

[Reference]

**Shiseido and Bare Escentuals  
Creating Synergies in Skincare Development**

~Market Launch of New Skincare Line Aimed at Strengthening Market Expansion in Asia~



Bare Escentuals, Inc. (hereinafter, “BE”; located in California in the United States), which is a wholly owned subsidiary of Shiseido Co., Ltd., has developed the *bareMinerals Skincare* line (total of 7 products; ¥2,800~¥4,500 (¥2,940~¥4,725 incl. tax)) for Asian markets and will launch the new products from March 2012. With this skincare line, Shiseido, which is well versed in Asian people’s skin, and BE, which is recognized as the pioneer in terms of mineral foundation, have realized the creation of synergies in product development.

Product sales will commence from March 16, 2012 in Japan and are slated to be launched consecutively in Asian markets thereafter. In Japan, the products will be promoted at 11 department stores and via QVC (exclusive channel for television shopping) from April 2012 through a wholly owned subsidiary of BE, Bare Escentuals, KK. (located in Ginza, Chuo-ku, Tokyo).

**Synergy Creation through the Development of Skincare Products**

San Francisco based BE, which was founded in 1976, celebrates its 35th anniversary this year. *bareMinerals*, the company’s flagship brand using mineral makeup that is formulated without preservatives, is sold in 31 countries worldwide and has acquired an overwhelming market share in the North American market by gaining recognition for achieving a beautiful finish and being gentle to the skin.

BE became a member of the Shiseido Group in 2010 with the aim of strengthening Shiseido’s presence in the U.S. market and acquiring new brand value in mineral-type cosmetics. The current initiative is aimed at accelerating the enhancement of *bareMinerals’* presence in Asian markets, which are experiencing remarkable growth, by utilizing Shiseido’s strong skincare development capabilities and sales network built over many years in Asia.

**【Product List】**

All prices are no listed prices.

| Product Name  | Category            | Volume | Price                     |
|---|---------------------|--------|---------------------------|
| <i>bareMinerals Purifying Foam Cleanser</i>   | Facial cleanser     | 140ml  | ¥2,800 (¥2,940 incl. tax) |
| <i>bareMinerals Hydrating Milk Cleanser</i>   | Facial cleanser     | 115ml  | ¥2,800 (¥2,940 incl. tax) |
| <i>bareMinerals Active Cell Renewal Night Gel</i>   | Nighttime serum     | 50g    | ¥3,800 (¥3,990 incl. tax) |
| <i>bareMinerals Active Cell Renewal Night Serum</i>   | Nighttime serum     | 30ml   | ¥4,500 (¥4,725 incl. tax) |
| <i>bareMinerals Hydrate &amp; Nourish Moisturizer</i><br>(3 kinds for normal skin, dry skin and combination skin) | Moisturizing liquid | 115ml  | ¥3,800 (¥3,990 incl. tax) |

All products above are free of paraben, fragrances, mineral oils.

## **“24-hour Mineral Care” for Asian People**

With regard to the development at this time, as a means of utilizing the strengths of both companies, initiatives were carried out to develop a skincare line that will help Asian people realize beautiful skin by integrating the uncompromising approach toward “minerals” of BE, which is the pioneer in mineral foundation, and Shiseido’s knowledge and development capabilities. Accordingly, the new skincare line was successfully realized by formulating BE’s proprietary mineral ingredient ActiveSoil Complex<sup>\*</sup> in all items and integrating the knowledge of the Shiseido Research Center regarding the “skin’s biological rhythms” to achieve “24-hour mineral care” from foundation to skincare.

\* Compound ingredient of minerals made up of macro and micro minerals, including Calcium, Magnesium, Potassium and Iron. (Soy Minerals, BG (moisturizer)). Such minerals were discovered by Leslie Blodgett, Executive Chairman of the company, in collaboration with an expert of organic agriculture.

## **Skin’s Biological Rhythms and the Power of Minerals**

Biological activities on the Earth are sustained by circadian rhythms in accordance with day and night on the Earth. Today, women’s living environments are based on a round-the-clock structure with not enough time to get sufficient rest in terms of both mind and body. This is a result of various factors such as women’s participation in society and changes in lifestyles due to the use of the Internet.

The Shiseido Research Center discovered the fact that skin becomes dry and the barrier function of the stratum corneum declines when biological rhythms for nurturing beautiful skin become disrupted<sup>\*</sup>. “*bareMinerals Skincare*” has adopted the concept of “treating” skin using nighttime serum in addition to the basic steps of “cleansing” and “moisturizing” as a daily regimen. This serum is formulated with ActiveSoil Complex, a mineral ingredient that is representative of BE and formulated in all of its products, and Shiseido’s original ingredients focused on the skin’s biological rhythms. A formulation that seeks to bring effects and is gentle to the skin leads to moisture-rich and resilient skin with translucency and that is brimming with the skin’s natural vitality, while the texture gives a smooth feeling without stickiness and thus is also comfortable for the highly humid climate specific to Asia.

