Momentive Performance Materials Inc.

Second Quarter 2013
Earnings Conference Call

August 13, 2013

Forward-Looking Statements

Momentive Performance Materials Inc. (MPM)

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 Specialty Chemicals Inc., pricing actions by our competitors that could affect our operating margins, the impact of our substantial indebtedness, our failure to comply with the financial maintenance covenants under our secured revolving credit facilities or other covenants in such facilities or other debt instruments, 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 Performance Materials Inc. (MPM)

Overview of Second Quarter 2013 Results

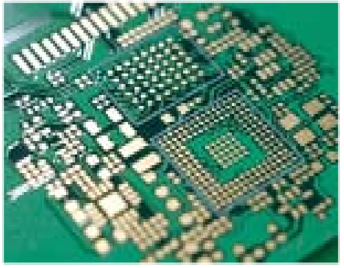
Craig O. Morrison
Chairman, President & Chief Executive Officer

Second Quarter 2013 Results

- Revenues of $610 million versus $627 million in prior year quarter, a 3 percent decline reflecting continued softness in certain end use markets and excess capacity in the silicones industry

- Segment EBITDA(1) of $63 million compared to $65 million in the prior year, a decrease of 3 percent, reflecting the negative impact of $6 million in unplanned manufacturing issues
  - Operating income of $10 million in 2Q'13 compared to operating loss of $(24) million in 2Q'12 reflecting lower selling, general and administrative expenses as well as decreased restructuring and other costs

- Continue to realize targeted cost savings as anticipated
  - As of June 30, 2013, realized $61 million in cumulative savings from the shared services agreement since inception
  - Continuing to pursue $15 million in total pro forma cost savings over the next 15 months



- Cash and available borrowings of $324 million as of June 30, 2013

- In April '13, MPM entered into two new secured revolving credit facilities replacing its previous senior secured credit facility

(1) 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. Effective in the third quarter of 2012, Segment EBITDA became 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.

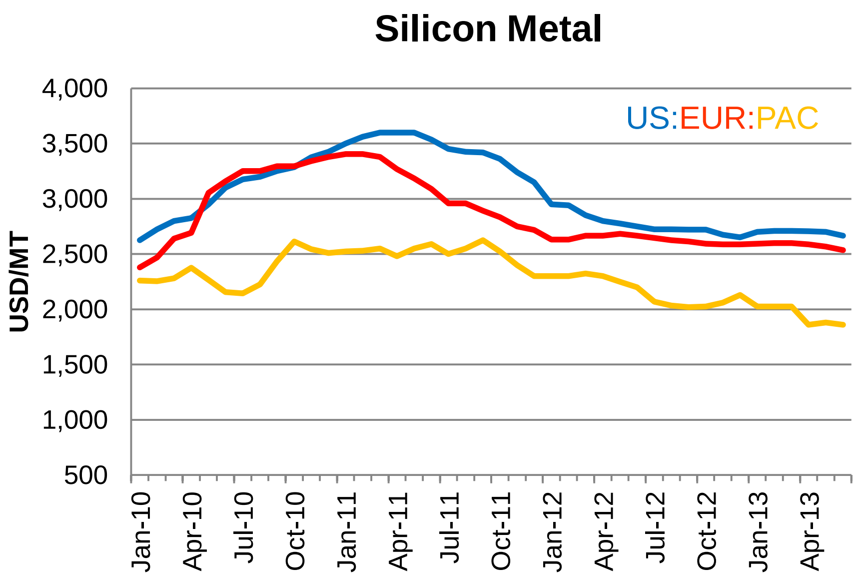
Second Quarter 2013 Segment Results

	Net Revenue ($ in millions)			Segment EBITDA ($ in millions)		
	2Q'12	**2Q'13**	**Δ**	**2Q'12**	**2Q'13**	**Δ**
Silicones	568	559	(2)%	59	63	7%
Quartz	51	59	(14)%	13	11	(15)%

