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Specialty Chemicals

Fourth Quarter and Fiscal Year 2009 Earnings Conference Call

March 22, 2010

Forward-Looking Statements

Certain statements in this presentation including but not limited to those made under the caption “Outlook”, 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 expectations and assumptions regarding our businesses, the economy and other future conditions. Actual results could vary materially depending on risks and uncertainties that may affect our markets, services, prices and other factors as discussed in our most recent Annual Report on Form 10-K and in our other filings 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:

- our inability to achieve expected cost savings,
- the outcome of litigation described in our 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 section of our Annual Report on Form 10-K and in our 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.

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

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Overview of Fourth Quarter & FY09 Results

Craig O. Morrison

Chairman, President & Chief Executive Officer

Fourth Quarter 2009 Results

- Fourth quarter 2009 results reflected positive volume comparisons, strength in certain specialty product lines and the Company's comprehensive cost control initiatives
- Hexion Specialty Chemicals Q409 results included:
  - Revenues of $1.09 billion versus $1.18 billion in prior year due to declining raw material costs offsetting volume gains and pricing actions
  - Operating income of $36 million compared to an operating loss of $876 million in prior year
  - Segment EBITDA[(1)] of $106 million compared to $46 million in prior year quarter
- The Company continued to accelerate the pace of its productivity actions as Hexion realized $51 million in productivity savings in the fourth quarter of 2009
  - Throughout 2009, Hexion responded aggressively to the global economic headwinds and achieved $148 million in productivity savings
- Hexion's ongoing focus on cash management and working capital has yielded significant results:
  - Working capital investment decreased from $679 million at year end 2008 to $376 million at 12/31/09
  - 2009 cash generated from operations totaled $355 million
- Liquidity remains strong at $367 million at 12/31/09
- The Company was in compliance with the senior secured bank leverage ratio under the covenants for its senior secured bank facility

Fourth Quarter 2009 Results Reflected Improved Volumes and the Cumulative Impact of Productivity Initiatives

(1) Segment EBITDA and Adjusted EBITDA are non-GAAP financial measures. The closest GAAP financial measure is Net Income (Loss). A table that reconciles these two measures 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 December 31, 2009, on a pro forma basis for the January 2010 refinancing, the Company was not in compliance with the Adjusted EBITDA to Fixed Charges Ratio incurrence test. Under Hexion's indenture for the Second Priority Senior Secured Notes, failure of this incurrence test does not represent an event of default. However, Hexion 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. December 31, 2009 LTM Adjusted EBITDA includes $125 million of in-process productivity program savings.

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Fourth Quarter 2009
Summary Financial Performance

Quarter Ended December 31

($ in millions)	**2009**	**2008**	**Δ**
Revenue	$1,089	$1,178	(8)%
Operating income (loss)	36	(876)	nm
Net income (loss)	(6)	(921)	nm
Segment EBITDA (1)	106	46	130%

Q409 EBITDA Improved Sharply Despite Lower Revenues

(1) Segment EBITDA excludes in-process synergies.

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Fiscal Year 2009
Summary Financial Performance

Year Ended December 31

($ in millions)	**2009**	**2008**	**Δ**
Revenue	$4,030	$6,093	(34)%
Operating income (loss)	94	(893)	nm
Net income (loss)	92	(1,190)	nm
Segment EBITDA [1]	385	461	(16)%

(1) Segment EBITDA excludes in-process synergies.

