

Supplemental Information on Revision of FY2008 Consolidated Forecast

Kao Corporation

Earnings release for the first
nine months of FY2008

January 29, 2009

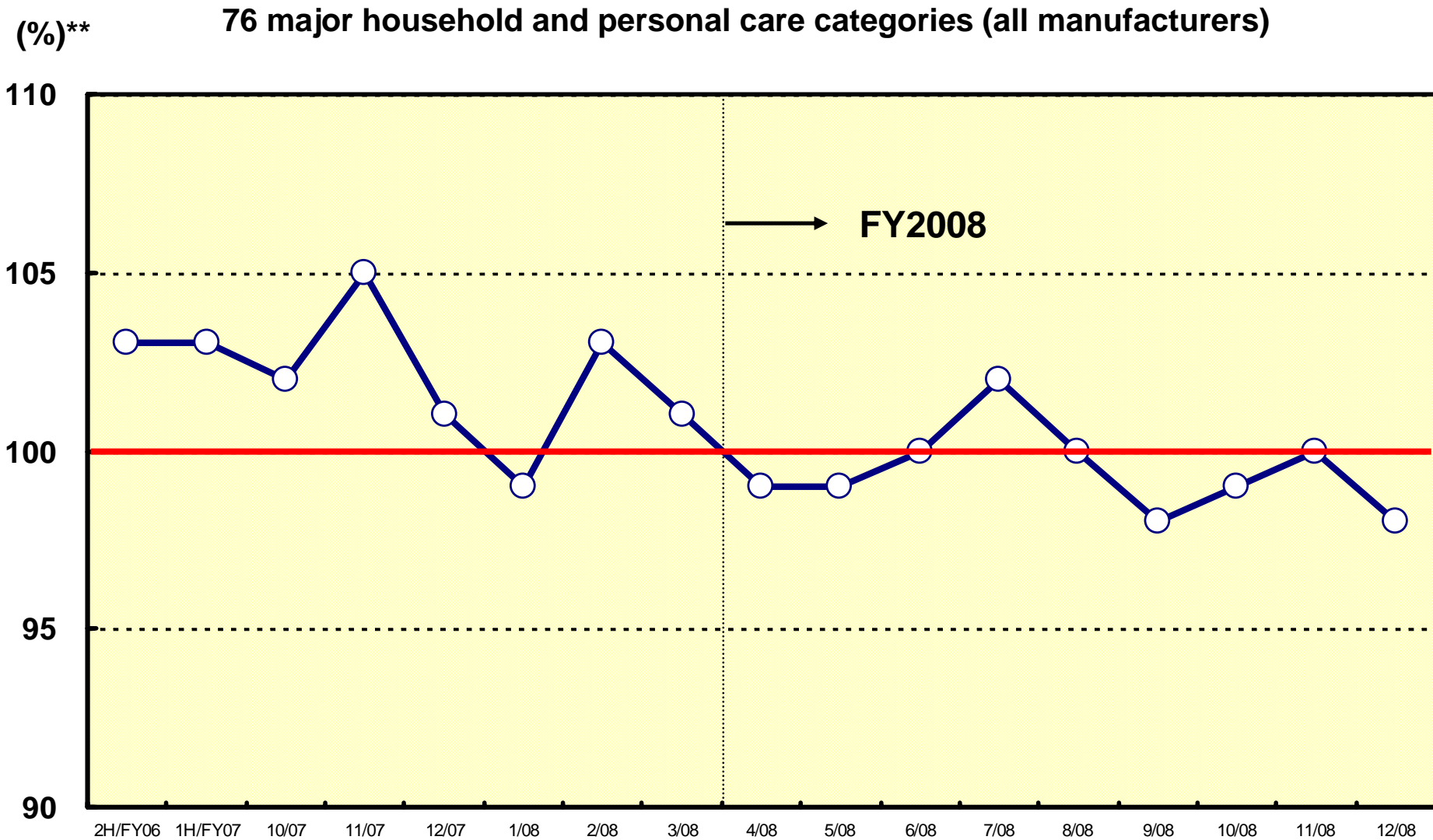


This supplemental information is available on our website in PDF format:
<http://www.kao.co.jp/en/ir/analystmtg/index.html>

This supplemental information contains forward-looking statements that are based on management's estimates, assumptions and projections as of January 29, 2009. Certain factors, which include, but are not limited to, the risks and uncertainty associated with the worldwide economy, competitive activity, and fluctuations in currency exchange and interest rates, could cause actual results to differ materially from expectations.

Note: The yen amounts in this supplemental information are rounded down.

Consumer Products* Market in Japan



* Consumer products do not include prestige cosmetics.

