

August 23, 2010

For Immediate Release

NIPPON SHOKUBAI Announces Issuance of New Shares and Secondary Offering of Shares

NIPPON SHOKUBAI CO., LTD. [Tokyo Stock Exchange – TOKSE:4114.T] (“NIPPON SHOKUBAI”) adopted the following resolutions concerning the issuance of new shares and the secondary offering of shares of NIPPON SHOKUBAI at a meeting of the board of directors held on August 23, 2010.

Purpose of this Finance

Ever since its inception, our company has advocated a "technology-oriented" trajectory. Focusing on catalyst technology as a key part of our company, we have striven to meet the needs of global industry at the highest level in this area through our technologies and products of particular originality and unique qualities, reflecting our achievements.

We drew up “Techno Amenity 2015” as a long-term management plan (for FY2010 to FY2015) in March this year. Our Vision for FY2025 is to become "a chemical company providing new values through innovative technologies", and our slogan is "challenge to the future, make dreams come true". Our Vision for FY2025 and Vision for FY2015 are goals towards which we aspire and will exert our best efforts no matter how difficult.

We aim at further growth in accordance with this long-term management plan.

Now we are moving the superabsorbent polymers (“SAP”) plant of NA Industries, Inc. (“NAI”), our subsidiary in the U.S.A., from Chattanooga, Tennessee to Houston, Texas to utilize the latest technology and reduce costs. We also began to construct a new SAP plant under PT. Nippon Shokubai Indonesia (“NSI”), our subsidiary in the Indonesia. These developments enable us to procure acrylic acid (“AA”) ,which is the raw material (※) for SAP and aim at a further strengthening our core business.

We plan more development of SAP, our core business, by this finance and aim at the reinforcement of the base for the achievement of “Techno Amenity 2015”.

We are convinced that the improvement of our financial position by increased equity capital will improve our flexibility to business risk and fund raising capacity, and will strengthen our group’s financial stability and competitiveness.

※ This makes integrated production from AA to SAP possible.

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1. Issuance of New Shares by way of Offering (Public Offering)

- | | |
|---|--|
| (1) Class and Number of Shares to be Offered | 22,000,000 shares of common stock of NIPPON SHOKUBAI |
| (2) Method of Determination of the Amount to be Paid | The amount to be paid shall be determined on the date of determination of the issue price, etc. (which may be a day between Tuesday, August 31, 2010 and Friday, September 3, 2010) (the "Determination Date") in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association ("JSDA"). |
| (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased | The amount of stated capital to be increased shall be half of the maximum increased amount of stated capital, as calculated in accordance with the provision of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of the additional paid-in capital to be increased shall be the amount obtainable by subtracting the above amount of stated capital to be increased from the relevant maximum amount of stated capital increase. |
| (4) Method of Offering | The offering shall be a public offering. All of the new shares shall be purchased for sale by the underwriters in the Public Offering (the "Underwriters"). The issue price with regard to the Public Offering (offer price) shall be determined on the Determination Date, based on the provisional range calculated by multiplying the closing price in regular trading of the shares on the Tokyo Stock Exchange on the Determination Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by 0.90-1.00 (with any fraction less than one yen being rounded down), in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the JSDA, taking into account market demand. |
| (5) Consideration to be paid to the Underwriters | NIPPON SHOKUBAI shall not pay any underwriting fees to the Underwriters. Instead, the aggregate amount of the difference between (a) the issue price in the Public Offering (offer price) and (b) the amount to be paid to NIPPON SHOKUBAI by the Underwriters shall be taken by the Underwriters. |
| (6) Subscription Period | The subscription period shall be from the next business day after the Determination Date to the second business day following the Determination Date. |
| (7) Payment Date | The payment date shall be a day in the period from Tuesday, September 7, 2010 to Friday, September 10, 2010, provided, however, that such day shall be the fifth business day following the Determination Date. |
| (8) Subscription Unit | 1,000 shares |

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3. Issuance of New Shares by way of Third-Party Allotment (See 1. of “For Reference” attached hereto)

- (1) Class and Number of Shares to be Offered 3,000,000 shares of common stock of NIPPON SHOKUBAI.
- (2) Method of Determination for the Amount to be Paid The amount to be paid shall be determined on the Determination Date; provided, however, that such amount to be paid shall be the same as the amount to be paid in the Public Offering.
- (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased The amount of stated capital to be increased shall be half of the maximum increased amount of stated capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of the additional paid-in capital to be increased shall be the amount obtainable by subtracting the above amount of stated capital to be increased from the relevant maximum amount of stated capital increase.
- (4) Allottee The Lead Manager
- (5) Subscription Period (Subscription Date) Tuesday, September 21, 2010
- (6) Payment Date Wednesday, September 22, 2010
- (7) Subscription Unit 1,000 shares
- (8) Shares not subscribed within the subscription period (Subscription Date) mentioned in (5) above shall not be issued.
- (9) The amount to be paid, the amount of stated capital and additional paid-in capital to be increased and any other matters necessary for the issuance of new shares by way of the third-party allotment shall be determined at the discretion of the Mr. Tadao Kondo, the President and Representative Director of NIPPON SHOKUBAI.
- (10) The foregoing items shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan.
- (11) In the event the Public Offering is cancelled, the third-party allotment will also be cancelled.

