



Texas Petrochemicals

Deutsche Bank Leveraged Finance Conference

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Ruth Dreessen, Executive Vice President and Chief Financial Officer

Quality Products. Dependable Services.

Forward Looking Statement & Non-GAAP Financial Measures

This presentation may contain forward-looking statements, including, in particular, statements about the plans, strategies and prospects of Texas Petrochemicals, Inc. (“the Company” or “TPC”). These forward-looking statements are based on the Company’s current assumptions, expectations and projections about future events.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, the Company can give no assurance that these expectations will prove to be correct or that synergies or other benefits anticipated in the forward-looking statements will be achieved. Important factors, some of which may be beyond the Company’s control, that could cause results to differ materially from management’s expectations.

This presentation may also contain non-GAAP financial measures. For a presentation of the most directly comparable GAAP measures and a reconciliation of the two as well as additional detail regarding selected items impacting comparability, please visit our website at www.txpetrochem.com.

- » Resilient cash flow model
 - Unprecedented challenges - cash flow positive
 - Full recovery achievable
- » #1 North American C4 processor with 33% of industry capacity
 - Industry rationalization
- » Strong long-term relationships with large, well capitalized customers and suppliers
 - Market position and operations critical to suppliers and customers
- » Diversification into growing differentiated businesses
 - Leading position in growing HR-PIB market → expansion in 4Q-CY08, doubling capacity to serve market
 - Nonene & propylene tetramer production facility commissioned July, 2007
- » Experienced management team



Company Overview

| | <u>FY 2008</u> | <u>FY 2009</u> |
|------------------|----------------|----------------|
| Total volume | 3,792 | 2,897 |
| Total revenue | \$2,016 | \$1,377 |
| Operating margin | \$132 | \$65 |
| Adjusted EBITDA | \$104 | \$40 |

| | <u>Crude C4 Processing ⁽¹⁾</u> | | <u>Performance Products</u> | |
|-----------------------------------|---|----------------|-----------------------------|----------------|
| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2008</u> | <u>FY 2009</u> |
| Total volume | 3,004 | 2,295 | 788 | 602 |
| Volume % total | 79% | 79% | 21% | 21% |
| Revenue (\$ mm) | 1,550 | 1,062 | 466 | 315 |
| % total | 77% | 77% | 23% | 23% |
| Op. margin ⁽²⁾ (\$ mm) | 89 | 37 | 43 | 28 |
| % total | 67% | 57% | 33% | 43% |
| Op. margin/lb | \$0.03 | \$0.02 | \$0.05 | \$0.05 |

(1) Includes Utilities, MTBE By-product, MTBE – Non Core

(2) Operating margin represents EBITDA before corporate SG&A allocations

TPC Products - Overview

Performance Products

Crude C4 Processing

Polyisobutylene
"PIB"

Isobutylene
Products

Propylene
Derivatives

Butadiene

Butene-1

Raffinates
& MTBE

HR-PIB
Conventional
PIB

Isobutylene
Diisobutylene

Nonene
Tetramer

Synthetic
Rubber
Elastomers
Nylon

Polyethylene
Fuel
Additives

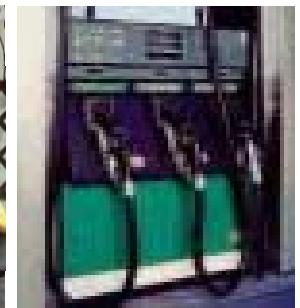
Butylenes
Butane

Gasoline &
Lube
Additives

Phenolic
Resins
Surfactants
Fuel & Lube
Additives

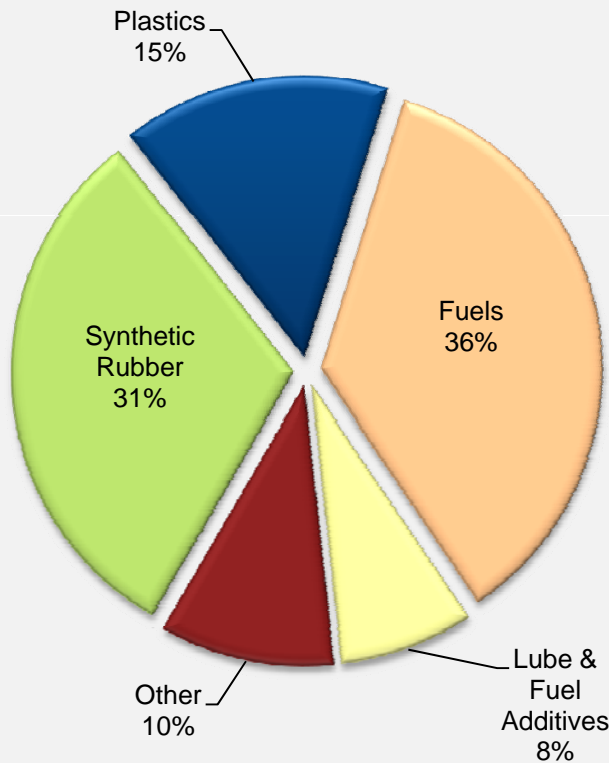
Plasticizers
Lube Additives
Surfactants
Antioxidants

Gasoline
Blendstocks



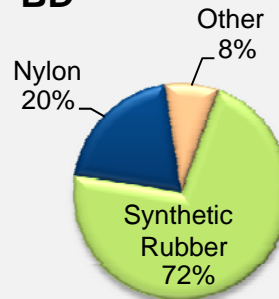
TPC Products - End Markets

Total Processing by Volume

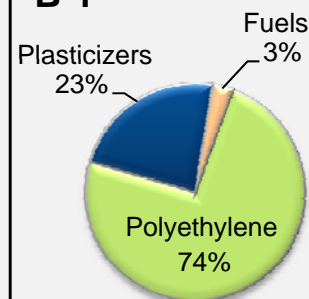


Crude C4 Processing by Volume

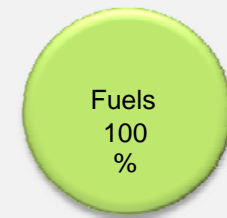
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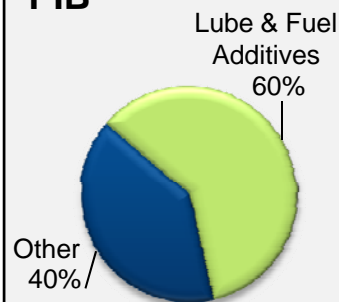


Raff & MTBE

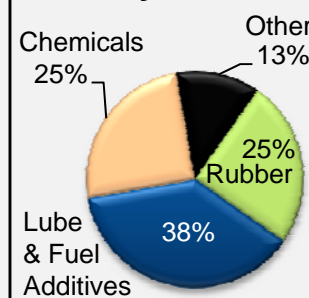


Performance Products by Volume

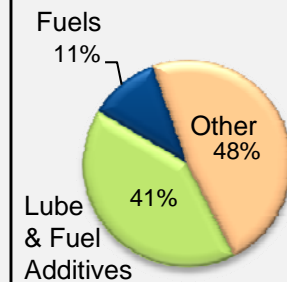
PIB



Isobutylenes



Prop. Deriv.



