

June 27, 2019

To Whom It May Concern:

Company Name: WACOAL HOLDINGS CORP.  
Representative: Hironobu Yasuhara,  
Representative Director and President  
(Code Number: 3591)  
(Tokyo Stock Exchange, First Section)  
Contact: Akira Miyagi,  
Managing Director and  
General Manager of Corporate Planning  
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### Announcement Regarding Stock Option Grants (Stock Acquisition Rights)

We hereby announce that our board of directors (the “Board”) resolved at a meeting held today, June 27, 2019, to issue and offer stock options in the form of stock acquisition rights as follows:

#### Details

#### I. Reason for Granting Stock Acquisition Rights

We will issue stock acquisition rights to our directors (excluding outside directors) and the directors of Wacoal Corporation, our subsidiary, so that the directors can share in the potential benefit of an increase in stock value as well as bear the risk of a decline in stock value as a further incentive to improve our stock price and corporate value.

#### II. Terms and Conditions of the Stock Acquisition Rights (Eligible Recipients: our directors, excluding outside directors)

1. Name of the Stock Acquisition Rights: Wacoal Holdings Corp. Twenty-third Stock Acquisition Rights
2. Total Number of Stock Acquisition Rights: 172

The total number of stock acquisition rights above is the expected number to be granted. If the number of stock acquisition rights to be granted turns out to be less than the number shown above because of a shortage of applications or other circumstances, the number of stock acquisition rights issued will be the actual number of stock acquisition rights to be granted.

#### 3. Class and Number of Shares to be Issued upon the Exercise of the Stock Acquisition Rights

The class of shares to be issued upon the exercise of the stock acquisition rights will be our common stock, and the number of shares to be issued for each stock acquisition right (the “Conversion Ratio”) will be 100.

In the event that we conduct a stock split (including the gratis allocation of shares of our common stock; hereinafter the same) or a reverse split of our common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

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

This adjustment will apply from the day following the record date in the case of a stock split and from

the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that we conduct a stock split that is conditioned on approval at a general meeting of our shareholders of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders the adjustment will apply retroactively from the day following the record date.

In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares which result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in the case of any adjustment of the Conversion Ratio, we shall make any necessary notification or announcement to each of the holders of stock acquisition rights who are registered as holders of stock acquisition rights ("Optionholders") no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if we are unable to provide such notification or announcement by such date, we shall provide prompt notification or announcement thereafter.

4. Amount Capitalized upon Exercise of Stock Acquisition Rights

The amount capitalized upon the exercise of each stock acquisition right shall be calculated by multiplying (i) the exercise price of one (1) yen per share to be paid upon exercise of the stock acquisition rights and (ii) the Conversion Ratio.

5. Exercise Period for Stock Acquisition Rights

July 23, 2019 to July 22, 2039.

6. Matters concerning Increases in Capital Stock and Additional Paid-in Capital in the Case of an Issuance of Shares due to the Exercise of Stock Acquisition Rights

(1) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock which are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one (1) yen shall be rounded up to the nearest yen.

(2) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (1) above.

7. Limitation on the Acquisition of Stock Acquisition Rights by Transfer

The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the Board.

8. Provisions for the Acquisition of Stock Acquisition Rights

In the event that any of the following is approved at a general meeting of our shareholders (or, when shareholder approval is not necessary, in the event that the Board or the representative executive officer approves of any of the following), we may acquire stock acquisition rights without compensation on a date separately specified by the Board:

(1) a proposed merger agreement under which we are to be dissolved;

- (2) a proposed corporate division agreement or plan under which we would be split;
  - (3) a proposed share transfer agreement or plan that makes us a wholly owned subsidiary;
  - (4) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that we, with respect to all of our issued shares, shall be required to obtain the approval of our shareholders for the acquisition of such shares by transfer;
  - (5) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that we shall be required to obtain the approval of our shareholders for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that we shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.
9. Policy to Determine the Cancellation of Stock Acquisition Rights upon Organizational Restructuring and Issuance of Stock Acquisition Rights by the Surviving Company

