Momentive Specialty Chemicals Inc.

First Quarter 2013
Earnings Conference Call

May 14, 2013

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 First Quarter 2013 Results

Craig O. Morrison
Chairman, President & Chief Executive Officer

First Quarter 2013 Results

- Revenues of $1.2 billion in 1Q’13, essentially flat compared to the prior year quarter
  – Reflects lower overall volumes and continued headwinds in Europe as well as slower growth in Asia Pacific region
  – Strong year-over-year increase in Forest Product Resins revenue
- Segment EBITDA(1) of $105 million compared to $146 million in prior year quarter
  – North American housing and past restructuring initiatives, particularly in Europe, continued to drive strong results in our forest products business
  – Weakening market conditions in Oilfield and Epoxy product lines account for YOY decrease in EBITDA
- Operating income of $45 million in 1Q’13 compared to $44 million in 1Q’12
- Continued focus on cost and cash actions: as of March 31, 2013, realized $57 million in savings on a run-rate basis from the shared services agreement since inception
- Focused on achieving $17 million of in-process cost savings that we expect to achieve over the next 12 months as of March 31, 2013

MSC IS WELL POSITIONED GOING FORWARD DUE TO DIVERSIFIED PORTFOLIO AND STRATEGIC INVESTMENTS IN HIGH GROWTH MARKETS

(1) Segment EBITDA is a non-GAAP financial measure. The closest GAAP financial measure is Net Income (Loss). A table that reconciles Segment EBITDA is at the end of this presentation. Segment EBITDA is defined as EBITDA (earnings before interest, income taxes, depreciation and amortization) adjusted for certain non-cash and other income and expenses. Segment EBITDA is the primary performance measure used by the Company's senior management, the chief operating decision-maker and the board of directors to evaluate operating results and allocate capital resources among segments.

First Quarter 2013
Summary Financial Performance

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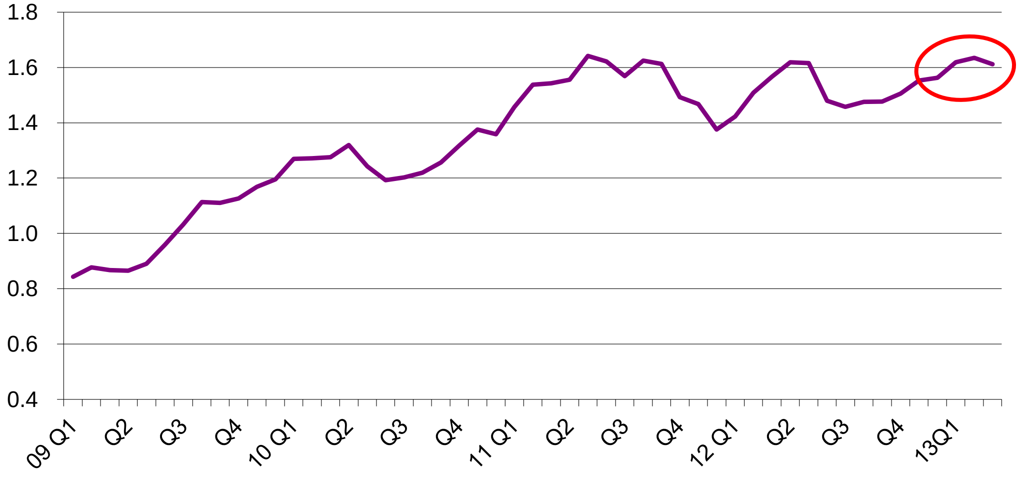
($ in millions)	Quarter Ended March 31 2013	Quarter Ended March 31 2012	Δ
Revenue	**$1,192**	**$1,236**	**(4)%**
Segment EBITDA [(1)]	**105**	**146**	**(28)%**
Operating Income	**45**	**44**	**2%**
Net Loss	**(4)**	**(16)**	**75%**

OPERATING INCOME GAINS REFLECT DECREASED ASSET IMPAIRMENTS, LOWER BUSINESS REALIGNMENT COSTS AND SAVINGS FROM SHARED SERVICES AGREEMENT WITH MPM

