Kao Corporation

News Release April 21, 2000

Kao Corporation Reports Business Results

Tokyo, April 21, 2000 -- Kao Corporation today announced its consolidated and nonconsolidated business results for the fiscal year ended March 31, 2000. The data contained below is taken from the financial summary submitted by the Company to the Tokyo Stock Exchange.

１. CONSOLIDATED BASIS

Consolidated Financial Highlights (Unaudited)

	Billions of Yen			Millions of U.S. Dollars
YEAR ENDED MARCH 31	**2000**	1999	% change	**2000**
Net sales	**846.9**	924.5	(8.4)	**7,978.5**
Operating income	**99.1**	91.6	8.2	**934.3**
Ordinary income	**98.0**	89.8	9.1	**923.3**
Net income	**52.1**	34.7	50.2	**491.3**
Total assets	**750.0**	751.7	(0.2)	**7,065.6**
Total shareholders' equity	**474.9**	451.7	5.1	**4,474.6**
	Yen			U.S. Dollars
Per share:				
Net income	**83.45**	55.98	49.1	**0.79**
Cash dividends	**20.00**	16.00	25.0	**0.19**

	%	
YEAR ENDED MARCH 31	**2000**	1999
Operating margin	**11.7**	9.9
Net income to total shareholders' equity (ROE)	**11.3**	7.9

Consolidated Forecast for the Fiscal Year Ending March 31, 2001

The forecast for the first six months of the fiscal year ending March 31, 2001, is 423.0 billion yen (US$3,984.9 million) in net sales, 49.0 billion yen (US$461.6 million) in ordinary income and 27.0 billion yen (US$254.4 million) in net income.

The forecast for the full fiscal year ending March 31, 2001, is 854.0 billion yen (US$8,045.2 million) in net sales, 100.0 billion yen (US$942.1 million) in ordinary income and 55.0 billion yen (US$518.1 million) in net income.

Kao Corporation

News Release April 21, 2000

Consolidated Segment Information by Industry (Unaudited)

	Billions of Yen					
	SALES			OPERATING INCOME		
YEAR ENDED MARCH 31	**2000**	1999	% change	**2000**	1999	% change
Consumer Products	**632.4**	-	-	**86.0**	-	-
Cosmetics (*Sofina*)	**70.8**	-	-	**2.2**	-	-
Subtotal	**703.3**	730.6	(3.7)	**88.3**	85.7	3.0
Chemical Products	**143.6**	193.9	(26.0)	**10.8**	5.8	84.5
Total	**846.9**	924.5	(8.4)	**99.1**	91.6	8.2

	Millions of U.S. Dollars					
	SALES			OPERATING INCOME		
YEAR ENDED MARCH 31	**2000**	1999	% change	**2000**	1999	% change
Consumer Products	**5,957.8**	-	-	**810.8**	-	-
Cosmetics (*Sofina*)	**667.8**	-	-	**21.6**	-	-
Subtotal	**6,625.6**	6,883.1	(3.7)	**832.4**	808.3	3.0
Chemical Products	**1,352.9**	1,827.1	(26.0)	**101.9**	55.3	84.5
Total	**7,978.5**	8,710.2	(8.4)	**934.3**	863.6	8.2

Consolidated Geographic Segment Information (Unaudited)

	Billions of Yen					
	SALES			OPERATING INCOME		
YEAR ENDED MARCH 31	**2000**	1999	% change	**2000**	1999	% change
Japan	**673.4**	672.1	0.2	**91.7**	80.9	13.3
Asia	**86.1**	104.6	(17.7)	**3.9**	5.3	(27.1)
Europe and Americas	**111.0**	178.9	(37.9)	**3.4**	5.3	(35.7)

	Millions of U.S. Dollars					
	SALES			OPERATING INCOME		
YEAR ENDED MARCH 31	**2000**	1999	% change	**2000**	1999	% change
Japan	**6,344.4**	6,331.8	0.2	**863.9**	762.5	13.3
Asia	**811.8**	986.3	(17.7)	**36.8**	50.5	(27.1)
Europe and Americas	**1,046.1**	1,685.7	(37.9)	**32.6**	50.7	(35.7)

Notes:

1. *The U.S. dollar amounts included herein represent translations using the approximate exchange rate on March 31, 2000, of yen 106.15=US$1, solely for convenience.*
2. *The forecast data is estimated at the time of release and is subject to future review.*
3. *In the consolidated segment information by industry,* Cosmetics (Sofina) *is shown separately as a new segment from this term. Also, the segment* Household Products *is renamed as* Consumer Products.