In the event that we conduct a merger (limited to a merger that would result in our dissolution), absorption-type demerger, incorporation-type demerger, stock swap or share transfer (hereinafter collectively referred to as an “Organizational Restructuring”), stock acquisition rights of the joint stock companies (*kabushiki kaisha*) listed in Article 236, Paragraph 1, Item 8, (a) through (e) of the Company Law (the “Surviving Company”) shall be granted to each holder of stock acquisition rights remaining immediately before the Organizational Restructuring takes effect (the “Residual Stock Acquisition Rights”) (i.e. for an absorption-type demerger, the date on which the demerger takes effect; for an incorporation-type demerger, the date on which the new company is incorporated; for a stock swap, the date on which the stock swap takes effect; and for share transfer, the date on which the wholly-owning parent company is incorporated by share transfer) in accordance with the following terms and conditions. In such case, the Remaining Stock Acquisition Rights shall be cancelled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement or share transfer plan:

- (1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:

The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.

- (2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:

Common stock of the Surviving Company.

- (3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:

To be determined pursuant to Section 3 above after taking into consideration the terms and conditions of the Organizational Restructuring.

- (4) Amount Capitalized upon Exercise of Stock Acquisition Rights:

The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one (1) yen per share of the Surviving Company which may be granted upon exercise of each stock acquisition right to be granted.

(5) Exercise Period for Stock Acquisition Rights:

From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in Section 5 above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in Section 5 above.

(6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in the Case of an Issuance of Shares due to the Exercise of Stock Acquisition Rights:

To be determined pursuant to Section 6 above.

(7) Restrictions on the Acquisition of Stock Acquisition Rights by Transfer:

The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board of directors of the Surviving Company.

(8) Provisions for the Acquisition of Stock Acquisition Rights:

To be determined pursuant to Section 8 above.

(9) Other Conditions for the Exercise of Stock Acquisition Rights:

To be determined pursuant to Section 11 below.

10. Fractions of Less than One (1) Share Arising upon the Exercise of Stock Acquisition Rights

Fractions of less than one (1) share in the number of shares to be granted to Optionholders who exercise their stock acquisition rights shall be rounded down.

11. Other Conditions relating to the Exercise of Stock Acquisition Rights

(1) Optionholders may exercise their stock acquisition rights in the event that they lose their status as director (including officers of a company that has adopted the committee system), audit & supervisory board member or executive officer of Wacoal Holdings Corp. and Wacoal Corporation (the "Date of Loss of Status"); provided, however, that in such case, such Optionholder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date as stipulated in Section 5 above and (ii) the five (5) year anniversary of the day after the Date of Loss of Status (the "Exercise Start Date").

(2) Notwithstanding the foregoing, during the period set forth in Section 5 above, the Optionholders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Optionholders pursuant to Section 9 above) only during the respective periods designated below:

(i) if the Exercise Start Date of the Optionholder has not occurred by July 22, 2038

From July 23, 2038 until July 22, 2039.

(ii) if the general meeting of our shareholders approves a merger agreement pursuant to which we are to be dissolved or a stock swap agreement or share transfer plan that makes us a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the Board or determination by our chief executive officer is passed):

For fifteen (15) days from the day after the date of said approval.

- (3) If an Optionholder waives his or her stock acquisition rights, such Optionholder may not exercise said Stock Acquisition Rights.

## 12. Amount to be Paid for Stock Acquisition Rights

The amount to be paid for stock acquisition rights shall be the amount determined from the Black Scholes Option Pricing Model as described below multiplied by the Conversion Ratio:

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma\sqrt{T})$$

Where:

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- (1) Option price per share ( $C$ ).
- (2) Stock Price ( $S$ ): The closing price of Wacoal stock on the Tokyo Stock Exchange on July 22, 2019 (or, if there is no final trading price on such date, the reference price with respect to the next trading day).
- (3) Exercise Price ( $X$ ): 1 yen.
- (4) Expected time to expiration ( $T$ ): 4 years and 0 months.
- (5) Volatility ( $\sigma$ ): The volatility of our stock based on the daily closing price for 4 years and 0 months from July 22, 2015 to July 21, 2019.
- (6) Risk-free interest rate ( $r$ ): the rate of interest on government bonds for the number of years that corresponds to the remaining life of the option.
- (7) Dividend rate ( $q$ ): The per share dividend (based on dividends actually paid over the most recent 12 month period (i.e. the dividend payment as of March 2019)) divided by the stock price as set forth in (2) above.
- (8) Standard normal cumulative distribution function ( $N$ ).

