Momentive Specialty Chemicals Inc.

Second Quarter 2012 Earnings Conference Call

August 7, 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. 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 Second Quarter 2012 Results

Craig O. Morrison
Chairman, President & Chief Executive Officer

MOMENTIVE™

Second Quarter 2012 Results

- Revenues of $1.3 billion in 2Q'12 compared to $1.4 billion in the prior year quarter
  - Decline reflected lower volumes from ongoing macroeconomic volatility in certain end use markets
- Segment EBITDA(1) of $145 million compared to $189 million in prior year quarter
  - Reflects product mix shift and continued economic slowdown in Europe and Asia
  - YoY decline reflected softer demand in Oilfield, Base Epoxy Resins and Specialty Epoxy Resins
  - Decline partially offset by improved performances in Versatic Acids™ and Derivatives and N. American / L. American forest products businesses
- Operating income of $92 million compared to operating income of $128 million in 2Q'11
- Strategic BRIC growth remains on track
  - Operations initiated at new Versatic™ Acids and Derivatives joint venture in China during the second quarter of 2012 to serve customers in the Asia Pacific region
  - Phenolic specialty resin joint venture in China remains on track to become operational in early 2013
- Realized $12 million in savings from the shared services agreement in the first half of 2012
  - Run-rate savings total $52 million since program's inception as of 2Q'12
- Maintained a strong liquidity position: cash and available borrowings of $602 million as of June 30, 2012
- In compliance with all financial covenants governing senior secured credit facilities at June 30, 2012

(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 June 30, 2012, 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.

Second Quarter 2012
Summary Financial Performance

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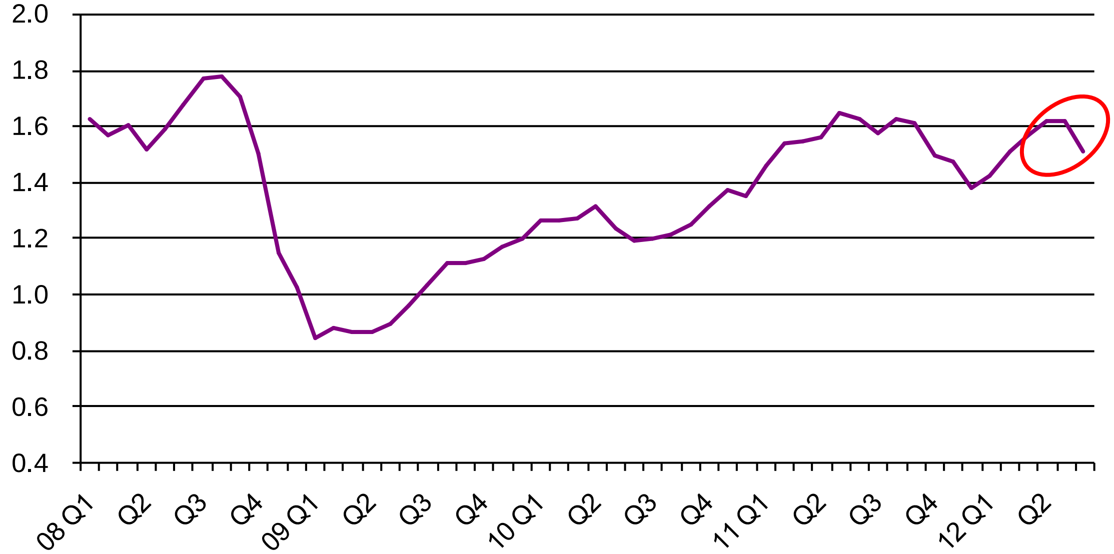
($ in millions)	Quarter Ended June 30		
	2012	2011	Δ
Revenue	**$1,259**	**$1,438**	**(12)%**
Segment EBITDA (1)	**145**	**189**	**(23)%**
Operating Income	**92**	**128**	**(28)%**

DECLINE REFLECTS NEGATIVE PRODUCT MIX AND SOFTNESS IN CERTAIN HIGH-GROWTH REGIONS; STRONG FOCUS ON COST AND CASH TO ADDRESS SEGMENT EBITDA HEADWINDS