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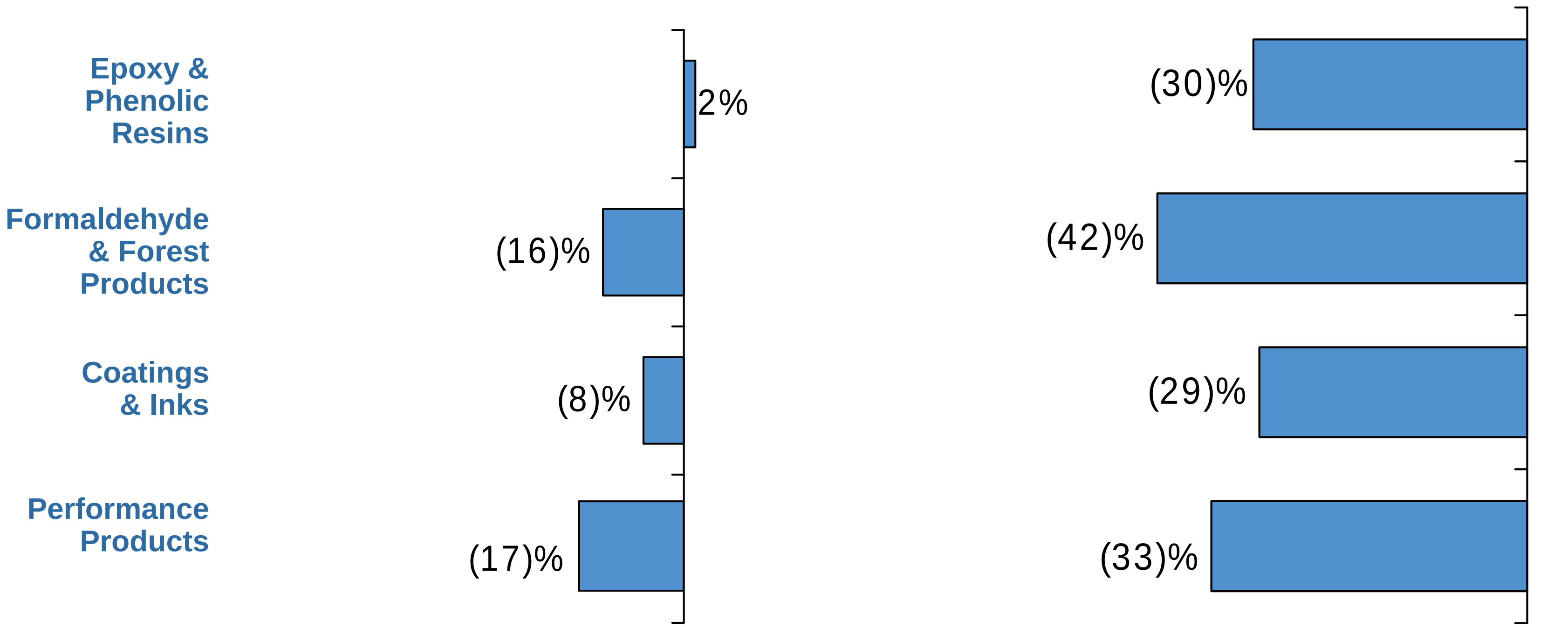
Contractual Pass Through of Declining Raw Material Costs Significantly Impacts Revenue Comparisons

Net Sales

Q409 vs. Q408 | **FY09 vs. FY08**



Summary

- Raw material driven price decreases accounting for $216 million of the fourth quarter 2009 sales decline, while Hexion recorded a foreign currency translation benefit of $75 million and volumes increased revenue by $52 million

Fourth Quarter 2009 Segment EBITDA Results

($ in millions)	Quarter Ended December 31		
	2009	**2008**	**% Δ**
Epoxy & Phenolic Resins	$ 51	$ (2)	nm
Formaldehyde & Forest Products	36	41	(12)
Coatings & Inks	8	(4)	nm
Performance Products	24	23	4%

Summary

- Fourth quarter 2009 EBITDA reflected continued strength in Hexion's specialty products

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Fiscal Year 2009
Segment EBITDA Results

Year Ended December 31

($ in millions)	**2009**	**2008**	**% Δ**
Epoxy & Phenolic Resins	$ 190	$ 192	(1)
Formaldehyde & Forest Products	108	194	(44)
Coatings & Inks	58	35	66
Performance Products	80	90	(11)

Summary

- FY09 EBITDA supported by Hexion’s cost reduction and productivity initiatives, as well as strong performances in specialty epoxy resins, Versatic™ Acids & Derviatives and global coatings

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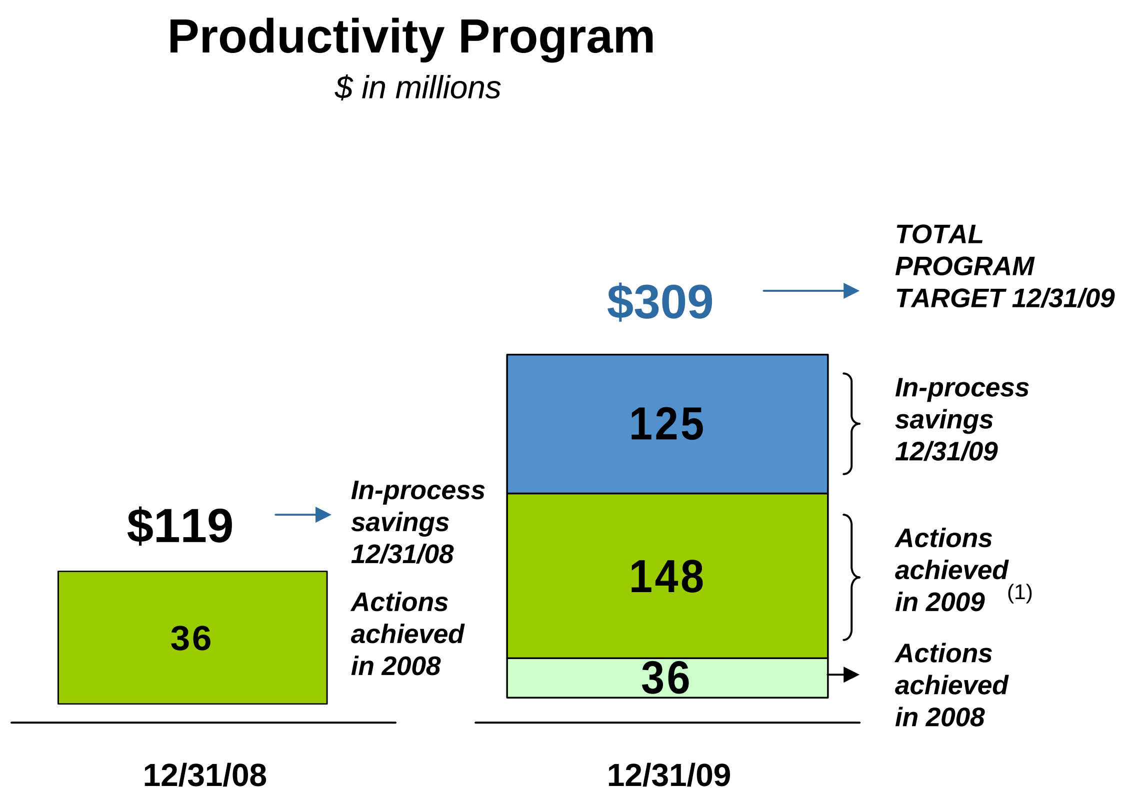
Productivity Achievement Increased Steadily in 2009

