SHISEIDO

(Translation)

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Name of the Company: Shiseido Company, Limited
Name of the Representative: Shinzo Maeda
President & CEO
(Representative Director)
(Code No. 4911; The First Section of the Tokyo Stock Exchange)
Inquiries shall be directed to: Yukihiro Saito
General Manager of Investor Relations Department
(Tel: 03 - 3572 - 5111)

Announcement of Revisions to Earnings Forecasts for the Fiscal Year Ending March 31, 2011

Shiseido Company, Limited (the "Company") announces that, in light of the potential effects of the acquisition of U.S.-based Bare Escentuals, Inc. ("Bare Escentuals") on the current operating results, the Company has revised the earnings forecasts for the fiscal year ending March 31, 2011, which it announced on April 28, 2010. Details are as follows:

1. Revisions to the consolidated earnings forecast for the fiscal year ending March 31, 2011 (April 1, 2010 through March 31, 2011):

For the second quarter consolidated cumulative period (¥ million)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (¥)
Previous forecast (A)	323,000	21,500	20,500	11,500	28.91
Adjusted forecast (B) Year-on-Year change (%)	339,000 6.8	17,500 -23.0	16,500 -30.3	9,000 -49.4	22.63 -
Amount of increase or decrease (B-A)	16,000	-4,000	-4,000	-2,500	-
Percentage increase or decrease (%)	5.0	-18.6	-19.5	-21.7	-
(Reference) Results for the second quarter of the previous year ended March 31, 2010	317,268	22,739	23,680	17,788	44.68

For the full year (¥ million)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (¥)
Previous forecast (A)	660,000	53,000	51,500	31,000	77.94
Adjusted forecast (B) Year-on-Year change (%)	705,000 9.4	50,500 0.3	49,500 -3.9	29,000 -13.9	72.91 -
Amount of increase or decrease (B-A)	45,000	-2,500	-2,000	-2,000	-
Percentage increase or decrease (%)	6.8	-4.7	-3.9	-6.5	-
(Reference) Results for the full year ended March 31, 2010	644,201	50,350	51,485	33,671	84.62

2. Reasons for revision:

The Company added U.S. cosmetics firm Bare Escentuals, which became a subsidiary on the completion of its acquisition on March 8, 2010, to the scope of consolidation. However, the Company did not include Bare Escentuals in the forecast of consolidated earnings for the year ending March 31, 2011, announced on April 28, 2010, because of the time required to identify the assets and liabilities assumed and calculate market value. The Company has now made progress in the procedures associated with the acquisition and has estimated amounts for anticipated amortization of goodwill and sales rights, among other items. Consequently, the Company revises its forecast of consolidated earnings for the fiscal year ending March 31, 2011 (April 1, 2010 through March 31, 2011) to encompass the results of Bare Escentuals. The revised forecasts reflect the results of Bare Escentuals for a period of less than 10 months from the time it became a subsidiary to the end of its fiscal year.

The consolidation of Bare Escentuals is estimated to reduce operating income because of an increase of 7.5 billion yen in the cost of sales associated with marking-to-market of the expanded inventory resulting from the acquisition and the amortization of sales rights and other items amounting to 3.5 billion yen. In addition, the Company estimates that it will book 4 billion yen as amortization of goodwill, along with other costs incurred during the process of consolidation based on Japanese accounting standards. The Company does not expect any extraordinary losses due to the consolidation of Bare Escentuals.

Given the above factors, in the revised forecasts of consolidated earnings for the full year ending March 31, 2011, net sales are expected to rise 9.4% from the previous year, to 705,000 million yen, with operating income increasing 0.3% year on year, to 50,500 million yen, ordinary income declining 3.9% year on year, to 49,500 million yen, and net income falling 13.9% year on year, to 29,000 million yen. The ratio of operating income to net sales is expected to be 7.2%, and the overseas sales ratio is expected to rise to 41.6%, compared to 36.9% at the end of the previous year. With respect to consolidated earnings for the second quarter cumulative period, the Company revised its forecasts downward compared to its previous forecasts, with operating income and ordinary income both reduced by 4 billion yen, and net income lowered 2.5 billion yen, reflecting the increase in the cost of sales associated with marking-to-market of inventory, which is anticipated to be recorded mainly in the first half of the year.

3. Forecast of dividends

No adjustment has been made to the forecast interim and year-end dividend (Interim dividend: ¥25, Year-end dividend: ¥25, Annual dividend: ¥50)

- End of News Release -

[Reference]

Forecast of consolidated earnings excluding increased cost of sales associated with marking-to-market of inventory and amortization of goodwill

The increase in the cost of sales associated with the marking-to-market of inventory as a result of the acquisition is a temporary factor limited to the current term (fiscal year ending March 31, 2011) and will not affect the results for the next term (the fiscal year ending March 31, 2012) or subsequent terms. The assets acquired in the acquisition are estimated to include goodwill of approximately 95 billion yen, and the revised forecasts are based on a depreciation period of 20 years. However, Japanese accounting rules might be revised so that goodwill may not be treated as a non-depreciable asset from the next term onward. Excluding these factors, the earnings forecast for the current fiscal year would be as follows. In that case, the ratio of operating income to net sales would be 8.8%.

	Previous earnings forecast for the full year (A)	Amount of increase or decrease in the revision (B)	Increased cost of sales associated with marking-to-market of inventory and amortization of goodwill (C)	Earnings forecast for the full year, excluding the increased cost of sales associated with marking-to-market of inventory and amortization of goodwill (A)+(B)+(C)	Year-on-year change (%)
Net Sales	660,000	45,000	-	705,000	9.4
Operating Income	53,000	-2,500	11,500	62,000	23.1
Ordinary Income	51,500	-2,000	11,500	61,000	18.5
Net Income	31,000	-2,000	8,500	37,500	11.4

With respect to consolidated earnings for the next and subsequent terms, the impact of the results of Bare Escentuals on the Company’s consolidated earnings is expected to be greater than it is in the current fiscal year, because of consolidation of its full-year earnings and anticipated growth in the results of Bare Escentuals, in addition to the factors mentioned above.

Note: The above forecasts are based on information currently available to the Company. Actual results may differ materially from forecasts due to various factors.