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Specialty Chemicals

First Quarter 2009 Earnings Conference Call

May 13, 2009

Forward-Looking Statements

Certain statements in this presentation 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 views about future events and are based on currently available financial, economic and competitive data and on our current business plans. Actual results could vary materially depending on risks and uncertainties that may affect our markets, services, prices and other factors as discussed in our 2008 Annual Report on Form 10-K, and our other filings, with the Securities and Exchange Commission (SEC). Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: economic factors such as the current credit crises and economic downturn and their related impact on liquidity and an interruption in the supply of or increased pricing of raw materials due to natural disasters; competitive factors such as pricing actions by our competitors that could affect our operating margins; and regulatory factors such as changes in governmental regulations involving our products that lead to environmental and legal matters as described in our 2008 Annual Report on Form 10-K, and our other reports, with the SEC.

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

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Overview of First Quarter Results

Craig O. Morrison

Chairman, President & Chief Executive Officer

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First Quarter 2009 Results

- First quarter 2009 results reflected ongoing market weakness consistent with the fourth quarter of 2008
- Hexion Specialty Chemicals First Quarter 2009 results included:
  - Revenues of $914 million reflecting lower volumes and the pass through of declining raw material costs to our customers
  - Operating income of $12 million compared to operating income of $83 million in prior year
  - Segment EBITDA [(1)] of $61 million compared to $154 million in prior year quarter
- The Company continues to aggressively pursue a number of actions to improve EBITDA, cash flow and enhance liquidity
  - Hexion finalized plans for $53 million in incremental cost reduction programs in the first quarter of 2009
  - Total targeted productivity savings approaches ~ $190 million since expanding the program in the third quarter of 2008
  - $22 million in productivity savings were achieved in the first quarter of 2009
- Hexion reduced its net debt by ~ $300 million in the first quarter of 2009, including Hexion's previously announced repurchases of debt on the open market
- Liquidity of $410 million stays consistent with year-end 2008 position, supported by working capital improvements
- LTM pro forma adjusted EBITDA of $535 million and an interest coverage ratio of 2.36 [(1)] at March 31, 2009

Hexion is Focused on Taking Actions that Strengthen its Balance Sheet and Enhance Liquidity

(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 to incur additional indebtedness under its indenture for the Second Priority Senior Secured Notes. As of March 31, 2009, the Company was able to satisfy this covenant and incur additional indebtedness under its indentures. March 31, 2009 LTM Adjusted EBITDA includes $150 million of in-process productivity program savings.

First Quarter 2009
Summary Financial Performance

($ in millions)	Quarter Ended March 31 **2009**	**2008**	**Δ**
Revenue	$ 914	$1,636	(44)%
Operating income	12	83	(86)%
Net Income (loss) attributable to HSCI	116	(12)	nm
Segment EBITDA (1)	61	154	(60)%

Q109 operating results reflect lower volumes, partially offset by $21 million in favorable SG&A costs, incremental productivity actions and the reduction of certain costs associated with the terminated Huntsman Corp. transaction

Q109 net income includes a gain of $168 million from the repurchase of debt securities on the open market for amounts less than face value

Global Recession Continued to Negatively Impact Q109 Segment Sales and EBITDA

(1) Segment EBITDA excludes in-process synergies and the pro forma effect of acquisitions.

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Segment Sales Reflect Ongoing Weakness in Global Demand

$ in millions

	Quarter Ended March 31 2009	2008
Epoxy and Phenolic Resins	**$ 384**	**$ 639**
Formaldehyde and Forest Product Resins	**266**	**570**
Coatings and Inks	**194**	**332**
Performance Products	**70**	**95**

Summary

- As expected, first quarter 2009 sales continued the trends experienced in the fourth quarter of 2008
- Volumes negatively impacted revenue by $495 million, raw material driven price decreases accounted for $121 million of the sales decline and foreign currency translation negatively impacted sales by $106 million

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Segment EBITDA Results

$ in millions

	Quarter Ended March 31	
	2009	2008
Epoxy and Phenolic Resins	$ 22	$ 74
Formaldehyde and Forest Product Resins	21	53
Coatings and Inks	1	18
Performance Products	25	22

Summary

- EPRD quarterly results reflect ongoing softness in end markets and volumes
- Forest Products' results illustrate the ongoing slowdown in N. American housing starts, lower formaldehyde sales and declines in international markets
- Competitive pressures negatively impacted Coatings and Inks results, while the Company continues to make progress with a number of restructuring activities
- Moderating raw materials and favorable product mix helped Performance Products offset lower rig counts and soft automotive demand

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(1) Segment EBITDA excludes in-process synergies.