Kao Corporation

News Release April 21, 2000

2. NONCONSOLIDATED BASIS

Nonconsolidated Financial Highlights (Unaudited)

	Billions of Yen			Millions of U.S. Dollars
YEAR ENDED MARCH 31	**2000**	1999	% change	**2000**
Net sales	**667.1**	661.5	0.9	**6,285.3**
Operating income	**91.0**	79.7	14.1	**857.5**
Ordinary income	**91.7**	82.2	11.5	**864.3**
Net income	**42.5**	29.0	46.2	**400.5**
Total assets	**676.1**	651.8	3.7	**6,370.1**
Total shareholders' equity	**464.4**	439.1	5.8	**4,375.6**
	Yen			U.S. Dollars
Per share:				
Net income	**68.02**	46.87	45.1	**0.64**
Cash dividends	**20.00**	16.00	25.0	**0.19**

Nonconsolidated Forecast for the Fiscal Year Ending March 31, 2001

The forecast for the first six months of the fiscal year ending March 31, 2001, is 335.0 billion yen (US$3,155.9 million) in net sales, 46.0 billion yen (US$433.3 million) in ordinary income and 25.0 billion yen (US$235.5 million) in net income.

The forecast for the full fiscal year ending March 31, 2001, is 674.0 billion yen (US$6,349.5 million) in net sales, 93.0 billion yen (US$876.1 million) in ordinary income and 51.0 billion yen (US$480.5 million) in net income.

Kao Corporation

News Release April 21, 2000

Nonconsolidated Sales Composition (Unaudited)

	Billions of Yen			Millions of U.S. Dollars
YEAR ENDED MARCH 31	**2000**	1999	% change	**2000**
Consumer Products:				
Personal Care	**175.2**	179.1	(2.2)	**1,650.8**
Laundry and cleaning	**262.1**	252.3	3.9	**2,469.9**
Hygiene and others	**79.4**	74.7	6.3	**748.6**
Total	**516.8**	506.2	2.1	**4,869.3**
Cosmetics (*Sofina*)	**70.3**	73.8	(4.7)	**662.6**
Chemical Products	**79.9**	81.4	(1.8)	**753.4**
Grand Total	**667.1**	661.5	0.9	**6,285.3**

Notes:
1. *The U.S. dollar amounts included herein represent translations using the approximate exchange rate on March 31, 2000, of yen 106.15=US$1, solely for convenience.*
2. *The forecast data is estimated at the time of release and is subject to future review.*
3. *In the nonconsolidated sales composition,* Cosmetics (Sofina) *is shown separately as a new segment from this term. Also, the segment* Household Products *is renamed as* Consumer Products.

For further information, please contact:
Takashi Matsuzaka
Director, Investor Relations
Tel: 81-3-3660-7101
Fax: 81-3-3660-7103
e-mail: 115461@kastanet.kao.co.jp

Kao Corporation

News Release April 21, 2000

KAO CORPORATION'S MANAGEMENT POLICIES AND SUMMARY OF BUSINESS RESULTS FOR THE YEAR ENDED MARCH 31, 2000

1. MANAGEMENT POLICIES

1. Basic Management Policies

The mission of Kao Corporation is to contribute to the wholehearted satisfaction and enrichment of the lives of its customers throughout the world by providing products of excellent value and outstanding performance. Our aim is to continue to achieve profitable growth in spite of the intensifying global competition, and to become a stronger and better company.

At Kao, our goal is to ensure that our business activities result in an increase in corporate value over the long term.

