Momentive Specialty Chemicals Inc.

Third Quarter 2011
Earnings Conference Call

November 9, 2011

Forward-Looking Statements

Momentive Specialty Chemicals Inc.

Certain statements in this presentation are forward-looking statements within the meaning of and made pursuant to the safe harbor provisions 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, our management may from time to time make oral forward-looking statements. All statements, other than statements of historical facts, are forward-looking statements. Forward-looking statements may be identified by the words “believe,” “expect,” “anticipate,” “project,” “plan,” “estimate,” “may,” “will,” “could,” “should,” “seek” or “intend” and similar expressions. Forward-looking statements reflect our current expectations and assumptions regarding our business, the economy and other future events and conditions and are based on currently available financial, economic and competitive data and our current business plans. Actual results could vary materially depending on risks and uncertainties that may affect our operations, markets, services, prices and other factors as discussed in the Risk Factors section of our most recent Annual Report on Form 10-K and our other filings with the Securities and Exchange Commission (the “SEC”). While we believe our assumptions are reasonable, we caution you against relying on any forward-looking statements as it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, a weakening of global economic and financial conditions, interruptions in the supply of or increased cost of raw materials, changes in governmental regulations and related compliance and litigation costs, difficulties with the realization of cost savings in connection with our strategic initiatives, including transactions with our affiliate, Momentive Performance Materials Inc., pricing actions by our competitors that could affect our operating margins, the impact of our substantial indebtedness, our failure to comply with financial covenants under our credit facilities or other debt, and the other factors listed in the Risk Factors section of our most recent Annual Report on Form 10-K and in our other SEC filings. For a more detailed discussion of these and other risk factors, see the Risk Factors section in our most recent Annual Report on Form 10-K and our other filings made with the SEC, including our quarterly reports on Form 10-Q.All forward-looking statements are expressly qualified in their entirety by this cautionary notice. The forward-looking statements made by us speak only as of the date on which they are made. Factors or events that could cause our actual results to differ may emerge from time to time. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

This presentation contains non-GAAP financial information. Reconciliation to GAAP is included at the end of the presentation.

Momentive Specialty Chemicals Inc.

Overview of Third Quarter 2011 Results

Craig O. Morrison
Chairman, President & Chief Executive Officer

Third Quarter 2011 Results: Solid Business Fundamentals Despite Challenging Economic Environment

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- Revenues of $1.3 billion versus $1.2 billion in prior year due to pricing actions including the contractual pass through of higher raw material costs
- Segment EBITDA[(1)] of $162 million compared to $193 million in prior year quarter
  - Impacted by recent economic slowdown in Europe and Asia, inventory destocking, raw material inflation and product mix shift
  - Year-to-date Segment EBITDA of $529 million, up 14% versus prior year period of $464 million
- Operating income of $101 million compared to operating income of $188 million in 3Q'10, with prior year period including $56 million of income related to insurance recoveries
  - Year-to-date operating income of $349 million, up 16% versus prior year period of $302 million, with prior year period excluding $83 million of income related to insurance recoveries
- Continued to make strategic investments in specialty product lines and BRIC regions
  - Brought new oilfield assets online in 3Q'11: Brady (line addition) and Batesville (new site)
  - Six new plants operational / under construction in BRIC countries

BUSINESS FUNDAMENTALS AND COMPETITIVE POSITION REMAINS STRONG AND POSITION MSC FOR LONG-TERM GROWTH AND PROFITABILITY

(1) Segment EBITDA and Adjusted EBITDA are non-GAAP financial measures. The closest GAAP financial measure is Net Income (Loss). A table that reconciles Segment EBITDA and Adjusted EBITDA is at the end of this presentation. Management believes that Adjusted EBITDA is meaningful to investors because the Company is required to have an Adjusted EBITDA to Fixed Charges ratio of greater than 2.0 to 1.0. At September 30, 2011, the Company was in compliance with the Adjusted EBITDA to Fixed Charges Ratio incurrence test. Under Momentive Specialty Chemical's indenture for the Second Priority Senior Secured Notes, failure of this incurrence test does not represent an event of default. However, Momentive Specialty Chemicals may not be able to incur future debt outside of its revolving facility or make acquisitions in certain circumstances. The Company was in compliance with the senior secured bank leverage ratio under the covenants for its senior secured bank facility.