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[For Reference]

1. Secondary Offering by way of Over-Allotment and other matters

The Secondary Offering by way of Over-Allotment as mentioned in “2. Secondary Offering of Shares (Secondary Offering by way of Over-Allotment)” above, is a secondary offering to be made in relation to the Public Offering mentioned in “1. Issuance of New Shares by way of Offering (Public Offering)” for shares of common stock of NIPPON SHOKUBAI, in a number not exceeding 3,000,000 shares, that will be borrowed by the Lead Manager from certain shareholder(s) of NIPPON SHOKUBAI taking into account market demand. The number of shares to be offered in the Secondary Offering by way of Over-Allotment is scheduled to be 3,000,000 shares; however, this is the maximum number of shares to be sold, and such number may be decreased, or the Secondary Offering by way of Over-Allotment may be cancelled entirely, depending on market demand.

In connection with the Secondary Offering by way of Over-Allotment, the board of directors of NIPPON SHOKUBAI has resolved, at the meeting held on Monday, August 23, 2010, that NIPPON SHOKUBAI will issue 3,000,000 shares of common stock of NIPPON SHOKUBAI to the Lead Manager by way of third-party allotment (the “Capital Increase by way of Third-Party Allotment”), with the payment date set to be Wednesday, September 22, 2010, in order for the Lead Manager to obtain the number of shares necessary to return the shares of common stock of NIPPON SHOKUBAI that will have been borrowed by the Lead Manager from certain shareholder(s) of NIPPON SHOKUBAI, as mentioned above (the “Borrowed Shares”).

The Lead Manager may also purchase shares of common stock of NIPPON SHOKUBAI (the “Syndicate Cover Transactions”) on the Tokyo Stock Exchange, up to the number of shares to be offered in the Secondary Offering by way of Over-Allotment, for the purpose of returning the Borrowed Shares. Such Syndicate Cover Transactions would be made during the period from (a) the day immediately following the last day of the subscription period for the Public Offering and the Public Offering by way of Over-Allotment to (b) Tuesday, September 14, 2010 (the “Syndicate Cover Transaction Period”). All of the shares of common stock of NIPPON SHOKUBAI purchased by the Lead Manager during the Syndicate Cover Transaction Period will be used to return the Borrowed Shares. During the Syndicate Cover Transaction Period, the Lead Manager may decide not to conduct any Syndicate Cover Transaction or may decide to terminate the Syndicate Cover Transactions before the number of shares purchased reaches the number of shares offered in the Secondary Offering by way of Over-Allotment.

The Lead Manager may conduct stabilizing transactions along with the Public Offering and the Secondary Offering by way of Over-Allotment. The shares of common stock of NIPPON SHOKUBAI purchased through such stabilizing transactions may be used, in whole or in part, to return the Borrowed Shares.

With respect to the number of shares obtained by deducting (a) the number of shares purchased through stabilization transactions and Syndicate Cover Transactions that are to be used to return the Borrowed Shares from (b) the number of shares to be offered in the Secondary Offering by way of Over-Allotment (the “Number of Shares to be Purchased”), the Lead Manager will accept the allotment under the Capital Increase by way of Third-Party Allotment and will purchase an equivalent number of shares of common stock of NIPPON SHOKUBAI. As a result, a part or all of the shares to be issued under the Capital Increase by way of Third-Party Allotment may not be subscribed for, which may result in a decrease in the determined number of

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shares to be issued under the Capital Increase by way of Third-Party Allotment, or in the cancellation of the issuance, due to forfeiture.

In the event that the Lead Manager accepts the allotment under the Capital Increase by way of the Third-Party Allotment, it will make payment for the Number of Shares to be Purchased with the fund obtained from the Secondary Offering by way of Over-Allotment.

2. Change in the number of outstanding shares as a result of this capital increase by Public Offering and Capital Increase by way of Third-Party Allotment

Total number of outstanding shares at present:

187,000,000 shares (as of August 23, 2010)

Increase in number of shares as a result of the Public Offering:

22,000,000 shares

Total number of outstanding shares after the Public Offering:

209,000,000 shares

Increase in number of shares as a result of the Capital Increase by way of Third-Party Allotment:

3,000,000 shares (Note)

Total number of outstanding shares after the Capital Increase by way of Third-Party Allotment:

212,000,000 shares (Note)

Notes: These figures are based on the assumption that the shares to be offered in “3. Issuance of New Shares by way of Third-Party Allotment” are all subscribed by the Lead Manager and issued.