In April 1999, with the objective of orienting the company's management more clearly with the interests of shareholders, we introduced EVA® as our main management indicator of company and shareholder value. The adoption of this new management system was intended to focus company activities on generating continuous improvements in EVA over the long term, thereby leading to increased corporate value. In line with this, to motivate employees to implement such improvements, new EVA-based incentive systems were introduced at the parent company.

2. Basic Policies Regarding Distribution of Profits

By seeking to increase EVA continuously over the long term, Kao aims to maximize shareholder value. At the same time, we realize that this will also serve to increase the value of the company for other stakeholders.

Kao seeks to achieve continuous increases in per-share dividends, with payouts equivalent to approximately 30% of nonconsolidated net income. In our use of free cash flow, with the aim of raising corporate value, we assign priority to investment in business development and strategic M&A activity. During the year, Kao also executed share buybacks of 10 million common shares at 29.5 billion yen. The company will decide on conducting future share buybacks based on consideration of its investment plans and long-term profits for shareholders.

3. Medium- and Long-Term Management Strategies

At Kao, we energetically seek growth in our core businesses – consumer products, cosmetics and chemical products – by developing and marketing products of the highest quality based on our unique technologies. Alongside this, we aim to reinforce our international operations so that an increased weight of overseas sales can compensate for slower growth in maturing Japanese markets. We are doing this mainly by increasing our activities in the growing Asian market, as well as by expanding our business operations in North America. With these aims in mind, we view potential M&A or alliances in a positive light, and give such possibilities active consideration.

We will also pursue further management reform, including the implementation of a new “internal company” system to delegate authority and accountability to our business units, in order to raise the responsiveness of business operations. Furthermore, we will seek continuous EVA improvement by making ongoing efforts to reduce costs and enhance operating efficiency, as well as expanding our international businesses.

4. Reform of Governance Structure

Due to the dramatically changing management environment, Kao has decided to establish Advisory Committee as of June 29, 2000, to reinforce corporate governance, which will materialize fairer and more transparent management, as well as strive for speedier decision-making and business operations and enhance the effectiveness of the Board of Directors.

Advisory Committee consists of six members: two Special Advisors, the president and another member of the Board of Directors and two external advisors. This committee will submit advice and opinions with respect to the effectiveness and functions of the Board of Directors and important management issues to the Board of Directors.

5. Issues for Management

Having completed our withdrawal from the information technology business during the previous fiscal year, in the twelve months to March 31, 2000 we vigorously pursued cost reductions and increased capital efficiency, in the process of seeking to enhance management efficiency. As a result, we boosted profitability compared with the previous fiscal year, achieving an 11.7% operating income margin. ROE for the full year rose to 11.3%.

While global competition intensifies, we are narrowing the profitability gap between Kao and our global peer companies. Nevertheless, we will endeavor to narrow the gap further, both in terms of the relative scale of operations and in terms of growth rates. Accordingly, urgent tasks that we must pursue are to review our growth strategy, and then allocate management resources and invest effectively according to priorities in a way that best serves this strategy.

During the course of this past fiscal year, it became apparent that, in an effort to meet high sales targets, parts of our cosmetics operations had attempted to sell excessive amounts of stock into the trade. As a result, we had to apply suitable corrections to our interim results. We have responded to this problem, applying stringent in-house measures to conduct a radical reform of the relevant operations. Above all, we have taken measures to ensure that all employees respect our internal rules and honor our code of ethical business conduct. In addition, we would like to reiterate that we aim to be a company that not only abides by the law, but also operates to high ethical standards, and in doing so fulfills its social responsibilities in full.

** EVA® is a registered trademark of Stern Stewart.*

2. CONSOLIDATED BUSINESS RESULTS

1. Summary of Business Results

Although the Japanese economy began to exhibit a few visible signs of recovery, consumer spending in most areas remained sluggish during the year, and the business environment surrounding Kao remained harsh. Overseas, having ridden out their various currency crises, Asian economies, as a whole, began to recover. The U.S. economy continued to grow strongly, while a gentle-paced expansion persisted in Europe.

