Hexion Inc.

Fourth Quarter and Fiscal Year 2016 Results

March 3, 2017

Forward-Looking Statements
Hexion 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 facts, are forward-looking statements. Forward-looking statements may be identified by the words “believe,” “expect,” “anticipate,” “project,” “might,” “plan,” “estimate,” “may,” “will,” “could,” “should,” “seek,” “intend” or 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. 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.

Hexion Inc.

Overview of Fourth Quarter and Fiscal Year 2016 Results

Craig O. Morrison
Chairman, President and Chief Executive Officer

Hexion: Fiscal Year 2016 in Review

- Reported stable results. Excluding Oilfield proppants and foreign exchange headwinds, FY 2016 Segment EBITDA (1) was up ~ 6% versus prior year period (2)

- Successfully completed the divestiture of two non-core assets and the refinancing of Hexion’s asset-based revolving credit facility (“ABL Facility”) and 1.5 Lien Senior Secured Notes. Significant current liquidity of $511 million as of December 31, 2016

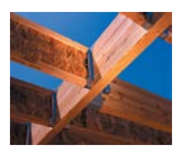
- Implemented Chief Operating Officer structure as part of a broader corporate reorganization and closed Norco, Louisiana site. As of December 31, 2016 had $25 million of in-process cost savings

- Strategic growth capital investment program will continue to drive earnings as plants and projects ramp up. Completed the construction of the last of three new formaldehyde plants

- Initial signs of a cyclical recovery: Oilfield proppant volumes improved sequentially in the third and fourth quarters of 2016. Base epoxy resins Asian market dynamics have recently tightened driven by raw material inflation

- Remain focused on driving the growth of Hexion’s specialty product portfolio, managing through the oilfield and base epoxy resins recovery and deleveraging Hexion’s balance sheet




(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.

(2) Includes additional adjustments for dispositions, which are reflected in the table that reconciles Adjusted Segment EBITDA at the end of this presentation. Oilfield proppants and foreign exchange translation negatively impacted Segment EBITDA by $34 million in FY2016.

Overview of Fourth Quarter 2016 Results

Quarter Ended December 31					
($ in millions)	2015	2015 (1) Adjusted for Divestitures	2016	YoY Δ	YoY Δ (1) Adjusted for Divestitures
Revenue	**$909**	**$831**	**$758**	**(17)%**	**(9)%**
Segment EBITDA (1)	**73**	**65**	**69**	**(5)%**	**6%**

- Reported revenue decreased 17% year-over-year to $758 million primarily reflecting the impact of divestitures and lower selling prices from a decline in raw material costs. Adjusted for the impact of recent divestitures, revenue decreased 9% year-over-year
- Net loss of $97 million compared to net loss of $11 million in the prior year period
- Reported Segment EBITDA decreased 5% year-over-year to $69 million primarily reflecting the impact of divestitures, partially offset by growth across Forest Product Divisions' global business portfolio, improvements in base epoxy resins and a decrease in administrative costs
  - Adjusted for the impact of recent divestitures, Segment EBITDA increased 6% year-over-year
  - Oilfield proppants continued to improve sequentially
- Fourth quarter and fiscal year 2016 reported results are in-line with Hexion's preliminary results released on January 19, 2017

(1) Excludes the historical results of the Company's Performance Adhesives, Powder Coatings, Additives & Acrylic Coatings and Monomers ("PAC") businesses and its 50% interest in HA-International, LLC ("HAI"), both of which were sold during the second quarter of 2016. A table that reconciles revenue and Segment EBITDA as adjusted for divestitures is at the end of this presentation.

