



(Translation)

August 29, 2019

Dear Sirs and Madams,

Name of Company: Shiseido Company, Limited
Name of Representative: Masahiko Uotani
President and CEO
(Representative Director)

(Code No. 4911; The First Section of the Tokyo Stock Exchange)

Contact: Harumoto Kitagawa
Vice President
Investor Relations Department
(Tel: +81 3 3572 5111)

**Notice on Determination of the Number of Exercisable Stock Options
(Stock Acquisition Rights)
—Fiscal 2016 Long-Term Incentive-Type Remuneration—**

Notice is hereby given that Shiseido Company, Limited (the "Company"), pursuant to Article 236, Article 238 and Article 240 of the Companies Act of Japan, has determined today the number of exercisable stock acquisition rights for the stock options that were allotted as long-term incentive-type remuneration to three directors of the Company who held office in fiscal 2016, excluding external directors, 15 corporate officers of the Company not concurrently serving as directors as of fiscal 2016, and 6 corporate officers of Shiseido Japan Co., Ltd., the Company's wholly-owned subsidiary, who have entered into a commission contract with Shiseido Japan Co., Ltd. as of fiscal 2016. The details are described below.

1. Finalization of the Number of Exercisable Stock Acquisition Rights

The Company imposes 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 stock acquisition rights allotted starts. Based on the comparison of the growth rate of the Company's operating profit with that of comparable companies, the number of exercisable stock acquisition rights allotted in March 2017 to each director or corporate officer was determined as follows.



Grantees of Stock Acquisition Rights	Number of Stock Acquisition Rights
Directors of the Company (excluding external director) as of fiscal 2016 3 persons	404 rights
Corporate officers of the Company not concurrently serving as directors as of fiscal 2016 15 persons	559 rights
Corporate officers of Shiseido Japan Co., Ltd., the Company's wholly- owned subsidiary, who have entered into a commission contract with Shiseido Japan Co., Ltd. as of fiscal 2016 6 persons	157 rights

- The number of shares per each stock acquisition right: 100 shares

Note: Details other than above concerning the stock acquisition rights are disclosed in the following documents:

- Notice of Granting of Stock Options (Stock Acquisition Rights) (Date of release: February 23, 2016)
- Notice on Stock Options (Stock Acquisition Rights) Fiscal 2016 Long-Term Incentives-Type Remuneration (Date of release: February 23, 2017)
- Notice of Determination of Issue Price (Paid-in Amount), Etc. of Stock Options (Stock Acquisition Rights) Fiscal 2016 Long-Term Incentives-Type Remuneration (Date of release: March 31, 2017)

End of News Release

Reference:

Terms and conditions regarding performance on long-term incentive-type remuneration

The Company imposes 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 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 ranging from zero to 130% 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 number of exercisable stock acquisition rights may be determined according to 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 strengthen their function as incentives for improving medium- to long-term business performance and achieving the targets.

When stock acquisition rights are allotted

- Use the same indicators as used in calculating annual bonus to each officer. Indicators are consolidated business performance (consolidated net sales, consolidated operating profit and net profit attributable to owners of parent), 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 profit by comparing the operating profit 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 profit for the same fiscal years as above of companies such as Kao Corporation (Japan), L'Oréal S.A. (France) and Estée Lauder Companies Inc. (USA), which are the leading cosmetic companies in Japan and overseas and have been designated in advance as comparable companies.
- Based on the comparison of the growth rates of operating profit between the Company and the comparable companies, decide the number of stock acquisition rights allotted to each director or corporate officer that are exercisable.