

PQ Group Holdings Inc.
Reconciliation Information
Consolidated Balance Sheet
September 30, 2017
(in thousands)

	PQ Group Holdings Inc.		PQ Corporation	Difference
ASSETS		ASSETS		
Cash and cash equivalents	\$ 68,838	Cash and cash equivalents	\$ 68,838	\$ -
Receivables, net	212,018	Receivables, net	212,018	-
Inventories	235,921	Inventories	235,921	-
Prepaid and other current assets	29,010	Prepaid and other current assets	29,010	-
Total current assets	545,787	Total current assets	545,787	-
Investments in affiliated companies	479,366	Investments in affiliated companies	479,366	-
Property, plant and equipment, net	1,209,047	Property, plant and equipment, net	1,209,047	-
Goodwill	1,306,547	Goodwill	1,306,547	-
Other intangible assets, net	800,423	Other intangible assets, net	800,423	-
Other long-term assets	74,433	Other long-term assets	74,433	-
Total assets	<u>\$ 4,415,603</u>	Total assets	<u>\$ 4,415,603</u>	<u>\$ -</u>
LIABILITIES		LIABILITIES		
Notes payable and current maturities of long-term debt	\$ 54,255	Notes payable and current maturities of long-term debt	\$ 54,255	\$ -
Accounts payable	129,793	Accounts payable	129,793	-
Accrued liabilities	112,788	Accrued liabilities	112,788	-
Total current liabilities	296,836	Total current liabilities	296,836	-
Long-term debt	2,597,481	Long-term debt	2,597,481	-
Deferred income taxes	319,738	Deferred income taxes	319,738	-
Other long-term liabilities	120,578	Other long-term liabilities	120,578	-
Total liabilities	<u>3,334,633</u>	Total liabilities	<u>3,334,633</u>	<u>-</u>
Commitments and contingencies (Note 16)				
EQUITY		EQUITY		
Common stock (\$0.01 par); authorized shares 450,000,000; issued shares 106,219,759 and 106,452,330 on September 30, 2017 and December 31, 2016, respectively; outstanding shares 104,109,932 and 106,430,811 on September 30, 2017 and December 31, 2016, respectively	1,062	Common stock, Series A (\$0.50 par), authorized 100 shares, issued and outstanding one share	-	1,062
Preferred stock (\$0.01 par); authorized shares 50,000,000; no shares issued or outstanding on September 30, 2017 and December 31, 2016	-		-	-
Additional paid-in capital	1,169,778	Additional paid-in capital	1,170,840	(1,062)
Accumulated deficit	(97,788)	Accumulated deficit	(97,788)	-
Treasury stock, at cost; shares 21,519 on December 31, 2016	-	Treasury stock, at cost; shares 21,519 on December 31, 2016	-	-
Accumulated other comprehensive income	2,978	Accumulated other comprehensive loss	2,978	-
Total PQ Group Holdings Inc. equity	1,076,030	Total PQ Corporation equity	1,076,030	-
Noncontrolling interest	4,940	Noncontrolling interest	4,940	-
Total equity	<u>1,080,970</u>	Total equity	<u>1,080,970</u>	<u>-</u>
Total liabilities and equity	<u>\$ 4,415,603</u>	Total liabilities and equity	<u>\$ 4,415,603</u>	<u>\$ -</u>

PQ Group Holdings Inc.
Reconciliation Information
Consolidated Statement of Operations
Nine months ended September 30, 2017
(in thousands)

	<u>PQ Group Holdings Inc.</u>		<u>PQ Corporation</u>	<u>Difference</u>
Sales	\$ 1,114,027	Sales	\$ 1,114,027	\$ -
Cost of goods sold	<u>821,342</u>	Cost of goods sold	<u>821,342</u>	<u>-</u>
Gross profit	292,685	Gross profit	292,685	-
Selling, general and administrative expenses	105,907	Selling, general and administrative expenses	105,907	-
Other operating expense, net	<u>47,156</u>	Other operating expense, net	<u>47,156</u>	<u>-</u>
Operating income	139,622	Operating income	139,622	-
Equity in net (income) from affiliated companies	(24,879)	Equity in net (income) from affiliated companies	(24,879)	-
Interest expense	144,041	Interest expense	144,041	-
Debt extinguishment costs	453	Debt extinguishment costs	453	-
Other expense, net	<u>21,739</u>	Other expense, net	<u>21,739</u>	<u>-</u>
Loss before income taxes and noncontrolling interest	(1,732)	Loss before income taxes and noncontrolling interest	(1,732)	-
Provision for income taxes	<u>5,269</u>	Provision for income taxes	<u>5,269</u>	<u>-</u>
Net loss	(7,001)	Net loss	(7,001)	-
Less: Net income attributable to the noncontrolling interest	<u>407</u>	Less: Net income attributable to the noncontrolling interest	<u>407</u>	<u>-</u>
Net loss attributable to PQ Group Holdings Inc.	<u>\$ (7,408)</u>	Net loss attributable to PQ Corporation	<u>\$ (7,408)</u>	<u>\$ -</u>

PQ Group Holdings Inc.
Reconciliation Information
Consolidated Statement of Cash Flows
Nine months ended September 30, 2017
(in thousands)