- » Leader across its major product lines
- » Ability to leverage core competencies into new product lines/extensions
 - HR-PIB
 - Nonene and Tetramer
- » Well positioned to benefit from end market growth
- » TPC has the majority of excess Crude C4 processing capacity in North America

North American market positions

| Product | Capacity (mm lbs/year) | Market position | Capacity share |
|------------------------------|------------------------|-----------------|----------------|
| Butadiene | 2,100 * | #1 | 33% |
| Butene-1 | 315 | #1 | 40 |
| HR-Polyisobutylene (current) | 110 | #2 | 42 |
| <i>(post expansion)</i> | 255 | #1 | 63 |
| Diisobutylene | 80 | #1 | 100 |
| Isobutylene | 365 | #2 | 34 |

* Does not reflect recent capacity changes in market

Representative customers

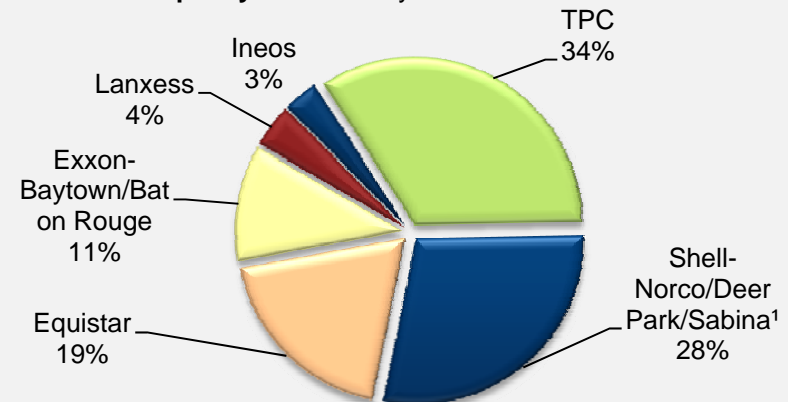


Attractive industry structure

- » TPC is an integral part of the petrochemical value chain
 - Plays a key role by processing Crude C4 from ethylene producers
- » TPC is the only merchant focused producer of DIB and HR-PIB in North America
- » Capabilities to service clients:
 - **Logistics; Credibility; Competency**

North American Butadiene Extraction Capacity

North American Capacity = 6.3 bnlbs/year

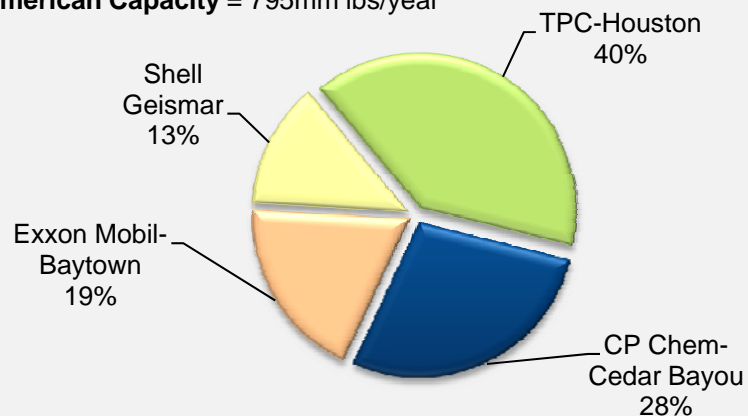


(1) Joint venture of Shell (60%), BASF (24%) and Total Petrochemical (16%)

Source: CMAI

2009 North American Butene-1 Extraction Capacity

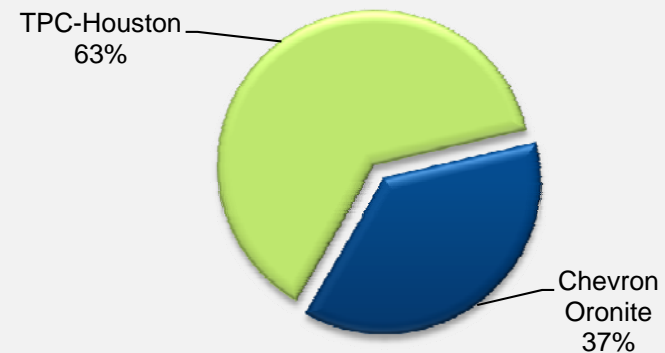
North American Capacity = 795mm lbs/year



