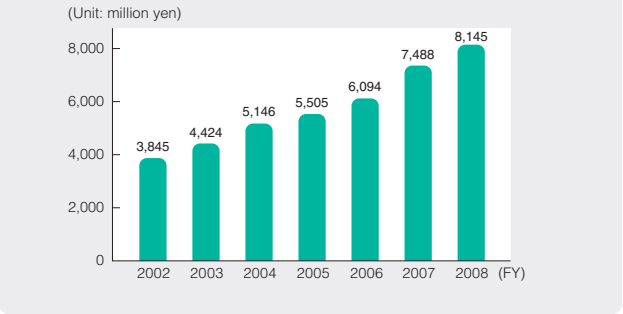
Cumulative Environment-Related Investments



Environmental Efficiency Indexes

Kaneka's Environmental Efficiency

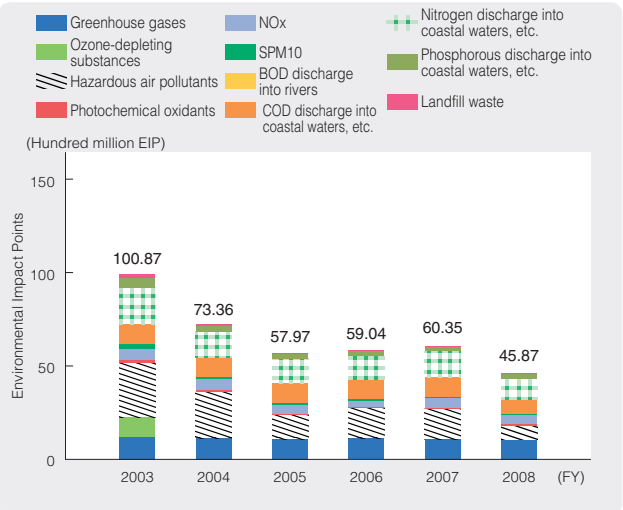
We are striving at Kaneka to make the environmental impacts generated by our production activities as small as possible. The results of our efforts have been evaluated using the JEPIX[1] method to determine the total environmental impacts as an Environmental Impact Point (EIP) score.

From the perspective of realizing a sustainable society, we are also evaluating our environmental efficiency[2] using EIP.

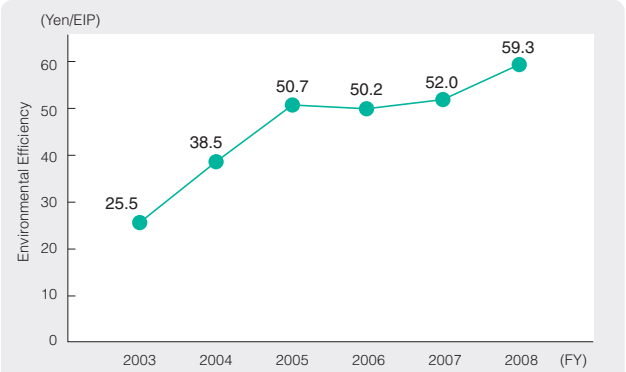
In fiscal 2008, we were able to lower our EIP by reducing the amounts of emissions of harmful pollutants into the atmosphere and nitrogen into the ocean. We were able to improve our environmental efficiency even as we were swept up in the global economic recession and our sales declined.

In the future, we will focus our efforts on environmental impact items that have a large effect on EIP and improve our environmental efficiency.

Kaneka's Environmental Impact Points (EIP)



Environmental Efficiency



1: JEPIX (Japan Environmental Policy Index) method: An "eco-factor" coefficient is calculated for each environmental impact substance from the ratio of the annual emissions amount targeted by the Japanese national environment policy to the actual amount of annual emissions (distance to goal). The eco-factor is then multiplied by each environmental impact, and a simple index called an Environmental Impact Point (EIP) is determined. The eco-factors are calculated by the JEPIX Project and are made publicly available. (http://www.i.hosei.ac.jp/~claude/)

2: Environmental efficiency: Seeking sustainable growth, Kaneka calculates this as a measure to judge our efforts to minimize environmental impacts while maximizing value. The formula is: sales (yen) / total environment impact (EIP).

Environmental Rating

On September 9, 2008, we received an "environmental rating loan," which gives a favorable lending rate to businesses that consider the environment, from the Development Bank of Japan. In this rating, Kaneka received the highest rank for making "efforts in consideration of the environment that are particularly advanced." Based on this, we received a ¥2.5 billion loan with a seven-year term.

In this rating, we were evaluated highly, including in the following three areas.

(1) Greatly reducing the amount of chemical emissions under a voluntary plan to reduce emissions of volatile organic compounds (VOC), and achieving zero waste emissions at all plants for two consecutive years

(2) Efforts for the effective use of used products, as exemplified by the recycling of Kanelite Foam, an extruded polystyrene foam that is used in building insulation materials and other products, and waste materials from polyvinyl chloride protective cable tubing

(3) Reduction of CO_2 emissions in the private sector through products that are considerate of the environment, including resin sashes that contribute to increasing energy conservation and making buildings last longer

We are applying this loan to research and development expenses, including for hybrid photovoltaic modules. These modules, which layer amorphous silicon and thin film crystal silicon, use small amounts of natural resources and greatly improve the efficiency of converting solar energy to electricity.