Third Quarter 2011 Results: Strong Liquidity Position and Focus on Productivity / Cost Savings

- Realized $21 million in savings from the shared services agreement in the first nine months of 2011 and run-rate savings of approximately $34 million as of 3Q’11
  - Integration and sharing of best practices with Momentive Performance Materials Inc. (“MPM”) continues to progress smoothly and create value
  - Reviewing plans to aggressively accelerate savings from the shared services agreement and drive additional cost-savings / productivity to offset economic weakness
- MSC maintained its strong liquidity position while continuing to invest in growth
  - Cash and available borrowings of $524 million as of 3Q’11
- The Company was in compliance with all financial covenants governing its senior secured credit facilities and indentures at September 30, 2011

SIGNIFICANT FINANCIAL FLEXIBILITY AND ONGOING STRATEGIC INVESTMENT IN MSC’s GLOBAL ASSET BASE

Third Quarter 2011
Summary Financial Performance

MOMENTIVE

	Quarter Ended September 30		
($ in millions)	**2011**	**2010**	**Δ**
Revenue	**$1,322**	**$1,225**	**8%**
Segment EBITDA (1)	**162**	**193**	**(16)%**
PF Operating Income	**101**	**132**	**(23)%**
Reported Operating Income	**101**	**188**	**(46)%**

3Q'10 adjusted for $56 million of one-time income related to recovery of insurance claims

3Q'11 SEGMENT EBITDA VARIANCE DRIVEN PRIMARILY BY SPECIALTY EPOXY (CHINA MARKET FACTORS) AND BASE EPOXY (MARKETS NORMALIZING FROM PRIOR YEAR)

(1) Segment EBITDA excludes in-process synergies. Segment EBITDA is defined as EBITDA adjusted to exclude certain non-cash and non-recurring expenses. Segment EBITDA is an important measure used by the Company's senior management and board of directors to evaluate operating results and allocate capital resources among segments. Segment EBITDA is also the profitability measure used to set management and executive incentive compensation goals. Corporate and Other primarily represents certain corporate, general and administrative expenses that are not allocated to the segments. Segment EBITDA is defined and reconciled to Net Income (loss) later in this presentation

Year-to-Date 9/30/11
Summary Financial Performance

MOMENTIVE

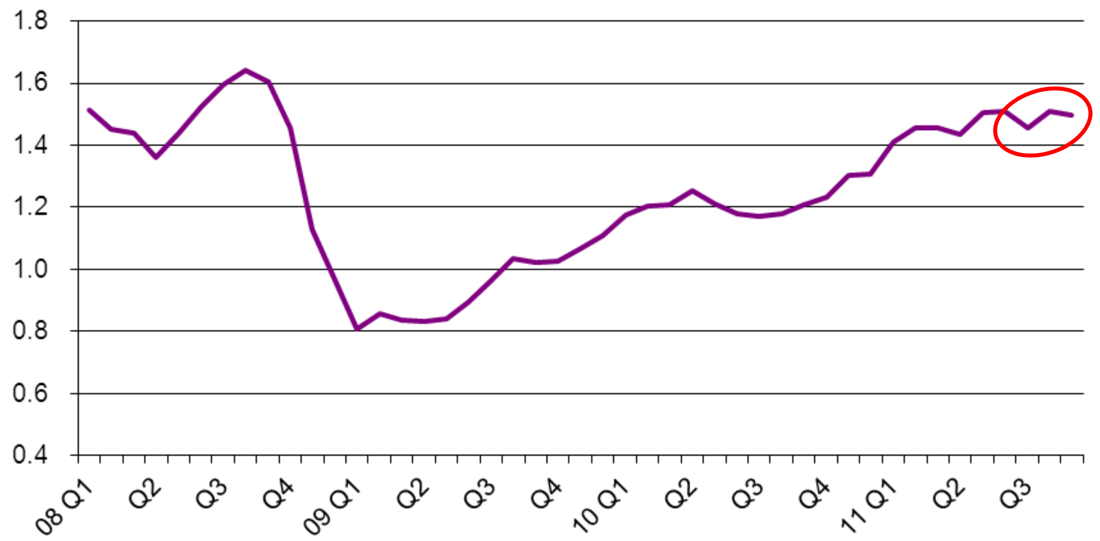
($ in millions)	Nine Months Ended September 30 2011	2010	Δ
Revenue	**$4,054**	**$3,428**	**18%**
Segment EBITDA	**529**	**464**	**14%**
PF Operating Income	**349**	**302**	**16%**
Reported Operating income	**349**	**385**	**(9)%**