In the field of consumer products, which is an area where competition among our global peer companies continues to become stiffer, retail prices in the Japanese market came under renewed downward pressure.

Consolidated net sales for the twelve months ended March 31, 2000 fell by 77.6 billion yen, or 8.4%, from the previous year, to 846.9 billion yen. The principal factors causing this decline were a drop in sales of 48.4 billion yen due to the previous year's withdrawal from the information technology business and a negative currency translation effect of approximately 30.0 billion yen due to the appreciation of the yen.

Excluding the revenues generated by the information technology business in the previous term, parent company sales rose by 1.9% on a year-on-year basis. However, on a local currency basis, sales in both the United States and Asia fell below the level of the previous year.

Operating income rose to 99.1 billion yen, a 8.2% year-on-year increase.

In Japan, operating income rose strongly as a result of savings achieved through rationalization and cost reduction activities, together with the effects of a stronger yen. Overseas operating income fell significantly relative to the previous year, mainly as a result of reduced profits in the personal care products business in the United States and the effects of yen appreciation.

Continuing from the previous year, Kao recorded an extraordinary loss in connection with restructuring at Goldwell GmbH in Germany. However, the elimination of restructuring losses stemming from the information technology business, which amounted to 23.8 billion yen in the previous period, contributed to a considerable jump in net income, which rose 50.2% to 52.1 billion yen.

In terms of EVA, we were also able to exceed our initial expectations for the year.

As initially planned, the full-term cash dividend will be 20.00 yen per share, an increase of 4.00 yen per share from the corresponding dividend last year.

Summary of Results by Business Segment

(1) Consumer products business

While in Japan, sales and operating income both grew steadily, this was partially offset by a drop in net sales in the United States and by the strength of the yen. These factors caused significant decreases in net sales and operating income in the consumer products business overseas. Consolidated net sales for the sector amounted to 632.4 billion yen, while consolidated operating income rose to 86.0 billion yen.

1) Japan

The consumer products business in Japan was marked by a continued downward trend in prices and sluggish consumer demand. At Kao, we worked to develop new products that fulfill new consumer needs. At the same time, we strove to increase our brand power by adding new product lines and improving the quality and performance of existing ones. As a result, sales of consumer products increased by 2.1% to 516.8 billion yen. In addition, partly as a result of lower materials costs, due partially to the strength of the yen, and partly through continued cost reduction efforts and more efficient use of expenses, we achieved substantial increases in operating income.

Sales of personal care products in Japan amounted to 175.2 billion yen, a 2.2% decrease over the equivalent period in the previous year. The main reason for this decline was a sharp decrease in exports of *Biore Pore Pack* to overseas subsidiaries; domestic sales were largely on a par with the previous year. In the skin care products category, *Biore Facial Wash Pore Cleansing* and *Biore Powder Sheet* both contributed to higher sales. In the hair care products category, while the new product *Pur Shampoo and Conditioner* was well received by consumers, total sales of hair care products slipped below the level of the previous year. Oral care products registered an increase in sales, but sales of soap and men’s toiletries fell year-on-year.

Sofina cosmetic products, which we had classified as personal care products until last fiscal year, will be counted as cosmetic products from this fiscal year.

The following main new products were introduced:

*Biore Facial Wash Pore Cleansing (*facial cleanser*)*
Biore Powder Sheet
Pur Shampoo and Conditioner
Blaune Super Color (hair coloring)

Sales of laundry and cleaning products rose by 3.9% from the previous year, to 262.1 billion yen. Responding to intensified market competition, we launched a new laundry detergent, *New Beads*, as well as *WiLL Clear Mist*, a deodorizing spray for fabrics. Strong sales of these lines and other new products such as the fabric softener *Floral Humming 1/3*, together with greater than expected exports of our household cleaning mop kit and sheets – which went on sale in the United States and Europe through the U.S. company S.C. Johnson & Son, Inc. – helped to offset a decrease in domestic sales of dishwashing detergents and other cleaning products.