Overview of Fiscal Year 2016 Results

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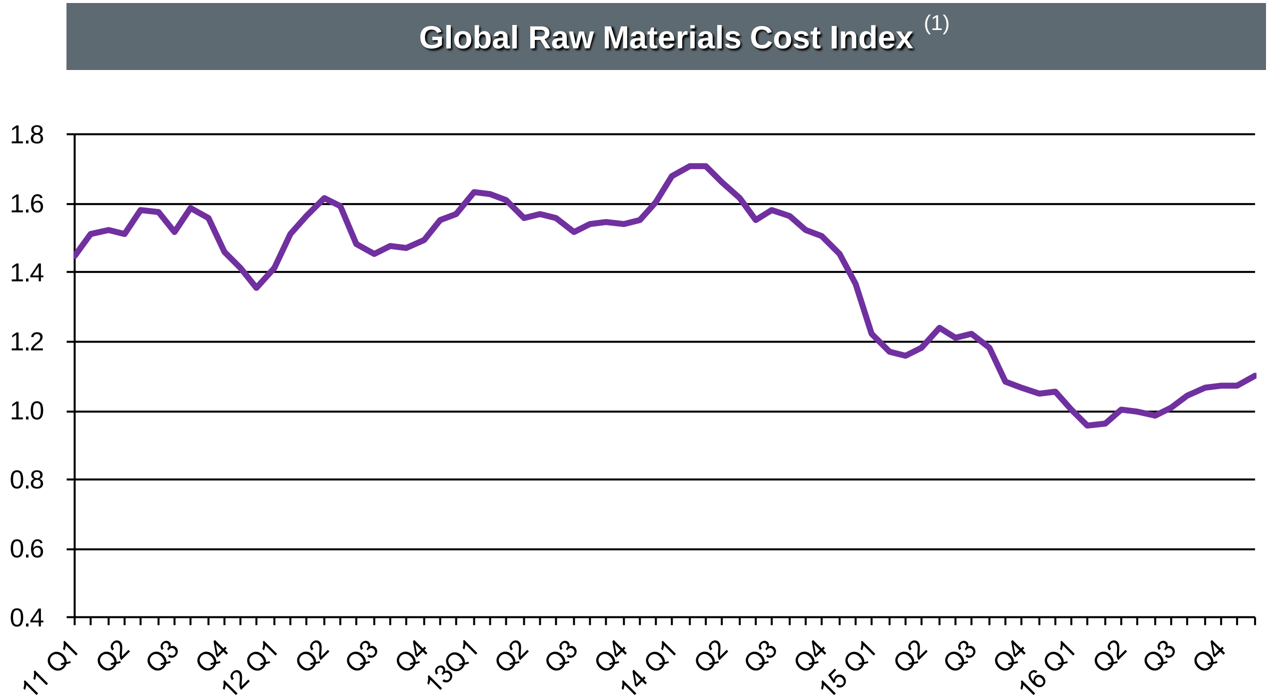
Year Ended December 31						
($ in millions)	2015	2015 Adjusted for Divestitures (1)	2016	2016 Adjusted for Divestitures (1)	YoY Δ	YoY Δ Adjusted for Divestitures (1)
Revenue	**$4,140**	**$3,771**	**$3,438**	**3,253**	**(17)%**	**(14)%**
Segment EBITDA (1)	**466**	**416**	**433**	**403**	**(7)%**	**(3)%**

- Reported revenue decreased 17% year-over-year to $3.4 billion primarily reflecting lower selling prices from a decline in raw material costs, cyclicality in Oilfield proppants and the impact of divestitures. Adjusted for the impact of recent divestitures, revenue decreased 14% year-over-year
- Net loss of $38 million compared to net loss of $40 million in the prior year period
- Reported Segment EBITDA decreased 7% year-over-year to $433 million primarily reflecting the impact of divestitures and cyclicality in Oilfield proppants, partially offset by growth in North American Forest Products and Versatic Acids™ & Derivatives
  - Adjusted for the impact of recent divestitures, Segment EBITDA decreased 3% year-over-year
  - Oilfield proppants improved sequentially throughout the year from trough conditions in the second quarter
  - Base epoxy resins demonstrated year-over-year improvement

(1) Excludes the historical results of the Company's Performance Adhesives, Powder Coatings, Additives & Acrylic Coatings and Monomers ("PAC") businesses and its 50% interest in HA-International, LLC ("HAI"), both of which were sold during the second quarter of 2016. A table that reconciles revenue and Segment EBITDA as adjusted for divestitures is at the end of this presentation.

Overview of Raw Materials Environment



Summary

- Q4'16 global raw material pricing is up ~ 4% on a sequential basis from 3Q'16
- Total raw material pricing in 2016 declined significantly versus 2015:
  - Phenol ↔ ; Methanol ↓ (30)%; Urea: ↓ (27)%;

(1) Source: *Includes content supplied by IHS Chemical, Copyright © IHS Chemical 2013; ICIS, Copyright © ICIS 2013. All rights reserved*

Driving Structural Cost Savings and Investing in Specialty Portfolio Aligned with Secular Growth Trends

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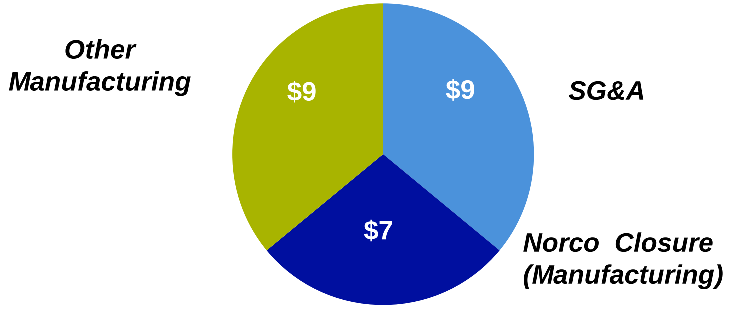
Structural Cost Savings Program Remains on Track