** Year-on-year growth rate of market size in value (yen)

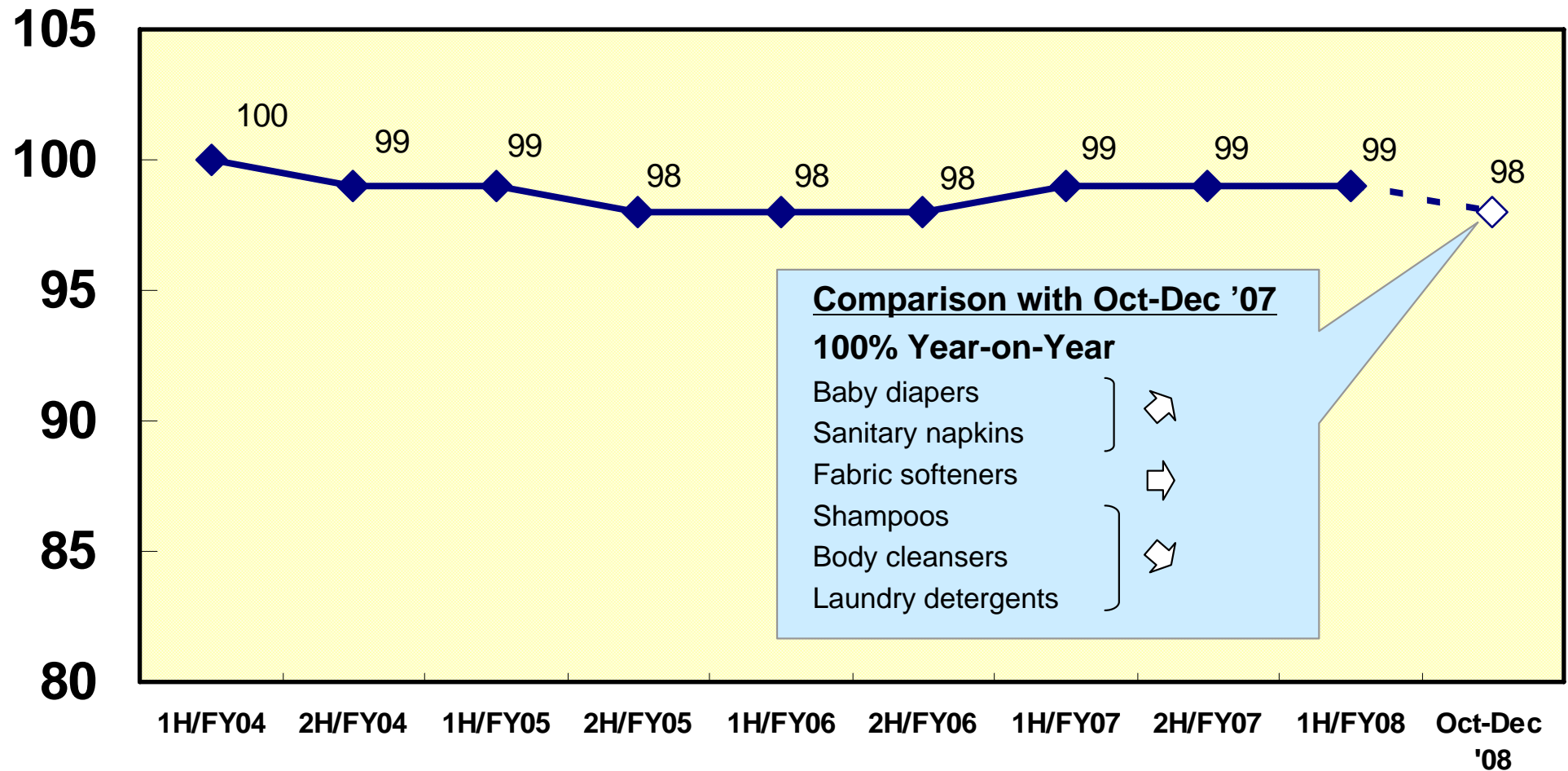
(Source: SRI POS data)



Consumer Purchase Prices in Japan

15 major household and personal care categories (all manufacturers)

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(Source: SRI POS data)








Major Assumptions for Revised FY2008 Forecast

Net Sales

	<u>Previous*</u>		<u>Revised</u>
Currency translation impact:	Approx. -¥26 billion		Approx. -¥40 billion