Summary

- Productivity actions continue to improve Hexion's cost structure
- Hexion achieved $51 million in targeted productivity savings in Q409
- Achieved $148 million in productivity actions in FY09
  - Headcount reductions of 18 percent in FY09
  - Ceased production at four sites and idled production at certain other facilities in FY09
- Hexion is pursuing $125 million in remaining savings
  - Hexion expects these actions to over the next 18 months
  - Estimated net costs of $69 mm to obtain remaining savings



Hexion Continues to Focus on Aggressively Reducing Costs

(1) The Company achieved the following productivity actions per quarter: $22 million in Q109, $32 million in Q209, $43 million in Q309 and $51 million in Q409

Broadly-Focused Cost Reductions in FY09

	2009 vs. 2008 Δ
Utilities	(30)%
Mfg. Variable	(29)%
Salary & Wages	(15)%
Travel	(41)%
Office Expense	(33)%
Purchased Services	(26)%
Other	(14)%

FY09 Cost Reductions vs. FY08: ~ $272 million

Focus on Reducing Variable Costs Continues in 2010

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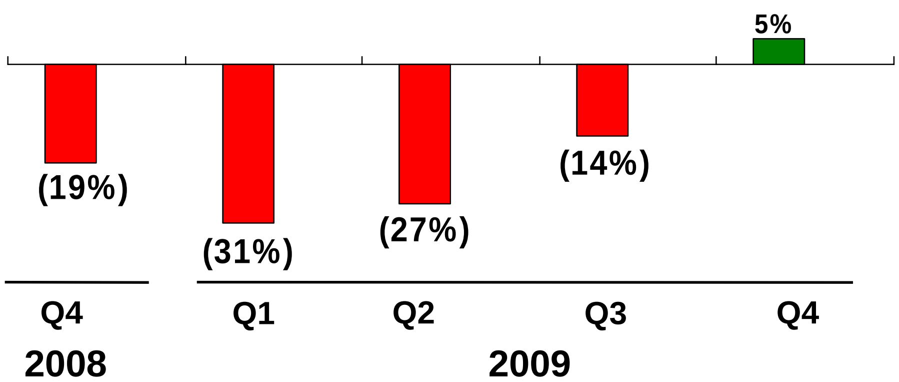
Segment EBITDA Continued to Recover Despite Softer Year-over-Year Volumes for much of FY09

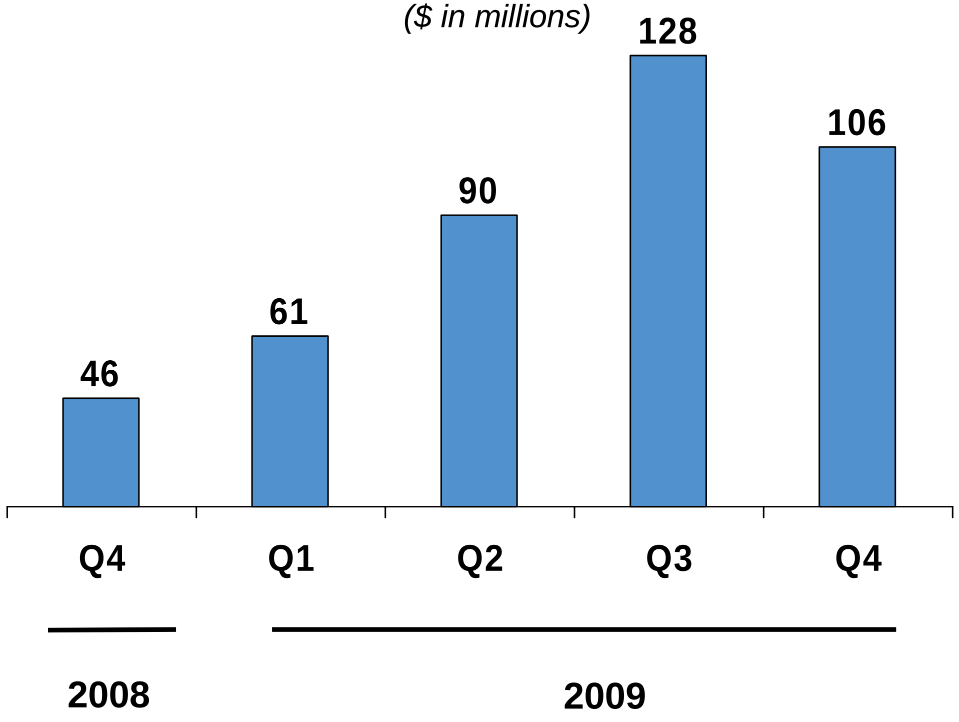
Volume Change vs. Prior Year Qtr.