- $25 million of structural cost savings remain in process as of December 31, 2016
  - Site closure at Norco occurred in the second quarter of 2016 as planned
  - Achieved $13 million in savings as of December 31, 2016, and expect to achieve annual savings of $20 million in total
  - German grid optimization for phenolic specialty resins process well underway
  - COO structure enabling additional SG&A targets
  - Majority of in-process cost savings expected to be achieved in FY'17

In-Process Cost Savings

(US $ in millions)



$25 million in total in-process cost savings

Strategically Investing in Technology Infrastructure

- Recently announced plans to build a new European technology center in Kamp-Lintfort, Germany that is expected to be completed in mid-2018
- The new R&D facility will consolidate activities from several research and development facilities located in nearby Duisburg and support leading market positions in wind energy and composites (specialty epoxy resins)
- Hexion continues to drive innovation geared toward high-margin specialty products and applications
- 27 R&D application labs across Hexion's global footprint
  - Key R&D innovation centers located strategically near global customers and in proximity to large end markets
  - Hexion leverages its global network to successfully develop and commercialize new applications in collaboration with customers

Hexion Inc.

Financial Review

George Knight
Executive Vice President
and Chief Financial Officer

Forest Product Resins
Fourth Quarter 2016 Segment Results

($ in millions)	2015	2016	Δ
	Quarter Ended December 31		
Revenue	$ 346	$ 328	(5)%
Segment EBITDA (1)	51	56	10%
Segment EBITDA Margin	14.7%	17.1%	240bps

4Q'16 Revenue Comparison YoY

Volume	Price/Mix	Currency Translation	Impact of Divestitures	Total
4%	(10)%	1%	--	(5)%

Summary

- Revenue decreased primarily due to raw material price decreases passed through to customers
- EBITDA increased by 10% year-over-year and margins rose significantly reflecting higher segment volumes, cost efficiencies from the new North America formaldehyde facilities and improved performance in Latin America

(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

Epoxy, Phenolic and Coating Resins
Fourth Quarter 2016 Segment Results

	Quarter Ended December 31				
($ in millions)	**2015**	**2015 Adjusted for Divestitures**	**2016**	**YoY Δ**	**YoY Δ Adj. for Divestitures**
Revenue	$ 563	$ 485	$ 430	(24)%	(11)%
Segment EBITDA	42	34	28	(33)%	(18)%
Segment EBITDA Margin	7.5%	7.0%	6.5%	(100)bps	(50)bps

4Q'16 Revenue Comparison YoY				
Volume	**Price/Mix**	**Currency Translation**	**Impact of Divestitures**	**Total**
(2)%	(6)%	(1)%	(15)%	(24)%

Summary

- Revenue declined primarily due to lower demand in oilfield proppants, destocking in specialty epoxy resins, and the pass through of lower raw material prices
- Segment EBITDA was driven by the same factors that impacted revenue
- Oilfield proppant volumes continue to show sequential improvement and stable pricing trends

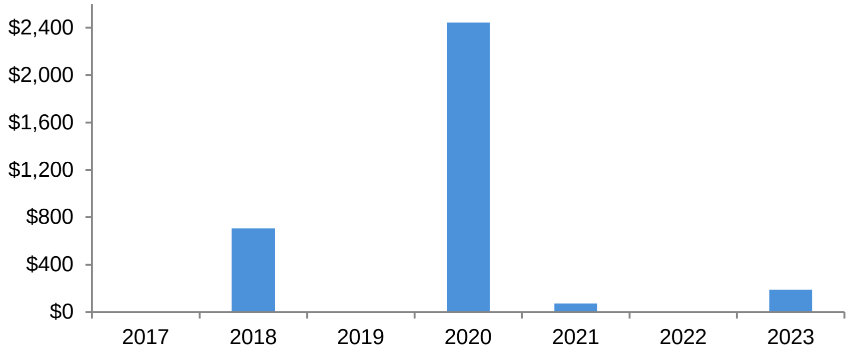
Balance Sheet Update & Financial Summary

Summary

- Substantial liquidity: cash plus borrowing availability of $511 million at December 31, 2016
- FY'17 capital expenditures expected to be $100 million - $110 million
- Continued focus on appropriately managing working capital
  - Net working capital (NWC) decreased by $47 million in FY'16 compared to FY'15
  - NWC remains a modest 10% of sales
- In February 2017, Hexion issued $485 million aggregate principal amount of 10.375% New First Priority Senior Secured Notes due 2022 and $225 million in aggregate principal amount of 13.75% New Senior Secured Notes due 2022
  - Net proceeds used to address 8.875% Senior Secured Notes due 2018
  - No material debt maturities before 2020 and weighted average maturity of 3.7 years(1)

