Momentive Specialty Chemicals Inc.

Third Quarter 2012 Earnings Conference Call

November 13, 2012

Forward-Looking Statements

Momentive Specialty Chemicals Inc. (MSC)

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. 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. (MSC)

Overview of Third Quarter 2012 Results

Craig O. Morrison
Chairman, President & Chief Executive Officer

Third Quarter 2012 Results

- Revenues of $1.2 billion in 3Q’12 compared to $1.3 billion in the prior year quarter
  - Volumes reflect ongoing macroeconomic volatility in certain end use markets
- Segment EBITDA[1] of $115 million compared to $162 million in prior year quarter
  - Reflects product mix shift and continued economic slowdown in Europe and Asia
    - Softer demand in Oilfield, Base Epoxy Resins and Phenolic Specialty Resins
  - Decline partially offset by continued strong performances of N. American / L. American forest products businesses
- Operating income of $51 million compared to operating income of $101 million in 3Q’11
- Aggressive focus on cost and cash actions: realized $19 million in savings from the shared services agreement in the first nine months of 2012
  - Total cumulative savings total $49 million as of 3Q’12 since program’s inception in late 2010
- Generated cash from operations of $38 million in Q3’12 vs. $15 million in Q3’11 and continued to maintain substantial liquidity with cash and available borrowings of $591 million as of Sept. 30, 2012
- In compliance with all financial covenants governing senior secured credit facilities at Sept. 30, 2012

(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, 2012, 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 2012
Summary Financial Performance

MOMENTIVE

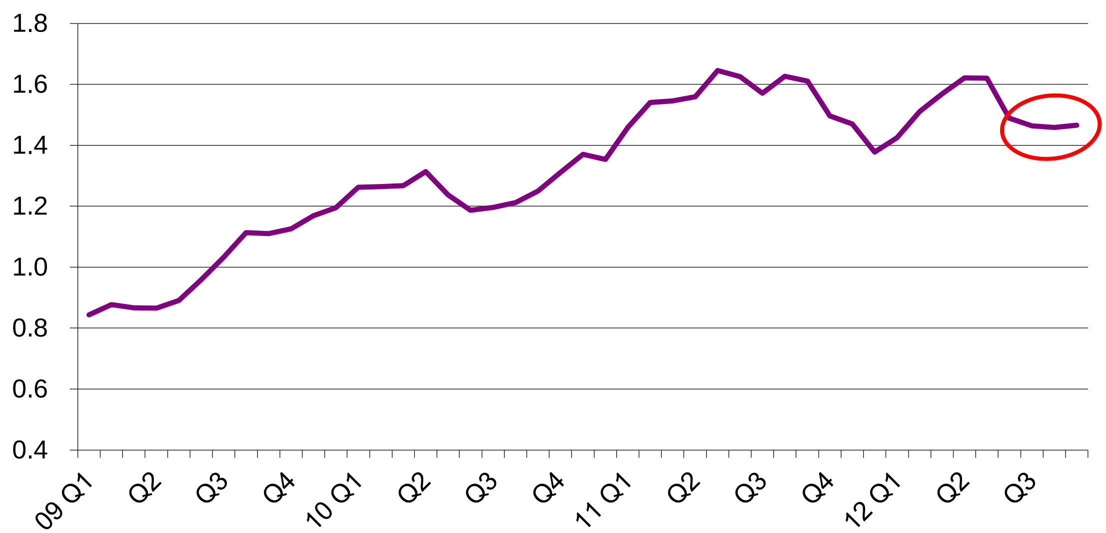
($ in millions)	Quarter Ended September 30		
	2012	2011	Δ
Revenue	$1,177	$1,322	(11)%
Segment EBITDA (1)	115	162	(29)%
Operating Income	51	101	(50)%
Net Income	364	39	nm

AGGRESSIVELY FOCUSING ON COST AND CASH ACTIONS

(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 later in this presentation

