



(Translation)

June 3, 2013

Dear Sirs and Madams,

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

**Shiseido and Dentsu Retail Marketing
Establish a Subsidiary Specializing in Retail Support**

In July, 2013, Shiseido will establish a new company, Japan Retail Innovation Co., Ltd., jointly with Dentsu Retail Marketing Inc. (HQ: Chuo-ku, Tokyo; President: Kouji Watarai. Hereinafter "DRM") The new company is specialized in supporting retailers and will start its business, including information providing and stores' selling space maintenance service, in October focusing on major retailers.

Background

In recent years, the domestic cosmetics market has become highly competitive due to customers' diversified purchase behavior and increase of new competitors from other industries, etc. Especially in business with major retailers, which occupy a large portion of cosmetic distribution channel, each cosmetics company is required to have high level of expertise and to keep selling space in retailers' stores fresh. Due to such a background, Shiseido will establish the new company for the purpose of reinforcing the support for major retailers jointly with DRM, who has the know-how for selling space maintenance in addition to the know-how for analysis and editing database regarding major retailers. The new company will provide information to stores as well as selling space maintenance service at low cost in a professional and intensive manner. In addition, the new company will make proposal based on the database from the standpoint of customers and distributors.

About Japan Retail Innovation Co., Ltd.

Some tasks which are currently being conducted by Shiseido Sales Co., Ltd. will be transferred to the new company. The tasks to be transferred to the new company are; store visiting for providing product information, exchanging information regarding product sales trend, etc., and confirming the status of implementation of sales promotion, etc. Maintenance of selling spaces in retailers' stores is also the task to be conducted by the new company. (Maintenance of selling space includes cleaning up products and display racks, replacement of products according to seasonal change of assortment of products, setup/putting up of sales



promotion tools, and displaying/removing products at opening/repairing/closing stores.)
By making full use of Shiseido's sales activity know-how and DRM's database and data analysis know-how, Shiseido and the new company will offer major retailers solutions for creating effective selling spaces based on customers' characteristics and purchase trend, as well as further efficient selling space maintenance service. Through reinforcement of activities in stores by the new company with high level of expertise, Shiseido will make efforts to improve its competing power and sales capability in the domestic cosmetics market, aiming to expand its sales in Japan.

Outline of the new company

- (1) Company name: Japan Retail Innovation Co., Ltd.
- (2) Representative (name and position): Atsushi Hiyama, President
(Former title: General Manager of Cosmetics Business Planning Department, Domestic Cosmetics Business Division, Shiseido Co., Ltd)
Reference: Kouji Watarai, President of Dentsu Retail Marketing Inc., will assume the position of Chairman
- (3) Location of HQ: 7-5-5, Ginza, Chuo-ku, Tokyo
- (4) Establishment date: July 1, 2013
- (5) Major business: Consignment of store maintenance service, etc. from Shiseido Sales Co., Ltd.
- (6) Capital: 100 million yen
- (7) Investment ratio: Shiseido Co., Ltd.: 97%
Dentsu Retail Marketing Inc.: 3%

Effect of the establishment of the new company on our consolidated earnings for the fiscal year ending March 31, 2014 is expected to be minor. We expect the new company will contribute to the future improvement of our competing power in domestic cosmetics market.

- End of News Release -



<Reference>

Outline of Dentsu Retail Marketing Inc. as of March 31, 2013

- (1) Company name: Dentsu Retail Marketing Inc.
- (2) Representative (name and position): Kouji Watarai, President
- (3) Location of HQ: 1-11-10, Tsukiji, Chuo-ku, Tokyo
- (4) Establishment date: November 17, 2006
- (5) Major business: Consulting service regarding how to analyze and utilize customer purchase data
Planning/manufacturing service for sales promotion tools based on the demands of each individual store and/or area
Product display management and placement service of sales promotion tools
- (6) No. of employees: 31 persons
- (7) Capital: 300 million yen
- (8) Investment ratio: DENTSU TEC INC.: 53.6%
ARATA CORPORATION: 36.0%
NEC Corporation: 6.4%
Dai Nippon Printing Co., Ltd.: 4.0%