(Translation)

October 18, 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)

Commencement of Exclusive Negotiations with L'Oréal toward the Possible Sale of CARITA and DECLÉOR Activities

(October 18, 2013 - TOKYO) Shiseido Co., Ltd. (the "Company") has announced today, following receipt of a proposal from L'Oréal S.A. ("L'Oréal") for the sale (the "Sale") of its CARITA and DECLÉOR activities, specialized in skincare, bodycare, hair care treatments and products for a price of approximately €230 million subject to standard closing adjustments that exclusive negotiations have commenced with L'Oréal.

The Company and L'Oréal are currently negotiating the terms and conditions of the Sale. In the meantime, Shiseido Group has commenced consultation proceedings of the employee representatives of the relevant companies in accordance with French labor law. Once the Company and L'Oréal shall agree on the terms of the Sale, they will, after consulting their respective employee representatives, enter into an agreement with regard to the Sale. The completion of the Sale would be subject to customary closing conditions, including, in particular, clearance from the competent authorities in any relevant countries and regions.

Background

DECLÉOR and CARITA brands are part of the Shiseido Professional Division and provide skincare products and services to professional and retail channels mainly in Europe. 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 strategy development that the Company received

the abovementioned offer from L'Oréal, involving the proposal for the sale of CARITA and DECLÉOR activities and commenced exclusive negotiations.
Going forward, the Company contemplates to direct its focus within the professional division 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. In terms of region, the division looks forward to accelerating business deployment in Asia, where professional hair care market is growing rapidly. For Shiseido Group, Professional Division is a core business, next to cosmetics, and the company remains committed to become a leader in the Professional industry in Asia.

Summary of companies which are subject to the negotiations:
CARITA:
Company name: Carita International S.A.
Location: Paris, France
Capital: €11,291,700 (As of September 30, 2013)
Representative: Yoshiaki Sato, CEO
Business: Distribution of cosmetics
Establishment: 1945

DECLÉOR:
Company name: LABORATOIRES DECLÉOR S.A.S.
Location: Paris, France
Capital: €19,374,700 (As of September 30, 2013)
Representative: Yoshiaki Sato, President
Business: Production and distribution of cosmetics
Establishment: 1974

Summary of L'Oréal:
Company name: L'Oréal S.A.
Location: Clichy, Hauts-de-Seine, France
Capital: €121,200,000 (As of June 30, 2013)
Representative: Jean-Paul Agon, CEO
Business: Production and distribution of cosmetics including skin care, make-up, perfumes, hair color, and hair care. Present in 130 countries, the world’s leading cosmetics and beauty company.
Establishment: 1909

Future outlook:
The Company and L'Oréal are currently negotiating the terms and conditions of the Sale. These terms and conditions have not yet been finalized.

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