Overview of Raw Materials Environment

Global Raw Materials Cost Index



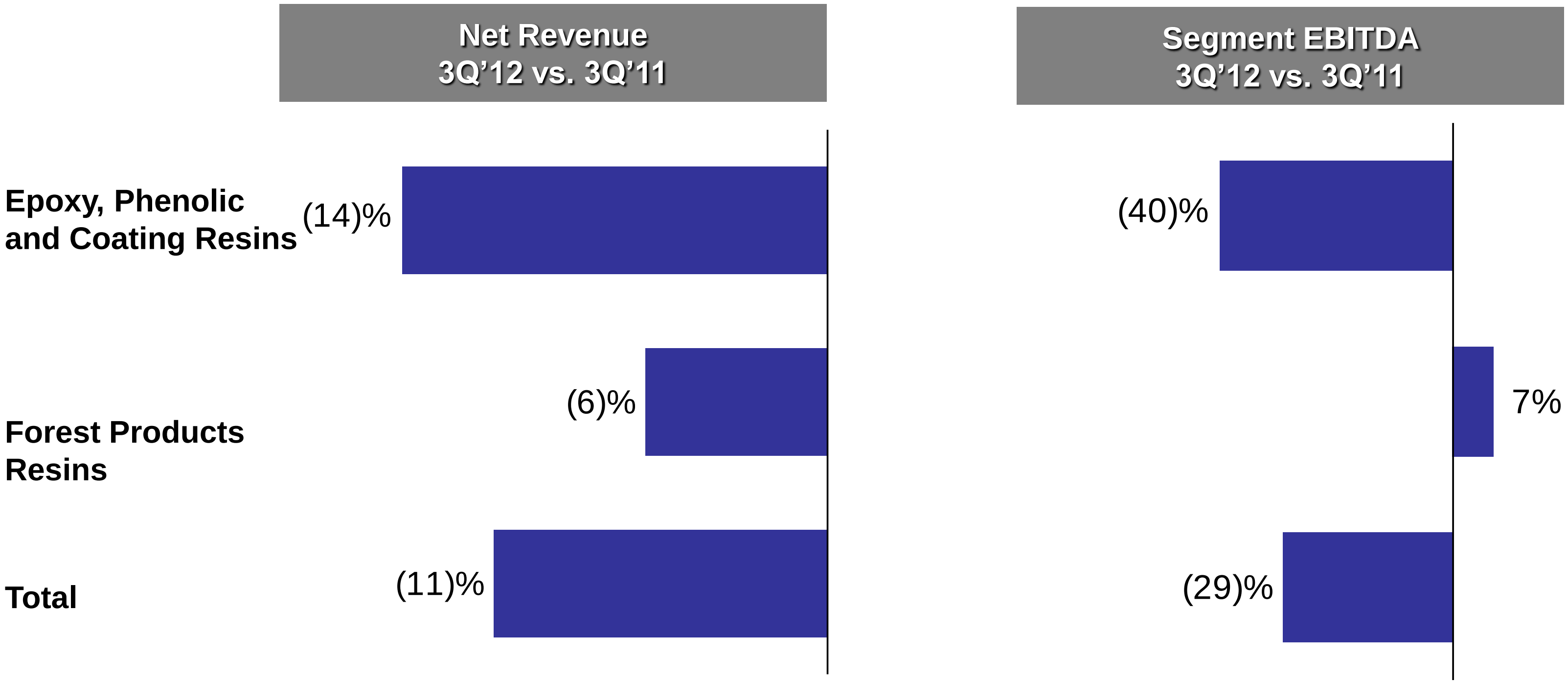
Source: CMAI data

<u>Summary</u>

- 3Q'12 raw material pricing generally lower than 2Q'12 due to demand uncertainty, but remains higher on a year-over-year basis
  - Phenol ↑ 3% YoY; methanol ↑5% YoY; urea ↑15% YoY (1)
- Potential raw material volatility in 4Q'12