Source: Jacobs Consultancy

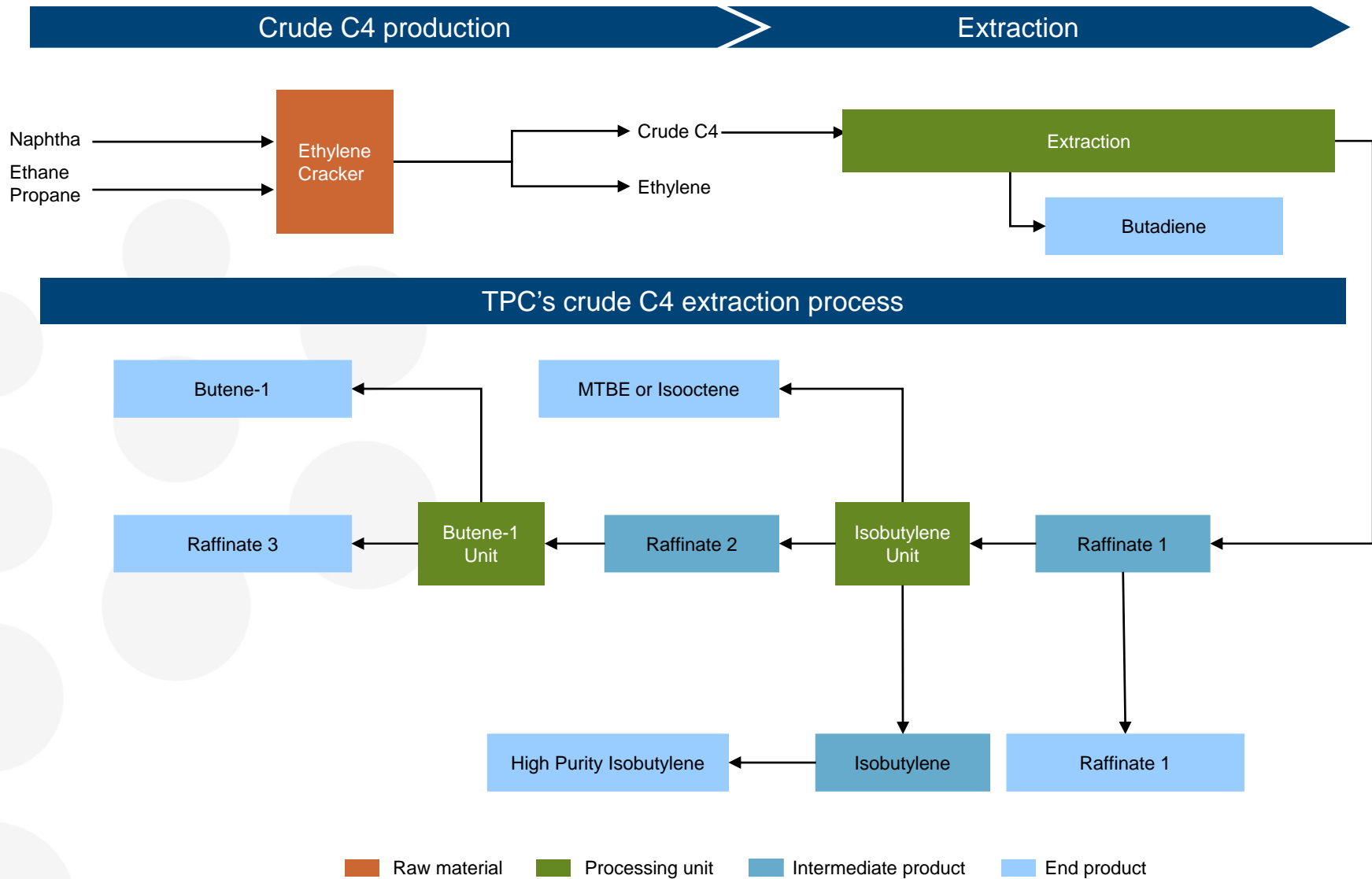
2009 North American HR-PIB Capacity

North American Capacity = 415mm lbs/year



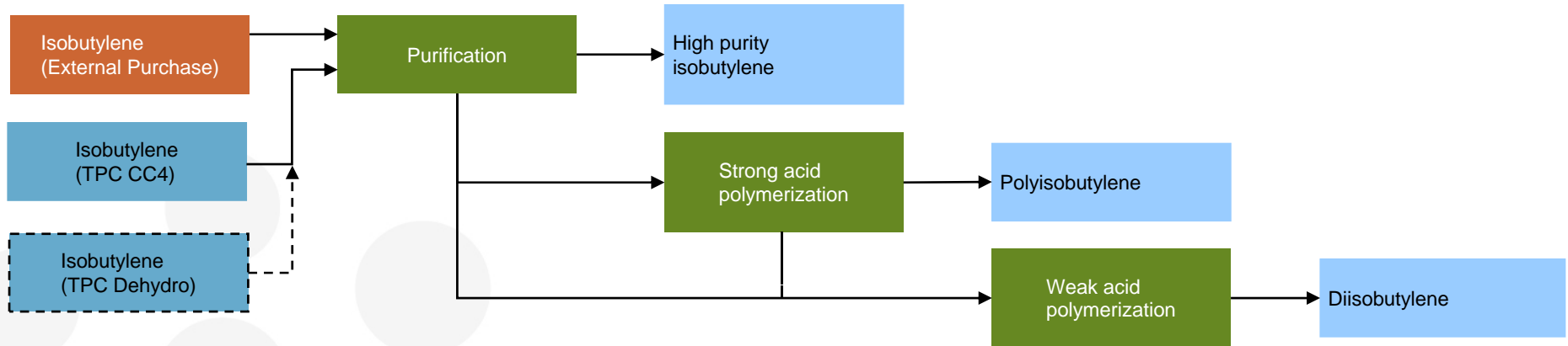
Source: Company data

Crude C4 Processing

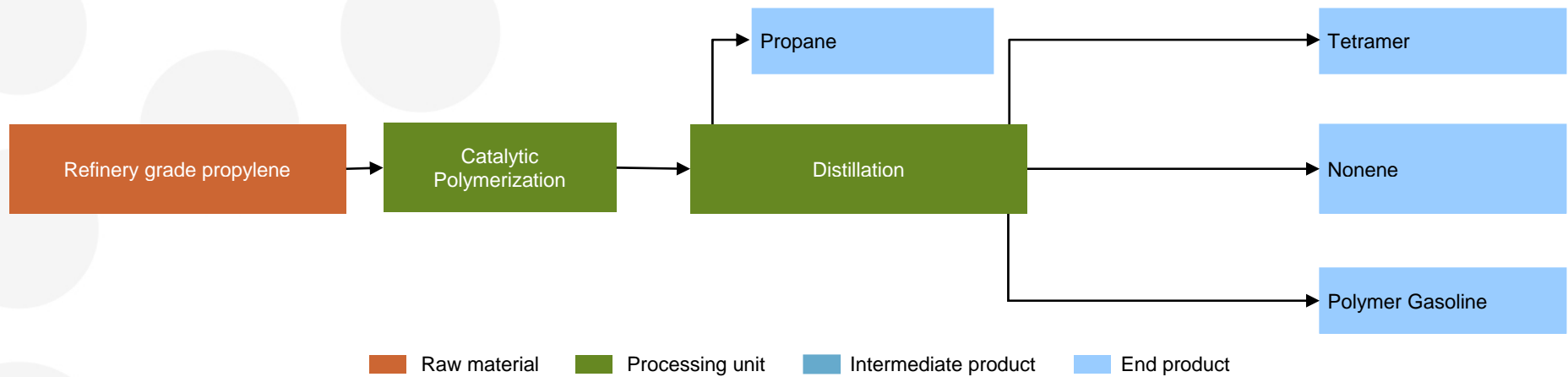


Performance Products processing

TPC's Isobutylene extraction process



Nonene and Tetramer processing



| | Component | Purchase Cost Basis | Product | Sale Basis |
|-----------------|---|---|--|--|
| Crude C4 | Butadiene - 55% | Benchmark – Processing Fee (highly correlated to WTI = >85%) | Butadiene | Benchmark Posting |
| | Butylenes - 32% Butene-1 Isobutylene Butene-2 | % ULR | Butene-1 MTBE HPIB Raffinates | % ULR + Fixed Factor Market Based Based on iC4 %ULR |
| | Butanes - 13% | Based on nC4 | Raffinates | % ULR |
| iBL | Isobutylene | Based on nC4 | PIB DIB | Based on iC4 Based on iC4 |
| RGP | Propylene | RGP Spot Average | Nonene Tetramer | RGP Price + Fixed Factor RGP Price + Fixed Factor |

All feedstocks & products are purchased & sold on, and highly correlated to WTI, ULR, and Normal Butane
 nC4 = Normal Butane, iC4 = Isobutane, ULR = Unleaded Regular, RGP = Refinery Grade Propylene, iBL = Isobutylene

