



Results for the Year Ended March 2010 & Plan for the Fiscal Year Ending March 2011

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In this document, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ from those anticipated in these statements.

- My name is Shinzo Maeda, and I am president of SHISEIDO.
- I will be describing our results for the year ended March 2010 and the outlook for the year ending March 2011.

1 Trends in the Domestic and Overseas Cosmetics Business

2 Results for Year Ended March 2010 and
Summary

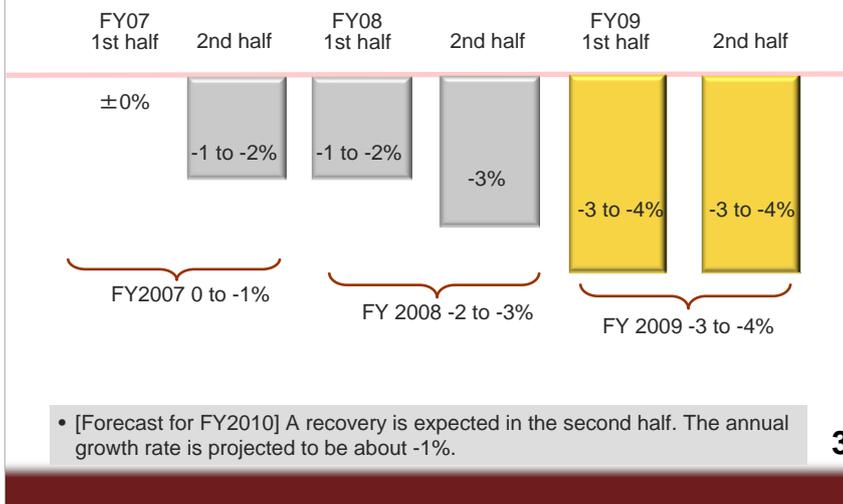
3 Overview of Business Plan for Fiscal 2010

4 Outlook for Fiscal 2010

- First, let me describe the trends in the cosmetics market, both in Japan and overseas.

Domestic Trends in the Over-the-Counter Cosmetics Market (Shiseido estimate)

SHISEIDO



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- The domestic over-the-counter cosmetics market, which began to decline in the latter half of FY2007, continues to contract, reflecting the sharp economic downturn following the collapse of Lehman Brothers in September 2008. The growth rate for FY2009 was minus 3% to minus 4%, and there are no signs of an upturn.
- Although the deflationary trend is attenuating in the cosmetics market, consumption remains weak. We expect that the market will continue to experience negative growth in the first half of fiscal 2010 but will bottom out in the second half. For the full year, we expect sales to be down around 1% on a year-on-year basis.

Trends in Overseas Cosmetics Markets (Shiseido estimate)

SHISEIDO

Europe and Americas	<ul style="list-style-type: none"> • The markets have remained weak following the Lehman crisis. • The markets appear to be recovering slowly from the fourth quarter of 2009. • Although the outlook for FY2010 is uncertain, the recovery is expected to continue.
Asia	<ul style="list-style-type: none"> • Despite the effect of the global economic downturn, the markets began to recover previous growth rate in the second half of FY2009. • The markets are expected to continue growing in FY2010.

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- Let me now move on to the trends of overseas markets for high-end cosmetics.
- Europe and United States remained weak after the Lehman crisis, but appeared to be recovering slowly, at different speeds in different regions, from the fourth quarter of fiscal 2009. Although the outlook for fiscal 2010 remains uncertain, we expect that the recovery will continue.
- In Asia, including China, the markets were affected by the global economic downturn in the first half of fiscal 2009, though less significantly so than Europe and Americas. The markets have gradually been recovering previous growth since the second half. We expect this trend to continue in fiscal 2010.

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●Next, I will be briefly describing the results for FY2009.

Results for Year Ended March 2010

SHISEIDO
(Billion yen)

	Result	YoY change	Local currency	Difference from previous forecast
Net sales	644.2	-6.7%	-2.0%	-5.8
Domestic	406.7	-5.0%	-	-6.3
Overseas	237.5	-9.3%	+2.9%	+0.5
Operating Income	50.4	+0.9%	-	+0.4
Ordinary Income	51.5	-1.1%	-	+0.5
Net Income	33.7	+73.8%	-	+2.7
	▶ Overseas Sales Ratio		36.9%	-1.1pp
	▶ Operating Margin		7.8%	+0.6pp

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●As you can see in the table, net sales declined 6.7% year on year, but income exceeded the initial plan. Net income, in particular, rose sharply, primarily reflecting an improvement in extraordinary losses and technical factors relating to tax expense.

●As a result of reduction in SG&A, especially marketing costs, through distinctiveness and concentration, the operating margin rose 0.6 percentage points from a year ago, to 7.8%, exceeding the plan of 7.7%.

●Mr. Harada will explain the results in detail later.

Review of FY2009 (1) Domestic Cosmetics Business

Promoted key initiatives
by carefully combining lines and channels,
focusing on targeted fields.

Voluntary chain store Department store	Results remained strong at priority stores.
Drug store GMS	Results were partially good, but unsatisfactory overall.

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- We carefully combined lines and channels, focusing on targeted fields in the Domestic Cosmetics Business segment.
- As a result of our approach, sales at priority voluntary chain stores and department stores remained solid.
- On the other hand, despite our efforts, results at drug stores and general merchandise stores (GMS) were unsatisfactory overall although results were partially good. Overall sales were down from a year ago.

Review of FY2009 (2) Overseas Cosmetics Business

Europe and Americas	Sales were sluggish, reflecting the global economic downturn. Sales started to recover in the fourth quarter.
Asia	Sales were strong with China as the driving force.

Overall sales rose 3.0%
in the overseas cosmetics business in local currency terms.

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- Let me move on to the overseas cosmetics business segment.
- Sales in Europe and Americas were sluggish, reflecting the global economic downturn. However, our efforts began to produce a turnaround in the fourth quarter.
- In Asia, sales were strong with China as the driving force. Although the growth rate fell slightly in China in the fourth quarter, reflecting advance shipments in the same quarter of the previous fiscal year, it recovered to an appropriate level in the first quarter of FY2010.
- Overall sales rose 3.0% in the overseas cosmetics business in local currency terms. We believe that the good results are attributable to our persistent efforts to consolidate our business foundations for future growth at a time when business confidence was weak.

