Hexion Inc.

Second Quarter 2017 Results

August 11, 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 Quarterly Report on Form 10-Q 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.

Today's Presenters

HEXION

Craig A. Rogerson
Chairman, President & Chief Executive Officer

- Chairman, President and Chief Executive Officer of Hexion
- Former Chairman, President and Chief Executive Officer of Chemtura Corporation
- Previously held CEO roles at Hercules Incorporated and Wacker Silicones Corporation
- Serves on the boards of PPL Corporation, American Chemistry Council, the Society of Chemical Industry, and the Pancreatic Cancer Action Network

George F. Knight
Executive Vice President & Chief Financial Officer

- Executive Vice President & Chief Financial Officer of Hexion
- Previously served as Senior Vice President and Treasurer of Hexion from 2005 to 2015
- Joined Hexion in April 1997 as Director of Financial M&A Activities for Borden Inc.
- Previous roles include:
  - Duracell International
  - Deloitte & Touche

Hexion Inc.

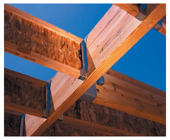
Overview of
Second Quarter 2017 Results

Craig Rogerson
Chairman, President and Chief Executive Officer

Hexion: Second Quarter 2017 in Review

- Improving revenue and strong volume trends with increases of 7% and 5% year over year, respectively, adjusted for recent divestitures (1)
- Second quarter 2017 Segment EBITDA (2) declined 13% versus prior year period driven primarily by temporary destocking and competitive pressure in the China wind energy market impacting the specialty epoxy resins business
- Excluding specialty epoxy resins, second quarter segment EBITDA increased by 25% versus the prior year period (3)
  - Gains driven primarily by growth in our North American forest products
  - Oilfield proppant and base epoxy resin businesses continued to improve from cyclical lows
  - Strong volume growth in NextGen Epoxy™ Waterborne system, which offers coating performance comparable to solvent-borne systems
- Continue to strategically optimize Hexion's cost structure in second quarter of 2017
- Strategic growth capital investment program continues to drive earnings as plants and projects ramp up. Three recently completed new formaldehyde plants delivered $6 million in EBITDA in Second Quarter 2017 and $16 million over the last twelve months
  - On track to deliver ~ $30 to $35 million in run-rate EBITDA over the next few years, representing significant upside opportunity




(1) Includes revenue adjustments for dispositions, which is reflected in the table that reconciles revenue at the end of this presentation.
(2) 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.
(3) Includes additional adjustments for dispositions, which are reflected in the table that reconciles Adjusted Segment EBITDA at the end of this presentation.

Overview of Second Quarter 2017 Results

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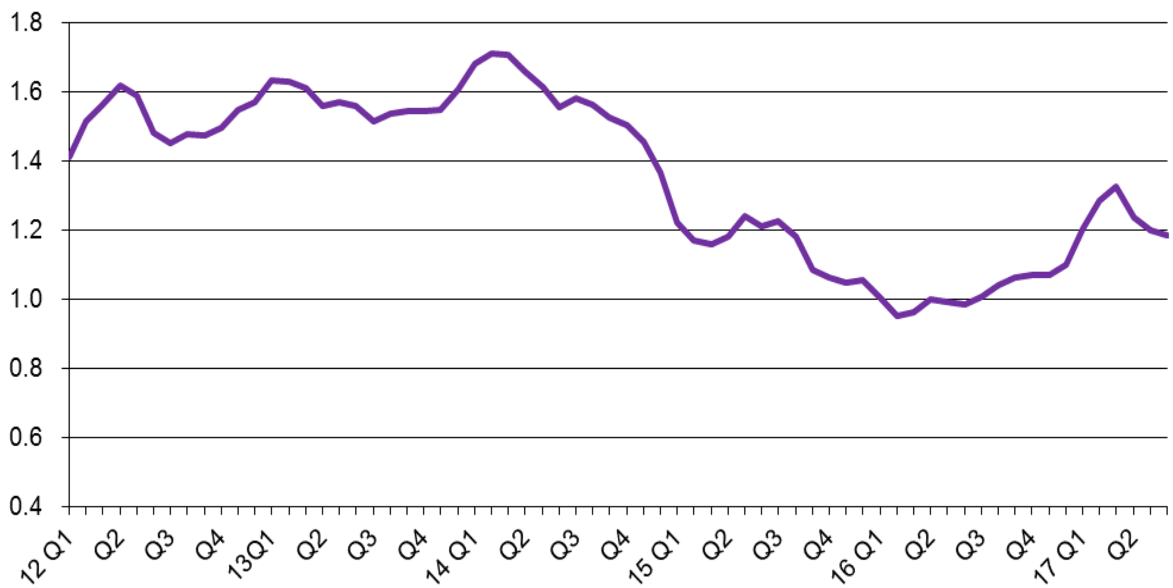
($ in millions)	2016	2016 Adjusted for Divestitures (1)	2017	YoY Δ	YoY Δ Adjusted for Divestitures (1)
	Quarter Ended June 30				
Revenue	**$952**	**$854**	**$912**	**(4)%**	**7%**
Segment EBITDA (1)	**130**	**115**	**100**	**(23)%**	**(13)%**

