(Translation)

July 31, 2014

Dear Sirs and Madams,

Name of Company: Shiseido Company, Limited
Name of Representative: Masahiko Uotani
President & CEO
(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 on Stock Options (Stock Acquisition Rights)

Notice is hereby given that Shiseido Company, Limited (the "Company"), at the meeting of its Board of Directors held today, resolved that the Company would make an offering of subscription for stock acquisition rights as stock options to its directors etc., and corporate officers pursuant to Article 236, Article 238 and Article 240 of the Companies Act of Japan, as described below.

The stock acquisition rights are stock options as long-term incentive-type remuneration under the executive remuneration policy of the Company.

[Executive Remuneration Policy of the Company]

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 third parties, is a highly transparent policy that takes in objective perspectives.

The executive remuneration under the policy is comprised of basic fixed portion and performance-linked portion, which fluctuates according to the rates of achievement of performance targets and share price. Remunerations for directors and corporate officers have been set so that the higher his/her position in the rank of corporate officers, the greater will be the performance-linked portion in his/her remuneration. On average, the fixed remuneration portion is around 40% and that of the performance-linked remuneration portion is around 60%, assuming a 100% achievement rate of the annual consolidated performance targets and the performance target of the Three-Year Plan.

The performance-linked remuneration consists of a bonus based on annual consolidated results, medium-term remuneration based on the achievement of the final year targets of the Three-Year Plan, to be paid at the culmination of the plan, and

stock options as long-term incentive, primarily aimed at fostering a shared awareness of profits with shareholders. Thus, performance-linked remuneration is designed to give directors and corporate officers a medium-to-long term perspective, not just a single-year focus, and to motivate management to become more aware of the Company's performance and share price.

With regard to the stock acquisition rights, those for directors, etc. were approved as long-term incentive at the 114th Ordinary General Meeting of Shareholders held on June 25, 2014, as described below:

[Long-term Incentive-type Remuneration to the Directors]

- Allottees of stock acquisition rights:

  Six (6) in total, comprising five (5) directors (excluding external directors) and a special advisor, who was the Company's Chairman (Representative Director) until the close of the 114th general meeting of shareholders of the Company

- Total number of stock acquisition rights to be allotted:

  Not exceeding 1,500 rights (Number of shares to be issued or transferred for each stock acquisition right:100 shares)

- Cap on remuneration, etc. in respect of stock acquisition rights:

  Not exceeding ¥149,000,000 per year

Description

To make the directors and corporate officers of the Company share with its shareholders merits and risks pertaining to its share prices and afford incentives to them to achieving much improved results and higher share prices, the Company intends to grant its five directors, except external directors of the Company, and 10 corporate officers not concurrently serving as directors stock options as long-term incentive, using stock acquisition rights upon exercise of which one yen per share shall be contributed, for the fiscal year ending March 31, 2014.

The paid-in amount of the stock acquisition rights offered for subscription (the "Stock Acquisition Rights") shall be a fair value as of the allotment date thereof. The Company shall grant remuneration in an amount equivalent to the paid-in amount to the directors/corporate officers not concurrently serving as directors on condition that such remuneration be offset against their obligations to pay the paid-in amount.

1. Qualified Allottees of the Stock Acquisition Rights:

The Stock Acquisition Rights shall be allotted to five directors (excluding external directors), a special advisor who was the Company's Chairman (Representative Director) until the close of the 114th general meeting of shareholders of the Company, and 12 corporate officers not concurrently serving as directors.

2. Total Number of Stock Acquisition Rights to Be Allotted:

Directors except external directors of the Company and a special advisor who was the Company's Chairman (Representative Director) until the close of the 114th general meeting of shareholders : 1,077 rights

Corporate officers not concurrently serving as directors of the Company: 1,200 rights

Total number of Stock Acquisition Rights mentioned above is the number of planned allotment. In the event that such total number decreases if any allottee does not subscribe or otherwise, the decreased total number of Stock Acquisition Rights shall be the total number of Stock Acquisition Rights to be issued.

3. Class and Number of Shares to Be Issued or Transferred upon Exercise of the Stock Acquisition Rights:

The class of the shares to be issued or transferred upon exercise of the Stock Acquisition Rights shall be shares of common stock of the Company and the number of shares to be issued or transferred upon exercise of the Stock Acquisition Rights (the "Number of Object Shares") shall be 100.

In the event that the Company makes a stock division (including free allocation of shares of common stock of the Company) or stock consolidation, the Number of Object Shares shall be adjusted in accordance with the following formula, with any fraction of one share occurring upon such adjustment discarded:

$$\text{Number of Object Shares after adjustment} = \text{Number of Object Shares before adjustment} \times \text{Division/Consolidation ratio}$$

In addition, upon the occurrence of any unavoidable event that requires adjustment to the Number of Object Shares, an adjustment shall be made thereto to the extent it is reasonable.

