Momentive Specialty Chemicals Inc.

Second Quarter 2011
Earnings Conference Call

August 12, 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.

Momentive Specialty Chemicals Inc.

Overview of Second Quarter 2011 Results

Craig O. Morrison
Chairman, President & Chief Executive Officer

Second Quarter 2011 Results

- Momentive Specialty Chemicals Inc.'s (MSC) Second Quarter 2011 results included:
  - Segment EBITDA[1] of $189 million compared to $155 million in prior year quarter reflecting 22% year-over-year growth driven by positive mix, operating leverage, pricing actions and strong performances in certain specialty product lines
  - Operating income of $128 million compared to operating income of $132 million in 2Q'10
  - When adjusted for unusual items, pro forma operating income totaled $146 million in 2Q'11 compared to pro forma operating income of $104 million in 2Q'10
  - Revenues of $1.4 billion versus $1.2 billion in prior year due to higher volumes, the contractual pass through of increased raw material costs and pricing actions

- Continued to drive aggressive cost controls and maintained a strong liquidity position
  - Realized $14 million in savings from the shared services agreement in the first half of 2011 and run-rate savings of approximately $27 million as of 2Q'11
  - MSC maintained its strong liquidity position while continuing to invest in growth with cash and available borrowings of $569 million as of 2Q'11

- To support improved profitability and to further streamline the portfolio toward specialty products, MSC's portfolio optimization initiatives continued with the sale of the North American coatings and composites business

- The Company was in compliance with all financial covenants governing its senior secured credit facilities and indentures at 6/30/11

MSC POSTED CONTINUED STRONG YEAR-OVER-YEAR AND SEQUENTIAL GAINS IN SEGMENT EBITDA

(1) Adjusted EBITDA is a non-GAAP financial measure. The closest GAAP financial measure is Net Income (Loss). A table that reconciles this measure 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 June 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.

Second Quarter 2011
Summary Financial Performance

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Quarter Ended June 30

($ in millions)	**2011**	**2010**	**Δ**
Revenue	**$1,438**	**$1,156**	**24%**
Operating income	**128**	**132**	**(3)%**
Net income	**63**	**52**	**21%**
Segment EBITDA (1)	**189**	**155**	**22%**

Excluding the impact of unusual items, 2Q'11 PF operating income increased 40% YoY

SECOND QUARTER EBITDA INCREASED 22 PERCENT DEMONSTRATING MSC'S ONGOING MIX IMPROVEMENT, PRICING ACTIONS AND DISCIPLINED COST FOCUS

(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

Strategic Pricing Actions and Specialty Portfolio Offset Q2’11 Raw Material Cost Inflation

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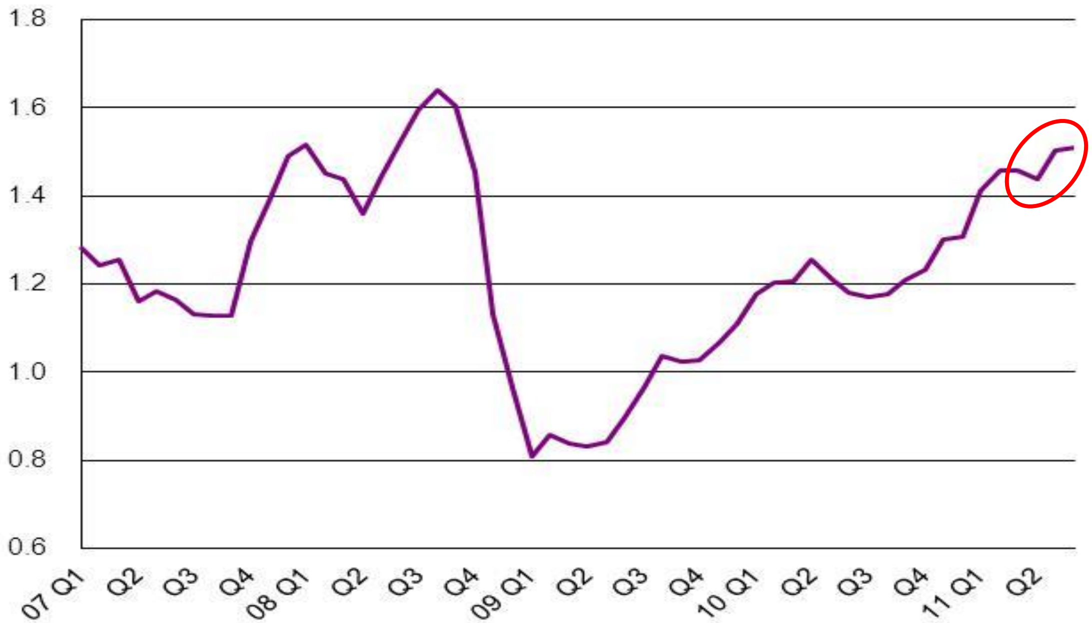
Momentive Specialty Chemicals: Global Raw Material Cost Index



