



Momentive Specialty Chemicals Inc.

**First Quarter 2014
Earnings Conference Call**

May 14, 2014

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 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, the loss of or difficulties with the further realization of cost savings in connection with our strategic initiatives, including transactions with our affiliate, Momentive Performance Materials Inc., the impact of our substantial indebtedness, our failure to comply with financial covenants under our credit facilities or other debt, pricing actions by our competitors that could affect our operating margins, changes in governmental regulations and related compliance and litigation costs, and the other factors listed in the Risk Factors section of our SEC filings. 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 2014 Results

Craig O. Morrison

Chairman, President & Chief Executive Officer

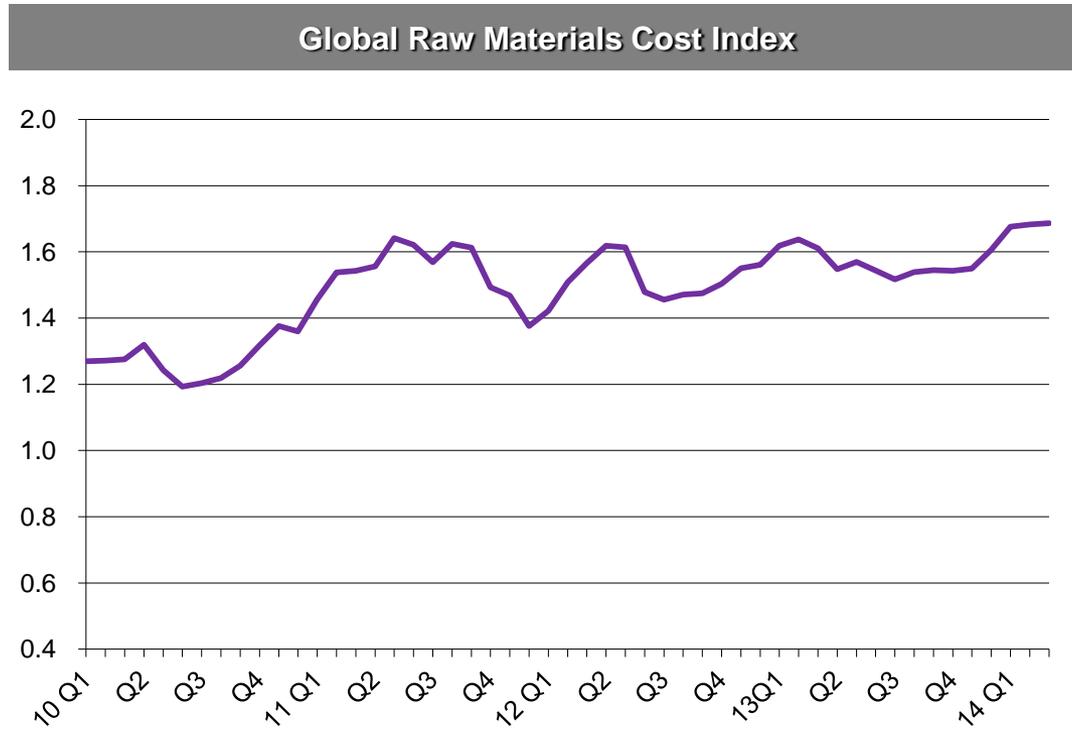
First Quarter 2014 Results

	Quarter Ended December 31		
(\$ in millions)	2013	2014	Δ
Revenue	\$1,192	\$1,293	8%
Segment EBITDA ⁽¹⁾	105	117	11%

- Total revenues increased 8% to \$1.29 billion in 1Q'14
- Total Segment EBITDA⁽¹⁾ increased 11% to \$117 million
 - Forest Products Segment EBITDA increased 9% on continued improvement in the N. American housing market, emerging market growth (e.g. Latin America furniture demand) and impact of productivity initiatives
 - Epoxy, Phenolic and Coatings Resins (EPCR) Segment EBITDA increased 12% reflecting strong oilfield growth and improved results in specialty epoxy and Versatic™ Acids and Derivatives, partially offset by cyclicity in base epoxies
- Completed acquisition of resin coated proppants manufacturing facility in Shreveport, LA, in January
 - Provides immediate capacity to meet the growing demand for our oilfield products
 - Central location in Haynesville shale region enhances existing integrated asset network

(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.

