

# KANEKA CORPORATION

January 8, 2009

**Kaneka announces its formal decision to further augment solar cell production capacity  
(additional 80 MW for upgrading to 150 MW level)  
—Review underway to upgrade to 1 GW level by around 2015—**

- ◎ Kaneka Corporation (Headquarters: Osaka. President, Mr. Kimikazu Sugawara) has made the formal decision to augment thin-film solar cell production capacity by 80 megawatts (MW) to bring it up to 150 MW for the commencement of operations in the summer of 2010. These thin-film solar cells utilize hybrid technology with a conversion efficiency of 12%. The new equipment will be installed at the company's wholly-owned subsidiary Kaneka Solartech Corporation (Headquarters: Toyooka City, Hyogo; President: Kenichi Sato). The amount of the capital investment is expected to come to more than 10 billion yen.
  
- ◎ Commercial production of thin-film solar cells which utilize hybrid technology featuring the world's highest level of conversion efficiency (12%) began at Kaneka Solartech in April, 2008, and shipments are increasing incrementally. Kaneka is currently engaged in process innovations which have resulted in various improvements, including a substantial reduction in the cost of equipment achieved through independent development, a substantial increase in productivity on the manufacturing line achieved through the use of proprietary thin-film solar cell technology, a reduction in the cost of materials used and enlargement of the panels. With respect to manufacturing costs, the goal is to bring about significant cost reductions so that a cost of 100 yen per watt can be achieved at an early point in time. The full 80 MW of the upgrade will be used to produce hybrid-type cells with a conversion efficiency of 12%, and the company will continue to further expand production capacity at the demonstration plant on a commercial scale.
  
- ◎ The company has also decided to look into the following to further expand the scale of the business:
  - Further accelerate current cost reduction efforts and maintain a top position in the global market in terms of both quality and cost in order to secure a competitive advantage in the global power market of the future. It will be necessary to reduce costs through technological innovations for Kaneka's solar cell operations to survive and grow in the market. Preparations have begun for the establishment of a new Thin Film Laboratory with the goal of continuing to establish new solar cell technologies. This will allow Kaneka to engage in R&D on next-generation, high-efficiency hybrid cells and development of organic thin-film solar cells through the application of organic EL research technology for the achievement of high conversion efficiency.
  - This expansion of facilities will allow Kaneka to seek new production bases with the technologies established at this demonstration plant by fully utilizing the premises of Kaneka Solartech. Kaneka believe that the dominant production bases are those that are closest to their markets. Kaneka will carefully watch market trends and will look into establishing production bases in the optimal locations, including overseas. Kaneka will begin by looking into establishing a production base in Europe. The scale Kaneka are looking at is 200 MW, and Kaneka will gradually increase production capacity to 1 GW by around 2015.
  - The solar cell business currently has four market segments: large-scale utility installation, free land installation, commercial roof-top installation and residential roof-top installation. Kaneka's target market in Europe and the United States will be large-scale utility installations used for supplying electricity. In Japan, the focus will be on installations at new residences.
  - The company will not only seek to go it alone in its future sales strategy but will also consider alliances with suitable partners.