SHISEIDO

(Translation)

April 24, 2013

Dear Sirs and Madams,

Name of Company:	Shiseido Company, Limited
Name of Representative:	Shinzo Maeda Chairman, President & CEO (Representative Director)

(Code No. 4911; The First Section of the Tokyo Stock Exchange)

Contact:	Hirofumi Takakura General Manager of Investor Relations Department (Tel: 03 - 3572 - 5111)

Shiseido Incurs an Extraordinary Loss and Adjusts the Forecast of Whole-Year Consolidated Business Results

Shiseido Company, Limited (the "Company") announced today it expects to register an extraordinary loss for the fourth quarter of the fiscal year ended March 31, 2013. Hence, the Company hereby gives notice of the outline thereof, as well as an adjustment to the forecast of its whole-year consolidated business results publicized on January 31, 2013.

1. Details of the extraordinary loss:

(1) Estimated amount of the extraordinary loss:

Impairment loss of 28,600 million yen on intangible assets (goodwill) associated with Bare Escentuals, Inc. ("Bare Escentuals")

(2) Incurrence of the extraordinary loss and the details thereof:

Since the March 2010 acquisition of U.S. cosmetics company Bare Escentuals as a subsidiary, the Company has engaged in concerted efforts with Bare Escentuals to integrate and strengthen the functions of Shiseido's manufacturing and logistics bases and back-office divisions in the Americas with those of Bare Escentuals, utilize Shiseido's marketing infrastructures outside of the United States and promote measures in the areas of R&D and product development in accordance with its schedule, which has gradually been producing a synergistic effect. While Bare Escentuals' business has grown year over year, its sales have remained lower than expected. Given these circumstances, since fiscal year 2011 (January 1, 2011 through December 31, 2011), Bare Escentuals has made substantial media investment including TV advertising in the United States, where it generates the majority of its sales, to strengthen its retail business, which has greater market potential. However, while this has successfully raised its brand awareness and interest among consumers, Bare Escentuals has taken longer than initially envisioned to grow its retail business. The gap between its sales budget and sales performance has been widening during recent months.

Bare Escentuals, in consideration of these circumstances comprehensively, reviewed its long-term plan and the Company conducted an impairment test again in April 2013, which has resulted in an extraordinary loss incurred for the fiscal year 2012 (April 1, 2012 through March 31, 2013).

With the long-term plan reviewed, Bare Escentuals will streamline business operations, including the strategic closure of selected company-owned stores, for the fiscal year 2013 (January 1, 2013 through December 31, 2013) as well as expand marketing investment to establish a basis for growth from the fiscal year 2014 (January 1, 2014 through December 31, 2014) and beyond. To spur growth, Bare Escentuals will reinforce its direct-to-customer business, such as sales through QVC and infomercial, and in its retail business, shift from its previous media investment to investment in consumer-facing promotions with top priority on reinforcing sales at existing stores. Through these steps, Bare Escentuals will refine its unique business model, which is its original forte and create synergy between retail and direct-to-customer businesses, and grow sales of its main brand "bareMinerals" as one of the global megabrands of Shiseido.

2. Adjustment to the forecast of whole-year consolidated business results for the fiscal year ended March 31, 2013 (April 1, 2012 through March 31, 2013):

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (yen)
Previous forecast (A)	680,000	24,500	25,500	10,500	26.38
Adjusted forecast (B)	677,500	26,000	28,000	(14,700)	(36.93)
Amount of increase or decrease (B-A)	- 2,500	1,500	2,500	- 25,200	
Rate of increase or decrease (%)	- 0.4%	6.1%	9.8%	—	
(Reference) Business results for the previous year (April 1, 2011 through March 31, 2012)	682,385	39,135	39,442	14,515	36.47

3. Reasons for the adjustment:

On a consolidated basis, net sales are expected to decrease 2,500 million yen from the previous forecast as sales in the cosmetics business in Japan, specifically, fell short of the plan. Operating income and ordinary income are expected to increase 1,500 million yen and 2,500 million yen, respectively as the Company has actively promoted the improvement of cost efficiencies.

Net income is expected to decrease 25,200 million yen from the previous forecast publicized on January 31, 2013, amounting to a net loss of 14,700 million yen as the Company will register an impairment loss of 28,600 million yen as an extraordinary loss as described in paragraph 1 above in addition to the previously estimated extraordinary loss associated with business restructuring.

4. Forecast of dividends:

For the fiscal year ended March 31, 2013, net income is expected to run a deficit as the Company will register an extraordinary loss as a result of the incurrence of an impairment loss associated with Bare Escentuals. However, as the extraordinary loss has no effect on cash flows, the Company will make no amendment to the forecast of year-end dividends for the fiscal year ended March 31, 2013 and pay 25 yen per share as initially planned, which will, together with the interim dividend of 25 yen, amount to 50 yen per share for the year.

Note: The above forecasts are based on information currently available to the Company. Due to various factors, actual results may differ from such forecasts.

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