- Reported revenue decreased 4% year-over-year to $912 million primarily reflecting the impact of divestitures. Adjusted for the impact of recent divestitures, revenue increased 7% year-over-year
- Net loss of $34 million compared to net income of $150 million in the prior year period, which included a $240 million gain on dispositions
- Reported Segment EBITDA decreased 23% year-over-year to $100 million reflecting the impact of divestitures, partially offset by growth in North American Forest Products resins and formaldehyde, improvements in base epoxy resins and oilfield proppants
  - Adjusted for the impact of recent divestitures, Segment EBITDA decreased 13% year-over-year

(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

Global Raw Materials Cost Index (1)



Summary

- Q2'17 global raw material pricing is down ~ 5% on a sequential basis from Q1'17
- Total raw material pricing in 1H'17 versus 1H'16:
  - Phenol ↑ 21%; Methanol ↑ 66%; Urea: ↓ 1%

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

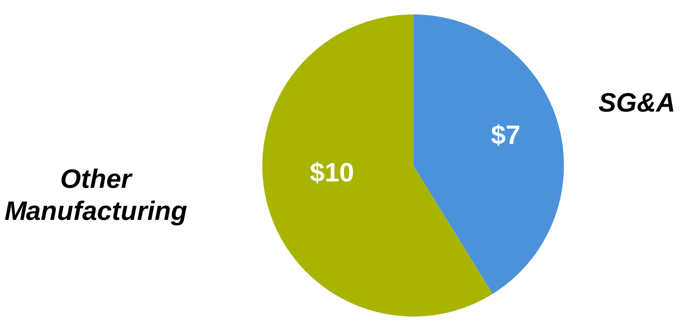
Driving Structural Cost Savings and Leveraging Strategic Capital Investments

Structural Cost Savings Program Remains on Track

- $17 million of structural cost savings remain in process as of June 30, 2017
  - Site closure at Norco occurred in the second quarter of 2016 and $20 million of savings fully achieved
  - Continued progress with German grid optimization for phenolic specialty resins process
  - Majority of in-process cost savings expected to be achieved over the next twelve months

In-Process Cost Savings

(US $ in millions)



$17 million in total in-process cost savings

Strategically Investing in Technology Infrastructure

- Recently announced plans to expand technology center in Edmonton, Alberta, which is expected to be completed in third quarter of 2017
- The R&D expansion will focus on developing next generation forest products resins aligned with EcoBind™ technology
- Hexion continues to drive innovation geared toward high-margin specialty products and applications
- Edmonton expansion follows recent announcement to construct a new European technology center in Germany
- 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



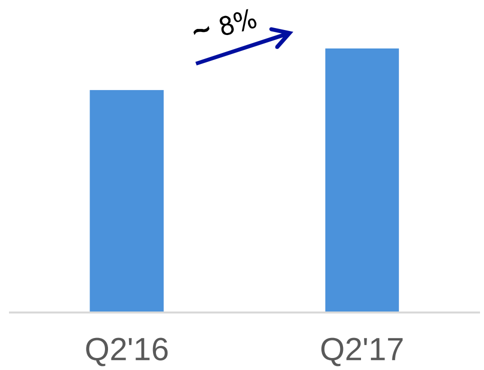
Cyclical Recovery Continued in Second Quarter 2017

Base Epoxy Resins

- Expected improvements in epoxy resin industry fundamentals over next several years drives positive outlook for profitability
- Structural savings from Norco closure supports continued earnings improvement in FY'17 and beyond
- Significant year-over-year improvement in base epoxy resins profitability in Q2'17

Base Epoxy Resin Volume

(Volume kMT)

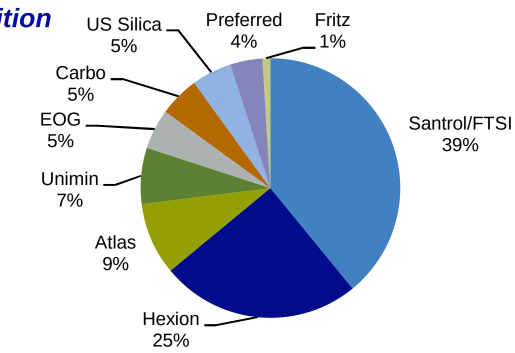


Oilfield Proppants Leading Market Position [1]