(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

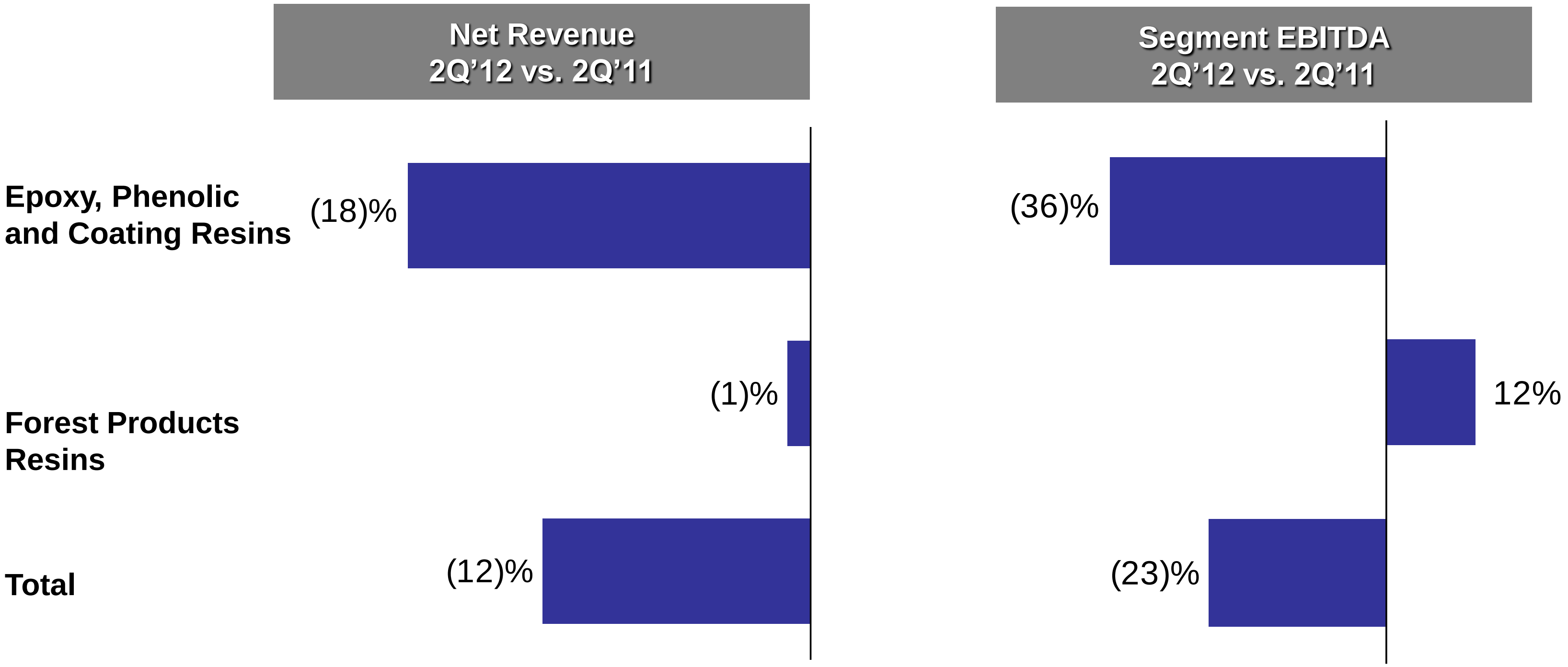


Source: CMAI data

Summary

- 2Q'12 raw material pricing generally lower than 1Q'12 but remains higher on a year-over-year basis
  - Phenol ↑ 1% YoY; methanol ↑6% YoY; urea ↑ 31% (1H'12 vs. 1H'11
- Expect continued raw material volatility in 2H'12