(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



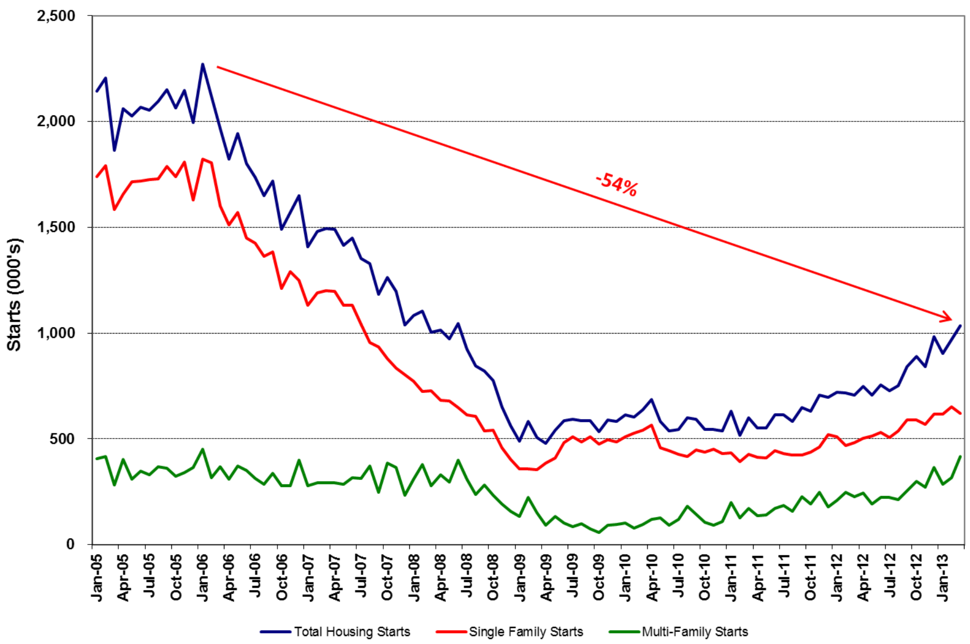
Source: CMAI data

Summary

- Q1’13 raw material pricing generally higher than Q4’12 due to tight feedstock supply
- In 1Q’13, the average prices of phenol, methanol and propylene increased by approximately 12%, 11% and 1%, respectively, as compared to 1Q’12
- Anticipate continued raw material volatility in 2013 as global markets remain mixed

North American Housing Recovery Supports Long Term Growth

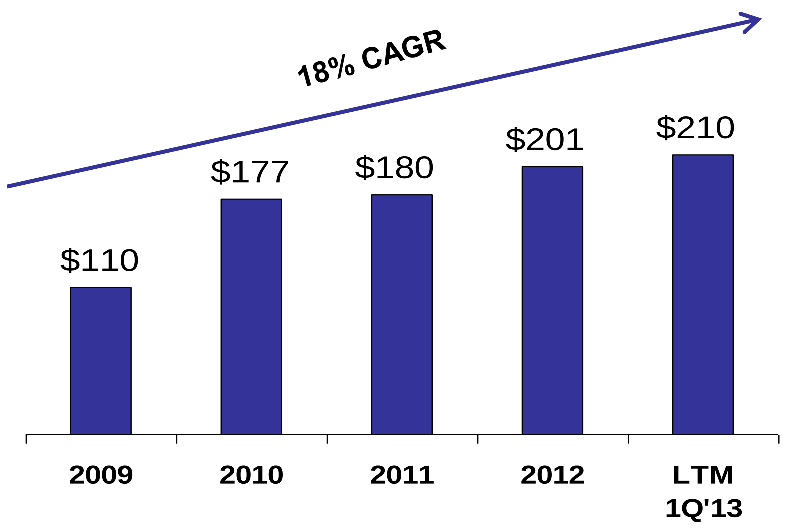
2005 – Q1 2013 U.S.
Housing Starts



U.S. Housing Starts Declined Over 54%
From Jan. 2006 to Mar. 2013

Segment EBITDA
(Net % Change)

($ in millions)



Summary

- European restructuring initiatives and improving North American housing demand driving strong recovery in Forest Products Resins
- Managing global network is critical to maintaining low cost position
- MSC anticipates benefiting from operating leverage as housing market continues to recover

