



(Translation)

February 20, 2014

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)

### **Notice of Sale of CARITA and DECLÉOR Activities to L'Oréal**

(February 20, 2014 - TOKYO) Shiseido Co., Ltd. (the "Company") announces today the signature of an agreement with L'Oréal S.A. (in Clichy, France; "L'Oréal") for the sale of its CARITA and DECLÉOR activities. This transaction, which will involve a combined share and asset transfer (the "Transaction") as described below, is the result of the exclusive negotiations started on October 18, 2013. It is expected to close in the near future, subject to regulatory approvals.

1. Reasons for the sale:

The Company is undertaking rigorous group-wide efforts toward pursuing a strategy based on "selection and concentration," with the aim of making its strong fields stronger and its large fields larger, while generating higher profits from highly profitable fields. Accordingly, the Company has conducted a thorough review of operations in order to ensure sustainable growth of business, including within the Professional Division. It was alongside this strategic development that the Company received an offer from L'Oréal, involving the proposal for the sale of CARITA and DECLÉOR activities and engaged in exclusive negotiations.

Going forward, within the Professional Division, the Company contemplates to direct its focus on both SHISEIDO PROFESSIONAL, which is growing significantly in Asia including Japan and China, and JOICO, which is expanding in the US as well as in Europe, to make the most of its strength in the hair business area. In terms of region, the division looks forward to accelerating business deployment in Asia, where the professional hair care market is growing rapidly. CARITA and DECLÉOR, which have deployed skincare businesses, among others, mainly in Europe, are the brands that have strengths in the business area different from those of hair and Asia on which the Company will focus within its professional division. Accordingly, the Company has determined that it will be the best choice for both the Company and the brands to sell the brands to L'Oréal and reached an agreement with L'Oréal to purchase CARITA and DECLÉOR activities. For the Shiseido Group, the Professional Division is a core business, next to cosmetics, and the Company will remain committed to becoming a leader in the Professional industry in Asia.

Concerning the Transaction, the Company says, "CARITA and DECLÉOR have contributed to the strengthening of the presence and the improvement of the prestige image of the Shiseido Group. We have determined to sell the brands while undertaking rigorous efforts toward pursuing a strategy based on selection and concentration and we believe that it will be the best choice for both our company and the brands. Herewith, for the fiscal year 2014 and beyond, we will further accelerate growth to become a global player representing Asia with its origins in Japan."

## 2. Outline of the Transaction:

CARITA has been distributed in 56 countries and DECLÉOR has been distributed in 80 countries both including Japan. The aggregate sales of CARITA and DECLÉOR brands for the year ended December 31, 2012 (January 1, 2012 to December 31, 2012) were approximately €100,000,000.

The companies subject to the Transaction are Carita International S.A. ("Carita") deploying CARITA activities, LABORATOIRES DECLÉOR S.A.S. ("Decléor") deploying DECLÉOR activities and its subsidiaries, and FIPAL S.A.S. ("Fipal"), the holding company of Decléor (the "Relevant Companies"). The sale of the Relevant Companies will be conducted by selling all of the shares of Carita and Fipal to L'Oréal.

### (1) Summary of Carita:

(1) Company name:	Carita International S.A.		
(2) Location:	Paris, France		
(3) Representative's name and title:	Yoshiaki Sato, CEO		
(4) Content of business:	Distribution of cosmetics		
(5) Capital:	€11,291,700 (as of December 31, 2013)		
(6) Establishment:	1945		
(7) Principle shareholder and shareholding ratio:	100% owned by Shiseido International Europe S.A., a wholly owned subsidiary of the Company		
(8) Relationships between the listed company and the relevant company	Capital relationship	100% owned by the Company through Shiseido International Europe S.A.	
	Human resources relationship	An employee of the Company joined Carita as CEO	
	Transaction relationship	None	
(9) Consolidated operating results and consolidated financial position of the relevant company for the most recent three years (in euro)			
Date of settlement of accounts	FY2013	FY2012	FY2011
Net assets	7,523,584	6,111,522	4,285,164
Total assets	17,782,146	18,507,716	15,916,949



Net sales	24,299,180	25,154,427	23,731,062
Operating income	-668,082	-1,022,784	-1,522,630
Net income	-587,954	-1,173,666	-1,381,355

Note) Exchange rate assumption: ¥129.7 per euro

(2) Summary of Fipal:

