Momentive Specialty Chemicals Inc.

Fourth Quarter and Fiscal Year 2011
Earnings Conference Call

March 2, 2012

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, including our quarterly reports on Form 10-Q.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 Fourth Quarter and Fiscal Year 2011 Results

Craig O. Morrison
Chairman, President & Chief Executive Officer

Fourth Quarter 2011 Results: Driving Actions for Long-Term Success Despite Continued Economic Volatility

- Revenues of $1.15 billion in 4Q'11 compared to $1.17 in prior year quarter as slight decline reflected lower volumes and the contractual pass through of raw material costs
- Segment EBITDA[(1)] of $106 million compared to $143 million in prior year quarter
  - Impacted by continued economic slowdown in Europe and Asia, inventory destocking, and product mix shift
  - Softness partially offset by continued strong performances in several specialty product lines, including: phenolic specialty resins, formaldehyde derivatives and oilfield proppants
- Operating income of $19 million compared to operating income of $161 million in 4Q'10, with prior year period including $80 million of income related to insurance recoveries
- Continued to make strategic investments in specialty product lines and BRIC regions
  - Signed Memo of Understanding in December 2011 to create a joint venture with China-based UPC Technology Corporation to produce specialty phenolic resins to serve customers in the Asia Pacific region

FOCUSED ON POSITIONING MSC FOR LONG-TERM GROWTH AND MANAGING PROFITABILITY AND LIQUIDITY POSITION

(1) Segment EBITDA and Adjusted EBITDA are non-GAAP financial measures. The closest GAAP financial measure is Net Income (Loss). A table that reconciles Segment EBITDA and Adjusted EBITDA 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, 2011, the Company was in compliance with the Adjusted EBITDA to Fixed Charges Ratio incurrence test. Under Momentive Specialty Chemical's indenture for the Second Priority Senior Secured Notes, failure of this incurrence test does not represent an event of default. However, Momentive Specialty Chemicals 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.

Strong Fiscal Year 2011 Results

- Segment EBITDA in 2011 of $635 million compared to $607 million in 2010
  - A tale of two halves with first half 2011 segment EBITDA up 36% over previous year and second half 2011 EBITDA decreasing 20% from prior year
- As of December 31, 2011, MSC has realized $37 million in run-rate savings from the shared services agreement
  - Continuing to proactively identify additional cost-saving opportunities to offset economic weakness
- MSC maintained its strong liquidity position while continuing to invest in growth
  - Cash and available borrowings of $710 million as of December 31, 2011
- MSC was in compliance with all financial covenants governing its senior secured credit facilities and indentures at December 31, 2011

MAINTAINING A STRONG LIQUIDITY POSITION AND FOCUSED ON STRUCTURAL COST SAVINGS WHILE DRIVING STRATEGIC GROWTH INITIATIVES

Fourth Quarter 2011
Summary Financial Performance

($ in millions)	Quarter Ended December 31 2011	Quarter Ended December 31 2010	Δ
Revenue	**$1,153**	**$1,169**	**(1)%**
Segment EBITDA (1)	**106**	**143**	**(26)%**
PF Operating Income	**19**	**81**	**(77)%**
Operating Income	**19**	**161**	**(88)%**

4Q'10 adjusted for $80 million of one-time income related to recovery of insurance claims

4Q'11 SEGMENT EBITDA VARIANCE CONTINUES TO REFLECT HEADWINDS IN SPECIALTY EPOXY (CHINA MARKET FACTORS) AND BASE EPOXY (MARKETS NORMALIZING FROM PRIOR YEAR)

(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 (loss) later in this presentation