YTD 9/30/11 adjusted for $83 million of one-time income related to recovery of insurance claims

YTD 9/30/11 SEGMENT EBITDA INCREASED 14 PERCENT DEMONSTRATING STRONG PRESENCE IN HIGH GROWTH END MARKETS AND REGIONS, PORTFOLIO DIVERSITY AND LEADING COST POSITION

Overview of Raw Materials Environment

Momentive Specialty Chemicals: Global Raw Material Cost Index

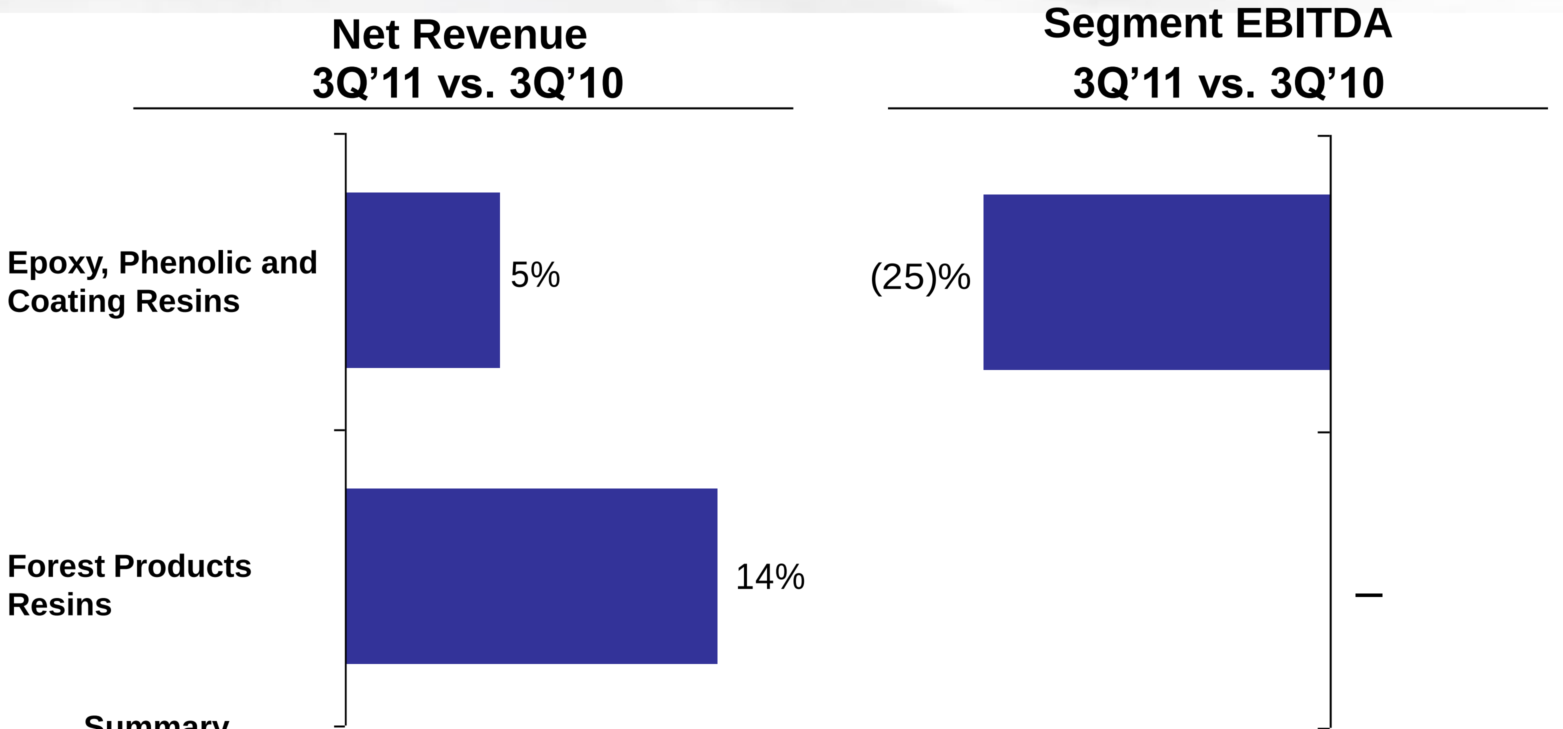


Source: CMAI data

Summary

- **Raw material pricing remained at elevated levels, despite global economic weakness in 3Q'11:**
  - **Phenol ↑21% YoY; methanol ↑26% YoY; urea ↑ 68% YoY; propylene ↑31% YoY**
- **Raw materials began to moderate late in third quarter**