	PQ Group Holdings Inc.	PQ Corporation	Difference
Cash flows from operating activities:			
Net loss	\$ (7,001)	\$ (7,001)	\$ -
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	89,987	89,987	-
Amortization	39,148	39,148	-
Acquisition accounting valuation adjustments on inventory sold	871	871	-
Amortization of deferred financing costs and original issue discount	6,626	6,626	-
Debt extinguishment costs	253	253	-
Foreign currency exchange loss	21,612	21,612	-
Pension and postretirement healthcare benefit expense	2,642	2,642	-
Pension and postretirement healthcare benefit funding	(7,525)	(7,525)	-
Deferred income tax (benefit) expense	(12,447)	(12,447)	-
Net loss on asset disposals	6,419	6,419	-
Supplemental pension plan mark-to-market gain	(708)	(708)	-
Stock compensation	3,869	3,869	-
Equity in net (income) loss from affiliated companies	(24,879)	(24,879)	-
Dividends received from affiliated companies	19,071	19,071	-
Working capital changes that provided (used) cash, excluding the effect of business combinations:			
Receivables	(28,900)	(28,900)	-
Inventories	5,897	5,897	-
Prepays and other current assets	(6,000)	(6,000)	-
Accounts payable	(9,044)	(9,044)	-
Accrued liabilities	13,460	13,460	-
Other, net	(2,535)	(2,535)	-
Net cash provided by operating activities	110,816	110,816	-
Cash flows from investing activities:			
Purchases of property, plant and equipment	(90,229)	(90,229)	-
Investment in affiliated companies	(9,000)	(9,000)	-
Change in restricted cash, net	12,135	12,135	-
Loan receivable under the New Market Tax Credit arrangement	(6,221)		
Business combinations, net of cash acquired	(41,572)	(41,572)	-
Other, net	391	391	-
Net cash used in investing activities	(134,496)	(134,496)	-
Cash flows from financing activities:			
Draw down of revolver	302,725	302,725	-
Repayments of revolver	(270,088)	(270,088)	-
Issuance of long-term debt under the New Market Tax Credit arrangement	8,820	8,820	-
Debt issuance costs	(1,205)	(1,205)	-
Repayments of long-term debt	(10,289)	(10,289)	-
Distributions to noncontrolling interests	(785)	(785)	-
Net cash provided by financing activities	29,178	29,178	-
Effect of exchange rate changes on cash and cash equivalents	(6,402)	(6,402)	-
Net change in cash and cash equivalents	(904)	(904)	-
Cash and cash equivalents at beginning of period	70,742	70,742	-
Cash and cash equivalents at end of period	<u>\$ 69,838</u>	<u>\$ 69,838</u>	<u>\$ -</u>
Supplemental cash flow information:			
Cash paid for taxes	<u>\$ 21,005</u>	<u>\$ 21,005</u>	<u>\$ -</u>
Cash paid for interest	<u>\$ 118,793</u>	<u>\$ 118,793</u>	<u>\$ -</u>
Non-cash investing activity:			
Capital expenditures acquired on account but unpaid as of the period end	<u>\$ 12,924</u>	<u>\$ 12,924</u>	<u>\$ -</u>
Non-cash financing activity			
Debt assumed in the Acquisition	<u>\$ 16,609</u>	<u>\$ 16,609</u>	<u>\$ -</u>

PQ Group Holdings Inc.
Reconciliation Information
Consolidated Statement of Equity
Nine months ended September 30, 2017
(in thousands)

<u>PQ Group Holdings Inc.</u>							
	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Accumulated deficit</u>	<u>Treasury stock, at cost</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Noncontrolling interest</u>	<u>Total</u>
Balance, December 31, 2016	\$ 73	\$ 1,167,137	\$ (90,380)	\$ (239)	\$ (53,711)	\$ 5,064	\$ 1,027,944
Net (loss) income	-	-	(7,408)	-	-	407	(7,001)
Stock split and conversion	989	(1,228)	-	239	-	-	-
Other comprehensive income (loss)	-	-	-	-	56,689	254	56,943
Dividend distribution	-	-	-	-	-	(785)	(785)
Stock compensation expense	-	3,869	-	-	-	-	3,869
Balance, September 30, 2017	<u>\$ 1,062</u>	<u>\$ 1,169,778</u>	<u>\$ (97,788)</u>	<u>\$ -</u>	<u>\$ 2,978</u>	<u>\$ 4,940</u>	<u>\$ 1,080,970</u>

<u>PQ Corporation</u>							
		<u>Additional paid-in capital</u>	<u>Accumulated deficit</u>		<u>Accumulated other comprehensive income (loss)</u>	<u>Noncontrolling interest</u>	<u>Total</u>
Balance, December 31, 2016		\$ 1,166,971	\$ (90,380)		\$ (53,711)	\$ 5,064	\$ 1,027,944
Net (loss) income		-	(7,408)		-	407	(7,001)
Other comprehensive income (loss)		-	-		56,689	254	56,943
Dividend distribution		-	-		-	(785)	(785)
Stock compensation expense		3,869	-		-	-	3,869
Balance, September 30, 2017		<u>\$ 1,170,840</u>	<u>\$ (97,788)</u>		<u>\$ 2,978</u>	<u>\$ 4,940</u>	<u>\$ 1,080,970</u>