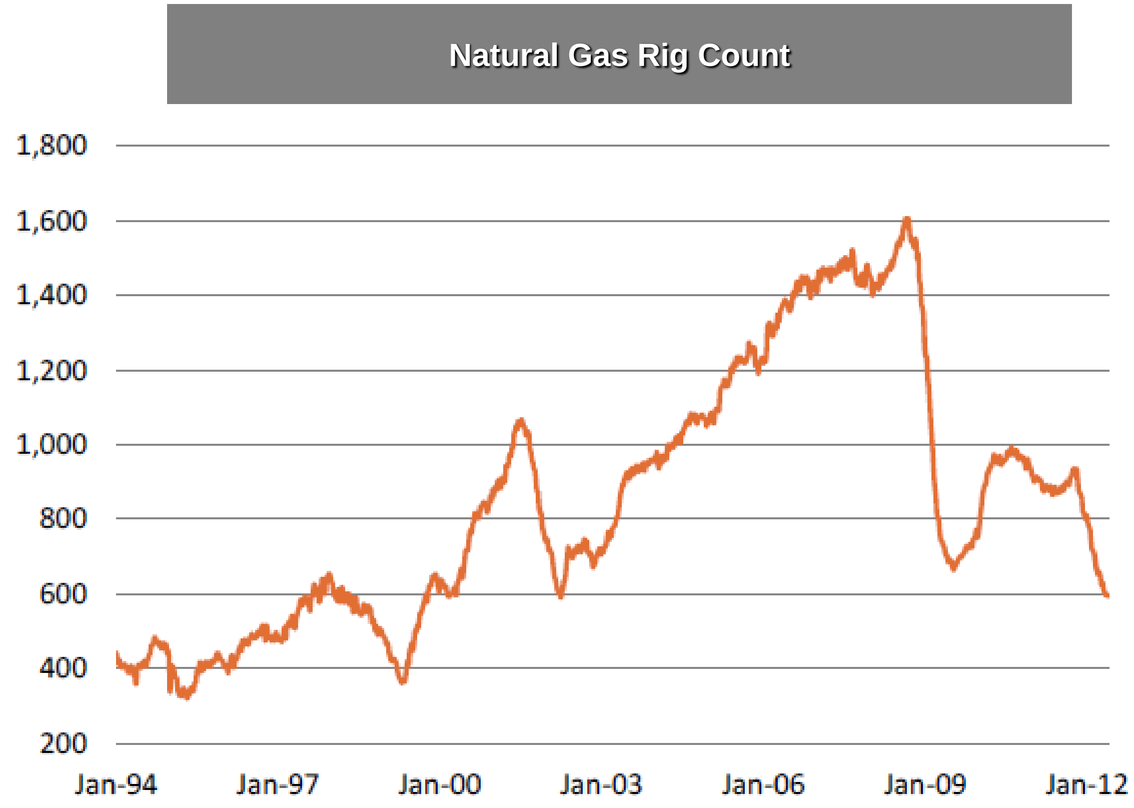
Second Quarter 2012
Summary Segment Financial Performance



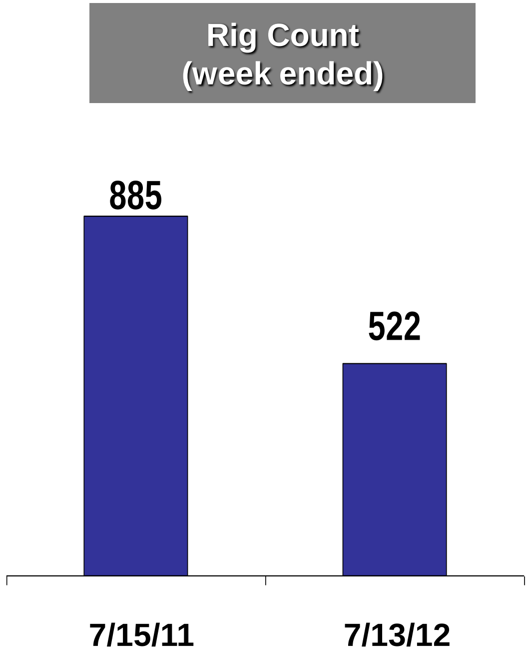
Summary

- MSC 2Q'12 revenue declined due to lower volumes partially offset by pricing actions including the contractual pass through of higher raw material costs
- 2Q'12 EPCD revenue and Segment EBITDA reflects weaker base and specialty epoxy results primarily from lower wind energy demand and softer oilfield resins results, partially offset by a rebound in Versatic™ Acid and Derivatives
- Strong Forest Products Segment EBITDA gains due to productivity actions and improving North and Latin America markets