Third Quarter 2011 Segment Overview



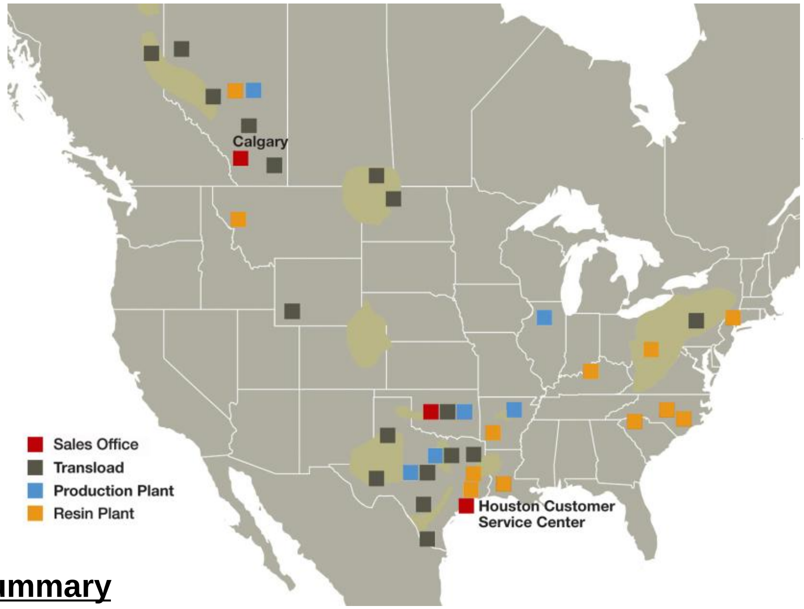
Summary

- MSC 3Q'11 revenues rose due to the pass through of raw material driven price increases and foreign exchange translation of $106 million and $76 million, respectively, partially offset by $85 million from lower volumes
- 3Q'11 EPCD EBITDA reflects a significant slowdown in wind energy demand in China, a YoY weakening in Base Epoxy Resin demand and soft demand for Versatic derivatives driven by continued sluggishness in the European construction market
- Forest Products Resins posted flat results vs. prior year as strong formaldehyde EBITDA partially offset sluggish N. American resins and European results

