



(Translation)

October 30, 2008

Dear Sirs,

Name of the Company: Shiseido Company, Limited
Name of the Representative: Shinzo Maeda
President & CEO
(Representative Director)
(Code No. 4911; The First Section of the Tokyo Stock Exchange)
Person to contact: Yukihiro Saito
General Manager of Investor
Relations Department
(Tel: 03 - 3572 - 5111)

**Notice of Transfer of Shares in Subsidiary Engaged in Operational Management of
Construction, Real Estate and Other Related Business Affairs
and Consignment of Business Operations thereof**

Notice is hereby given that Shiseido Company, Limited (the "Company"), at the meeting of its Board of Directors held on October 30, 2008, resolved that the Company would transfer the shares in its subsidiary Shiseido Kaihatsu Co., Ltd. (Head Office: Chuo-ku, Tokyo; President and Representative Director: Toshiharu Tanabe; hereinafter "Shiseido Kaihatsu") to Nippon Kanzai Co., Ltd. ("Nippon Kanzai") and consign the operations and management of construction, real estate, printing and events currently conducted by Shiseido Kaihatsu to Nippon Kanzai, as described below:

Description

1. Background of Transfer of Shares and Consignment of Business Operations

Under its new three-year plan initiated in April this year, the Company, with the aim of becoming a "Global Player that is representative of Asia with its origins in Japan", has been engaging in operational and structural reforms that may allow the Company to concentrate its management resources on its unique value creation and maximize its organizational capabilities.

As part of such reforms, the Company has come to a decision that it is an urgent need to utilize Nippon Kanzai's advanced facility management know-how and promote both improvement of facility management and cost reductions within the Shiseido Group.

In connection therewith, the Company entered into a basic agreement with Nippon Kanzai on Monday, June 2, 2008 to split Shiseido Kaihatsu, which is taking responsibility for construction, real estate, printing, events and other businesses of the Shiseido Group, into (i) an "asset holding company" and (ii) a "business operating company" and transfer 90% of the



shares in the "business operating company" and conclude a contract agreement for consigning business operations of facility management (publicized on June 2, 2008).

As a preliminary step toward the transfer of shares and the consignment of business operations, the Shiseido Group's assets, including lands and buildings, held by Shiseido Kaihatsu and some business operations appertaining thereto will be acquired by the Company as an "asset holding company" through a corporate separation (the corporate separation was determined and agreed upon as of Friday, August 29, 2008 and publicized on the same day. The acquisition of the business was partially amended as of Friday, September 18, 2008 and publicized on the same day. The date of the corporate separation (effective date) will be Friday, October 31, 2008.).

On Saturday, November 1, 2008, the Company will transfer 90% of the shares in Shiseido Kaihatsu, which will become specialized in facility management and other business operations as a "business operating company", to Nippon Kanzai and consign business operations of facility management to Nippon Kanzai after the transfer. Accordingly, by making use of Nippon Kanzai's advanced facility management know-how, the Company will establish a more strategic and efficient facility management function and further integrate its management resources to enhance its market competitiveness.

2. Overview of Transfer of Shares

2-1. Overview of the subsidiary (as of October 30, 2008):

- (1) Trade name: Shiseido Kaihatsu Co., Ltd.
- (2) Representative: Toshiharu Tanabe
- (3) Location of head office: 5-5, Ginza 7-chome, Chuo-ku, Tokyo
- (4) Date of establishment: December 8, 1969
- (5) Main business: Business affairs related to construction, real estate, asset management, printing, events and operational management of training centers
- (6) Settlement date: March 31 of each year
- (7) Number of employees: 78
- (8) Capital: 50 million yen
- (9) Total number of issued shares: 990,000 shares
- (10) Shareholder composition and shareholding ratio: Shiseido Company Limited (100%)
- (11) Operating results for the most recent fiscal year:

(million yen)

	Year ended March 31, 2008
Net sales	8,889
Operating income	498
Ordinary income	487
Net income	288
Total assets	5,208
Shareholders' equity	3,408



Note: On October 31, 2008, the corporate separation will be executed and a resolution for the distribution of surplus is also expected to be adopted at the extraordinary general meeting of shareholders to be held on the same day. As a result, the above-listed total assets and shareholders' equity are expected to decrease substantially.

2-2. Transferee of the shares:

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|------------------------------------|--|
| (1) Trade name: | Nippon Kanzai Co., Ltd. |
| (2) Representative: | Shintaro Fukuda |
| (3) Location of head office: | 9-16 Rokutanji-cho, Nishinomiya, Hyogo Prefecture |
| (4) Main business: | Overall management of buildings and apartments, real estate financial sector services, outsourcing management services |
| (5) Relationship with the Company: | None |

2-3. Number of shares to be transferred, transfer price and the Company's shareholdings before and after the transfer:

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| (1) Number of shares held before the change: | 990,000 shares (shareholding ratio: 100%) |
| (2) Number of shares to be transferred: | 891,000 shares (transfer price: 477 million yen) |
| (3) Number of shares held after the change: | 99,000 shares (shareholding ratio: 10%) |

3. Schedule

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| October 30, 2008: | Resolution of the Board of Directors |
| October 31, 2008: | Conclusion of Share Sale Agreement (expected) |
| November 1, 2008: | Transfer of shares; conclusion of Contract Agreement for Consigning Business Operations; consignment to start (expected) |

4. Future Outlook

The transfer of shares will have no significant impact on the Company's (consolidated and non-consolidated) operating results for the year ending March 31, 2009.

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