Hexion Market Position

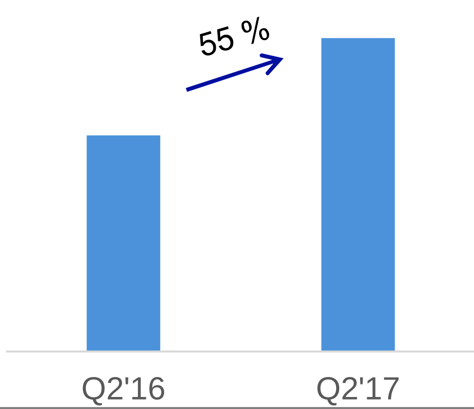
#1 Canada

#2 United States



Resin Coated Proppant Volumes

(Volume kMT)



Base Epoxy Resins and Oilfield Proppants Businesses Continue to Gradually Recover From Cyclical Lows

(1) Management estimates.

Strong Growth in Formaldehyde and Waterborne Coatings

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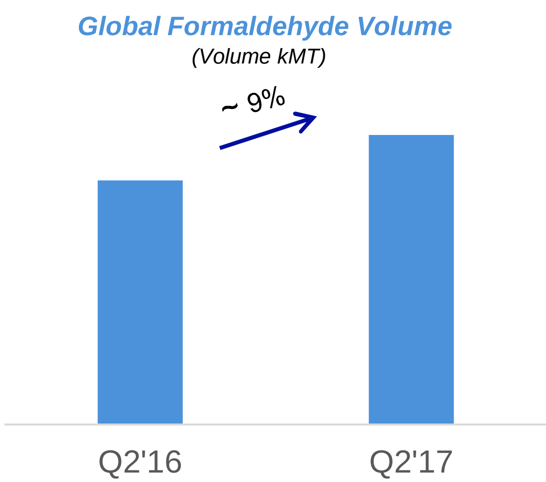
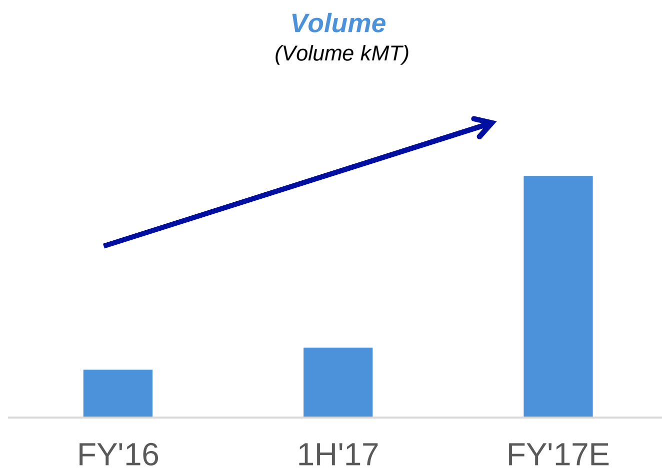
Strong Formaldehyde Growth

- New formaldehyde plants represent key component of Hexion's global growth strategy
- Following successful start-up, new plants continue to ramp up production with $6 million impact in Q2'17

High-growth Investment: NextGen Epoxy™

- NextGen Epoxy™ Waterborne system offers coating performance comparable to solvent-borne systems
- As of April 1, 2017, all future shipping containers manufactured in China must use Waterborne materials; Hexion is positioned to benefit as the Waterborne Epoxy market grows
- First half 2017 volumes have already surpassed total FY'16 volumes with strong second half 2017 projected





Strategic Investments Drive Strong Year-over-Year Growth in Key Specialty Products

Hexion Inc.

Financial Review

George Knight
Executive Vice President
and Chief Financial Officer

Forest Product Resins
Second Quarter 2017 Segment Results

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	Quarter Ended June 30		
($ in millions)	**2016**	**2017**	Δ
Revenue	$ 339	$ 395	17%
Segment EBITDA [(1)]	63	68	8%
Segment EBITDA Margin	18.6%	17.2%	(140)bps

Q2’17 Revenue Comparison YoY

Volume	Price/Mix	Currency Translation	Impact of Divestitures	Total
3%	15%	(1)%	--	17%

Summary

- Revenue increased primarily due to strong volume gains in North America and the positive lead lag impact on pricing
- EBITDA increased by 8% year-over-year reflecting higher segment volumes and cost efficiencies from the new North America formaldehyde facilities and strength in North American resins business

(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 Second Quarter 2017 Segment Results

HEXION

($ in millions)	Quarter Ended June 30				
	2016	**2016 Adjusted for Divestitures**	**2017**	**YoY Δ**	**YoY Δ Adj. for Divestitures**
Revenue	$ 613	$ 515	$ 517	(16)%	--
Segment EBITDA	83	68	46	(45)%	(32)%
Segment EBITDA Margin	13.5%	13.2%	8.9%	(460)bps	(430)bps

