

# Kao Corporation

## **Notice Regarding the Company Split (Simplified Absorption-type Company Split): Notice Regarding Restructuring of Kao Group Sales-Related Subsidiaries**

November 19, 2015

Kao Corporation (the “Company” – *Ticker Code:4452*) hereby makes the following announcement: pursuant to the resolution made at the meeting of the Board of Directors held today, the Board of Directors resolved to conduct a company split, effective January 1, 2016, as previously notified with the press release, “Notice Regarding the Transition of Kao Group Sales-Related Subsidiaries to a Holding Company Structure and the Establishment of a Preparation Company,” dated September 24, 2015, which states the Company will transfer all the shares of Kao Customer Marketing Co., Ltd., Kanebo Cosmetics Sales Inc. and Kao Field Marketing Co., Ltd. to Kao Group Customer Marketing Preparation Co., Ltd. (the “Preparation Company”) by a company split (the “Company Split”).

Certain information has been omitted from this announcement since the Company Split is a simplified absorption-type company split in which the Company will transfer the assets to its wholly-owned subsidiary.

### 1. Purpose of the Company Split

The Company aims to provide products and services at a higher level by using the “comprehensive strength of the Kao Group” by advancing further with the integration of the Company’s sales-related functions with the Company Split.

### 2. Outline of the Company Split

#### i. Company Split Schedule

Meeting of the Board of Directors

of the Company Regarding Approval of

Company Split Contract:

November 19, 2015

Execution of Company Split Contract:

November 19, 2015

Effective Date of Company Split:

January 1, 2016 (planned)

Since the Company Split is a simplified company split stipulated in Article 784 (2) of the Companies Act, the Company may proceed with it with the approval of its Board of Directors.

#### ii. Company Split Method

This is an absorption-type company split in which the Company is the splitting company and the Preparation Company is the successor company.

#### iii. Details of Allotments Related to the Company Split

In consideration of the Company Split, 1 share of common stock to be issued by the Preparation Company will be allotted to the Company.

#### iv. Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Accompanying the Company Split

There is no Stock Acquisition Rights Accompanying the Company Split, and the Company issues no Bonds with Stock Acquisition Rights.

#### v. Deduction of Capital Accompanying the Company Split

There is no deduction of capital related to the Company Split.

vi. Rights and Obligation to be Succeeded

The Preparation Company will succeed all the shares of Kao Customer Marketing Co., Ltd., Kanebo Cosmetics Sales Inc. and Kao Field Marketing Co., Ltd. from the Company.

vii. Prospect of Fulfillment of Obligations

The Company Split has no impact on the Preparation Company's ability to fulfill obligations.

3. Summary of Companies Involved in the Company Split

	Splitting Company	Successor Company	
i. Name	Kao Corporation	Kao Group Customer Marketing Preparation Co., Ltd.	
ii. Location	1-14-10, Nihonbashi Kayabacho, Chuo-ku, Tokyo, JAPAN	8-3, Nihonbashi Koamicho, Chuo-ku, Tokyo, JAPAN	
iii. Representative	Representative Director, President and Chief Executive Officer Mr. Michitaka Sawada	Representative Director Mr. Toshiaki Takeuchi	
iv. Business Content	Manufacturing and Sales of Consumer Products, Chemical Products, etc.	Sales of Consumer Products, etc.	
v. Capital (JPY)	85,424million	10 million	
vi. Establishment	May 21, 1940	October 1, 2015	
vii. Outstanding Stock	504,000,000 shares	200 shares	
viii. End of Fiscal Year	December 31	December 31	
ix. Major Shareholders / Stake Rates	The Master Trust Bank of Japan, Ltd. (Trust Account) / 5.89% Japan Trustee Services Bank, Ltd. (Trust Account) / 5.69% JP Morgan Chase Bank 380055 / 3.92% State Street Bank and Trust Company 505223 / 3.81% Tokio Marine & Nichido Fire Insurance Co., Ltd. / 1.68% (as of June 30, 2015)	Kao Corporation / 100%	
x. Performance and Financial Condition of the Company in Most Recent Fiscal Year (Consolidated)			
Fiscal Year	Apr. – Dec., 2012	Jan. – Dec., 2013	Jan. – Dec., 2014
Total Net Assets	596,083 million yen	642,640 million yen	672,393 million yen
Total Assets	1,030,347 million yen	1,133,276 million yen	1,198,233 million yen
Net Worth Per Share	1,116.61 yen	1,227.54 yen	1,313.63 yen
Net Sales	1,012,595 million yen	1,315,217 million yen	1,401,707 million yen
Operating Income	101,567	124,656	133,270