Overview of Raw Materials Environment



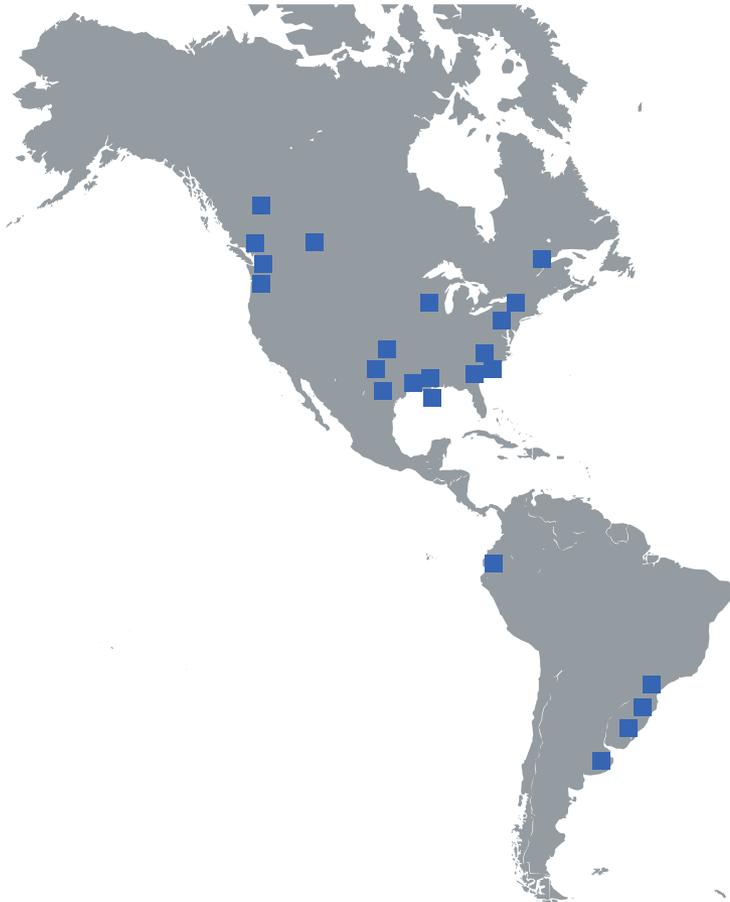
Source: Includes content supplied by IHS Chemical, Copyright © IHS Chemical 2013; ICIS, Copyright © ICIS 2013. All rights reserved
-Also includes Momentive acquisition prices

Summary

- Q1'14 raw material pricing rose sequentially from Q4'13
- Key YoY raw material input costs remain individually mixed
 - Phenol ↓ (2)%; Methanol ↑ 26% ; Urea ↓ (5)%
- Remain focused on pricing and continuing to effectively manage input costs

Strategic Americas Infrastructure Supports Global Forest Products Leadership Position