Q2'17 Revenue Comparison YoY				
Volume	**Price/Mix**	**Currency Translation**	**Impact of Divestitures**	**Total**
(1)%	3%	(2)%	(16)%	(16)%

Summary

- Revenue essentially flat when adjusted for divestitures
- Segment EBITDA was driven by the same factors that impacted revenue
  - Specialty epoxy reflects temporary destocking and competitive pressures
  - Oilfield proppant and base epoxy resins EBITDA improved year over year

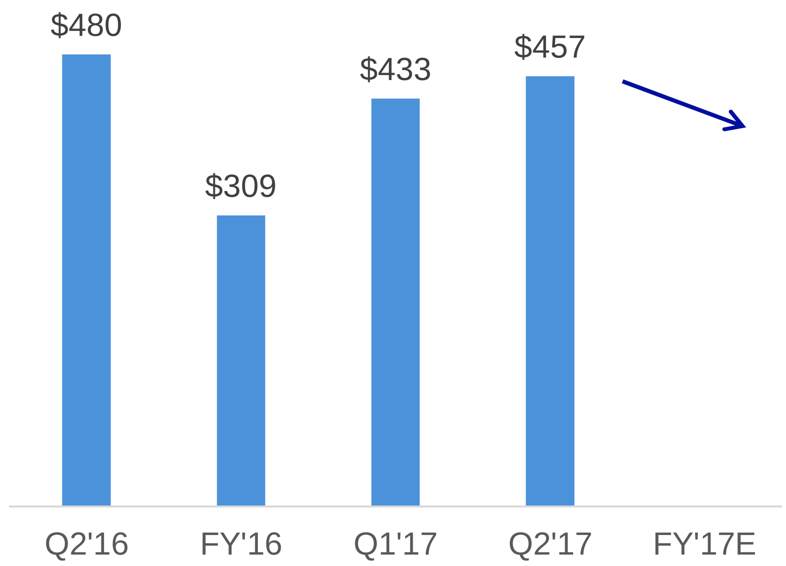
Balance Sheet Update & Financial Summary

Summary

- Cash plus borrowing availability of $323 million at June 30, 2017 reflecting normal seasonal working capital build
- FY’17 capital expenditures expected to be $100 million to $110 million
- Continued focus on appropriately managing working capital
  - NWC remains a modest 14% of sales
  - Expect NWC to decrease in second half of 2017, consistent with historical trends

Net Working Capital [1]

(US $ 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.

Appendices

Reconciliation of Non-GAAP Financial Measures

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Reconciliation:				
Net (loss) income	$ (34)	$ 150	$ (76)	$ 106
Income tax (benefit) expense	(1)	17	7	24
Interest expense, net	82	80	165	159
Depreciation and amortization	28	36	56	71
Accelerated depreciation	—	60	—	106
EBITDA	$ 75	$ 343	$ 152	$ 466
Items not included in Segment EBITDA:				
Business realignment costs	$ 10	$ 42	$ 17	$ 45
Gain on dispositions	—	(240)	—	(240)
Realized and unrealized foreign currency gains	(1)	(11)	(2)	(9)
(Gain) loss on extinguishment of debt	—	(21)	3	(44)
Other	16	17	25	34
Total adjustments	25	(213)	43	(214)
Segment EBITDA	$ 100	$ 130	$ 195	$ 252
Segment EBITDA:				
Epoxy, Phenolic and Coating Resins	$ 46	$ 83	$ 98	$ 166
Forest Products Resins	68	63	129	119
Corporate and Other	(14)	(16)	(32)	(33)
Total	$ 100	$ 130	$ 195	$ 252
Adjustment for dispositions [1]	—	(15)	—	(30)
Adjusted Segment EBITDA	$ 100	$ 115	$ 195	$ 222

Debt at June 30, 2017

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($ in millions)

	June 30, 2017		December 31, 2016	
	Long-Term	Due Within One Year	Long-Term	Due Within One Year
ABL Facility	$ 119	$ —	$ —	$ —
Senior Secured Notes:				
6.625% First-Priority Senior Secured Notes due 2020 (includes $3 of unamortized debt premium)	1,553	—	1,553	—
10.00% First-Priority Senior Secured Notes due 2020	315	—	315	—
10.375% First-Priority Senior Secured Notes due 2022	560	—	—	—
8.875% Senior Secured Notes due 2018 (includes $1 of unamortized debt discount at December 31, 2016)	—	—	706	—
13.75% Senior Secured Notes due 2022	225	—	—	—
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	—	54	—	51
Brazilian bank loans	12	30	14	26
Capital leases	7	1	7	2
Other	4	29	3	28
Unamortized debt issuance costs	(47)	—	(38)	—
Total	$ 3,585	$ 114	$ 3,397	$ 107

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