MOMENTIVE

Strategic Investments in Specialty Product Lines and BRIC Regions

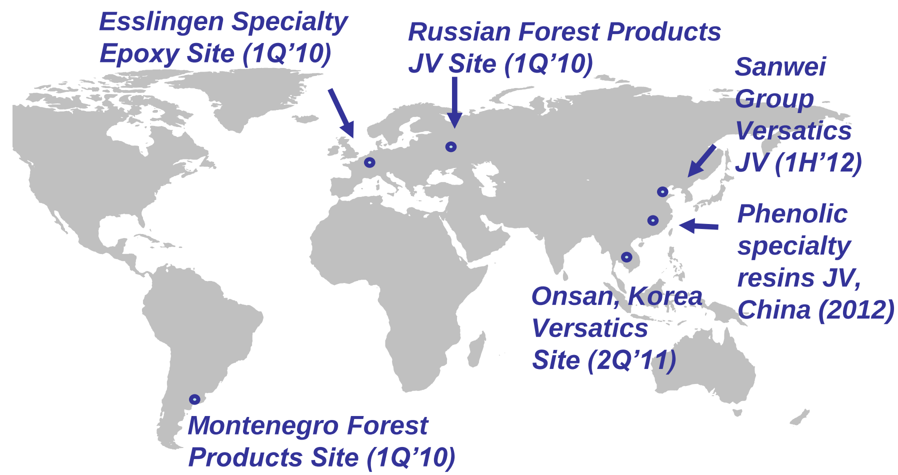
Continued Investment in Oilfield Business



Summary

- Brought new oilfield assets online in 3Q'11: Brady (line addition) and Batesville (new site)
- Long-term demand for energy supports growth
- Horizontal drilling and shale boom – exponential volume impact
- Meeting dynamic customer demands via incremental line expansions and transload sites

BRIC Region Growth



Expanding our Presence in Faster Growing Regions:

- MSC continues to expand into high growth regions with six new plants operational, or under construction, in BRIC countries
- BRIC revenue growth: 29% CAGR (2007-2010)

RECENT INFRASTRUCTURE INVESTMENTS UNDERSCORE COMMITMENT TO GROWTH

Momentive Specialty Chemicals Inc.

Financial Review

William H. Carter
Executive Vice President & Chief Financial Officer

Epoxy, Phenolic and Coating Resins Third Quarter 2011 Segment Results

Quarter Ended September 30

($ in millions)	**2011**	**2010**	**Δ**
Revenue	$ 870	$ 827	5%
Segment EBITDA	126	169	(25)%

3Q'11 Sales Comparison YOY

Volume	**Price/Mix**	**Currency Translation**	**Total**
(8)%	7%	6%	5%

<u>Summary</u>

- Volume decreases were primarily driven by specialty epoxy business in Asia due to tightness in the Chinese credit markets and reduction of government subsidies negatively impacting wind energy customers
- Base epoxy business moderated from elevated 2010 levels
- Oilfield business continued to post strong YoY EBITDA gains
  - Start-up of new Batesville, Arkansas site and new production line at Brady, Texas site came online in 3Q'11

Forest Products Resins
Third Quarter 2011 Segment Results

MOMENTIVE

Quarter Ended September 30

($ in millions)	2011	2010	Δ
Revenue	$ 452	$ 398	14%
Segment EBITDA	46	46	– %

3Q'11 Sales Comparison YOY

Volume	Price/Mix	Currency Translation	Total
(4)%	12%	6%	14%

Summary

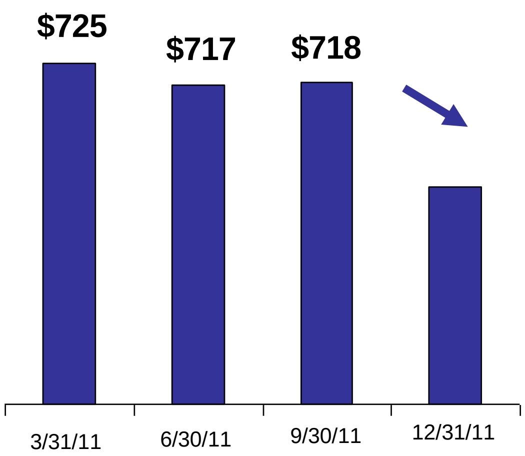
- Slight volume declines YoY and spiking urea in 3Q'11 compressed overall segment margins
- Continued strength in N. America formaldehyde results supported by positive product mix
- European business continues to see challenging market conditions
- Remain well positioned for N. America housing recovery as it develops due to MSC's lean manufacturing grid from past aggressive site rationalizations and a continued focus on variable cost control