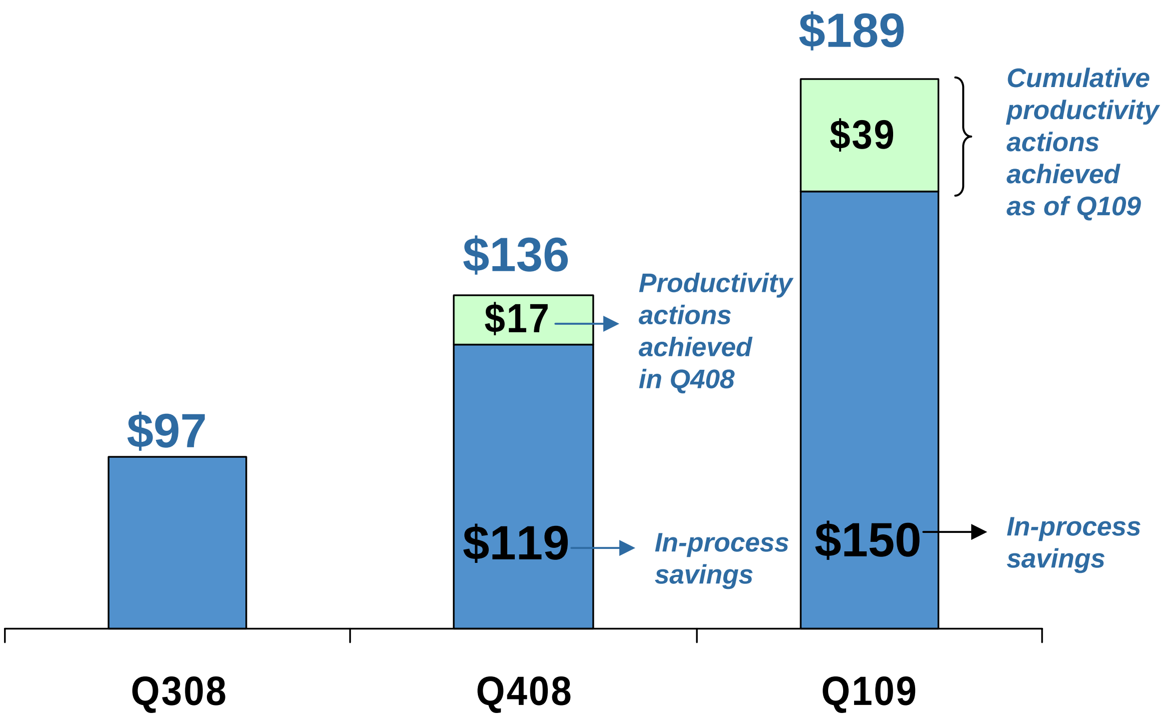
Hexion Finalized Plans For Additional Productivity Savings in Q109

Summary

- Pursuing $53 million in additional savings from an expanded productivity program
  - Hexion expects to achieve ~$125 million in productivity savings by year-end 2009
  - Hexion expects working capital reductions to fund $75 million in costs associated with the productivity program
- Hexion achieved $22 million in targeted productivity savings in Q109

Expanded Productivity Program

$ in millions



Hexion Will Continue to Assess its Productivity Program to Match Market Conditions

Productivity Programs are Driving Cost Reductions in all Major Cost Categories

	Q109 vs. Q108 Δ
Utilities	30%
Mfg. Variable	35%
Salary & Wages	18%
Travel	58%
Office Expense	39%
Purchased Services	24%
Other	13%