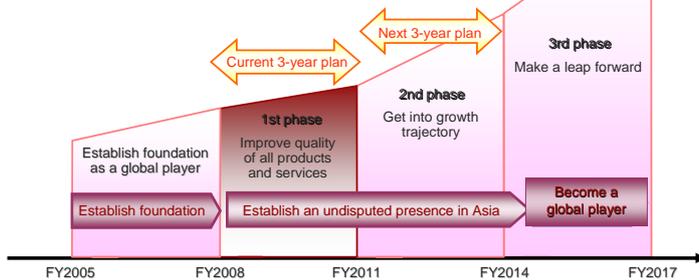
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● I will now be briefly describing our plan for FY2010.

Three-Year Plan

Aim to become a global player representing Asia with its origins in Japan

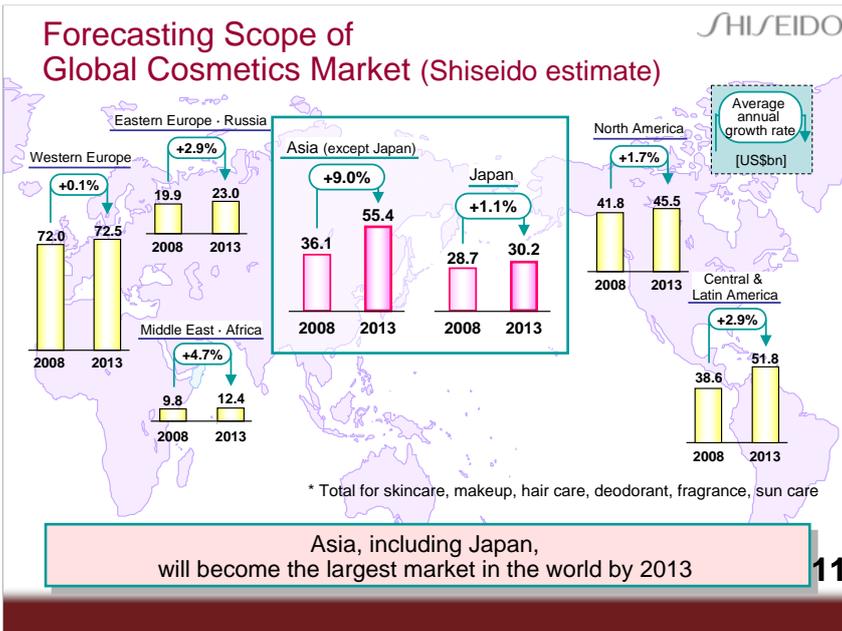


Positioning for FY2010:

- (1) Finishing touches to current 3-Year Plan
- (2) Consolidating foothold for next 3-Year Plan

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- We have not changed at all our aim of becoming “a global player representing Asia with its origins in Japan.”
- We position FY2010, the final year of the current three-year plan, as the year to complete the phase of improving the quality of all products and services and to consolidate our foothold for the next three-year plan, which is a period when we move to a growth trajectory.



- In developing a plan for FY2010, we have made three assumptions:
- First, we expect that the Asian market will continue to grow with China as the driving force. We assume the Asian market, including Japan, will be the largest market in the world in 2013.
- In the Japanese market, the polarization of price ranges and the expansion of the low-end market is expected to continue, although trends will moderate from the recent past.
- While responding to those circumstances, we will seek to develop an overwhelming presence in Asia and consolidate our foothold for global operations.

To Become a Global Player
 Representing Asia
 with its Origins in Japan

- I will be explaining our initiatives in Japan and Asia, and our global plans for FY2010.
- I will start with our initiatives in Japan.

FY2010 Key Initiatives in Japan

(1) Turn hit products into long-selling products.

(2) Promote sales by combining lines and channels.

(3) Bolster the sales force through a change in the organizational structure.

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- In the domestic business, we will seek to expand sales by continuing successful programs and introducing new initiatives. There are three pillars, as shown on this slide.
- In response to the sales expansion of low-end products in the Japanese cosmetics market, we are integrating the masstige business in Asia with our domestic business. I will explain the masstige business as part of our initiatives in Asia.

(1) Turn hit products into long-selling products.



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- First, we will bolster branding, especially for mega lines, and will turn hit products into long-selling products by acquiring and retaining regular customers.
- We added the "Gold series for Head Spa" in the *TSUBAKI* line to the existing "Red series for Shining" and the "White series for Damage Care" in March. With these three series, we can meet a range of customer needs. The position of *TSUBAKI* in the market is recovering.
- We will make *TSUBAKI* a line that will provide product value that is unlike anything offered by competing products in the competitive hair care market.
- In other lines, we will also create long-selling products that will have a strong presence in the category, like *UNO Fog Bar*, and we will increase the value of lines.

(1) Turn hit products into long-selling products.



Initiatives for providing new value

●In March we launched *In and On*, which proposes unprecedented value, namely “beauty from the inside and outside.” We are undertaking new initiatives featuring innovative products. As a result, shipments are strong.

(2) Promote sales by combining lines and channels.

Major channel	Initiative	
Voluntary chain stores	Bolster Power Shops Increase the number of Power Shops from 600 to 800 by the end of the current fiscal year	
Department stores	Focus on priority stores and introduce double counters (separate cle de peau BEAUTE counters) → Increase share	
GMS	Enhance the ability of Beauty Consultant to make proposals, primarily at priority stores	Enhance the ability to deal with headquarters and stores through the restructuring of the sales organization (e.g. by account)
Drug stores	Focus on priority store chains	

●The next point is strengthening our approach of combining channels and lines.

●In the voluntary chain store channel, over 600 Power Shops, a priority area for us, have been performing well. We are aiming to increase the number to 800 before the end of the current fiscal year.

●In the department store channel, we were able to expand share last year in a challenging market by focusing on base department stores and introducing separate counters for cle de peau BEAUTE. We will seek to increase share this fiscal year by continuing to promote double counters.

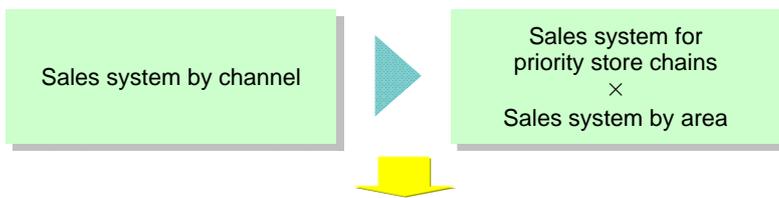
●We will bolster ability of Beauty Consultant to make proposals in GMS, especially in priority GMS. In the drug store channel, we will focus on six priority store chains.