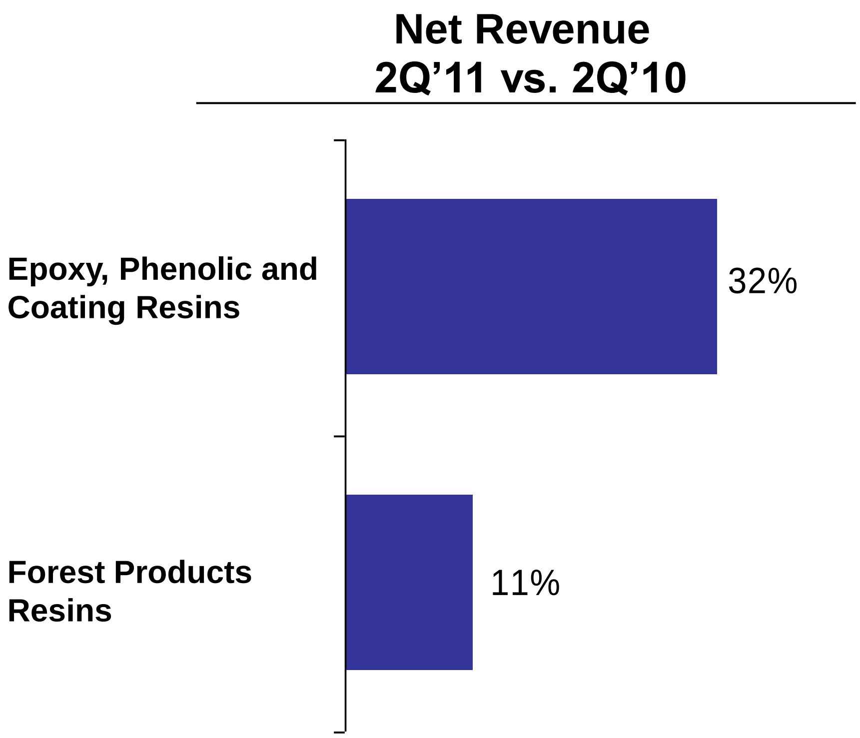
Source: CMAI data

Summary

- Average 2Q’11 raw material prices increased significantly compared to 2Q’10:
  - Phenol: + 15% YoY; methanol: + 23% YoY; urea: + 37% YoY; propylene: + 33% YoY
- Announced a number of pricing actions in 2Q’11, which remain in-process
- Despite periods of normal “lead-lag,” where inflationary raw materials temporarily exceed in-process pricing actions, MSC continues to demonstrate its long-term ability to offset inflation through its specialty portfolio

(1) Based on USD market prices for raw material basket. Raw material basket represented 72 percent of global raw material spend. 2006 = 1.0.