Long-term Growth Fundamentals for Oilfield Proppants Remain Intact

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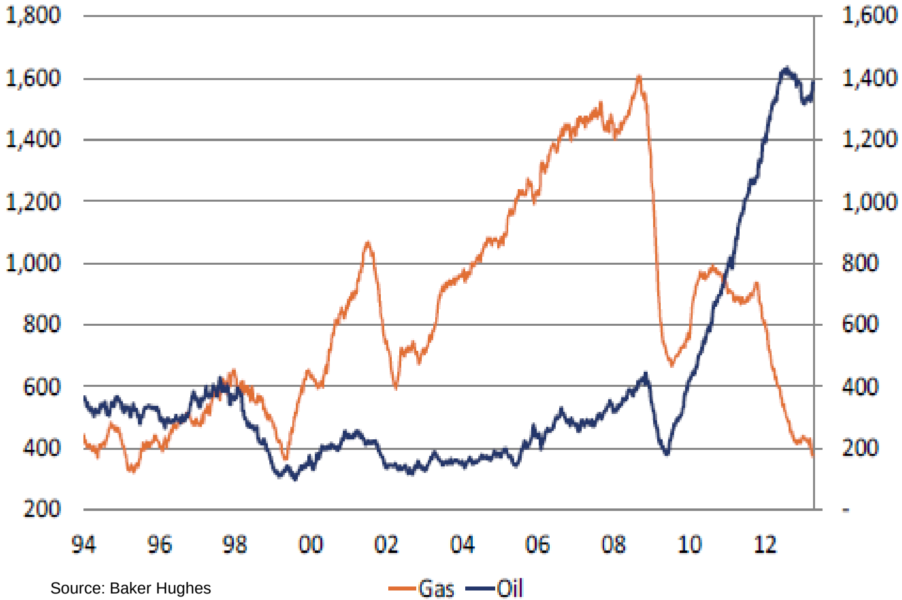
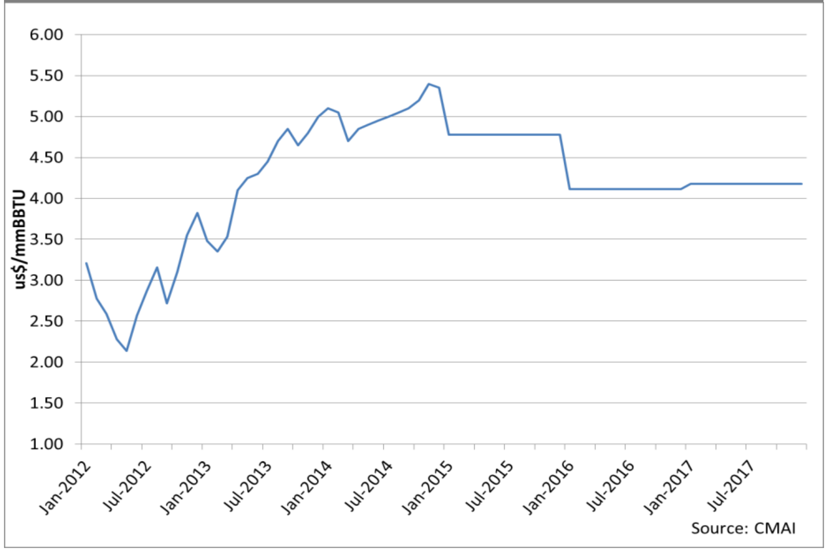
Natural Gas Rig Counts Remain at Historic Lows



Source: Baker Hughes

Natural Gas Prices are Expected to Rise



Source: CMAI

Summary

- Oilfield proppants business drove significant portion of 1Q’13 YoY EBITDA variance within EPCD, but is well positioned for recovery going forward
  - Additional upside from rig count recovery and tightening of natural gas market
  - Continue to target oil producers as additional growth market
  - New product development and reformulations delivering leading edge technology
  - Cross-selling opportunities with silicones fluids
  - Opportunity for international market expansion

Momentive Specialty Chemicals Inc.

