

March 31, 2006

## **Shiseido to Transfer its Sanitary Products Business to the Unicharm Group**

At a Board of Directors Meeting on March 31, 2006, Shiseido resolved to transfer the sanitary products business of the consolidated subsidiary FT Shiseido Co., Ltd. to Unicharm Corporation and Unicharm Products Co., Ltd. Further, using this opportunity, Shiseido has conducted feasibility studies for a strategic alliance with the Unicharm Group that would draw on the strengths of both entities.

### **1. Reason for the Transfer**

Since fiscal 2005, Shiseido has been working to achieve its three-year management plan geared toward expanding growth through “reforming domestic marketing activities” as well as raising profitability through “fundamental restructuring.” The core of these reforms lies in developing “broad and strong brands” in various categories centered on proposing beauty regimens, while in the toiletries business, Shiseido is undertaking structural reforms to concentrate on three cleansing fields.

The aforementioned business transfer was one step in these reforms, and will aid the Company in further focusing management assets on core fields to raise market competitiveness.

### **2. Details of the Transfer**

The development and sales of the sanitary products business have been handled by FT Shiseido Co., Ltd., while production has been handled by FT Shiseido’s subsidiary Mieux Products Co., Ltd.

#### (1) Objectives and Designated Companies Concerning Transfer of Business

- ① The 1,040 shares in Mieux Products held by FT Shiseido will be transferred to Unicharm Products Co., Ltd.
- ② The inventory held by FT Shiseido Co., Ltd. will be transferred to Unicharm Products Co., Ltd.
- ③ Such intellectual property as logos and patents related to the sanitary products business held by FT Shiseido Co., Ltd. will be transferred to Unicharm Corporation.

#### (2) Net Sales of Transferred Business

Roughly ¥4.0 billion (Projected for period ending March 2006)

#### (3) Transfer Price and Settlement Method

A suitable price will be determined at the time of the transfer and settled after deliberation.

### 3. Overview of Transferred Subsidiary

- (1) Company Name Mieux Products Co., Ltd.
- (2) President and CEO Kimitaka Kikuchi
- (3) Location 1349 Tokunomori, Ozu-City, Ehime 795-8511, Japan
- (4) Date of Establishment September 9, 1985
- (5) Main Scope of Business Manufacture of sanitary products
- (6) Settlement of Accounts March
- (7) Employees 162 (including part-time)
- (8) Capital ¥80,000,000
- (9) Total Shares Issued 1,600 shares
- (10) Major Shareholders FT Shiseido Co., Ltd. 1,040 shares (65%)  
and Ownership MARUSAN INDUSTRY CO., LTD. 560 shares (35%)
- (11) Recent Business Results

Millions of yen

	Fiscal year ended March 2004	Fiscal year ended March 2005
Net sales	3,987	3,376
Gross profit	274	310
Income from operations	202	230
Ordinary income	187	223
Net income	117	113

### 4. Overview of Designated Companies Concerning Transfer of Business

#### Unicharm Corporation

- (1) Company Name Unicharm Corporation
- (2) President and CEO Takahisa Takahara
- (3) Registered Office 182 Shimobun, Kinsei-cho, Shikokuchuo-City,  
of the Company Ehime 799-0111, Japan
- (4) Main Scope of Business Sales of disposable diapers and sanitary products

#### Unicharm Products Co., Ltd.

- (1) Corporate Name Unicharm Products Co., Ltd.
- (2) Representative Masakatsu Takai
- (3) Registered Office 130 Shimobun, Kinsei-cho, Shikokuchuo-City,  
of the Company Ehime 799-0111, Japan
- (4) Main Scope of Business Manufacture of disposable diapers and sanitary products

## 5. Time Schedule

March 31, 2006	Resolution passed by Board of Directors and basic consent contract concluded
April 30, 2006	Share transfer contract and asset transfer contract concluded (planned)
May 31, 2006	Share transfer and asset transfer completed (planned)

## 6. Impact on Business Results

The impact on business results as a result of the business transfer will be minimal for the period ended March 31, 2006.

### (Reference)

Overview of FT Shiseido Co., Ltd.

(1) Company Name	FT Shiseido Co., Ltd.
(2) President and CEO	Tadashi Noguchi
(3) Registered Office of the Company	7-5-5 Ginza, Chuo-ku, Tokyo 104-0061, Japan
(4) Scope of Business	Sales of toiletry products
(5) Shareholder Composition	Shiseido Co., Ltd. 2,200 shares (100%)

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