The following main new products were introduced:

New Beads (laundry detergent)
Family Pure (dishwashing detergent)
Floral Humming 1/3 (fabric softener*)*
WiLL Clear Mist (fabric deodorizing spray*)*

Sales of hygiene and other products increased by 6.3% to 79.4 billion yen. *Super Merries* disposable baby diapers and adult incontinence products, which is a growing market in Japan, both continued to be engines of sales growth. Due to a lack of market growth – caused primarily by the decrease in the target population – sales of sanitary napkins were lower than in the previous year.

Kao's new *Healthy Econa Cooking Oil*, which helps to prevent body fat from increasing, enjoyed strong support among consumers due to its unique benefits and achieved favorable sales growth.

Bath additives, which were previously classified in the hygiene and other products category, were transferred to personal care products.

The following main new products were introduced:

Laurier Super Guard Extra Long
Healthy Econa Cooking Oil

2) Asia

Although Asian economies have weathered their currency crises and are now recovering, competition between global peer companies in consumer goods markets remains fierce amid sluggish growth in demand. In response to these difficult business conditions, Kao focused on further nurturing its core brands in the region, including *Biore* facial cleanser, *Laurier* sanitary napkins, *Attack* laundry detergent, and *Lavenus* and *Sifone* hair care products. In addition, Kao established new operations in the laundry detergent business in China in April 1999. In Thailand and Taiwan, we added new *Biore* brand products to strengthen our range of facial cleansers. At the same time, we made a number of improvements to the *Laurier* range of sanitary products that we market across the region.

During the year, our sales of consumer products in Asia were negatively affected by a number of factors, including a fall in sales of *Biore Pore Pack*, weak sales due to a contraction in inventory carried by distributors in China, as well as the further appreciation of the yen. Also, operating income fell below the level of the previous year.

3) North America and Europe

In the United States, sales of *Biore Pore Pack*, which is marketed through The Andrew Jergens Company, declined significantly as demand fell below the peak of the previous year. Even so, a number of new lines, including a facial cleanser, were successfully launched to further develop the *Biore* brand.

The premium skin care brand *Curél*, which was acquired in the previous year, continued to produce good results in terms of sales. However, as a result of the fall in sales of *Biore Pore Pack* and the negative currency translation effect of the strong yen, both net sales and operating income at Andrew Jergens fell sharply compared with the previous year.

In Europe, sales at Goldwell, which markets hair care products for beauty salons, grew satisfactorily in terms of local currencies. While the ongoing restructuring program did produce substantial improvements in this subsidiary's profitability, the negative currency translation effect of the strong yen and a drop in sales of *Biore Pore Pack* in continental Europe meant that, in yen terms, both sales and operating income fell below the levels of the previous year.

(2) Cosmetics business (*Sofina*)

Net sales of *Sofina* cosmetics were 70.8 billion yen, while operating income totaled 2.2 billion yen. A variety of factors, such as increased economizing on the part of consumers, a shift towards lower-priced products and a general fall in retail prices, all conspired to cause a contraction in the overall prestige cosmetics market during the year. Despite a shrinking total market, Kao achieved successes with launches of new basic cosmetic lines such as the *Sofina Very Very* series, designed for young skin, and *Grace Sofina*, designed for more mature skin. However, sales of facial cleansers, special care lines and foundation all declined.

The following main new products were introduced:

Sofina Very Very Whitening/Fresh Water (skin whitening/toner)
Grace Sofina Lotion/UV Care Milk (skin care series)
Aube Rouge Frostier
Raycious Powder Makeup

(3) Chemical products business

Net sales in the chemical products business decreased by 26.0% from the previous year to 143.6 billion yen, while operating income rose by 84.4% to 10.8 billion yen.

Excluding the information technology business, net sales in the chemical products business decreased year-on-year by 1.3%, while operating income rose by 30.7%.

1) Japan

With the exception of certain market segments, a turnaround in demand spurred solid growth in sales of chemical products in Japan. Exports also increased over the previous year due to higher demand in North America and Europe, as well as Southeast Asia. Sales of copier toner and related products, aroma chemicals, edible oils for industrial use and various surfactants increased.

