(Translation)

May 16, 2014

Dear Sirs and Madams,

Name of Company: Shiseido Company, Limited
Name of Representative: Shinzo Maeda
Chairman, Representative Director
(Code No. 4911; The First Section of the Tokyo Stock Exchange)
Contact: Tetsuaki Shiraiwa
General Manager of Investor Relations Department
(Tel: +81 3 3572 5111)

Notice of Granting of Stock Options (Stock Acquisition Rights)

Notice is hereby given that Shiseido Company, Limited (the "Company"), at the meeting of its Board of Directors held on May 16, 2014, resolved that the Company would propose at its 114th Ordinary General Meeting of Shareholders to be held on June 25, 2014 (the "Ordinary General Meeting of Shareholders"), an item of business relating to the determination of remuneration, etc. for granting stock options to its directors, as described below:

1. Reason for the allotment of stock acquisition rights as stock options:

The executive remuneration policy of the Company, which has been designed by its Remuneration Advisory Committee with an external director acting as chairman and including a third party, is a highly transparent policy that takes in objective perspectives.

The executive remuneration under the policy is comprised of fixed "basic remuneration" and performance-linked remuneration, which fluctuates according to the rates of achievement of performance targets and stock prices: it is designed so that the rate of basic remuneration may be approximately 40% and the rate of performance-linked remuneration may be approximately 60% on average if the rates of achievement of performance targets of the Three-Year Plan and an individual fiscal year reach 100%, respectively.

The performance-linked remuneration consists of "bonuses" payable based on annual performances, pecuniary remuneration as "medium-term incentives-type remuneration" based on the targets of the Three-Year Plan, and payable according the rate of achievement of the targets after the close of the final year of the Three-Year Plan, and stock remuneration-type stock options as "long-term incentives-type remuneration", which places emphasis on sharing interests with its shareholders. Thus, the policy is designed to motivate the directors of the Company to engage in management while having constant awareness of operating results and stock prices from not only single-year but also medium- and long-term perspectives.

The long-term incentives-type remuneration policy grants stocks as remuneration, etc. in lieu of paying pecuniary remuneration, etc. to the directors and as its vehicles, stock acquisition rights, which shall be stock options that require a cash contribution of ¥1 upon exercise of

each such stock acquisition right, are used. To make directors of the Company share with its shareholders merits and risks pertaining to its stock prices and afford incentives to them to achieving much improved results and higher stock prices by linking remuneration to an increase in its shareholder value on a long-term basis, the Company intends to grant stock options (the "Stock Option" or "Stock Options") to its six directors in total. The Stock Options will be granted to five directors, but not three external directors of the Company, subject to the approval of Item of Business No. 2) "Election of Eight (8) Directors" at the Ordinary General Meeting of Shareholders. And the Company will also grant the Stock Options to one Chairman and Representative Director, who will retire at the closing of the Ordinary General Meeting of Shareholders.

To be specific, for the fiscal year ending March 31, 2015, the Company will propose in Item of Business No. 5) "Determination of Long-Term Incentives-Type Remuneration to Directors" at the Ordinary General Meeting of Shareholders, to set forth ¥149,000,000 (an amount obtained by multiplying the fair price of each stock acquisition right to be allotted by the total number of stock acquisition rights to be allotted (1,500 rights or less)) as the limit of remuneration, etc. for the directors in the form of allotments of stock acquisition rights stated below as Stock Options.

Upon granting the stock acquisition rights, the fair value thereof shall be a paid-in amount of the stock acquisition rights. The Company shall grant remuneration in cash equivalent to the paid-in amount to the directors on condition that such remuneration should be offset against their obligations at the corresponding amount to pay the paid-in amount to the Company.

As the policy of remuneration, etc. of external directors is based on fixed remuneration only, no Stock Option will be granted to external directors.

2. Outline of the issuance of stock acquisition rights:

(1) Allottees of the stock acquisition rights:

Subject to the approval of Item of Business No. 2) "Election of Eight (8) Directors" at the Ordinary General Meeting of Shareholders, the Stock Options will be granted to six directors in total (five directors, but not three external directors of the Company and one Chairman and Representative Director, who will retire at the closing of the Ordinary General Meeting of Shareholders.)