Strong Fiscal Year 2011 Performance

MOMENTIVE

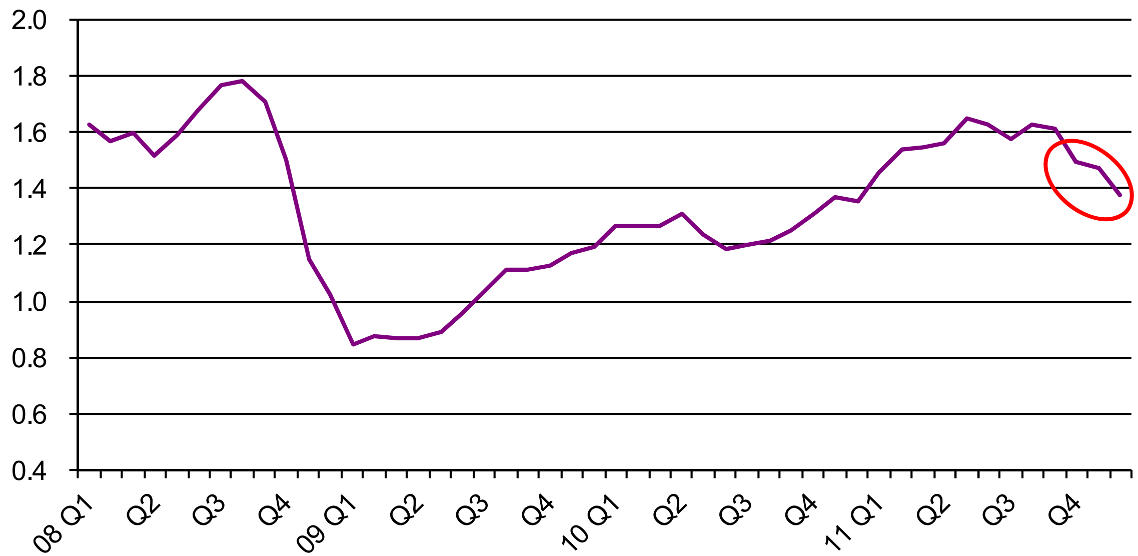
($ in millions)	Year Ended December 31 2011	2010	Δ
Revenue	**$5,207**	**$4,597**	**13%**
Segment EBITDA	**635**	**607**	**5%**
PF Operating Income	**368**	**375**	**(2)%**
Reported Operating income	**368**	**546**	**(33)%**

FY'10 adjusted for $171 million of one-time income related to recovery of insurance claims

FY'11 SEGMENT EBITDA INCREASED 5 PERCENT DEMONSTRATING LEVERAGE FROM SYNERGY SAVINGS AS WELL AS GEOGRAPHIC, CUSTOMER AND END MARKET DIVERSITY