(1) First nine months of 2012 vs. first nine months of 2011

Third Quarter 2012
Summary Segment Financial Performance

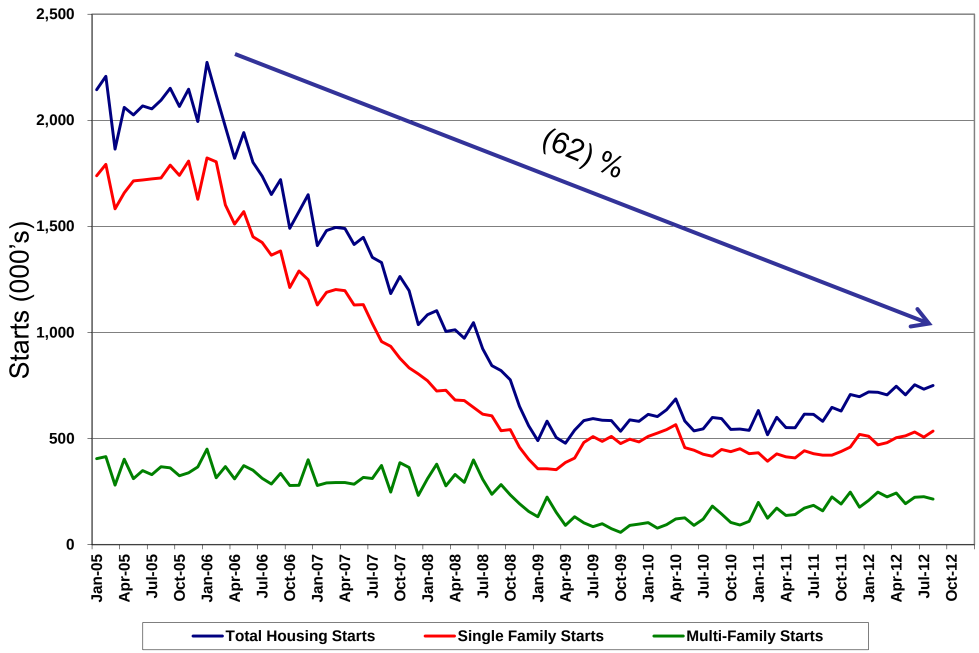


<u>Summary</u>

- MSC 3Q'12 revenue declined primarily due to lower volumes and negative foreign currency translation
- 3Q'12 EPCD revenue and Segment EBITDA reflects weaker base epoxy results primarily from lower wind energy demand and softer oilfield resins results, partially offset by improved specialty epoxy results
- Strong Forest Products Segment EBITDA gains due to productivity actions and improving North and Latin America markets

Despite N. American Housing Downturn, Forest Products Growth Demonstrates Global Scale and Specialty Portfolio

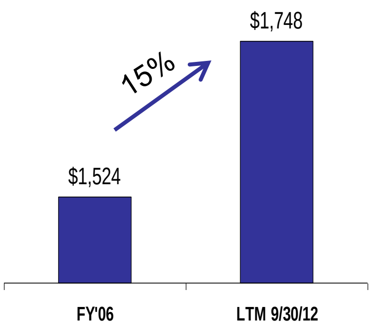
2005 – YTD '12 N. America Housing Starts



U.S. Housing Starts Declined Over 65% From Q1 2006 to 2012

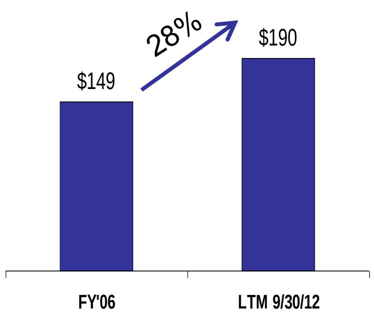
Sales (Net % Change)

($ in millions)



Segment EBITDA (Net % Change)

