

Shiseido Co., Ltd. to Make Administrative Changes and Transfer Personnel

Effective April 1, 2008, Shiseido Co., Ltd. will implement certain administrative changes and transfer designated personnel as follows.

Effective April 1, 2008, Shiseido Co., Ltd. Will:

1. Implement Administrative Changes

1.1 Restructuring of Domestic Cosmetics Business

Shiseido employs a system of Strategic Business Units (SBUs), each of which is responsible for all product marketing in its category, from product development to the formulation of promotional plans and communication strategies. The SBU system will be restructured as follows in tandem with a concurrent restructuring of the company's brand portfolio based on a basic policy of "distinction and concentration."

- 1) The Hair Care and Styling Products Marketing Unit and the Bodycare and Mens Products Marketing Unit will be integrated and renamed as the Hair Care & Styling, Bodycare and Mens Products Marketing Unit. This change will result in the dissolution of the Hair Care and Styling Products Marketing Unit and the Bodycare and Mens Products Marketing Unit.
- 2) Brands/lines for which the Selective Brand Cosmetics Marketing Unit has responsibility will be assigned to either the existing Skincare Products Marketing Unit or the Make-up Products Marketing Unit according to their brand characteristics. This change will result in the dissolution of the Selective Brand Cosmetics Marketing Unit.
- 3) The Prestigious Brand Cosmetics Marketing Unit and the Cosmetics for Chainstores Marketing Unit will be integrated and renamed as the Relational Brand Cosmetics Marketing Unit. This change will result in the dissolution of the Prestigious Brand Cosmetics Marketing Unit and the Cosmetics for Chainstores Marketing Unit.
- 4) These changes will reduce the number of SBUs from the current eight to five: the Skincare Products Marketing Unit; the Make-up Products Marketing Unit; the Hair Care & Styling, Bodycare and Mens Products Marketing Unit; the Relational Brand Cosmetics Marketing Unit; and the Direct Marketing Unit.

1.2 Restructuring of Research and Development Functions

Based on a review of the existing function-based system, which consists of basic research and commercialization research, Shiseido's research and development system will be restructured from a customer-oriented perspective in order to clarify its organizational mission and facilitate the solution-based creation of value.

- 1) Skincare basic research functions, skincare active ingredient development functions, and usability evaluation and development functions for which the Material Science Research Center and Life Science Research Center currently have responsibility will be integrated with the Skincare Products Development Center and renamed as the Skincare Product Research & Development Center. This change will be undertaken in order to enhance coordination between the skincare research and development functions.
- 2) Make-up and hair basic research functions for which the Material Science Research Center has responsibility will be integrated with the Make-up and Hair Care and Styling Products Development Center and renamed as the Make-up and Hair Care & Styling Products Research & Development Center. This change will be undertaken in order to enhance coordination between make-up research and development functions.
- 3) These changes will result in the dissolution of the Material Science Research Center and the Life Science Research Center.
- 4) Perfume development functions, packaging development functions, and material development functions for which there are currently separate research and development departments will be consolidated into the newly created Cosmetic Materials Research & Development Center, which will be established to bring together aspects of beauty that have been organizationally separate until now.
- 5) Quality assurance functions, which until now have focused on cosmetics and quasi-drugs, will change to quality assessment (risk assessment) functions, and the Quality Assurance Center will be renamed as the Quality Assessment Center.
- 6) The Functional Food Research & Development Center will be established to consistently conduct searches, research, and information development related to functional food research.
- 7) Research and development functions in new beauty-related areas, such as basic skin research and research into cosmetic dermatology treatments/apparatus, pharmaceuticals, the environment, and sensibility and sensation, will be consolidated into the newly created Innovative Science Research & Development Center.
- 8) Research functions in functional foods, pharmaceuticals, and frontier science domains for which the H&BC Development Center currently has responsibility, will be transferred to the Functional Food Research & Development Center and the Innovative Science Research & Development Center, resulting in the dissolution of the H&BC Development Center.