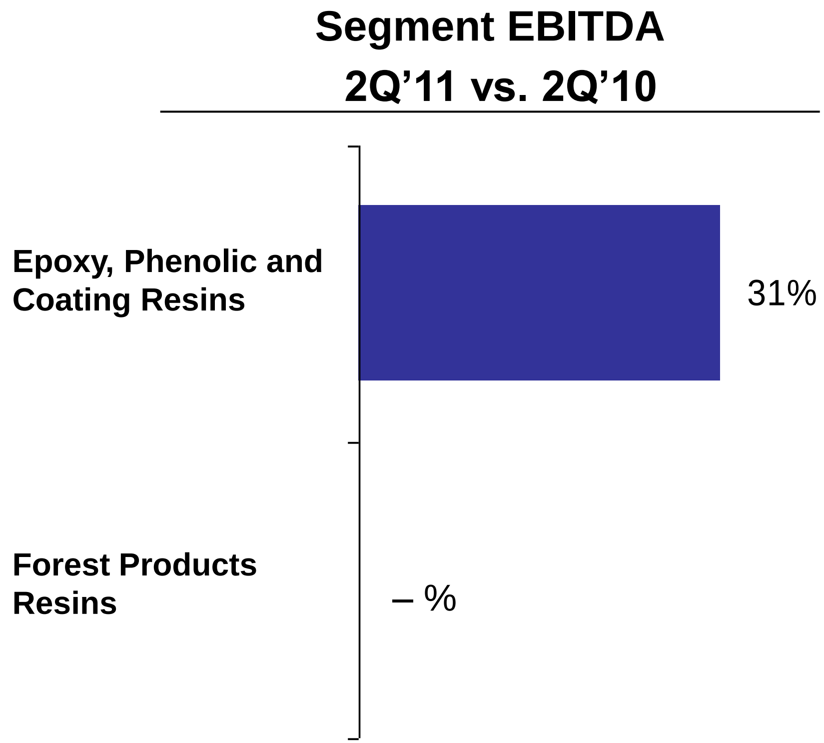
Strong Top-line Growth in Second Quarter 2011



Summary

- The pass through of raw material driven price increases increased second quarter 2011 revenues by $137 million, while volumes positively impacted quarterly sales by $46 million

2Q’11 EBITDA Increased 22% YoY



Summary

- Despite raw material headwinds, second quarter 2011 Segment EBITDA reflects operating leverage and strong performances in specialty product lines
- Forest Products Resins posted flat results vs. prior year as strong formaldehyde and Latin America sales partially offset sluggish N. American resins and European results
- Rate of economic recovery continues to vary by end use market and geographical region

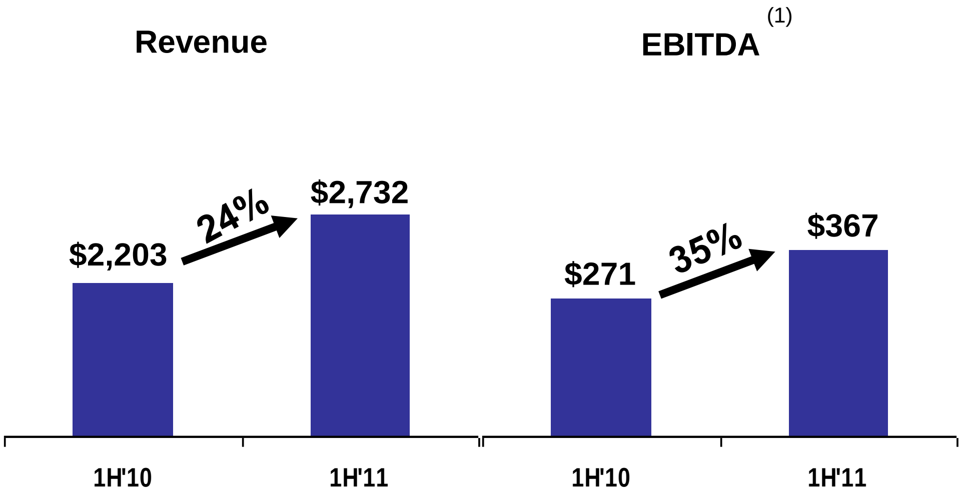
Growth Strategy Delivers Results

Growth Strategies

- ***Strong Focus on New Product Development***
  - 21% of 2010 MSC revenues are from products developed in the last 5 years
- ***Expand our Presence in Faster Growing Regions***
  - BRIC revenue growth: 29% CAGR (2007-2010)
  - New Korea Versatic™ Acids and Derivatives site came online in 2Q'11
- ***Increase Shift to High-Margin Specialty Products***
  - Steady EBITDA margin growth driven by strength in oilfield resins, specialty epoxy, Versatics and international forest product resins

1H'11 vs. 1H'10

($ in millions)



- Continued strong operating momentum that began in early 2010
- Optimized cost structure and ongoing productivity programs leveraged the economic recovery
- Expanding BRIC presence and new product development (NPD) are important factors in improved financials

(1) Reflects Segment EBITDA, which differs from Adjusted EBITDA in that it excludes expected synergies from the MPM/MSC combination.