(2) Promote sales by combining lines channel.

Domain	Channel × Line
<p><u>High value-added counseling</u></p> <p>Selling to value-conscious customers who seek the cosmetics most suitable for them by communicating value through beauty consultants</p>	<p>Voluntary chain stores, department stores, and GMS stores × High-end counseling products, especially relationship-building brands/lines</p>
<p><u>Spot counseling</u></p> <p>Selling to customers who are interested in trends in cosmetics through mass advertising and one-point counseling</p>	<p>Drug stores × Counseling products in the medium price range, particularly mega-line items, such as <i>Maquillage</i> and <i>Elixir</i>.</p>
<p><u>Self-selection</u></p> <p>Selling to price-sensitive customers by transmitting information from sales counters</p>	<p>Drug stores and GMS self-selection counters × Self-selection items and toiletries, particularly low-end mega-line items (<i>Aqua Label</i>, <i>INTEGRATE</i>, <i>TSUBAKI</i>, <i>UNO</i>)</p>

●To advance our style of combining channels and lines, we will focus on the most effective sales approach in each domain, which is shown in the table, in accordance with customers' buying patterns. We will allocate appropriate channels for each domain and cultivate priority mega lines and relationship-building brands/lines in each channel.

(3) Bolster the sales force through a change in the organizational structure.



Addressing considerable change of retailers such as alliances with other retailers in different channels

Branches	Branches in each area will flexibly deploy management resources for retailers other than priority store chains, to achieve optimization of the entire system.
Store chain sales division	The division will deal with priority store chains via a command structure covering negotiations with headquarters through negotiations with each store by dealing with each account meticulously.

●To bolster our operations in Japan, we restructured the front-line sales systems in April this year and replaced the existing channel-based sales systems with area-based sales systems and sales systems for priority store chains. This combination will help us meet market needs.

●The new systems will enable us to respond to changes in the environment of retailers, which are forming alliances with one another in different channels.

●In the new systems, the reorganized branches will flexibly deploy management resources across all channels to optimize the overall system for this market.

●In the past, we employed channel-based sales systems for priority store chains and different sales divisions of the Company dealt with the headquarters and individual stores of each structured retailer. However, we have established a Store Chain Sales Division to bolster our sales force by dealing with priority store chains via a command structure encompassing negotiations with headquarters through negotiations with each store by dealing meticulously with each account.

To Become a Global Player
Representing Asia
with its Origins in Japan

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●Regarding operations in Asia,

FY2010 Key Initiatives in Asia

SHISEIDO

(1) Careful preparations for the full-scale development of the masstige business (from the next three-year plan)

(2) Maintaining momentum in the business in China

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●I would like to talk about two main points.

(1) Careful Preparations for Full-Scale Development of the Masstige Business

Based on expertise accumulated through the sale of Za and MAJOLICA MAJORCA

Brands originating in Japan and Asia

Integration with the low-price (2,000 yen or less) market in Japan

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- Let me describe the masstige business first. Sales of brands such as Za and MAJOLICA MAJORCA have been rising in Asia. Based on expertise developed through this process, we are carefully preparing for full-scale development from fiscal 2011, the first year of the next Three-Year Plan.
- Masstige market is considered to be wide ranged, we are planning to have multiple brands for the market, with the brands originating from Japan and Asia. We will integrate the brands with the low-end market in Japan.
- We will commence these new operations in the second half of the current fiscal year.

(1) Careful Preparations for Full-Scale Development of the Masstige Business

Vietnam plant

Becoming a production base for the masstige business



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- In developing infrastructure for the masstige business, we will make the Vietnam plant, which commenced operation in April, a production base in the medium to long terms.
- This will reduce costs and boost profitability for the entire Company.

(2) Maintaining Momentum in Business in China

Aiming to achieve double digit sales growth



Promoting development in new area

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- I would now like to talk about our operations in China.
- We seek to maintain a double digit sales growth in fiscal 2010.
- To that end, we will enter new fields, meaning new customer segments, new channels, and new businesses.

Business in China: Department Store Channel



- Promoting a renewal program of the global brand SHISEIDO
- Targeting the 1980s generation
→ Promoting skincare products; bolstering the AUPRES lineup

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- In the department store channel, we will continue to promote an renewal program of the global brand SHISEIDO. Meanwhile, we will raise the market presence of our skincare products and bolster the *AUPRES* lineup, targeting primarily the 1980s generation of major consumers born in the 1980s, who we attracted with *MAQUILLAGE* last year. We aim to sustain growth with these initiatives.

Business in China: Voluntary Chain Store Channel



- Enhancing our ability to respond to the needs of customers at counters using customer data
- Developing new stores to increase the number of stores to 5,000 by the end of FY2010

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● In voluntary chain stores, we will enhance our ability to respond to the needs of customers at each store, providing primarily *URARA*, a brand exclusive to voluntary chain stores, and using customer data effectively. We will continue to develop new stores and aim to increase the number of voluntary chain stores that will conclude agreements with us to 5,000 by the end of fiscal 2010 as initially planned.

Business in China: Drugstore Channel

- Starting to sell the new line DQ in March 2010
- Aiming to sell through 600 stores by the end of FY2010



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● We entered the drugstore channel, the third channel, and launched the *DQ* skincare line in March this year. We will increase the number of counters, primarily at major chain stores in major cities to 600 by the end of fiscal 2010.

● Although it has not been long since the brand was launched, it has received high marks from drugstores, which have provided the best locations and best spaces. The brand is also well received by customers who have purchased it.

Business in China: Professional Business

- Started in earnest in March 2010
- Brands: Shiseido Professional and JOICO
- Target: About 700 salons in Shanghai and Beijing by the end of FY2010



Shiseido Beauty Studio, which provides training programs for professionals, and a course in the studio 27

● We launched two brands, Shiseido Professional and JOICO, for exclusive hair salons in China in March this year and started the professional business in earnest. We aim to provide the brands at about 700 hair salons in Shanghai and Beijing at the end of 2010 and at 2,500 hair salons by 2014.

● With the ZOTOS brand, we are looking to enter the beauty salon business for the general public.

To Become a Global Player

Representing Asia

with its Origins in Japan

● Let me now turn to global operations.

