Hexion Inc.
Second Quarter 2016 Results

August 11, 2016

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 Second Quarter 2016 Results

Craig O. Morrison
Chairman, President and Chief Executive Officer

Second Quarter 2016 Results

Quarter Ended June 30			
($ in millions)	**2015**	**2016**	**Δ**
Revenue	**$1,087**	**$952**	**(12)%**
Segment EBITDA (1)	**133**	**130**	**(2)%**

- Revenue decreased 12% to $952 million reflecting lower selling prices from the decline in raw material costs, softer volumes in oilfield proppants and the negative impact of the strengthening U.S. Dollar
- Total Segment EBITDA(1) decreased 2% to $130 million
  - On a constant currency basis, total Segment EBITDA increased 1% for the quarter
  - In EPCD, higher volumes in specialty epoxy resins and improved results in our Versatic™ Acids and Derivatives business partially offset softer oilfield proppants results
  - Gains in our North American Forest Products business offset currency headwinds and demand softness in Latin America

(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.

Second Quarter 2016 Results

- Continued gains in key specialty product lines
  - Strong demand from wind energy provides positive YoY volume gains
  - Versatic™ Acid and Derivatives demand continues to recover after supplier force majeure
  - North American forest products trends supported by strategic investments in new formaldehyde facilities and tailwind from housing starts

- Structural cost savings program remains on track: $36 million of structural cost savings remain in process as of June 30, 2016

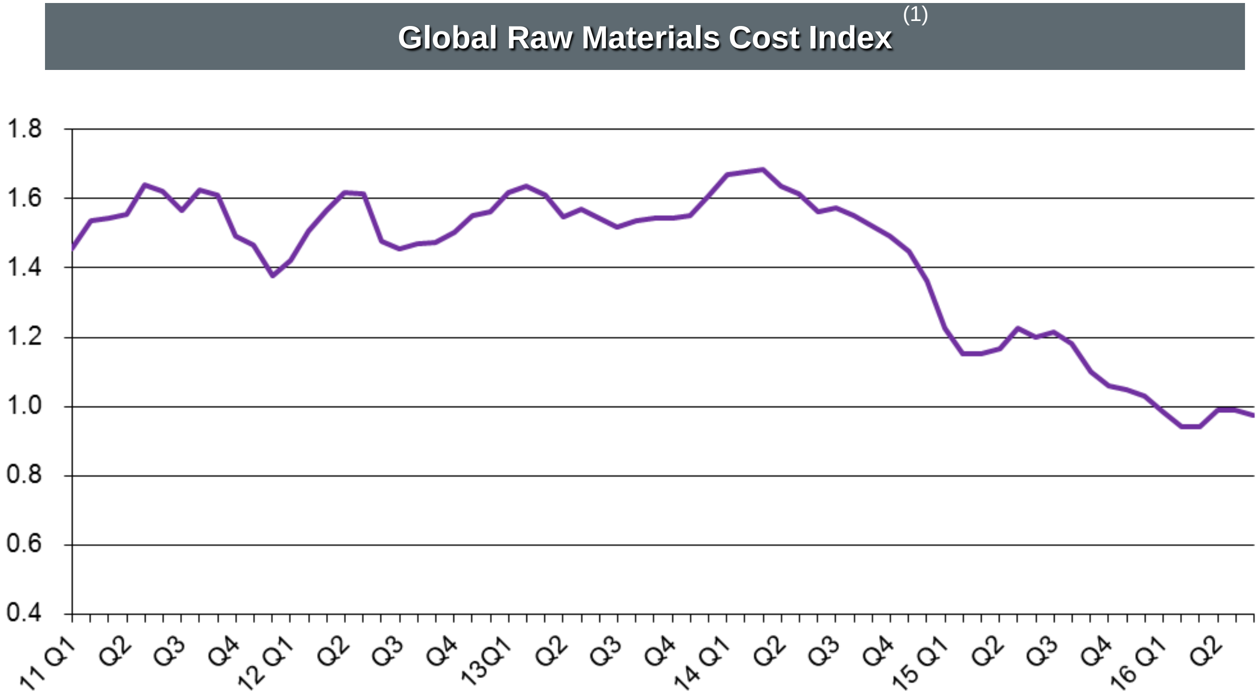
- Cash and available borrowings of $501 million as of June 30, 2016

