FOR IMMEDIATE RELEASE

Hexion Specialty Chemicals’ Oilfield Technology Group Expanding Production and Distribution Network To Meet Energy Extraction Market Needs

COLUMBUS, Ohio – (January 29, 2009) - Hexion Specialty Chemicals, Inc., announced today that its Oilfield Technology Group (OTG) is expanding its North American production and distribution network to meet demand for resin coated proppants used to enhance extraction of oil and natural gas.

Hexion has completed construction of a resin coated proppant production facility at its existing distribution site in Oklahoma City, Oklahoma. The plant began production in January and has an annual rated capacity of 100 million pounds of proppant materials. The plant will manufacture Hexion’s proprietary new line of ValuBond™ resin coated proppants.

The company is in the process of expanding operations at an existing distribution site located in Rock Springs, Wyoming by increasing track capacity five fold to service the Rockies. This site will be operational in late spring.

Hexion also is finalizing arrangements to commission an additional manufacturing facility in Cleburne, Texas, to further expand its supply chain network.

Resin coated proppants are used in a process called “hydraulic fracturing” to help optimize the yields from working oil and gas wells by maximizing flow capacity from the oil or gas formation to the wellhead. Since Hexion developed the technology more than 20 years ago, it has become a vital part of the energy extraction process. Recent technological innovations and Hexion’s introduction of enhanced materials have expanded the use of resin coated proppants into unconventional gas extraction situations that feature complex and hard to reach geological formations.

According to OTG Vice President Jerry Borges, the expansion of Hexion’s operations to serve the Mid-Continent and East Texas will alleviate a shortage of proppant materials in this vital production region.
“We are evaluating further expansion of our operations to serve our broad continental customer base not only in this zone, but in other US production zones and Canada,” Borges said. The company continues to assess marketplace opportunities in Russia and other key energy production regions, he added.

**About Hexion Specialty Chemicals**

Based in Columbus, Ohio, Hexion Specialty Chemicals serves the global wood and industrial markets through a broad range of thermoset technologies, specialty products and technical support for customers in a diverse range of applications and industries. Hexion Specialty Chemicals is controlled by an affiliate of Apollo Management, L.P. Additional information is available at [www.hexion.com](http://www.hexion.com).

**Forward Looking Statements**

Certain statements in this press release are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. In addition, the management of Hexion Specialty Chemicals, Inc. (which may be referred to as “Hexion,” “we,” “us,” “our” or the “Company”) may from time to time make oral forward-looking statements. Forward looking statements may be identified by the words “believe,” “expect,” “anticipate,” “project,” “plan,” “estimate,” “will” or “intend” or similar expressions. Forward-looking statements reflect our current views about future events and are based on currently available financial, economic and competitive data and on our current business plans. Actual results could vary materially depending on risks and uncertainties that may affect our markets, services, prices and other factors as discussed in our 2007 Annual Report on Form 10-K, and our other filings, with the Securities and Exchange Commission (SEC). Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: economic factors such as an interruption in the supply of or increased pricing of raw materials due to natural disasters, competitive factors such as pricing actions by our competitors that could affect our operating margins, and regulatory factors such as changes in governmental regulations involving our products that lead to environmental and legal matters as described in our 2007 Annual Report on Form 10-K, and our other filings, with the SEC.

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