(1) Company name:	FIPAL S.A.S.		
(2) Location:	Paris, France		
(3) Representative's name and title:	Shiseido International Europe S.A., president, itself represented by Atsushi Sato		
(4) Content of business:	Holding company of Decl�or Group		
(5) Capital:	�15,851,200 (as of December 31, 2013)		
(6) Establishment:	1981		
(7) Principle shareholder and shareholding ratio:	100% owned by Shiseido International Europe S.A., a wholly owned subsidiary of the Company		
(8) Relationships between the listed company and the relevant company	Capital relationship	100% owned by the Company through Shiseido International Europe S.A.	
	Human resources relationship	An employee of the Company joined Fipal as a representative	
	Transaction relationship	None	
(9) Consolidated operating results and consolidated financial position of the relevant company for the most recent three years (in euro)			
Date of settlement of accounts	FY2013	FY2012	FY2011
Net assets	43,490,887	42,450,383	41,482,670
Total assets	58,332,626	58,326,806	58,337,193
Net sales	0	0	0
Operating income	-6,873	-6,827	-7,961
Non-operating income *	1,491,852	1,530,601	1,303,917
Net income	1,040,504	967,713	645,787

\* Fipal is the holding company of Decl or Group and dividend income received from Decl or is posted as non-operating income.

(3) Item and amount of related assets:

Related assets to be transferred to L'Or al include inventories and fixed assets (such as cosmetics counters in retail stores) related to CARITA and DECL OR activities. Book value of the related assets as of December 31, 2013 is approximately   million.

### 3. Summary of the counterparty :

(1) Company name:	L'Oréal S.A.	
(2) Location:	Clichy, France	
(3) Representative's name and title:	Jean-Paul Agon, CEO	
(4) Contents of business:	Production and distribution of cosmetics including skin care, make-up, perfumes, hair coloring and hair care treatments. Present in 130 countries, the world's leading cosmetics and beauty company.	
(5) Capital:	€121.2 million (as of June 30, 2013)	
(6) Establishment:	1909	
(7) Total assets:	€30,837.6 million (as of June 30, 2013)	
(8) Principle shareholder and shareholding ratio:	Bettencourt family 30.50% Nestlé S.A. 29.30% (December 31, 2012)	
(9) Relationships between the listed company and the relevant company	Capital relationship	None
	Human resources relationship	None
	Transaction relationship	None

### 4. Number of shares to be sold, selling prices and the numbers of shares held before and after the sale:

(1) Selling price and payment option:	<p>Value for CARITA and DECLÉOR businesses (including value of shares of Carita and Fipal and value of related assets): €230 million subject to standard closing adjustments</p> <p>Advisory fees and other cost (estimate): €2.5 million</p> <p>Total (estimate): €27.5 million</p> <p>L'Oréal will make full payment in cash to Shiseido International Europe S.A. in connection with the share transfer and the relevant Shiseido selling affiliates in connection with the asset transfer.</p>
(2) Number of shares held before the sale:	<p>148.575 shares of Carita (Ratio of voting rights: 100%)</p> <p>990.700 shares of Fipal (Ratio of voting rights: 100%)</p>
(2) Number of shares to be sold:	<p>148.575 shares of Carita</p> <p>990.700 shares of Fipal</p>
(4) Number of shares held after the sale:	0 shares of Carita and 0 shares of Fipal



5. Closing of the Transaction:

The consummation of the Transaction (the "Closing") would be subject to the satisfaction of conditions precedent provided in the purchase agreement, including, in particular, clearance from the competent authorities in any relevant countries and regions. Some of the procedures to satisfy the conditions precedent are to be started after the conclusion of the purchase agreement. The gain of the Transaction will be fixed after the Closing.

6. Schedule:

(1)	Date of the approval of representative director:	February 19, 2014
(2)	Date of conclusion of the purchase agreement:	
(3)	Date of share transfer:	Closing date of the Transaction
(4)	Date of asset transfer:	
(5)	Closing date of the Transaction:	The Closing will be held promptly after the satisfaction of conditions precedent provided in the purchase agreement

7. Future outlook:

The effect of the completion of the Transaction on the consolidated business results for the fiscal year ending March 31, 2014 are expected to be very minor. The effect of the Transaction including the gain on sale will be posted on the consolidated business results for the fiscal year ending March 31, 2015 because overseas subsidiaries including the Relevant Companies have started a new fiscal year.

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