Overview of Raw Materials Environment

Momentive Specialty Chemicals: Global Raw Material Cost Index



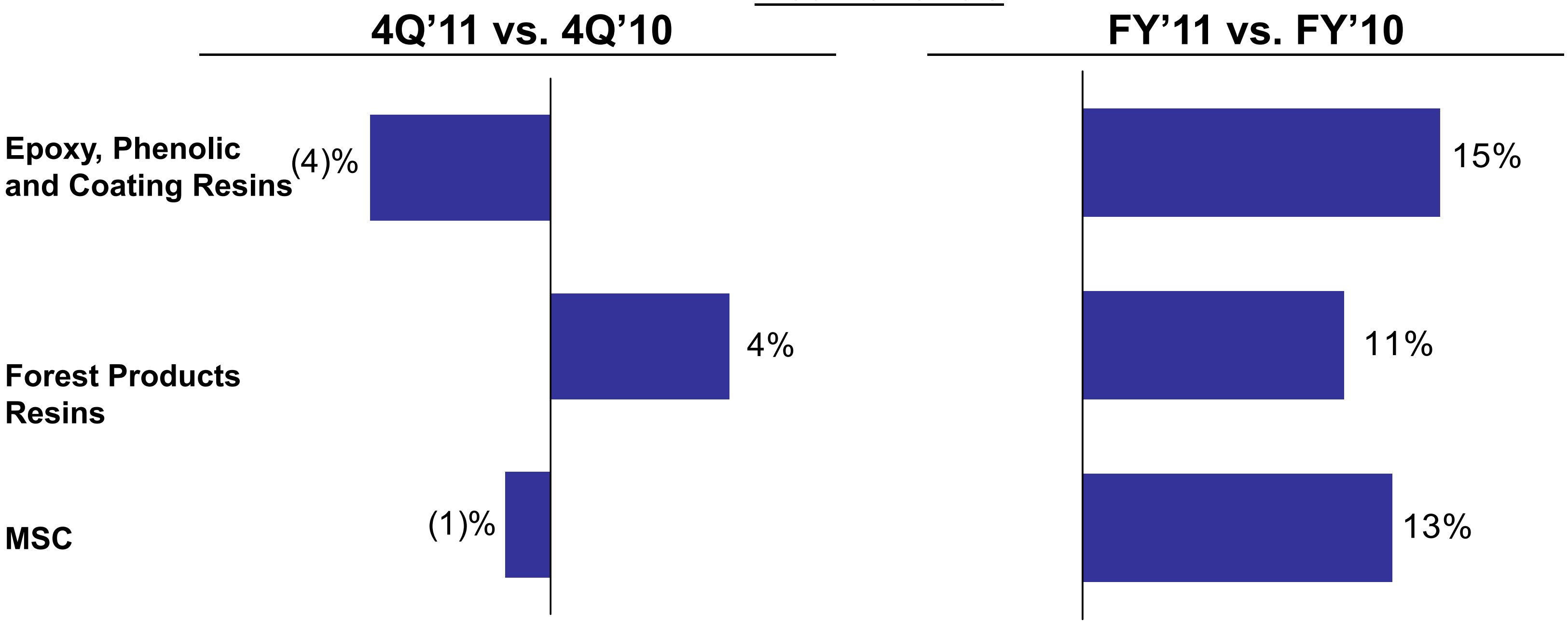
Source: CMAI data

Summary

- Raw material pricing declined in 4Q'11, but generally increased throughout 2011
  - Phenol ↑13% YoY; methanol ↑20% YoY; urea ↑ 41% YoY; propylene ↑5% YoY
- Announced a number of pricing actions in early 2012, which remain in process
- MSC continues to demonstrate its long-term ability to consistently drive pricing actions
- Expect continued raw material volatility in 2012