On the earnings side, while rising naphtha prices tended to have an effect, prices of materials derived from natural fats and oils remained soft. Combined with the effects of rationalizing production and sales, this resulted in the domestic business achieving a much higher level of operating income than the previous year.

2) Asia

With economies across the region generally recovering well, on the whole, sales in local currency terms recorded good growth. However, the persistent strength of the yen, its renewed bout of appreciation, and the influence of a fixed exchange rate system in Malaysia, together caused total Asian sales in yen terms to decline. For similar reasons, operating income also fell on a year-on-year basis.

In July 1999, Kao's subsidiary Zhongshan Kao Chemicals Limited completed a new polyurethane resin production plant in Southern China.

3) North America and Europe

On a local currency basis, strong growth continued in sales of copier and printer toner and related products in the United States, in sales of fatty amines in Germany, and in sales of aroma chemicals and toner related products in Spain. However, due to our withdrawal from the information technology business and to the further appreciation of the yen, in yen terms total sales in the region fell compared with the previous year, while operating income increased.

In September 1999, to adapt to increased integration within the European market, Kao established in Barcelona, Spain, a regional headquarters for its European chemical products operations, Kao Chemicals Europe, S.L. This move served to unify the company's various businesses in Europe, while also raising business efficiency and contributing to speedier decision-making.

Financial Condition

Summarized Consolidated Cash Flows (Unaudited)

	Billions of Yen			Millions of U.S. Dollars
YEAR ENDED MARCH 31	**2000**	1999	Incr./(Dcr.)	**2000**
Operating activities	**157.6**	151.6	6.0	**1,484.9**
Investing activities	**(41.4)**	(74.1)	32.7	**(390.4)**
Financing activities	**(61.5)**	(48.1)	(13.4)	**(579.8)**
Translation adjustments	**(4.0)**	(3.2)	(0.8)	**(38.3)**
Net increase	**50.5**	26.0	24.4	**476.4**
Cash and cash equivalents	**147.9**	97.4	50.5	**1,394.1**
Total debt	**78.0**	115.7	(37.6)	**735.4**

Net cash provided by operating activities during the year increased slightly compared with the previous year. This was despite a dramatic increase in profits, which was offset by a decrease in extraordinary losses of noncash items.

Net cash used in investing activities during the year was 41.4 billion yen, which was considerably lower than in the previous year. This was mainly due to a decrease in capital spending and the purchase of the *Curél* skin care brand in the United States in the previous year. The main capital spending items were the purchase of land adjacent to Kao's Kawasaki Plant, a plant relocation in Japan, new production equipment for food products and other lines, improvements to distribution facilities, and the construction of a detergent plant in China.

As a result of debt repayments and the redemption of corporate bonds, as of the fiscal year-end, Kao's total interest-bearing liabilities had been reduced to 78.0 billion yen, 37.6 billion yen lower than at the previous year-end. We also conducted a share buyback during the year to improve capital efficiency, purchasing 10 million shares for a total sum of 29.5 billion yen. Consequently, cash and cash equivalents rose to 147.9 billion yen, 50.5 billion yen higher than at the previous year-end.

2. Forecast for the Fiscal Year Ending March 31, 2001

While the Japanese economy is recovering slowly, the employment situation remains a source of concern for many Japanese. Consumer spending is thus likely to remain subdued, and market conditions for both consumer products and cosmetics are forecast to remain harsh during the coming year. Against such a backdrop, we will focus on boosting brand value through improving our current product line-up, as well as developing and launching new products that meet new consumer needs. In this way, we believe we can increase sales. Despite the fact that the introduction of a new pension accounting rule will increase related expenses, we will endeavor to reduce costs and enhance effective profit management to absorb these additional costs and achieve profit growth.

In our overseas consumer products business, a negative currency translation effect is expected to cause a decrease in sales. In Asia, while competition is expected to intensify further, by continuing to strengthen our brands, we are aiming to achieve a growth in sales. In North America and Europe, while we are aiming to achieve sales increases in our U.S. skin care products business, the effect of the strong yen could lead to an overall lowering of sales for the region in yen terms.

