Kao Corporation

Notice of Dividend of Surplus

February 1, 2018

Kao Corporation (the "Company"– *Ticker Code: 4452*) announces that its Board of Directors resolved to distribute a dividend of surplus as described below, at the meeting of the Board of Directors held on the date hereof.

The dividend of surplus will be officially decided by relevant resolution at the Annual General Meeting of Shareholders to be held on March 23, 2018.

1. Details of Dividends

	Year-end dividend for FY2017, ended December 31, 2017	Most recent year-end dividend forecast (Published on October 30, 2017)	Year-end dividend for FY2016, ended December 31, 2016
Record date	December 31, 2017	December 31, 2017	December 31, 2016
Dividend per share	56.00 yen	54.00 yen	48.00 yen
Total amount of dividends	27,641million yen	-	23,684 million yen
Effective date	March 26, 2018	-	March 22, 2017
Source of dividends	Retained earnings	-	Retained earnings

2. Reason for the Dividend Amount

In order to achieve profitable growth, the Company secures an internal reserve for capital investments and acquisitions from a medium-to-long-term management perspective and places priority on providing shareholders with stable and continuous dividends.

In accordance with these policies, the Company plans to increase the year-end dividend for the fiscal year that ended on December 31, 2017 by 8.00 yen per share compared with the previous fiscal year to 56.00 yen per share partly to reflect net income, attributable to owners of the parent that exceeded the forecast for the fiscal year.

And the Company plans to increase the total dividend for through the fiscal year 2017 by16.00

yen per share compared with the previous fiscal year to 110.00 yen per share.

[Reference: Details of Dividends Through the Fiscal Year]

	Dividend per share (yen)		
Record date	End of First Half	End of Fiscal Year	Total
Dividends for FY2017	54.00 yen (Paid)	56.00 yen	110.00 yen
Dividends for FY2016(Paid)	46.00 yen	48.00 yen	94.00 yen

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