

April 27, 2005

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Revisions to the Three-Year Medium-term Management Plan

At a meeting of its Board of Directors today, FANCL CORPORATION adopted the downward revisions announced on November 4, 2003 to the FANCL Change & Challenge Plan, the new three-year medium-term management plan implemented in fiscal 2005.

The "FANCL Change & Challenge Plan," three year Medium-term Management Plan unveiled on November 4, 2003 and starting in the March 2005 fiscal year, aims at a recovery in growth potential and earning capabilities. In that initial year, however, sales of the *Hatsuga Genmai* Business and the IIMONO OHKOKU mail-order Business did not meet expectations, and overall sales came in at ¥87.9 billion, ¥5billion short of the target.

Sales of our core Cosmetics and Nutritional Supplements Business are trending close to targets, but the IIMONO OHKOKU mail-order Business and *Hatsuga Genmai* Business are both forecast to report sales and profits significantly below plans. Numerical targets, therefore, have been revised as shown below.

Despite the revisions, there is no change in the three-year plan's basic policy of change and challenge. We believe the record high sales and profits targeted for the year ending March 31, 2007 are attainable.

[Target Figures (Year ending March 31, 2007)]

	Consolidated net sales	Consolidated ordinary income	Consolidated ordinary income margin	Consolidated ordinary income / total assets
Revised targets	¥105 billion	¥12 billion	11.4%	13.5%
Previous targets (as of November 4, 2003)	¥120 billion	¥16 billion	13%	16%

[Business strategies]

(1) Core Businesses

Targets are reinforcement of the earnings foundation and expansion of sales.

In the Cosmetics business, FANCL is moving forward with product development stressing functionality. Mail-order is the core sales channel, and we are moving aggressively to grow retail sales by establishing new shops.

In the Nutritional Supplements Business, we are bringing out high-value-added

products using original materials. Mail order is the core sales channel, and we are reinforcing retail sales and wholesale sales.

(2) Other Businesses

Plans call for their conversion to profitable businesses.

In the *Hatsuga Genmai* Business, we are looking to move into profitability by cultivating new customers, reinforcing rice for processed foods and improving factory operating rates.

In the Kale juice Business, a shift to high-margin high-added-value products is to improve profitability and move into the black.

In the IIMONO OHKOKU mail-order business, product capability reinforcement and cost reductions are intended to build a structure enabling stable profits.

FANCL Change & Challenge Plan

To achieve further growth amid the significantly fluid environment in which FANCL operates, it is paramount for the Company to establish a new FANCL that improves responsiveness to market changes and makes a clear break with current conventions. For this reason, FANCL formulated the FANCL Change & Challenge three-year medium-term management plan (April 2004 through March 2007).

The new plan aims to recover growth in sales. Change lies ahead. In the first half of the plan, FANCL will concentrate on structural improvements, personnel training and the corporate culture, while aiming to implement new measures and recover growth during the second half.

The FANCL Change & Challenge Plan emphasizes getting close to customers (Close to our Customers); improving internal communication among personnel involved in product creation, sales channel management and research (Come to Communicate); and eliminating wasteful costs (Cut our Cost).