

Announcement Regarding Consolidation of U.S. Subsidiaries

Shiseido Co., Ltd. hereby announces that its Board of Directors has resolved to consolidate three U.S.-based subsidiaries, Shiseido Cosmetics (America) Ltd., Nars Cosmetics, Inc. and ZIC Corporation, into U.S.-based subsidiary Shiseido International Corporation and change the name to Shiseido Americas Corporation (SAC), as noted below.

1. Reason of consolidation

- (1) As of July 1, 2008, Shiseido Co., Ltd. will consolidate the business operations and assets of Shiseido Cosmetics (America) Ltd., Nars Cosmetics, Inc. and ZIC Corporation into Shiseido International Corporation, and the name of the company will be changed to Shiseido Americas Corporation (hereinafter "SAC"). SAC will shift each company's functions to the newly created business units of the existing businesses using DBA ("doing business as") names for Shiseido Cosmetics America, Nars Cosmetics and JV Fragrance and Skincare (ZIC Corporation manufactures and markets the John Varvatos fragrance brand). Those companies back office functions will be consolidated; however, each business unit will be individually operated by the existing CEOs. In line with the integration, the three subsidiaries (Shiseido Cosmetics (America) Ltd., Nars Cosmetics, Inc. and ZIC Corporation) will be dissolved.
- (2) This consolidation will be implemented as part of a strategy to increase the competitive strengths of the Shiseido Group and build a solid presence in the United States, the world's largest cosmetics market. Consolidation will enable expeditious, strategic investment beyond individual subsidiary frameworks along with promoting management efficiency through the integration of business infrastructures. The Shiseido Group will further support business operations in the United States and push forward in realizing continuous sales expansion and the improvement of profitability.

2. Overview of subsidiary into which business operations and assets will be consolidated

Shiseido International Corporation (name to be changed to Shiseido Americas Corporation)

- 1) Location: 178 Bauer Drive, Oakland, NJ 07436-3105, USA
- 2) Representative: Shuichi Tanaka, Chairman & CEO of Shiseido International Corporation (to assume the post of Chairman & CEO of SAC)
- 3) Main business: U.S. holding company, financial affairs, consolidation and back office operations
- 4) Established: August 11, 1988
- 5) Capital: US\$403,070 thousand

6) Shareholding ratio: Shiseido Co., Ltd. – 100%

3. Overview of subsidiaries to be dissolved

(1) Shiseido Cosmetics (America) Ltd. (name to be changed to doing business as
Shiseido Cosmetics America of SAC)

- 1) Location: 15th Floor, 900 Third Avenue, New York, NY 10022-4795, USA
- 2) Representative: Heidi Manheimer/CEO of Shiseido Cosmetics America Ltd. (to assume the post of CEO of Shiseido Cosmetics America of SAC)
- 3) Main business: Sales of cosmetic products
- 4) Established: August 26, 1965
- 5) Capital: US\$15,300 thousand
- 6) Shareholding ratio: Shiseido International Corporation – 100%

(2) Nars Cosmetics, Inc. (name to be changed to doing business as Nars Cosmetics of SAC)

- 1) Location: 17th Floor, 900 Third Avenue, New York, NY 10022-4795, USA
- 2) Representative: Louis Desazars, President & CEO of Nars Cosmetics, Inc. (to assume the post of CEO of Nars Cosmetics of SAC)
- 3) Main business: Manufacture, sales and export of cosmetic products
- 4) Date of acquisition: May 17, 2000
- 5) Capital: US\$60,000 thousand
- 6) Shareholding ratio: Shiseido International Corporation – 100%

(3) ZIC Corporation (name to be changed to doing business as JV Fragrance and Skincare of SAC)

- 1) Location: 9th Floor, 900 Third Avenue, New York, NY 10022-4795, USA
- 2) Representative: Shuichi Tanaka, Chairman & CEO of ZIC Corporation (to assume the post of CEO of JV Fragrance and Skincare of SAC)
- 3) Main business: Manufacture, sales and export of fragrance products
- 4) Date of acquisition: May 1, 2000
- 5) Capital: US\$7,100 thousand
- 6) Shareholding ratio: Shiseido International Corporation – 100%

4. Time schedule for dissolution

July 2008	ZIC Corporation to be dissolved
January 2009	Nars Cosmetics, Inc. to be dissolved
Approx. period from January to June 2009	Shiseido Cosmetics America Ltd. to be dissolved (as soon as arrangements for liquidation are completed)

5. Future outlook

The impact of the aforementioned dissolution on Shiseido's business results in the year ending March 2009 is minimal.