Momentive Specialty Chemicals Inc.

(formerly known as Hexion Specialty Chemicals)

First Quarter 2011
Earnings Conference Call

May 13, 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 fact, could be 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 expectations and assumptions regarding our businesses, the economy and other future events and conditions, and are based on currently available financial, economic and competitive data and current business plans. Actual results could vary materially depending on risks and uncertainties that may affect operations, markets, services, prices and other factors as discussed in Momentive Specialty Chemicals Inc. ("MSC" or the "Company") the Company's most recent Annual Report on Form 10-K and other filings made by Momentive Specialty Chemicals with the Securities and Exchange Commission (SEC). We caution you against relying on any forward-looking statements as they are neither statements of historical fact nor guarantees of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional or global economic, competitive and regulatory factors including, but not limited to, the current credit crises and global economic downturn, interruptions in the supply of or increased pricing of raw materials due to natural disasters, pricing actions by our competitors that could affect our operating margins, changes in governmental regulations involving our products, and the following:

- difficulties with the integration process or realization of benefits from the Momentive Performance Materials Inc. ("MPM") transaction,
- our inability to achieve expected cost savings,
- the outcome of litigation described in the Company's footnote to financial statements on Commitments and Contingencies in the Company's most recent SEC filings,
- our failure to comply with financial covenants under our credit facilities or other debt, and
- the other factors described in the Risk Factors sections of the Annual Reports on Form 10-K and in the Company's other SEC filings.

Any forward-looking statement made by us in this document speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time.

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Overview of First Quarter 2011 Results

Craig O. Morrison
Chairman, President & Chief Executive Officer

First Quarter 2011 Results

- First Quarter 2011 results included:
  - Revenues of $1.4 billion versus $1.1 billion in prior year due to improved volumes, the contractual pass through of increased raw material costs and pricing actions
  - Operating income of $120 million compared to operating income of $63 million in 1Q'10
  - Segment EBITDA(1) of $180 million compared to $116 million in prior year quarter
- Positive mix, pricing actions and productivity drove sequential and year-over-year EBITDA margin gains
- Strong liquidity position and cost control remain a priority
  - MSC realized $8 million in productivity savings and $4 million in savings from the shared services agreement in 1Q'11
  - In addition to actions taken in the fourth quarter of 2010, completed actions under the shared services agreement will generate annual run-rate savings of $15 million for MSC
  - Momentive Specialty continues to maintain a strong liquidity position with cash and available borrowings of $485 million at 3/31/11
- Ongoing portfolio optimization initiatives:
  - Successfully completed the sale of Inks and Adhesive Resins business for approximately $120 million
  - Announced a transaction in mid-April 2011 to sell 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 3/31/11

OPERATING LEVERAGE AND IMPROVED PRODUCT MIX DROVE 2nd HIGHEST SEGMENT EBITDA ON RECORD

(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 March 31, 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.

First Quarter 2011
Summary Financial Performance

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Quarter Ended March 31

($ in millions)	**2011**	**2010**	**Δ**
Revenue	**$1,359**	**$1,097**	**24%**
Operating income	**120**	**63**	**81%**
Net income (loss)	**63**	**(7)**	**nm**
Segment EBITDA (1)	**180**	**116**	**55%**

FIRST QUARTER 2011 VOLUMES INCREASED ~ 8 PERCENT YoY WHILE EBITDA INCREASED SHARPLY FOLLOWING PRICING ACTIONS and COMPREHENSIVE COST REDUCTION INITIATIVES

(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

Q1'11 Raw Materials Continued to Increase Sharply

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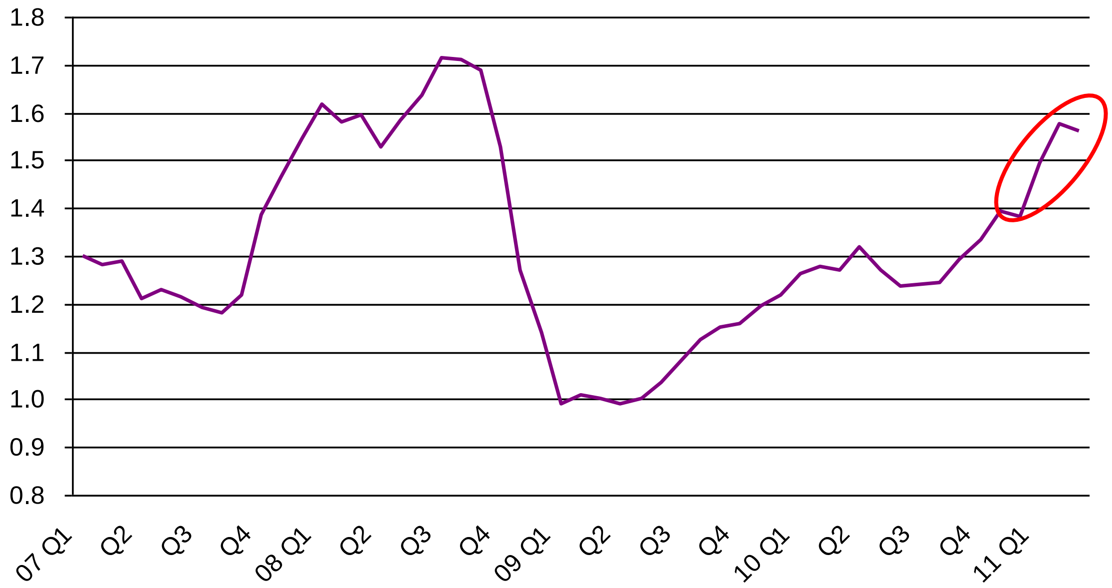
Momentive Specialty Chemicals: Global Raw Material Cost Index