4Q'11 Revenue Declined Slightly; Strong Fiscal Year 2011 Growth

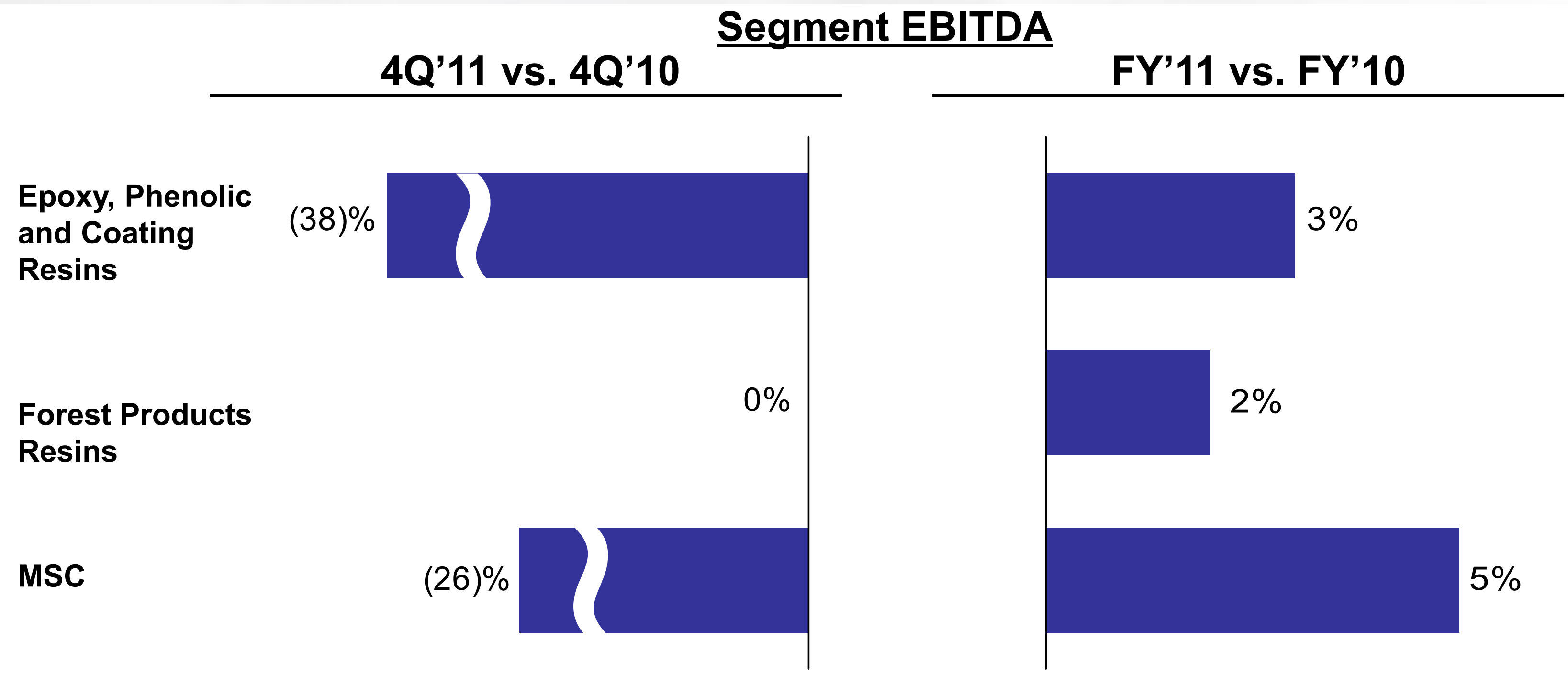
Net Revenue



Summary

- MSC 4Q'11 revenue declined slightly compared to the prior year primarily due to volume declines of 4% and the pass through of lower raw material costs
- 4Q'11 EPCD revenue reflects weaker specialty epoxies sales primarily from lower wind energy demand, normalizing base epoxy resin markets and lower Versatic derivative sales due to continued sluggishness in the European construction market
- 4Q'11 Forest Products Resins revenue reflects higher formaldehyde and Latin America sales
- FY'11 revenue primarily reflect raw material pass through of $486 million, foreign currency translation of $181 million partially offset by volume-driven sales decreases of $57 million

4Q'11 Reflects Destocking & Economic Volatility; Fiscal Year 2011 EBITDA Growth Driven by High-Growth End Markets and Regions

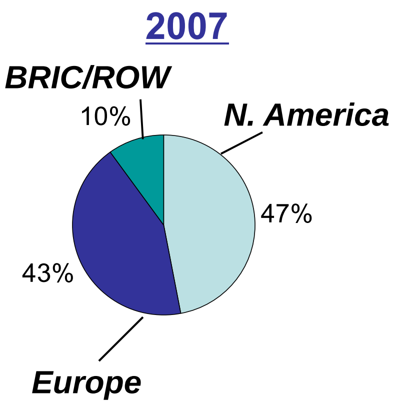


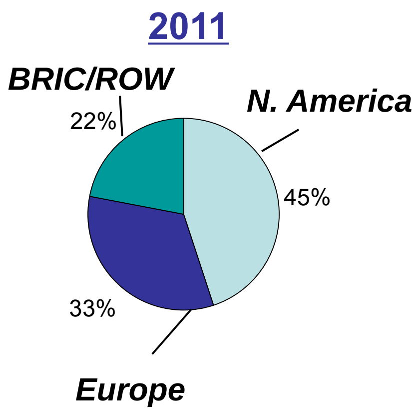
Summary

- Strong results in our phenolic specialty resins, formaldehyde derivatives and oilfield proppants businesses could not fully offset inventory destocking and global macroeconomic impact on Epoxy and Coatings businesses in Q4'11
- FY'11 Segment EBITDA gains driven by a strong first-half EBITDA performance
- Forest Products Division continues strong performance despite weak North American housing market conditions