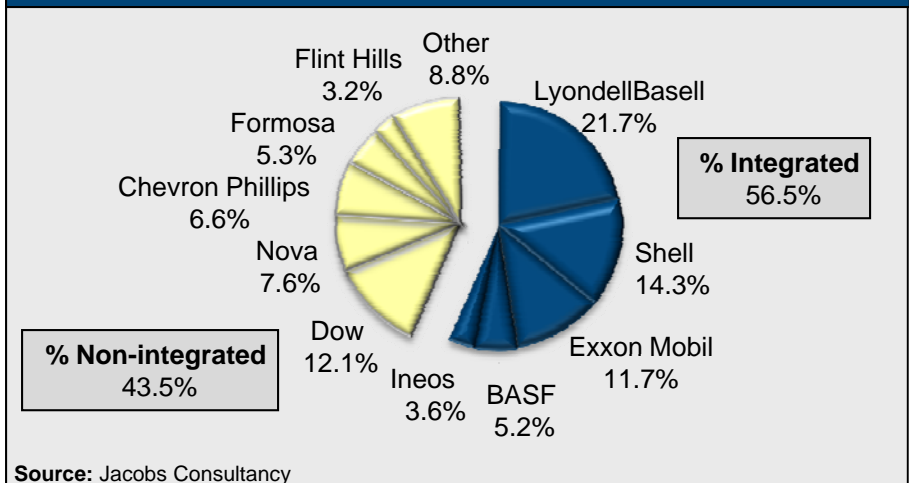
Crude C4 Supply

» **TPC plays an essential role to the non-integrated crude C4 producers**

- TPC processes 30%-40% of all crude C4 in North America
- Vast majority of TPC's crude C4 sourced from non-integrated producers, accounting for nearly 65% of their output

» **Crude C4 production varies with ethylene operating rate and feedstock**

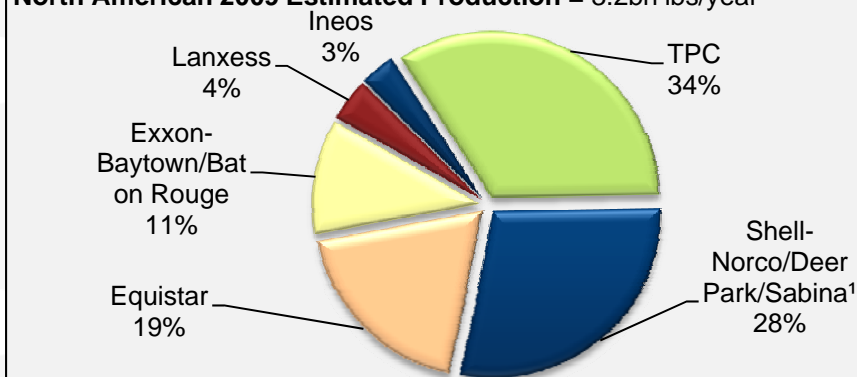
North American Crude C4 producers



Source: Jacobs Consultancy

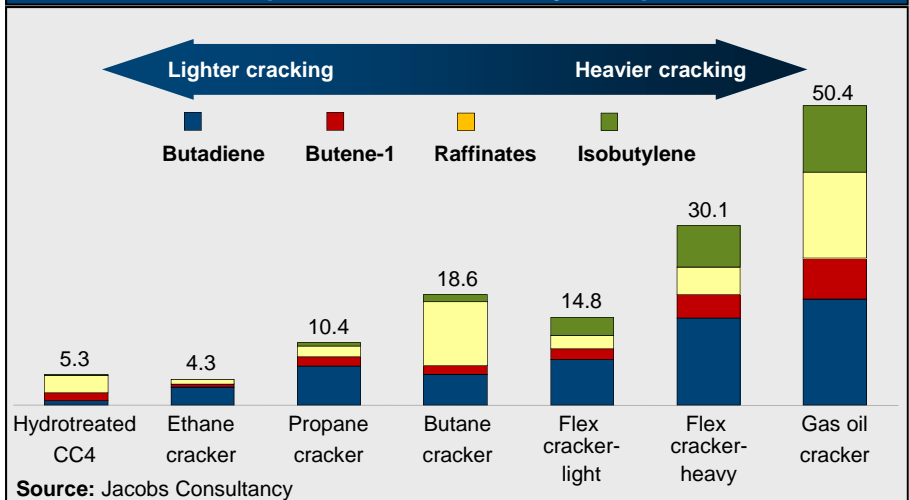
North American Butadiene Extraction Capacity

North American Capacity = 6.3 bnlbs/year
North American 2009 Estimated Production = 3.2bn lbs/year



(1) Joint venture of Shell (60%), BASF (24%) and Total Petrochemical (16%)
Source: CMAI

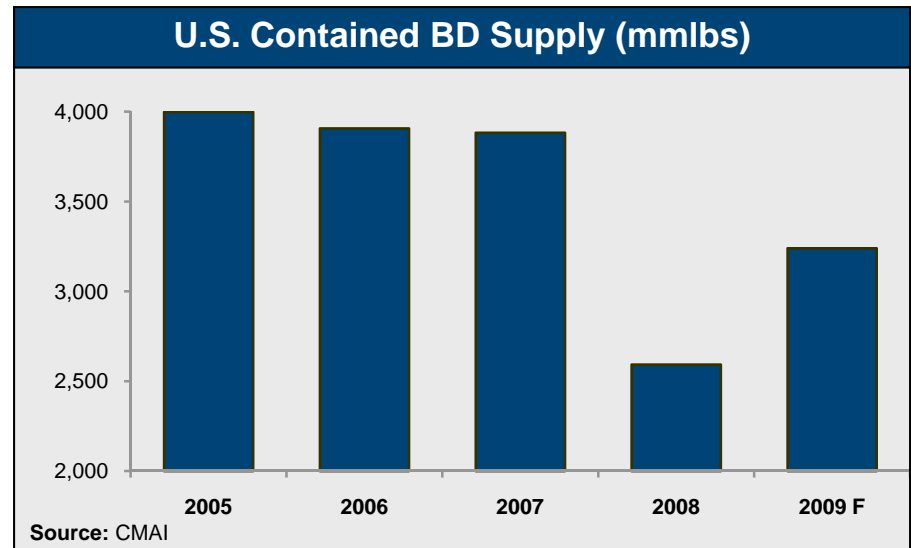
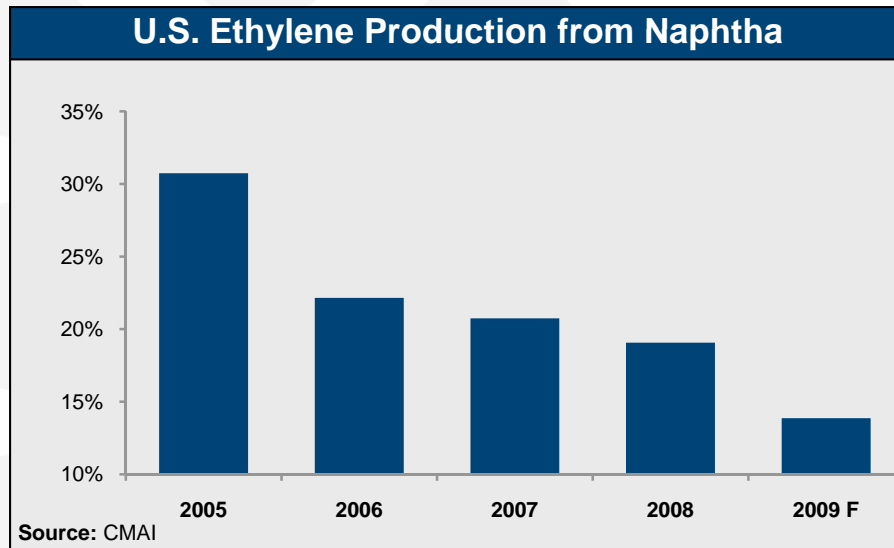
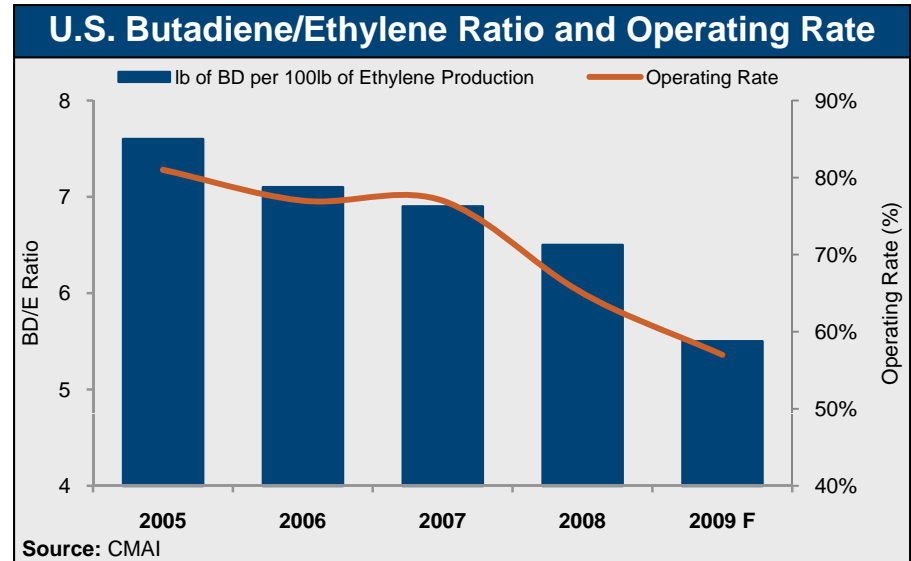
Crude C4 production by feedstock (lb CC4/100 lb ethylene)