Momentive Specialty Chemicals Inc. Financial Review

William H. Carter
Executive Vice President & Chief Financial Officer

Epoxy, Phenolic and Coating Resins
Second Quarter 2011 Segment Highlights

Quarter Ended June 30

($ in millions)	**2011**	**2010**	**Δ**
Revenue	$ 972	$ 735	32%
Segment EBITDA	$ 157	$ 120	31%

2Q'11 Sales Comparison YOY

Volume	**Price/Mix**	**Currency Translation**	**Total**
8%	14%	10%	32%

Summary

- Positive mix impact due to earnings gains from Oilfield and Versatic Acids™ and Derivatives
- Oilfield business continued to post strong YoY EBITDA gains
  - Start-up of new Batesville, Arkansas site and new production line at Cleburne, Texas site came online in 2Q'11
- Base epoxy resins business continued to benefit from improving demand and market tightness
  - Expect global capacity levels for base epoxy business to normalize in 2H'11
- New Onsan, Korea plant began operations in 2Q'11 (Versatic™ Acids and Derivatives)

Forest Products Resins
Second Quarter 2011 Segment Highlights

Quarter Ended June 30

($ in millions)	**2011**	**2010**	**Δ**
Revenue	$ 466	$ 421	11%
Segment EBITDA	$ 50	$ 50	– %

2Q'11 Sales Comparison YOY

Volume	Price/Mix	Currency Translation	Total
(3)%	7%	7%	11%

Summary

- Continued strength in N. America formaldehyde results due to improving industrial demand
- Soft housing trends and absence of restocking trends MSC experienced in 2Q'10 negatively impacted volumes
- Solid earnings gains in Latin America forest products business, with declines in our European forest products business

Balance Sheet Update & Financial Summary

Summary

- Liquidity remained strong with cash plus borrowing availability of $569 million at June 30, 2011
- Sequential reduction in net working capital and improvement on a days basis
- Anticipate that raw materials will stabilize in 2H'11 and in-process pricing actions will compensate for increase in raw material and energy costs in 1H'11, which should benefit working capital levels in 2H'11
- 2Q'11 capital expenditures of $44 million

NET UNAFFILIATED DEBT: ~ $3.3 BILLION (6/30/11) (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.

Summary

Second Quarter 2011 Summary

- Strong revenue growth in 2Q'11
- Positive mix, productivity and pricing actions drove strong sequential and year-over-year EBITDA gains
- Strong performances in our oilfield resins, base epoxy resins, phenolic specialty resins, North American formaldehyde and our Latin America forest products businesses
- Successfully completed sale of N. American coatings and composites business
- Focused on continued growth in BRIC region and leveraging specialty product portfolio
- Integration initiatives remain on track and on target to achieve savings from the shared services agreement with MPM
- Due to the recent worldwide economic developments, the short-term outlook for the remainder of 2011 for our business is difficult to predict, although we believe our business is well-positioned over the long-term
- Aggressive management of working capital and strong cost control remain a priority in 2011

SECOND QUARTER EBITDA INCREASED 22 PERCENT DEMONSTRATING MSC'S ONGOING MIX IMPROVEMENT, PRICING ACTIONS AND DISCIPLINED COST FOCUS

Appendices

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Segment EBITDA to Net Income (Unaudited)

(U.S. Dollars in Millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Segment EBITDA:				
Epoxy, Phenolic and Coating Resins	$ 157	$ 120	$ 307	$ 205
Forest Products Resins	50	50	95	92
Corporate and Other	(18)	(15)	(35)	(26)
Reconciliation:				
Items not included in Segment EBITDA				
Push-down of income recovered by owner	—	28	—	28
Asset impairments and other non-cash charges	(21)	(4)	(21)	(5)
Unusual items:				
Gain on divestiture of assets	2	2	1	1
Net (loss) income from discontinued operations	(3)	6	2	7
Other	4	(11)	(7)	(16)
Total unusual items	3	(3)	(4)	(8)
Total adjustments	(18)	21	(25)	15
Loss on extinguishment of debt	—	—	—	(8)
Interest expense, net	(65)	(72)	(129)	(135)
Income tax benefit (expense)	—	(13)	(3)	(17)
Depreciation and amortization	(43)	(39)	(84)	(81)
Net income	$ 63	$ 52	$ 126	$ 45

