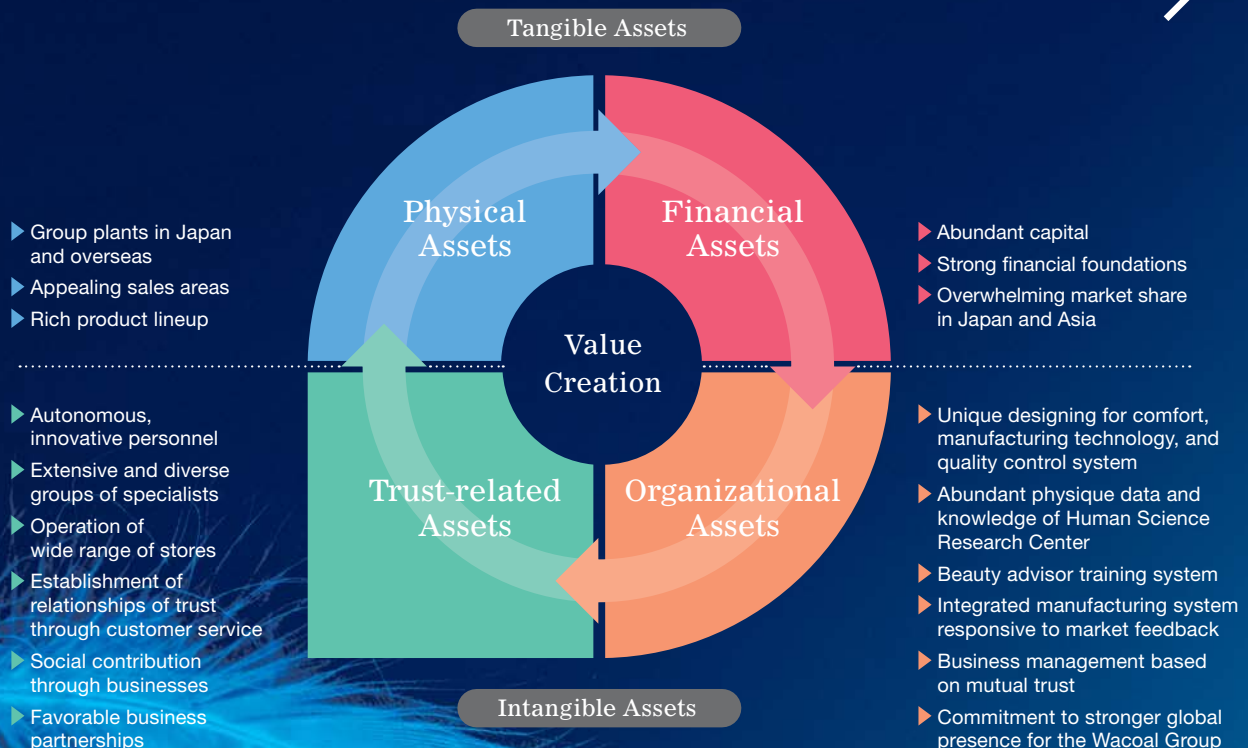
Building a Global Wacoal

Our Value

Creating Value through Trust and Passion

Management to Build Trust

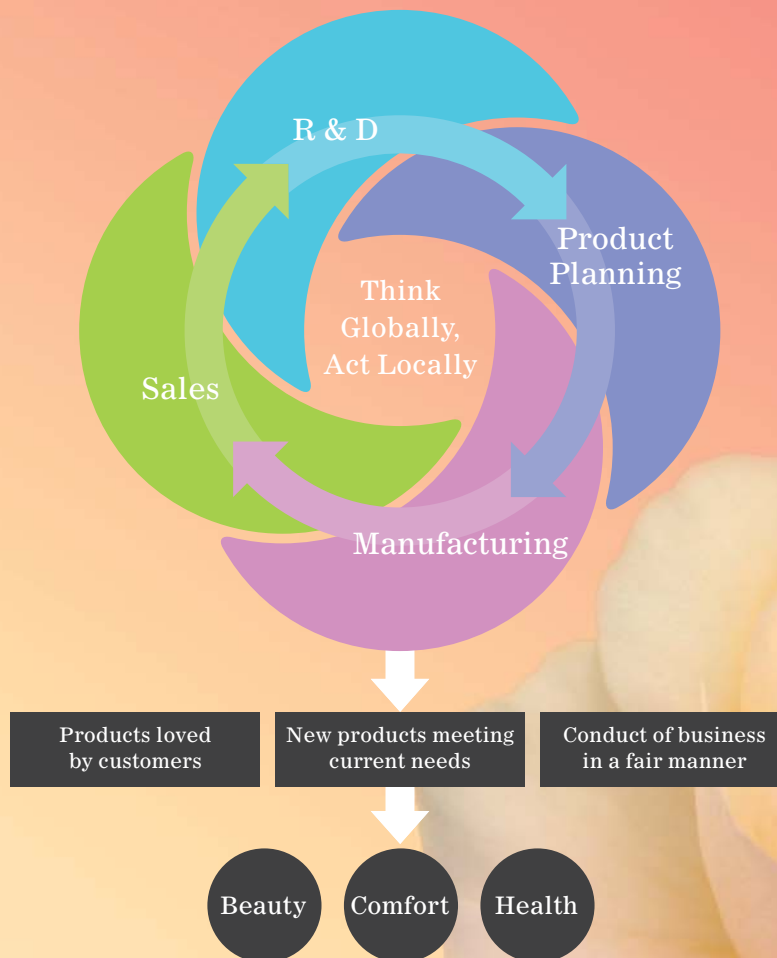
Strengthening intangible assets is a fundamental tenet of management.



For sustained growth, Wacoal continues to invest in and strengthen intangible assets. Based on appropriate management strategies, intangible assets are incorporated into our business model, providing society with the three values of beauty, comfort, and health. Women's values and sense of beauty differ widely by country and region. Considering the hearts, minds, and bodies of women in each part of the world, we aim to build a consistent business model with local roots. Underlying this is strong desire to help the women of the world to express their beauty.

Offering Beauty, Comfort, and Health

The foundation of our business is the desire for helping women to express their beauty.



Financial Assets

Consolidated Financial Data

Net Sales	Operating Income	ROE	Full-year Cash Dividends per Share of Common Stock
<p>¥ 202.9 billion</p> <p>▲ UP by 5.8%</p>	<p>¥ 13.9 billion</p> <p>▲ UP by 95.8%</p>	<p>4.9 %</p> <p>▲ UP by 1.0%</p>	<p>¥ 33.0</p> <p>▲ UP by ¥3</p>

Segment Information

9.5%

Other Businesses

Mainly operations of Nanasai Co., Ltd. and Lecien Corporation

5.5%

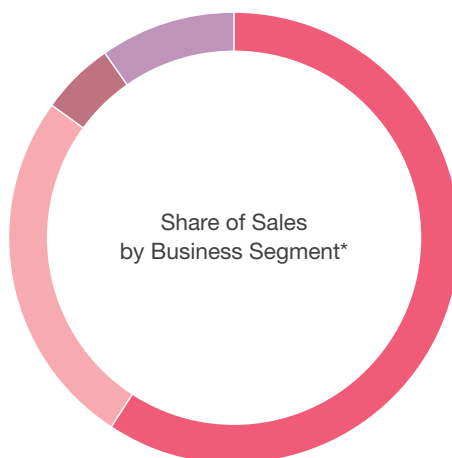
Peach John Business

Operations of Peach John Co., Ltd.

25.6%

Wacoal Business (Overseas)

Mainly operations of Wacoal International (U.S.), Wacoal China Co., Ltd., and Wacoal Europe Ltd. (U.K.).

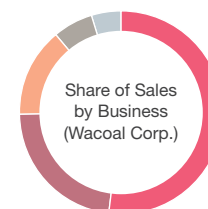


*Calculated based on net sales to external customers

59.4%

Wacoal Business (Domestic)

Mainly operations of Wacoal Corp. in wholesale business for department stores, merchandising stores, specialized stores, directly managed stores, and online sales business, as well as some domestic subsidiaries.



Wacoal Brand Business Dept.	52.1%
Wing Brand Business Dept.	22.8%
Retail Business Dept.	14.1%
Wellness Business Dept.	6.4%
Catalog Sales Business Dept.	4.6%

Net Sales to External Customers / Operating Income (Loss)

Wacoal Business (Domestic) (¥ million)	Wacoal Business (Overseas) (¥ million)	Peach John Business (¥ million)	Other Businesses (¥ million)
<p>■ Net Sales ■ Operating Income</p> <p>2016</p> <p>8,810 120,570</p> <p>2015</p> <p>8,444 112,203</p> <p>2014</p> <p>9,284 118,085</p>	<p>■ Net Sales ■ Operating Income</p> <p>2016</p> <p>4,433 51,869</p> <p>2015</p> <p>4,776 48,107</p> <p>2014</p> <p>4,037 43,636</p>	<p>■ Net Sales ■ Operating Income</p> <p>2016</p> <p>258 11,190</p> <p>2015</p> <p>-6,296 11,626</p> <p>2014</p> <p>83 12,482</p>	<p>■ Net Sales ■ Operating Income</p> <p>2016</p> <p>364 19,288</p> <p>2015</p> <p>158 19,829</p> <p>2014</p> <p>456 19,578</p>

Information by Region

Consolidated Overseas Sales

¥ **52.2**
billion

UP by 7.7%

Overseas Affiliates Sales

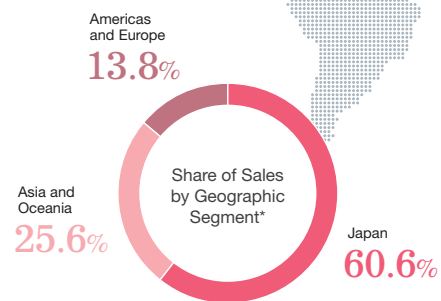
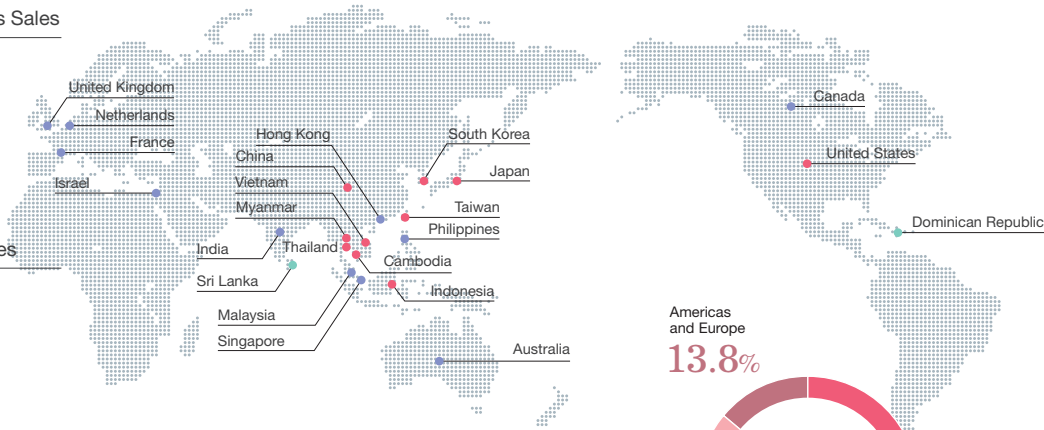
¥ **45.8**
billion

UP by 8.6%

Number of Countries where the Wacoal Group has Operating Bases

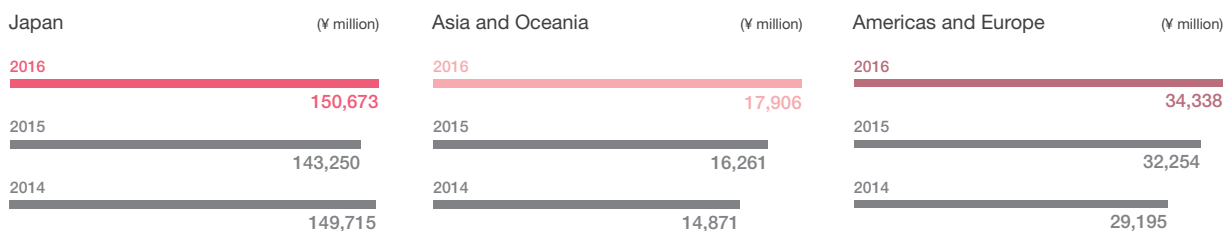
23
countries

● Sales	11
● Manufacturing	2
● Manufacturing / Sales	10



*Calculated based on net sales including net sales of overseas affiliates

Net Sales by Region (Consolidated)



Physical Assets

Products Manufactured In-house*

More than 80% of products sold in Japan, and almost 100% of brassieres, are manufactured in-house. This kind of in-house manufacturing structure prevents our technological capability and manufacturing know-how from leaking to external parties, and allows us to maintain a dominant cost competitiveness that is little affected by macroeconomic conditions.

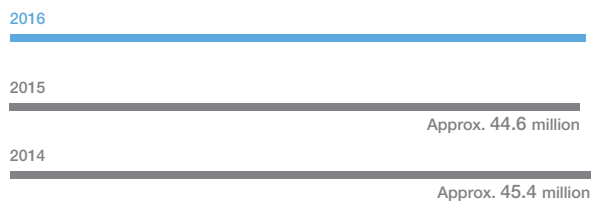
*Wacoal Corp.