Balance Sheet Update & Financial Summary

Summary

- Liquidity remained strong with cash plus borrowing availability of $524 million at September 30, 2011
- Working aggressively to optimize working capital and position inventories at appropriate levels in response to volatile demand outlook
- Seasonality and inventory actions will decrease working capital in 4Q'11
- 3Q'11 capital expenditures of $38 million and continue to anticipate full-year 2011 capex of ~ $120 to $130 million

Net Working Capital (1)



NET UNAFFILIATED DEBT: $3.36 BILLION (9/30/11) (2)

(1) Net working capital defined as accounts receivable and inventories less accounts and drafts payable. Recasted for discontinued operations.
(2) Excludes $100 million of affiliated debt. See details of Momentive Specialty Chemical's total debt in the Appendix of this presentation.

Closing Remarks

Third Quarter 2011 Closing Remarks

- 3Q'11 Segment EBITDA reflected:
  - Year-over-year decline driven by recent economic slowdown in Europe and Asia, inventory destocking, raw material inflation and product mix shift
  - Continued strong performance in oilfield resins and North American formaldehyde business with year-over-year Segment EBITDA growth of 17% and 5%, respectively
  - YTD 9/30/2011 Segment EBITDA and revenue up 14% and 18%, respectively
- Solid liquidity position and balance sheet, while continuing to invest in the growth of MSC's platform
  - Oilfield assets came online in 3Q'11
  - Ongoing investment in high growth BRIC regions
- Integration with MPM continues to progress smoothly and realization of combination synergies continues to create value
  - Realized $21 million of savings from the shared services agreement YTD 9/30/11
- Market conditions impacting 3Q'11 expected to remain challenging through 4Q'11, offset by some relief from raw material costs that remained elevated during 3Q'11
  - Focused on accelerating the realization of combination synergies and driving additional productivity / cost savings to offset economic weakness

Appendices

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Segment EBITDA to Net Income (Unaudited)

(U.S. Dollars in Millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Segment EBITDA:				
Epoxy, Phenolic and Coating Resins	$ 126	$ 169	$ 433	$ 374
Forest Products Resins	46	46	141	138
Corporate and Other	(10)	(22)	(45)	(48)
Reconciliation:				
Items not included in Segment EBITDA				
Push-down of income recovered by owner	—	56	—	83
Asset impairments and other non-cash charges	(2)	(3)	(23)	(8)
Business realignment costs	(1)	(6)	(9)	(15)
Integration costs	(5)	—	(10)	—
Net (loss) income from discontinued operations	—	(2)	2	5
Other	(10)	(6)	(3)	(11)
Total adjustments	(18)	39	(43)	54
Loss on extinguishment of debt	—	—	—	(8)
Interest expense, net	(67)	(70)	(196)	(205)
Income tax benefit (expense)	5	(6)	2	(23)
Depreciation and amortization	(43)	(40)	(127)	(121)
Net income	$ 39	$ 116	$ 165	$ 161

Fixed Charge Covenant Calculations

(In millions)	September 30, 2011 LTM Period
Reconciliation of Net Income to Adjusted EBITDA	
Net income	$ 217
Income taxes	11
Loss on extinguishment of debt	23
Interest expense, net	267
Depreciation and amortization	169
EBITDA	687
Adjustments to EBITDA:	
Push-down of income recovered by owner (1)	(80)
Asset impairments and other non-cash charges(2)	18
Net loss from discontinued operations (3)	7
Business realignments (4)	15
Integration costs (5)	9
Other (6)	30
Productivity program savings (7)	4
Savings from shared services agreement(8)	37
Adjusted EBITDA	$ 727
Fixed charges (9)	$ 242
Ratio of Adjusted EBITDA to Fixed Charges (10)	3.00