Integrated Asset Network

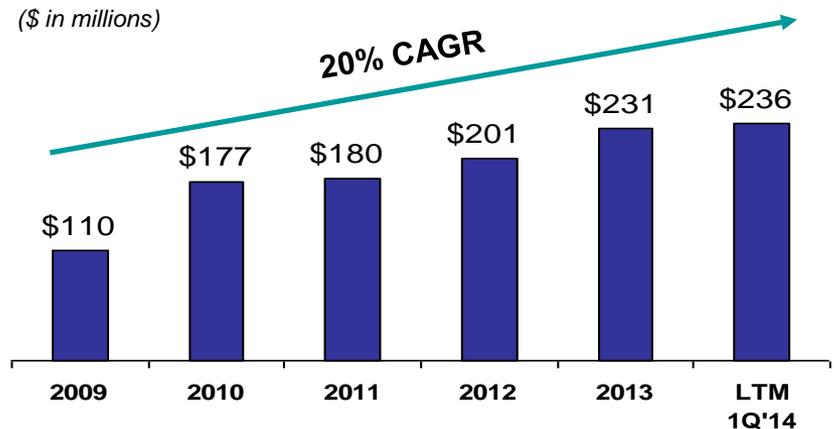


- 23 Current Manufacturing Facilities in the Americas
- Constructing Two New Facilities in Brazil and Gulf Coast

Global Scale with Significant Latin America Presence

- Technology leader with success in developing new products that optimize customer manufacturing processes and improve quality
 - Long-time presence in L. America
 - World-class strategic expansion in Montenegro, Brazil, in 2010 has supported regional growth
- Constructing new plants in Louisiana and Brazil
 - Finalizing site selection in Brazil
 - Both expansions are expected to contribute to earnings in 2016

Strong Segment EBITDA Growth





Momentive Specialty Chemicals Inc.

Financial Review

William H. Carter

Executive Vice President & Chief Financial Officer

Epoxy, Phenolic and Coating Resins

First Quarter 2014 Segment Results

	Quarter Ended March 31		
(\$ in millions)	2013	2014	Δ
Revenue	\$ 765	\$ 817	7%
Segment EBITDA ⁽¹⁾	68	76	12%
Segment EBITDA Margin	8.9%	9.3%	40bps

1Q'14 Sales Comparison YoY			
Volume	Price/Mix	Currency Translation	Total
8%	(2)%	1%	7%

Summary

- Sales and EBITDA gains primarily reflect positive demand within oilfield, specialty epoxy and Versatic™ Acids and Derivatives
 - US and EU markets continue to show improvement
 - Specialty portfolio gains in part offset continued cyclical in base epoxy resins

(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

Forest Products Resins

First Quarter 2014 Segment Results

	Quarter Ended March 31		
(\$ in millions)	2013	2014	Δ
Revenue	\$ 427	\$ 476	11%
Segment EBITDA	55	60	9%
Segment EBITDA Margin	12.9%	12.6%	(30)bps

1Q'14 Sales Comparison YoY			
Volume	Price/Mix	Currency Translation	Total
7%	9%	(5)%	11%