4. Amount of Property to Be Contributed upon Exercise of Each Stock Acquisition Right:

The amount of property to be contributed upon exercise of each Stock Acquisition Right shall be the amount of cash to be paid in for each of the shares to be delivered upon exercise thereof, which shall be one yen, multiplied by the Number of Shares.

5. Exercise Period of the Stock Acquisition Rights:

From August 1, 2017 to July 31, 2029

6. Matters Concerning Capital and Capital Reserve to Be Increased in the Event that the Company Issues Shares upon Exercise of the Stock Acquisition Rights:

(i) In the event that the Company issues shares upon exercise of the Stock Acquisition Rights, the amount of capital to be increased shall be a half of the upper limit thereon calculated pursuant to Article 17, paragraph 1 of the Regulations on Corporate Accounts, with any fraction of one yen rounded upward to the nearest one yen.

(ii) In the event that the Company issues shares upon exercise of the Stock Acquisition Rights, the amount of capital reserve to be increased shall be an amount obtained by deducting the amount of capital to be increased as set forth in item (i) above from the upper limit on the capital to be increased as set forth in item (i) above.

7. Restriction on Acquisition of the Stock Acquisition Rights by Transfer:

Any acquisition of the Stock Acquisition Rights by transfer shall be subject to the approval by resolution of the board of directors of the Company.

8. Conditions for Acquisition of the Stock Acquisition Rights:

In the event that a proposition for the approval of a merger or consolidation agreement under which the Company shall be merged or dissolved, an agreement of business transfer by a spin-off or plan for incorporation by a spin-off under which the Company shall be split up, or a share exchange agreement or share transfer plan under which the Company shall become a wholly-owned subsidiary is approved at a general meeting of shareholders of the Company (or a resolution for the approval thereof is adopted by the board of directors of the Company when such resolution by the general meeting of shareholders is not required), the Company may, as of a day separately specified by the board of directors of the Company, acquire all of the Stock Acquisition Rights then outstanding without consideration.

9. Policies on Voidance and Nullification of the Stock Acquisition Rights and the Details of Delivery of New Stock Acquisition Rights of Reorganizing Companies in Case of Reorganization:

In the event that the Company is merged or consolidated (as a result of which, the Company shall be dissolved), transfers business or incorporates a company by a spin-off, or makes a share exchange or share transfer (collectively, "Reorganization"), the Company shall, with regard to the Stock Acquisition Rights outstanding when the Reorganization becomes effective (the "Outstanding Stock Acquisition Rights"),

deliver to any allottee thereof stock acquisition rights of relevant corporations ("Reorganizing Companies") listed in Article 236, paragraph 1, item 8 (a) through (e) of the Companies Act, in accordance with the following conditions. In such case, the Outstanding Stock Acquisition Rights shall become null and void and the Reorganizing Companies shall newly issue stock acquisition rights, only if and when the delivery of stock acquisition rights of the Reorganizing Companies is stipulated in accordance with

the following conditions in the relevant merger agreement, consolidation agreement, agreement of business transfer by a spin-off, plan for incorporation by a spin-off, share exchange agreement or share transfer plan:

(i) Number of Stock Acquisition Rights of Reorganizing Company to Be Delivered:

The same number as that of the Outstanding Stock Acquisition Rights held by each allottee thereof shall be delivered.

(ii) Class of Shares of Reorganizing Company to Be Issued or Transferred upon Exercise of Stock Acquisition Rights:

Shares of common stock of the Reorganizing Company.

(iii) Number of Shares of Reorganizing Company to Be Issued or Transferred upon Exercise of Stock Acquisition Rights:

The number of shares shall be determined in accordance with paragraph 3 above, by taking into account the conditions of the reorganization.

(iv) Amount of Property to Be Contributed upon Exercise of a Stock Acquisition Right:

The amount of property to be contributed upon exercise of a stock acquisition right to be delivered shall be an amount obtained by multiplying by the number of shares of the Reorganizing Company to be issued or transferred upon exercise of each of the stock acquisition rights, which shall be determined as set forth in paragraph (iii) above, the paid-in amount after Reorganization set forth below. The paid-in amount after Reorganization shall be one yen per share of the Reorganizing Company that can be delivered upon exercise of each stock acquisition right delivered.