\*The amount calculated pursuant to the above formula is the fair value of the stock acquisition rights and is not evidence of a discounted issuance.

\*We shall be deemed to owe remuneration to the eligible recipient in cash in the amount equivalent to the fair value of the stock acquisition right granted, and the right to receive such remuneration shall be offset against the obligation to pay the fair value as determined by the above formula of the stock acquisition rights granted.

## 13. Allotment Date of Stock Acquisition Rights

July 22, 2019.

## 14. Payment Date for Stock Acquisition Rights

July 22, 2019.

## 15. Number of Stock Acquisition Rights to be Allotted and Number of Eligible Recipients

One hundred and seventy-two (172) stock acquisition rights will be allotted to our four (4) directors.

III. Terms and Conditions of Stock Acquisition Rights (Eligible Recipients: directors of Wacoal Corporation, our subsidiary)

1. Name of the Stock Acquisition Rights: Wacoal Holdings Corp. Twenty-fourth Stock Acquisition Rights

2. Total Number of Stock Acquisition Rights: 113

The total number of stock acquisition rights above is the expected number to be granted. If the number of stock acquisition rights to be granted turns out to be less than the number shown above because of a shortage of applications or other circumstances, the number of stock acquisition rights issued will be the actual number of stock acquisition rights to be granted.

3. Class and Number of Shares to be Issued upon the Exercise of the Stock Acquisition Rights

The class of shares to be issued upon the exercise of the stock acquisition rights will be our common stock, and the number of shares to be issued for each stock acquisition right (the "Conversion Ratio") will be 100.

In the event that we conduct a stock split (including the gratis allocation of shares of our common stock; hereinafter the same) or a reverse split of our common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

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

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that we conduct a stock split that is conditioned on approval at a general meeting of our shareholders of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders the adjustment will apply retroactively from the day following the record date.

In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares which result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in the case of any adjustment of the Conversion Ratio, we shall make any necessary notification or announcement to each of the holders of stock acquisition rights who are registered as holders of stock acquisition rights ("Optionholders") no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if we are unable to provide such notification or announcement by such date, we shall provide prompt notification or announcement thereafter.

4. Amount Capitalized upon Exercise of Stock Acquisition Rights

The amount capitalized upon the exercise of each stock acquisition right shall be calculated by multiplying (i) the exercise price of one (1) yen per share to be paid upon exercise of the stock acquisition rights and (ii) the Conversion Ratio.

5. Exercise Period for Stock Acquisition Rights

July 23, 2019 to July 22, 2039.

6. Matters concerning Increases in Capital Stock and Additional Paid-in Capital in the Case of an Issuance of Shares due to the Exercise of Stock Acquisition Rights

- (1) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock which are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one (1) yen shall be rounded up to the nearest yen.
- (2) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (1) above.

7. Limitation on the Acquisition of Stock Acquisition Rights by Transfer

The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the Board.

8. Provisions for the Acquisition of Stock Acquisition Rights

In the event that any of the following is approved at a general meeting of our shareholders (or the Board approves a resolution where the approval of the shareholders is not required), we may acquire stock acquisition rights without compensation on a date separately specified by the Board:

- (1) a proposed merger agreement under which we are to be dissolved;
- (2) a proposed corporate division agreement or plan under which we would be split;
- (3) a proposed share transfer agreement or plan that makes us a wholly owned subsidiary;
- (4) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that we, with respect to all of our issued shares, shall be required to obtain the approval of our shareholders for the acquisition of such shares by transfer;
- (5) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that we shall be required to obtain the approval of our shareholders for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that we shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.