(1) This presentation contains non-GAAP financial information. Adjusted EBITDA is a non-GAAP financial measure as defined by SEC rules. Adjusted EBITDA is not intended to represent any measure of earnings or cash flow in accordance with US GAAP and the calculation and use of this measure may differ from other companies. Adjusted EBITDA should not be used in isolation or as a substitute for measures of performance or liquidity. Adjusted EBITDA should not be considered an alternative to operating income or net income (loss) under US GAAP to evaluate results of operations or as an alternative to cash flows as a measure of liquidity. For additional information on Momentive Specialty Chemical's Adj. EBITDA including a reconciliation of such previously reported amounts to the company's operating income, please see such company's press release discussing its Third Quarter 2011 results as issued on November 9, 2011.

(2) Momentive Performance Materials Holdings LLC ("Holdco") is the ultimate parent company of MPM and MSC (collectively, the "new Momentive"). **The MSC debt is not issued or guaranteed by HoldCo, Momentive Performance Materials Holdings Inc. (" MPM Holdings"), MPM or any of MPM's subsidiaries, and is also not secu by any assets of such entities. None of HoldCo, MPM Holdings, MPM, or any of MPM's subsidiaries is obligated with respect to any of MSC's indebtedness or other liabilities. The MPM debt is not issued or guaranteed by HoldCo, Momentive Specialty Holdings Inc. ("MSC Holdings"), MSC or any of MSC's subsidiaries, and is also not secured by any assets of such entities. None of HoldCo, MSC Holdings, MSC, or any of MSC's subsidiaries is obligated with respect to any of MPM's indebtedness or other liabilities.**

Fixed Charge Covenant Calculations Footnotes

(1) Represents the non-cash push-down of insurance recoveries by our owner related to the $200 million termination settlement payment that was pushed down and treated as an expense of the Company in 2008.

(2) Represents asset impairments, stock-based compensation and unrealized foreign exchange and derivative activity.

(3) Represents the results of the Inks and Adhesive resins and North American coatings and composite resins businesses.

(4) Represents plant rationalization and headcount reduction expenses related to productivity programs and other costs associated with business realignments.

(5) Represents integration costs associated with the Momentive Combination.

(6) Primarily includes pension expense related to formerly owned businesses, business optimization expenses, management fees, retention program costs, and certain intercompany or non-operational realized foreign currency activity.

(7) Represents pro forma impact of in-process productivity program savings.

(8) Primarily represents pro forma impact of expected savings from the shared services agreement with MPM in conjunction with the Momentive Combination.

(9) Reflects pro forma interest expense based on interest rates at October 13, 2011 as if the Company's refinancings in November 2010 had taken place at the beginning of the period.

(10) We are required to have an Adjusted EBITDA to Fixed Charges ratio of greater than 2.0 to 1.0 to be able to incur additional indebtedness under our indenture for the Second Priority Senior Secured Notes. As of September 30, 2011, the Company was able to satisfy this test and incur additional indebtedness under this indenture.

Debt at September 30, 2011

	3Q 2011	Dec. 31, 2010
Cash and cash equivalents	$ 171	$ 186
Short-term investments	$ 9	$ 6
Non-affiliated debt:		
Senior Secured Credit Facilities:		
Floating rate term loans due 2013	$ 457	$ 463
Floating rate term loans due 2015	930	942
Senior Secured Notes:		
8.875% senior secured notes due 2018 (net of original issue discount of $6)	994	994
Floating rate second-priority senior secured notes due 2014	120	120
9.00% Second-priority senior secured notes due 2020	574	574
Debentures:		
9.2% debentures due 2021	74	74
7.875% debentures due 2023	189	189
8.375% sinking fund debentures due 2016	62	62
Other Borrowings:		
Australian Multi-Currency Term/Working Capital Facility due 2011	18	48
Brazilian bank loans	68	70
Capital Leases	12	10
Other	30	24
Total non-affiliated debt	3,528	3,570
Affiliated debt:		
Affiliated borrowings due on demand	2	2
Affiliated term loan due 2011	100	100
Total affiliated debt	102	102
Total debt	$ 3,630	$ 3,672