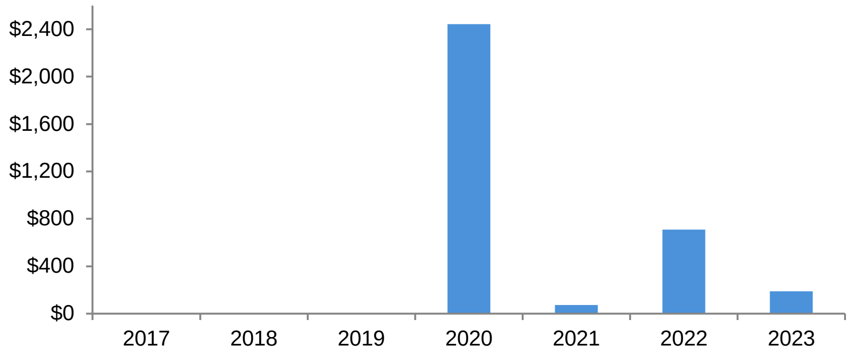
Debt Maturities (12/31/16)

(US $ in millions)



Pro Forma Debt Maturities (12/31/16) (2)

(US $ in millions)



Continued Focus on Prudent Management of Balance Sheet

(1) Excludes foreign local debt and capitalized leases.
(2) Pro forma for the refinancing of the 1.5L senior secured notes due 2018 via the issuance of new First-Priority Senior Secured Notes and Senior Secured Notes due 2022.

Appendices

Reconciliation of Non-GAAP Financial Measures

(In millions)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2015
Net loss	$ (97)	$ (10)	$ (38)	$ (39)
Income tax (benefit) expense	(2)	6	38	34
Interest expense, net	75	81	310	326
Depreciation and amortization	30	35	131	137
Accelerated depreciation	2	2	129	2
EBITDA	$ 8	$ 114	$ 570	$ 460
Items not included in Segment EBITDA:				
Asset impairments	$ —	$ 6	$ —	$ 6
Business realignment costs	13	5	55	16
Realized and unrealized foreign currency (gains) losses	(8)	(7)	(11)	10
Gain on dispositions	—	—	(240)	—
Gain on extinguishment of debt	(1)	(27)	(48)	(41)
Unrealized losses (gains) on pension and OPEB plan liabilities	34	(13)	34	(13)
Other	23	(5)	73	28
Total adjustments	61	(41)	(137)	6
Segment EBITDA	$ 69	$ 73	$ 433	$ 466
Segment EBITDA:				
Epoxy, Phenolic and Coating Resins	$ 28	$ 42	$ 258	$ 307
Forest Products Resins	56	51	240	233
Corporate and Other	(15)	(20)	(65)	(74)
Total	69	73	433	466
Adjustment for dispositions [1]	—	(8)	(30)	(50)
Adjusted Segment EBITDA	$ 69	$ 65	$ 403	$ 416

(1) Adjustments for dispositions impact the Epoxy, Phenolic and Coating Resins segment.

Debt at December 31, 2016

($ in millions)

	As of December 31,			
	2016			2015
	Actual	Adjustments	As Adjusted	Actual
Cash and cash equivalents	$ 196	$ (15)	$ 181	$ 236
Debt:				
ABL Facility	—	—	—	—
Senior Secured Notes:				
6.625% First-Priority Senior Secured Notes due 2020 (includes $3 and $4 of unamortized debt premium at December 31, 2016 and 2015, respectively)	1,553	—	1,553	1,554
10.00% First-Priority Senior Secured Notes due 2020	315	—	315	315
10.375% First-Priority Senior Secured Notes due 2022	—	485	485	—
8.875% Senior Secured Notes due 2018 (includes $1 and $2 of unamortized debt discount at December 31, 2016 and 2015, respectively)	706	(706)	—	995
13.75% Senior Secured Notes due 2022	—	225	225	—
9.00% Second-Priority Senior Secured Notes due 2020	574	—	574	574
Debentures:				
9.2% debentures due 2021	74	—	74	74
7.875% debentures due 2023	189	—	189	189
Other Borrowings:				
Australia Term Loan Facility due 2017	51	—	51	32
Brazilian bank loans	40	—	40	47
Capital Leases	9	—	9	10
Other	31	—	31	39
Unamortized debt issuance costs	(38)	(18)	(56)	(51)
Total	$ 3,504	$ (14)	$ 3,490	$ 3,778

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