(kMT)



Segment EBITDA

($ in millions)



Generally Improving Trends in Hexion's 2009 Results

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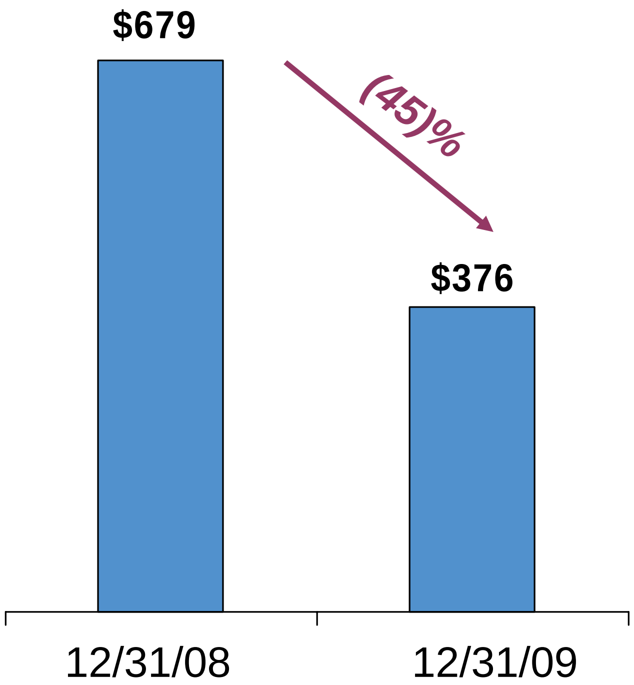
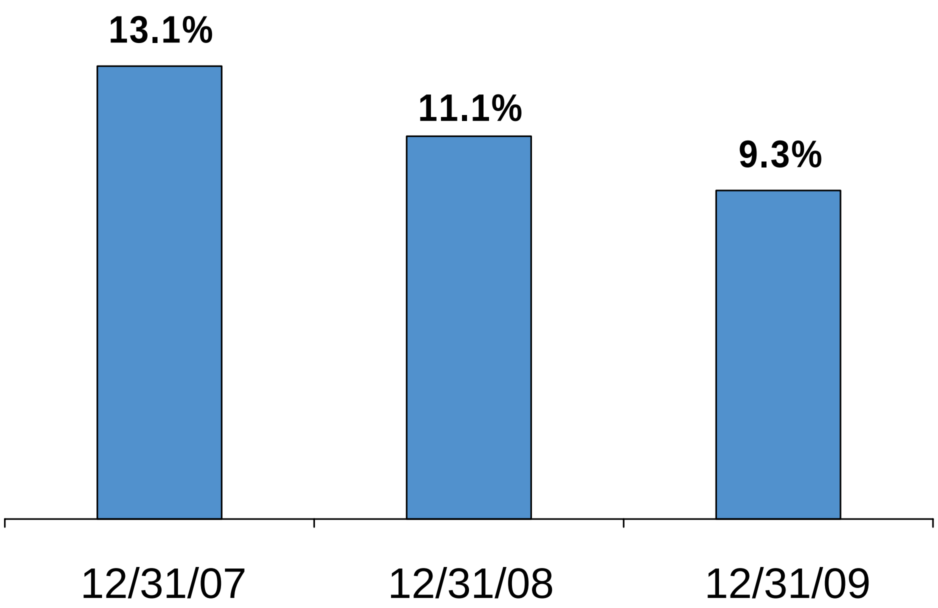
Working Capital at December 31, 2009

$ in millions

Net Working Capital



Net Working Capital as a Percentage of LTM Sales



Hexion Reduced Inventory by ~ 5 Days in 2009
through Structural Improvements in Managing Working Capital