In terms of operating income, through further cost reductions and by increasing management efficiency, we hope to achieve a substantial increase in earnings.

In the chemical products business, sales are expected to grow satisfactorily as a result of a resurgence of demand in Japan and exports. However, the renewed strength of the yen is likely to impact sales and earnings of overseas subsidiaries. Overall, both sales and operating income are projected to be flat .

Net income is projected to increase further as a result of increased operating income in the consumer products business both in Japan and overseas, together with an absence of an extraordinary loss associated with restructuring at Goldwell.

In line with the above projections, in the fiscal year ending March 31, 2001, net sales are expected to total 854.0 billion yen, with ordinary income increasing to 100.0 billion yen and net income totaling 55.0 billion yen. In the coming year, we also expect to achieve an improvement in EVA of more than 5% over this fiscal year. In line with the anticipated improvement in financial performance for the fiscal year ending March 31, 2001, we plan to increase both interim and year-end cash dividends by 2.00 yen per share to 12 yen per share and the total annual cash dividend applicable to the year by 4.00 yen per share to 24.00 yen per share.

New Japanese accounting rules for pension and retirement benefit plans came into force from the fiscal year ending March 31, 2001. The status of the defined benefit retirement plan in Japan as of March 31, 2000 was as follows:

Projected benefit obligation:	220.0 billion yen
Fair value of plan assets:	152.8 billion yen
Unfunded projected benefit obligation:	67.2 billion yen

(of which, the unfunded projected benefit obligation for the parent company and its domestic consolidated subsidiaries was 56.4 billion yen)

Kao is planning to reform its pension plan for employees in Japan around January 2001 and, as a result, expects the unfunded projected benefit obligation to be reduced in size. In this forecast, we used a discount rate of

3% and a return on plan assets of 4% as the basis for calculating pension and severance costs in accordance with the new accounting rules. We also assumed amortization of 15 years for the unrecognized net obligation in transit. However, we plan to review our accounting policy for pension plans, taking into consideration a decrease in benefit obligations due to the amendment of the plan and revision of the related laws, including the return of a portion of the contributory government plan, which is currently included in the company's defined benefit plan, to the Japanese government.

Please note this forecast was estimated at the time of release and is subject to future review.

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News Release April 21, 2000

Proposed appointment of Directors and Officers

<Board of Directors>
*=newly appointed

Takuya Goto	President and Representative Director
Toshio Hoshino	Senior Managing Director* and Representative Director*
Takahiko Kagawa	Managing Director* and Representative Director*
Masanori Sakata	Managing Director
Kunihiko Hachiya	Managing Director
Yasuo Idemitsu	Managing Director*
Toshio Hirasaka	Director
Moriyasu Murata	Director
Akio Tsuruoka	Director
Shigeo Yamada	Director
Shozo Tanaka	Director
Masatoshi Kitahara	Director
Tadao Matsumoto	Director
Kuniaki Watanabe	Director
Nobuatsu Higuchi	Director*
Naotake Takaishi	Director*
Iwao Inoue	Director*
Tetsuya Imamura	Director*

<Corporate Auditors>
*=newly appointed

Kikuhiko Okamoto
Katsuhiko Hiraoka*
Takashi Tajima

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News Release April 21, 2000

<Directors and Auditor to retire>

Fumikatsu Tokiwa	currently Chairman and Representative Director, becomes Special Advisor and Member of the Advisory Committee
Shotaro Watanabe	currently Executive Vice President and Representative Director, becomes Special Advisor and Member of the Advisory Committee
Kazuya Inbe	currently Executive Vice President and Representative Director
Michinori Mochizuki	currently Representative Senior Managing Director
Sumiaki Sasaki	currently Representative Senior Managing Director
Kinji Miwa	currently Managing Director
Kensei Nakanishi	currently Director
Junryo Mino	currently Director, becomes Associate Director
Seiki Nakajima	currently Corporate Auditor

* This change will be effective on June 29, 2000.