Fixed Charge Covenant Calculations

		June 30, 2011 LTM Period
Reconciliation of Net Income to Adjusted EBITDA		
Net income	$	295
Income taxes		21
Loss on extinguishment of debt		22
Interest expense, net		270
Depreciation and amortization		167
EBITDA		775
Adjustments to EBITDA:		
Push-down of income recovered by owner (1)		(135)
Asset impairments and other non-cash charges(2)		21
Unusual items:		
Loss on divestiture of assets		3
Net loss from discontinued operations (3)		8
Business realignments (4)		19
Other (5)		27
Total unusual items		57
Productivity program savings (6)		9
Savings from shared services agreement(7)		43
Adjusted EBITDA	$	770
Fixed charges (8)	$	242
Ratio of Adjusted EBITDA to Fixed Charges (9)		3.18

(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 Second Quarter 2011 results as issued on August 12, 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 IAR business and CCR business.

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

(5) 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.

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

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

(8) Reflects pro forma interest expense based on interest rates at July 18, 2011 as if the Company's refinancings in November 2010 had taken place at the beginning of the period.

(9) 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 June 30, 2011, the Company was able to satisfy this test and incur additional indebtedness under this indenture.

Debt at June 30, 2011

	2Q 2011	Dec. 31, 2010
Cash and cash equivalents	$ 196	$ 186
Short-term investments	$ 6	$ 6
Non-affiliated debt:		
Senior Secured Credit Facilities:		
Floating rate term loans due 2013	$ 462	$ 463
Floating rate term loans due 2015	938	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	23	48
Brazilian bank loans	72	70
Capital Leases	12	10
Other	19	24
Total non-affiliated debt	3,539	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	$ 3,641	$ 3,672

Historical Segment Sales and EBITDA Results – Prior Period Balances Recast to Conform to MSC's Reportable Segments at June 30, 2011 (1)

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($ in millions)

2011 Quarterly

Segment Sales:	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Total**
Epoxy, Phenolic and Coating Resins	846	972	0	0	1,818
Forest Product Resins	448	466	0	0	914
Total	**1,294**	**1,438**	**0**	**0**	**2,732**

Segment EBITDA:	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Total**
Epoxy, Phenolic and Coating Resins	150	157	0	0	307
Forest Product Resins	45	50	0	0	95
Corporate and Other	(17)	(18)	0	0	(35)
	178	**189**	**0**	**0**	**367**

2010 Quarterly

Segment Sales:	**Q1 2010**	**Q2 2010**	**Q3 2010**	**Q4 2010**	**Total**
Epoxy, Phenolic and Coating Resins	660	735	827	768	2,990
Forest Product Resins	387	421	398	401	1,607
Total	**1,047**	**1,156**	**1,225**	**1,169**	**4,597**

Segment EBITDA:	**Q1 2010**	**Q2 2010**	**Q3 2010**	**Q4 2010**	**Total**
Epoxy, Phenolic and Coating Resins	85	120	169	117	491
Forest Product Resins	42	50	46	39	177
Corporate and Other	(11)	(15)	(22)	(13)	(61)
	116	**155**	**193**	**143**	**607**

2009 Quarterly

Segment Sales:	**Q1 2009**	**Q2 2009**	**Q3 2009**	**Q4 2009**	**Total**
Epoxy, Phenolic and Coating Resins	535	551	636	629	2,351
Forest Product Resins	271	272	315	340	1,198
Total	**806**	**823**	**951**	**969**	**3,549**

Segment EBITDA:	**Q1 2009**	**Q2 2009**	**Q3 2009**	**Q4 2009**	**Total**
Epoxy, Phenolic and Coating Resins	49	78	100	80	307
Forest Product Resins	22	22	30	36	110
Corporate and Other	(8)	(17)	(13)	(12)	(50)
	63	**83**	**117**	**104**	**367**

(1) On May 31, 2011, Momentive Specialty Chemicals Inc. sold its North American coatings and composites resins ("CCR") business. For the three and six months ended June 30, 2011, the CCR business had net sales of $48 million and $114 million, respectively and pre-tax loss of $3 million and $4 million, respectively. The CCR business had net sales of $62 million and $113 million, for the three and six months ended June 30, 2010, respectively and pre-tax loss of $0 and $2 million for the three and six months ended June 30, 2010, respecitvely. The CCR busienss is reported as a discontinued operation for all periods presented and was previously included in the Coatings segment in 2010 and the Epoxy, Phenolic and Coating Resins segment beginning in 2011 as a result of the Company's change in reportable segments in the first quarter of 2011.

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