

First Phase of Strategic Products for Masstige* Markets in Asia and Low-end Market in Japan

New Single Item High-Performance Skincare Products

SENKA Skin Lotion Made from Moisturizing Cream

to be Launched in Mid-September 2010

As the first phase of a strategic brand developed by integrating the masstige market, which places emphasis on the middle-income segment in rapidly growing Asian countries, and expanding the low-end skincare market in Japan, Shiseido will launch new skincare *SENKA Skin Lotion Made From Moisturizing Cream* (total of 4 products, 4 items), which gives skin a moisturized feeling like a moisturizing cream. Respective products will be launched from mid-September in Japan via FT Shiseido Co., Ltd. and consecutively introduced to masstige markets in Asian countries, including Taiwan in 2010 and other Asian countries from 2011 onwards.

The *SENKA* brand offers value and a sense of satisfaction extending beyond prices. Shiseido plans to extend the brand lineup by launching a greater variety of highly functional items.

* Masstige is a coined word from “mass” and “prestige,” and refers to a category that is “more expensive than mass-produced products, but more moderately priced compared with prestige products.”

Masstige Markets in Asia

The cosmetics market in respective countries in Asia, including China, is expanding and continuous growth is expected in line with economic growth. Shiseido is aiming to become “a global player representing Asia with its origins in Japan.” As part of such initiatives, Shiseido is promoting entry into masstige market. This is positioned as a major strategic market with high growth potential centered on the middle-income segment, which is designated as a volume zone in expanding Asian markets.

Shiseido has previously introduced and has steadily expanded sales of various brands targeting masstige markets in Asia, including its *Za* brand exclusively developed for the Asian market and *MAJOLICA MAJORCA* makeup brand originating from the Japanese market. Based on such initiatives and accumulated know-how for doing business in the masstige market, preparations are progressing in order to develop full-fledged strategies for masstige markets under the next Three-Year Plan starting from 2011.

Expansion of Low-end Cosmetics Market in Japan

The sluggish economy has heightened consumers' awareness of protecting their livelihood in Japan, giving rise to the intention to hold off on making purchases or buying low-end products. At the same time, consumers are seeking high-performance as well as economically priced products. Reflecting such consumer needs, for the Japanese skincare market, the market scale of low-end products priced ¥1,000 or less has particularly expanded among the low-end price range, up 3.3%^{*1} in fiscal 2009 versus fiscal 2006. Conversely, the market scale of mid-range to high-end skincare markets in fiscal 2009 contracted 2.2%^{*2} compared with fiscal 2006.

*1 Source: Value base of low-end skincare market scale (price range: ¥0-¥1,000; excluding facial cleansers) according to Intage SRI
Data period: April 2006-March 2007/April 2009-March 2010

*2 Source: Value base of mid-range to high-end skincare market scale (price range: from ¥2,001; excluding facial cleansers) according to Intage SRI
Data period: April 2006-March 2007/April 2009-March 2010

Strategic Brand Developed by Integrating Low-end Market in Japan and Masstige Markets in Asia

By grasping these market trends in Japan and Asian countries, Shiseido will seek to nurture *SENKA* as a strategic brand by integrating the needs of the low-end market in Japan and the development of masstige markets in Asia. The Company is also examining the development of several other brands for masstige markets targeting all Asian regions. As part of such initiatives, Shiseido will increase cost efficiency through seeking economies of scale by integrating the development of these two respective markets in Japan and Asia. In doing so, Shiseido aims to expand high-performance products at low prices.

As the first phase, while full-scale penetration has been initially planned from 2011, entry into masstige markets will be implemented for certain areas ahead of schedule. Accordingly, new skincare *SENKA Skin Lotion Made From Moisturizing Cream* will be launched as highly functional single items for the low-end skincare market in Japan while consecutively introducing these products in Asian markets, beginning with Taiwan in 2010 and respective Asian countries from 2011 onwards.

Skin Lotion Made from Moisturizing Cream

Among the expanding market for low-end skincare products in Japan, self-selection skin lotion products priced ¥1,000 or less are particularly achieving significant growth, with the market scale expanding 18.7%^{*3} in fiscal 2009 versus fiscal 2006. Within the self-selection skin lotion segment for all price ranges, items that are priced ¥1,000 or less comprise main products and account for 45.8%^{*4} of overall sales and 67.7%^{*4} in terms of volume. Additionally, with regard to customer awareness regarding skincare, while 50%^{*5} of customers place the greatest emphasis on moisturizing care, 85%^{*6} also want to reduce the time required for skincare regimens as much as possible. Taking this into consideration, Shiseido identified the need for simple skincare regimens that will steadily moisturize skin at a moderate price.

To this end, Shiseido will launch *SENKA Skin Lotion Made from Moisturizing Cream* that realizes an easy and simple skincare regimen featuring a high moisturizing capability akin to cream with the texture of skin lotion. *SENKA Skin Lotion Made from Moisturizing Cream* is a new concept skin lotion developed in response to customer voices that "using ordinary skin lotion is not enough," "moisture does not last" and "do not want to change easy and simple skincare regimen that can be completed in a short time." Manufactured by using the same process as moisturizing cream via Shiseido's original emulsification technology, *SENKA Skin Lotion Made from Moisturizing Cream* provides a cream-like high moisturizing effect and gives resilience to skin and doesn't feel sticky to the touch. Designed with simplicity in mind, *SENKA Skin Lotion Made from Moisturizing Cream* is also fragrance free and color free.

