(Translation)

May 15, 2015

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 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 15, 2015, resolved that the Company would propose at its 115th Ordinary General Meeting of Shareholders to be held on June 23, 2015 (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 is established by the Remuneration Advisory Committee, which is chaired by an external director, to maintain objectivity and high transparency. The executive remuneration of the Company consists of a basic remuneration that is not linked to business performance and a performance-linked remuneration that fluctuates depending on the achievement of management targets and share price. The Company sets appropriate remuneration levels by making comparisons with companies in the same industry or of the same scale in Japan and overseas, taking the Company’s performance into consideration.

The Company designed its new executive remuneration policy for the Three-Year Plan of fiscal 2015 through fiscal 2017 based on the basic policy described above. The performance-linked remuneration under new policy consists of "bonuses" payable based on annual performances 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 and corporate officers 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 three directors excluding three external directors.

To be specific, the Company will propose in Item of Business No. 6) "Determination of Long-Term Incentives-Type Remuneration to Directors" at the Ordinary General Meeting of Shareholders, to set forth ¥62,000,000 (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 (600 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 under the terms and conditions described below.

[Terms and conditions regarding performance on the stock acquisition rights]

The Company has decided to impose terms and conditions regarding performance on stock compensation-type stock options as long-term incentive-type remuneration on two occasions; when the stock acquisition rights are allotted and when the exercise period of the allotted stock acquisition rights allotted starts.

When actually allotting the stock acquisition rights after obtaining an approval for the maximum number of stock acquisition rights to be allotted at the general meeting of shareholders, the Company shall increase or decrease the number of stock acquisition rights to be granted in the range of 0% to 130% of the baseline by using the evaluation indicators for annual bonuses for the immediately preceding fiscal year.

In addition, we have introduced a mechanism that when the stock acquisition right exercise period starts, the exercisable number of stock acquisition rights may be determined according the consolidated performance and other track records up to the immediately preceding fiscal year in the range of 30% to 100% of the allotted number, and thereby we reinforced incentives for improving medium- to long-term business performance and achieving the targets compared to the past stock options of the Company.

When stock acquisition rights are allotted

- Use the same items as used in calculating annual bonus to each officer. Items to be used differ from an officer to another, among consolidated business performance (consolidated net sales, consolidated operating income and consolidated net income), evaluation of performance of business of which respective officers are in charge, and personal evaluation.
- Determine the number of stock acquisition rights to be allotted through deliberation by the evaluation working group.

When the exercise period of the stock acquisition rights allotted starts

- Calculate the growth rate of operating income by comparing the operating income for the fiscal years preceding and following the fiscal year in which the stock acquisition rights allotment date is included.
- Calculate the growth rates of operating income for the same fiscal years as above of companies such as Kao Corporation (Japan), L'Oreal S.A. (France) and Estee Lauder Companies Inc. (USA), which are top sales cosmetic companies in Japan and overseas and designated in advance as companies to be compared with.
- Based on the comparison of the growth rates of operating income between the Company and the companies for comparison, decide the number of stock acquisition rights allotted to each director or corporate officer that are exercisable.

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.

No Stock Option will be granted to external directors in line with the Company's policy that remuneration, etc. of external directors should consist of only basic remuneration.

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. 3) "Election of Six (6) Directors" at the Ordinary General Meeting of Shareholders, the Stock Options will be granted to three directors (excluding three external directors) of the Company.

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

Not exceeding 60,000 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 600 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 September 1, 2018 to February 28, 2031

(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 terms and conditions such as terms and conditions regarding performance 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.

-End of News Release-

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[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 ¥183,000,000 (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 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, 2015, 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)	60,000 shares	0.01%
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)	150,000 shares	0.03%
Total number of shares issued as of March 31, 2015 to be transferred upon exercise of stock acquisition rights	1,061,000 shares	0.26%
Total	1,271,000 shares	0.31%