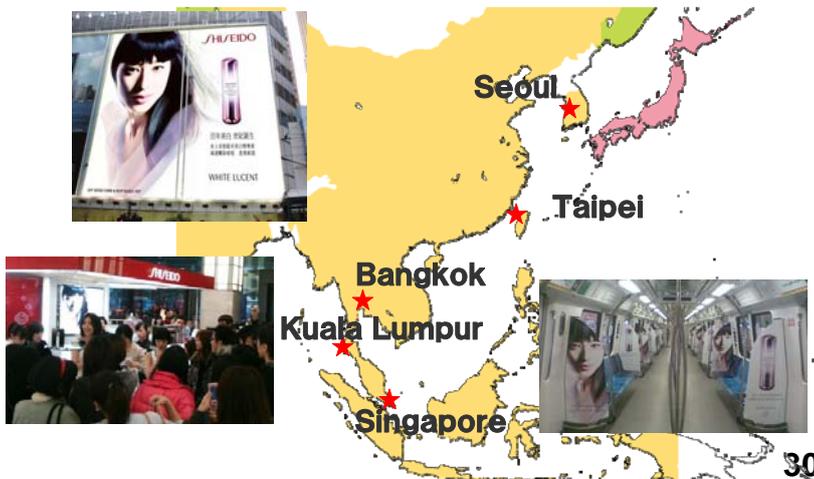
FY2010 Key Initiatives in Global Market

- (1) Continued Development of the "City Concept" Strategy
- (2) Enhancing the global brand SHISEIDO
- (3) Bolstering Activities of Beauty Consultant
- (4) Accelerating Entry into New Markets
- (5) Bare Escentuals

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●As you can see, there are five actions in this area.

(1) Continued Development of the "City Concept" Strategy



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- First, let me explain the "City Concept" strategy that we have pursued since 2008.
- We are continuing our efforts in each region. This fiscal year, we plan to take intensive action especially in Asia, where major cities have a strong influence. We are undertaking promotions unique to each area.
- In the first half of the fiscal year, we undertook intensive promotions in February and March of SHISEIDO White Lucent, an innovative product released in February this year.
- We stepped up advertising on billboards, transportation advertising, and events at stores in Taiwan. As a result, over-the-counter sales in Taiwan rose almost at a double-digit rate in February, driven by base stores.
- Priority stores were also the engine of sales in South Korea.
- As described, we developed formats for effective strategies for each area.

(2) Enhancing the Global Brand SHISEIDO

(2009)

- Jan.: Renewed makeup lines
- Sept.: Introduced Future Solution LX, a premium skincare line

(2010)

- Feb.: Renewed White Lucent, a brightening skincare line
- Bolstered Bio-Performance, an antiaging line



White Lucent

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- Next, I would like to describe the enhancement of the global brand SHISEIDO.
- We started the evolution of the global brand last year and introduced a makeup line in January and the premium skincare line Future Solution LX in September.
- We renewed the brightening skincare line White Lucent in February this year and bolstered the Bio-Performance antiaging line.
- We will accelerate the evolution of the global brand to succeed in a fiercely competitive global environment, always determining the needs of customers and the moves of competitors.

(3) Bolstering Beauty Consultant Activities



Distribute the SHISEIDO BC OMOTENASHI CREDO

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- We will also bolster the activities of beauty consultants who communicate value to customers over the counter.
- Based on expertise developed in the beauty consultant activity innovation in Japan, we developed and introduced software for overseas sales activities and distributed the SHISEIDO BC OMOTENASHI CREDO booklet, which summarizes the principles of BC activities, to all beauty consultants working overseas. We have received feedback from many beauty consultants. As the spirit of *Omotenashi* (or "hospitality") which was limited to verbal communication, has been translated into 22 languages and visualized, we believe the quality of sales activities will improve.
- We conduct a customer survey in Europe, the United States, and Asia at the same time semiannually. By communicating the results to each country and each department store counter, we aim to promote beauty consultant activities, reflecting the opinions of our customers and enhancing customer satisfaction.

(4) Accelerating Entry into New Markets

(2009)

- New markets:
Egypt, Morocco, Laos, and Azerbaijan
- Shift to operations through subsidiaries:
Greece, Switzerland, and Vietnam



Signing ceremony with an agency in Mongolia

(Plan for 2010)

- Entering the Mongolian market
- Planning to develop new markets in a few more countries within the year.

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- We are increasing points of contact with new customers.
- We aggressively expanded our operations into new markets last year. We will start to sell our products through an agency in Mongolia in May this year. We will be operating in 74 countries and regions. We plan to move into a few more countries to develop new markets this fiscal year.
- In countries we have already entered through agencies, we will develop our operations more aggressively by establishing joint ventures or subsidiaries, considering the degree of expansion of each market.
- In Russia, where we started direct operation through a local subsidiary two years ago, we moved into the black in fiscal 2009, the second year of direct operation. Sales in the first quarter of this fiscal year were more than twice the level of the same period of the previous fiscal year. We would like to create many similar cases.

(5) Bare Escentuals



Communication began immediately after the acquisition was completed. 34

- Let me now move on to a description of Bare Escentuals.
- We started specific communication on March 12, immediately after completing the acquisition. Corporate Senior Executive Officer Carsten Fischer, who is in charge of the acquisition, met with the management of Bare Escentuals, including Executive Chairman Leslie Blodgett in San Francisco. I also visited Bare Escentuals subsequent to them.
- We have set up the “Cooperation Promotion Project” in which staff of Shiseido and Bare Escentuals participate. The project team is discussing specific action around over ten areas about synergies for growth and synergies for cost.

(5) Bare Escentuals: Synergies for Growth

Bolstering skincare lines:

The potential is great. We are stepping up our cooperation.

Enhance operations at department stores in Japan:

We are promoting operations at Department stores in Japan in close cooperation with each other.

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- Considering the geographic presence and product portfolio of both companies, synergies for growth have great potential in a range of fields.
- The potential for bolstering skincare lines, in particular, using Shiseido's research and development capabilities and operations in Japan, China, and Asia is very great. We are accelerating our efforts to promote synergies for growth.
- We are also promoting operations at department stores in Japan in close cooperation with each other.

