

(Translation)

THE RULES FOR HANDLING SHARES

OF

KAO CORPORATION

Resolution of amendment: November 28, 1958
: October 30, 1962
: March 30, 1967
: September 28, 1968
: May 30, 1974
: April 25, 1975
: September 29, 1982
: December 25, 1991
: September 24, 1999
: September 28, 2001
: March 27, 2003
: June 27, 2003
: April 22, 2004
: June 29, 2006
: September 27, 2007
: December 18, 2008
: January 30, 2012
: June 28, 2012

CHAPTER I

GENERAL PROVISIONS

Article 1. *(Purpose)*

The handling of the Shares of Kao Corporation (the “Company”) and the procedures for exercising the rights of the Shareholders shall be governed by these Rules as prescribed under the Articles of Incorporation, as well as the rules provided by Japan Securities Depository Center, Inc. (“JASDEC”) and account management institutions such as securities companies at which the Shareholders open transfer accounts (the “Securities Companies, etc.”).

Article 2. *(Administrator of Shareholder Register)*

The Administrator of the Shareholder Register of the Company and its handling office shall be as follows:

Administrator of the Shareholder Register:

Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Handling office:

Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Department

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

CHAPTER II

RECORDATION, ETC. IN THE SHAREHOLDER REGISTER

Article 3. (*Recordation, etc. in the Shareholder Register*)

The recordation in the Shareholder Register and the changes of the matters described in the Shareholder Register shall be made through notification from JASDEC such as the Notice of All Shareholders (*sou-kabunushi-tsuuchi*). The above notification excludes the notification provided for in Article 154.3 of the “Law concerning Book-Entry Transfer of Corporate Bonds, Stocks, etc.” (the “Transfer Law”) (the notice hereinafter “Notice of Individual Shareholder” (*kobetsu-kabunushi-tsuuchi*)).

2. In addition to the preceding paragraph, in the event new Shares are issued, or if otherwise prescribed by the relevant laws and regulations, the recordation in the Shareholder Register and the changes of the matters described in the Shareholder Register shall be made without notification from JASDEC.

3. The recordation in the Shareholder Register shall be made by using the letters and symbols designated by JASDEC.

4. If it is necessary to do so in order to give notice to Shareholders, or if the Board of Directors deems that the state of shareholding of Shareholders on a certain date should be reflected in the Shareholder Register, or if there is any other justifiable reason, the Company may make the request set forth in Article 151.8 of the Transfer Law to JASDEC.

Article 4. (*Report regarding Matters Described in the Shareholder Register*)

A Shareholder shall report its name and address by way of the Securities Companies, etc. or JASDEC, as determined by JASDEC. The same shall apply to any change thereto.

2. Notwithstanding the preceding paragraph, in the case of Article 3.2, the Shareholder shall report its name and address to the Administrator of the Shareholders Register.

Article 5. (*Representative of Corporate Shareholder*)

A Shareholder that is a corporation shall report the name of one (1) representative by way of the Securities Companies, etc. or JASDEC, as determined by JASDEC. The same shall apply to any change thereto.

2. The provision of Article 4.2 shall apply *mutatis mutandis* to the report set forth in the preceding paragraph.

Article 6. (*Standing Proxy or Mailing Address of Non-resident Shareholders*)

A Shareholder or its legal representative that is not residing in Japan shall either appoint a standing proxy in Japan or designate a mailing address to receive notices in Japan, and shall report the name of that standing proxy and its address or such mailing address by way of the Securities Companies, etc. or JASDEC, as determined by JASDEC. The same shall apply to any change thereto.

2. The provision of Article 4.2 shall apply *mutatis mutandis* to the report set forth in the preceding paragraph.

Article 7. (*Representative of Shareholders that Jointly - Own Shares*)

Shareholders that own Shares jointly shall appoint one (1) representative and shall report the name and address of such representative of Shareholders jointly owning Shares by way of the Securities Companies, etc. or JASDEC, as determined by JASDEC. The same shall apply to any change thereto.