9. Policy to Determine the Cancellation of Stock Acquisition Rights upon Organizational Restructuring and Issuance of Stock Acquisition Rights by the Surviving Company

In the event that we conduct a merger (limited to a merger that would result in our dissolution), absorption-type demerger, incorporation-type demerger, stock swap or share transfer (hereinafter collectively referred to as an "Organizational Restructuring"), stock acquisition rights of the joint stock companies (*kabushiki kaisha*) listed in Article 236, Paragraph 1, Item 8, (a) through (e) of the Company Law (the "Surviving Company") shall be granted to each holder of stock acquisition rights remaining immediately before the Organizational Restructuring takes effect (the "Residual Stock Acquisition Rights") (i.e. for an absorption-type demerger, the date on which the demerger takes effect; for an incorporation-type demerger, the date on which the new company is incorporated; for a stock swap, the date on which the stock swap takes effect; and for share transfer, the date on which the wholly-owning parent company is incorporated by share transfer) in accordance with the following terms and conditions. In such case, the Remaining Stock Acquisition Rights shall be cancelled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be

limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement or share transfer plan:

- (1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:

The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.

- (2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:

Common stock of the Surviving Company.

- (3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:

To be determined pursuant to Section 3 above after taking into consideration the terms and conditions of the Organizational Restructuring.

- (4) Amount Capitalized upon Exercise of Stock Acquisition Rights:

The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one (1) yen per share of the Surviving Company which may be granted upon exercise of each stock acquisition right to be granted.

- (5) Exercise Period for Stock Acquisition Rights:

From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in Section 5 above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in Section 5 above.

- (6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in the Case of an Issuance of Shares due to the Exercise of Stock Acquisition Rights:

To be determined pursuant to Section 6 above.

- (7) Restrictions on the Acquisition of Stock Acquisition Rights by Transfer:

The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board of directors of the Surviving Company.

- (8) Provisions for the Acquisition of Stock Acquisition Rights:

To be determined pursuant to Section 8 above.

- (9) Other Conditions for the Exercise of Stock Acquisition Rights:

To be determined pursuant to Section 11 below.

10. Fractions of Less Than One (1) Share Arising upon the Exercise of Stock Acquisition Rights

Fractions of less than one (1) share in the number of shares to be granted to Optionholders who



exercised their stock acquisition rights shall be rounded down.

11. Other Conditions relating to the Exercise of Stock Acquisition Rights

(1) Optionholders may exercise their stock acquisition rights in the event that they lose their status as director (including officers of a company that has adopted the committee system), audit & supervisory board member or executive officer of Wacoal Holdings Corp. and Wacoal Corporation (the "Date of Loss of Status"); provided, however, that in such case, such Optionholder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date as stipulated in Section 5 above and (ii) the five (5) year anniversary of the day after the Date of Loss of Status (the "Exercise Start Date").

(2) Notwithstanding the foregoing, during the period set forth in Section 5 above, the Optionholders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Optionholders pursuant to Section 9 above) only during the respective periods designated below:

(i) if the Exercise Start Date of the Optionholder has not occurred by July 22, 2038

From July 23, 2038 until July 22, 2039.

(ii) if the general meeting of our shareholders approves a merger agreement pursuant to which we are to be dissolved or a stock swap agreement or share transfer plan that makes us a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the Board or determination by our chief executive officer is passed):

For fifteen (15) days from the day after the date of said approval.

(3) If an Optionholder waives his or her stock acquisition rights, such Optionholder may not exercise said Stock Acquisition Rights.

12. Amount to be Paid for Stock Acquisition Rights

No payment of money shall be required in exchange for stock acquisition rights.

\*The stock acquisition rights will be allotted as compensation for the performance of duty and for this reason, the terms of issuance will not be advantageous for the eligible recipients.

13. Allotment Date of Stock Acquisition Rights

July 22, 2019.

14. Number of Stock Acquisition Rights to be Allotted and Number of Eligible Recipients

One hundred and thirteen (113) stock acquisition rights will be allotted to six (6) directors of Wacoal Corporation, our subsidiary.

- End -