(2) Class and number of shares which may be issued upon exercise of stock acquisition rights:

Not exceeding 150,000 shares of common stock of the Company

The number of shares that may be issued upon exercise of each stock acquisition right (the "Subject Number of Shares") shall be 100 shares of common stock of the Company; provided, however, that in the event that the Company is required to adjust the Subject Number of Shares due to a share split (including the allotment of shares of common stock of the Company without remuneration), share consolidation

or otherwise, the Company may adjust such number of shares to the reasonable extent.
In that case, the number of shares which may be issued upon exercise of stock acquisition rights will also be adjusted similarly.

(3) Total number of stock acquisition rights to be allotted:

Not exceeding 1,500 rights

(4) Issue price (paid-in amount) of stock acquisition rights:

The issue price (paid-in amount) of each stock acquisition right shall be based on a fair value thereof to be calculated upon the allotment thereof. The Company shall grant remuneration in cash equivalent to the paid-in amount to the directors on condition that such remuneration should be offset against their obligations to pay the paid-in amount to the Company.

(5) Cash amount paid upon exercise of stock acquisition rights:

Payment required for the exercise of stock acquisition rights shall be made in cash. The exercise price per share shall be ¥1 and the total payment required shall be an amount obtained by multiplying ¥1 by the Subject Number of Shares.

(6) Stock acquisition right exercise period:

From August 1, 2017 to July 31, 2029

(7) Terms and conditions of the exercise of stock acquisition rights:

1. Any grantee of stock acquisition rights shall remain in office as director or corporate officer of the Company when he/she exercises the rights, unless he/she leaves office upon expiration of the term of office or due to any other good reason.

2. Any other term and condition shall be governed by a "contract of allotting stock acquisition rights" to be entered into between the Company and the relevant allottee of stock acquisition rights.

(8) Restriction on a transfer of stock acquisition rights:

Any transfer of stock acquisition rights shall be subject to the approval of the Board of Directors of the Company.

(9) Other details of stock acquisition rights:

The details of items (1) through (8) and matters not covered by items (1) through (8) shall be determined at a meeting of the Board of Directors at which matters for the issuance of the stock acquisition rights will be resolved.

(Remainder of page intentionally left blank.)

[Reference]

Stock options to corporate officers who do not concurrently hold offices of directors

The executive remuneration policy of the Company is addressed to the directors and the corporate officers who do not concurrently hold offices of directors, under which such corporate officers of the Company will be granted "stock options as long-term incentives" as will be granted to the directors.

The stock options for corporate officers are scheduled to be determined at a meeting of the Board of Directors, separately from the aforementioned Stock Options, and the size of the issue of stock acquisition rights is as follows:

> The Company proposes to set forth ¥114,000,000 (an amount obtained by multiplying the fair price of each stock acquisition right to be allotted by the total number of stock acquisition rights to be allotted (1,200 rights or less)) as the limit of remuneration, etc. for twelve corporate officers who do not concurrently hold offices of directors in the form of allotments of stock acquisition rights as stock options.

The effect of the stock acquisition rights to be allotted as the Stock Options to directors and stock options to corporate officers who do not concurrently hold offices of directors on the total number of issued shares will be as follows:

		Ratio to the total number of shares issued as of March 31, 2014, excluding shares of treasury stock
Total number of shares to be issued or transferred upon exercise of stock acquisition rights to be allotted as stock options to directors (upper limit)	150,000 shares	0.03%
Total number of shares to be issued or transferred upon exercise of stock acquisition rights to be allotted as stock options to corporate officers who do not concurrently hold offices of directors (upper limit)	120,000 shares	0.03%
Total number of shares issued as of March 31, 2014 to be transferred upon exercise of stock acquisition rights	1,217,900 shares	0.30%
Total	1,487,900 shares	0.37%

- End of news release -