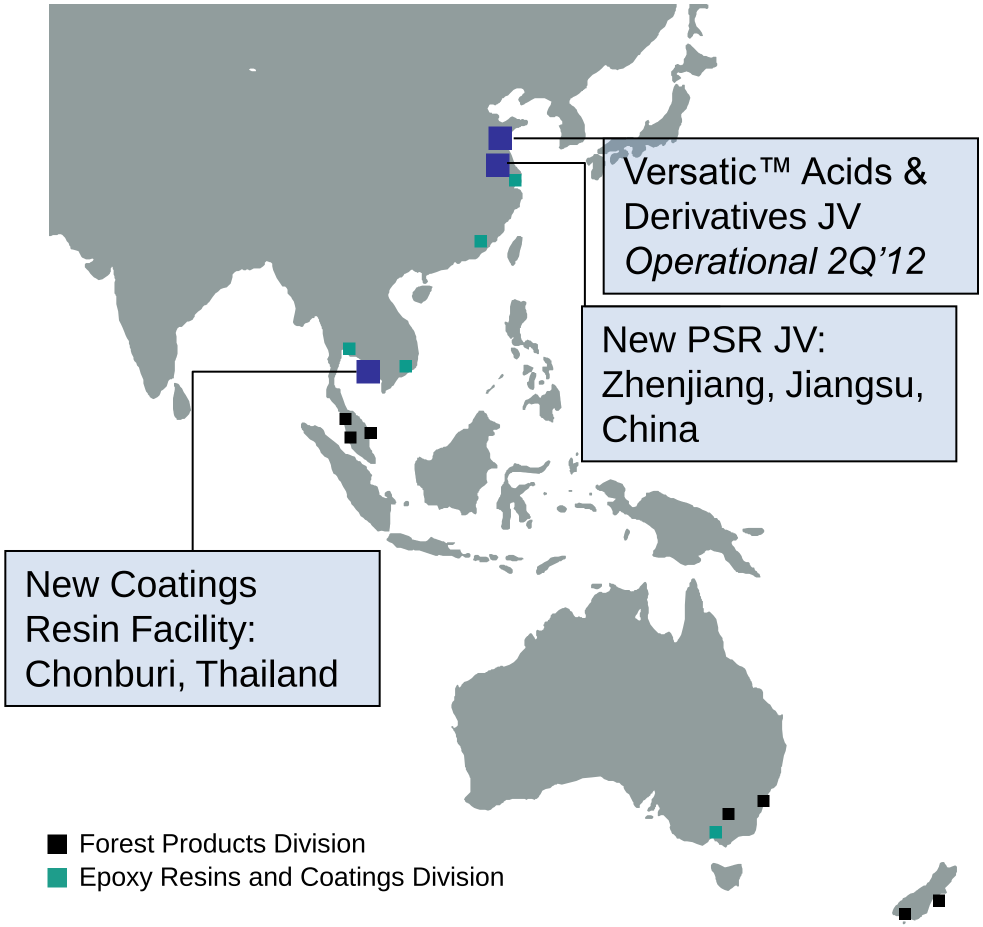
($ in millions)



Summary

- Managing global network is critical to maintaining low cost position
  - 7 site closures within Forest Products Division (FPD) over the last 5 years
  - 26% headcount reduction within FPD since mid-2008
- Balancing aggressive cost reductions with strategic investments in high growth regions (Montenegro, Brazil and Russian JV)
- Differentiated Technical Service Model and New Product Development (Hexamine, Triazine) drive growth
- MSC anticipates benefiting from operating leverage as housing market continues to recover

Strengthening MSC's Growth Infrastructure in Asia Pacific Region



Summary

Coating Resins Site

- New Thailand site recently announced that will triple regional acrylic-based resin capacity
  - Site includes new product development, laboratory and technical service support
  - Commissioning expected in first half of 2013

Phenolic Specialty Resins (PSR) JV

- MSC and UPC Technology have recently broken ground on the JV facility
- First portion of a two-phase project creating an 80KT/annum site providing specialty phenolic resins

INVESTMENTS REINFORCE COMMITMENT TO ASIA PACIFIC REGION

Momentive Specialty Chemicals Inc.

Financial Review

William H. Carter
Executive Vice President & Chief Financial Officer

Epoxy, Phenolic and Coating Resins
Third Quarter 2012 Segment Results

($ in millions)	Quarter Ended September 30		
	2012	2011	Δ
Revenue	$ 751	$ 870	(14)%
Segment EBITDA	76	126	(40)%

3Q'12 Sales Comparison YoY

Volume	Price/Mix	Currency Translation	Total
(4)%	(3)%	(7)%	(14)%

Summary

- Segment EBITDA reflected volume decreases in oilfield resins and negative pricing in base epoxy resins as prior year period benefitted from supply shortages that did not reoccur in 3Q'12
- Oilfield proppants business remains a long-term growth platform
- Lower phenolic specialty resins volumes and Segment EBITDA due to softer European markets
- New Versatic™ Acids and Derivatives joint venture in China that recently began operations continues to ramp up volumes and strengthens Asia Pacific presence