More than
80%

Worldwide Sales of Brassieres

Approx. **45.0** million



Organizational Assets

Women Assuming More Active Roles

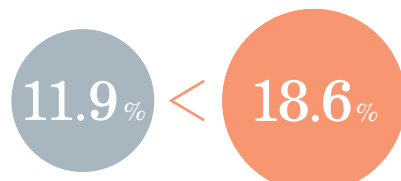
Percentage of female employees*¹ (FY2016)

89%

Percentage of employees who take maternity/child leave



Percentage of women in managerial positions*¹ (FY2016)



Japanese company average*²

At Wacoal

*1 Wacoal Corp.
*2 2015 Basic Survey of Gender Equality in Employment Management, Ministry of Health, Labour and Welfare

Directors and Audit & Supervisory Board Members

Number and percentage of female officers

2 / 17%

As of June 29, 2016



As of June 2005



Number and percentage of female officers

1 / 8%

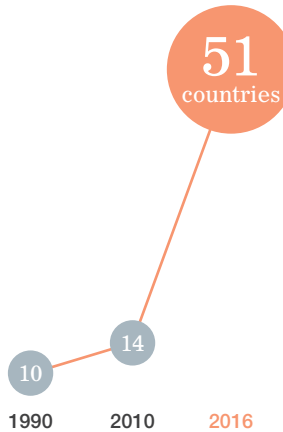
Outside officers and ratio to total directors and Audit & Supervisory Board members

6 / 50%

Outside officers and ratio to total directors and Audit & Supervisory Board members

5 / 42%

Countries & Regions Where Wacoal Products are Sold



Cumulative Measurement Data*1

More than **40,000**

Over nearly 50 years, we have studied the physiques of over 40,000 women. This data is the source of Wacoal's competitive products that incorporate beauty, comfort, and health.

Individual women on which we have accumulated data for nearly 30 years **More than 100**

Patents & Registrations in Japan*1

At Wacoal: **Approx. 550** Average at competitors **Approx. 170** in Japan*2

*1 Wacoal Corp.
*2 Estimated by Wacoal

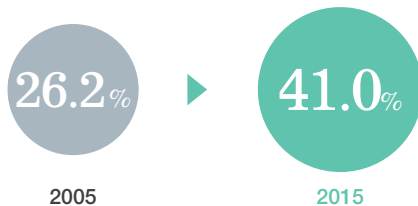
Trust-related Assets

Beauty Advisors Worldwide

Approx. **8,000**

Our beauty advisors (BA) are important. They not only provide consultation and information in stores, but also understand what customers need. Those customer needs and voices will help new product planning and services, enhancing Wacoal's competitive position.

Share of Women's Innerwear Market in Japan*1



Nikkei Sangyo Shimbun (shipment value basis)

Quality Check

150 criteria

In 1997, Wacoal became the first ISO 9001*2 certified company in Japan's apparel industry. At Wacoal, innerwear product quality control is maintained according to over 150 criteria tested during the preproduction stage. We also employ unique quality standards for cutting and sewing, further ensuring that we can be trusted to deliver safe, reliable products.

*1 Wacoal Corp. and domestic subsidiaries

*2 An international standard that continuously increases customer satisfaction and improves quality management systems through assurance of product and service quality.

Characteristics of Wacoal's Business Worldwide

01 / Business unique to each market

Wacoal's business model does not simply introduce products created for Japan to the global market. Instead, mainly with local subsidiary staff in each country, we offer products and services tailored to local cultures, practices, and preferences. Our integrated system, from manufacturing to sales, enables us to respond swiftly and flexibly to local trends and customer needs.

02 / Designs differ by country and region

Women's physiques vary greatly, not only among age groups and individuals, but also among countries and regions. To deliver innerwear that is comfortable for every woman, Wacoal designs products for all types of physiques and sensibilities worldwide. We believe that with products designed to fit for everyone, we can contribute to the beauty of the world's women in ways that customers love.

03 / Responding in detail, rather than scale

The women's innerwear industry is labor intensive, and uses small lot sizes of raw materials. This makes the economy of scale less effective, which is an obstacle for market entry to mass production/mass retailing clothing companies. However, this creates an opportunity for Wacoal to respond to market demands in superior detail.

Wacoal's Market Environment

Overseas Market

United States

Market Size**

Approx. \$12 billion

Women's innerwear Market share as a ratio of GDP

0.07%

Some American brands occupy overwhelming shares of the U.S. market, while others only have around 1%. Half of the sales channels are comprised of shopping center specialty stores and department stores, accounting for approximately 40% and 10%, respectively. Wacoal's main sales channel is department stores, which account for approximately 23%, the largest share.

Europe

Market Size**

Approx. €9 billion

Women's innerwear Market share as a ratio of GDP

0.06%

France, Italy, the United Kingdom, and Germany are dominant, comprising a total of approximately 75% of the entire European market. The top brand has 6-8% of each market's share, followed by others with relatively equal shares of several percent each. Wacoal's share of the whole market is approximately 1%. Specialty stores such as boutiques account for an overwhelmingly large portion of sales channels in Europe.

Domestic Market

Japan

Market Size*2

Approx. ¥644 billion

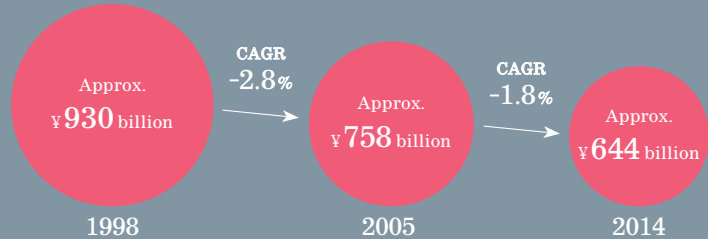
Women's innerwear
Market share as a ratio of GDP

0.13%

The domestic innerwear market has relatively little price elasticity, and is relatively unaffected by economic cycles and changes in individuals' incomes, making it easier to secure stable sales volume in the market.

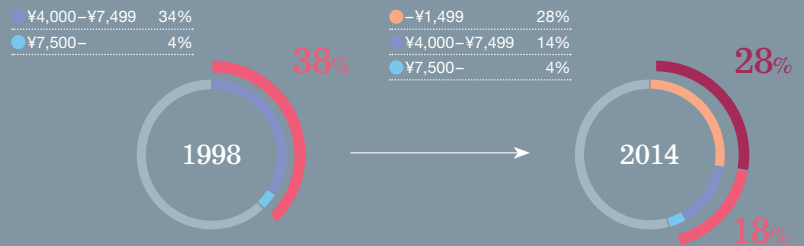
However, Japan's domestic market has been contracting since its peak in 1988, mainly due to falling average sales prices. This market is expected to shrink further, given that the economically productive population will be decreasing. On the other hand, women are being encouraged to play more active roles throughout society, which could increase demand for and diversity of innerwear. Higher-quality products are expected to sell better, which should be favorable for Wacoal.

Domestic Market Size*2



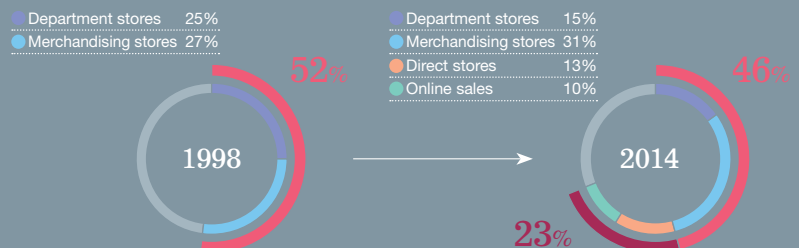
Change in Average Sales Price*2

Wacoal's main products retail for over ¥4,000. Products priced above ¥4,000 accounted for approximately 38% of the entire market in 1998, but fell to approximately 18% in 2014. On the other hand, products priced under ¥1,500 accounted for about 7% in 1998 and rose to approximately 28% of the market in 2014.



Change in Proportion by Sales Channels*2

Wacoal's main sales channels are department stores and merchandising stores. In the overall market, though, department store sales have peaked and are contracting. Merchandising store market sales have recently shown a tendency to decrease as well. On the other hand, as directly managed stores and online sales are expanding, Wacoal is putting more effort into opening direct stores and enhancing e-commerce websites.



China

Market Size*1

Approx. 80 billion RMB

Women's innerwear
Market share as a ratio of GDP

0.10%

Approximately 10% of the entire China innerwear market is for mid- to high-end products sold mainly at department stores. Wacoal's share of these sales at department stores is approximately 20%, making it the brand with the 3rd or 4th largest share. A local China brand has the largest market share at approximately 30%.

*1 Estimated by Wacoal. *2 By Yano Research Institute, Ltd.

Investment in Steady Medium- and Long-term Growth and Return of Money to Shareholders

The Wacoal Group drew up a new three-year medium-term plan (from April 2016). The Group aims to fulfill the concept of “Wacoal for the World.” To realize this, we will continue to develop the trust of customers worldwide while we make optimal use of management resources and the Group’s network to provide state-of-the-art products and further develop new areas of innerwear culture. We will also focus on business profitability and efficiency while enhancing the company’s value by challenging ourselves to delve into new areas as well as focusing on those in which Wacoal has a competitive position.

The Previous Medium-term Management Plan from FY2014—FY2016

Responding to Market Change, and Strengthening Management Structure

The previous medium-term management plan’s domestic goals included creating more contact points with customers and increasing our market share by area. Its international aims were to increase our sales and revenue in the U.S., Europe, and China.

To achieve the previous medium-term management plan’s numerical targets, we rigorously curtailed costs, which involved consolidating sourcing and shifting production to ASEAN countries. Despite the depreciation of the yen and rise of processing wages, we came up slightly short of our target income. However, consolidated sales of ¥202.9 billion exceeded the planned target. Domestic business sales increased because of the addition of a new company, Ai Co., Ltd., that deals mainly with swimwear.

Overseas business sales increased significantly, not only because of yen depreciation, but also on a local currency basis. Peach John and other businesses ended with decreases in sales. Profitability has been one of our priorities. Although the operating margin came in slightly under our target, profitability has improved over the past three years.

Achievement of Numerical Targets

Net Sales in FY2016 → **¥202.9 billion**
Target: over ¥200 billion

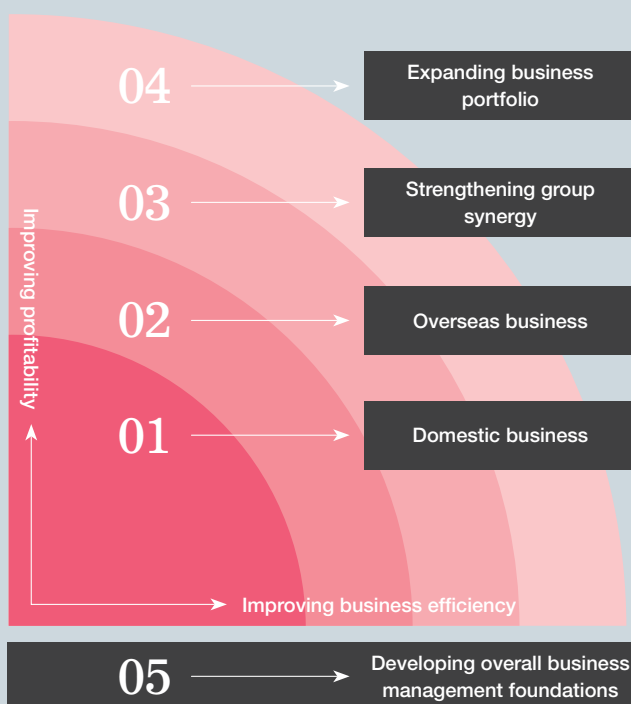
Operating Income in FY2016 → **¥13.9 billion**
Target: over ¥14 billion

Operating Margin in FY2016 → **6.8%**
Target: over 7%

Overview of the New Medium-term Management Plan for FY2017—FY2019

The Group Aims to be “Wacoal for the World”

We aim to secure revenue from domestic business, continuous growth of overseas business, enhanced synergy and competitiveness across the group companies, and business portfolio expansion, thereby increasing profitability and operating efficiency. Also, with the right financial strategy, we will improve our capital efficiency.



Priorities of the New Medium-term Management Plan

01 Secure Earnings in Domestic Businesses

Understand environmental changes accurately, and build the channel mix with customers' viewpoints in mind.

- ▶ Fully leverage the Group's extensive sales channels and encourage customer overlap among the Group's stores and Internet sales sites.
- ▶ In order to improve productivity of wholesale business, further improve efficiency of human and physical resources.
- ▶ Open more retail stores, and improve profitability by reducing sourcing costs with appropriate product lineups.
- ▶ Develop new products with high added value and product strategy in accordance with target demographics.

02 Generate Further Growth in Overseas Business

Build robust operating foundations in our three large markets, the U.S., Europe, and China.

- | | |
|--------|---|
| U.S. | <ul style="list-style-type: none"> ▶ Define mid-range and high-end markets. ▶ Cultivate business in neighboring countries and new sales channels. ▶ Develop management successors. |
| Europe | <ul style="list-style-type: none"> ▶ Complete organizational restructuring. ▶ Review brand portfolio and improve business foundation. ▶ Develop products by leveraging human science. |
| China | <ul style="list-style-type: none"> ▶ Leverage product power in high-end market to realize operating margin that is close to corresponding levels in the markets in the U.S. and Europe. ▶ Review LA ROSABELLE business expansion plans, and reevaluate prospects for profitability. ▶ Leverage other companies' e-commerce websites and develop sales promotion. |

03 Create Group Synergies and Strengthen Competitiveness

Leverage strengths of each group company to enhance overall competitiveness.

- | | |
|------------|---|
| Peach John | <ul style="list-style-type: none"> ▶ Rebuild the brand image. ▶ Enhance online-to-offline communication. ▶ Expand store network and strengthen customer base. |
| Lecien | <ul style="list-style-type: none"> ▶ Focus on specific items in business portfolio. ▶ Streamline planning and production. ▶ Develop high added value products such as private label products and handicraft goods. |
| Ai | <ul style="list-style-type: none"> ▶ Enhance year-round stores. ▶ Expand resort wear products. ▶ Improve business efficiency by incorporating logistics functions and renewing IT infrastructure. |

04 Expanding the Business Portfolio

Seek new business areas and markets based on our strengths.

- ▶ Create new businesses other than innerwear and associate them with the values of beauty, comfort, and health.
- ▶ Introduce fiber products to new markets.