Q109 Variable Cost Reductions: $75 million

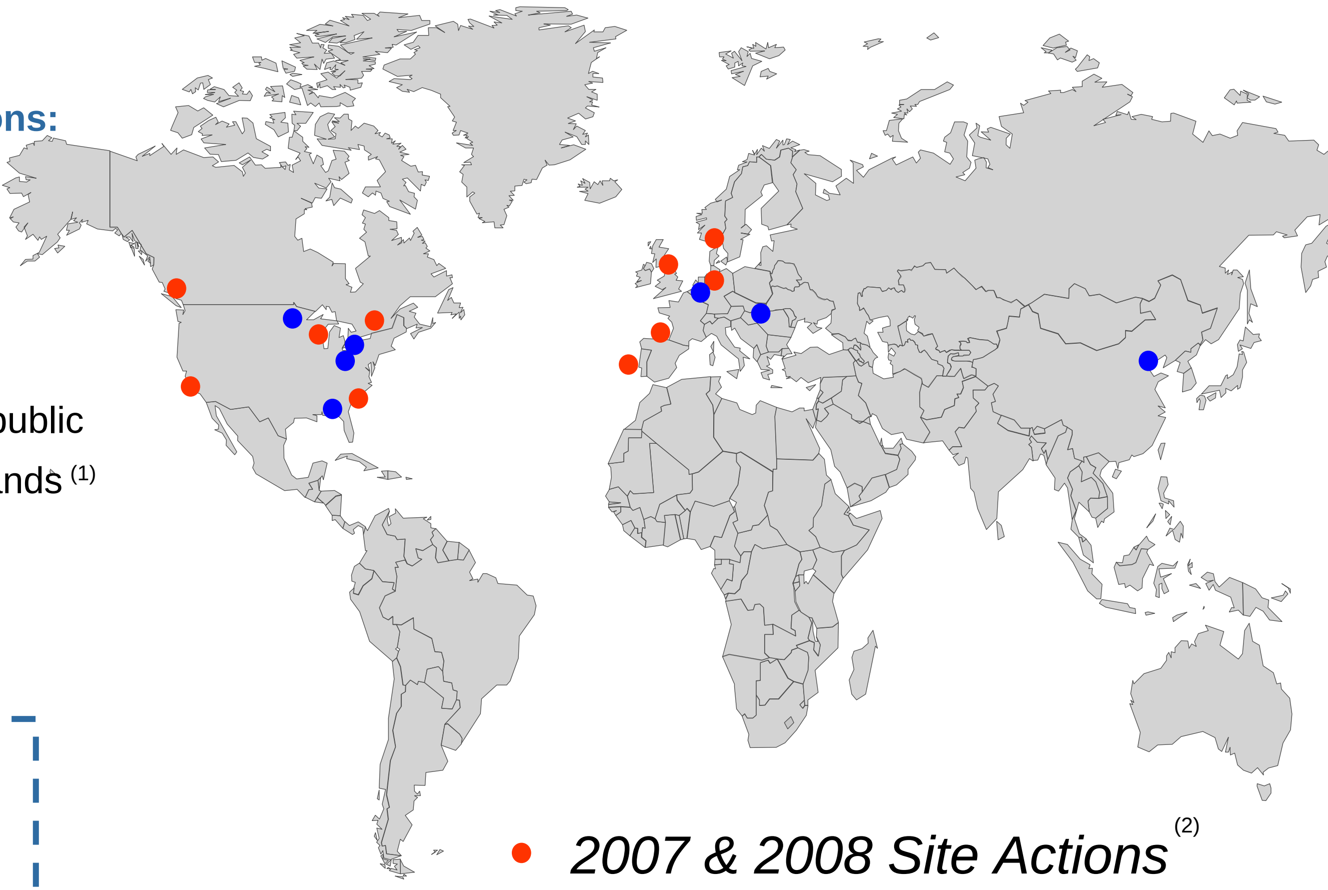
Total Cost Reductions of $75 million on a YoY Basis Compares Favorably to Q109 Targeted Productivity Results, which amount to $53 million

Pace of Restructuring Actions Accelerated in Q109

Summary

- **2009 Announced Site Actions:**
  - Pleasant Prairie, WI
  - Columbus, GA
  - Cincinnati, OH
  - Tianjin, China
  - Sokolov, The Czech Republic
  - Maastricht, The Netherlands (1)
  - SG&A Reductions (Corporate office and global locations)

2009 Site Actions: Annualized Savings of ~ $20 million



● *2007 & 2008 Site Actions* (2)

● *2009 Announced Site Actions* (3)

(1) Maastricht, The Netherlands is subject to Works Council approvals.