- *3 Source: Value base of low-end self-selection skin lotion market scale (price range: ¥0-¥1,000) according to Intage SRI
Data period: April 2006-March 2007/April 2009-March 2010
- *4 Source: Value base of low-end self-selection skin lotion market scale (price range: ¥0-¥1,000) according to Intage SRI
Data period: April 2009-March 2010
- *5 Shiseido survey: Implemented in November 2009; targeting users 15-59 year old (n=500)
- *6 Shiseido survey: Implemented in July 2009; targeting users 15-69 year old (n=3,644)

Promotion and Marketing Development

Sales promotions will be developed via TV commercials and the Internet immediately after launch from the end of September based on the catch copy of “Developing Skincare with You.” With regard to sales channels, products will be sold in approximately 34,000 stores including drugstores, general merchandising stores and home centers.







【Product List】

A total of 4 products and 4 items

Product Name	Category	Volume	Price
<i>SENKA Skin Lotion Made from Moisturizing Cream (Refreshing)</i> Product sold as <i>Hoshitsusenka Lotion (S)</i>	Skin lotion	200ml	No listed prices
<i>SENKA Skin Lotion Made from Moisturizing Cream (Refreshing)</i> Refill Product sold as <i>Hoshitsusenka Lotion (S) Refill</i>	Skin lotion	180ml	
<i>SENKA Skin Lotion Made from Moisturizing Cream (Dewy)</i> Product sold as <i>Hoshitsusenka Lotion (R)</i>	Skin lotion	200 ml	
<i>SENKA Skin Lotion Made from Moisturizing Cream (Dewy)</i> Refill Product sold as <i>Hoshitsusenka Lotion (R) Refill</i>	Skin lotion	180 ml	

【Product Overview】

All prices are no listed prices.

Product Name	Products Characteristics
<p><i>SENKA Skin Lotion Made from Moisturizing Cream (Refreshing)</i> <Skin Lotion> 200ml</p>  <p>Product sold as <i>Hoshitsusenka Lotion (S)</i></p>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>Skin lotion made from moisturizing cream that provides and retains plenty of moisturizing ingredients of moisturizing cream to the skin with the texture of skin lotion</p> </div> <p>Skin lotion that provides and retains the moisturizing effect of a cream. Non-sticky and retains moisture and also gives resilience to skin. Refreshing type that retains moisture with a revitalizing feeling</p> <ul style="list-style-type: none"> <input type="radio"/> Formulated with Royal Jelly GL^{*7} ^{*7} (Moisturizing) Royal Jelly Extract, Glycerin <input type="radio"/> Formulated with W Hyaluronic Acid^{*8} ^{*8} (Moisturizing) Sodium Acetylhyaluronate, Sodium Hyaluronate <input type="radio"/> Fragrance free, color free <input type="radio"/> Allergy tested
<p><i>SENKA Skin Lotion Made from Moisturizing Cream (Refreshing)</i> Refill <Skin Lotion> 180ml</p>  <p>Product sold as <i>Hoshitsusenka Lotion (S) Refill</i></p>	<ul style="list-style-type: none"> <input type="radio"/> Formulated with Royal Jelly GL^{*7} ^{*7} (Moisturizing) Royal Jelly Extract, Glycerin <input type="radio"/> Formulated with W Hyaluronic Acid^{*8} ^{*8} (Moisturizing) Sodium Acetylhyaluronate, Sodium Hyaluronate <input type="radio"/> Fragrance free, color free <input type="radio"/> Allergy tested
<p><i>SENKA Skin Lotion Made from Moisturizing Cream (Dewy)</i> <Skin Lotion> 200ml</p>  <p>Product sold as <i>Hoshitsusenka Lotion (R)</i></p>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>Skin lotion made from moisturizing cream that provides and retains plenty of moisturizing ingredients of moisturizing cream to the skin with the texture of skin lotion</p> </div> <p>Skin lotion that provides and retains the moisturizing effect of a cream. Non-sticky and retains moisture and also gives resilience to skin. Dewy type that retains moisture with a moisture-rich feeling.</p> <ul style="list-style-type: none"> <input type="radio"/> Formulated with Royal Jelly GL^{*7} ^{*7} (Moisturizing) Royal Jelly Extract, Glycerin <input type="radio"/> Formulated with W Hyaluronic Acid^{*8} ^{*8} (Moisturizing) Sodium Acetylhyaluronate, Sodium Hyaluronate <input type="radio"/> Fragrance free, color free <input type="radio"/> Allergy tested
<p><i>SENKA Skin Lotion Made from Moisturizing Cream (Dewy)</i> Refill <Skin Lotion> 180ml</p>  <p>Product sold as <i>Hoshitsusenka Lotion (R) Refill</i></p>	<ul style="list-style-type: none"> <input type="radio"/> Formulated with Royal Jelly GL^{*7} ^{*7} (Moisturizing) Royal Jelly Extract, Glycerin <input type="radio"/> Formulated with W Hyaluronic Acid^{*8} ^{*8} (Moisturizing) Sodium Acetylhyaluronate, Sodium Hyaluronate <input type="radio"/> Fragrance free, color free <input type="radio"/> Allergy tested