

## **Partial Amendments to Articles of Incorporation**

**YOKOHAMA, May 20, 2010** — At a board meeting held on May 20, 2010, the directors of FANCL CORPORATION (the “Company”) resolved to submit a proposal for partial amendments to the Articles of Incorporation of the Company (the “Articles”) to the 30<sup>th</sup> annual general shareholders meeting of the Company scheduled to be held on June 19, 2010 (the “Shareholders Meeting”) as described below.

### **1. Reasons for Amendments**

At a board meeting held on May 20, 2010, the directors of the Company resolved to adopt a basic policy regarding the persons who control the decisions on the Company’s financial and business policies (as provided in Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act; hereinafter referred to as the “Basic Policy”) and to introduce a plan for countermeasures against large-scale acquisition of the Company shares (takeover defense measures) (the “Plan”) as a measure to prevent decisions on the Company’s financial and business policies from being controlled by persons deemed as inappropriate pursuant to the Basic Policy (Article 118, Item 3 “ro” (2) of the Ordinance for Enforcement of the Companies Act).

The Plan will be effective until the conclusion of the Shareholders Meeting initially and the board of directors of the Company will request the shareholders to approve of the continuation of the Plan at the Shareholders Meeting. To this end, the new Article 17 Paragraph 1 shall be introduced in order to reflect shareholders’ opinion in the Articles with regard to the introduction, continuation, revision and abolishment of the Plan.

The new Article 17 Paragraph 2 shall also be introduced in order to reflect shareholders’ opinion in the Articles with regard to (i) the implementation of the gratis allotment of share acquisition rights or other countermeasures to be taken pursuant to the Plan and (ii) particulars of such countermeasures.

Please refer to the news release titled “Introduction of Countermeasures to Large-scale Acquisition of the Company Shares (Takeover Defense Measures)” that the Company separately announced today for particulars of the Plan.

### **2. Particulars of the Amendments**

The Company proposes that the current Articles be amended as follows:

(Amendments are underlined)

Current Articles	Proposed Amendments
<p data-bbox="464 465 544 499">(New)</p> <p data-bbox="225 1711 544 1744">Articles 17~41 (Omitted)</p>	<p data-bbox="810 421 1369 544">Section 3 Shareholders Meeting (Countermeasures Against Large-Scale Acquisition of the Company Shares)</p> <p data-bbox="810 562 1369 976">Article 17 The Company may introduce, continue, revise or abolish countermeasures against large-scale acquisition of the Company shares (the “Countermeasures”) upon resolution of the shareholders meeting or the board of directors.</p> <p data-bbox="895 994 1369 1648">(2) The Company may allot share acquisition rights without contribution to shareholders or take other countermeasures pursuant to the procedures provided in the Countermeasures set forth in the preceding paragraph or determine any matters concerning the same upon resolution of the board of directors (either by itself or delegated by the resolution of the shareholders meeting) or the shareholders meeting.</p> <p data-bbox="810 1711 1129 1744">Articles 18~42 (Omitted)</p>

### 3. Schedule

Date of the Shareholders Meeting for the amendments to the Articles June 19, 2010  
(scheduled)

Effective date of the amendments to the Articles  
(scheduled)

June 19, 2010