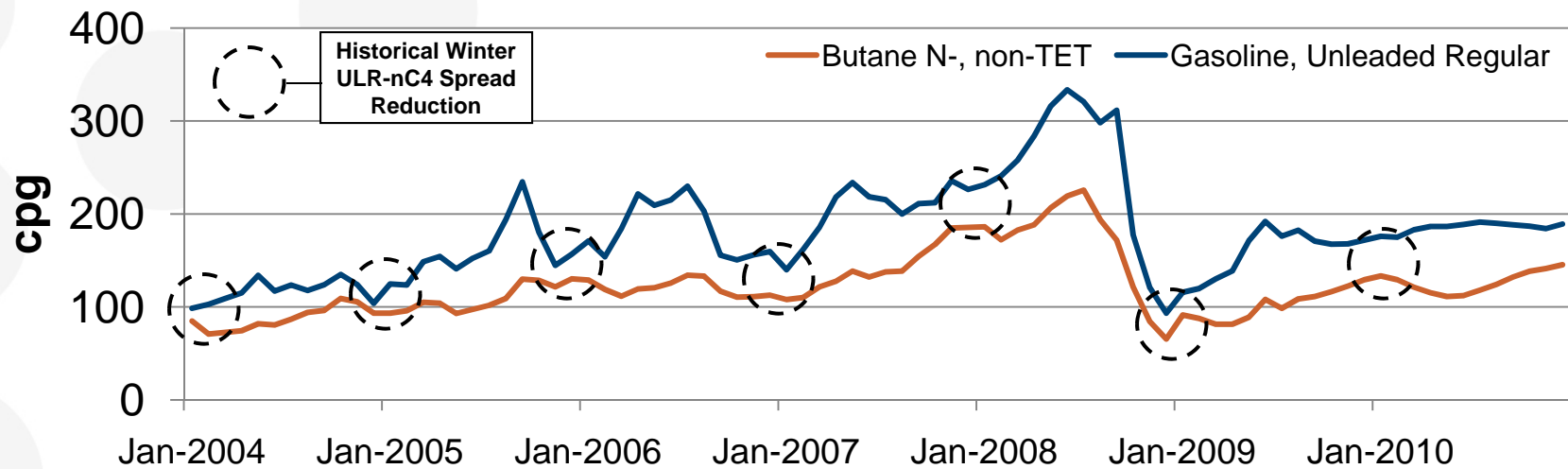
Source: Jacobs Consultancy

Crude C4 supply

- » Recent light cracking has resulted in a reduction in domestic crude C4 supply
- » Domestic crude C4 raw material prices are formula based
- » Imports are typically fixed priced



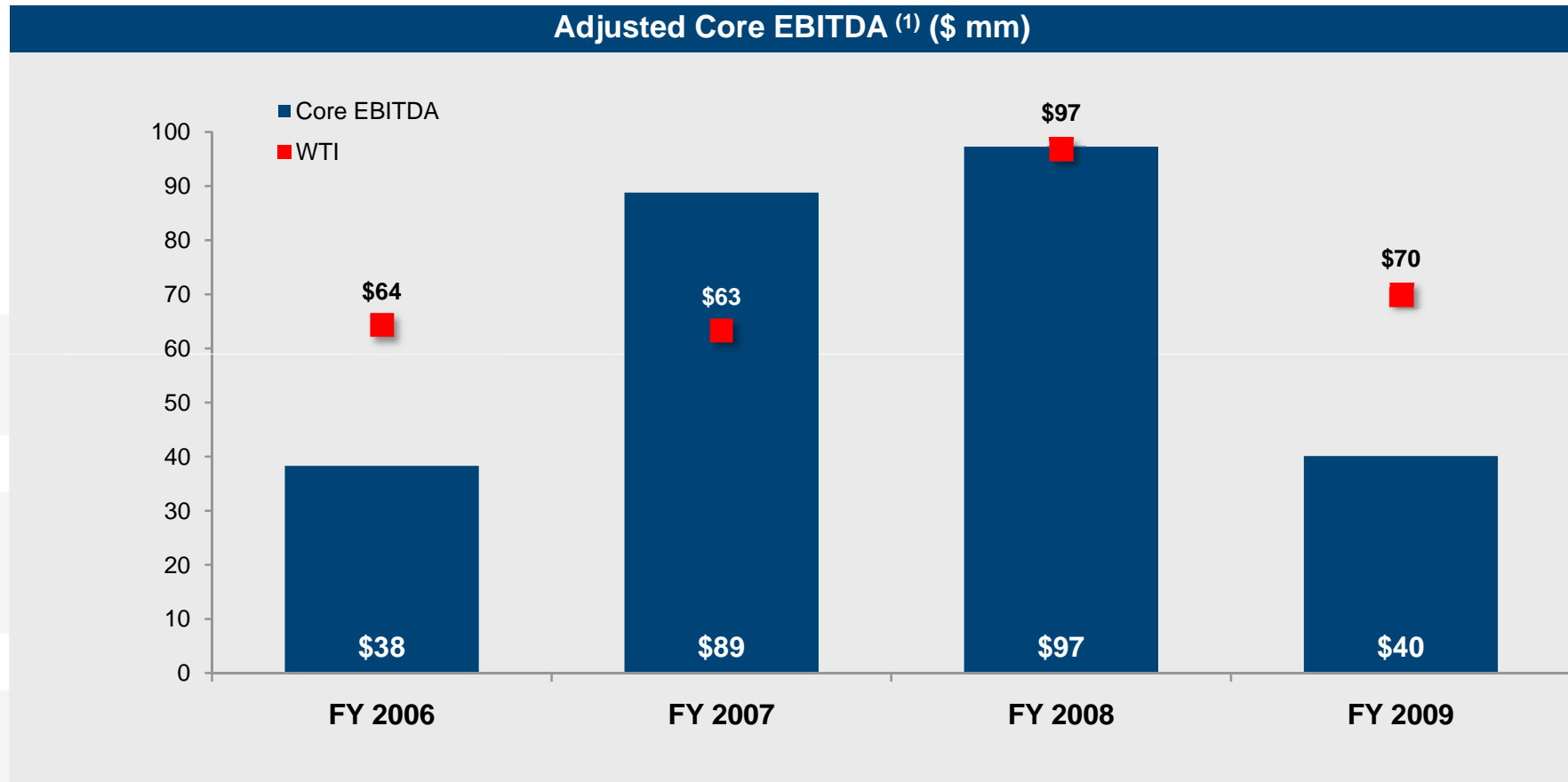
| | Component | Product | End Markets |
|-----------------|------------------------|---|--------------------------------------|
| Crude C4 | Butadiene - 55% | | |
| | Butylenes - 32% | Butene-1 MTBE Isobutylene Raffinates Butene-2 | Alkylate Production Fuel Additive |
| | Butanes - 13% | Raffinates | Alkylate Production |