(5) Bare Escentuals: Domestic Department Stores



Bare Escentuals Isetan Shinjuku Store

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- The Isetan Shinjuku store, which opened on March 3 as the first outlet in Japan, has outperformed expectations. It has become very popular with the department store for having attracted new customers. Opening the counter in the department store has had a positive effect on performance through QVC. Sales through QVC rose close to 10% after the opening of the Isetan store. Bare Escentuals' successful model in the United States, using TV shopping and department stores, is proving to be popular in Japan as well.
- Partly due to this good start, many department stores have requested us to open Bare Escentuals counters. The second outlet is expected to open in the Umeda flagship store of the Hankyu Department Store on June 9 ahead of schedule. While confirming the needs of customers, Bare Escentuals will aggressively open counters in department stores in Japan, backed by Shiseido.

(5) Bare Escentuals: Overseas Operations

Europe and U.S.

- North America: Promoting sales through QVC and the web, as well as over the counter
- UK: Focusing on department store sales
- Sephora: Increasing the number of stores through which we will sell in the United States, Europe, and Asia



Counter in UK

Asia

- “Cooperation Promotion Project” Specifically considering full-scale operations

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- Given strong sales over the counter and through the web in North America, we will promote sales in those channels there, in addition to sales through QVC in fiscal 2010.
- Meanwhile, we will look to sell through department stores in the United Kingdom, as a sales base in Europe. We will also support sales through Sephora, which is successful in the United States, in Europe and Asia to expand growth. The “Cooperation Promotion Project”, which I mentioned earlier, is considering full-scale operations in Asia.

(5) Bare Escentuals: Non-Consolidated Forecast for FY2010

- Net sales: about 53.0 billion yen (up 5% year on year)
- Operating income: about 13.5 billion yen (remaining unchanged)
 - Costs associated with accelerated overseas operations are considered.
- Assumption: Full-scale contributions such as the expansion of operations at department stores in Japan, operations in Asia, and the development of new skincare series will occur in or after FY2011.

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- We forecast that non-consolidated net sales of Bare Escentuals for fiscal 2010 will rise 5% year on year, to about 53 billion yen. Considering costs for opening new stores, we forecast operating income of about 13.5 billion yen, the same level as in the previous fiscal year.
- The non-consolidated forecast is based on the existing businesses and the assumption that full-scale contributions such as the expansion of operations at department stores in Japan, operations in Asia, and the development of new skincare series will occur in or after FY2011.

(5) Bare Escentuals: Effect on Consolidated Results

- Revaluation of assets and the number of years for the amortization of goodwill associated with the acquisition are being considered.
 - Consolidated results forecasts, including forecast results of Bare Escentuals, will be announced as soon as they are determined.
- Results to be consolidated:
 - Consolidated results will reflect results after early March (less than 10 months).
 - Because of account processing, non-consolidated results of Bare Escentuals will not simply be added to consolidated results for FY2010.

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- The effects of the acquisition of Bare Escentuals, including the revaluation of assets and the number of years for the amortization of goodwill associated with the acquisition, are being considered, and it will take some time to determine them. Consolidated results forecasts for fiscal 2010, including the forecast results of Bare Escentuals, will be announced immediately after they are determined..
- Results for fewer than 10 months after early March, when Bare Escentuals became a subsidiary of Shiseido, will be reflected in consolidated results. Because the market value of assets and the amortization of goodwill will be considered, the non-consolidated results of Bare Escentuals will not simply be added to consolidated results for FY2010.
- As part of the accounting conversion for the introduction of IFRS, amortization of goodwill may cease to exist under Japanese accounting rules after fiscal 2011, although the change in rules has not been determined. For that reason, the effect of earnings of Bare Escentuals on consolidated earnings in fiscal 2011 may be different considerably from that in fiscal 2010.

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- I will now be moving on to our business outlook for fiscal 2010

Outlook for Fiscal 2010

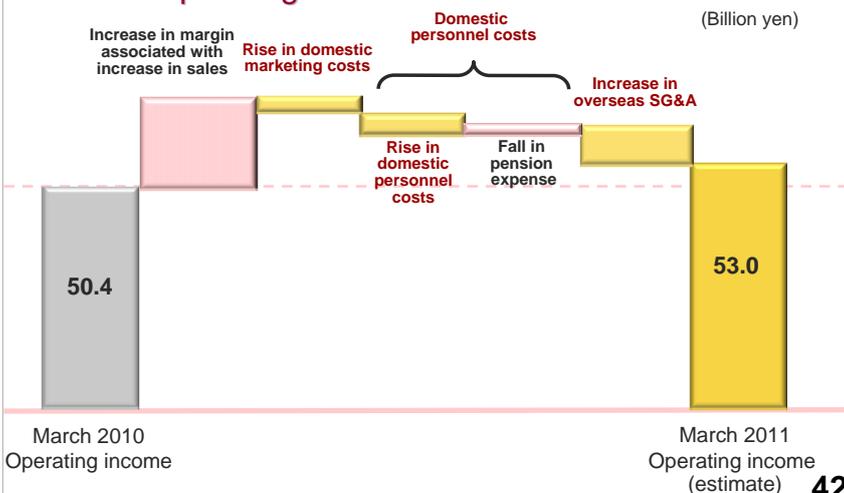
	Outlook	YoY Amount	Change Percent	Local currency
Net Sales	660.0	+15.8	+2.5%	+4%
Domestic	412.0	+5.3	+1.3%	-
Overseas	248.0	+10.5	+4.4%	+9%
Operating Income	53.0	+2.7	+5.3%	-
Ordinary Income	51.5	0.0	0.0%	-
Net Income	31.0	-2.7	-7.9%	-

▶ Overseas Sales Ratio	37.6%	+0.7pp
▶ Operating Margin	8.0%	+0.2pp
▶ Assumed Yearly Average Exchange Rate	US\$: ¥90, Euro: ¥120, Chinese yuan: ¥13.5	
(Previous fiscal year)	(¥93.6)	(¥130.2)

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- This slide shows our business plan for FY2010. As I explained, the plan involves consolidated forecasts that do not include forecast results of Bare Escentuals.
- We predict that sales, both domestic and overseas, will rise. We seek to raise the operating margin to as close to 10%, which we aim to achieve early in the period of the next Three-Year Plan, as possible, and forecast 8.0% for FY2010.