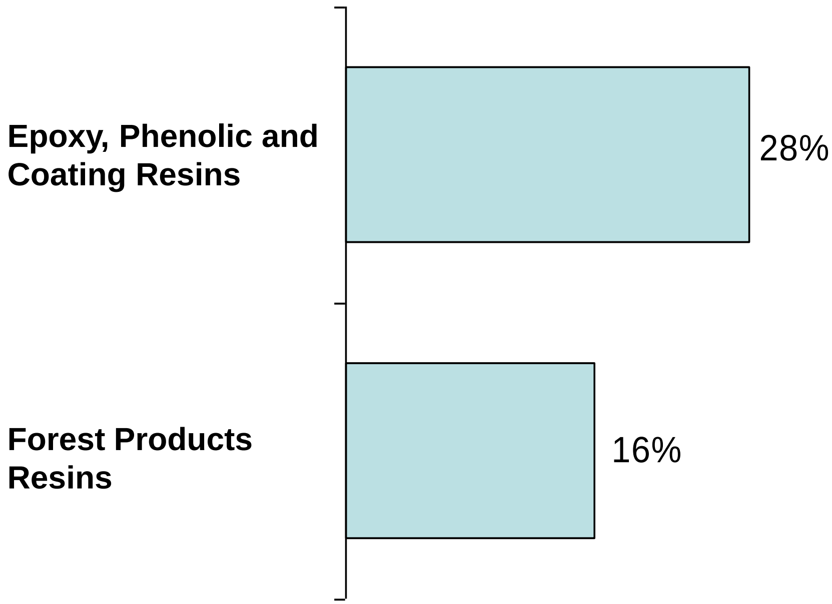
Source: CMAI data

Summary

- **Average 1Q'11 raw material prices increased significantly compared to 1Q'10:**
  - **Phenol -- ↑18% YoY; methanol ↑24% YoY; urea ↑ 22% YoY; propylene↑17% YoY**
- **Announced a number of pricing actions in early 2011, which remain in-process**
- **YOY raw material cost increases impacted 2011 working capital levels**
- **MSC continues to demonstrate its ability to drive pricing that offsets inflationary environment**

Strong Top-line Growth in First Quarter 2011

Net Sales
1Q'11 vs. 1Q'10



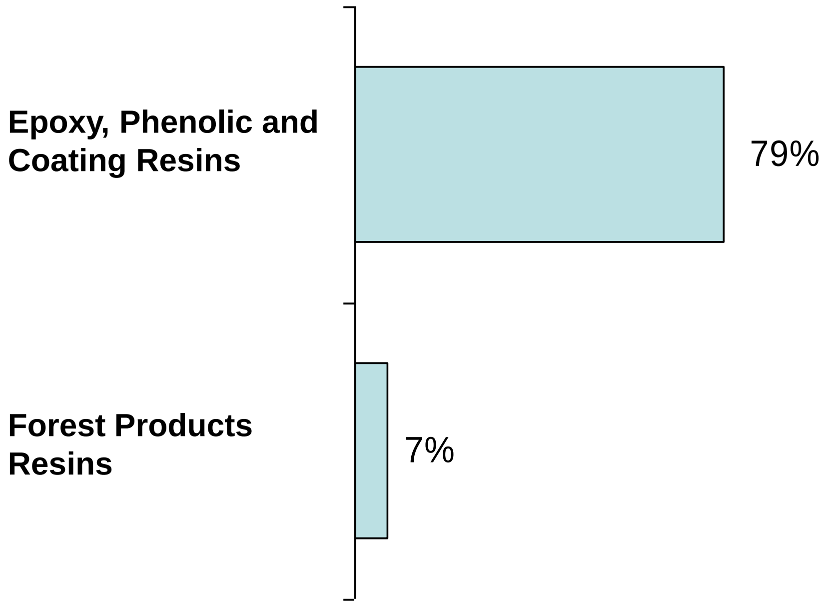
Summary

- The pass through of raw material driven price increases increased first quarter 2011 sales by $166 million, while volumes and foreign currency translation positively impacted quarterly sales by $87 million and $9 million, respectively