	million yen	million yen	million yen
Ordinary Income	104,214 million yen	128,053 million yen	138,784 million yen
Net Income	52,765 million yen	64,764 million yen	79,590 million yen
Net Income Per Share	101.12 yen	126.03 yen	156.46 yen
xi. Assets to be Split	All the shares of Kao Customer Marketing Co., Ltd., Kanebo Cosmetics Sales Inc. and Kao Field Marketing Co., Ltd. (No physical assets will be split by the Company Split.)		

#### 4. Status of the Company after Company Split

There will be no change in the trade name, address, headquarter, representatives, business type, capital or fiscal year due to the Company Split.

#### 5. Status of the Preparation Company after Company Split

The Preparation Company will change its name to “Kao Group Customer Marketing Co., Ltd.” There will be no change in address, headquarter, representative, business type, capital or fiscal year due to the Company Split.

#### 6. Future Outlook

The effect of the Company Split on the Company's consolidated financial results will be negligible. The Company is planning to maintain its listed status as the parent company of the Preparation Company.

Media inquiries should be directed to:  
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Kao Corporation  
Phone: +81-3-3660-7043  
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## Members of the Board of Directors and Audit & Supervisory Board Members

Members of the Board of Directors and Audit & Supervisory Board Members of Kao Group Customer Marketing Co., Ltd. and three operating companies affiliated with Kao Group Customer Marketing Co., Ltd. which are Kao Customer Marketing Co., Ltd., Kanebo Cosmetics Sales Inc. and Kao Field Marketing Co., Ltd. will be as follows as of January 1, 2016.

The three operating companies will each be a “Company without Board of Directors,” but Kao Group Customer Marketing Co., Ltd., as a parent company of three operating companies, will promote various policies to make sure that the business activities of three operating companies conform to laws and the respective Articles of Incorporation. In addition, Kao Group Customer Marketing Co., Ltd. will promote and monitor efforts to ensure the appropriateness and efficiency of business operations.

### Kao Group Customer Marketing Co.

#### <Members of the Board of Directors>

Representative Director	Toshiaki Takeuchi (President)
Representative Director	Takehiko Shinto (Executive Vice President)
Director	Naoya Fukuoka (Managing Executive Officer)
Director	Yoshihiro Akamatsu (Managing Executive Officer)
Director	Hiroyuki Yakushigawa (Managing Executive Officer)
Director	Naoki Inoue (Managing Executive Officer)

#### <Audit & Supervisory Board Members>

Audit & Supervisory Board Member	Nobuyuki Nakashima
Audit & Supervisory Board Member	Shinichiro Tanahashi
Audit & Supervisory Board Member	Makoto Koizumi
Audit & Supervisory Board Member	Katsuya Fujii
Audit & Supervisory Board Member	Nobuhiro Oka (Attorney-at-Law)

### Kao Customer Marketing Co.

#### <Director>

Representative Director	Toshiaki Takeuchi (President)
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#### <Audit & Supervisory Board Member>

Audit & Supervisory Board Member	Yoshiyuki Nakanishi
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### Kanebo Cosmetics Sales Inc.

#### <Director>

Representative Director	Takehiko Shinto (President)
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#### <Audit & Supervisory Board Member>

Audit & Supervisory Board Member	Kyoichi Hashimoto
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Kao Field Marketing Co., Ltd.

<Director>

Representative Director	Sotaro Kondo (President)
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<Audit & Supervisory Board Member>

Audit & Supervisory Board Member	Yoshiyuki Nakanishi
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