Financial Overview

Adjusted EBITDA FY 2006 – FY 2009

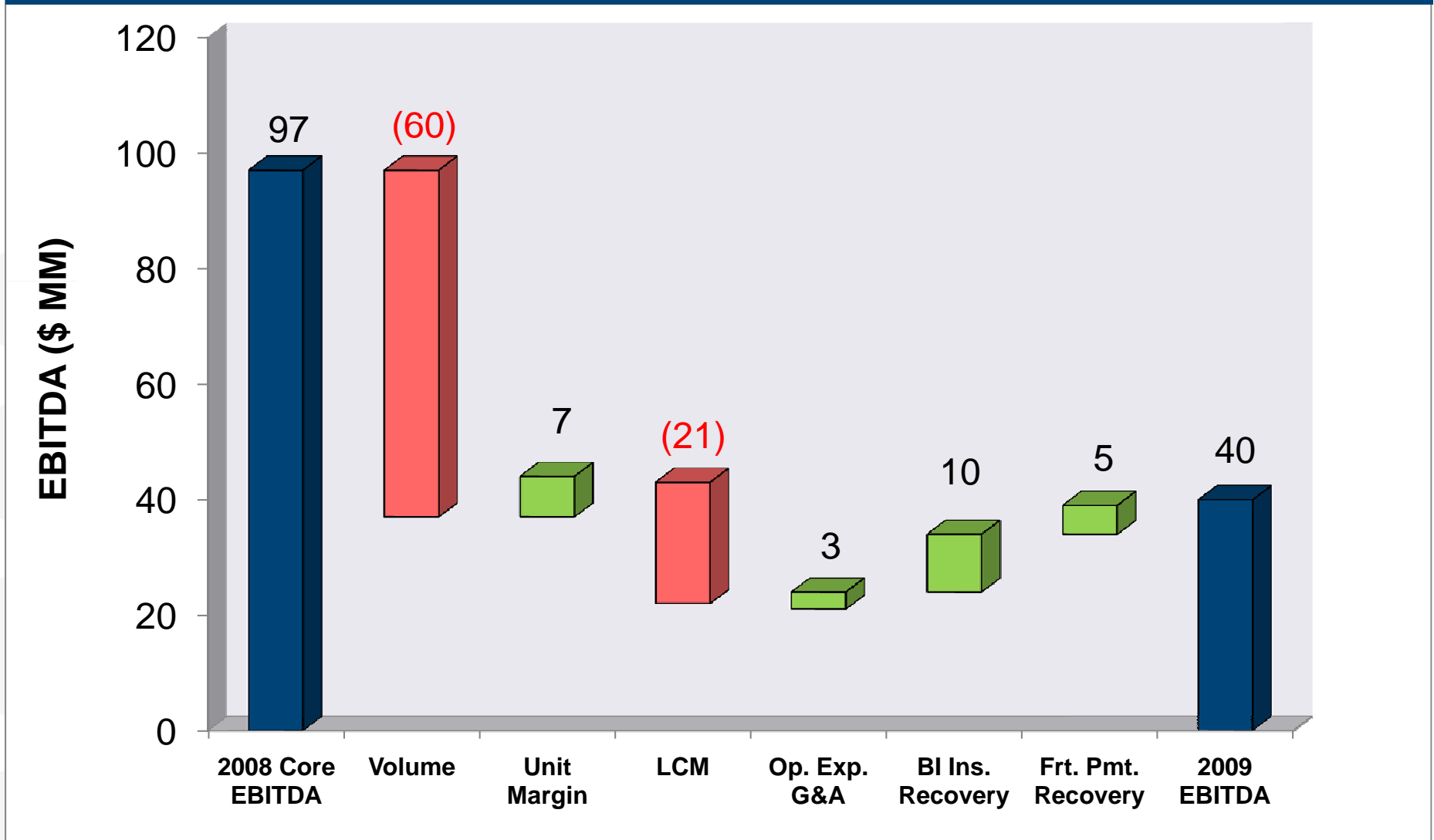


(1) Excludes Non-Core MTBE

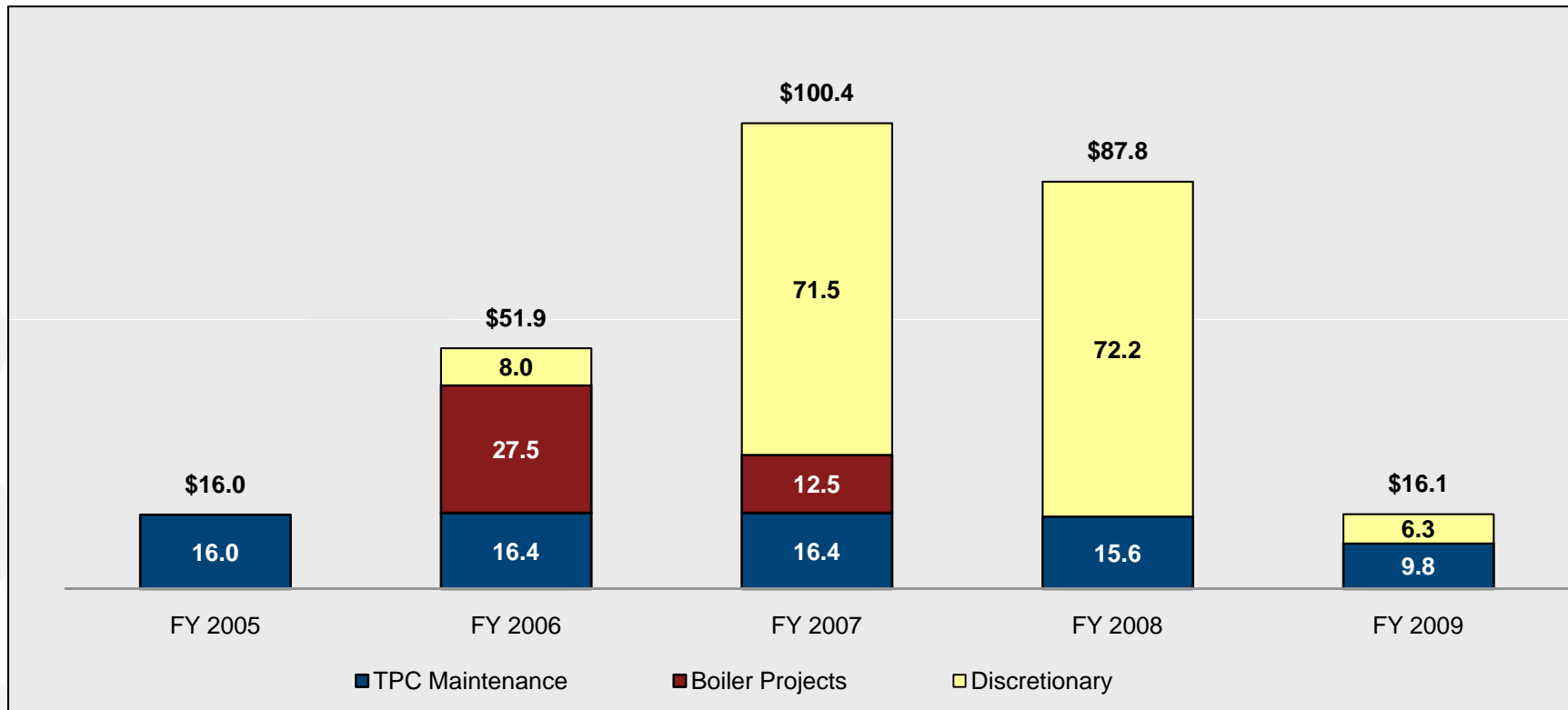


