

For Immediate Release

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Nippon Shokubai, Co., Ltd.  
Sumitomo Chemical Co., Ltd.

Nippon Shokubai and Sumitomo Chemical To Further  
Cooperation In Acrylic Acid and MMA Monomer

Nippon Shokubai Co., Ltd. ("Nippon Shokubai") and Sumitomo Chemical Co., Ltd. ("Sumitomo Chemical") have reached a basic agreement to integrate each company's acrylic acid and MMA monomer businesses into Nippon Shokubai and Sumitomo Chemical, respectively.

More specifically, the cooperation of the two companies includes:

1. Sumitomo Chemical will transfer to Nippon Shokubai its acrylic acid manufacturing plant in Ehime, Japan (80,000 tons/year) and related marketing operations.
2. Nihon Methacryl Monomer Co., Ltd., a 50/50 joint venture between the two companies will be re-organized as follows:
  - a. Its MMA monomer plant in Ehime (40,000 tons/year) and related marketing operations will be transferred to Sumitomo Chemical.
  - b. Its MMA monomer plant in Himeji, Japan (50,000 tons/year) will be made into a new joint entity of Sumitomo Chemical (64%) and Nippon Shokubai (36%), from which Sumitomo Chemical has the right to take the maximum 32,000 tons/year of MMA monomer and Nippon Shokubai is entitled to the supply of methacrylic acid up to 18,000 tons/year.

3. Nippon Shokubai will transfer to Sumitomo Chemical its entire stake in Singapore MMA Monomer Pte Ltd. (53,000 tons/year), a joint venture between Sumitomo Chemical Singapore Pte Ltd. (60%) and Nippon Shokubai (40%)

As a result, Sumitomo Chemical will possess the additional MMA production capacity of 48,000 tons/year, while Nippon Shokubai will add 80,000 tons/year to its present acrylic acid manufacturing capability.

A market demand for acrylic acid, its derivatives and MMA monomers/polymers is expected to show a continuing steady growth in Asia and the rest of the world. However, competition in the market is likely to further intensify in the future. Giant players operating globally such as BASF are building large-scale production bases in the Asian region or enhancing their drive to acquire superabsorbent polymer companies. The field of MMA monomer and polymer is also no exception. Companies will continue to explore alliance by means of business divestures or integration as well extending vigorous efforts of new capacity installations and expansions.

Nippon Shokubai has long been engaged not only in the manufacture and sale of acrylic acid, but also in conducting a broad array of its derivatives business such as acrylic acid esters and superabsorbent polymers. However, its activities in MMA are limited to the sale of monomers with no operations in their polymers or other derivatives. On the other hand, while Sumitomo Chemical is extensively operating the MMA polymers business, such as sheets and molding materials, based on its self-manufactured monomers, its acrylic acid business only involves the sale of crude and glacial acrylic acids, but not their derivatives.

Under the difficult economic and business climate that will likely prevail in the future, both Nippon Shokubai and Sumitomo

Chemical have recognized it vital to survive in the fierce competition by infusing their corporate resources intensively into those core fields in which the two companies respectively have derivatives business.

Both companies will work together to take necessary steps as quickly as possible to complete the above undertaking by the end of March 2002.

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