Financial Review

William H. Carter
Executive Vice President & Chief Financial Officer

Epoxy, Phenolic and Coating Resins
First Quarter 2013 Segment Results

($ in millions)	Quarter Ended March 31 2013	2012	Δ
Revenue	$ 765	$ 794	(4)%
Segment EBITDA	68	114	(40)%

1Q'13 Sales Comparison YoY

Volume	Price/Mix	Currency Translation	Scope Changes	Total
(4)%	—	—	—	(4)%

Summary

- Sales decline reflected decreased demand within our phenolic specialty resins and base epoxy businesses
- Pricing was relatively flat, as positive pricing mix in our phenolic specialty resins business was offset by competitive pricing pressures in our epoxy specialty and oilfield businesses, which negatively impacted Segment EBITDA
- New waterborne resins capacity came online in Barbastro, Spain

Forest Products Resins
First Quarter 2013 Segment Results

($ in millions)	Quarter Ended March 31		
	2013	**2012**	Δ
Revenue	$ 427	$ 442	(3)%
Segment EBITDA	55	46	20%

1Q'13 Sales Comparison YoY				
Volume	**Price/Mix**	**Currency Translation**	**Scope Changes**	**Total**
(1)%	5%	(1)%	(6)%	(3)%

Summary

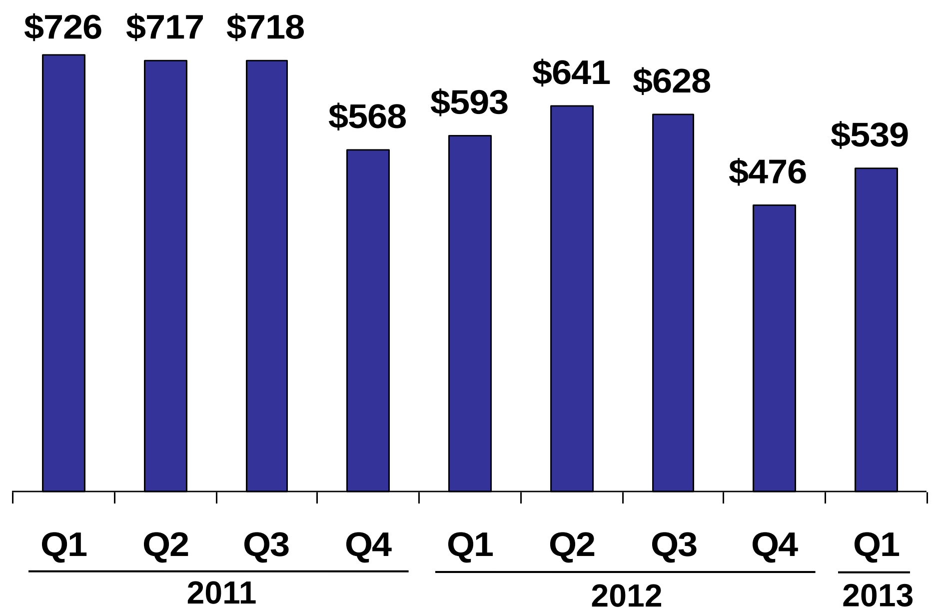
- 1Q'13 sales reflects YoY slight volume declines and portfolio rationalizations in Europe and the Asia Pacific region, partially offset by positive pricing actions
  - Partially offset by volume increases in North American forest product resins and formaldehyde
- Segment EBITDA gains driven by cost control and productivity initiatives, as well as favorable product mix

Balance Sheet Update & Financial Summary

Summary

- Substantial liquidity despite earnings decrease: cash plus borrowing availability of $770 million at March 31, 2013
- 1Q'13 capital expenditures of $27 million
  - Anticipate FY'13 capital expenditures of $175 to $185 million
- Low working capital intensity
  - Net working capital increased sequentially due to seasonality, which drove increases in accounts receivable and inventory, and was partially offset by increases in accounts payable
  - Strategically built inventory in advance of 2Q'13 turnarounds
- MSC entered into a new $400 million asset-based revolving loan facility, which is subject to a borrowing base
  - Replaced the senior secured credit facilities
- Following a $1.1 billion refinancing in January 2013, the Company has:
  - No material debt maturities before 2018
  - No financial maintenance covenants currently in effect [1]

Net Working Capital [2]



NET DEBT: ~ $3.4 BILLION (3/31/13) [3]

(1) No financial maintenance covenants in MSC's capital structure except for ABL upon minimum availability trigger. Debt maturity reference includes only MSC OpCo debt and does not include debt from subsidiaries

(2) Net working capital defined as accounts receivable and inventories less accounts and drafts payable. Recasted for discontinued operations.

(3) See details of Momentive Specialty Chemical's total debt in the Appendix of this presentation.