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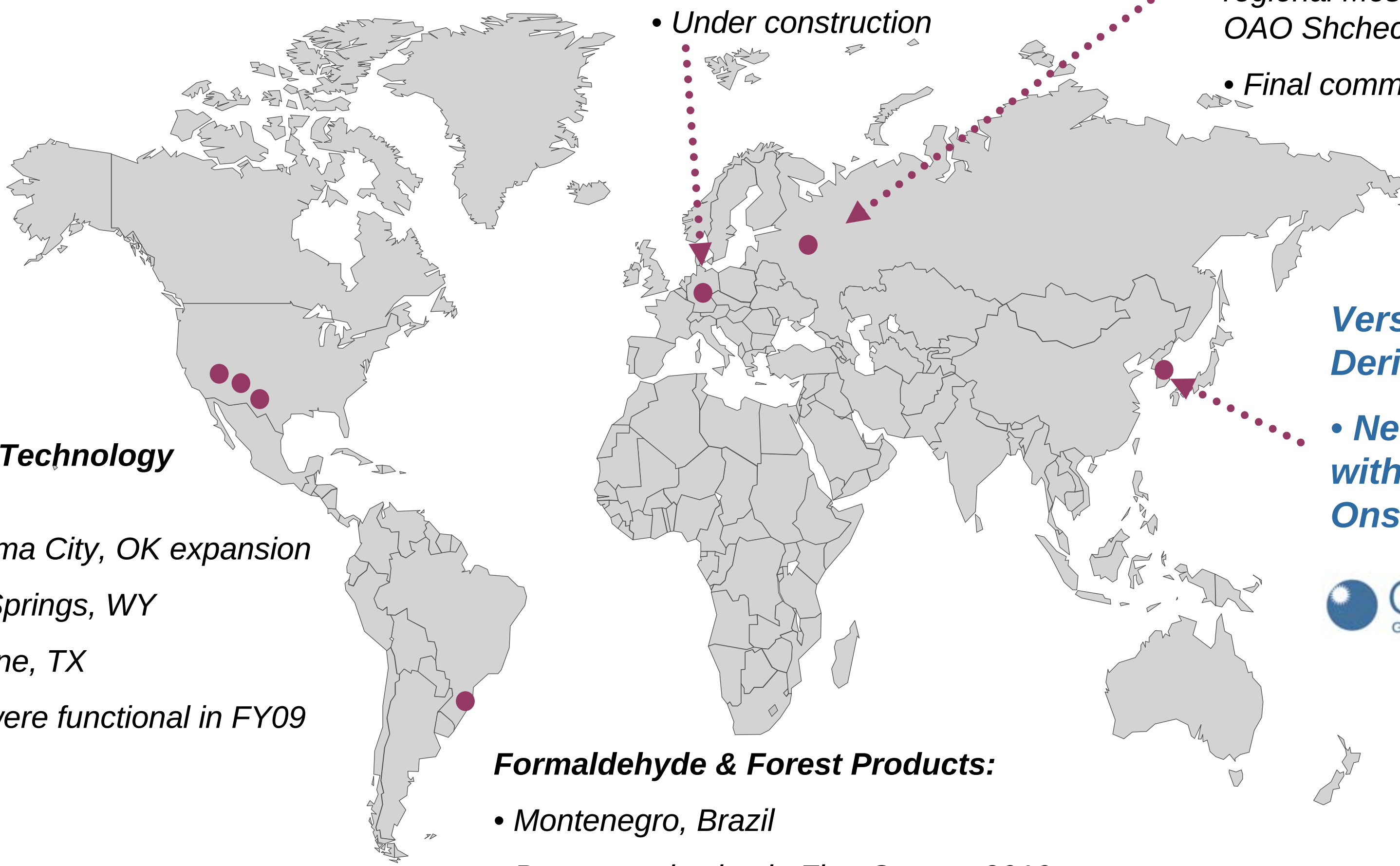
Versatic Acid™ & Derivatives Expansion Marks the Latest Strategic Investment in Key Product Lines and High Growth Markets

Specialty Epoxy

- *Esslingen, Germany*
- *Under construction*

Formaldehyde & Forest Products:

- *Joint venture in regional Moscow with OAO Shcheckinoazot*
- *Final commissioning stage*



Oilfield Technology Group:

- *Oklahoma City, OK expansion*
- *Rock Springs, WY*
- *Cleburne, TX*
- *Sites were functional in FY09*

Formaldehyde & Forest Products:

- *Montenegro, Brazil*
- *Began production in First Quarter 2010*

Versatic™ Acids & Derivatives:

- ***New construction within existing Onsan, Korea site***

CARDURA™ GLYCIDYL ESTER

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Financial Review

William H. Carter

Executive Vice President & Chief Financial Officer

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Epoxy and Phenolic Resins (EPR)
Fourth Quarter 2009 Segment Highlights

Quarter Ended December 31

($ in millions)	2009	2008	Δ
Revenue	$ 457	$ 446	2%
Segment EBITDA	$ 51	$ (2)	nm

Q409 Sales Comparison YOY

Volume	Price/Mix	Currency Translation	Total
7%	(11)%	6%	2%

Summary

- Ongoing strength in volumes for specialty applications, including:
  - Specialty epoxy, boosted by Asian-based wind energy customers
  - Versatic™ Acid & Derivatives
  - Phenolic specialty resins, with improved volumes in N. America partially offset by softer demand in Europe
- Lower processing costs and productivity actions supported improved EBITDA
- Base epoxy resin volumes improved vs. Q408 although competitive pressure continued to hamper earnings
- Selective price actions partially offset rising raw materials

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Formaldehyde and Forest Products (FFP) Resins Fourth Quarter 2009 Segment Highlights

