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KANEKA CORPORATION OF JAPAN ANNOUNCES MAJOR EXPANSION OF COQ10 PRODUCTION FACILITIES TO BE COMPLETED IN THE SPRING OF 2004

Kaneka Corporation of Osaka, Japan, announced today that due to rapid worldwide growth in consumer consumption of this vital nutrient, it will double its yearly CoQ10 production capacity to 150 metric tons. This expansion move is scheduled to be completed in the Spring of 2004 at a total cost of approximately \$33 million.

Yearly consumption of CoQ10 worldwide was estimated to be about 100 metric tons in 2002 with steady growth expected.

Kaneka began production of CoQ10 in 1977. Since then it has been continuously supplying, under strict GMP control, the highest quality, CoQ10 to the world's food supplement industry.

KANEKA HAS PROJECTED SALES OF \$167 MILLION FOR ITS FUNCTIONAL FOODS BY 2006

In April 2001, the Japanese Ministry of Health, Labor and Welfare enacted a system of certifying certain food products that meet strict standards for safety and effectiveness under a new system of “Food with Health Claims”. Kaneka in 2001 incorporated functional food ingredients in its overall business growth plan as its new strategic business. Kaneka initially targeted its functional food sales at \$83 million by 2004. It now expects to reach that level at the end of its 2003 fiscal year.

Kaneka has projected sales of \$167 million for its functional foods by 2006.

In addition, a new Kaneka functional food ingredient, aimed at lifestyle disease prevention of metabolic syndrome, is planned for market introduction by the Spring of 2005.

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