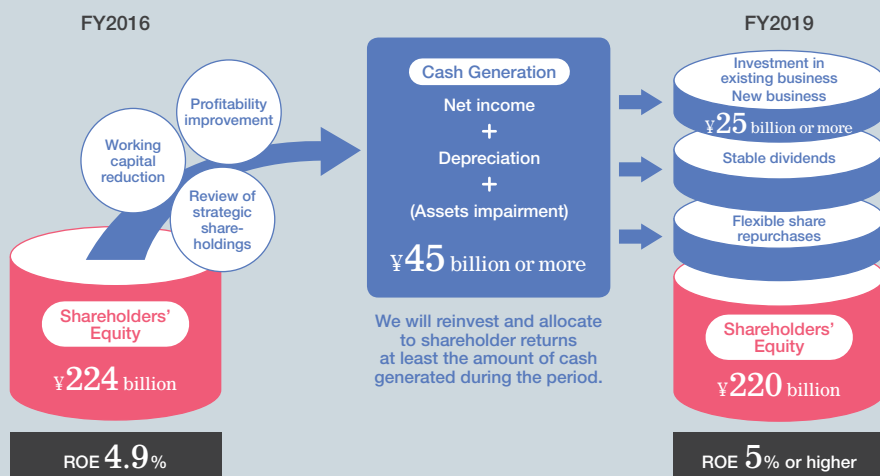
05 Improve Our Group Management Infrastructure

Sincerely engage with stakeholders to achieve sustainable growth.

- ▶ Fulfill our management philosophy.
- ▶ Respond to society's demands and issues.
- ▶ Continuously improve corporate governance.
- ▶ Develop human resources including encouraging women to take more active roles, etc.

Capital Policy and Shareholder Returns

We will maintain a strong financial base while enhancing future investment and returns to shareholders. Keeping in mind the reduction of shareholder capital, in the final year of the current three-year plan, we will achieve over 5% ROE, a level that corresponds to the equity cost.



Wacoal for the World with

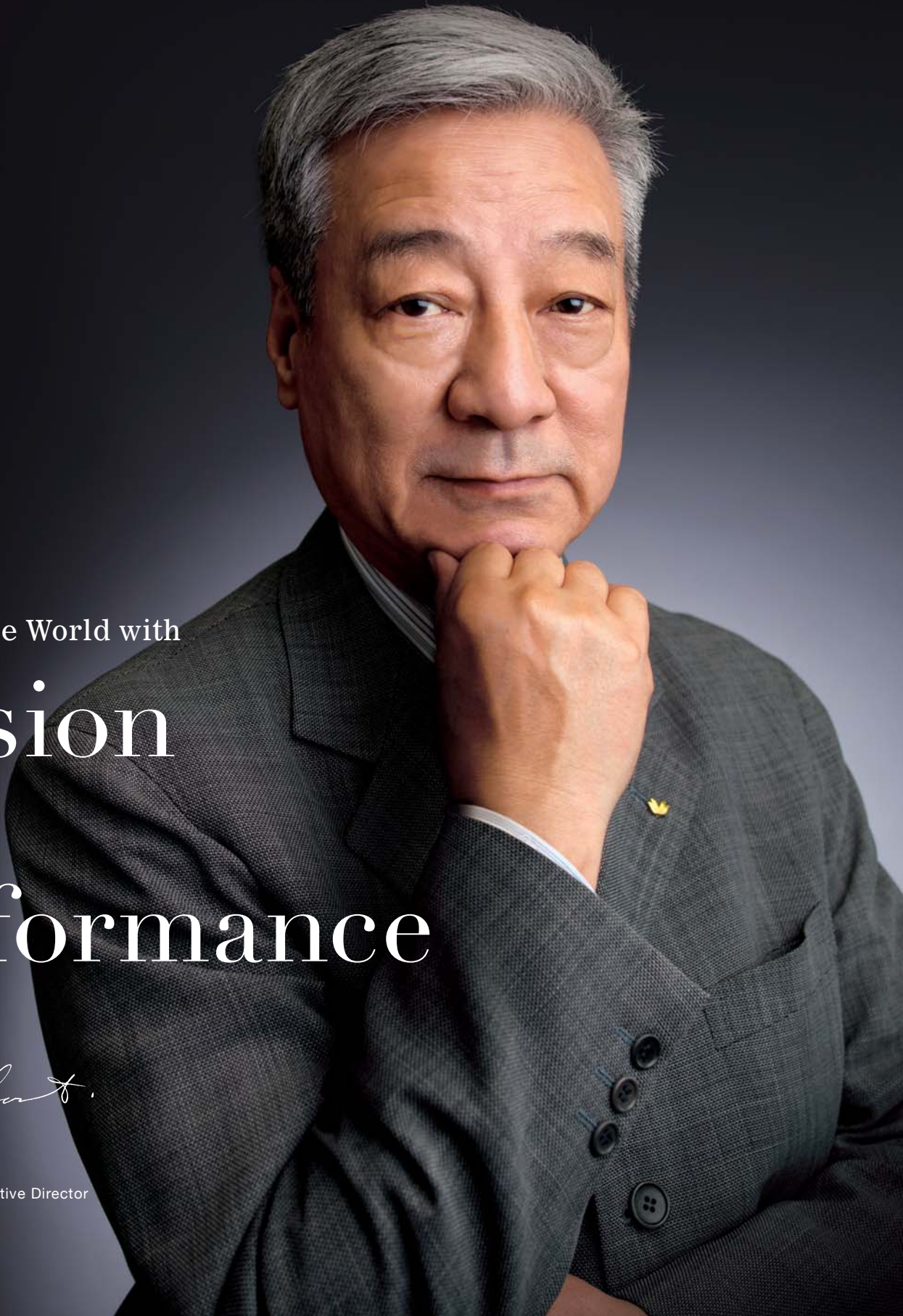
Passion
and

Performance



Yoshikata Tsukamoto

President and Representative Director
Wacoal Holdings Corp.



The Wacoal Group drew up a new three-year medium-term plan to take effect April 2016 aimed at maximizing its network becoming “Wacoal for the World.” Based on passionately “helping the world’s women to express their beauty,” the Group’s management is committed to further building “mutual trust” and increasing our corporate value.

Revenue and Profit Rise, Slightly Less than Targets

In FY2016, ended March 31, 2016, despite persistent management challenges, net sales increased by 5.8% year on year to ¥202.917 billion and operating income increased by 95.8% to ¥13.865 billion, raising both revenue and profit.

Domestic businesses achieved higher sales than in the previous fiscal year, mainly because of the addition of a new company, Ai Co., Ltd. that primarily carries swimwear, as well as an increase in launches of directly managed stores. Total sales overseas also increased from the previous fiscal year, as yen depreciation pushed up sales.

Operating income increased greatly, as impairment losses (recognized in the previous year) from the Peach John business ceased to have an impact.

Domestic Retail Business and Overseas Business on Track

FY2016, the final year of the previous mid-term management plan, targeted ¥200 billion sales and ¥14 billion operating income. Actual operating income came in slightly under the target, but annual average sales growth stayed at 4.6%, achieving the sales target.

With a desire to respond to diverse domestic market needs, we acquired new customers by focusing more on age groups such as beginning users of innerwear and seniors; enhancing sales promotion activities in selected target regions; expand the lineup of products in the high volume price range; and increasing directly managed stores launched at reduced cost. Notably, our retail business revenue grew nearly 30%, due largely to the increase in

store launches.

The ongoing depreciation of the yen accelerated overseas business, which marked an average annual sales growth rate of 19.6%, accounting for 25.7% of consolidated sales and 33.0% of operating income.

By region, the U.S. operating income has been stable and the revenue increased by ¥8.6 billion, and in Europe the average operating income over three consecutive years exceeded 10%. In China we began to turn a profit by undertaking a “scrap & build” policy with our stores, curtailing the cost of materials, and simultaneously reinforcing our sales capabilities.

In the Peach John business, its main sales channel of online sales did not recover, while sales in other businesses also decreased due to extended slackness of Lecien outerwear sales.

Collectively, although our sales targets were achieved, I would give the overall results a score of 50 on a scale of 100, given that we could not develop new opportunities to expand into new business fields and markets.

Domestic retail and overseas businesses have been growing at a good pace. However, we need to expand sales channels and our portfolio to accelerate growth in existing markets.

Another key is to cultivate new markets. In India, we opened two stores jointly with a local partner. We would like to continue to meet the challenge of opening more new stores, while keeping our eyes on markets for potential opportunities.

For the duration of the previous medium-term plan, we proceeded with structural reform of our production divisions and strengthening the foundation for further growth. To address rising wage standards in Asian countries including China, we launched a new sewing plant in Myanmar. In Thailand, we acquired a material manufacturing



company from Saha Group and restructured it. Manufacturing network expansion encouraged healthy competition among production companies, which are now working even harder to improve quality and productivity. By leveraging our global sourcing base in such ways, we can continue to increase the Group's profitability.

New Mid-term Management Plan Targets—"Wacoal for the World"

The new medium-term management plan starting in April 2016 frames the Group's aims as "Wacoal for the World." The targets for the final fiscal year, 2019 (ending March 31 2019), of this three-year plan, are ¥215 billion in consolidated sales and ¥15 billion in consolidated operating income. The operating income rate to achieve this target is 7%. The target for net profit is ¥11 billion. The ROE (return on equity) target for FY2019 is to exceed 5%, which is higher than the company's shareholders' equity cost of 4.5%–4.9%.

I will explain how we intend to achieve these targets in line with five basic policies.

1. Ensuring Revenue from the Domestic Business

As the population of people in the economically productive age groups has started decreasing, no growth can be expected if domestic businesses are conducted as before.

In order to redesign the sales channel mix, we will pay more attention to consumers' viewpoints, such as where, what, and how they purchase. To begin with, we will start shifting management

resources from wholesale to retail businesses. We will open more retail stores to serve as locations in which to interact with prospective customers. We will reduce sourcing cost by employing appropriate product line-ups in order to improve profitability.

In the next stage, we will review business infrastructure. In-house trading rules designed for separating departments from each other will be amended. Furthermore, we will integrate the core IT system to enable cross-channel management of sales and inventory information. The final year of the new three-year plan targets an increase in the proportion of retail and e-commerce sales from the current 28% of total sales to 34% of total sales.

2. Accelerating Growth of Overseas Business

In the three major markets of overseas business (the U.S., Europe, and China), we will establish a robust management foundation, aiming for a consistent operating income rate of 10%.

In the U.S., although the size of our main sales channel (department stores) is declining somewhat, the company is strengthening planning and production departments in order to increase our products' added value. We will also proceed in developing the markets of countries that neighbor the U.S. and new sales channels.

Our highest priority in Europe is to fully complete PMI (post-merger integration). We will review the brand portfolio and reorganize the business to restore performance, especially across the Euro zone.

In China, we continue to make efforts to realize an operating income rate close to corresponding levels in the Europe and U.S. markets. By adding value to products, expanding our share among department stores, and leveraging third-party e-commerce websites, we aim to increase our total gross margin in China.

3. Strengthening Group Synergy and Competitiveness

Peach John has been experiencing a declining proportion of online sales, but we aim to achieve balanced growth by opening more stores and strongly encouraging customers to also become customers of other companies in the Group. For Lecien, we will improve the capacity to respond as an OEM supplier, and focus on higher value-added businesses, such as private label products and handcraft goods. As for Ai Co., Ltd., which specializes in swimwear, we will incorporate Ai's logistics functions with those of the Wacoal Group and renew the IT infrastructure in order to operate more efficiently.

On top of our efforts with each affiliated company, we will leverage the strengths (including know-how, sales channels, and functions) of each company in the Group in order to strengthen our overall competitiveness.

4. Expanding the Business Portfolio

The company possesses intangible strengths, commanding both brand loyalty and trust accumulated through years of business operation, and is financially healthy as well. Precisely because of this we must proceed right away to develop new business and expand our markets. To that end, we launched an in-house program in 2014 for employees to suggest new business ideas. We have already received valuable suggestions, some of which are close to commercialization. While a strong sense of ownership is necessary when launching a new business project, we will also actively consider innovative suggestions from outside parties. There are no constraints upon ideas, as long as the businesses suggested can deliver upon the values of beauty, comfort, and health. We will firmly maintain an in-house system and company culture that is ready and willing to meet the challenge of starting new businesses.

5. Maintaining the Foundation of Management

The company will celebrate its 70th anniversary in the fall of 2019. We should retain a broad sense of our objective that we stated upon going public,

“contribute to society by helping women to express their beauty,” in keeping with the times, and create new value so that stakeholders can expect the company to continue thriving even beyond its 100th anniversary.

Not only complying with laws and regulations, we will continue to question what society expects and demands in conducting our business. In particular, we aim to constantly improve our corporate governance in consideration of stakeholders’ viewpoints.

Also, because we respect the diversity of our human resources, we will intensify efforts to raise the profiles and enrich the roles of women and develop our human resources globally.

To Our Stakeholders

The company expects to gain over ¥45 billion in cash over the course of this medium-term management plan. We will invest more than ¥45 billion to grow sustainably and enhance returns to shareholders.

The mutual trust that our company fosters with all stakeholders is our main invaluable asset. We will maintain integrity in all our communications with our stakeholders based on this mutual trust, and co-create our values with passion. We appreciate your further assistance and encouragement.