\* Announced at the WorldSleep 2011 6th World Congress of the World Sleep Federation.

Additionally, the launch of “*bareMinerals Skincare*” will also be actively promoted through women’s magazines targeting women in their 30s and 40s from spring 2012. Other upcoming initiatives also include sampling campaigns via websites.

**Comments from personnel in charge of  
Japan-U.S. development from San Francisco**



### **Sarina Godin**

**Vice President, Global Product Development, Bare Escentuals, Inc. (San Francisco)**

We are very excited about the launch of the *bareMinerals Skincare* line in Asia. With Bare Escentuals being the pioneers in minerals and Shiseido having the expertise in skincare R&D, we were able to collaborate together to develop a comprehensive line that is healthy yet extremely efficacious. For the first time, we are delivering exceptional skincare benefits through the power of minerals.

### **Shin Hasebe, dispatched to BE from Shiseido Co., Ltd.**

#### **Asia Skincare Development Advisor**

I have been working at the BE head office in San Francisco since 2010. In addition to differences in country, race and language between Japan and the United States, there are many other new discoveries every day between Shiseido, which has approximately a 140-year history, and Bare Escentuals, which marks the 35th anniversary this year. A commonality in terms of corporate culture is that the two companies thoroughly promote a “customer first” spirit. However, in terms of manufacturing, I was somewhat perplexed about the differences between BE, which has its forte in taking a sensitive approach by designating makeup products as mainstay items, and Shiseido, which designates science and technology as its core domain. Nonetheless, the strengths of both companies gradually became visualized through continuous discussions until mutual satisfaction was gained, and we came to share these aspects. I am carrying out activities by being conscious about fulfilling a role as a bridge between Japan and the United States and thoroughly carrying out my duties as a communicator. Under these circumstances, I realize that various synergies are steadily being generated. We are fully confident and hope that many customers in Asia will be satisfied with our new *bareMinerals* products.

#### **【Sales Company in Japan: Overview of Bare Escentuals, KK.】**

- (1) Official name: Bare Escentuals, KK.
- (2) Location: 7th floor, SPP Ginza Building, 2-4-9, Ginza, Chuo-ku, Tokyo, Japan
- (3) Business scope: Import and sales of cosmetics (*bareMinerals* brand and others) and related products in Japan
- (4) Capital: 100 million yen
- (5) Investment ratio: Wholly owned subsidiary of Bare Escentuals, Inc. (Second-tier subsidiary of Shiseido Co. Ltd.)
- (6) Representatives: Representative Director Myles McCormick / General Manager Norio Tadakawa

#### **Shiseido Global Mega-Brand *Bare Escentuals***

Under its Three-Year Plan commencing from fiscal 2011, Shiseido is currently promoting four strategies—the Global Mega-Brand Strategy, Asian Breakthrough Strategy, New Frontier Strategy and Customer-First Strategy—based on the theme of “getting into a growth trajectory.”

In particular, Shiseido designates Global Mega-Brands\* as those that capture markets beyond areas and in which management resources such as manpower or marketing costs are invested. Accordingly, Shiseido is placing an emphasis on nurturing Shiseido Group prestige and masstige categories by selecting three brands (total of 6 brands) from each domain.

*Bare Escentuals*, which originated in the United States, is one of the Global Mega-Brands. Accordingly, initiatives are underway for strengthening expansion targeting global markets by improving brand value in the prestige domain and in turn enhancing the value of the Shiseido Group. Specifically, in Asian cosmetics markets, which are expected to continuously achieve high growth in the future, Shiseido is cultivating sales channels while leveraging its sales know-how and initiatives in terms of distribution accumulated over many years. In China, Shiseido has commenced sales of *Bare Escentuals* products in upscale department stores in Hong Kong from October 2011 through a wholly owned sales company, Shiseido Hong Kong Ltd.. Shiseido will continue to augment product categories and promote initiatives in view of strengthening market expansion in emerging countries and European markets. Additionally, with regard to production, Shiseido America, Inc. (located in New Jersey, U.S.A.), a wholly owned subsidiary of Shiseido, is currently making preparations for transferring a portion of production while also considering ways to optimize distribution in North America.

\*Global Mega-Brands: Brands achieving sales of 50-100 billion yen that also capture markets beyond areas and in which management resources such as manpower and marketing costs are invested, thereby enhancing the value of the Shiseido Group and pursuing expansion of points of contact with new customer segments.