Oilfield Markets Remain Challenged



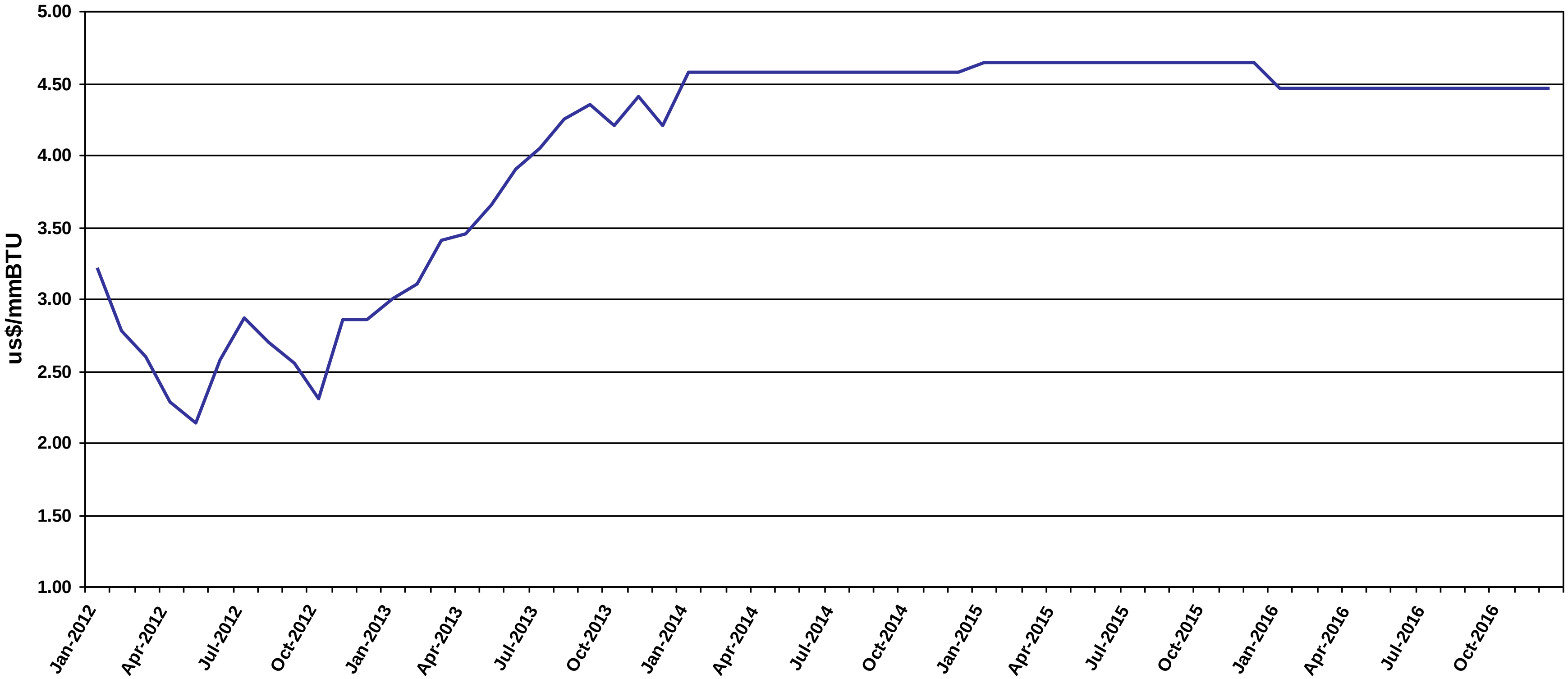
Source: Baker-Hughes



Longer-Term Natural Gas Forecasts Shows Steady Demand Supporting Improved Pricing

- Favorable forecast supports positive long-term growth of proppants business

Natural Gas Market Price



Source: CMAI data

Momentive Specialty Chemicals Inc.