- Successfully took actions to strategically streamline our portfolio
  - Completed the sale of our Performance Adhesives, Powder Coatings, Additives & Acrylic Coatings and Monomers businesses and received net proceeds of $220 million (1)
  - Completed the sale of our interest in HA-International, LLC ("HAI"), a joint venture serving the North American foundry industry




(1) Company received gross cash consideration for the PAC business in the amount of $226 million, less approximately $6 million relating to liabilities transferred to the Buyer, net of cash and estimated working capital that transferred to the Buyer as part of the Purchase Agreement.

Overview of Raw Materials Environment



Summary

- Q2'16 total raw material pricing increased approximately 3 percent globally on a sequential basis from Q1'16

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

Successfully Executing Against Strategic Growth Plan & Driving Structural Cost Savings

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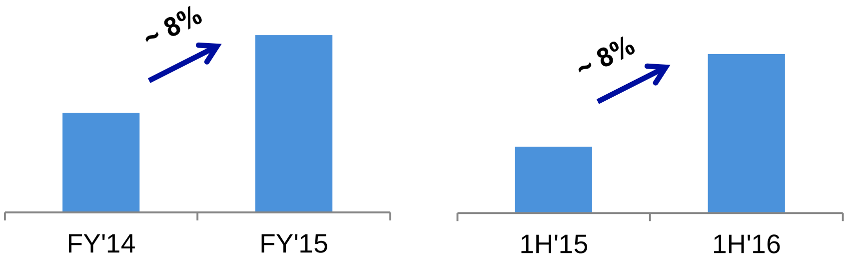
Continued Strong Gains in Specialty Epoxy Resins

(Volume kMT)

Specialty Epoxy Resin Volume



- Strong specialty epoxy resin volume growth in FY'15 and 1H'16
- Leveraging global footprint, technology and infrastructure investments

Structural Cost Savings Program Remains on Track

- $36 million of structural cost savings remain in process as of June 30, 2016
  - Site closure at Norco occurred in the second quarter of 2016 as planned
  - Expected to add $20 million in Segment EBITDA
  - Site consolidation programs are also occurring in Latin America and Europe






Hexion Inc.
Financial Review

George Knight
Executive Vice President
and Chief Financial Officer

Epoxy, Phenolic and Coating Resins Second Quarter 2016 Segment Results

HEXION™

($ in millions)	Quarter Ended June 30 2015	2016	Δ
Revenue	$ 683	$ 613	(10)%
Segment EBITDA (1)	88	83	(6)%
Segment EBITDA Margin	12.9%	13.5%	60bps

2Q'16 Sales Comparison YoY

Volume	Price/Mix	Currency Translation	Total
(1)%	(9)%	--	(10)%

Summary

- Sales declined primarily due to lower volumes from softer oilfield proppants demand, currency translation headwinds and pass through of lower raw materials
- Posted YoY volume gains in specialty epoxy resins and improved Segment EBITDA in our Versatic™ Acids and Derivatives business partially offsetting softer base epoxy resins and lower oilfield proppant results

(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
Second Quarter 2016 Segment Results

Quarter Ended June 30			
($ in millions)	**2015**	**2016**	**Δ**
Revenue	$ 404	$ 339	(16)%
Segment EBITDA	62	63	2%
Segment EBITDA Margin	15.3%	18.6%	330bps

2Q'16 Sales Comparison YoY

Volume	Price/Mix	Currency Translation	Total
(3)%	(10)%	(3)%	(16)%

<u>Summary</u>

- Sales decreased primarily due to raw material price decreases passed through to customers and negative foreign currency translation
- EBITDA margins rose significantly due to gains in our North American forest product resins offsetting currency headwinds and softness in Latin America business

