

(Translation)

May 18, 2007

Notice of Distribution of Retained Earnings

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 propose at its 107th Ordinary General Meeting of Shareholders to be held on June 26, 2007, an item of business relating to the distribution of retained earnings with the record date therefor fixed on March 31, 2007, as described below:

Description

1. Details of the dividends

	Amount determined	Most recent forecast for dividends (publicized on April 26, 2007)	Previous results (for the year ended March 31, 2006)
Record date	March 31, 2007	Same as on the left	March 31, 2006
Dividend per share	¥16.00	¥16.00	¥15.00
Amount of dividends	¥6,605 million	-	¥6,186 million
Effective date	June 27, 2007	-	June 30, 2006
Source of dividends	Retained earnings	-	Retained earnings

2. Reasons

Our total shareholder return policy emphasizes maximizing returns to shareholders through direct means, in addition to generating medium- and long-term share price gains. To this end, in allocating cash flows from operations, we prioritize (a) strategic investments linked to renewed growth, and (b) stable dividends and flexible implementation of share buybacks.

We have established a total return ratio, which represents the amount of profits returned to shareholders—the sum of dividends paid and share buybacks—as a proportion of consolidated net income. We hope to achieve a 60% total return ratio in the medium term while increasing the fraction of dividends.

Giving thought to such policy and consolidated operating results for the year ended March 31, 2007, we have determined to increase dividends in two consecutive years and thus, plan to declare a year-end cash dividend of ¥16.00 per share for the year ended March 31, 2007, up ¥1.00 from a year earlier. Coupled with the ¥16.00 interim dividend, this will bring total annual dividends to ¥32.00 per share, up ¥2.00 from a year earlier.

(For reference) Breakdown of the annual dividends

	Dividend per share		
	Interim	Year-end	Annual
Year ended March 31, 2007	¥16.00	¥16.00	¥32.00
Year ended March 31, 2006	¥15.00	¥15.00	¥30.00

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