Adjusted EBITDA Bridge, FY08-FY09

FISCAL 2008 TO 2009 (millions \$)

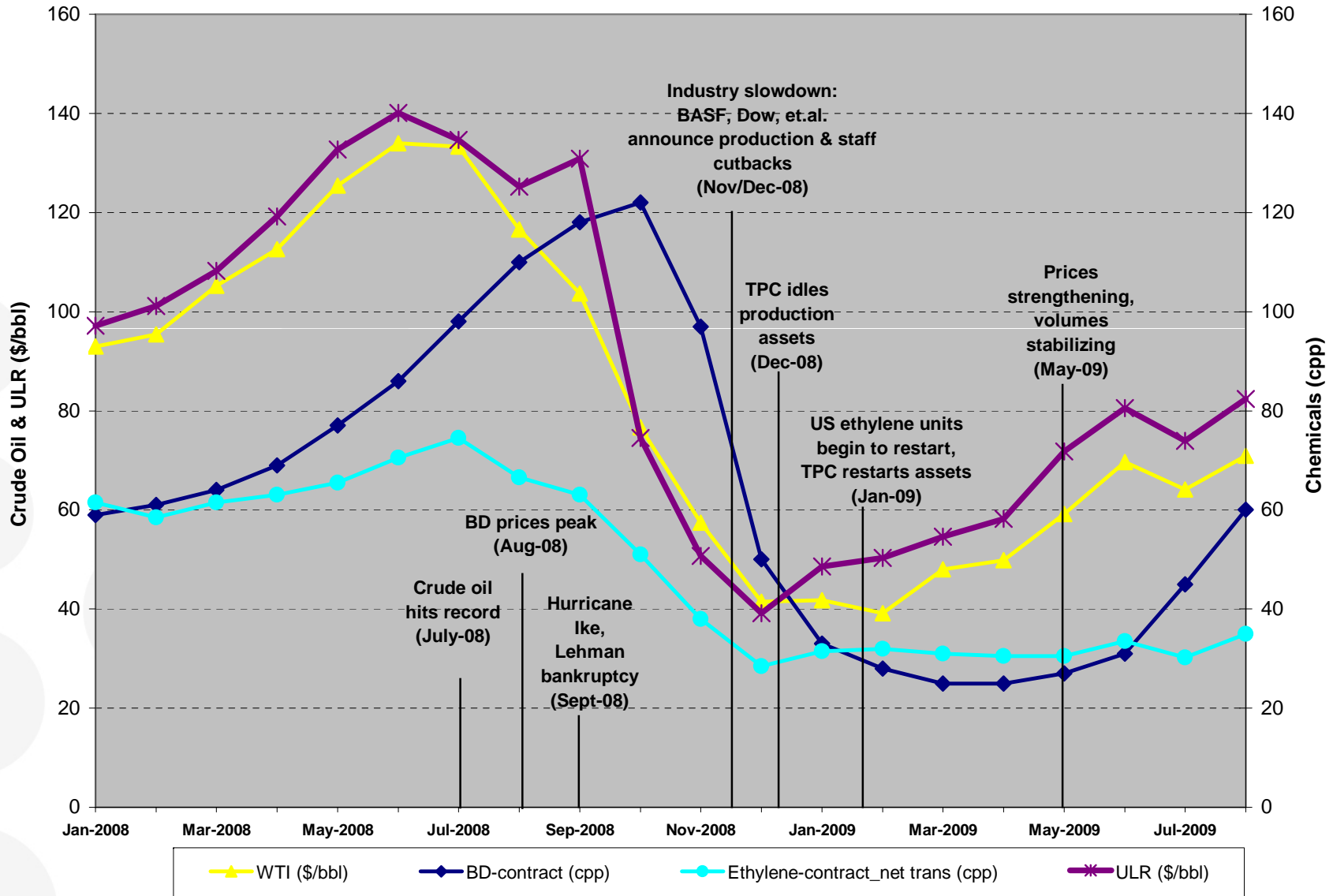


Capital Expenditures (\$ mm)