Quarter Ended December 31

($ in millions)	2009	2008	Δ
Revenue	$ 339	$ 405	(16)%
Segment EBITDA	$ 36	$ 41	(12)%

Q409 Sales Comparison YOY

Volume	Price/Mix	Currency Translation	Total
8%	(32)%	8%	(16)%

Summary

- N. American volume was flat versus prior year; no significant recovery in housing yet
- Volumes increased in all international regions
- Hexion has a higher percentage of customers with a contractual pass through of raw materials in this segment, which is reflected in a higher sales variance
- Softer earnings in Europe accounted for majority of the year-over-year Segment EBITDA decline, partially offset by improved results in Hexion's Australia and New Zealand businesses
- Montenegro, Brazil - completed in Q409; Russian JV - final commissioning stage

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Coatings and Inks (C&I) Fourth Quarter 2009 Segment Highlights

Quarter Ended December 31

($ in millions)	2009	2008	Δ
Revenue	$ 219	$ 238	(8)%
Segment EBITDA	$ 8	$ (4)	nm

Q409 Sales Comparison YOY

Volume	Price/Mix	Currency Translation	Total
(3)%	(11)%	6%	(8)%

Summary

- Hexion's efforts to streamline C&I operations evident in YoY earnings gain despite 8% revenue decline
- EBITDA in both businesses increased YoY, although sequentially declined primarily due to seasonality
- EBITDA improvement was driven primarily by productivity gains rather than market trends
- Multiple price increases have been announced in an attempt to keep pace with rising raw materials in early 2010

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Performance Products (PP)
Fourth Quarter 2009 Segment Highlights

Quarter Ended December 31

($ in millions)	2009	2008	Δ
Revenue	$ 74	$ 89	(17)%
Segment EBITDA	$ 24	$ 23	4%

Q409 Sales Comparison YOY

Volume	Price/Mix	Currency Translation	Total
(4)%	(14)%	1%	(17)%

Summary

- Results reflect a slight increase in Oilfield volumes offset by declines in Foundry resins, as well as falling raw materials impacting sales
- Hexion experienced another strong quarter in its Oilfield business and a slight improvement in Foundry earnings
- The Oilfield business reflected increased drilling activity in Canada and slightly positive trends in U.S. rig counts during Q409
- Benefited from the continued trend of increased average order size for oilfield proppants from fracturing in horizontal wells

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Balance Sheet Update & Financial Summary

- The Company reduced working capital by $303 million in 2009
- FY09 cash generated from operations totaled $355 million versus $(632) million in prior year
- FY09 capital expenditures totaled $131 million
  - In FY09, ~ $26 million in Capex was related to productivity savings initiatives
  - Hexion anticipates full year base Capex target of ~ $123 million in 2010 and ~ $37 million in additional investments related to productivity initiatives
- Hexion redeemed $34 million in face value of Industrial Revenue Bonds in Q409
- Net debt decreased $367 million during FY09 despite worst recession in years
- Liquidity remained strong with cash plus borrowing availability of $367 million at Dec. 31, 2009

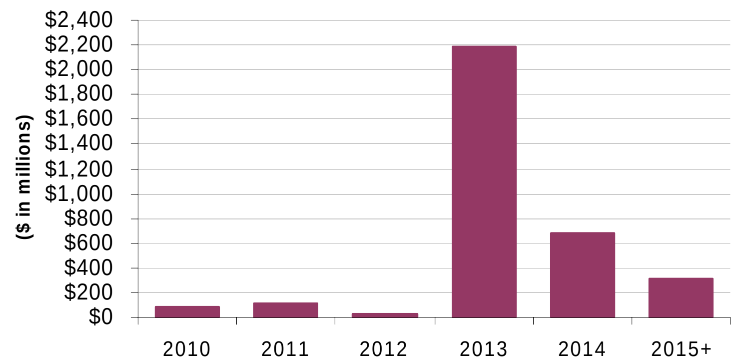
Net Debt: ~ $3.36 billion (12/31/09) (1)

(1) Includes $100 million of affiliated debt. See detail of Hexion's total debt in the Appendix of this presentation. Excludes impact of January 2010 refinancing.

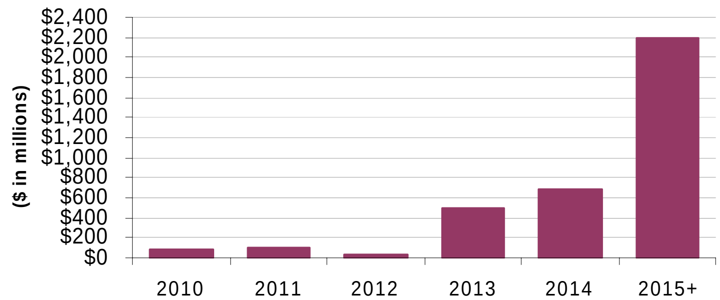
January 2010 Refinancing Summary

- Hexion amended its Senior Secured Credit Facilities during Q1 2010 and extended the maturity of ~ $957 million of term loans by two years
- The Company also issued $1 billion aggregate principal amount of senior secured notes due 2018
  - Net proceeds of $993 million from the issue were used to repay $800 million of Hexion's U.S. term loans(1)
  - Provided $162 million of incremental cash
- Hexion renewed its revolving line of credit facility commitments, which total $200 million
  - Commitments will extend the availability of the revolver to 2013
- $529 million in total liquidity pro forma for the January 2010 refinancing