FY2019 Targets

Net Sales	Operating Income	Net Income	ROE
¥ 215 billion	¥ 15 billion	¥ 11 billion	5 % or higher
Wacoal Business (Domestic) Net Sales (¥ million)	Wacoal Business (Overseas) Net Sales (¥ million)	Peach John Business Net Sales (¥ million)	Other Businesses Net Sales (¥ million)
2019 122,500 2016 (Result) 120,570	2019 58,000 2016 (Result) 51,869	2019 13,200 2016 (Result) 11,190	2019 21,300 2016 (Result) 19,288
Operating Income (¥ million)	Operating Income (¥ million)	Operating Income (¥ million)	Operating Income (¥ million)
2019 8,000 2016 (Result) 8,810	2019 5,300 2016 (Result) 4,433	2019 800 2016 (Result) 258	2019 900 2016 (Result) 364



SPECIAL FEATURE

Wacoal *for the* World



Building a Global Presence for Wacoal through Trust

China

China is a rising star in the global economy, and we regard it as one of Wacoal's most important overseas markets. China is a major focus for our efforts to expand our business and realize the concept "Wacoal for the World."

We established a presence in China 30 years ago. Our activities in China today are the result of swelling growth driven by a business strategy of building mutual trust across national borders, and transferring the characteristics that make Wacoal special, while also giving priority to localization.

Here is a look at where we are now.

Mutual Trust, the Key to Growth in China

In 1986, Wacoal became one of the first Japanese companies to establish business operations in China. Our progress since then is the result of efforts to help Chinese women to express their beauty.

A vast territory with a huge population, China possesses both a long history and diverse culture. The keys to business success in China are a commitment to learning about local customs, and the ability to adapt to a rapidly changing environment. Wacoal laid the foundations for its present growth through long years of effort, guided by these perspectives, building trust by offering products and services designed to meet the needs of Chinese women.

In recent years, we have developed structures that allow us to respond quickly to changing needs, while also adapting our product planning and marketing methods. Another component is the high-level capabilities of our frontline beauty advisors, which have increased through a successful human resources strategy. Mutual trust has allowed us to expand the potential of our business in China, and to build it into a major driving force for Wacoal's growth as a global brand.

China

Chronology of Wacoal's Business Activities in China

1980s

Beginnings

- 1986** Launch of a significant presence in China, joint venture Beijing Wacoal (44% Wacoal-owned).
- 1987** Aside from directly owned outlets, the business struggles due to the lack of commercial facilities.

1990s

Development of manufacturing and sales organization

- 1991** Beijing Wacoal begins trade in contracted processing for the Japan market.
- 1995** Guangdong Wacoal established to produce goods for the Japan market.
- 1997** Physique and somatotype survey with the Fashion Institute of the China Textile University (repeated in 1998). Sales area extends to Guangzhou, Chengdu and Dalian.
- 1998** Product planning centralized in Shanghai.
- 1999** Sales extend east, south and southwest to Shanghai, Guangzhou and Chengdu.

2000s

New start with strengthened structure

- 2000** Joint venture in China dissolved to become a wholly owned-subsiary.
- 2002** Wacoal (Shanghai) Human Science R&D established.
- 2003** Beijing Wacoal becomes Wacoal China. Dalian Wacoal established. Pink Ribbon activities commence.
- 2009** "Salute" range of medium/high-level products spearheads an expansionary strategy.

2010s

Business expansion, pursuit of profit growth

- 2010** The "Remamma" business launches.
- 2012** Wacoal targets middle-class customers with new "LA ROSABELLE" brand.

Wacoal China by the Numbers

(March 31, 2016)

Beauty
Advisors

1,390

Female
Executives

72%

Accumulated
Figure Measurements

Approx.
5,000
people

Annual Sales of
Women's Innerwear

Approx.
2 million
items
(1.2 million brassieres)

Comments from Local Executives



Strengthening Our Presence by Providing the Best Possible Products and Services

Wacoal China Co., Ltd.
Deputy General Manager
Kazunari Nakajima

China is 26 times larger than Japan in area and over 10 times larger in population. China's diversity is a natural consequence of this enormous scale. The evolution of Wacoal China began with our realization that we could not simply transplant the concepts that drove Wacoal's success in Japan.

The first difference relates to physique. Japanese women generally have narrower, oval shaped rib cages, while Chinese women tend to have rounder rib cages, so products designed for the Japan market would not be acceptable to Chinese women. We also need to take regional variation into account when developing our products because there are significant differences in physique between northern and southern China. In addition to these factors, seasonal changes and fashion trends also need to be reflected at the product planning stage. By taking all of these factors into account and working to create products

that meet a wide range of needs, we have been able to build a large customer base in China.

In terms of area, China's provinces are as large as some countries. Culture, sensitivities, and values differ between provinces, and obviously there are differences in the types of services needed. We recognize the importance of customer service skills in ensuring customer satisfaction in China, and we have steadily improved our business performance by providing services tailored to the Chinese market.

Because we work in a market characterized by the accelerating diversification of consumer needs, we are working to improve our ability to respond quickly in all areas of our activities. We have enhanced the effectiveness and efficiency of our business activities by building flexible structures, by improving our market reaction speed, and by providing timely responses to customer input.

Pinpointing Customer Expectations through Beauty Advisor Training

Basic Training

New Employees
(first year)

Recognizing expectations

Training courses in each region in the first, fourth and ninth month on products, customer service and fitting of brassieres that match customer needs based on accurate size measurements.

Introductory Training
(second year)

Meeting expectations

How to match customer expectations and also advise about optimizing appearance. Product knowledge, customer interaction skills and verbal skills to earn trust and confidence.

Intermediate Training
(third and fourth years)

Exceeding expectations

Fashion studies, including outerwear, to become high-value beauty professionals guiding customers to exceed expectations and discover new beauty potential.

Specialist Training

Regular Intervals

To raise service levels throughout China, training on regional differences in customer physiques and needs, as well the best ways to work with customers in each region.



Integrated,
and Aiming
to be the
Number-One
Brand

Director,
Brand Management Department
Gong Jian

The Brand Management Department is responsible primarily for product planning, merchandising, and customer membership service management. It functions as a control tower for Wacoal's activities in China.

Every year we launch spring-summer and fall-winter collections based on analyses of fashion information and competitors' sales. Product planning in preparation for these collections begins with the formation of a project team with the China Human Science Research Center. In addition to rigorous in-house checking processes, we also assess new products with customer focus groups. Only products that surpass the scores for the previous season's top products from Wacoal and its competitors are taken to the commercialization stage. Our policy is to create products that will always exceed expectations.

At the merchandising stage, we adopt regional marketing strategies because of regional differences in consumer needs, and we

implement product plans based on data. In addition, monthly sales, profit, and inventory numbers from each branch direct the formulation of marketing plans.

The Brand Management Department is also responsible targeting the over 200,000 customers in our membership service. We plan member incentive programs and work to enhance membership services, such as promotions linked to sales activities. We also carry out PR activities designed to attract new members.

Business coordination based on organizational structures is a feature of Wacoal's activities in China. Our strengths include rapid feedback systems, and our ability to develop activities quickly while maintaining high quality in all business areas. Wacoal is not yet the number one brand in China. We need to catch up with and overtake our rivals by attracting new customers. That is why we must work as an integrated structure to offer a continual stream of new services and products to our customers.



Tailoring Our *Actions* to

We want customers to choose our products. That is why we use special promotions to build closer ties with our customers and provide services designed to optimize the customer's satisfaction and experience. Behind our success is a virtuous cycle driven by the efforts of frontline staff that are dedicated to helping women feel more beautiful. The following are comments from local staff members who support the growth of Wacoal China through their day-to-day activities.





Huadong District Training Manager,
Sales Education Division
Zheng Ruoyun

Motivation and Pride from Helping Women to Achieve Beauty

My task is to train the beauty advisors who form the link between Wacoal and its customers. We are continually enhancing our structured training program, which is designed to turn local employees into beauty professionals. New employees vary widely in terms of age and career backgrounds. All undergo training according to their years with the company and their personal ability levels.

Wacoal beauty advisors have gained an excellent reputation for extensive knowledge and excellent customer service. Underpinning these qualities is a shared commitment to helping

women to achieve beauty. As women themselves, our beauty advisors know how it feels to enhance their beauty by wearing Wacoal products. I believe that they gain satisfaction, pride, and motivation by sharing that feeling with their customers.

Our frontline workplaces are imbued with a culture of mutual trust. Most employees who transfer to other innerwear companies soon want to come back to Wacoal. The generosity with which Wacoal welcomes those women back is also the key to the creation of workplace environments in which each employee can feel a sense of motivation toward her work.

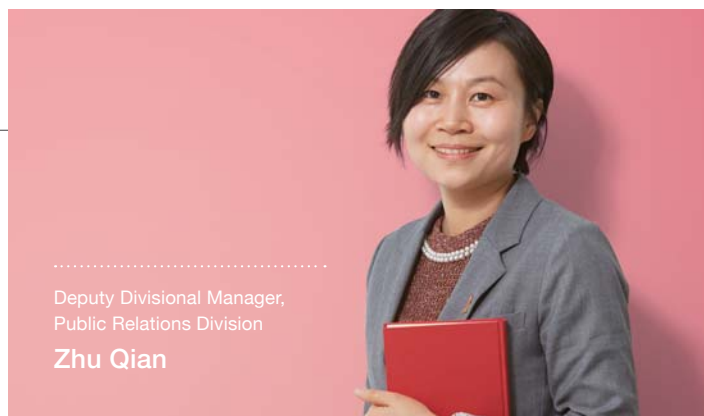
the Local Market

In the past, Wacoal used a variety of media, including magazines and train station advertising, to send messages to consumers. Our main PR tool now is the social media application WeChat, which has become extremely popular in China over the past few years. Our official account currently has around 73,000 followers. We actively use the application for a variety of initiatives, including event announcements, coupon distribution, and the release of information about seasonal events and new products.

Another advantage of social media is that beauty advisors can communicate directly with customers on a one-on-one basis. By

forming closer relationships with customers, we can build trust and share timely information. This helps to create an environment in which customers are more likely to visit our stores. The social media approach allows us to communicate more effectively at a lower cost than mass advertising. It also allows us to accumulate data, including the number of visits to our pages.

Although Wacoal was the first to use WeChat, many of our rivals are now establishing a presence, and competition is intensifying. We will continue our efforts to differentiate our approach by using new and uniquely Wacoal ways to win the hearts of Chinese women.



Deputy Divisional Manager,
Public Relations Division
Zhu Qian

Building Lasting Relationships with Customers

Learning to Understand Chinese Women

To provide Chinese women with innerwear that will bring genuine satisfaction, we need to achieve a profound understanding of common Chinese body types. That was the starting point for Wacoal Human Science R&D, the China Human Science Research Center, which was established in Shanghai in 2002. Initially benefitting from over the half-century's worth of know-how accumulated by the Human Science Research Center in Japan, it has now updated its approach to reflect conditions and market trends in China.

The Center helps to drive Wacoal's growth through multiple roles, including not only research activities, but also product development and marketing. Before its establishment, we had been measuring physiques in cooperation with a local university since 1997. To date, we have collected data for over 5,000 women. We have created a string of hit products by developing original items based on these data.



The Contribution of the China Human Science Research Center

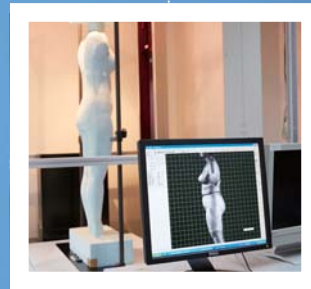


A Scientific Perspective on Markets and Needs

Director,
China Human Science Research Center

Xu Zhaohui

The Human Science Research Center in Shanghai helps to create products tailored for the Chinese market by scientifically analyzing women's figures. A major difference between our Center and the one in Japan is the fact that we are an integral part of the product development organization and play a central role in the creation of new products, including the development of new functions and materials. This unique structure allows us to identify customer needs quickly and create products to satisfy those needs. The Center has developed the majority of notable new products launched over the past few years.



The Center also studies the Internet buying behavior of consumers, and supplies the analysis of results to merchandising. We collaborate actively with various units, also sharing customer relationship knowledge based on our extensive data resources and verification results with the sales and training units. We will continue to deepen our physique-related research, while also taking up new challenges including the development of super-large sizes. By creating attractive new products, we will make an even greater contribution to the beauty of Chinese women.

Products from Wacoal China

Wacoal China is deploying three brands in China—"Wacoal," "Salute," and "LA ROSABELLE." Chinese women want to achieve a natural bust line that does not affect their outer-wear. This is reflected in strong demand for molded brassieres, and in detailed needs that differ from those in the Japan market. Vast resources of measurement data and research results compiled by the China Human Science Research Center are used to ensure that every product feature, including design, quality, functionality, and comfort, will meet the expectations of Chinese women.

01

Wider Wings

Because Chinese women tend to have rounder rib cages, the wings need to have a minimum height of 9cm, compared with the 6-7cm in Japan. This ensures a better fit for Chinese women, who are especially sensitive about unevenness or bulges on their sides.

02

Metallic Colors and Bold Floral Patterns

While there is regional variation, Chinese women tend to prefer brighter designs. Vermillion red is especially popular because of its reputation as a color that brings happiness.