(2) Portions of certain sites remained operational; actions included stopping production of solvent-based coatings at our Lynwood California facility, as well as ceasing production of two amino resin departments at Sant' Albano, Italy.

(3) Actual site closings during First Quarter 2009 included Pleasant Prairie, WI and Columbus, GA.

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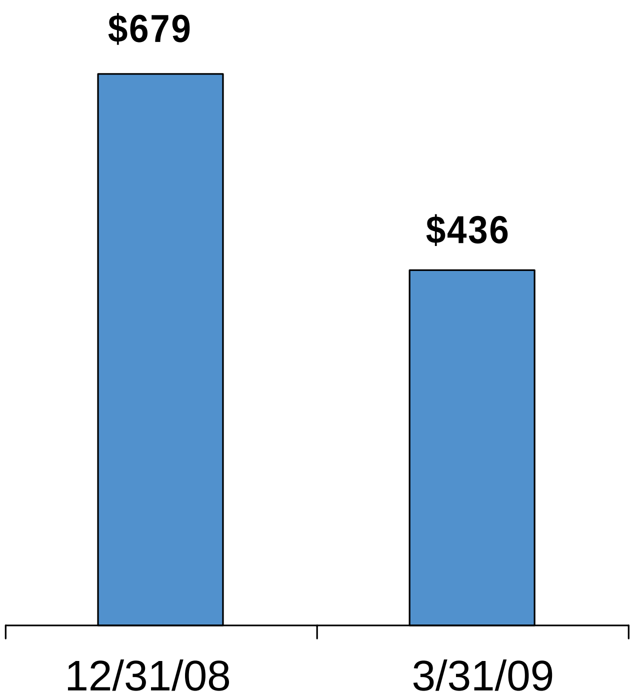
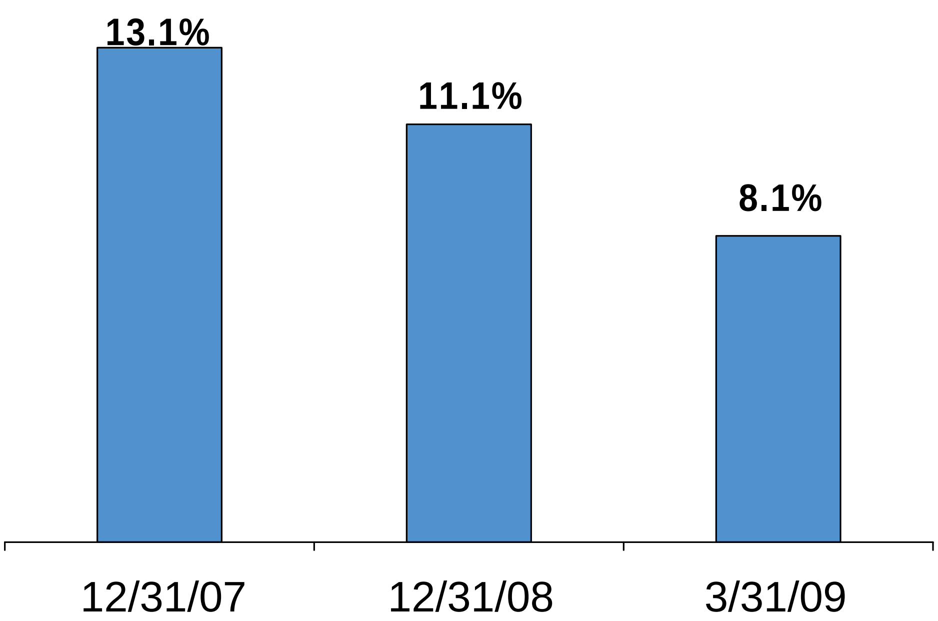
Hexion Reduced Working Capital as of March 31, 2009

$ in millions

Working Capital



Working Capital as a Percentage of LTM Sales



Focus on Working Capital Continues in 2009

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Financial Review

William H. Carter

Executive Vice President & Chief Financial Officer

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Epoxy and Phenolic Resins (EPRD)
First Quarter 2009 Segment Highlights

Quarter Ended March 31

($ in millions)	2009	2008	Δ
Revenue	$ 384	$ 639	(40)%
Segment EBITDA	$ 22	$ 74	(70)%