Debt Maturities (Prior to Refinancing)



Debt Maturities (Pro forma for Refinancing)



Refinancing Improved Hexion's Debt Maturity Profile

(1) The Company renewed its revolving line of credit facility commitments from lenders, which will take effect upon the May 31, 2011 maturity of the existing revolving facility commitments

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Summary

Craig O. Morrison

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Summary: Hexion Q409 Results & Outlook

- Hexion's fourth quarter 2009 results reflect positive volume comparisons, strength in specialty product lines and the Company's aggressive cost control initiatives
  - Hexion achieved $51 million in productivity savings in Q409
  - Total in process productivity actions of $125 million remained at December 31, 2009
- New plant construction in Korea follows recent expansions in Russia, Germany and Brazil as part of Hexion's increasing focus on high-growth international markets
- A high level of uncertainty regarding customer demand remains in 2010, but Hexion is guardedly optimistic that the signs of stabilization in several end markets will continue to drive a gradual improvement in volumes
  - January and February 2010 volume trends were positive compared to prior year
- Hexion is focused on creating value from the continued achievement of its productivity initiatives and growth from specialty product applications in 2010
- Recent refinancing improved Hexion's liquidity and debt profile
  - Focus on cash management continues in 2010

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Appendices

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Segment EBITDA to Net Income (Loss) (Unaudited)
(U.S. Dollars in Millions)

	Three months ended December 31,		Year ended Dec. 31,	
	2009	2008	2009	2008
Segment EBITDA:				
Epoxy and Phenolic Resins	$ 51	$ (2)	$ 190	$ 192
Formaldehyde and Forest Product Resins	36	41	108	194
Coatings and Inks	8	(4)	58	35
Performance Products	24	23	80	90
Corporate and Other	(13)	(12)	(51)	(50)
Reconciliation:				
Items not included in Segment EBITDA				
Terminated merger and settlement (expense) income, net	1	(800)	40	(1,027)
Integration and transaction costs	—	(7)	—	(27)
Non-cash charges	—	10	3	(5)
Unusual items:				
(Losses) gains on divestiture of assets	(4)	(6)	(6)	5
Business realignments	(3)	(19)	(56)	(41)
Asset impairments	(3)	(21)	(50)	(21)
Derivative settlement	—	(24)	—	(37)
Other	(12)	1	(45)	(8)
Total unusual items	(22)	(69)	(157)	(102)
Total adjustments	(21)	(866)	(114)	(1,161)
Interest expense, net	(51)	(77)	(223)	(304)
Gain on extinguishment of debt	1	—	224	—
Income tax benefit (expense)	5	22	(2)	17
Depreciation and amortization	(46)	(46)	(178)	(203)
Net (loss) income attributable to Hexion Specialty Chemicals, Inc.	(6)	(921)	92	(1,190)
Net income attributable to noncontrolling interest	2	1	3	5
Net (loss) income	$ (4)	$ (920)	$ 95	$ (1,185)

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Fixed Charge Covenant Calculations

(U.S. Dollars in Millions)

	Year Ended Dec. 31, 2009
Reconciliation of Net Income to Adjusted EBITDA	
Net income	$ 95
Income tax expense	2
Interest expense, net	223
Gain on extinguishment of debt	(224)
Depreciation and amortization expense	178
EBITDA	274
Adjustments to EBITDA:	
Terminated merger and settlement income[1]	(40)
Net income attributable to noncontrolling interest	(3)
Non-cash items	(3)
Unusual items:	
Loss on divestitures of assets	6
Business realignments [2]	56
Asset Impairments	50
Other [3]	64
Total unusual items	176
Productivity program savings [4]	125
Adjusted EBITDA	$ 529
Pro forma Fixed charges [5]	$ 268
Pro forma ratio of Adjusted EBITDA to Fixed Charges[6]	1.97

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Fixed Charge Covenant Calculations Footnotes

–

(1) Represents negotiated reductions on accounting, consulting, tax and legal costs related to the terminated Huntsman merger and related litigation and recovery of $15 million in insurance proceeds related to the $200 million settlement payment made by Apollo that was treated as an expense of the Company in 2008. These amounts are partially offset by legal settlement accruals pertaining to the New York Shareholder Action related to the terminated Huntsman merger.

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

(3) Primarily includes realized foreign currency activity, pension expense related to formerly owned businesses, and business optimization expenses.

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

(5) The charges reflect pro forma interest expense based on interest rates at February 24, 2010 as if our repurchases of our outstanding debt securities and the Offering and Amendment Transactions had taken place at the beginning of the period.