3. Use of proceeds

(1) Use of proceeds to be raised

Out of proceeds from the Public Offering and Capital Increase by way of Third-Party Allotment of shares which will be up to 19.975 billion yen in total, 7.9 billion yen is planned to be used for capital investment in manufacturing facilities (superabsorbent polymers plants etc.), test research facilities, etc. by the end of March 2011, and the remainder is planned to be used for loans and investments in superabsorbent polymers plants and ancillary facilities including utilities (electricity and steam, etc.), supply equipments, etc. of NA Industries, Inc. and PT. Nippon Shokubai Indonesia, which are foreign subsidiaries of NIPPON SHOKUBAI, by the end of March 2013.

NA Industries, Inc. and PT. Nippon Shokubai Indonesia will apply the proceeds to capital investments for superabsorbent polymers plants and ancillary facilities by the end of March 2013.

The following sets forth a plan to develop important facilities in NIPPON SHOKUBAI group as of August 23, 2010; provided however that Investment amount already paid is reported as of July 31, 2010. (“Equity finance” in the column “Financing method” in the table below includes the proceeds to be raised in this finance.)

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(1)NIPPON SHOKUBAI

Business Establishment (Location)	Business Segment	Facility	Investment amount (scheduled) (million yen)		Financing method	Commencement	Completion (scheduled)	Capacity to be increased
			Total	Paid				
Kawasaki Plants (Kawasaki-ku, Kawasaki)	Basic Chemicals, Functional Chemicals, Environment & Catalysts	Ancillary facilities	1,758	—	Funds, on hand, debt and equity finance	April, 2010	March, 2011	—
Himeji Plant (Himeji, Hyogo)	Basic Chemicals, Functional Chemicals, Environment & Catalysts	Superabsorbent polymers plant and ancillary facilities	4,755	1,076	Funds, on hand, debt and equity finance	May, 2009	March, 2011	superabsorbent polymers plant 60,000 metric tons per year
Suita Plant (Suita, Osaka)	Basic Chemicals, Functional Chemicals, Environment & Catalysts	Ancillary facilities	925	842	Funds, on hand, debt and equity finance	April, 2010	March, 2011	—
Research Centers (Suita, Osaka) and three sites	Basic Chemicals, Functional Chemicals, Environment & Catalysts	Test and research facilities	1,377	1	Funds, on hand, debt and equity finance	April, 2010	March, 2011	—
Others	Basic Chemicals, Functional Chemicals, Environment & Catalysts	Ancillary facilities	1,012	—	Funds, on hand, debt and equity finance	April, 2010	March, 2011	—
Total	—	—	9,827	1,919	—	—	—	—

Note: Numbers above do not include consumption tax.

(2)Subsidiaries in Japan

Company	Business Establishment (Location)	Business Segment	Facility	Investment amount (scheduled) (million yen)		Financing method	Commencement	Completion (scheduled)	Capacity to be increased
				Total	Paid				
Six subsidiaries in Japan	—	Basic Chemicals, Functional Chemicals, Environment & Catalysts	Ancillary facilities	2,000	—	Funds, on hand, and debt	April, 2010	March, 2011	—

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(3) Subsidiaries in other countries outside of Japan

Company	Business Establishment (Location)	Business Segment	Facility	Investment amount (scheduled) (million yen)		Financing method	Commencement	Completion (scheduled)	Capacity to be increased
				Total	Paid				
NA Industries Inc.	Pasadena, USA	Functional Chemicals,	superabsorbent polymers plant and ancillary facilities	11,200 (※)	—	Funds, on hand, debt and equity finance	January, 2010	June, 2012	superabsorbent polymers plant 60,000 metric tons per year
PT.Nippon Shokubai Indonesia	Cilegon, Indonesia	Basic Chemicals, Functional Chemicals	superabsorbent polymers plant and ancillary facilities	5,500 (※)	—	Funds, on hand, debt and equity finance	April, 2011	March, 2013	superabsorbent polymers plant 30,000 metric tons per year
Five subsidiaries in other countries outside of Japan	—	Basic Chemicals, Functional Chemicals	ancillary facilities	500	—	Funds, on hand, debt	January, 2010	December, 2010	—
Total	—	—	—	17,200	—	—	—	—	—

(※) Total of investment amount is sum of scheduled investment amount from commencement to completion.

(2) Change in the use of proceeds raised last time
Not Applicable

4. Other matters

Lock-up

In connection with the Public Offering, NIPPON SHOKUBAI has agreed not to sell or issue shares of NIPPON SHOKUBAI, not to issue securities that can be converted into or exchanged for shares of NIPPON SHOKUBAI, and not to issue any other securities that represent the right to acquire or receive shares of NIPPON SHOKUBAI (excluding issuance of new shares by way of the Public Offering, by way of Third-Party Allotment or issuance of the shares in connection with stock splits, etc.) during the period commencing on the Determination Date and ending on the day that falls on the 180th day after the delivery date for the Public Offering (the “Lockup Period”) without the prior written consent of the Lead Manager.

In the above case, the Lead Manager has the authority to waive all or a part of the conditions of that agreement during the Lockup Period at its own discretion.

Contacts

NIPPON SHOKUBAI CO.,LTD.

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