Q109 Sales Comparison YOY

Volume	Price/Mix	Currency Translation	Total
(29)%	(5)%	(6)%	(40)%

Summary

- Several large-scale production epoxy sites were idled for portions of Q109 due to soft demand
- Hexion has announced production shifts to its customers to better position our production facilities
- Sales to wind energy customers continue to trend positively supporting growth in our specialty epoxy product line

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

Quarter Ended March 31

($ in millions)	2009	2008	Δ
Revenue	$ 266	$ 570	(53)%
Segment EBITDA	$ 21	$ 53	(60)%

Q109 Sales Comparison YOY

Volume	Price/Mix	Currency Translation	Total
(31)%	(15)%	(7)%	(53)%

<u>Summary</u>

- Volumes reflected significant declines in international markets, as well as ongoing softness in N. America housing conditions
  - Customer shutdowns in Latin America that normally occur in the fourth quarter were delayed into Q109
  - Several large formaldehyde customers in N. America experienced shutdowns in Q109
- Continuing to position Hexion for the eventual forest products market rebound in high growth markets
  - Russian joint venture expansion on track for May 2009 production
  - New site in Montenegro, Brazil, slated to begin production in August 2009

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

Quarter Ended March 31

($ in millions)	2009	2008	Δ
Revenue	$ 194	$ 332	(42)%
Segment EBITDA	$ 1	$ 18	nm

Q109 Sales Comparison YOY

Volume	Price/Mix	Currency Translation	Total
(34)%	(1)%	(7)%	(42)%

Summary

- Ongoing soft demand for ink resins due to publishing market declines, while coatings demand was hampered by weak housing, construction and auto markets
- Restructuring activities continue to be a major focus of this segment
  - Hexion expects current restructuring activities and pending actions to improve operating efficiencies going forward
- Hexion anticipates that C&I volumes should benefit slightly from seasonal demand improvement (demand for monomers and global dispersions is generally higher in Q2 and Q3 due to global paint customers)

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Performance Products (PPD)
First Quarter 2009 Segment Highlights

Quarter Ended March 31

($ in millions)	2009	2008	Δ
Revenue	$ 70	$ 95	(26)%
Segment EBITDA	$ 25	$ 22	14%

Q109 Sales Comparison YOY

Volume	Price/Mix	Currency Translation	Total
(24)%	--	(2)%	(26)%

Summary

- Sales declined due to lower oil and gas rig counts and weak auto demand for Foundry products
- Year-over-year Segment EBITDA gains driven by positive pricing/mix in Oilfield products

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Balance Sheet Update & Financial Summary

- Hexion recorded $157 million in cash from operations in the first quarter of 2009 compared to $18 million in the first quarter of 2008
- Hexion continues to focus on cash management, evidenced by working capital improvements in the first quarter of 2009
- Q109 capital expenditures totaled $27 million
  - Closely monitoring FY09 capital expenditures and expect full year at approximately $110 million
- Hexion reduced its long-term indebtedness during Q109 as the Company repurchased on the open market $196 million in face value of its outstanding debt securities for $26 million
- Liquidity: cash plus borrowing availability of $410 million at March 31, 2009, including the financing commitment
  - After Q109 closed, Hexion purchased $180 million of Hexion LLC outstanding debt for $24 million
  - On May 11, 2009, Hexion announced a tender offer for portions of its cash tender offer to purchase its outstanding debentures due 2016, 2021 and 2023 in a maximum aggregate principal amount not to exceed $20 million in accordance with a modified “Dutch auction” procedure on the terms and conditions set forth in the corresponding Hexion Offer to Purchase dated May 11, 2009

Net Debt: ~ $3.5 billion (3/31/08)

Summary

Craig O. Morrison

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Summary: Hexion First Quarter 2009 Results & Second Quarter 2009 Outlook

- First quarter 2009 results reflected continued weakness in end use markets
- To improve our operating efficiencies, Hexion announced increased productivity savings of $53 million
  - Total targeted productivity of $150 million remaining at March 31, 2009
- Working capital improvements demonstrate strong focus on cash management
- Hexion reduced its net debt by ~ $300 million in the first quarter of 2009, while liquidity ended at $410 million
  - Q109 liquidity was nearly identical to Hexion's year-end 2008 position of $418 million; liquidity preservation, during a challenging quarter, demonstrates an effective focus on cost and cash action items
- The Company continues to expand its international presence with new plant additions in Russia and Brazil
- Hexion expects second quarter 2009 sales and EBITDA to be well below prior year results and generally in line with the results achieved in the first quarter of 2009, adjusted for seasonality and ongoing productivity initiatives