MSC Well Positioned Due to BRIC Investments and NPD Driving Robust Specialty Product Portfolio

Net Revenue

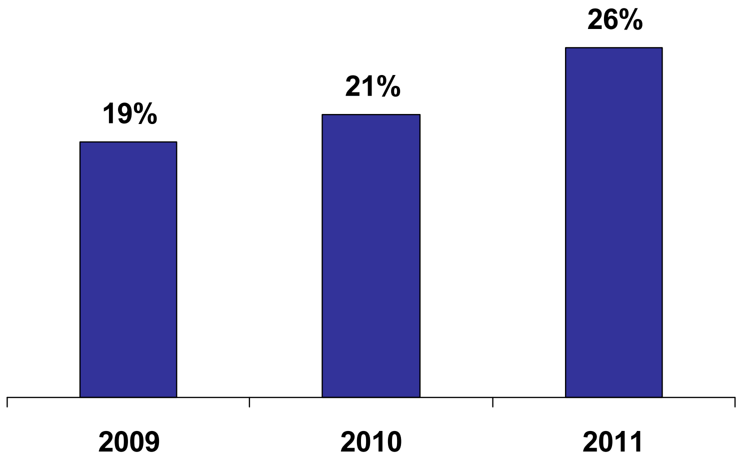




Expanding our Presence in Faster Growing Regions:

- Momentive continues to expand into the high growth regions with six new plants operational, or under construction, in BRIC countries
- "BRIC/ROW" sales percentage continues to steadily increase: 22% in 2011 versus 10% in 2007
- BRIC revenue growth: 18% CAGR (2007-2011); medium-term target of >40% of total revenue

New Product Development as Percentage of Total Revenue



Enhancing our Portfolio through NPD Gains

- MSC continues to drive innovation: new products developed over the last five years totaled 26% of total revenue as of December 31, 2011
- Investments geared toward high-margin specialty products

STEADY R&D AND INFRASTRUCTURE INVESTMENTS POSITION MSC FOR GROWTH

Momentive Specialty Chemicals Inc.

Financial Review

William H. Carter
Executive Vice President & Chief Financial Officer

Epoxy, Phenolic and Coating Resins Fourth Quarter 2011 Segment Results

Quarter Ended December 31

($ in millions)	**2011**	**2010**	**Δ**
Revenue	$ 736	$ 768	(4)%
Segment EBITDA	73	117	(38)%

4Q'11 Sales Comparison YOY

Volume	**Price/Mix**	**Currency Translation**	**Total**
(8)%	4%	0%	(4)%

Summary

- Volume decreases continued to primarily reflect softness in specialty epoxy business in Asia (wind energy) and soft Versatic Acids results (EU construction)
- Base epoxy business continued to moderate from elevated 2010 levels
- Phenolic specialty resins and the oilfield business continued to post strong YoY EBITDA gains
- Continue to strategically align manufacturing footprint
  - Recently signed a definitive joint venture agreement with UPC Technology Corporation for a specialty phenolic resins plant in China anticipated to come online in the first quarter of 2013

Forest Products Resins
Fourth Quarter 2011 Segment Results

MOMENTIVE

Quarter Ended December 31

($ in millions)	**2011**	**2010**	**Δ**
Revenue	$ 417	$ 401	4%
Segment EBITDA	39	39	--