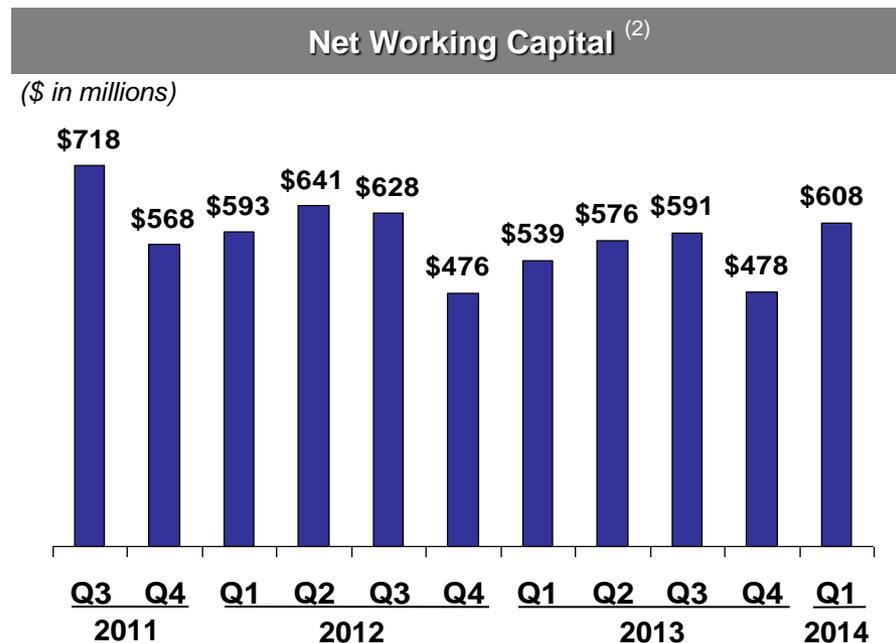
Summary

- Sales increase reflects broad based volume growth despite slight weather-related impact in N. America
- Segment EBITDA gains reflect higher volumes and lean manufacturing cost structure
 - Continued recovery in N. America housing and formaldehyde demand
 - Strong demand in Latin America from housing, general construction and furniture demand
 - Improved European results due to past restructuring actions and operating leverage

Balance Sheet Update & Financial Summary

Summary

- Substantial liquidity: cash plus borrowing availability of \$624 million at March 31, 2014
- 1Q'14 capital expenditures of \$34 million
 - Expect capital expenditures of \$185 million to \$210 million in FY'14 to support site expansions ⁽¹⁾
- Continued focus on working capital management
 - As anticipated, 1Q'14 increase reflects higher volumes from improving demand and seasonality
 - Net working capital remained a modest 12% of total revenue as of 1Q'14



NET DEBT: ~ \$3.6 BILLION (3/31/14) ⁽³⁾

(1) Excludes Jan. 2014 acquisition of oilfield manufacturing site in Shreveport, La. from CRS Proppants LLC.

(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 2014 Closing Remarks

- Strong Forest Products results due to the continued gradual recovery of the North American housing market and strength in our Latin American business
- Epoxy Phenolic and Coatings Resins results reflected strong oilfield, Versatic™ Acids and specialty epoxy performance partially offset by cyclical in base epoxy resins
- Strategic growth initiatives remain on track: successfully completed Shreveport oilfield acquisition
- Remain focused on driving further cost structure enhancements and realization of shared services agreement savings
 - \$61 million of cumulative savings achieved under the Shared Services Agreement
- Strong balance sheet with significant cash and available borrowings of \$624 million as of March 31, 2014

**GLOBAL LEADERSHIP POSITIONS SUPPORTED BY STRONG BALANCE SHEET
AND LONG-DATED CAPITAL STRUCTURE**

Appendices

Reconciliation of Non-GAAP Financial Measures

(In millions)

Reconciliation of Segment EBITDA to Net Loss:

	Three Months Ended March 31,	
	2014	2013
Segment EBITDA:		
Epoxy, Phenolic and Coating Resins	\$ 76	\$ 68
Forest Products Resins	60	55
Corporate and Other	(19)	(18)
Reconciliation:		
Items not included in Segment EBITDA:		
Business realignment costs	(6)	(9)
Integration costs	(2)	(3)
Other	(14)	(11)
Total adjustments	(22)	(23)
Interest expense, net	(77)	(74)
Loss on extinguishment of debt	—	(6)
Income tax (expense) benefit	(10)	32
Depreciation and amortization	(35)	(38)
Net loss	\$ (27)	\$ (4)

Debt at March 31, 2014

(\$ in millions)

Debt outstanding at March 31, 2014 and December 31, 2013 is as follows:

	March 31, 2014		December 31, 2013	
	Long-Term	Due Within One Year	Long-Term	Due Within One Year
ABL Facility	\$ —	\$ —	\$ —	\$ —
Senior Secured Notes:				
6.625% First-Priority Senior Secured Notes due 2020 (includes \$7 of unamortized debt premium at both March 31, 2014 and December 31, 2013)	1,557	—	1,557	—
8.875% Senior Secured Notes due 2018 (includes \$4 of unamortized debt discount at both March 31, 2014 and December 31, 2013)	1,196	—	1,196	—
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	40	20	40	20
Other Borrowings:				
Australia Facility due 2014	—	35	—	35
Brazilian bank loans	13	49	13	45
Capital Leases	9	1	9	1
Other	12	12	13	8
Total	\$ 3,664	\$ 117	\$ 3,665	\$ 109

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