

## Revision of Basic Policy on Shareholder Returns

**YOKOHAMA, November 4, 2008** – FANCL Corporation (“FANCL”) today announced the following revisions to its basic policy on shareholder returns.

### 1. Purpose of revisions

FANCL considers the distribution of profit to shareholders to be an important management issue, and has been operating under a basic policy of maintaining stable returns while implementing dividend increases and share splits as appropriate to reflect any improvements in business performance. The Company has now adjusted its basic policy on shareholder returns as a further step in its commitment to shareholder value.

### 2. Details of revisions to basic policy on the shareholder returns

	Previous policy	Revised policy
Dividends	Maintain stable returns and implement dividend increases in accordance with improved results	Maintain a dividend pay out ratio of at least 40% of consolidated net income
Acquisition of treasury shares	Acquire treasury shares based on consideration of factors such as the Company's financial condition and trends in the share prices	Flexibly consider the acquisition of treasury shares with the aim of improving the capital efficiency ratio, while taking into account trends in the share price and future capital funding requirements
Cancellation of treasury shares		In principle, treasury shares in excess of 10% of the total number of outstanding shares will be cancelled

\*\*\*\*\* Ends \*\*\*\*\*

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