4Q'11 Sales Comparison YOY

Volume	Price/Mix	Currency Translation	Total
(4)%	8%	--	4%

Summary

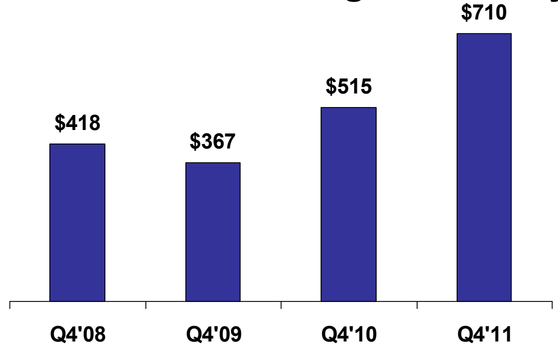
- 4Q'11 sales reflects slight YoY volume declines and pass through of lower raw material costs
- Continued strength in N. America formaldehyde results supported by positive product mix
- European business continues to see challenging market conditions
- Remain well positioned for N. America housing recovery as it develops

Balance Sheet Update & Financial Summary

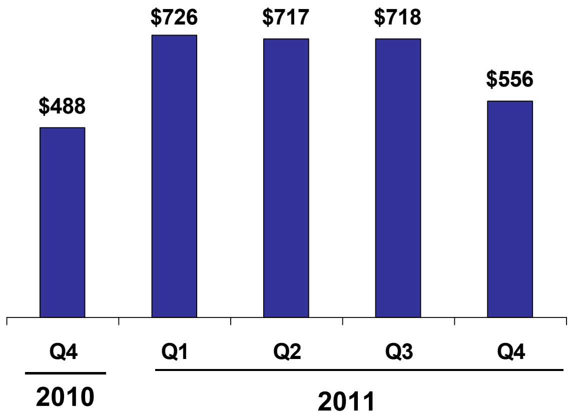
Summary

- Solid liquidity despite market volatility: cash plus borrowing availability of $710 million at December 31, 2011
- Generated cash from operations of $151 million, aggressively optimized working capital and positioned inventories at appropriate levels in 4Q'11 in response to volatile demand
- FY'11 capital expenditures of $139 million
  - Anticipate FY'12 capital expenditures of ~ $145 to $155 million
  - Low maintenance capital expenditures; free cash flow supported by low working capital intensity
- MSC recently announced its intention to:[1]
  - Extend the maturity of its 2013 terms loans to 2015 and increase its interest rate
  - Extend the maturity of its 2015 term loan to 2017 and increase its interest rate
  - Extend the maturity of its revolver to 2014 from 2013 and increase its interest rate
  - Modify certain other provisions of the credit facilities
  - Launch a new senior secured bond, the proceeds of which will be used to partially pay down its senior secured credit facilities

Cash Plus Borrowing Availability



Net Working Capital[2]



Net Working Capital, % of Net Sales

2011	2010
10.4%	10.6%

NET UNAFFILIATED DEBT: ~ $3.1 BILLION (12/30/11)[3]

(1) The proposed amendment of the senior secured credit facilities, the issuance of new senior secured debt and related transactions are subject to market and other conditions, and may not occur as described or at all.
(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

Fourth Quarter and FY'11 Closing Remarks

- Segment EBITDA reflected:
  - Year-over-year quarterly decline in fourth quarter of 2011 driven by continued economic slowdown in Europe and Asia, inventory destocking and product mix shift
  - 2011 results totaled $635 million compared to $607 million in 2010
- Maintained strong liquidity position and balance sheet, while continuing to invest in the growth of MSC's platform
  - MSC signed a definitive joint venture agreement with UPC Technology Corporation for a specialty phenolic resins plant in China anticipated to come online in the first quarter of 2013
  - Ongoing investment in high growth BRIC regions
- Cost reduction activities with MPM under the shared services agreement continues to progress as planned and the realization of combination synergies continues to create value
  - As of 12/31/11, realized $37 million on a run-rate basis from the shared services agreement
- MSC has experienced sequential sales and volume increases in January and February 2012 compared to trends in the fourth quarter of 2011, and anticipates volatile market conditions during the first half of the year
- MSC has an ongoing focus on optimizing its businesses for an eventual recovery that is expected to occur in 2012