Factors for Change in Forecast Annual Operating Income

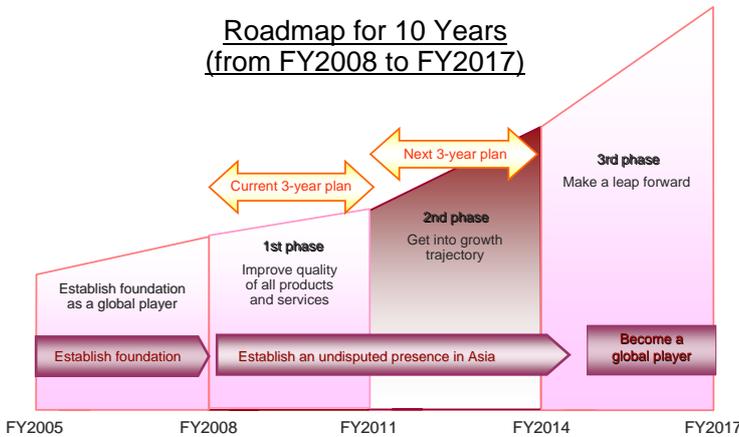


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- This chart shows major factors for the change in operating income.
- Operating income will rise 2.6 billion yen with increases in domestic and overseas expenses offset by an increase in the margin as a result of a rise in sales.
- We will increase our marketing spend in Japan and overseas to restore growth in fiscal 2010.

Shareholder Returns

Roadmap for 10 Years
(from FY2008 to FY2017)



- Finally, we have decided to review our policy for the return of profits to shareholders. Please let me explain.
- Our policy for the return of profits targeted a shareholder return ratio of 60% in the medium term. The shareholder return ratio is the ratio of the sum of dividends and the amount of shares of the Company bought back to consolidated net income. In the current Three-Year Plan, we are in a phase of establishing the basis for becoming a global player, aiming for growth and enhancing the quality of our operations, and we have not made large-scale growth investments. We therefore sought to return more than half of profits, also for improved ROE. However, as we are about to enter the next Three-Year Plan, which we position as a phase for moving into a growth trajectory in our 10-year road map, we are adopting a comprehensive strategy for growth, including the acquisition of Bare Escentuals. With this shift, we will change our policy for the return of profits and will allocate more than half of our profits to growth investments.

Shareholder Returns

Target returns (Medium-term target)
 Before change: consolidated shareholder return ratio of 60%
 ↓
 After change: consolidated payout ratio of 40%

Dividend changes



- To ensure the certainty of returns of profits, we have excluded the buyback of shares of the Company, which was included in the calculation of the shareholder return ratio, since it might not always be carried out every fiscal year, and thus, we have changed the indicator of returns of profits from shareholder return ratio to the payout ratio. We position the buyback of shares of the Company as additional returns of profits that are made flexibly.
- With that change, we have decided to target a payout ratio of 40% in the medium term.
- However, this does not simply mean we will pay dividends of 40% of the current profit level. Emphasizing the stability of dividends, we will continue to pay an annual dividend of 50 yen, a payout ratio of 64% based on our earnings forecast, in FY2010.

To Become a Global Player Representing Asia with its Origins in Japan

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- We will complete the current three-year plan in fiscal 2010. We will lay solid foundations so that we can take the next step in the next three years.
- We will continue to increase our global presence and take a major step towards our growth strategy in the next three years. Meanwhile, we will increase our emphasis on environmental issues and corporate social responsibility for sustainable growth. Pursuing these two approaches, we will redouble our efforts to become a global player.
- We respectfully ask for your continued support. Thank you for your attention.



Results for the Fiscal Year Ended March 2010

Yasuhiko Harada
Director & Corporate Senior Executive Officer

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Consolidated Results

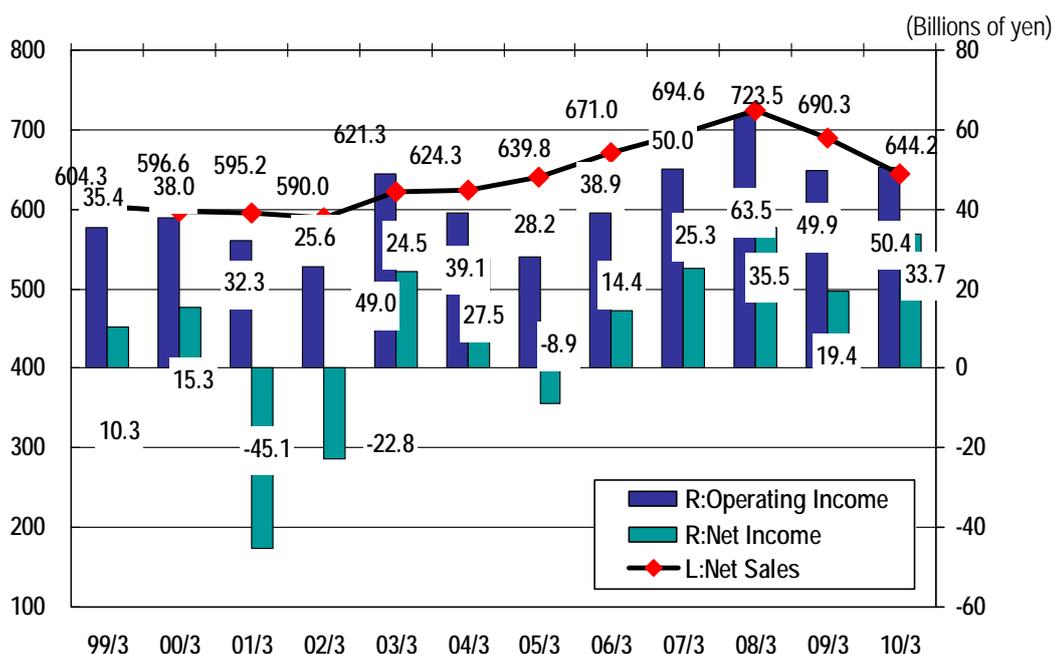
(Billions of yen)

	2010/3	% of net sales	2009/3	YoY
	Results			
Net sales	644.2	100%	690.3	-6.7%
Domestic	406.7	63.1%	428.3	-5.0%
Overseas	237.5	36.9%	262.0	-9.3%
				(Local Currency+2.9%)
Operating Income	50.4	7.8%	49.9	+0.9%
Ordinary Income	51.5	8.0%	52.1	-1.1%
Extraordinary Income / Loss (net)	-4.7	-0.7%	-13.6	(-13.6)
Tax Expenses	9.5	1.5%	15.1	-37.3%
Minority interests	3.6	0.6%	4.0	-10.1%
Net Income	33.7	5.2%	19.4	+73.8%
ROE	9.8%	—	5.4%	+4.4%

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Consolidated Results: Trend

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Sales by Business Segment

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(billions of yen)

