



Investor Conference Call Q3 10

May 14, 2010

SEC Disclosure Information

- » **Forward Looking Statements** - Some of our comments today may include forward looking statements about our expectations for the future. These statements include assumptions, expectations, predictions, intentions or beliefs about future events. Although we believe that such statements are based on reasonable assumptions, no assurance can be given that such statements will prove to have been correct, and we do not plan to update any forward-looking statements if our expectations change. More information about the risks and uncertainties relating to TPC Group and the forward-looking statements may be found in our SEC filings.
- » **Non-GAAP Financial Measures** - Some of our comments may reference non-GAAP financial measures. Where available, a reconciliation to the most directly comparable GAAP financial measures are provided herein and on the Investors page of our website at www.tpcgrp.com.

Selected Market Data

	<u>Q3'10</u>	<u>Q2'10</u>	<u>Q1'10</u>	<u>Q4'09</u>	<u>Q3'09</u>	<u>Q2'09</u>
End of Qtr BD Contract Price (\$/lb) ⁽¹⁾	0.76	0.65	0.65	0.31	0.25	0.50
Unleaded Gasoline Qtr Avg - USGC (\$/gal) ⁽²⁾	2.06	1.91	1.82	1.68	1.23	1.32
US Ethylene Industry Capacity Utilization (%) ⁽³⁾	85.5	87.3	84.0	82.3	70.5	68.3
US BD Production (mm lbs) ⁽³⁾	795	831	828	837	779	850

⁽¹⁾ Source: CMAI

⁽²⁾ Source: Platts

⁽³⁾ Source: Hodson

Selected Financial Data

	<u>FQ3'10</u>	<u>FQ2'10</u>	<u>FQ1'10</u>	<u>FQ4'09</u>	<u>FQ3'09</u>	<u>FQ2'09</u>
Sales Volumes (mm lbs) ⁽¹⁾	684.7	821.4	734.2	817.7	593.3	766.0
Sales Revenue (\$mm)	400.7	415.8	340.2	260.9	162.6	410.0
Sales Revenue per pound (\$)	0.59	0.51	0.46	0.32	0.27	0.54
Adjusted EBITDA (\$mm)						
C4 Processing ⁽²⁾	14.7	29.4	21.1	37.3	7.6	(18.1)
Performance Products	11.4	4.5	3.9	1.7	3.4	8.0
Total operating segment Adjusted EBITDA	26.1	33.9	25.0	39.0	11.0	(10.1)
Corporate	(7.0)	(6.7)	(5.0)	(5.3)	(5.6)	(7.0)
Total Adjusted EBITDA	<u>19.1</u>	<u>27.2</u>	<u>20.0</u>	<u>33.7</u>	<u>5.4</u>	<u>(17.1)</u>
Total operating segment Adjusted EBITDA per pound excluding items listed in (2) below (\$)	0.04	0.02	0.03	0.04	0.01	(0.01)

(1) Does not include tolling volume.

(2) Items included in C4 segment Adjusted EBITDA:

FQ2'10 - BI insurance recovery of \$17.1 mm.

FQ4'09 - BI insurance recovery of \$10.0 mm.

FQ3'09 - freight payment recovery of \$4.7 mm.

Reconciliation of Net Income (Loss) to Adjusted EBITDA

	<u>FQ3'10</u>	<u>FQ2'10</u>	<u>FQ1'10</u>	<u>FQ4'09</u>	<u>FQ3'09</u>	<u>FQ2'09</u>
Net income (loss)	\$ 4.1	\$ 8.4	\$ 3.7	\$ 7.8	\$ (5.3)	\$ (26.7)
Income tax expense (benefit)	2.7	6.0	2.2	4.4	(4.2)	(12.7)
Interest expense, net	3.5	3.8	3.7	3.7	3.9	5.2
Depreciation and amortization	9.8	9.9	10.3	10.5	10.7	10.6
EBITDA	20.1	28.1	19.9	26.4	5.1	(23.6)
Asset impairments	-	-	-	6.0	-	-
Non-cash stock based compensation	-	0.3	0.3	1.6	1.6	1.5
Unrealized (gain) loss on derivatives	(1.0)	(1.2)	(0.2)	(0.3)	(1.3)	5.0
Adjusted EBITDA ^{(1) (*)}	<u>\$ 19.1</u>	<u>\$ 27.2</u>	<u>\$ 20.0</u>	<u>\$ 33.7</u>	<u>\$ 5.4</u>	<u>\$ (17.1)</u>

(1) Items included in C4 segment Adjusted EBITDA:

FQ2'10 - BI insurance recovery of \$17.1 mm.

FQ4'09 - BI insurance recovery of \$10.0 mm.

FQ3'09 - freight payment recovery of \$4.7 mm.

(*) Adjusted EBITDA is presented and discussed in this earnings release because management believes it enhances understanding by investors and lenders of the Company's financial performance. Adjusted EBITDA is not a measure computed in accordance with GAAP. Accordingly it does not represent cash flow from operations, nor is it intended to be presented herein as a substitute to operating income or net income as indicators of the Company's operating performance. Adjusted EBITDA is the primary performance measurement used by senior management and our Board of Directors to evaluate operating results of, and to allocate capital resources between, our business segments. We calculate Adjusted EBITDA in accordance with our credit facilities, meaning earnings before interest, taxes, depreciation and amortization (EBITDA), then adjusted to add back certain additional items. Such additional items include certain non-cash items defined by the credit facilities and reflected in the Reconciliation of Adjusted EBITDA to Net Income (Loss) above. Our calculation of Adjusted EBITDA may be different from calculations used by other companies; therefore, it may not be comparable to other companies.