



(Translation)

October 17, 2013

Dear Sirs and Madams,

Name of Company: Shiseido Company, Limited
Name of Representative: Shinzo Maeda
Chairman of the Board, 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: +81- 3 - 3572 - 5111)

Shiseido Makes Adjustment to the Forecast of the First-Half-Period Consolidated Business Results and Incurs an Extraordinary Loss

Notice is hereby given that Shiseido Company, Limited (the "Company"), in consideration of the recent developments of its operating results, has made adjustment to the forecast of consolidated business results for the first-half period of the year ending March 31, 2014, publicized on July 31, 2013. The Company also gives notice of an extraordinary loss which is expected to be registered for the first-half period of the fiscal year ending March 31, 2014.

1. Adjustment to the forecast of consolidated business results for the first-half period of the fiscal year ending March 31, 2014 (April 1, 2013 through September 30, 2013):

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (yen)
Previous forecast (A)	360,000	15,000	15,000	7,000	17.58
Adjusted forecast (B)	360,000	20,000	21,000	5,500	13.81
Amount of increase or decrease (B-A)	0	5,000	6,000	- 1,500	
Rate of increase or decrease (%)	0	33.3	40.0	- 21.4	
(Reference) Business results for the first-half period of the fiscal year (April 1, 2013 through September 30, 2013)	333,631	8,342	8,350	5,020	12.62



2. Reasons for the adjustment:

For the first-half period of the current fiscal year, on a consolidated basis, net sales are expected to remain in almost the same level as previously publicized. While the Company will provide for operating expenses against a recovery of market inventories described below, operating income and ordinary income are expected to exceed the previously publicized forecasts largely due to the promotion of cost efficiencies aimed at improvement of profitability and the deferment of expenses to the second-half period of the current fiscal year. Net income is expected to decrease from the previous forecast due mainly to the planned registration of an extraordinary loss to provide for cost of the recovery of market inventories.

3. Details of the extraordinary loss, etc. and the background of the incurrence thereof:

To get back on the growth trajectory again for as short a time as possible, the Company has thoroughly been pursuing selection and concentration and with the idea of making its strong domains stronger and its large domains larger, while generating higher profits from highly profitable domains, focusing its efforts on strengthening the three domains of Japan, China and Bare Escentuals in the United States. Simultaneously, the Company is currently exerting its efforts to sweep its management problems getting in the way for growth to prepare for the next three-year period for achieving growth, commencing on April, 2014.

Meanwhile the Company is promoting inventory adjustment at retail stores, which is one of the problems in Japan, and has moved to an implementation stage, as shown in reduced shipments since September. In addition, through the recovery of inventories, the Company will adjust the inventory level and carry a fuller line of hot-selling products. In particular, the Company plans to recover products lower ranked in sales at present to eliminate the imbalance in inventories at retail stores and will provide for operating expenses of approximately 4 billion yen for that purpose. Additionally, the Company is expected to register an extraordinary loss of approximately 6.5 billion yen to provide for cost of recovery of inventories of products, production of which has already finished. For the future, the Company will work for essential resolution of the problem by establishment of a mechanism never to carry excessive market inventory again.

4. Forecast of the whole-year consolidated business results:

The Company has not changed its forecast of the whole-year consolidated business results at this time. We will judge whether it is necessary to make adjustment to the whole-year earnings forecast in consideration of our performance trends and market conditions and publicize it promptly when it is necessary.

5. Forecast of dividends:

The Company will make no adjustment to the forecast of interim dividends for the fiscal year ending March 31, 2014. Its annual dividend per share will total 20 yen, with an interim dividend of 10 yen per share and a year-end dividend of 10 yen per share.

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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