Forest Products Resins
Third Quarter 2012 Segment Results

($ in millions)	Quarter Ended September 30		
	2012	**2011**	**Δ**
Revenue	$ 426	$ 452	(6)%
Segment EBITDA	49	46	7%

3Q'12 Sales Comparison YoY

Volume	Price/Mix	Currency Translation	Total
(5)%	4%	(5)%	(6)%

Summary

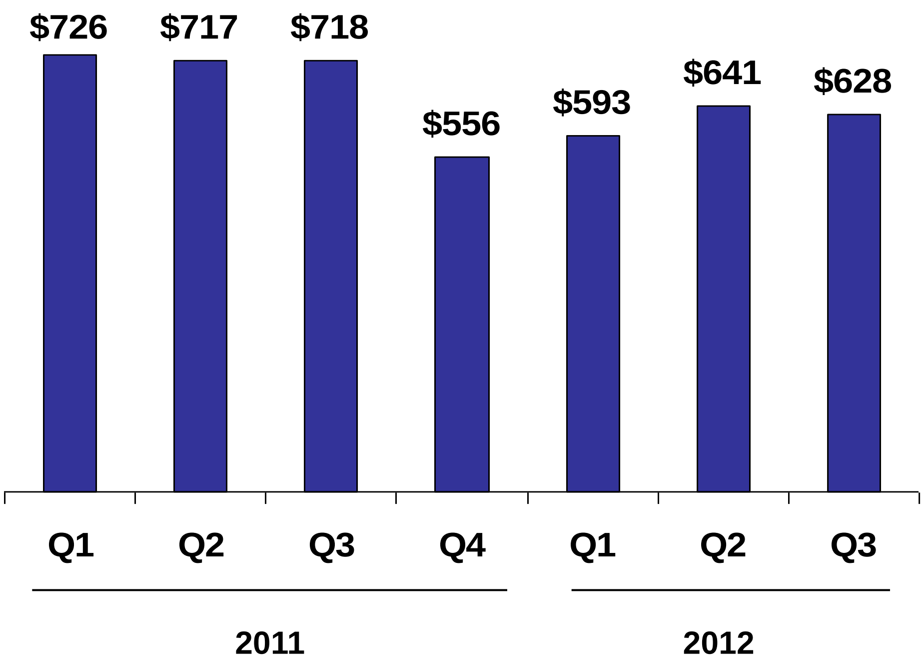
- 3Q'12 sales reflects YoY volume declines due to portfolio rationalizations in EU & AP, partially offset by positive pricing actions
- Continued strong performance in formaldehyde business
- Segment EBITDA gains supported by N. American forest product resins business (increased housing starts) and L. American (furniture market), as well as productivity initiatives

Balance Sheet Update & Financial Summary

Summary

- Substantial liquidity despite market volatility: cash plus borrowing availability of $591 million at September 30, 2012
- 3Q'12 capital expenditures of $34 million
  - Anticipate FY'12 capital expenditures of $145 to $155 million
  - Low maintenance capital expenditures
- Low working capital intensity: YTD'12 increase driven by volume improvement and higher raw material costs
  - Anticipate further net working capital decline s in 4Q'12 due to seasonality and aggressive actions to improve efficiency

Net Working Capital (1)



NET DEBT: ~ $3.2 BILLION (9/30/12) (2)

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

Closing Remarks

Third Quarter 2012 Closing Remarks

- Segment EBITDA of $115 million compared to $162 million in prior year quarter
  - Reflects product mix shift and continued economic slowdown in Europe and softer results in key specialty product lines (oilfield due to low natural gas prices)
  - Decline partially offset by N. American and L. American forest products businesses

- Aggressive focus on cost and cash actions in response to market conditions
  - Realized $19 million in savings from the shared services agreement in the first nine months of 2012
  - Total cumulative savings total $49 million as of 3Q'12 since program's inception in late 2010