2. The provision of Article 4.2 shall apply *mutatis mutandis* to the report set forth in the preceding paragraph.

Article 8. (*Legal Representative*)

A legal representative of a Shareholder, such as a person with parental authority or a guardian, shall report its name and address by way of the Securities Companies, etc. or JASDEC, as determined by JASDEC. The same shall apply to any change thereto.

2. The provision of Article 4.2 shall apply *mutatis mutandis* to the report set forth in the preceding paragraph.

Article 9. (*Method of Confirmation of Report Submitted by way of JASDEC*)

If the reports to the Company set forth in Articles 4 to 8 are submitted by way of the Securities Companies, etc. or JASDEC, the Company shall deem that such reports were made directly by the Shareholder, proxy or any other party authorized to submit such reports.

Article 10. (*Application of Provisions Mutatis Mutandis to Registered Pledges of Shares, etc.*)

The provisions of this Chapter and the next Chapter shall apply *mutatis mutandis* to the registered pledges of the Shares and the trustees of trust assets.

CHAPTER III

CONFIRMATION OF SHAREHOLDERS

Article 11. (*Confirmation of Shareholders*)

If a Shareholder makes requests or otherwise exercises its shareholders rights or makes reports (the "Request, etc."), the Shareholder shall attach or provide any item that certifies that the relevant Request, etc. has been made by that Shareholder itself (the "Certification Material, etc."); provided, however, that this shall not apply if it can be confirmed by the Company that the Request, etc. has been made by that Shareholder itself.

2. If the Request, etc. by a Shareholder to the Company is made by way of the Securities Companies, etc. or JASDEC, it can be deemed that such Request, etc. has been made by the Shareholder itself and no Certification Material, etc. may be required.

3. If the Request, etc. is made by a proxy, in addition to the procedures set forth in the preceding 2 paragraphs, a power of attorney on which the signature or name and seal of the Shareholder is affixed and also containing the name and address of the appointee shall be attached. If the Company deems that it is necessary to confirm the authenticity of creation of the power of attorney, a material certifying thereof shall also be attached.

4. Paragraphs 1 and 2 shall apply *mutatis mutandis* to the proxy.
5. The Company may hold off on accepting the Request, etc. until confirmation of the person making the Request, etc. pursuant to paragraphs 1, 3 and 4 has been completed.
6. If it is necessary for the Company to do so in order to confirm whether a person that asserts to be a Shareholder is a Shareholder, or if the Company acknowledges that a particular person intends to make a Request, etc. as a Shareholder or if there is any other justifiable reason, the Company may make the request prescribed in Article 277 of the Transfer Law to JASDEC or the Securities Companies, etc.

CHAPTER IV

PROCEDURES FOR EXERCISING THE RIGHTS OF SHAREHOLDERS

Article 12. (*Minority Shareholders' Rights*)

If a Shareholder directly exercises minority shareholders' rights, etc. prescribed in Article 147.4 of the Transfer Law to the Company, such exercises shall be performed by documents affixed with such Shareholder's the signature or name and seal after offering individual shareholder notice.

Article 13. (*Shareholders' Proposal Right*)

If a Shareholder, pursuant to the relevant laws and regulations, makes requests to Director(s) of the Company that certain matters be in the agenda of the General Meeting of Shareholders and that a summary of the proposals that the Shareholder intends to submit with respect to the agenda item of the General Meeting of Shareholders is to be provided to Shareholders, and if the Director(s) set forth a description in the convocation notice of a General Meeting of Shareholders with regard to the reasons for each proposal and the matters concerning each candidate in the case where the proposal is for the appointment of Directors or Corporate Auditors, and such description exceeds 400 letters, the Director(s) may describe an outline thereof.

CHAPTER V

PURCHASE OF LESS THAN ONE UNIT SHARE

Article 14. (*Request for Purchase of Less than One Unit Share*)

If a Shareholder requests the Company to purchase of less than One Unit Share (*tangen kabu*), such request shall be made by way of the Securities Companies, etc. or JASDEC, as determined by JASDEC.