Significant EBITDA Gains: 2nd Highest Quarter on Record

Segment EBITDA

1Q'11 vs. 1Q'10



Summary

- First quarter 2011 Segment EBITDA reflects improved sales and strong performances in specialty product lines
- Ongoing pricing actions support YoY margin improvement
- Rate of economic recovery varies by end use market and geographical region

Momentive Specialty Chemicals Inc. Financial Review

William H. Carter
Executive Vice President & Chief Financial Officer

Epoxy, Phenolic and Coating Resins
First Quarter 2011 Segment Highlights

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Quarter Ended March 31

($ in millions)	**2011**	**2010**	**Δ**
Revenue	$ 911	$ 711	28%
Segment EBITDA	$ 152	$ 85	79%

1Q'11 Sales Comparison YOY

Volume	**Price/Mix**	**Currency Translation**	**Total**
10%	18%	---	28%

<u>Summary</u>

- Essentially all segment product lines posted positive volumes compared to prior year
- Segment EBITDA margins rose to 16.7% vs. 12.0% in prior year period
- Positive mix impact due to earnings gains from Oilfield and Versatic Acids™ and Derivatives
- For the fourth consecutive quarter, the Oilfield business posted record quarterly EBITDA primarily due to volume gains
- Base epoxy resins business continued to benefit from improving demand and market tightness
  - Expect global capacity levels for base epoxy business to normalize in 2011
- New Onsan, Korea plant expected to be fully operational in 2Q'11 (Versatic™ Acids and Derivatives)

Forest Products Resins
First Quarter 2011 Segment Highlights

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Quarter Ended March 31

($ in millions)	**2011**	**2010**	**Δ**
Revenue	$ 448	$ 386	16%
Segment EBITDA	$ 45	$ 42	7%

1Q'11 Sales Comparison YOY

Volume	Price/Mix	Currency Translation	Total
3%	10%	3%	16%

<u>Summary</u>

- Strong N. America formaldehyde results due to improving industrial demand and specialty products (hexamine, triazine)
- Soft housing trends continue to negatively impact resins business in N. American, although volumes were up slightly YoY
- Solid earnings gains in international forest products business, including improvement in European results
- Expect continued focus on pricing actions

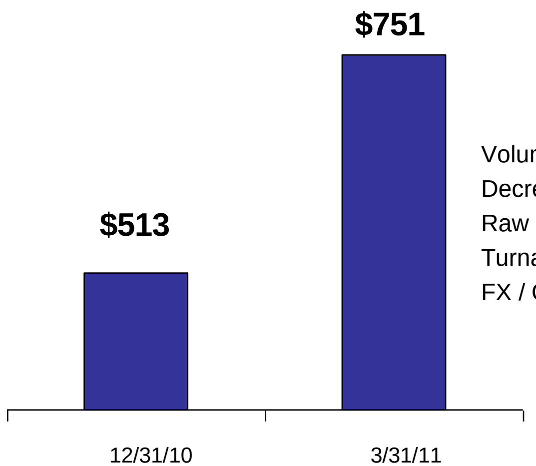
Balance Sheet Update & Financial Summary

Summary

- Liquidity remained strong with cash plus borrowing availability of $485 million at March 31, 2011
- Net working capital increased by $238 million compared to year-end 2010 levels
- 1Q'11 capital expenditures of $27 million

Net Working Capital (1)

($ in millions)



Volume	$84
Decrease in Factoring	81
Raw Material Costs	34
Turnarounds/Safety Stock	28
FX / Other	11
	$238

NET UNAFFILIATED DEBT: ~ $3.4 BILLION (3/31/11) (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

First Quarter 2011 Summary

- Strong revenue growth in 1Q'11
- Positive mix, productivity and pricing actions drove strong sequential and year-over-year EBITDA gains
- Successfully completed sale of IAR business and working aggressively toward completing the North American coatings and composites transaction
- Focused on continued growth in BRIC region and leveraging specialty product portfolio
- On target to achieve ~ $100mm in total savings from the shared services agreement with MPM
- Aggressive management of Working Capital and strong cost control remain a priority in 2011