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Appendices

Reconciliation of Non-GAAP Financial Measures

	Three months ended March 31, 2009	2008
Segment EBITDA:		
Epoxy and Phenolic Resins	$ 22	$ 74
Formaldehyde and Forest Products Resins	21	53
Coatings and Inks	1	18
Performance Products	25	22
Corporate and Other	(8)	(13)
Reconciliation:		
Items not included in Segment EBITDA		
Terminated merger and settlement income (expense), net	30	(9)
Integration costs	—	(7)
Non-cash charges	(10)	(6)
Unusual items:		
(Losses) gains on divestiture of assets	(3)	7
Business realignments	(16)	(3)
Other	(3)	(7)
Total unusual items	(22)	(3)
Total adjustments	(2)	(25)
Interest expense, net	(64)	(78)
Gain on extinguishment of debt	168	—
Income tax expense	(3)	(11)
Depreciation and amortization	(44)	(52)
Net income (loss) attributable to Hexion Specialty Chemicals, Inc.	116	(12)
Net income attributable to noncontrolling interest	1	1
Net income (loss)	$ 117	$ (11)

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Fixed Charge Covenant Calculations

Reconciliation of Net Loss to Adj. EBITDA	LTM Period Ended March 31, 2009
Net loss	$ (1,057)
Income taxes	(25)
Gain on extinguishment of debt	(168)
Interest expense, net	290
Depreciation and amortization expense	195
EBITDA	(765)
Adjustments to EBITDA	
Terminated merger and settlement costs (1)	988
Integration costs (2)	20
Net income attributable to noncontrolling interest	(5)
Non-cash items (3)	30
Unusual items:	
Loss on divestiture of assets	5
Business realignments (4)	54
Derivative settlements (5)	37
Other (6)	21
Total unusual items	117
In process Synergies & productivity program savings (7)	150
Adjusted EBITDA	$ 535
Fixed Charges (8)	$ 227
Ratio of Adj. EBITDA to Fixed Charges (10)	2.36

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Fixed Charge Covenant Calculations Footnotes

(1) Primarily represents accounting, consulting, tax and legal costs related to the terminated Huntsman merger and related litigation, including the $550 million payment to Huntsman to terminate the merger and settle litigation and the non-cash push-down of settlement costs paid by Apollo of $200 million, net of Apollo's recovery of $15 million in insurance proceeds related to the $200 million settlement payment.

(2) Primarily represents redundancy and incremental administrative costs associated with integration programs. Also includes costs to implement a new consolidations and financial reporting system.

(3) Includes non-cash charges for impairments of property and equipment and intangible assets, impairments of goodwill, accelerated depreciation, stock-based compensation and unrealized foreign exchange and derivative activity.

(4) Represents plant rationalization and headcount reduction and other costs associated with business realignments.

(5) Primarily represents derivative settlements on a portion of our cross currency and interest rate swaps.

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

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

(8) Reflects pro forma interest expense based on interest rates at April 22, 2009 as if our repurchases of our outstanding debt securities 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 March 31, 2009, the Company was able to satisfy this covenant and incur additional indebtedness under this indenture.

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Debt at March 31, 2009

($ in millions)

	3/31/2009	12/31/2008
Senior Secured Credit Facilities:		
Floating rate term loans due 2013	$ 2,244	$ 2,254
Revolving credit facilities due 2011	--	180
Senior Secured Notes:		
9.75% Second-priority senior secured notes due 2014	533	625
Floating rate second-priority senior secured notes due 2014	120	200
Debentures:		
9.2% debentures due 2021	106	115
7.875% debentures 2023	232	247
Sinking fund debentures: 8.375% due 2016	78	78
Other Borrowings:		
Australian Multi-Currency Term/Working Capital Facility due 2011	53	50
Industrial Revenue Bonds due 2009	34	34
Capital Leases	15	15
Other	52	61
Affiliated Debt	104	--
Total debt	$ 3,571	$ 3,859

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