News Release
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Enriching lives, in harmony with nature.

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FOR IMMEDIATE RELEASE

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Kao to Reorganize its Sales-Related Subsidiaries, Newly Establishing Beauty Counseling Companies

Kao Corporation today announces that it will reorganize its domestic sales subsidiaries relating to the Consumer Products Business, a move that will include the establishment of two companies specializing in in-store beauty counseling. The new organization expects to be operational from January 1, 2018. The reorganization will be conducted through decisions by decision-making bodies at each company, discussions with the labor union and other measures.

1. Reorganizing Sales-related subsidiaries in Japan

In order to further improve the Kao Group's collective capabilities, expertise, and productivity, the current divisional structure will be reorganized into a functional structure.

Under the new structure, the sales-related subsidiaries will be reorganized into four companies on the basis of the following three functions:

1. Trade marketing, sales and negotiations with distributors;
2. In-store beauty counseling; and
3. In-store merchandising.

2. Combining Kao's and Kanebo Cosmetics' sales companies into a single company

To further exert its capabilities as a comprehensive manufacturer of consumer products and cosmetics, Kao will have a single company handle its sales.

By further capitalizing on the collective capabilities of the Kao Group and strengthening engagement with distributors, Kao aims to achieve new proposal-based activities that will give more vigor to the market.

3. Establishing new companies specializing in in-store beauty counseling

To more clearly and accurately convey the uniqueness and value of Sofina and Kanebo Cosmetics respectively, Kao will establish two companies; Sofina Beauty Counseling Co., Ltd. and Kanebo Beauty Counseling Co., Ltd., specializing in in-store beauty counseling. The two new companies will construct management systems to further improve expertise in counseling, strengthening their ability to enhance the brands' appeal.

This is one of the initiatives that will drive the ongoing major reform of the Kao Group's Cosmetics Business.

4. Consolidating the in-store merchandising function

The function of merchandising will be consolidated into one company to raise productivity and improve the ability to offer solutions.

In 2017, Kao embarked on K20, its 4-year Mid-term Plan with the slogan "Transforming Ourselves to Drive Change." Through the upcoming sales organizational reform, the company aims to offer new modes of marketing and sales that maximize the assets and expertise of the Kao Group, collaborate even more effectively with distributors in the rapidly changing market environment, and address customer preferences and interests with fine-tuned attention.

About Kao

Kao creates high-value-added products that enrich the lives of consumers around the world. Through its portfolio of over 20 leading brands such as *Attack*, *Bioré*, *Goldwell*, *Jergens*, *John Frieda*, *Kanebo*, *Laurier*, *Merries* and *Molton Brown*, Kao is part of the everyday lives of people in Asia, Oceania, North America and Europe. Combined with its chemical division, which contributes to a wide range of industries, Kao generates about 1,500 billion yen in annual sales. Kao employs about 35,000 people worldwide and has more than 120 years of history in innovation. Please visit the Kao Group website for updated information.
http://www.kao.com/group/en/group/

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