



October 27, 2016

(Translation)

Dear Sirs and Madams,

Name of Company: Shiseido Company, Limited
Name of Representative: Masahiko Uotani
President and CEO
(Representative Director)
(Code No. 4911; The First Section of the Tokyo Stock Exchange)
Contact: Tetsuaki Shiraiwa
Department Director
Investor Relations Department
Corporate Communication Division
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Notice of Company Split with a Consolidated Subsidiary (Simple Absorption-type Split)

It is hereby notified that today, at the meeting of the Board of Directors, Shiseido Company, Limited (the “Company”) determined that it would let its wholly owned subsidiaries, Shiseido Japan Company, Limited (“Shiseido Japan”) and FT Shiseido Company, Limited (“FT Shiseido”), which have domestic brand management functions, take over the overseas brand management functions (excluding the Za brand) owned by the Company’s global cosmetics and personal care brands division through a company split (simple absorption-type split) effective January 1, 2017.

Since this is a simple absorption-type split carried out between the Company and its wholly owned subsidiaries, we omit part of the matters to be disclosed.

1. Purpose of this absorption-type split

As part of the reforms directed toward the realization of “VISION 2020,” our medium-to-long-term strategy, we have been operating a matrix organizational structure based on a brand axis and regional axis since January of this year in order to develop strong brands and enable the implementation of marketing activities that suit each region of the world. We will consolidate functions that had been dispersed in different areas of the Shiseido Group with the aim of enhancing growth potential by further strengthening our swift and integrated brand management in the Japanese and overseas markets.

2. Main points of the absorption-type split

(1) Schedule

| | |
|--|-------------------|
| Date of resolution of the Board of Directors | October 27, 2016 |
| Date of conclusion of an agreement | November 25, 2016 |
| Date of effectuation | January 1, 2017 |



(Note) For the Company, this is a simple absorption-type split as stipulated in Article 784 Paragraph 2 of the Companies Act. Therefore, the Company will not convene a general meeting of shareholders to seek approval for the agreement of the absorption-type split.

(2) Method

This absorption-type split involves the Company spinning off its business and Shiseido Japan and FT Shiseido taking it over.

(3) Allotment of shares

Since this absorption-type split is carried out between the Company and its wholly owned subsidiaries, none of the Company's shares will be allotted in conjunction with the split, nor will any equivalent value be paid.

(4) Handling of subscription warrants and bonds with subscription warrants

Not applicable.

(5) Capital increase or decrease

There will be no capital increase or decrease.

(6) Rights and duties taken over by the successor company

Shiseido Japan and FT Shiseido will take over assets and liabilities and contractual statuses needed to execute overseas brand management (excluding the Za brand), as well as all rights and obligations that accompany such.

(7) Prospect of performing obligations

The Company determines that there is no problem as to whether Shiseido Japan and FT Shiseido can perform their obligations after the absorption-type split.

3. Overview of the companies involved in the organizational restructuring

| | Splitting company (Company) | Successor company (Shiseido Japan) | Successor company (FT Shiseido) |
|--|---|--|---|
| Trade name | Shiseido Company, Limited | Shiseido Japan Company, Limited | FT Shiseido Company, Limited |
| Location of head office | 5-5, Ginza 7-chome, Chuo-ku, Tokyo | 5-5, Ginza 7-chome, Chuo-ku, Tokyo | 5-5, Ginza 7-chome, Chuo-ku, Tokyo |
| Representative's name and position | Masahiko Uotani, Representative Director, President and CEO | Toru Sakai, Representative Director, President and CEO | Norio Iwasaki, Representative Director, President and CEO |
| Main business lines | Research, development, manufacture, and sale of cosmetics and other products | Sale of cosmetics and other products | Sale of toiletries |
| Capital | 64,506 million yen | 100 million yen | 100 million yen |
| Date of establishment | June 24, 1927 | December 1, 1927 | October 1, 2003 |

| | | | |
|---|--|---------------------------------|---------------------------------|
| Number of shares issued | 400,000,000 | 31,805,299 | 2,200 |
| Settlement term | December 31 | December 31 | December 31 |
| Major shareholders and shareholding ratios (As of December 31, 2015) | The Master Trust Bank of Japan, Ltd. (Trust Account): 7.63% JP MORGAN CHASE BANK 380055: 6.84% Mizuho Bank, Ltd.: 5.31% Japan Trustee Services Bank, Ltd. (Trust Account): 4.13% Association of Shiseido Employees' Investment in the Company's shares: 1.94% THE BANK OF NEW YORK MELLON SA/NV 10: 1.50% BNYM TREATY DTT 15: 1.50% Sompo Japan Nipponkoa Insurance Inc.: 1.48% Nippon Life Insurance Company: 1.40% Mitsui Sumitomo Insurance Company, Ltd.: 1.40% | Shiseido Company, Limited: 100% | Shiseido Company, Limited: 100% |

4. Overview of Company's business that is spun off

(1) Details of the functions and business to be spun off

Overseas brand management functions (excluding the Za brand)

(2) Operating performance of the Object Business

Not applicable

(Overseas export and sale functions will remain in the Company.)

(3) Assets and liabilities and their value (as of June 30, 2016)

| Item | Assets | | Item | Liabilities | |
|-------------------|-----------------|----------------|---------------------|----------------|----------------|
| | Book value | | | Book value | |
| Successor company | Shiseido Japan | FT Shiseido | Successor company | Shiseido Japan | FT Shiseido |
| Current assets | 97 million yen | 20 million yen | Current liabilities | 10 million yen | 1 million yen |
| Fixed assets | 30 million yen | 3 million yen | Fixed liabilities | 77 million yen | 10 million yen |
| Total | 127 million yen | 24 million yen | Total | 87 million yen | 11 million yen |

(Note) All these figures are calculated based on the balance sheet as of June 30, 2016. The amounts that are actually taken over will be adjusted, taking into consideration the



increases and decreases in the amounts listed above that will arise by the date of effectuation.

5. State of affairs after the absorption-type split

(1) Splitting company

After this absorption-type split, the name, location, representative's name and position, main business lines, capital, and fiscal period of the Company will remain unchanged.

(2) Successor company

| | | |
|------------------------------------|---|--|
| Trade name | Shiseido Japan Company, Limited | FT Shiseido Company, Limited |
| Location of head office | 5-5, Ginza 7-chome, Chuo-ku, Tokyo | 5-5, Ginza 7-chome, Chuo-ku, Tokyo |
| Representative's name and position | Toru Sakai, Representative Director, President and CEO (Note) | Norio Iwasaki, Representative Director, President and CEO (Note) |
| Main business lines | Sale of cosmetics and other products | Sale of toiletries |
| Capital | 100 million yen | 100 million yen |
| Settlement term | December 31 | December 31 |
| Net assets | 13,577 million yen | 7,553 million yen |
| Total assets | 130,371 million yen | 24,235 million yen |

(Notes) 1. The representatives of Shiseido Japan and FT Shiseido are as of December 31, 2016.

They are subject to change after January 1, 2017, the date of effectuation of the absorption-type split.

2. The above amounts of net assets and total assets reflect only the amount of impact of the company split between the Company, Shiseido Japan, and FT Shiseido, which is the subject of this disclosure.

6. Future outlook

This is an absorption-type company split by the Company with its wholly owned subsidiaries as the successor companies. We believe that the split has only minor effects on the consolidated financial results of the Shiseido Group for the fiscal year ending December 2016.

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