OPERATING LEVERAGE AND IMPROVED PRODUCT MIX DROVE 2nd HIGHEST SEGMENT EBITDA ON RECORD

Appendices

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Segment EBITDA to Net Income (Unaudited)

(U.S. Dollars in Millions)

	Three months ended March 31, 2011	Three months ended March 31, 2010
Segment EBITDA:		
Epoxy, Phenolic and Coating Resins	$ 152	$ 85
Forest Product Resins	45	42
Corporate and Other	(17)	(11)
Reconciliation:		
Items not included in Segment EBITDA		
Non-cash charges	—	11
Unusual items:		
Loss on divestiture of assets	(1)	(1)
Net income from discontinued operations	5	3
Other	(12)	(5)
Total unusual items	(8)	(3)
Total adjustments	(8)	(14)
Interest expense, net	(64)	(63)
Income tax (expense) benefit	(3)	(4)
Depreciation and amortization	(42)	(42)
Net income (loss)	$ 63	$ (7)

Fixed Charge Covenant Calculations

Reconciliation of Last Twelve Month Net Income to Adjusted EBITDA

The following table reconciles net income to EBITDA and Adjusted EBITDA, as calculated under certain of the Company's indentures, for the period presented:

(U.S. Dollars in Millions)

	Mar. 31, 2010 LTM Period
Net income	$ 284
Income tax expense	33
Loss on extinguishment of debt	24
Interest expense, net	277
Depreciation and amortization	166
EBITDA	784
Adjustments to EBITDA:	
Push-down of income from owner [1]	(160)
Non-cash items [2]	3
Unusual items:	
Loss on divestiture of assets	3
Business realignments [3]	18
Other [4]	35
Total unusual items	56
Productivity program savings [5]	16
Savings from shared service agreement [6]	48
Adjusted EBITDA	$ 747
Fixed charges [7]	$ 241
Ratio of Adjusted EBITDA to Fixed Charges [8]	3.10

(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 EBITDAshould 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 First Quarter 2011 results as issued on May 13, 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 stock-based compensation and unrealized foreign exchange and derivative activity.

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

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

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

(6) Primarily represents pro forma impact of expected savings from the shared services agreement with Momentive Performance Materials Inc. in conjunction with the Momentive Combination.

(7) Reflects pro forma interest expense based on interest rates at April 25, 2011 as if the execution of the July 2010 Swap and the November 2010 Refinancings had taken place at the beginning of the period.

(8) 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 March 31, 2011, the Company was able to satisfy this test and incur additional indebtedness under this indenture.

Debt at March 31, 2011

	1Q 2011	2010
Cash and cash equivalents	$ 106	$ 186
Short-term investments	$ 6	$ 6
Non-affiliated debt:		
Senior Secured Credit Facilities:		
Floating rate term loans due 2013	$ 463	$ 463
Floating rate term loans due 2015	941	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	24	48
Brazilian bank loans	74	70
Capital Leases	10	10
Other	20	24
Total non-affiliated debt	3,545	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	$ 3,647	$ 3,672

Historical Segment Sales and EBITDA Results – Prior Period Balances Recast to Conform to MSC's Reportable Segments at March 31, 2011

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($ in millions)

2010 (Quarterly) & 2009 (Quarterly) Segment Sales & EBIDTA

2010 Quarterly

Segment Sales:	**Q1 2010**	**Q2 2010**	**Q3 2010**	**Q4 2010**	**Total**
Epoxy, Phenolic and Coating Resins	711	796	887	817	3,211
Forest Product Resins	386	422	398	401	1,607
Total	**1,097**	**1,218**	**1,285**	**1,218**	**4,818**

Segment EBITDA:	**Q1 2010**	**Q2 2010**	**Q3 2010**	**Q4 2010**	**Total**
Epoxy, Phenolic and Coating Resins	85	120	172	116	493
Forest Product Resins	42	50	46	39	177
Corporate and Other	(11)	(15)	(22)	(13)	(61)
	116	**155**	**196**	**142**	**609**

2009 Quarterly

Segment Sales:	**Q1 2009**	**Q2 2009**	**Q3 2009**	**Q4 2009**	**Total**
Epoxy, Phenolic and Coating Resins	583	608	691	671	2,553
Forest Product Resins	271	272	315	340	1,198
Total	**854**	**880**	**1,006**	**1,011**	**3,751**

Segment EBITDA:	**Q1 2009**	**Q2 2009**	**Q3 2009**	**Q4 2009**	**Total**
Epoxy, Phenolic and Coating Resins	49	82	104	79	314
Forest Product Resins	22	22	30	36	110
Corporate and Other	(8)	(17)	(13)	(13)	(51)
	63	**87**	**121**	**102**	**373**

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