Financial Review

William H. Carter
Executive Vice President & Chief Financial Officer

Epoxy, Phenolic and Coating Resins Second Quarter 2012 Segment Results

($ in millions)	Quarter Ended June 30 2012	2011	Δ
Revenue	$ 796	$ 972	(18)%
Segment EBITDA	101	157	(36)%

2Q'12 Sales Comparison YoY

Volume	Price/Mix	Currency Translation	Total
(11)%	(2)%	(5)%	(18)%

Summary

- Volume decreases and negative mix in specialty epoxy business in Asia (wind energy) and base epoxy resins (soft market conditions)
- Oilfield proppants business remains a long-term growth platform despite current low natural gas prices and soft drilling demand depressing 2Q'12 results
- Lower phenolic specialty resins volumes and Segment EBITDA due to softer European markets
- Improved Versatic™ Acids and Derivatives results

Forest Products Resins
Second Quarter 2012 Segment Results

($ in millions)	Quarter Ended June 30		
	2012	**2011**	Δ
Revenue	$ 463	$ 466	(1)%
Segment EBITDA	56	50	12%

2Q'12 Sales Comparison YoY

Volume	Price/Mix	Currency Translation	Total
(2)%	6%	(5)%	(1)%

Summary

- 2Q'12 sales reflects slight YoY volume declines, partially offset by positive pricing actions
- European volumes continued to be challenged, although productivity actions are driving improved regional profitability
- Overall segment EBITDA gains supported by significant productivity gains as well as an improving N. American forest product resins business (increased housing starts) and L. American (furniture market)

Balance Sheet Update & Financial Summary

MOMENTIVE

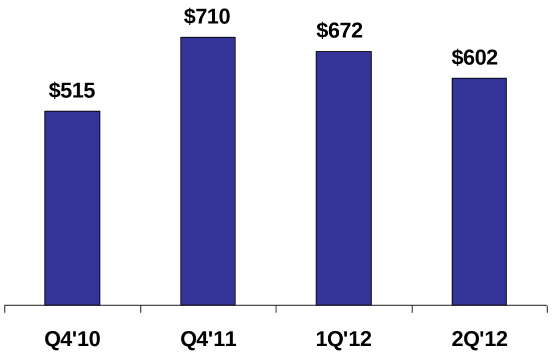
Summary

- Solid liquidity despite market volatility: cash plus borrowing availability of $602 million at June 30, 2012

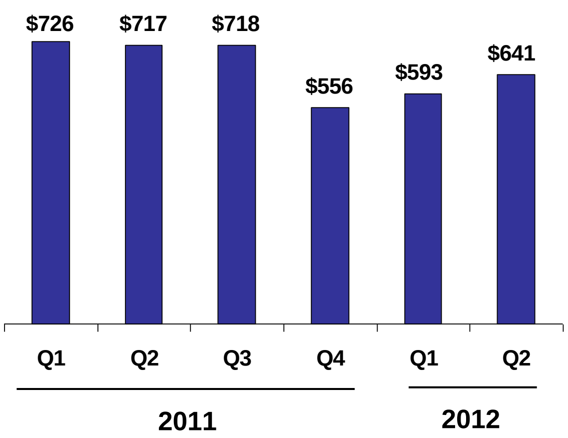
- 2Q'12 capital expenditures of $28 million
  - Anticipate FY'12 capital expenditures of $145 to $155 million
  - Low maintenance capital expenditures

- Low working capital intensity: increase in 1H'12 driven by sequential volume improvement and higher raw material costs
  - Working capital increased only slightly as percentage of LTM sales
  - Anticipate net working capital to decline in 2H'12 due to seasonality and aggressive actions to improve efficiency

Cash Plus Borrowing Availability



Net Working Capital (1)



NET DEBT: ~ $3.2 BILLION (6/30/12) (2)

(1) Net working capital defined as accounts receivable and inventories less accounts and drafts payable. Recasted for discontinued operations.
(2) See details of Momentive Specialty Chemical's total debt in the Appendix of this presentation.