Closing Remarks

First Quarter 2013 Closing Remarks

- Revenues of $1.2 billion in 1Q’13, essentially flat compared to the prior year quarter
  - Reflects lower overall volumes and continued headwinds in Europe as well as slower growth in Asia Pacific region
  - Strong year-over-year increase in Forest Product Resins results
- Continue to realize targeted cost savings as anticipated
  - Realized $57 million in savings on a run-rate basis from the shared services agreement as of March 31, 2013
- Focused on achieving $17 million of in-process cost savings that we expect to achieve over the next 12 months as of March 31, 2013
  - Continuing to proactively identify additional cost-saving opportunities
- Prudent balance sheet management:
  - Strong liquidity levels: $770 million
  - Long-dated maturity profile: successfully refinanced portions of capital structure in January 2013 resulting in no material debt maturities until 2018
- Continue to believe overall volumes are expected to moderately increase in 2013 versus 2H’12

WELL-POSITIONED TO GENERATE CASH FLOW AND DRIVE LONG-TERM GROWTH

Appendices

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Segment EBITDA to Net loss (Unaudited)

(In millions)	Three Months Ended March 31, 2013	2012
Segment EBITDA:		
Epoxy, Phenolic and Coating Resins	$ 68	$ 114
Forest Products Resins	55	46
Corporate and Other	(18)	(14)
Reconciliation:		
Items not included in Segment EBITDA:		
Asset impairments	—	(23)
Business realignment costs	(9)	(15)
Integration costs	(3)	(5)
Other	(11)	(18)
Total adjustments	(23)	(61)
Interest expense, net	(74)	(65)
Loss on extinguishment of debt	(6)	—
Income tax benefit	32	2
Depreciation and amortization	(38)	(38)
Net loss	$ (4)	$ (16)

Fixed Charge Covenant Calculations

(In millions)	March 31, 2013 LTM Period
Net income	$ 336
Income tax benefit	(395)
Interest expense, net	272
Loss on extinguishment of debt	6
Depreciation and amortization	153
EBITDA	372
Adjustments to EBITDA:	
Business realignments (1)	29
Integration costs (2)	10
Other (3)	52
Cost reduction programs savings (4)	9
Savings from Shared Services Agreement(5)	8
Adjusted EBITDA	$ 480
Pro forma fixed charges (6)	$ 296
Ratio of Adjusted EBITDA to Fixed Charges (7)	1.62

(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 headcount reduction expenses and plant rationalization costs related to cost reduction programs and other costs associated with business realignments.
(2) Primarily represents integration costs associated with the Momentive Combination.
(3) Primarily includes pension expense related to formerly owned businesses, business optimization expenses, management fees, retention program costs, stock-based compensation, accelerated depreciation on closing facilities and realized and unrealized foreign exchange and derivative activity.
(4) Represents pro forma impact of in-process cost reduction programs savings.
(5) Primarily represents pro forma impact of expected savings from the shared services agreement with MPM in conjunction with the Momentive Combination.
(6) Reflects pro forma interest expense based on interest rates at March 31, 2013, as if the 2013 Refinancing Transactions had taken place at the beginning of the period.
(7) The Company's ability to incur additional indebtedness, among other actions, 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 March 31, 2013, we did not satisfy this test. As a result, we are subject to restrictions on our ability to incur additional indebtedness and to make investments; however, there are exceptions to these restrictions, including exceptions that permit indebtedness under our ABL Facility (available borrowings of which were $301 million at March 31, 2013).

Debt at March 31, 2013

($ in millions)

	March 31, 2013		December 31, 2012	
	Long-Term	Due Within One Year	Long-Term	Due Within One Year
Non-affiliated debt:				
Senior Secured Credit Facilities:				
Floating rate term loans due 2015	$ —	$ —	$ 895	$ 15
Senior Secured Notes:				
6.625% First-Priority Senior Secured Notes due 2020 (includes $8 of unamortized debt premium at March 31, 2013)	1,558	—	450	—
8.875% Senior Secured Notes due 2018 (includes $5 of unamortized debt discount at March 31, 2013 and December 31, 2012)	1,195	—	994	—
Floating rate Second-Priority Senior Secured Notes due 2014	—	—	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	60	2	60	2
Other Borrowings:				
Australia Facility due 2014	45	5	31	5
Brazilian bank loans	19	37	18	41
Capital Leases	10	1	10	1
Other	3	16	4	12
Total debt	$ 3,727	$ 61	$ 3,419	$ 76

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