(6) 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 in certain circumstances under our indenture for the Second Priority Senior Secured Notes. As of December 31, 2009, the Company did not satisfy this test on a pro forma basis after adjusting for the January 2010 refinancing activities. Failure of this incurrence test does not represent an event of default. In certain circumstances, we may not be able to incur future debt outside of our revolving facility or make acquisitions until we are in compliance with this test.

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Debt at December 31, 2009

Following is a summary of Hexion's cash and cash equivalents and outstanding debt at December 31, 2009, as adjusted for the Amendment and Offering Transactions that were closed on January 29, 2010, and Hexion's outstanding debt at December 31, 2008:

(In millions)	As of December 31:			
	2009			2008
	Actual	Adjustments	As Adjusted	Actual
Cash and cash equivalents	$ 142	$ 162	$ 304	$ 127
Non-affiliated debt:				
Senior Secured Credit Facilities:				
Revolving facility due 2011	36	—	36	180
Floating rate term loans due 2013	2,234	(1,757)	477	2,254
Floating rate term loans due 2015	—	957	957	—
Senior Secured Notes:				
8.875% senior secured notes due 2018 (net of original issue discount of $7)	—	993	993	—
Floating rate second-priority senior secured notes due 2014	120	—	120	200
9.75% Second-priority senior secured notes due 2014	533	—	533	625
Debentures:				
9.2% debentures due 2021	74	—	74	115
7.875% debentures due 2023	189	—	189	247
8.375% sinking fund debentures due 2016	62	—	62	78
Other Borrowings:				
Australian Multi-Currency Term/Working Capital Facility due 2011	54	—	54	50
Brazilian bank loans	65	—	65	27
Industrial Revenue Bonds due 2009	—	—	—	34
Capital Leases	15	—	15	15
Other	24	—	24	34
Total non-affiliated debt	3,406	193	3,599	3,859
Affiliated debt:				
Affiliated borrowings due on demand	4	—	4	—
Affiliated term loan due 2011	100	—	100	—
Total affiliated debt	104	—	104	—
Total debt	$ 3,510	193	$ 3,703	$ 3,859

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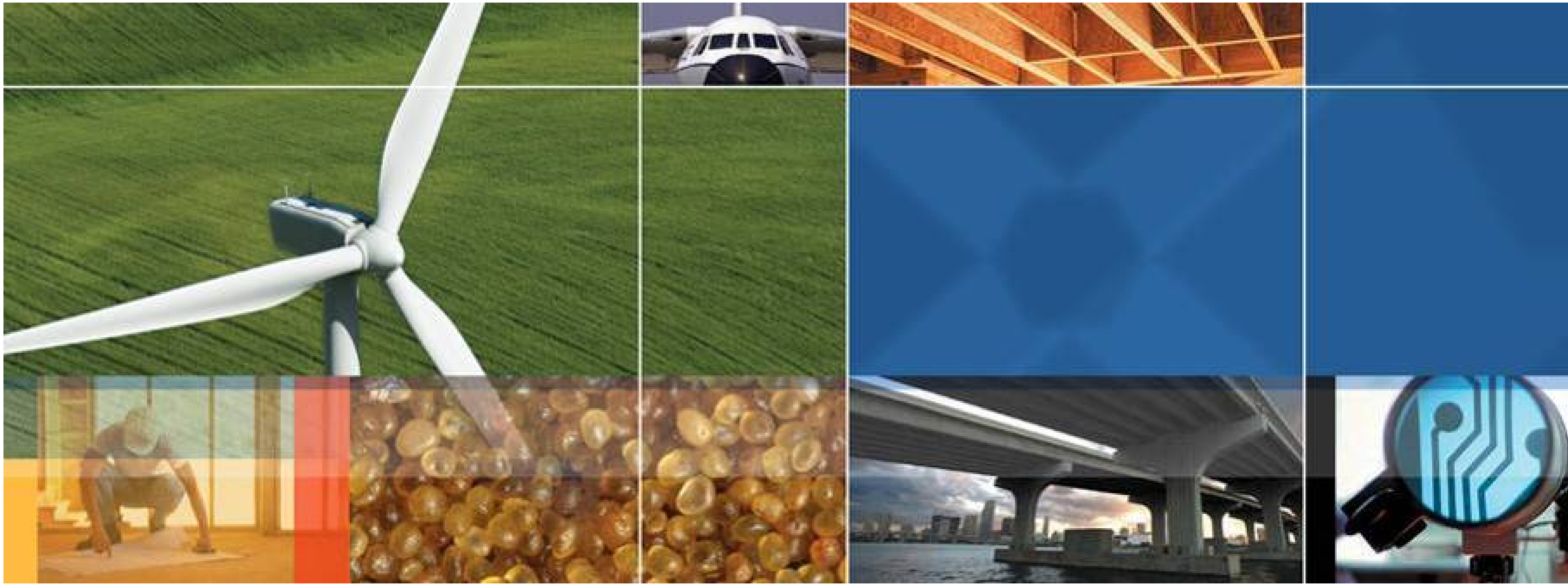

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