



(Translation)

December 11, 2009

Dear Sirs,

Name of the Company:	Shiseido Company, Limited
Name of the Representative:	Shinzo Maeda President & CEO (Representative Director)
(Code No. 4911; The First Section of the Tokyo Stock Exchange)	
Inquiries shall be directed to:	Satoshi Sekiguchi Head of Public Relations Department (Tel: 03 - 3572 - 5111)

Shiseido to Commence Operations of Wholly Owned Subsidiary Shiseido Cosmetics Vietnam Company Limited

Shiseido will establish Shiseido Cosmetics Vietnam Company Limited as a wholly owned subsidiary and commence operations from January 2010 (planned) to handle import and sales of cosmetics products in Vietnam.

Shiseido has been previously marketing its global brand *SHISEIDO* skincare and makeup products via its distributor in Vietnam since 1997. As a means of more proactively responding to significant growth of the cosmetics market and greater demand in line with Vietnam's rapid economic development in recent years, Shiseido will undertake measures to further enhance customer satisfaction and expand sales.

Initiatives in the Overseas Cosmetics Business

Shiseido is currently promoting its Three-Year Plan, which was formulated in 2008 in seeking to become "*a global player representing Asia with its origins in Japan.*" With respect to its overseas cosmetics business in fiscal 2009, the second year of its Three-Year Plan, various initiatives are being undertaken to bolster business schemes by designating the "expansion of operations in new and emerging markets" and "strengthening of operating bases in existing markets" as key goals. During the current fiscal year, Shiseido has expanded its sales channels in Egypt, Morocco, Laos and Azerbaijan in terms of developing new markets. Concurrently, with regard to markets in which Shiseido has already entered, various other measures are being carried out such as establishing a joint venture in Greece. The establishment of a sales subsidiary in Vietnam at this time is aligned with Shiseido's plans to further strengthen its business foundations.

Background of Establishing a New Subsidiary in Vietnam

Shiseido commenced sales via its distributor in Vietnam in 1997 and has since consistently promoted the prestige cosmetics business in department stores and cosmetics specialty stores for more than a decade. As a result, the high quality and high-status image of global brand *SHISEIDO* has become well established and has achieved a solid position as a prestige cosmetics brand in the market.

In the Vietnamese market, young people under 30 years old account for approximately 60% of the population. The cosmetics market is also expanding in line with higher incomes due to economic expansion, while at the same time, competition is becoming more intense. Accordingly, the decision was made to establish a new company through direct investment in order to further enhance Shiseido's presence in the market by developing meticulous marketing activities in view of customers' needs.

Marketing Plan

In the prestige cosmetics segment, global brand *SHISEIDO* and the luxury brand *Clé de Peau BEAUTÉ*, which is being developed and sold at separate sales counters, will be continuously nurtured. Newly designed sales counters will be introduced in department stores and specialty stores along with measures to refurbish existing stores and enhance the techniques and skills of Beauty Consultants. Additionally, initiatives will be taken to expand regular users through developing the *Za* brand targeting the expanding middle-income group in Asia.

Overview of New Company

Company name:	Shiseido Cosmetics Vietnam Company Limited
Location:	Nguyen Luong Bang Street, Tan Phu Ward, District 7 Ho Chi Minh City, Vietnam
Representative:	Mr. Tatsuki Nagao, General Director
Capital:	US\$12.75 million
Scope of business:	Import and sales of cosmetic products

Brands to be Handled

Global Brand *SHISEIDO*:

SHISEIDO White Lucent and *SHISEIDO Bio-Performance* skincare lines as well as makeup, suncare, body care, fragrance and men's cosmetics products, etc.

Other non-*SHISEIDO* brands will also be handled including the luxury brand *Clé de Peau BEAUTÉ*, the *Za* brand targeting the expanding middle-income group, Group company fragrance *Parfums ISSEY MIYAKE* and *Parfums Jean Paul Gaultier*.



SHISEIDO sales counter in Ho Chi Minh City

There are no changes for our consolidated earnings forecasts for the fiscal year ending March 31, 2010.

Reference

Three overseas strategies in the current Three-Year Plan from fiscal 2008 to fiscal 2010

1) **Innovating the global brand SHISEIDO:**

Following the launch of a new makeup line in January 2009, initiatives have been implemented that include remodeling the functions and design of counters as a means of integrating the image of the global brand *SHISEIDO* as a high quality, highly functional and global prestige cosmetics brand at stores along with strengthening communication capabilities. Additionally, efforts are being directed toward improving the counseling skills of approximately 9,000 Beauty Consultants worldwide (excluding Japan).

2) **Development of the City Concept strategy:**

Under the City Concept, the world's major markets are considered as city-based rather than country-based units, whereby management resources are concentrated on target cities directed toward enhancing the presence of the global brand *SHISEIDO* and realizing ripple effects on a group-wide basis.

3) **Expansion of operations in New and Emerging Markets:**

Along with such efforts as commencing sales via a subsidiary in Russia in 2008, Shiseido products are gaining a high reputation from customers, thereby successfully penetrating Shiseido's unique and sophisticated image as a prestige cosmetics brand. In conjunction with penetration into new and emerging markets, regarding markets in which Shiseido has already entered, plans call for examining various measures that include the strengthening of business schemes such as direct marketing by Shiseido's sales subsidiaries.

Main Initiatives for Strengthening Overseas Business

January 2008	Shiseido (RUS), LLC commenced sales of cosmetics in Russia. (Entered the market via distributor in 1999; established a subsidiary in 2007.) <u>Strengthening of business scheme</u>
March 2008	Commenced sales in Romania and Bulgaria. (Entered the market via import and sales distributor in Eastern Europe.) <u>Entry into emerging markets</u>
March 2008	Announced plans to establish a production factory in Vietnam (construction to be completed in February 2010), becoming the 11th production base overseas (Americas: 3, France: 3, Mainland China: 2, Taiwan: 2, Vietnam: 1). <u>Strengthening of global production structure</u>
January 2009	New makeup line launched from global brand <i>SHISEIDO</i> . Remodeled function and design of sales counters and introduced symbolic sign. <u>Innovating the global brand <i>SHISEIDO</i></u>
January 2009	Shiseido Deutschland GmbH incorporated the sales and marketing functions for The Netherlands and Poland and shifted to handling operations directly. Marketing was previously handled via its distributors since 1964 in The Netherlands and 1998 in Poland. <u>Strengthening of business scheme</u>
May 2009	Entered in Africa for the first time. Launched global brand <i>SHISEIDO</i> at duty free shops in Cairo Airport in Egypt via Shiseido Europe S.A.S (Paris, France). <u>Entry into emerging markets</u>
August 2009	Commenced sales in Morocco. Launched global brand <i>SHISEIDO</i> via Shiseido Europe S.A.S. <u>Entry into emerging markets</u>
August 2009	Commenced sales in Laos. Launched global brand <i>SHISEIDO</i> via Shiseido Thailand Co., Ltd. (Bangkok, Thailand). <u>Entry into emerging markets</u>
October 2009	Signed a contract to establish Shiseido Hellas S.A. in Greece as a joint venture between Shiseido International Europe S.A. (Paris, France) and a leading Greek cosmetics import and sales company. <u>Strengthening of business scheme</u>
December 2009	Sales to commence in Azerbaijan in Central Asia. Global brand <i>SHISEIDO</i> to be launched via Shiseido Europe S.A.S. <u>Entry into emerging markets</u>

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