03

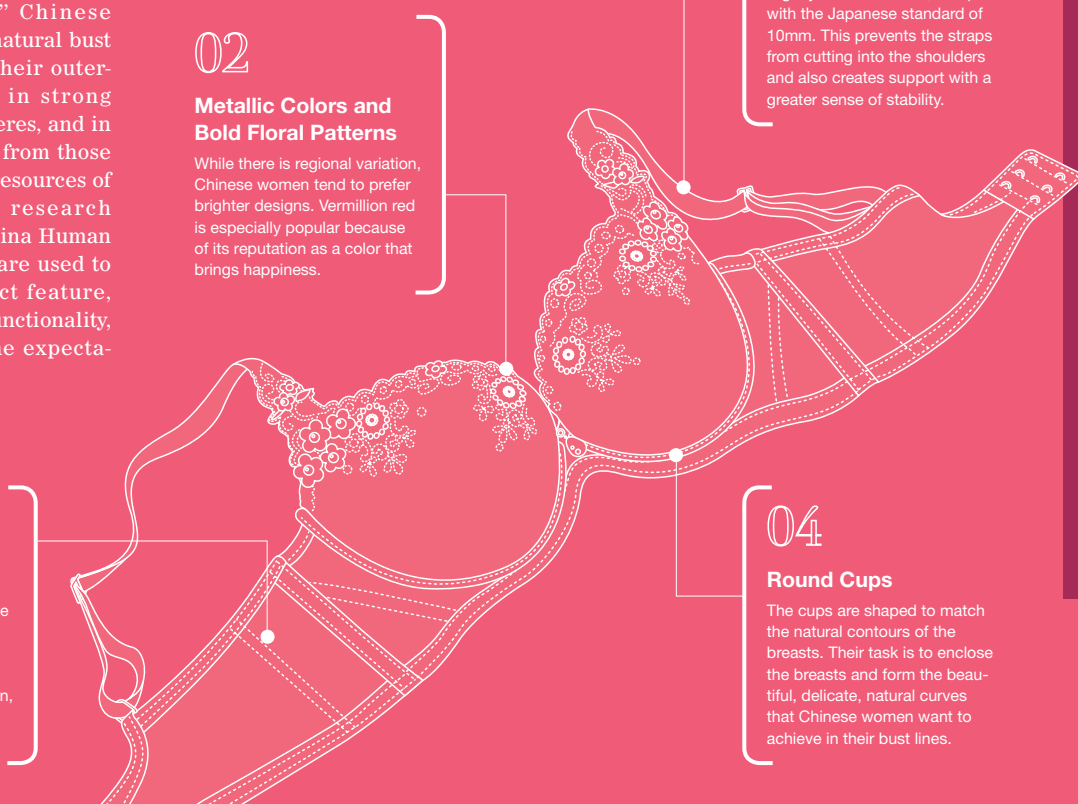
Wider Straps

Like the wings, the straps are slightly wider at 13mm, compared with the Japanese standard of 10mm. This prevents the straps from cutting into the shoulders and also creates support with a greater sense of stability.

04

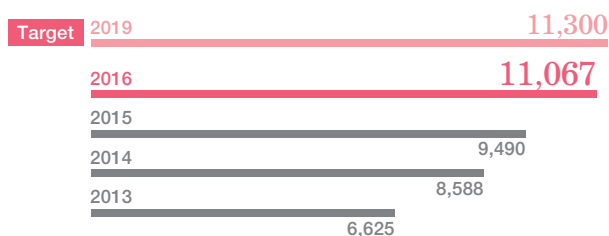
Round Cups

The cups are shaped to match the natural contours of the breasts. Their task is to enclose the breasts and form the beautiful, delicate, natural curves that Chinese women want to achieve in their bust lines.

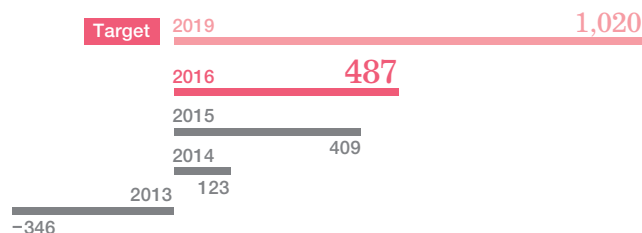


Record Net Sales and Operating Income in FY2016

Net sales of Wacoal China Co., Ltd. (¥ million)



Operating income of Wacoal China Co., Ltd. (¥ million)



New Medium-term Management Plan FY2017 through FY2019

We aim to achieve an operating margin close to that of our American and European markets.

Major growth strategies

- ▶ Use dominant product appeal in high-end market.
- ▶ Improve "LA ROSABELLE" profitability.
- ▶ Use other companies' e-commerce, sales promotion development.

Building Mutual Trust with Society (CSR Activities)

Our Goal with the CSR Initiatives

“Building Mutual Trust with Society”

— Earning the trust of society, by meeting society’s demands and expectations —

Building mutual trust with society is the goal of Wacoal’s corporate social responsibility (CSR) initiatives.

Under the Wacoal’s management philosophy, building mutual trust with society is its corporate goal and *raison d’être*. Comprising our mission, vision, and values, this management philosophy serves as a compass for our CSR initiatives. Relationships in which we meet demands and expectations, as well as gain the trust of society, are critical for us to pursue healthy, lasting business activities.

Instead of focusing solely on markets, we conduct business in consideration of our care for and contributions to the society in which our markets exist.

CSR Action Policy

Wacoal’s fundamental CSR objectives are to manufacture products that customers love, develop products that meet current needs, and conduct business fairly to pave the way to a better future.

We conduct business in a fair manner and provide products that customers need. “Manufacturing” is our first step toward building relationships of trust with customers and society, as well as the foundation of our CSR activities.

To advance CSR initiatives, Wacoal established its Basic Policies on CSR based on the ISO 26000 standards published in November 2010 (Japan Standards Association, 2010) according to seven core subjects (for accountability, transparency, ethical behavior, respect for stakeholders’ interests, respect for the rule of law, respect for international codes of conduct, and respect for human rights) and seven basic policies (organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues, community involvement and development).

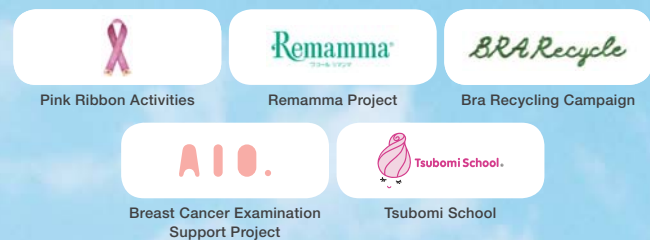
Furthermore, as part of its business strategy, Wacoal conducts continuous CSR activities to address social issues that are related to the main business. This also strengthens brand power and competitiveness.



Social Business Programs through Wacoal’s Main Business



CSR Activities Based on Wacoal’s Business Characteristics



Wacoal’s CSR

CSR Highlights

③ Kyoto CSR Network*

Gion Festival Zero Garbage Initiative

Yoiyama (pre-party) of the Gion Matsuri festival is a hugely popular event that draws hoards of visitors to various food stalls, but dealing with the volume of garbage is a challenge. The Kyoto CSR Network wished help preserve the integrity of the festival and participated in the Gion Matsuri as a group of volunteers to support the environment.

*A diverse network of people responsible for CSR in companies based in Kyoto prefecture plus civil servants who exchange information, and provide new learning opportunities about CSR to create new collaborations.



③ Pink Ribbon Kyoto*

Stamp Rally

In October 2015, Pink Ribbon Kyoto hosted a stamp rally in Kyoto, taking advantage of the city's wealth of popular attractions. The purpose of the event was to familiarize visitors with the subject of breast cancer by having them answer quizzes on the topic when they visited various temples and stores.

The company's exhibit booth introduced Wacoal's breast care activities and publicized the importance of breast cancer screening.

*Pink Ribbon Kyoto operates in collaboration with doctors and nurses from medical institutes, NPOs, local companies based in Kyoto, students, Kyoto City and Kyoto prefecture, and mass media.



③ In-house Seminars on Uterine Cancer

Sixty-five percent of female employees at Wacoal have been screened for uterine cancer. Although this constitutes a significant number of the company's women, we want even more employees to learn about the disease and why such screening is so important, and hosted in-house seminars in Kyoto and in Tokyo featuring an occupational health physician.



The many seminar participants listened to a discussion on health conditions that are unique to women and the story of a uterine cancer survivor, which raised the cancer awareness of many employees.

We will continue such activities to increase the percentage of employees screened.

③ Tsubomi School



Tsubomi School refers to visiting classes the Wacoal has been conducting since 2001 for girls, from the fourth year of elementary school through the second year of junior high school, and their guardians. The classes are to enable participants to learn about the physical and emotional changes accompanying adolescence and give them information about how to choose innerwear. We provide textbooks and lend innerwear samples to schools that our instructors are unable to visit. As of March 2016, 100,235 people had participated in the class.

In response to the recent growing demand for adult seminars, we have also been holding Aging Seminars that explain how the physique ages.

③ Brassiere Recycling

As one of our environmental initiatives, we have been conducting the Brassiere Recycling Campaign since 2008. For privacy, collected brassieres are processed in unopened bags into RPF (Refuse Paper & Plastic Fuel).

	2012	2013	2014	2015	2016	Cumulative total*
Number of bags collected	38,417	58,798	68,126	80,305	84,616	289,928 bags
Weight of processed RPF	15,930	22,450	25,850	30,710	28,530	141,390 kg
Number of brassieres collected	159,300	224,500	258,500	307,100	285,300	1,413,900 bras

*2008-2016

③ Nadeshiko Brand 2016

Wacoal Holdings, Corp. was selected as a Nadeshiko Brand 2016 by METI. The company provides work environments that fit women's various life stages, and prioritizes talent before gender for recruitment and development of human resources so that the company is not only easier to work for, but also provides meaningful jobs. Wacoal thereby encourages women to play active roles and energize business that delivers beauty, comfort, and health to the world.



Wacoal Breast Care Activities

Hand-in-Hand with Women

In support of women, Wacoal is on a mission to eliminate suffering from breast cancer. Wacoal advances Breast Care Activities that promote raising awareness of breast cancer, breast cancer screenings, and post-surgical support. The three pillars of Pink Ribbon activities, AIO, and Remamma Project, has been put into action and gained trust worldwide. These initiatives lead people to become long-term customers of Wacoal products.

For details, please see our website (Japanese only):
<http://www.wacoalbreastcare.com/>

01 Wacoal's Pink Ribbon Activities

—Early detection, early diagnosis, and early treatment

Although it is said that one out of every twelve Japanese women experiences breast cancer, not many Japanese women undergo annual breast screenings. Since there is no means to prevent the development of breast cancer, it is crucial to find it at an early stage. To address this issue, Wacoal started Pink Ribbon Activities in 2002 in Japan, and we are confident that in the 14 years since, society has come to strongly associate Pink Ribbon with Wacoal. From the start, we made sure that our employees had sufficient knowledge of the subject. Our offices across Japan hosted motivational seminars and took other initiatives, so percentage of female employees at Wacoal who undergo breast cancer screening has increased from 30–40% to nearly 80%. Today, we also host educational activities, such as co-operating various events and charities for external parties. Overseas, since 2001, Wacoal America, Inc. has been raising funds and publicizing brassiere fitting events at department stores and specialty stores throughout the United States.

Since the company carries innerwear—the closest product to every woman's body—Wacoal's strong desire is for women to live their lives with beauty and health. Wacoal will continue these Pink Ribbon activities with a mission to raise awareness of breast cancer and protect lives.



➔ Pink Ribbon Logo
Original Logo combining
a tape measure and
pink ribbon

FOCUS

Pink Ribbon Fitting Campaign at 2,000 stores across the nation

We started the Pink Ribbon Fitting Campaign in 2007. It takes place at about 2,000 stores across Japan during Breast Cancer Awareness Month, every October, to offer opportunities for women to pay more attention to and learn more about their breasts. Since 2008, our official website has featured a Pink Ribbon quiz, as well. Throughout the campaign, Wacoal donates ¥10 for every brassiere that store visitors try on, and ¥3 for every participation in the Pink Ribbon quiz, to the Wipe Out Breast Cancer Smile Fund of the Japan Cancer Society and the Japan Society of Breast Health. 176,103 customers in 2015 tried on 473,263 brassieres, raising ¥4,732,630 in donations. Also, the number of effective clicks on the Pink Ribbon quiz amounted to 174,689 which generated a donation of ¥524,067.

02

Breast Cancer Examination Support Project (AIO)

—Support for early detection

In October 2009, Wacoal purchased a mobile breast cancer screening unit named AIO in line with a commitment to increase opportunities for women to get screened for breast cancer, and thereby launched a breast cancer examination support project.

We have greatly expanded our field of activities to include attending industry and health insurance medical examinations, and introducing women to associated medical consultation should breast cancer be discovered. We will continue to help women be screened without feeling undue anxiety.

Easier, Comfortable Breast Screening with Wacoal's AIO

Four benefits of AIO

Peace of mind

An all-female staff provides specific support and care from women's perspectives.

Easy

There is no need to travel to a hospital. Screening is relatively quick, easy and convenient.

Trust

Since AIO launched in 2009, its days of operation have been rapidly increasing.

Cleanliness

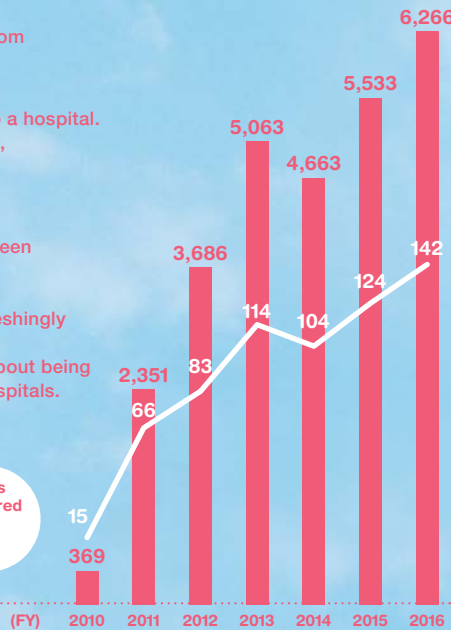
The space is clean and refreshingly scented with aroma oils. There is no need to worry about being seen by others, unlike in hospitals.

Number of people screened

27,931

Number of days screening is offered

648



Would you like to be screened by the AIO again?



(Subject: People who were screened by AIO / Our study)

FOCUS

AIO Activities Report



At Wacoal, staff can get screened for breast cancer during working hours when the AIO is parked next to their offices. We interviewed employees in their 30s–50s who had just been screened for breast cancer, and asked about their impressions of the screening.

Some had someone close who had suffered breast cancer, and others had opportunities at work to interact with people with a history of breast cancer. Overall, most of them felt that breast cancer screening was necessary, and made statements such as “I’ve been taking the test every year since 2011 when breast cancer screening became available with the AIO.”

