

Kao Corporation

Revision of FY2011 Consolidated Forecast

July 25, 2011

In light of recent trends in its business results and other factors, Kao Corporation (the “Company”) announces the following revision of its Forecast of Consolidated Results for the Six Months Ending September 30, 2011 and the Year Ending March 31, 2012, which was announced on April 26, 2011.

1. Revised Forecast of Consolidated Results

Revised Forecast of Consolidated Results for the Six Months Ending September 30, 2011

(Billions of yen, except where noted)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Previous forecast (A)	604.0	45.0	45.0	23.0	44.05
Revised forecast (B)	620.0	58.0	60.0	32.0	61.29
Change (B-A)	16.0	13.0	15.0	9.0	-
Percentage change	2.6%	28.9%	33.3%	39.1%	-
Actual results for the six months ended September 30, 2010	601.3	57.8	56.4	27.8	51.93

Revised Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2012

(Billions of yen, except where noted)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Previous forecast (A)	1,228.0	105.0	104.0	53.0	101.52
Revised forecast (B)	1,235.0	108.0	108.0	57.0	109.18
Change (B-A)	7.0	3.0	4.0	4.0	-
Percentage change	0.6%	2.9%	3.8%	7.5%	-
Actual results for the fiscal year ended March 31, 2011	1,186.8	104.5	103.3	46.7	87.69

2. Reason for the Revision

The recovery of the global economy has moderated and there are concerns about the risk of a downturn. In Japan, where deflation is continuing, the outlook for the operating environment remains unclear, with the impact of the Earthquake and restrictions on electrical power supply. Moreover, market prices of natural oils and

fats and crude oil remain stable at high levels due to rising demand primarily in developing countries, and foreign exchange rates have become unstable.

Amid these circumstances, in order to accurately respond to various changes in its operating environment as well as to steadily implement its consumer-driven growth strategy, the Kao Group aims to achieve profitable growth in the Consumer Products Business by continuing to promote products with high added value. In Japan, the Kao Group will accelerate rebuilding the prestige cosmetics business. In Asia, the Kao Group aims to raise the level of sales with aggressive launches of new products. In the Chemical Business, the Kao Group will work to strengthen global operations and focus on expanding sales through measures such as developing environmentally conscious products.

The Kao Group will aim to achieve its forecast of results through these activities. However, because the Kao Group exceeded its initial forecast for the three months ended June 30, 2011, the forecasts of consolidated results for the six months ending September 30, 2011 and the fiscal year ending March 31, 2012 have been revised as shown above.

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