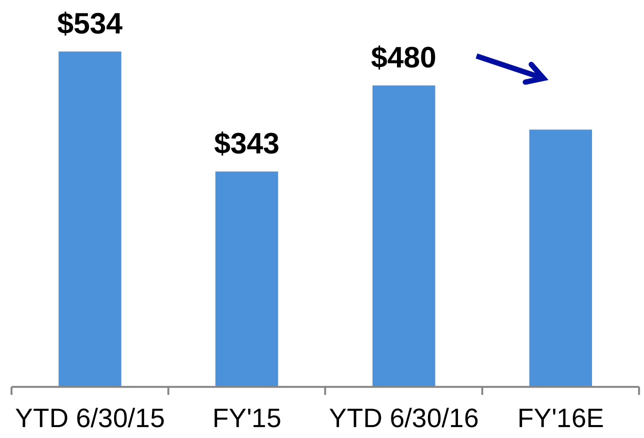
Balance Sheet Update & Financial Summary

Summary

- Substantial liquidity: cash plus borrowing availability of $501 million at June 30, 2016
- 1H'16 capital expenditures of $61 million
  - Projected 2016 capital expenditures to be approximately $120 million to $125 million
- Continued focus on appropriately managing working capital
  - Net working capital (NWC) increase reflects sequential EBITDA improvement and the result of increased volumes in the first half of 2016 compared to year-end 2015
  - Despite increase, NWC still reflects a modest 14% of sales
  - NWC will be a source of cash in 2H'16 consistent with historical trends; for the full year, we expect a slight increase in net working capital in 2016

Net Working Capital (1)

($ in millions)



Continued Focus on Prudent Management of Balance Sheet

(1) Net working capital adjusted for the sale of Hexion's Performance Adhesives, Powder Coatings, Additives & Acrylic Coatings and Monomers businesses.

Hexion Inc.

Closing Remarks

Second Quarter 2016 Closing Remarks

- Q2’16 reported Segment EBITDA decreased 2% to $130 million; 1% gain on a constant currency basis
- Specialty epoxy and Versatic™ Acids and Derivatives businesses continue to demonstrate strong financial performance
- Successfully took actions in the second quarter of 2016 to strategically streamline portfolio
- $36 million of structural cost savings remain in process as of June 30, 2016
- Strong liquidity of $501 million as of June 30, 2016




Continued Year-over-Year Segment EBITDA Gains On a Constant Currency Basis

Appendices

Reconciliation of Non-GAAP Financial Measures

(In millions)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Segment EBITDA:				
Epoxy, Phenolic and Coating Resins	$ 83	$ 88	$ 166	$ 173
Forest Products Resins	63	62	119	123
Corporate and Other	(16)	(17)	(33)	(36)
Total	$ 130	$ 133	$ 252	$ 260
Reconciliation:				
Items not included in Segment EBITDA:				
Business realignment costs	$ (42)	$ (5)	$ (45)	$ (8)
Gain on sale of business	240	—	240	—
Gain on extinguishment of debt	21	—	44	—
Realized and unrealized foreign currency gains (losses)	11	—	9	(3)
Other	(17)	(11)	(34)	(29)
Total adjustments	213	(16)	214	(40)
Interest expense, net	(80)	(84)	(159)	(161)
Income tax expense	(17)	(1)	(24)	(27)
Depreciation and amortization	(36)	(34)	(71)	(68)
Accelerated depreciation	(60)	—	(106)	—
Net income (loss)	$ 150	$ (2)	$ 106	$ (36)

Debt at June 30, 2016

($ in millions)

	June 30, 2016		December 31, 2015	
	Long-Term	Due Within One Year	Long-Term	Due Within One Year
ABL Facility	$ 48	$ —	$ —	$ —
Senior Secured Notes:				
6.625% First-Priority Senior Secured Notes due 2020 (includes $4 of unamortized debt premium)	1,554	—	1,554	—
10.00% First-Priority Senior Secured Notes due 2020	315	—	315	—
8.875% Senior Secured Notes due 2018 (includes $1 and $2 of unamortized debt discount at June 30, 2016 and December 31, 2015, respectively)	796	—	995	—
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	—
Other Borrowings:				
Australia Facility due 2017	27	4	29	3
Brazilian bank loans	12	37	5	42
Capital leases	8	1	9	1
Other	2	25	5	34
Unamortized debt issuance costs	(44)	—	(51)	—
Total	$ 3,555	$ 67	$ 3,698	$ 80

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