Appendices

Reconciliation of Non-GAAP Financial Measures

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

	Three Months Ended December 31,		Year Ended December 31,	
	2011	2010	2011	2010
Segment EBITDA:				
Epoxy, Phenolic and Coating Resins	$ 73	$ 117	$ 506	$ 491
Forest Products Resins	39	39	180	177
Corporate and Other	(6)	(13)	(51)	(61)
Reconciliation:				
Items not included in Segment EBITDA				
Terminated merger and settlement income, net	—	80	—	171
Asset impairments and other non-cash charges	(14)	3	(41)	(8)
Business realignment costs	(6)	(5)	(15)	(20)
Integration costs	(9)	—	(19)	—
Net (loss) income from discontinued operations	—	(8)	2	(3)
Other	(13)	(12)	(12)	(28)
Total adjustments	(42)	58	(85)	112
Loss on extinguishment of debt	—	(22)	—	(30)
Interest expense, net	(66)	(71)	(262)	(276)
Income tax expense	(5)	(12)	(3)	(35)
Depreciation and amortization	(40)	(43)	(167)	(164)
Net (loss) income	$ (47)	$ 53	$ 118	$ 214

Fixed Charge Covenant Calculations

		Year Ended Dec. 31, 2011
Net income	$	118
Income taxes		3
Interest expense, net		262
Depreciation and amortization		167
EBITDA		550
Adjustments to EBITDA:		
Asset impairments and other non-cash charges[1]		41
Net income from discontinued operations[2]		(2)
Business realignments[3]		15
Integration costs[4]		19
Other[5]		26
Cost reduction programs savings[6]		9
Savings from shared services agreement[7]		27
Adjusted EBITDA	$	685
Fixed Charges[8]	$	242
Ratio of Adjusted EBITDA to Fixed Charges[9]		2.83

(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. For additional information on Momentive Specialty Chemical's Adj. EBITDA including a reconciliation of such previously reported amounts to the company's operating income, please see such company's press release discussing its Fourth Quarter and Fiscal Year 2011 results as issued on March 2, 2012.

(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 secure 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 asset impairments, stock-based compensation and unrealized foreign exchange and derivative activity.
(2) Represents the results of the Inks and Adhesive Resins and North American Coatings and Composite Resins businesses.
(3) Represents plant rationalization and headcount reduction expenses related to productivity programs and other costs associated with business realignments.
(4) Represents integration costs associated with the Momentive Combination.
(5) Primarily includes pension expense related to formerly owned businesses, business optimization expenses, management fees, retention program costs and certain intercompany or non-operational realized foreign currency activity.
(6) Represents pro forma impact of in-process cost reduction programs.
(7) Represents pro forma impact of expected savings from the shared services agreement with MPM in conjunction with the Momentive Combination.
(8) Reflects pro forma interest expense based on interest rates at January 27, 2012.
(9) The Company's ability to incur additional indebtedness is restricted under indentures governing certain notes, unless the Company has an Adjusted EBITDA to Fixed Charges ratio 2.0 to 1.0. As of December 31, 2011, the Company was able to satisfy this test.

Debt at December 31, 2011

	Dec. 31, 2011	Dec. 31, 2010
Cash and cash equivalents	$ 431	$ 186
Short-term investments	$ 7	$ 6
Non-affiliated debt:		
Senior Secured Credit Facilities:		
Floating rate term loans due 2013	$ 454	$ 463
Floating rate term loans due 2015	925	942
Senior Secured Notes:		
8.875% senior secured notes due 2018 (net of unamortized discount of $6)	994	994
Floating rate second-priority senior secured notes due 2014	120	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	62	62
Other Borrowings:		
Australian Term Loan Facility due 2014	41	48
Brazilian bank loans	65	70
Capital Leases	12	10
Other	27	24
Total non-affiliated debt	3,537	3,570
Affiliated debt:		
Affiliated borrowings due on demand	2	2
Affiliated term loan due 2011	-	100
Total affiliated debt	2	102
Total debt	$ 3,539	$ 3,672