Closing Remarks

Second Quarter 2012 Closing Remarks

- Segment EBITDA of $145 million compared to $189 million in prior year quarter
  - Reflects product mix shift and continued economic slowdown in Europe and Asia
  - Decline partially offset by improved performances in Versatic Acids™ and Derivatives and N. American and L. American forest products businesses

- Began operations of a new Versatic™ Acids and Derivatives joint venture in China during the second quarter of 2012 to better serve customers in the Asia Pacific region

- Steady progress with cost reduction activities with MPM under the shared services agreement
  - MSC realized $12 million from the shared services agreement in the first six months of 2012

- Maintained strong liquidity profile, while successful debt refinancing earlier in 2012 reinforced long-dated maturity profile

- Anticipate volatile market conditions during second half of the year; well positioned for eventual market recovery

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

Appendices

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Segment EBITDA to Net Income (Unaudited)

(U.S. Dollars in Millions)

(In millions)	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Segment EBITDA:				
Epoxy, Phenolic and Coating Resins	$ 101	$ 157	$ 215	$ 307
Forest Products Resins	56	50	102	95
Corporate and Other	(12)	(18)	(26)	(35)
Reconciliation:				
Items not included in Segment EBITDA:				
Asset impairments and other non-cash charges	—	(21)	(48)	(21)
Business realignment costs	(3)	(5)	(18)	(8)
Integration costs	(1)	(5)	(6)	(10)
Net (loss) income from discontinued operations	—	(3)	—	2
Other	(3)	16	4	12
Total adjustments	(7)	(18)	(68)	(25)
Interest expense, net	(67)	(65)	(132)	(129)
Income tax expense	(4)	—	(2)	(3)
Depreciation and amortization	(39)	(43)	(77)	(84)
Net income	$ 28	$ 63	$ 12	$ 126

Fixed Charge Covenant Calculations

	June 30, 2012 LTM Period
Reconciliation of Net Income to Adjusted EBITDA	
Net income	$ 3
Income tax expense	1
Interest expense, net	265
Depreciation and amortization	160
EBITDA	429
Adjustments to EBITDA:	
Asset impairments and other non-cash charges (1)	72
Business realignments (2)	25
Integration costs (3)	22
Other (4)	27
Cost reduction programs savings (5)	24
Savings from shared services agreement (6)	18
Adjusted EBITDA	$ 617
Fixed charges (7)	$ 254
Ratio of Adjusted EBITDA to Fixed Charges (8)	2.43

(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 asset impairments, stock-based compensation, accelerated depreciation on closing facilities a foreign exchange and derivative activity.

(2) Represents headcount reduction expenses and plant rationalization costs related to cost reduction progra costs associated with business realignments.

(3) Primarily represents integration costs associated with the Momentive Combination.

(4) Primarily includes pension expense related to formerly owned businesses, business optimizatic management fees, retention program costs, and certain intercompany or non-operational realized for activity.

(5) Represents pro forma impact of in-process cost reduction programs savings.

(6) Primarily represents pro forma impact of expected savings from the shared services agreement conjunction with the Momentive Combination.

(7) Reflects pro forma interest expense based on interest rates at July 19, 2012, as if the March Refinancing had taken place at the beginning of the period.

(8) The Company's ability to incur additional indebtedness is restricted under the indentures governing unless the Company has an Adjusted EBITDA to Fixed Charges ratio of 2.0 to 1.0. As of June 30, 2012, was able to satisfy this test.

Debt at June 30, 2012

Debt outstanding at June 30, 2012 and December 31, 2011 is as follows:

	June 30, 2012		December 31, 2011	
	Long-Term	Due Within One Year	Long-Term	Due Within One Year
Non-affiliated debt:				
Senior Secured Credit Facilities:				
Floating rate term loans due May 2013	$ —	$ —	$ 446	$ 8
Floating rate term loans due May 2015	901	15	910	15
Senior Secured Notes:				
6.625% First Priority Senior Notes due 2020	450	—	—	—
8.875% senior secured notes due 2018 (includes $6 of unamortized debt discount at June 30, 2012 and December 31, 2011)	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:				
Australia Facility due 2014	31	5	36	5
Brazilian bank loans	20	34	—	65
Capital Leases	10	1	11	1
Other	5	10	4	23
Total non-affiliated debt	3,430	65	3,420	117
Affiliated debt:				
Affiliated borrowings due on demand	—	2	—	2
Total affiliated debt	—	2	—	2
Total debt	$ 3,430	$ 67	$ 3,420	$ 119