The reason why they took advantage of the AIO program was that, unlike hospitals, it does not require appointments in advance, so it is much easier to be screened. Many women now feel “more familiar with breast cancer screening” since the start of the AIO screening project. The percentage of employees at Wacoal getting screened for breast cancer is significantly greater than that of the general public.

Since employees can be screened during working hours, and as the screening process is relatively quick and smooth, the ease of the process minimizes the usual hurdles of breast cancer screening, these benefits increase the screening ratio.

Other responses included praise of the all-female staff; the cleanliness; the relaxing aroma; and privacy that was better than that which they would experience at hospitals. Wacoal will continue helping more women get screened with the AIO.



03 Remamma

—Helping to restore women’s curves

The Remamma business, founded in 1974, was inspired by Wacoal founder Koichi Tsukamoto, who wanted to try to help women who had lost breasts due to cancer or injury. The name Remamma incorporates “re” (again) in reference to “restoring breasts” and “restoring a sense of beauty.” This project has been developing innerwear and swimwear for over 40 years for women who have undergone major surgery.

The products are developed based on the research data that Wacoal has accumulated over decades regarding women’s physiques, and opinions from medical experts and patients. The products are rich in functionality, comfort, and design, and have received high recognition from customers.

Remamma considers interaction with customers to be essential, so there are six Remamma rooms across Japan for direct sales and free consultations with experts, who advise customers and meet with them to help select suitable products. For customers who live in remote areas or who are not well enough to travel, we also pro-

vide a mail order service via operators who listen to customers’ needs directly.

Seeing customers’ faces light up when they try on a product, or how much happier they appear when they leave compared to when they arrived provides us with all the motivation we need. This business is something we can do specifically because we are Wacoal, and we will never stop trying to bring more smiles into the lives of our customers.

Pad pocket next to skin absorbs perspiration

Most pockets are made of cotton-blend fabric with silk protein coating.*

* Made by processing sericin contained in silk into fibers that make the material more comfortable for the skin.

Crafted for comfort

Metal strap adjusters on the back avoid areas that have been operated on.

Some products employ half-circle adjustment to prevent straps from sliding off.

Three-position rear adjusters vary the fit according to user’s condition.

Side portion higher than on standard products.

Product Characteristics



Wide straps decrease burden on shoulders

Straps support bust and pads, and will not dig into or slip from shoulders.

For Restoring Beauty and Smiles

1970s

How Remamma Started

A woman with breast cancer wrote about her feelings to her husband and put them together in a book called “Letter to My Husband.” The book became popular in the U.S. and led the founder of Wacoal to launch the Remamma project.

1974

Early Era

At that time, breast cancer operations involved removal not only of breasts but also breast muscle, so Remamma products were initially made with flat, thick sheets of material. After a process of trial and error, Remamma products start to sell.

1979

Remamma Division Grows

What started as a social welfare section is renamed Remamma. After that, the section develops innerwear, domestically produced parts, and Remamma swimwear, etc.

1993

Launching Free Consultations

Remamma’s 20th anniversary presents the opportunity to host free innerwear consultations across Japan. These sessions are still conducted every year, with a total of 24,000 visitors at a total of 193 venues in 2015.

2010

Remamma Products Evolve

Remamma introduces more gorgeous brassieres to its lineup, incorporating the same kinds of lace used in other Wacoal brand products. The new products also incorporate silicone pads made with thermo-adjusting materials to enhance warmth and comfort.

Interview

Remamma from Inside and Outside

Care for Customers Leads to Mutual Trust



— Please tell us about Remamma business operations and your thoughts.

Katayama Our objective is for customers who have experienced breast cancer to recover beautiful busts and smiles again. With this in mind, we choose products that will be comfortable, beautiful, and satisfying to customers. Body condition after an operation is a very sensitive topic and situations vary greatly among individuals. It is important to be sympathetic with customers who have suffered, so we at Remamma listen to each and every one carefully and offer our best solution.

Miyaura We supply the silicone pads that are put into pockets in the brasieres. The pads are shaped much like breasts and fit well to make the bust look natural. We work every day with Wacoal because we would like our products to contribute, even in a small way, to the beauty of our customers.

— What is special about Remamma products?

Katayama We aimed to achieve a balance of comfort and beauty. Wide straps and sides enhance stability, so the products are easy to wear, yet maintain beautiful curves. The products are designed with great care for details, with large pockets inside the cups for easy insertion of pads. They're also quite pretty. Many customers' eyes sparkle and say that they want to try them on.

Nippon Sigmoid Co., Ltd.
Consumer Business Department
Healthcare Unit
Narie Miyaura

Wacoal is full of passion for customers



Just for customers to smile

Fukuoka Branch Store
Remamma Chief Advisor
Masami Katayama

— Miyaura, what is your impression of Wacoal?

Miyaura I feel everyone's passion to always take action and prioritize what is best for customers. I find it really impressive. Wacoal is a manufacturer specializing in innerwear that has its own facility called the Human Science Research Center that generates abundant data on women's physiques, and accumulates knowledge and expertise. The company applies such strengths to meet customers' demands and develop new products a step ahead of others. The advisors are not just highly capable; their hospitality is fantastic, too.

— Please tell us how you feel when interacting with customers, and also about the future of the Remamma business.

Katayama Some customers have said great things like "I can go out again

with my head held high." Another, with eyes filled with tears of joy, said, "This makes me feel like a woman again." Every moment like that reassures me that I am fortunate to have this job. Some of them even wrote me beautiful thank you letters, which gave me great pleasure. I want to remain fully committed to this work to eliminate my customers' concerns and anxieties. I'd also like to work on widening the promotional activities for Remamma too, because many customers tell me "I wish I had known about Remamma earlier." We will also need to catch up with advances in medical treatment, and respond to customers' requests and concerns with new product planning. I believe that our mission is to consider what only Wacoal is capable of achieving, understand customers' feelings, create products to help them, and consistently strive to provide better service.

Environmental Conservation Activities

Preserving the Environment as a Global Business

Conducting business worldwide, Wacoal considers preserving the global environment to be its responsibility as a company and promotes environmental activities based on the spirit of mutual trust with society. Currently, six domestic companies and two overseas companies in the Group are certified according to the standards of ISO 14001 (environment management system) and four domestic plants are certified according to KES (Kyoto Environmental Management System Standard).

Environmental Objectives

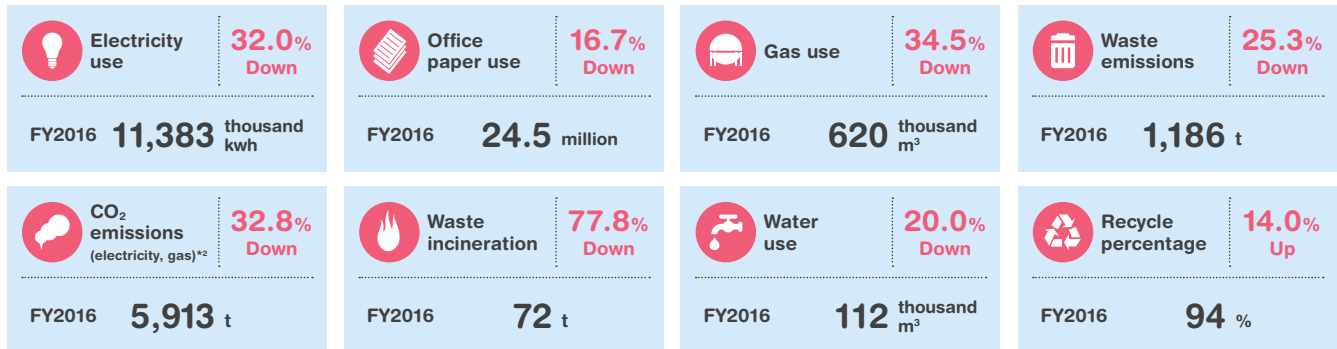
Medium-term Environmental Action Plan for April 2016 – March 2019

1. Promote environment-friendly business activities such that “operational improvement = environmental improvement = better productivity.”
2. Thorough control of CO₂ emissions
3. Respond to 2015 revision of ISO 14001
4. Promote green purchasing
5. Thorough waste management
6. Thorough environmental risk management
7. Publicize environmental information
8. Raise employees’ awareness through education on the environment
9. Cooperate with local communities to contribute to the environment



For details, please see CSR section on the company’s website:
http://www.wacoalholdings.jp/en/csr/pr_environment.html

Results of Activities*1



*1 Compared to FY2007

*2 Only CO₂ emissions resulting from electricity and gas equivalent values based on FY2011

The Wacoal Group’s Original Self-evaluation Indicators

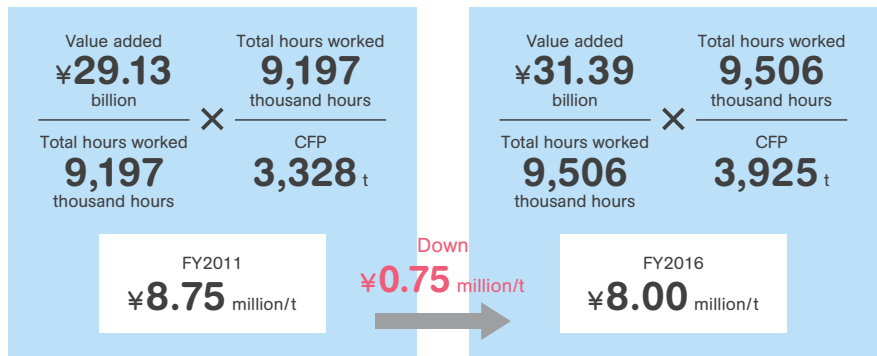
(for Wacoal Holdings Corp. and Wacoal Corp.)

Value-added Carbon Footprint* Ratio

We measure effect by calculating how much value we have added per unit of CO₂ emissions. This indicator is shown as the product of value-added labor productivity (value added/total hours worked) and CO₂ emissions per work hour. We aim to affect the actions of each individual by adopting a different approach that focuses on two areas: heightening the capabilities of each employee so that they work efficiently and reducing environmental burden during operational hours.

* Carbon footprint (CFP) includes CO₂ emissions resulting from electricity, gas, water, and waste. For CO₂ emissions resulting from energy, equivalent values for each region are used.

$$\text{Value-added carbon footprint ratio} = \frac{\text{Value added}}{\text{CFP}} = \frac{\text{Value added}}{\text{Total hours worked}} \times \frac{\text{Total hours worked}}{\text{CFP}}$$



Health Management

Your Health Keeps the Company Healthy!

Health Management Basic Policy

1. Each employee is aware of the responsibility for protecting personal health, and managing it actively and autonomously. The company supports this strongly.
2. The company understands that maximizing each employee's talent makes the company stronger, so it develops health management/promotion projects, maintains healthy environments, and builds a company culture promoting comfortable workplaces.
3. The company, Wacoal Health Insurance Union, and Labor Union co-established the Health Management Committee. The committee continuously maintains the Plan, Do, Check, Act cycle by identifying health-related issues, deciding on and implementing measures, evaluating effects of such measures, and drawing up responsive plans.
4. When the Health Management Committee identifies issues and establishes measurements, it collaborates with the health data planning of the health insurance union to maximize synergy.
5. Privacy information including health data will be appropriately handled in compliance with relevant laws and regulations that are thoroughly implemented.

Wacoal GENKI Project 2020

Under the "Wacoal GENKI Project 2020," a medium-term plan for all employees and the company to focus on health management, we set achievable targets and work on fostering healthy corporate culture and environments.

Target regarding lifestyle diseases	Target regarding cancer	Target regarding mental health issues
<p>Reduction of lifestyle disease rate Reduce (risk index*)</p> <p>[Target] under 25% (29.2% for FY2015)</p>	<p>Increased percentage of people tested for five major types of cancers</p> <p>[Target] 100% for each test</p> <hr/> <p>Percentage of people at high risk of disease who take secondary examination</p> <p>[Target] 100%</p> <hr/> <p>Decreasing number of smokers.</p> <p>[Target] Less than 15% throughout the company</p>	<p>Reduce long-term absenteeism or days absent due to mental health reasons</p> <p>[Target] Comprehensive index on mental health* under 7,000 (9,555 in FY2015)</p>
<p>* Risk index Percentage of persons who are afflicted with any of the following: high cholesterol, obesity, abnormal blood pressure, or abnormal blood sugar level.</p>		<p>* Total absence index Number of absent employees x days absent</p>

Chosen as a "Health & Productivity Stock Selection 2016"

The Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) jointly select companies that enhance corporate value through employee health management initiatives. Wacoal was among companies chosen in the "Health & Productivity Stock Selection 2016."

In November 2015, the company made an official health announcement that was intended to actively help employees manage their health and hold top executives responsible for maintaining, improving, and promoting health management. One of our efforts has

been making it easier for our female employees to be screened for cancer. In 2015, 82% of Wacoal's female employees were screened for breast cancer and 65% were screened for uterine cancer, which is a higher screening participation than at other companies.

Wacoal also addressed issues regarding working hours with the aim of improving productivity, and prescribed medications to help employees quit smoking. That the company was chosen as a "Health & Productivity Stock Selection 2016" is recognition of these efforts.



Directors and Audit & Supervisory Board Members

Wacoal Holdings Corp.
As of June 29, 2016



Hiroshi Shirai

Outside Audit & Supervisory Board Member

President, Shirai Certified Public Accountant Office
Outside Auditor, Nöritz Corporation
Outside Auditor, ALTECO Co., Ltd.

Akira Katayanagi

Outside Audit & Supervisory Board Member

Special Advisor, Mitsubishi UFJ NICOS Co., Ltd.
Outside Audit & Supervisory Board Member, TOTO Ltd.