Article 15. (*Determination of Purchase Price*)

The purchase price per share of less than One Unit Share shall be the closing price on the auction market (not including after hours trading) (*tachiai shijou*) of the Tokyo Stock Exchange on the day on which such request for purchase has arrived at the handling office of the Administrator of Shareholder Register referred to in Article 2 (the "Request Date"); provided, however, that if no sale and purchase transaction

takes place on the Tokyo Stock Exchange on that day or if that day is a holiday for the Tokyo Stock Exchange, the purchase price will be the opening price per Share on the following business day.

Article 16. (Payment of Purchase Price)

The purchase price of less than One Unit Share shall be paid on the fourth (4th) business day calculated from the day following the day on which the purchase price referred to in the preceding Article is determined, as determined by JASDEC, except in the case where the Company determines otherwise; provided, however, that if the purchase price is a price cum right including the right to receive dividends from retained earnings or to receive Shares allocated upon a stock split or otherwise, such payment shall be made on or prior to the Record Date.

2. The requesting Shareholder may request that the payment be made by way of transfer to the bank account it designates or made in cash at Japan Post Bank.

Article 17. (Transfer of Purchased Share)

The title to the Shares subject to a request for purchase shall be transferred to the transfer account of the Company on the day when the payment of the purchase price is made or the payment procedure is completed as provided in the preceding Article.

CHAPTER VI

INCREASING SHARES OF LESS THAN ONE UNIT SHARE THROUGH PURCHASE

Article 18. (Request for Sale of Less than One Unit Share)

If a Shareholder having less than One Unit Share requests that the Company sell such number of Shares (the "Request for Sale") so that together with the number of Shares sold by the Company, the resulting number of Shares owned by such Shareholder will constitute One Unit Share, such request shall be made by way of the Securities Companies, etc. or JASDEC, as determined by JASDEC.

Article 19. (Request for Sale of Number of Shares Exceeding the Balance of Treasury Shares)

If the aggregate number of Shares requested to be sold on the same day exceeds the number of Treasury Shares to be transferred pursuant to a Request for Sale, no Request for Sale made on that day shall be effective.

Article 20. (Effective Date of Request for Sale)

The Request for Sale shall be effective on the day such Request for Sale has arrived at the handling office of the Administrator of Shareholder Register referred to in Article 2.

Article 21. (Suspension Period of Request for Sale)

The Company shall suspend acceptance of any Request for Sale for periods from such dates that are ten (10) business days prior to the following days of each year until the following days:

- (1) December 31
 - (2) June 30
 - (3) any other date that the Shareholder Register is fixed as determined by JASDEC, etc.
2. In addition to the periods referred to in the preceding paragraph, the Company may suspend acceptance of the Request for Sale at any time it deems necessary.

Article 22. (Determination of Sale Price)

The sale price per share of Less than One Unit Share shall be the closing price on the auction market (not including after hours trading) of the Tokyo Stock Exchange on the effective date of the relevant Request for Sale; provided, however, that if no sale and purchase transaction takes place on such day or if such date is a holiday for the Tokyo Stock Exchange, the sale price shall be the opening price per share on the following business day.

Article 23. (Transfer of Sold Shares)

With respect to the title to the Treasury Shares that are equivalent to the number of Less than One Unit Share subject to a Request for Sale, the Company shall apply for the transfer thereof to the transfer account of the Shareholder that made the Request for Sale, on the date when the Company has confirmed that the sale price has been transferred by the Shareholder that made the Request for Sale by way of the Securities Companies, etc. to the bank account designated by the Company, as determined by JASDEC.

CHAPTER VII

SPECIAL EXCEPTIONS ON SPECIAL ACCOUNTS

Article 24. (Special Exceptions on Special Accounts)

The verification of identity of a Shareholder for whom a special account has been opened or any other handling concerning special accounts shall be determined by the account management institution of the special account, as well as by JASDEC.

CHAPTER VIII

AMENDMENTS TO THESE RULES

Article 25. (Amendments)

Amendments to these Rules shall be made by resolutions of the Board of Directors.

End