- Generated cash from operations of $38 million in Q3'12 vs. $15 million in Q3'11 and continued to maintain substantial liquidity with cash and available borrowings of $591 million as of Sept. 30, 2012

- Anticipate normal seasonality and ongoing volatility in Europe and Asia Pacific in fourth quarter of 2012, but remain well positioned for eventual market recovery

CONTINUE TO AGGRESSIVELY BALANCE NEAR-TERM COST ACTIONS WITH STRATEGIC LONGER-TERM GROWTH INITIATIVES

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,	
	2012	2011	2012	2011
Segment EBITDA:				
Epoxy, Phenolic and Coating Resins	$ 76	$ 126	$ 291	$ 433
Forest Products Resins	49	46	151	141
Corporate and Other	(10)	(10)	(36)	(45)
Reconciliation:				
Items not included in Segment EBITDA:				
Asset impairments and other non-cash charges	(5)	(2)	(53)	(23)
Business realignment costs	(11)	(1)	(29)	(9)
Integration costs	(2)	(5)	(8)	(15)
Net income from discontinued operations	—	—	—	2
Other	(2)	(10)	2	2
Total adjustments	(20)	(18)	(88)	(43)
Interest expense, net	(66)	(67)	(198)	(196)
Income tax benefit	373	5	371	2
Depreciation and amortization	(38)	(43)	(115)	(127)
Net income	$ 364	$ 39	$ 376	$ 165

Fixed Charge Covenant Calculations

	September 30, 2012 LTM Period
Reconciliation of Net Income to Adjusted EBITDA	
Net income	$ 329
Income tax benefit	(366)
Interest expense, net	264
Depreciation and amortization	155
EBITDA	382
Adjustments to EBITDA:	
Asset impairments and other non-cash charges (1)	70
Business realignments (2)	34
Integration costs (3)	19
Other (4)	23
Cost reduction programs savings (5)	16
Savings from Shared Services Agreement (6)	14
Adjusted EBITDA	$ 558
Fixed charges (7)	$ 252
Ratio of Adjusted EBITDA to Fixed Charges (8)	2.21

(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.

(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 secured 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 asset impairments, stock-based compensation, accelerated depreciation on closing facilities and unrealized foreign exchange and derivative activity.
(2) Represents headcount reduction expenses and plant rationalization costs related to cost reduction programs and other costs associated with business realignments.
(3) Primarily represents integration costs associated with the Momentive Combination.
(4) 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.
(5) Represents pro forma impact of in-process cost reduction programs savings.
(6) Primarily represents pro forma impact of expected savings from the Shared Services Agreement with MPM in conjunction with the Momentive Combination.
(7) Reflects pro forma interest expense based on interest rates at November 5, 2012, as if the March Refinancing Transactions had taken place at the beginning of the period.
(8) The Company's ability to incur additional indebtedness is restricted under the indentures governing certain notes, unless the Company has an Adjusted EBITDA to Fixed Charges ratio of 2.0 to 1.0. As of September 30, 2012, the Company was able to satisfy this test.

Debt at September 30, 2012

	September 30, 2012 Long-Term	September 30, 2012 Due Within One Year	December 31, 2011 Long-Term	December 31, 2011 Due Within One Year
Non-affiliated debt:				
Senior Secured Credit Facilities:				
Floating rate term loans due May 2013	$ —	$ —	$ 446	$ 8
Floating rate term loans due May 2015	898	15	910	15
Senior Secured Notes:				
6.625% First-priority Senior Notes due 2020	450	—	—	—
8.875% Senior Secured Notes due 2018 (includes $6 of unamortized debt discount at September 30, 2012 and December 31, 2011)	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:				
Australia Facility due 2014	31	5	36	5
Brazilian bank loans	19	40	—	65
Capital Leases	10	1	11	1
Other	5	12	4	23
Total non-affiliated debt	3,426	73	3,420	117
Affiliated debt:				
Affiliated borrowings due on demand	—	2	—	2
Total affiliated debt	—	2	—	2
Total debt	$ 3,426	$ 75	$ 3,420	$ 119

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