Yoko Takemura

Outside Audit & Supervisory Board Member

Lawyer
Outside Statutory Auditor, ADEKA Corporation

Masashi Yamaguchi

Director

Masaya Wakabayashi

Director and Vice President

Yoshikata Tsukamoto

President and Representative Director

Our Management



Hironobu Yasuhara
Director and Vice President

Atsushi Horiba
Outside Director

Representative Director and Chairman and President, HORIBA, Ltd.
Representative Director and Chairman, HORIBA STEC, Co., Ltd.
Outside Director, Rock Field Co., Ltd.

Mamoru Ozaki
Outside Director

Advisor, Yazaki Sogyo Corporation
Outside Director, Fujikyuko Co., Ltd.
Outside Director, Kikkoman Corporation

Tomoki Nakamura
Standing Audit & Supervisory Board Member

Madoka Mayuzumi
Outside Director

Visiting Professor, Kitasato University
Councilor, Governing Council of East Japan Railway Culture Foundation
Councilor, The National Art Center, Tokyo

Kiyotaka Hiroshima
Standing Audit & Supervisory Board Member

To build a relationship of mutual trust with every stakeholder, the Wacoal Group’s overriding goal of corporate governance is to continuously grow enterprise value by ensuring that management is highly transparent, equitable, and objective with respect to all stakeholders.

Corporate Governance System

Employment format	Company with an Audit & Supervisory Board		
Reason for employment	Under this corporate governance system, meetings of the Board of Directors reach decisions reflecting the viewpoints of directors conversant with their respective businesses and the objective, neutral advice of outside directors with extensive business experience and specialized knowledge. In addition, the Audit & Supervisory Board includes outside Audit & Supervisory Board members. The Wacoal Group believes this system ensures the corporate governance of group companies and effectively improves and maintains the quality of business management for shareholders, customers, and all other stakeholders.		
Number of directors	7	Number of Board of Directors meetings	14
Number of outside directors	3	Number of Extraordinary Board of Directors meetings	0
Directors’ term of office	1 year	Number of Executive Compensation Advisory Committee members	5 (1 outside director)
Number of Audit & Supervisory Board members	5	Independent outside officers	6 (3 outside directors / 3 outside Audit & Supervisory Board members)
Number of outside Audit & Supervisory Board members	3		
Independent outside officers	6 (3 outside directors / 3 outside Audit & Supervisory Board members)		

Wacoal Addresses Society’s Demands in a Timely Manner

1977

Wacoal issues ADRs* (American Depositary Receipt)

Wacoal becomes the 8th Japanese company to issue ADRs. Upon issuance, the SEC (U.S. Securities and Exchange Commission) requires consolidated financial statements and accounting report in accordance with U.S. GAAP.

* In 2013, Wacoal stops listing ADRs on the U.S. NASDAQ market and de-registers with the SEC.

2002

Introduction of the corporate officer system

In June 2002, the company employs a corporate officer system in order to delegate authority and clarify responsibility more appropriately and efficiently. At the same time, the number of directors is reduced.

Number of directors: **13→9**

2005

Switches to a pure holding company

We switch to a holding company system for effective, strategic decision making and resource placement in order to execute quickly and clarify responsibilities and delegation of responsibilities at operating affiliate companies.

Appointment of outside officers

To promote fairness and independence of the Board of Directors and the Audit & Supervisory Board, the Group increases the number of outside directors by two members and outside Audit & Supervisory Board members by one member.

➔ Direction of Japanese Listed Companies*

1961

• Sony becomes first Japanese company to issue ADRs.

1997

- Domestic companies start introducing the executive officers system.
- Revision of laws lift ban on domestic pure holding companies.

2001

• Following the revision of the Commercial Code, an increasing number of companies appoint outside directors.

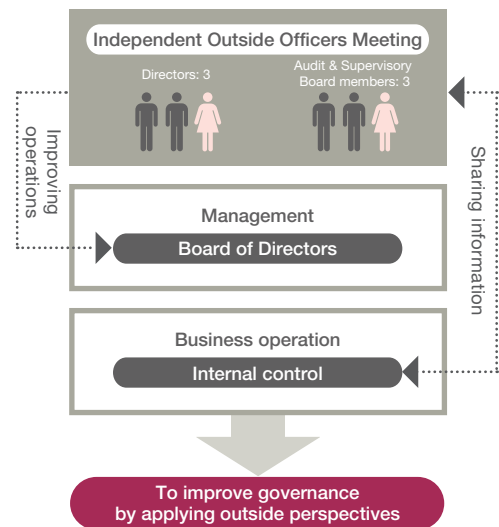
Pick up

Improving the Efficiency of the Board of Directors

Wacoal provides its directors and Audit & Supervisory Board members with the training that they need to fulfill their responsibilities, including useful information on the basic requirements of their positions, the Company's regulations and governance, compliance with laws and statutes, and management.

In addition, when outside directors and Audit & Supervisory Board members take office, Wacoal explains management strategy, business overview, market trends, business environment, etc. for better understanding of the Wacoal Group. The Corporate Planning Office distributes agendas of the Board of Directors meetings and provides explanations to outside directors in advance. To support our Audit & Supervisory Board members, including the outside Audit & Supervisory Board members, we have established an administrative office for our Audit & Supervisory Board. Advance briefings on proposals to be presented to the Board of Directors' meetings are conducted by our internal Audit & Supervisory Board members.

Since 2015, the Group has been holding an Independent Outside Officers Meeting at least once a year where members discuss how to improve corporate governance and the Board of Directors, and how to ensure the effectiveness of every function.



2007

Established Executive Compensation Advisory Committee

Regarding appointment, promotion, and remuneration of the directors and executive officers, the Executive Compensation Advisory Committee, chaired by the Director of the Administrative Department, was established with outside directors included as members.

Number of committee members (including outside directors):

4

2010

All outside officers are registered with the Tokyo Stock Exchange as independent officers

All outside directors and outside Audit & Supervisory Board members are registered with the Tokyo Stock Exchange as independent officers.

Independent officers registered:

6

2015

Independent Outside Officer Meeting is established

The Independent Outside Officer Meeting is established with the intention of sharing information about improving corporate governance, Board of Directors meetings, internal audits, etc. The committee includes independent outside officers.

* Wacoal research

2002

- The corporate officer system is improved after the Commercial Code is revised.

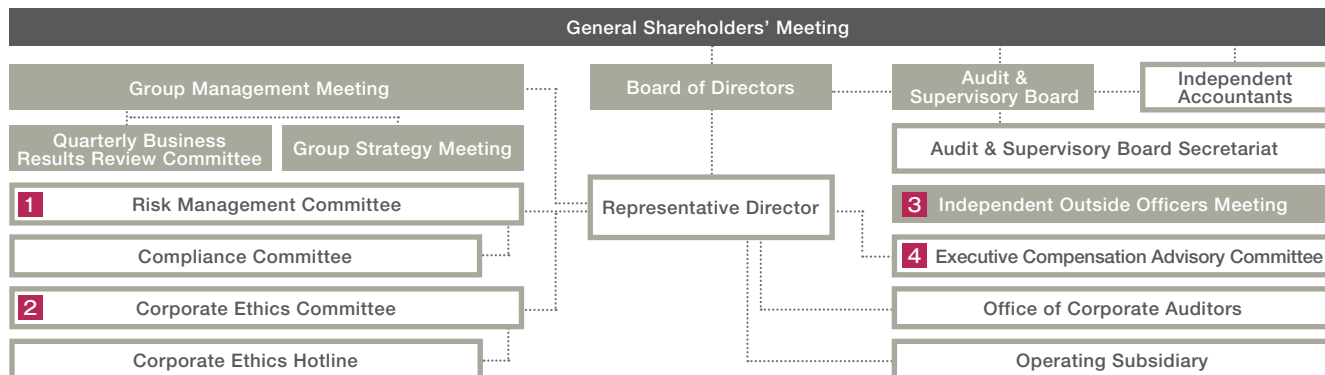
2009

- Securities listing regulations require listed companies to have one or more independent officers.

2015

- Listing regulations, etc. are revised after corporate governance code is established.

Management decision making process, management organization according to business operations and supervision, and other corporate governance structures. (As of June 29, 2016)



1 Risk Management Committee

The committee consists of directors, heads of key business departments, and heads of administrative departments at headquarters. It investigates risks to the management of the Wacoal Group in order to enhance its risk management system through activities to mitigate and take precautions against such risks.

2 Corporate Ethics Committee

The committee consists of directors and Audit & Supervisory Board members of Wacoal Holdings and Wacoal Corp., and aims to thoroughly enhance and implement compliance according to the corporate ethics. It works on education and disseminates information about corporate ethics, as well as handles complaints related to corporate ethics in cooperation with relevant departments.

3 Independent Outside Officers Meeting

It consists of independent outside officers, and takes place at least once per year with an agenda including issues of corporate governance, improvement of operation of the Board of Directors, and sharing of information about internal audits, etc. The meeting can hire advisors from various fields, with fees to be borne by the Company.

4 Executive Compensation Advisory Committee

The committee is established in an advisory function to the Representative Director. It discusses and submits reports on the appointment, promotion, recognition, and remuneration of the directors and executive officers. The Executive Compensation Advisory Committee has independent outside directors as members.

Reasons for Appointment of the Said Outside Directors*

Mamoru Ozaki

It is anticipated that he will help enhance the transparency and objectivity of the Company's business management given his specialist knowledge and wide-ranging professional experience in such fields as finance.

Atsushi Horiba

It is anticipated that he will help strengthen the overseas development of the Company's businesses given his abundant experience and insight as a corporate manager in relation to business development in Japan and overseas as well as his strong leadership and extensive knowledge.

Madoka Mayuzumi

As a haiku poet, she has made wide-ranging contributions to the fields of art and culture in Japan and overseas. Her expertise and experience is expected to contribute to our efforts to realize business management that emphasizes diversity, making her an appropriate outside director for the Group.

Reasons for Appointment of the Said Outside Audit & Supervisory Board Members

Akira Katayanagi

Long experience in the financial industry and a wide range of experience and expertise in other industries make him an appropriate outside Audit & Supervisory Board member for the Group.

Yoko Takemura

Legal knowledge as an attorney and experience accumulated through specialization in commercial matters make her an appropriate outside Audit & Supervisory Board member for the Group.

Hiroshi Shirai

Specialized knowledge of accounting and finance as a certified public accountant, including U.S. GAAP, make him an appropriate outside Audit & Supervisory Board member for the Group.

* Wacoal newly documented "Criteria for the Election of Directors" and "Criteria for Independence of Outside Officers" at the Board of Directors meeting on April 30, 2015.

Attendance of Outside Directors at Meetings of the Board of Directors (April 2015–March 2016)

Mamoru Ozaki	Attended 14 of 14
Atsushi Horiba	Attended 11 of 14
Madoka Mayuzumi	Attended 10 of 10

Attendance of Outside Audit & Supervisory Board Members at Meetings of the Board of Directors and the Audit & Supervisory Board (April 2015–March 2016)

	Board of Directors	Audit & Supervisory Board
Akira Katayanagi	Attended 12 of 14	Attended 11 of 15
Yoko Takemura	Attended 14 of 14	Attended 13 of 15
Hiroshi Shirai	Attended 10 of 10	Attended 10 of 10

Details of Remunerations Paid to Officers

Category of Officers	Aggregate Amount of Remunerations, etc. (Millions of yen)	Aggregate Amount of Remunerations, etc., by Type Thereof (Millions of yen)				Number of Relevant Officers
		Basic Remuneration	Stock Option	Bonus	Retirement Allowance	
Directors (Excluding outside directors)	318	198	50	70	—	6
Audit & Supervisory Board members (Excluding outside Audit & Supervisory Board members)	33	33	—	—	—	3
Outside officers	45	45	—	—	—	7

Reviewing What was Taken for Granted Leads to Improvement in the Company Value.



Madoka Mayuzumi

Outside Director,
Wacoal Holdings Corp.

Contribute to improving company value from a neutral perspective

My responsibility as an outside director is to judge the management's decisions and contribute to the company's continuous growth from the position of a general consumer and a long-time loyal customer to Wacoal. As a haiku poet, who has experienced and interacted with many kinds of cultures and arts, I am aware of Wacoal's role in creating the current innerwear culture,

and that supporting Wacoal's history and tradition is also my important duty.

In these rapidly changing times, it is now very important to review what used to be taken for granted, both positive and negative, to bring about the next stage of growth. I am committed to fulfilling my responsibility as someone closest to the general shareholders and to contribute to further growth of Wacoal Group's company value.

Shift of corporate structure may be necessary according to the era

Aside from its strong brand power, Wacoal also maintains company strength based on a diversity of products, quality, and human assets. With clear positioning in the market, the company has established solid recognition as a top company in Japan. However, that very strength holds potential risk if it means the company cannot change.

As women's sense of values and beauty are changing, it is necessary to diversify the brand image. At the Board of Directors meetings, with an understanding of management policies and strategies, I ask simple questions from the viewpoints of general shareholders and consumers to see whether larger number of brands and products would bring profit to consumers, the company, and eventually to sharehold-

ers. Sometimes all of our opinions do not match, but my questions are always listened to respectfully, and answered promptly. When necessary, some topics are discussed again, so I feel there is definite feedback.

By creating environments for women to be more active, both society and women's sense of beauty will change

Based on Wacoal's mission of contributing to society by helping women to express their beauty, Wacoal has been creating the idea of female beauty from the post-war era up until today. I strongly feel the need to create and share a new style of beauty for women based on such history. In such context, the company's recent efforts in supporting women's careers are wonderful.

As Wacoal takes the lead in establishing environments in which women can thrive, and acts as a role model for the whole world, they are also fostering a general society in which women can take an active part. Thus more women will enjoy active careers, more kinds of beauty will be recognized, and as that connects to consumer activities, Wacoal will also benefit. I expect this sort of positive cycle because of what kind of company Wacoal is, and wish to be of help myself.