	2010/3 Results		2009/3 Results		YoY change (amount)	YoY % change
	Amount	% of Net Sales	Amount	% of Net Sales		
Domestic Cosmetics	397.6	61.7%	412.3	59.7%	-14.8	-3.6%
Overseas Cosmetics	236.6	36.7%	260.9	37.8%	-24.3	-9.3%
Others	10.0	1.6%	17.0	2.5%	-7.0	-41.0%
Total	644.2	100%	690.3	100%	-46.1	-6.7%

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Domestic Cosmetics Sales : by Division

(billions of yen)

	2010/3 Results		2009/3 Results		YoY change (amount)	YoY % change
		% of Net Sales		% of Net Sales		
Counseling	201.6	31.3%	210.2	30.5%	-8.6	-4.1%
Self-selection	85.1	13.2%	88.5	12.8%	-3.4	-3.8%
Toiletries	46.5	7.2%	50.0	7.2%	-3.4	-6.9%
Cosmetics	333.3	51.7%	348.7	50.5%	-15.4	-4.4%
Professional	13.8	2.1%	14.8	2.1%	-1.0	-6.9%
Healthcare	15.2	2.4%	14.9	2.2%	+0.3	+2.2%
Non-Shiseido etc.	35.2	5.5%	34.0	4.9%	+1.3	+3.8%
Total	397.6	61.7%	412.3	59.7%	-14.8	-3.6%

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Domestic Cosmetics Sales: % of Sales of major brands/lines



	2010/3 Results	2009/3 Results	YoY % change
6 Mega lines	40%	39%	-1%
5 Relationship-building brands/lines	20%	20%	-2%
21 Core brands/lines	80%	78%	-3%

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Overseas Cosmetics Sales: by Division

(billions of yen)

	2010/3 Results		2009/3 Results		YoY change (amount)	YoY % change	Local Currency
		% of Net Sales		% of Net Sales			
Cosmetics	209.4	32.5%	227.8	33.0%	-18.4	-8.1%	+4.5%
Professional	27.2	4.2%	33.2	4.8%	-5.9	-17.9%	-7.4%
Total	236.6	36.7%	260.9	37.8%	-24.3	-9.3%	+3.0%

	2010/3 Results	2009/3 Results	Change
US\$	93.58	103.44	-9.5%
EURO	130.21	152.41	-14.6%
RMB	13.70	14.89	-8.0%

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Sales by Geographic Segment

(billions of yen)

	2010/3 Results		2009/3 Results		YoY change (amount)	YoY %change	Local Currency
		% of Net Sales		% of Net Sales			
J a p a n	406.7	63.1%	428.3	62.0%	-21.6	-5.0%	-5.0%
Americas	48.5	7.5%	54.9	8.0%	-6.4	-11.6%	-1.7%
E u r o p e	73.8	11.5%	88.5	12.8%	-14.8	-16.7%	-2.4%
Asia/Oceania	115.3	17.9%	118.6	17.2%	-3.3	-2.8%	+8.9%
Overseas	237.5	36.9%	262.0	38.0%	-24.5	-9.3%	+2.9%
Total	644.2	100%	690.3	100%	-46.1	-6.7%	-2.0%

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Cost of Sales / SG&A

SHISEIDO

(billions of yen)

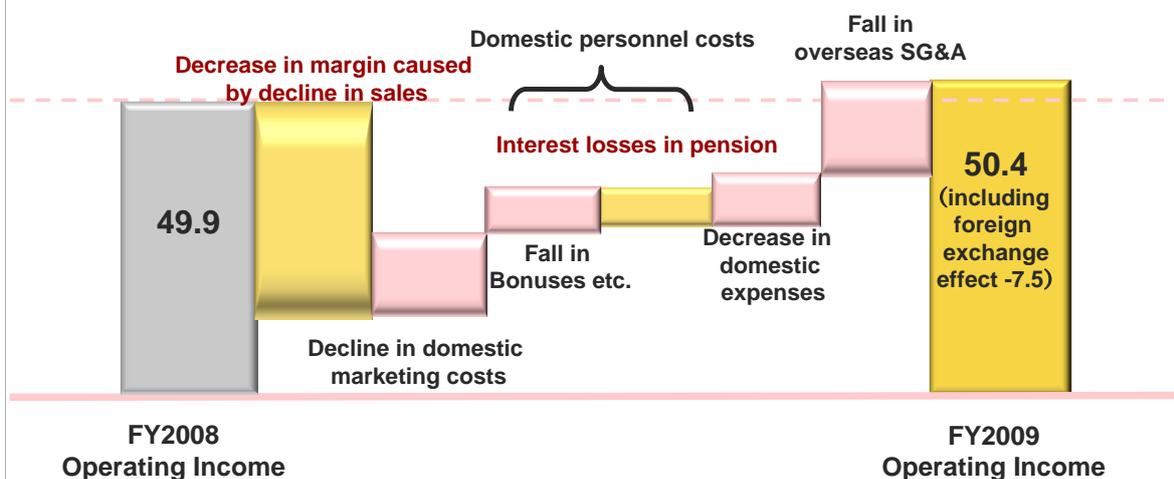
	2010/3 Results			2009/3 Results		YoY change (amount)	YoY % change
		% of Net sales	%pt change		% of Net sales		
Cost of Sales	160.2	24.9%	+0.0%	171.8	24.9%	-11.6	- 6.7%
SG&A	433.7	67.3%	+0.6%	468.6	67.9%	-34.9	-7.4%
Domestic	290.7	71.2%	+0.9%	309.8	72.1%	- 19.1	- 6.2%
Overseas	143.0	60.6%	+0.4%	158.8	61.0%	- 15.8	-10.0%
Advertising & Selling	146.3	22.7%	+1.0%	163.7	23.7%	-17.4	-10.6%
Personnel	148.4	23.0%	-0.6%	154.3	22.4%	-5.8	-3.8%
others	139.0	21.6%	+0.2%	150.7	21.8%	-117	-7.8%

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Factors for Change in Operating Income

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(billions of yen)



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Operating Income: by Business Segment

(billions of yen)

		2010/3 Results	2009/3 Results	YoY change (amount)	YoY % change
Domestic Cosmetics	Operating Income (¥B)	39.4	33.0	+6.4	+19.2%
	% of Net Sales	9.8%	7.9%	+1.9points	
Overseas Cosmetics	Operating Income (¥B)	9.1	15.0	-5.9	-39.2%
	% of Net Sales	3.8%	5.7%	-1.9points	
Others	Operating Income (¥B)	1.7	1.5	+0.2	+15.9%
	% of Net Sales	10.6%	5.2%	+5.4points	
Total	Operating Income (¥B)	50.4	49.9	+0.4	+0.9%
	% of Net Sales	7.8%	7.2%	+0.6points	