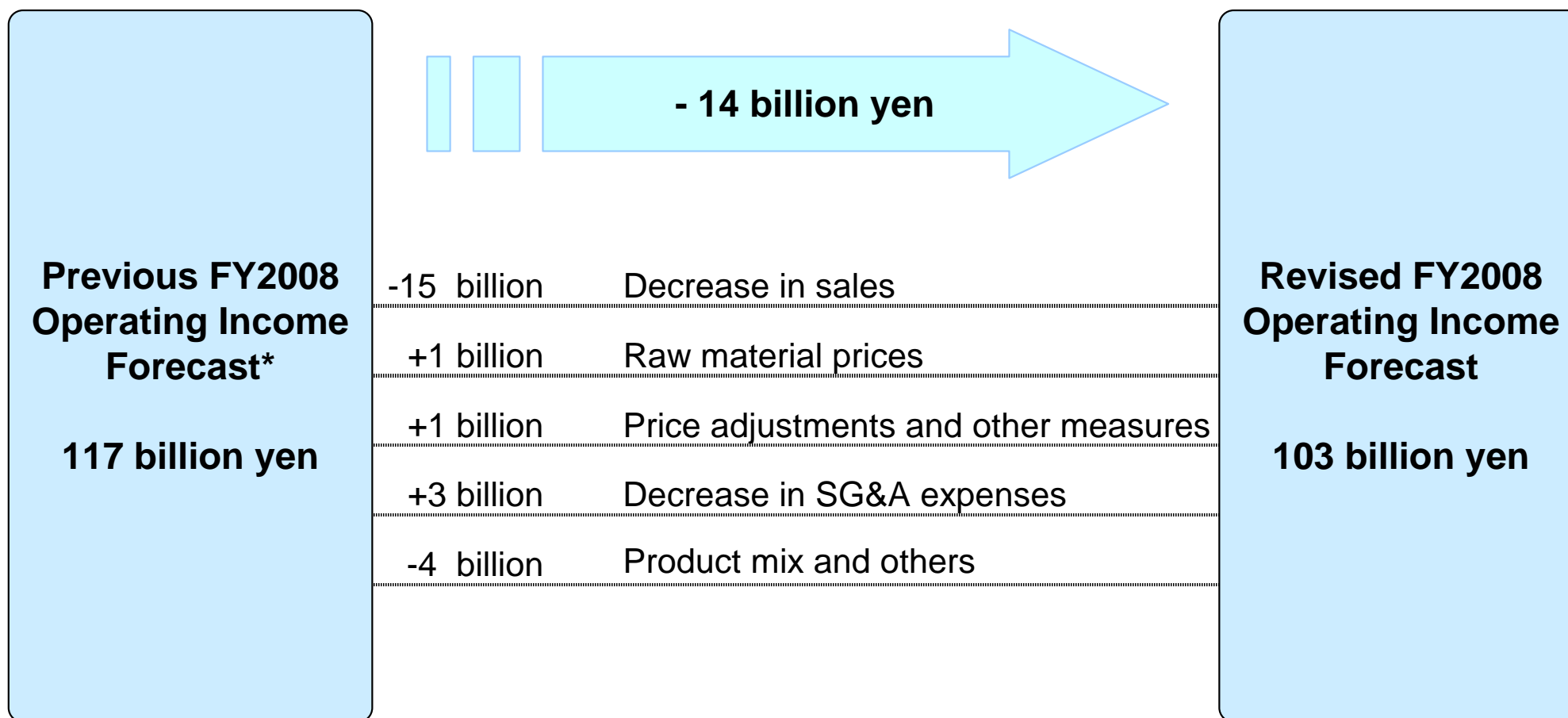
Operating Income

	<u>Previous*</u>		<u>Revised</u>
Impact of decreased sales:	-		Approx. -¥15 billion
Impact of higher raw material prices:	Approx. -¥36 billion		Approx. -¥35 billion
Sales price adjustments in response to rising raw material prices:	Approx. +¥22 billion		Approx. +¥23 billion
Total Cost Reduction (TCR) activities:	Approx. +¥8 billion		No change
Additional countermeasures:	-		Approx. +¥3 billion
- Improved efficiency of advertising expenses			
- Reduction of sales promotion materials			
- Selective capital expenditures			

* Published on October 27, 2008



Analysis of Revised FY2008 Operating Income Forecast (Comparison with Previous Forecast)



* Published on October 27, 2008

Consolidated Sales and Profit Forecast

	Revised FY2008 Forecast *			Previous Forecast**	
	Billion yen	Change from the previous forecast (Billion yen)	% Growth	Billion yen	% Growth
Net Sales	1,285.0	-45.0	-2.5	1,330.0	0.9
Operating Income [% of Sales]	103.0 8.0%	-14.0	-11.4	117.0 8.8%	0.6
Ordinary Income [% of Sales]	100.0 7.8%	-15.0	-12.5	115.0 8.6%	0.7
Net Income [% of Sales]	60.0 4.7%	-9.0	-9.9	69.0 5.2%	3.7

Net Income per Share (yen)	111.94	-16.79	-8.6	128.73	5.1
Cash Dividends per Share (yen)	56.0	-	3.7	56.0	3.7

* Exchange rate assumptions: 103 yen/USD, 152 yen/Euro

** Forecast published on October 27, 2008

Pursue Profitable Growth Driven by High-value-added Products

Strong foundation to achieve profitable growth

1. Consumer-driven, high-value-added product development
2. Market share gain from strengthening sales force in Japan
3. Further promotion of integration of business in Asia, including Japan