



September 8, 2011

SHAREHOLDER UPDATE

Dear Shareholder,

As we enter the end of the third Quarter of 2011, I would like to take this opportunity to update you on important corporate and licensee developments.

Research & Development:

Our R&D department has made some significant milestone developments in 2011.

Transdermal and Mucosal Development

Recently Skininvisible was a featured company in an article in Drug Development & Delivery Journal (July/August Issue, page 26 <http://www.drugdeliverytech-online.com/drugdelivery/20110708#pg27>) Skininvisible products have always centered on topical delivery; products that adhere to the skin and provide therapeutic benefits. This still remains our main focus, however as the article notes; we have been conducting research and are now developing transdermal (penetrate through the skin) and mucosal (adhere to moist surfaces ie/ inside the mouth) products.

FDA Orphan Drug Submission:

Earlier in the year we made our first submission to the FDA's Orphan Drug Department for a unique product to treat the symptoms of Netherton Syndrome. Netherton is a type of ichthyosis (dermatitis-like) skin condition which usually appears at birth and can have devastating effects on the child and the families that support them. Skininvisible has been able to develop a product with our Invisicare polymer which could help alleviate these symptoms. The initial FDA review has occurred and we are encouraged by the positive response we received in which the FDA wrote that Netherton Syndrome fits the criteria to be an orphan disease. Additionally they asked that we submit additional data to further support our findings. We have hired a consulting company to work with our R&D team and expect to have the re-submission completed in October. Should the product be designated an orphan drug, Skininvisible would be entitled to significant benefits including no FDA submission fees, seven years market exclusivity and others.

Key Opportunities:

An Answer for Products Coming Off Patent

There has been a lot written lately in the news about pharmaceutical companies who have products coming off patent over the next few years. For many their products will lose significant revenue (some \$200 Million or more per year) as generic products are introduced into the marketplace with a significant discount. Skininvisible offers these pharmaceutical companies the opportunity to have their product reformulated with our patented Invisicare polymer providing them with a new patent along with added benefits for the patient.

Enhancing the Delivery of Marketed Products

Companies are always looking for a market advantage for their products; whether that is with "new and improved" formulations or product line extensions. Skininvisible provides an "upgraded" product to

supplement existing product lines with major new benefits that will help produce new sources of revenue for licensees.

Skinvisible's Pipeline

Currently Skinvisible has thirty-six products developed and available for licensing worldwide. Prescription products cover medical conditions such as acne, dermatitis, actinic keratosis, basal cell carcinoma, pain management, inflammation and others, while over-the-counter and cosmeceutical products are available in the categories of anti-aging, sunscreens, antimicrobials and sunless tanners.

Skinvisible's Business Development Efforts:

Skinvisible has participated in numerous international conferences and meetings in the US, Canada and Europe. Many of these meetings have drawn interest from international pharmaceutical and consumer goods companies. These meetings have provided Skinvisible management and consultants with the opportunity to meet new companies not only from the US but also from Asia, Europe and Canada. We are engaged in new and ongoing discussions with mid and large-size pharmaceutical, consumer goods companies as well as potential partners concerning joint ventures, collaborations and licensing deals. We believe that Invisicare's product benefit coupled with patent protection offers these companies the big competitive advantage they are looking for.

The Value of Patent Protection:

Patent protection will always continue to be a priority for Skinvisible, although it remains the largest expense for Skinvisible. The end justifies the means, with a higher commercial value for our patented products and therefore a greater overall value of the Company. To date we have been granted the following ten patents, in addition Skinvisible has numerous patents pending worldwide:

United States Patents Granted: Three granted including two for the Invisicare technology and one product patent some extending to 2025;

International Patents Granted: Seven granted for the Invisicare technology: India, Australia, Japan, China, Korea, Hong Kong, and Canada;

Patents Pending: To date we have over 29 patents pending on finished product formulations both in the US and internationally. This is a continual effort as patent protection and extension of our existing patent protection is a key strategy for Skinvisible that adds value to the company and its products.

Skinvisible's Licensee Developments:

A significant milestone occurred in July when Womens Choice Pharmaceuticals launched the first Skinvisible prescription product in the United States. The prescription product ProCort®, a hemorrhoid cream made with Invisicare has a retail value of \$183. Information can be found on their website: www.wcpharma.com .

We reached another important licensee milestone in September with our Canadian licensee Alto Pharmaceuticals, Inc., completing its first manufacturing of DermSafe® hand sanitizer and the first commercial introduction of DermSafe into the marketplace. Alto will not only start marketing DermSafe in Canada, it will also be the "preferred manufacturer" for DermSafe's international licensees. This allows current (and future) licensees a quick to market strategy. Instead of setting up manufacturing in their own countries, where it may be time/cost prohibitive, licensees can import DermSafe® directly from Alto.

In July 2011, we signed a continuation agreement with Rhei Pharmaceuticals Ltd., our licensee for the commercial rights to DermSafe in Europe (called HandSafe™ in Europe). The agreement allows Rhei to defer the balance payment of \$200,000 for its license agreement until December 2011. This will allow Rhei to invest its funds into its start-up costs (clinical, further regulatory and marketing) of HandSafe in Europe.

The timing of the launch of DermSafe into the market is appropriate. September is not only the beginning of the school year but also the beginning of flu season in the northern hemisphere. There are already reports that a new deadly mutant strain of H5N1 (the Bird Flu - highly lethal) in India, China and Vietnam. As this virus is different from previous bird flu viruses (and therefore no vaccine) this would be the third and potentially the deadliest bird flu virus to spread around the world. H1N1 (the Swine Flu - highly infective) virus has also been seen in the United States. Hand washing is always the first line of protection against the spread of the flu. Independent studies conducted at Retroscreen Virology in London England confirm that DermSafe kills both the H5N1 virus as well as the H1N1 virus on contact and for up to 4 hours post application.

Conclusion:

The positive developments we are seeing on new product launches coupled with the fundamental strength of our technology, patents, pipeline, R&D efforts and license agreements, keep us energized and confident regarding Skinvisible's near and long term prospects.

Our strategy is to continue to build Skinvisible into a successful, profitable company. We will achieve this through a combination of financings, license fees and royalty payments that will enable us to continue the development of our Invisicare technology and our product pipeline. We continue to keep our eyes firmly focused on the target of corporate value for the long-term benefit of our shareholders.

Thank you for your continued support

Sincerely,



Terry Howlett

President & Chief Executive Officer

www.skinvisible.com and www.invisicare.com

Disclaimers:

This letter belongs exclusively to Skinvisible, Inc. It does not imply an offering of Securities.

Forward-Looking Statements:

This letter contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Actual results could differ materially from those projected in the forward-looking statements as a result of the risk-related factors set forth herein.