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Income from Operations: by Region

(billions of yen)

		2010/3 Results	2009/3 Results	YoY change (amount)	YoY % change
Domestic	Operating Income (¥B)	24.0	18.4	+5.6	+30.4%
	% of Net Sales	5.6%	4.0%	+1.6points	
Americas	Operating Income (¥B)	3.2	3.3	-0.1	-1.8%
	% of Net Sales	6.0%	5.6%	+0.4points	
Europe	Operating Income (¥B)	5.6	8.3	-2.6	-31.6%
	% of Net Sales	6.5%	7.8%	-1.3points	
Asia/Oceania	Operating Income (¥B)	15.1	16.8	-1.7	-10.2%
	% of Net Sales	13.9%	15.3%	-1.4points	
Overseas	Operating Income (¥B)	23.9	28.3	-4.4	-15.5%
	% of Net Sales	9.6%	10.3%	-0.7points	
Domestic	Operating Income (¥B)	50.4	49.9	+0.4	+0.9%
	% of Net Sales	7.8%	7.2%	+0.6points	

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Other Income (Expenses) and Extraordinary Income (Loss)

(billions of yen)

Other Income (Expenses)	2010/3 Results	2009/3 Results	YoY change (amount)
Interest / Dividend Income	0.8	2.1	-1.3
Interest Expense	-1.6	-1.8	+0.2
Net Interest Income and Expense	-0.7	+0.3	-1.0
Others	1.9	1.9	+0.0
Total	1.1	2.2	-1.0

Extraordinary Income / Loss	2010/3 Results	2009/3 Results	YoY change (amount)
Impairment Losses	-3.5	-6.0	+2.6
Restructuring expenses	—	-6.1	+6.1
Others	-1.3	-1.4	+0.2
Total	-4.7	-13.6	+8.8

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Net Income

(billions of yen)

	2010/3 Results	2009/3 Results	YoY change (amount)
Income before income taxes	46.7	38.5	+8.3
Income taxes - current	14.7	12.0	-2.6
Income taxes – deferred	-5.2	3.1	+8.3
Income taxes (tax rate)	9.5 (20.3%)	15.1 (39.3%)	+5.6 (+19.0%)
Minority interests	3.6	4.0	+0.4
Net income	33.7	19.4	+14.3

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Consolidated Balance Sheets

SHISEIDO

(billions of yen)

Assets	Amount	Change from 09/03	Liabilities/ Shareholders' Equity	Amount	Change from 09/03
TOTAL CURRENT ASSETS	318.2	+1.2	TOTAL LIABILITIES	410.2	+155.6
Cash & Time Deposits / ST Investments in Securities	94.8	-9.9	Notes and accounts payable	44.3	-8.4
Notes & Accounts Receivable	111.8	9.8	Other payables	47.0	-0.0
Inventories	67.3	-1.0	Bonds / Borrowings	208.0	+151.6
TOTAL FIXED ASSETS	457.2	+167.6	TOTAL NET ASSETS	365.2	+13.3
Property Plant & Equipment	132.8	-5.4	Shareholders' Equity	370.7	+7.2
Intangible Assets	35.8	+0.4	Valuation Translation Adjustments	-22.4	+3.9
Investments and Other Assets	288.6	+172.6	Minority Interests	16.9	+2.2
Total	775.4	+168.9	Total	775.4	+168.9

(Note) Only major items are stated above.

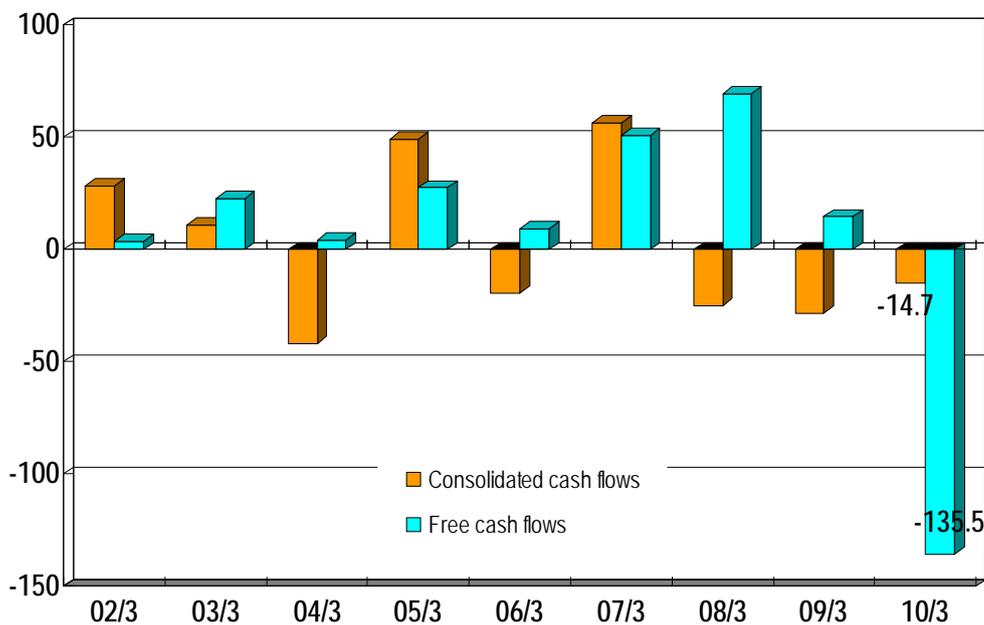
(Ratio of interest bearing debt on invested capital) (36.3%) (+22.5%)
(Equity ratio) (44.9%) (-10.7%)

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Consolidated Cash Flows

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(billions of yen)



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Results and Outlook sales by Business Segments SHISEIDO

	2010/3 Results	2011/3 Plan	YoY % change
Domestic Cosmetics	383.8	390.0	101.6%
Global	250.4	260.0	103.8%
Ohters	10.0	10.0	99.7%
Total	644.2	660.0	102.5%

Due to the application of “management approach” effective the fiscal year ending March 31, 2011, the domestic professional business, previously included in the Domestic Cosmetics business segment, will move to the Global Business segment. We have used a simple accounting method to state our reclassified results for the year ended March 2010.

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