(v) Exercise Period of Stock Acquisition Rights:

From later of the first day of the period during which the Stock Acquisition Rights set forth in paragraph 5 above are exercisable and the day on which the Reorganization becomes effective, to the last day of the period during which the Stock Acquisition Rights set forth in paragraph 5 above are exercisable.

(vi) Matters Concerning Capital and Capital Reserve to Be Increased in the Event that the Reorganizing Company Issues Shares upon Exercise of the Stock Acquisition Rights:

To be determined in accordance with paragraph 6 above.

(vii) Restriction on Acquisition of Stock Acquisition Rights by Transfer:

Any acquisition of stock acquisition rights by transfer shall be subject to the approval by resolution of the board of directors of the Reorganizing Company.

(viii) Terms and Conditions of the Acquisition of Stock Acquisition Rights:

To be determined in accordance with paragraph 8 above.

(ix) Other Terms and Conditions of the Exercise of Stock Acquisition Rights:

To be determined in accordance with paragraph 11 below.

10. Treatment of Fractions of a Share upon Exercise of the Stock Acquisition Rights:

For the purpose of delivery of shares to the allottees who exercise the Stock Acquisition Rights, any fraction of one share shall be truncated.

11. Other Terms and Conditions of the Exercise of the Stock Acquisition Rights:

(i) Any allottee 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.

(ii) If any allottee waives his/her Stock Acquisition Rights, such any allottee shall not be entitled to exercise the Stock Acquisition Rights.

(iii) If any allottee dies prior to the expiration of the exercise period of the Stock Acquisition Rights, only one heir to him/her shall be entitled to succeed to his/her rights and no one can succeed to such heir.

12. Paid-in Amount of a Stock Acquisition Right:

(i) The paid-in amount shall be a fair value of a Stock Acquisition Right calculated in accordance with the Hull-White modified two-factor model, based on the closing price as of the allotment date thereof.

(ii) On or prior to the day immediately preceding the first day of the exercise period of the Stock Acquisition Rights set forth in paragraph 5 above, any allottee shall, in lieu of the payment of cash in the amount obtained by multiplying the paid-in

amount of a Stock Acquisition Right set forth in item (i) above by the number of Stock Acquisition Rights allotted to such any allottee, offer to offset his/her remuneration receivable (equivalent to the amount obtained by multiplying the paid-in amount of a Stock Acquisition Right set forth in item (i) above by the number of Stock Acquisition Rights allotted to him/her) as determined at the meeting of the Board of Directors of the Company held on July 31, 2013 to be paid to him/her in consideration for performance of his/her duties on condition that he/she subscribe for the Stock Acquisition Rights and offset such remuneration receivable against the paid-in amount of the Stock Acquisition Rights, and in the event that the allottee offers to do so, the Company shall accept the payment by such offset.

The paid-in amount will be publicized promptly when it is determined after the allotment of the Stock Acquisition Rights.

13. Allotment Date of the Stock Acquisition Rights:

August 28, 2014

14. Methods of Exercise of the Stock Acquisition Rights and Payment Therefor:

(i) To exercise the Stock Acquisition Rights, a notice of exercise of Stock Acquisition Rights shall be submitted through the electromagnetic means specified by the Company.

(ii) In addition to the submission of the notice of exercise of the Stock Acquisition Rights set forth in item (i) above, the aggregate Exercise Prices (the "Payment Amount") of the shares of common stock of the Company to be issued or transferred upon exercise of the Stock Acquisition Rights shall be paid in cash by transfer to the account specified by the Company with the payment handling place set forth in paragraph 15 below (the "Specified Account") no later than the date and time designated by the Company.

15. Payment Handling Place upon Exercise of the Stock Acquisition Rights:

Name: Mizuho Bank, Ltd., Ginza Branch

Address: 2-11, Ginza 4-chome, Chuo-ku, Tokyo

(or any successor bank to the bank or any successor branch to the branch for the time being)

16. Time when the Exercise of the Stock Acquisition Rights Shall Become Effective:

The exercise of the Stock Acquisition Rights shall become effective when the notice of exercise of Stock Acquisition Rights is received at the payment handling place and the payment amount set forth in paragraph 14, item (ii) above is credited to the specified account.

17. Handling of Matters when the Provisions Hereof Are Required to Be Read Otherwise or Other Measures Are Necessary:

In the event that these provisions are required to be read otherwise or other measures are necessary, the Company may make amendment to these provisions in respect of the relevant matters in such manner as considered appropriate by the Company in accordance with the provisions of the Companies Act of Japan and the purposes of the Stock Acquisition Rights and such amendment shall be an integral part of these provisions.

18. With Regard to the Stock Acquisition Rights, Any Other Necessary Matters Shall Entirely Be Left to the President & CEO, Representative Director.

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