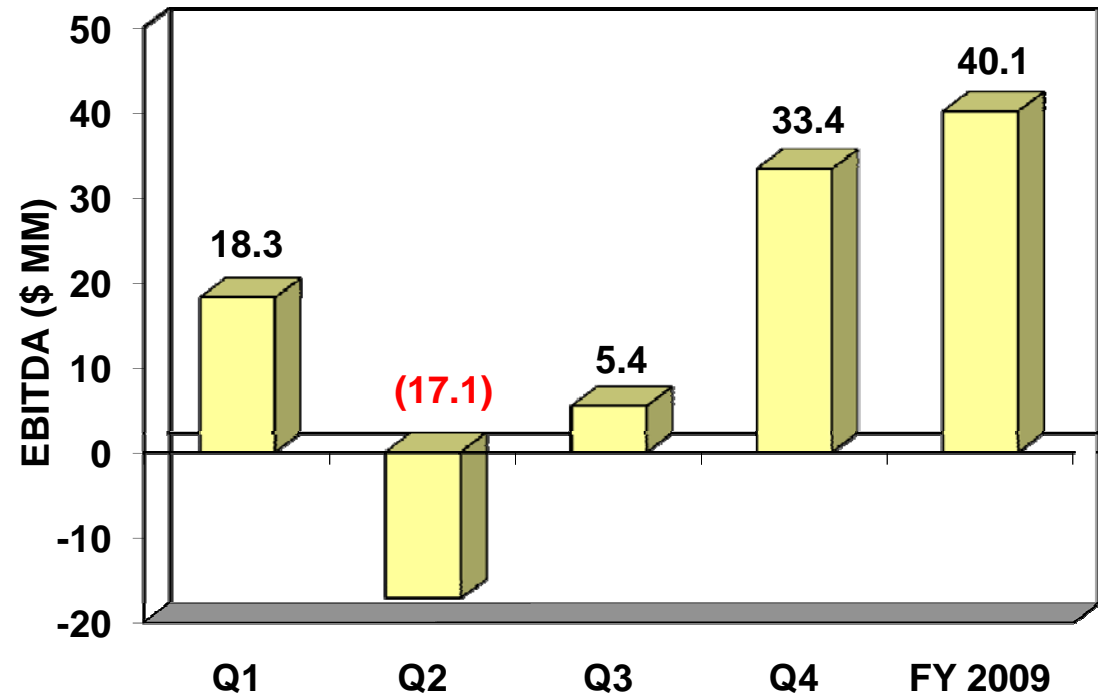
Source: TPC

Notes: Maintenance includes environmental expenditures. Boiler projects include investments to meet environmental regulations but also yielded economic returns.



FY09 by Quarter

- 1st Quarter
 - Good demand, strong pricing
 - Hurricane Ike in mid-September
- 2nd Quarter
 - Global oil sell-off
 - LCM on inventories
 - TPC plant shutdowns – December
 - Performance Products customers enact inventory control measures
- 3rd Quarter
 - Modest recovery in feedstock & product
 - Less volatility in oil & derivatives
 - Return to profitability – March
- \$4.7 MM realized from FY 07 Unauthorized Freight Expenses
- 4th Quarter
 - Improved volume & margins
 - Cost control through all aspects of business
 - Business interruption partial payment of \$10 mm



4th quarter saw the return of traditional volumes and pricing that had collapsed in the global financial crisis

Selected Financial Data

| | <u>Q4'09</u> ⁽¹⁾ | <u>Q3'09</u> ⁽²⁾ | <u>Q2'09</u> | <u>Q1'09</u> | <u>Q4'08</u> | <u>Q3'08</u> |
|---|-----------------------------|-----------------------------|---------------|--------------|--------------|--------------|
| Sales Volumes (mm lbs) | 830.5 | 605.7 | 783.8 | 676.8 | 853.3 | 857.2 |
| Sales Revenue (\$mm) | 260.9 | 162.6 | 410.0 | 543.3 | 558.2 | 462.0 |
| Sales Revenue per pound (\$/lb) | 0.31 | 0.27 | 0.52 | 0.80 | 0.65 | 0.54 |
| Segment Adjusted EBITDA (\$mm) | | | | | | |
| C4 Processing | 27.3 | 2.9 | (18.1) | 10.5 | 32.7 | 12.3 |
| Performance Products | 1.7 | 3.4 | 8.0 | 14.7 | 10.8 | 12.4 |
| Segment Adjusted EBITDA | <u>29.0</u> | <u>6.3</u> | <u>(10.1)</u> | <u>25.2</u> | <u>43.5</u> | <u>24.7</u> |
| Segment Adjusted EBITDA per pound (\$/lb) | 0.03 | 0.01 | (0.01) | 0.04 | 0.05 | 0.03 |

⁽¹⁾ Adjusted for BI insurance recovery of \$10.0 mm.

⁽²⁾ Adjusted for freight payment recovery of \$4.7 mm.

| Credit Statistics: | FY 6/30/08 | FY 6/30/09 |
|---|-------------------|-------------------|
| Total Debt | \$ 294.4 | \$ 269.9 |
| EBITDA ⁽¹⁾ | 103.5 | 40.3 |
| Maintenance Capital ⁽²⁾ | 15.6 | 9.8 |
| Total Capital Expenditures ⁽³⁾ | 87.8 | 16.1 |
| Interest Expense, Net | 18.9 | 16.9 |
| Total Debt/EBITDA | 2.8x | 6.7x |
| EBITDA/Interest Expense | 5.5x | 2.4x |
| EBITDA/Maintenance CapEx + Int. Expense | 3.0x | 1.5x |
| EBITDA/Total Capex + Int. Expense | 1.0x | 1.2x |

⁽¹⁾ Adjusted EBITDA, total company as reported and restated for change in turnaround accounting

⁽²⁾ Includes all non-discretionary capex and environmental capex.

⁽³⁾ Includes capitalized interest

» ABL revolving credit facility

- **Availability** : \$140 million
- **Maturity**: June 2011
- **Interest rate**: Base rate + 250 bps or LIBOR + 350 bps option
- **Borrowing base**
 - » 85 Percent of Eligible Accounts Receivables
 - » plus 65 Percent of Eligible Inventory
 - » less reserve for L/C's, interest rate hedges, etc.
 - » less a block on availability of \$17.5 MM through December 2009, \$20 MM afterwards
- **Collateral**
 - » Perfected security interest in cash, accounts receivables, inventory, contract rights, certain intellectual property and patents
 - » Second lien on assets securing Term B loan

» Term B Loan

- **Amount**: \$280 million
- **Maturity**: June 2013
- **Interest Rate**
 - » Base Rate + 1.50%
 - » LIBOR + 2.50%
 - » Currently in 3-month LIBOR; 135 MM swapped at 3.40%.
- **Collateral**
 - » First priority interest in all fixed assets and capital stock
 - » Second priority interest in all assets pledged to the ABL
- **Restrictions on acquisitions, investments, restricted payment, indebtedness, etc.**
- **Excess cash flow recapture**

»FY 2009 – Significant Challenges Met

- Major effect of Hurricane Ike
- Unprecedented reduction in demand and pricing
- Remained cash flow positive
- Begin recovery

»FY 2010 – Markets stabilizing

- Strong cash flow available for deleveraging
- TPC well positioned to capitalize on economic recovery