For more information about Wacoal Group's corporate governance, please see:

<http://www.wacoalholdings.jp/en/ir/governance/index.html>

Financial Section

Eleven-Year Financial Summary

Wacoal Holdings Corp. and Subsidiaries

Years ended March 31	2016	2015	2014
For the year			
Net sales	¥202,917	¥191,765	¥193,781
Cost of sales	95,901	90,722	91,008
% of net sales	47.3%	47.3%	47.0%
Selling, general and administrative expenses	93,151	87,940	88,913
% of net sales	45.9%	45.9%	45.9%
Special retirement related expenses			
Operating income	13,865	7,082	13,860
Total other income (expenses) – net	1,092	4,260	1,173
Income before income taxes, equity in net income of affiliated companies, and net (income) loss attributable to noncontrolling interests	14,957	11,342	15,033
Income taxes	4,730	3,303	5,641
Net income attributable to Wacoal Holdings Corp.	11,159	8,444	10,106
Return on assets (ROA)	5.0%	4.0%	5.7%
Return on equity (ROE)	4.9%	3.9%	5.2%
Net cash provided by operating activities	12,635	14,337	8,949
Net cash (used in) provided by investing activities	(11,407)	164	1,658
Net cash (used in) provided by financing activities	(4,547)	(8,391)	(5,554)
Depreciation and amortization	4,815	5,074	5,036
Capital expenditures	7,546	3,093	2,265
Per share of common stock (in yen)			
Net income attributable to Wacoal Holdings Corp. (Basic)	¥79.23	¥59.95	¥71.75
Cash dividends	33.00	30.00	33.00
Shareholders' equity	1,593	1,625	1,456
At year-end			
Total current assets	¥116,851	¥120,264	¥109,488
Total current liabilities	44,343	42,302	46,608
Cash and cash equivalents	34,059	38,410	30,658
Net property, plant and equipment	53,938	49,188	48,978
Total assets	292,854	300,272	271,988
Short-term bank loans and long-term debt, including current portion	12,147	14,817	18,147
Total shareholders' equity	224,374	228,857	205,106

For the fiscal year ended March 31, 2012, to reflect earnings and losses during the fiscal year in the consolidated financial statements more appropriately, certain consolidated subsidiaries have changed their settlement dates to March 31 to coincide with the settlement date of the Company. Consolidated financial statements for the fiscal year ended March 31, 2011, and prior fiscal years have been retroactively revised accordingly.

(Millions of yen, except per share amounts)

2013	2012	2011	2010	2009	2008	2007	2006
¥180,230	¥171,897	¥165,548	¥163,548	¥170,960	¥165,201	¥166,410	¥164,122
84,548	81,891	81,659	80,101	83,879	82,943	84,658	84,322
46.9%	47.6%	49.3%	49.0%	49.1%	50.2%	50.9%	51.4%
84,331	79,629	77,716	78,524	77,248	68,921	68,856	70,946
46.8%	46.3%	46.9%	48.0%	45.2%	41.7%	41.4%	43.2%
							7,521
8,499	10,377	4,401	3,829	9,833	13,337	12,896	1,333
2,441	(170)	(474)	(674)	(2,504)	816	1,024	2,133
10,940	10,207	3,927	3,155	7,329	14,153	13,920	3,466
3,772	4,199	2,010	1,655	3,083	5,774	6,502	1,459
7,880	6,913	2,785	2,475	5,062	4,845	9,029	2,821
4.6%	4.7%	1.8%	1.4%	3.2%	5.8%	5.7%	1.5%
4.4%	4.1%	1.6%	1.5%	2.9%	2.6%	4.8%	1.6%
12,309	10,060	10,441	9,463	8,202	14,249	9,339	719
(23,520)	(3,467)	(703)	(3,573)	(4,759)	3,709	(1,185)	(2,069)
5,379	(2,824)	(4,965)	(5,363)	(7,448)	(9,400)	(8,404)	(3,428)
4,888	4,660	4,685	4,765	4,544	3,892	3,735	3,433
2,475	2,708	2,652	3,981	2,370	1,110	2,536	6,456
¥55.95	¥49.08	¥19.73	¥17.51	¥35.57	¥34.29	¥63.18	¥19.60
28.00	28.00	20.00	20.00	25.00	25.00	22.00	20.00
1,325	1,218	1,189	1,217	1,187	1,285	1,375	1,296
¥103,587	¥ 97,295	¥ 90,410	¥ 89,455	¥ 90,778	¥ 97,671	¥ 92,915	¥110,773
50,504	35,607	33,880	34,945	31,762	35,802	34,868	35,525
24,514	29,985	26,316	22,328	21,954	27,069	19,816	19,893
49,665	49,078	49,734	51,804	49,165	51,185	52,782	53,501
254,536	221,098	215,276	222,889	213,827	240,053	250,266	242,296
18,765	6,482	6,436	8,162	5,302	5,701	5,984	6,458
186,646	171,496	167,480	171,860	166,767	184,128	193,278	186,475

Corporate Data

As of March 31, 2016

HEAD OFFICE

29, Nakajima-cho, Kisshoin,
Minami-ku, Kyoto 601-8530, Japan
Tel 075-694-3111 Fax 075-694-3109

Homepage
www.wacoalholdings.jp/en

Date of Foundation
June 15, 1946

Date of Establishment
November 1, 1949

Shareholders' Equity
¥224,374 million

Number of Employees
(Consolidated)
21,892

Domestic Principal Subsidiaries

Wacoal Holdings Equity Owned	%
Wacoal Corp.	100
Lecien Corporation	100
Peach John Co., Ltd.	100
Nanasai Co., Ltd.	99
Une nana cool Corp.	100
Ai Co., Ltd.	100
Kyushu Wacoal Manufacturing Corp.	100
Niigata Wacoal Sewing Corp.	100
Hokuriku Wacoal Sewing Corp.	100
Torica Inc.	57
Wacoal Career Service Corp.	100
Wacoal Service Co., Ltd.	100
Wacoal Distribution Corp.	100

Overseas Principal Subsidiaries

Wacoal Holdings Equity Owned	%
Wacoal International Corp. (U.S.A.)	100
Wacoal America, Inc.	100
WACOAL CANADA INC.	100
Wacoal Dominicana Corp.	100
Wacoal Europe Ltd.	100
Wacoal China Co., Ltd.	100
Guangdong Wacoal Inc.	100
Dalian Wacoal Co., Ltd.	100
Wacoal Hong Kong Co., Ltd.	80
Wacoal International Hong Kong Co., Ltd.	100
Wacoal Singapore Pte. Ltd.	100
Vietnam Wacoal Corp.	100
Philippine Wacoal Corp.	67
Wacoal India Private Limited	51
A Tech Textile Co., Ltd.	54
G Tech Material Co., Ltd.	51

Domestic Principal Joint Ventures

Wacoal Holdings Equity Owned	%
House of Rose Co., Ltd.	24

Overseas Joint Ventures

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

International Network

Wacoal International Corp. (U.S.)

One Wacoal Plaza, Lyndhurst,
N.J. 07071, U.S.A.
Tel 1-201-933-8400

Wacoal America, Inc.

136 Madison Avenue,
New York, N.Y. 10016, U.S.A.
Tel 1-212-532-6100

WACOAL CANADA INC.

155 Rene-Levesque Blvd, W.40th Floor
Montreal, Q.C., Canada H3B 3V2
Tel 1-514-448-2173

Wacoal Dominicana Corp.

Las Americas Industrial Free Zone,
KM.22, aut. Las Americas,
Santo Domingo, Dominican Republic
Tel 1-809-549-1090

Wacoal Europe Ltd.

The Corsetry Factory, Rothwell Road,
Desborough, Kettering,
Northamptonshire NN14 2PG,
United Kingdom
Tel 44-1536-760-282

Wacoal China Co., Ltd.

Jia 16 Tongji North Road,
Beijing Economic and 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

Dalian Wacoal Co., Ltd.

No.6 Fu An Street, Economic and
Technical Development Zone, Dalian,
116600, P. R. C.
Tel 86-411-8733-7722

Wacoal Hong Kong Co., Ltd.

8th Floor, EGL Tower,
No. 83 Hung To Road, Kwun Tong,
Kowloon, Hong Kong
Tel 852-2811-3202

Wacoal International Hong Kong Co., Ltd.

8th Floor, EGL Tower,
No. 83 Hung To Road, Kwun Tong,
Kowloon, Hong Kong
Tel 852-2561-9191

Wacoal Singapore Pte. Ltd.

215 Henderson Road,
#01-08 Henderson Industrial Park,
Singapore 159554
Tel 65-6270-2887

Vietnam Wacoal Corp.

110 Amata Road,
Amata Modern Industrial Park,
Long Binh Ward, Bien Hoa City,
Dong Nai Province,
Socialist Republic of Vietnam
Tel 84-61-3936770

Philippine Wacoal Corp.

3rd Floor, 6788 Ayala Avenue,
Oledan Square, Makati City 1226,
Philippines
Tel 63-2-893-7432

Thai Wacoal Public Company Limited

132 Soi Charoenrat 7,
Bangklo, Bangkholaem,
Bangkok, 10120, Thailand
Tel 66-2-289-3100

Taiwan Wacoal Co., Ltd.

15 Jingkwao Road, Taoyuan,
Taiwan, R.O.C.
Tel 886-3-326-9369

Shinyoung Wacoal Inc. (South Korea)

345-54 Gasan-Dong, Geumcheon Gu,
Seoul 153-023, Korea
Tel 82-2-818-5120

PT. Indonesia Wacoal

Jl. Tarikolot Rt.01/Rk.001 No. 59,
Citeureup-Bogor 16810, Indonesia
Tel 62-21-560-0715

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

Investor Information

As of March 31, 2016

STOCK LISTING

Tokyo

FISCAL YEAR-END

March 31

SECURITIES CODE

3591

COMMON STOCK

Issued: 143,378,085 shares

Outstanding: 140,858,735 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

Market: OTCQX

Symbol: WACLY

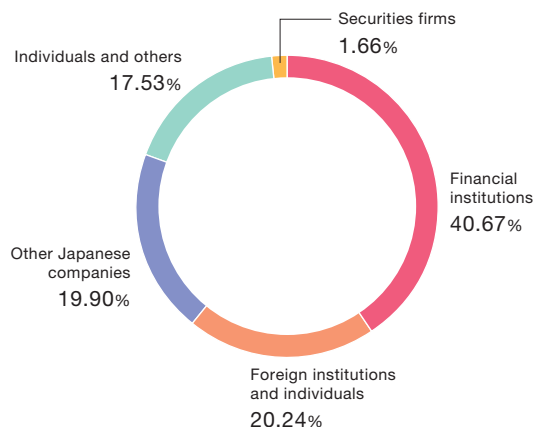
DEPOSITARY

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)
www.adrbny.com

NUMBER OF SHAREHOLDERS

14,078

Ownership and Distribution of Shares



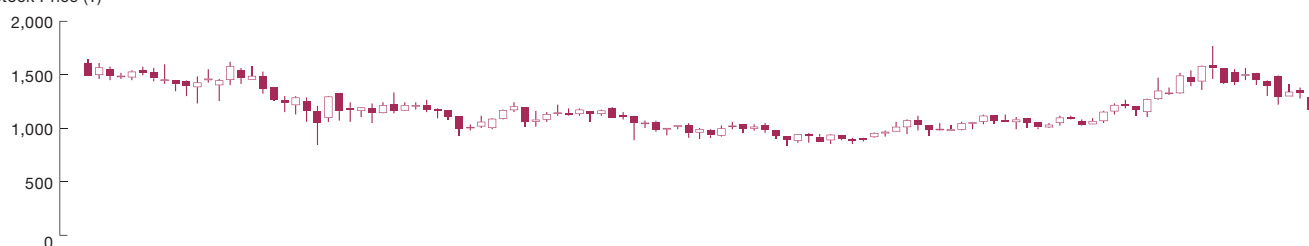
Major Shareholders*

Major Shareholders*	%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4.96
Meiji Yasuda Life Insurance Company	4.33
Japan Trustee Services Bank Ltd. (Trust Account)	3.72
The Bank of Kyoto, Ltd.	3.34
The Master Trust Bank of Japan, Ltd. (Trust Account)	3.20
Nippon Life Insurance Company	2.60
The Shiga Bank, Ltd.	2.58
Mitsubishi UFJ Trust and Banking Corporation	2.16
The Dai-ichi Life Insurance Company, Ltd.	1.93
Asahi Kasei Fibers Corp.	1.76

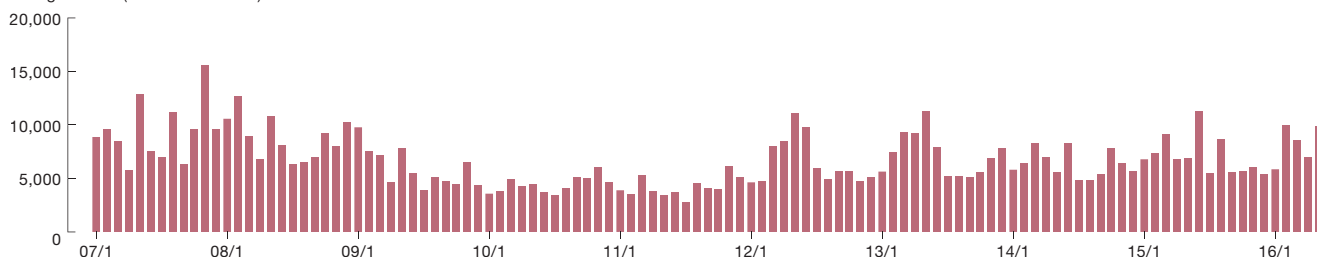
*The percentages exclude treasury stock.

Stock Price / Trading Volume

Stock Price (¥)




Trading Volume (Thousand shares)



Forward-Looking Statements: Statements contained in this integrated report that are not historical facts are forward-looking statements, which reflect the Company's plans and expectations at the time of writing.

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.

www.wacoalholdings.jp/en

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