



January 31, 2006

Company Name FANCL CORPORATION
Representative Kenji Fujiwara,
President and Representative Director
Stock code 4921, 1st section Tokyo Stock Exchange
Inquiries Shoji Shiba, Executive Officer
General Manager of Administrative Headquarters
(Telephone: 045-226-1200)

**Notice of Stock Split and
Revision (increase) of the Forecasted Year-end Dividend for
the Fiscal Year 2006 ending in March**

As described below, notice is hereby given that at the Board of Directors meeting held on January 31, 2006, it was resolved that the Company would conduct a stock split and that a revision (increase) was made in the forecasted year-end dividend for the fiscal year 2006 ending in March.

1. Stock Split

(1) Objective of the stock split

To create an environment in which investors can easily invest in the Company's shares and to seek to stimulate the liquidity of the Company's shares and to expand the investor base of the Company.

(2) Summary of Stock Split

1. Method

A three-for-one stock split of the Company's shares shall be conducted for all the shares held by the shareholders recorded in the record of shareholders and the record of beneficial shareholders as of March 31 (Friday), 2006.

2. Number of shares to be increased by stock split

The number of shares of common stock of the Company will be a multiple of 2 of the total number of shares issued on March 31 (Friday), 2006.

(3) Schedule

Stock split reference date: March 31 (Friday), 2006
Effective date: April 1 (Saturday), 2006
Stock certificate delivery date: May 19 (Friday), 2006

(4) Starting date of the computation for dividends: April 1 (Saturday), 2006

(5) Increase in the total number of shares issued by the Company

Pursuant to the above noted stock split, effective April 1 (Saturday), 2006 Article 5 of the Company's Article of Incorporation will be modified based on the provisions of Article 218.2 of the Commercial Code and the total number of issued shares shall increase by 155,892,000 shares to 233,838,000 shares.

(6) Other matters required by this stock split shall be determined in future Board of Directors meetings.

(Reference)

1. The reason why the increase in the number of shares caused by the stock split is not clearly shown is that there is a possibility that there will be an increase of the total issued number of shares due to the exercise of stock options between the date of this resolution of the Board of Directors meeting and the stock split reference date and it is therefore impossible to establish the total number of issued shares as of the date of the split.
2. When calculating the number of shares using the total number of issued shares as of December 31, 2005 as a benchmark, the total number of shares issued following the stock split will be as follows:
Current total number of issued shares: 23,392,200
Number of shares to be increased by this stock split: 46,784,400
Total number of shares issued after increase: 70,176,600
3. There will be no increase in capital on the occasion of this stock split.
Capital as of December 31, 2005: ¥10,795,161,280
4. Strike Price Adjustment
Pursuant to this stock split, the following adjustments will be undertaken in the strike prices following April 1, 2006 of the subscription rights issued by the Company based on Article 280.19 of the previous Commercial Code and in the warrants issued by the Company based on Article 280.20 and Article 280.21 of the Commercial Code.

Issue	Post-adjustment strike price	Pre-adjustment strike price
1 st subscription rights issue (Resolution of the June 28, 1999 Regular General Meeting of Shareholders)	¥5,514	¥16,540
1 st warrants issue (Resolution of the June 16, 2002 Regular General Meeting of Shareholders)	¥1,367	¥4,100
2 nd warrants issue (Resolution of the June 19, 2004 Regular General Meeting of Shareholders)	¥1,217	¥3,650

2. Revision (increase) of the Forecasted Year-end Dividend for the Fiscal Year 2006 ending in March.

(1) Reason for the Revision of the Forecasted Dividend

On the foundation of maintaining stable dividends, it is the policy of the Company to return profits to shareholders through an organic combination of dividend increases and stock splits on the basis of increasing business performance.

With respect to the year-end dividend per share for the fiscal year 2006 ending in March, we forecast that, considering the current state of the Company's business performance and in response to the support enjoyed by the Company from its shareholders, the Company will increase dividends by 5 yen per share bringing the total to 30 yen per share.

(2) Revision Details

	Interim	Year-end	Annual
Previous forecast (November 1,2005)	¥25.00	¥25.00	¥50.00
Revised forecast	¥25.00	¥30.00	¥55.00
Previous fiscal year (year ended March 2005)	¥25.00	¥25.00	¥50.00