SHISEIDO
NEWS RELEASE

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First Phase of the Mega Line Concept in Japanese Market

New Launch of *Maquillage* and *UNO*

～Concurrent launch of a new total makeup line and men's line～

As the first phase of the "Mega Line Concept," which is one of the pillars of the marketing reforms in the Japanese market promoted by newly appointed President & CEO, Shinzo Maeda, Shiseido will launch ***Maquillage***, a new total makeup line, and new ***UNO*** men's line on August 21, 2005.

Shiseido has set "100% customer-oriented marketing reforms" as the core concept of its Three-Year Plan beginning from 2005, and has been promoting bi-directional "Japanese marketing reforms," as a top priority.

The first direction is the "strategy to deeply entrench contact points with customers," which serves to further deepen relationships with customers. Shiseido will strengthen brand allocation by sales channels targeting respective customer's needs, an approach the Company has been implementing since 1996. By doing so, Shiseido aims to create brands that boast top customer share (brand share on a per customer basis).

The second direction is the "strategy to expand contact points with customers," which aims to bolster competitiveness in the market place by expanding contact points with customers. This approach represents a "mega line concept" that creates a top line in each category by launching mega lines that sell products across the channel in respective categories such as skincare, makeup, hair care and men's products, as well as by concentrating advertising and promotional activities on the corresponding line.

Maquillage and new *UNO* are the first two of four lines that Shiseido plans to launch from each of the aforementioned categories under this concept. Both lines aim to become the No. 1 line in the makeup and men's categories, respectively.

Shiseido will accelerate its marketing strategy from two directions that create strong ties by meeting many customers through the collective efforts of the entire company in order to "cultivate strong brands," which gain overwhelming support from customers.

Marketing and Deployment of *Maquillage*

Maquillage (14 products, 67 items) is a total makeup line that includes items ranging from base makeup such as foundation to point makeup such as lipsticks and eye colors. The line targets women aged 25 to 35 who incorporate trends while further refining their "own beauty" regardless of age.

Shiseido has been developing *Proudia* and *Pied Nus* (both launched in 1997) as a base makeup line and point makeup line that represent respective categories. At this time, Shiseido will launch *Maquillage* as an ultimate makeup line that incorporates the attributes of each line while pursuing "genuineness, high quality and mature beauty" that captures modern trends.

With regard to promotional activities, Shiseido will employ Misaki Ito, Yuri Ebihara, Chiaki Kuriyama and Ryoko Shinohara as image models to demonstrate the diversity of today's concepts of beauty, values and originality. Under the theme "The Advent of the Beauty Climax," Shiseido will begin magazine advertisements from late July and TV commercials from August 21.

Ongoing promotional activities for *Maquillage* will be developed six times annually, with planned investment of ¥4 billion a year for advertising, which includes 10 million product samples, TV advertising of 20,000 GRP and advertisements in 100 magazines.

Sales channels are expected to encompass approximately 18,000 stores, including drug stores, general merchandising stores, cosmetic specialty stores and department stores, and roughly ¥50 billion in retail sales are targeted for the first year (from August 21, 2005 to August 20, 2006).

Marketing and Deployment of New *UNO*

Since its initial launch in 1992, the *UNO* line targeting men has been well received by users for its "non-fragrance and non-oily" features. New and improved *UNO* to be launched at this time (a total of 9 items and 9 products) has evolved so as to enable a wider range of customers use the line's products.

In seeking to achieve a fundamental strengthening of *UNO* as a new and improved line, in addition to the previously launched product series promoting the key concepts of "cleanliness and appearance," a completely new series will also be introduced under the concept "fashion and the power of self-expression," targeting young males mainly in their teens and 20s.

In fiscal 2005, Shiseido will launch "new fiber hair styling products" from its new series in realizing hairstyles that meet the expectations of young males.

Until now, Shiseido has been cultivating a presence in the men's market centering on *GERAID* and *UNO* lines; however, marketing for this segment will be integrated into the newly revamped *UNO* line. Promotional activities for the line will be developed four times annually, with an initial investment of ¥2 billion in advertising, including two million samples, TV advertising of 10,000 GRP and advertisements in 50 magazines.

The catch copy "*henshin* (meaning 'transformation')" will be used for TV commercials in which a total of 52 popular comedians who frequently appear on entertainment TV programs will appear, including *Ungirls*, *Itsumokokokara*, *Kanning Takeyama*, *King Kong* and *Hiroshi*. A total of 54 versions will be produced and are scheduled to air from the end of August, with magazine advertisements concurrently deployed during the same timeframe.

Sales channels are expected to comprise approximately 50,000 stores, including drug stores, convenience stores, supermarkets, general merchandise stores and cosmetic specialty stores, and roughly ¥15 billion in OTC sales are targeted for the first year (from August 21, 2005 through August 20, 2006).