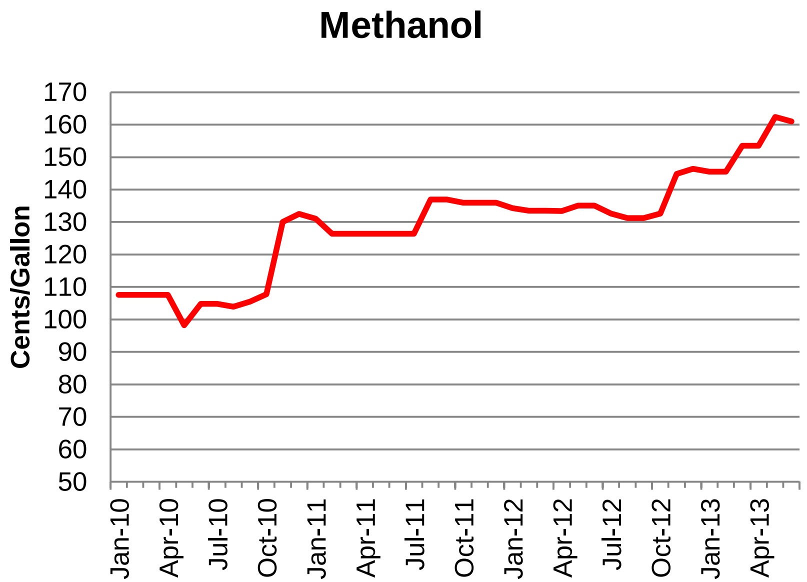
Summary

- 2Q'13 YoY silicone revenue declined slightly due to unfavorable exchange rate fluctuations and slightly lower volumes, while Segment EBITDA increased by 5% reflecting pricing actions, positive mix shift and the positive impact of cumulative cost reduction initiatives
- 2Q'13 Silicones EBITDA negatively impacted by $6 million in one-time costs within the quarter
- 2Q'13 quartz results continued to reflect cyclical downturn in demand for semiconductor capital goods

Raw Material Prices Remain Mixed



Source: CRU, 1.30 Fx EURO



Source: CMAI Methanol Contract-Net Transaction FOB Houston Tx

Summary

- 2Q'13 silicon metal prices essentially unchanged from year-end 2012 levels
  - International demand is still constrained by sluggish activity levels in Asia and Europe
- Methanol market is balanced but unpredictable gas supply in S. America along with Egyptian political unrest adds to the uncertainty of the market
- Macro economic uncertainty creates potential raw material cost volatility in 2H'13

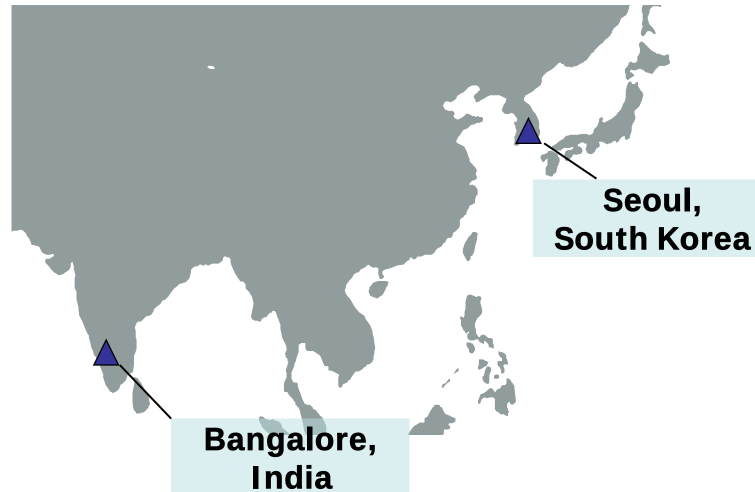
Strategic Growth Initiatives Strengthen Business Long-Term

Leverkusen Expansion

Summary

- In April, MPM announced expansion of its production facility in Leverkusen, Germany
  - Leverkusen site produces a wide range of silicone products and houses a technology center
- Site expansion will manufacture products for a large array of industries including automotive, personal care and commercial construction

Recent R & D Infrastructure Investments



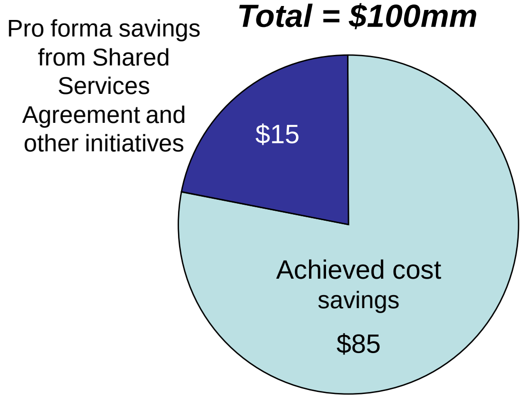
Summary

- In May, MPM opened its R&D expansion in Seoul, Korea
  - Global innovation center is focused on the electronics industry
  - Specifically focused on developing materials for display, light-emitting diode (LED) and organic light-emitting diode (OLED) applications
- Late 2012, opened new R&D site in Bangalore, India
  - Serves as regional HQ for IMEA

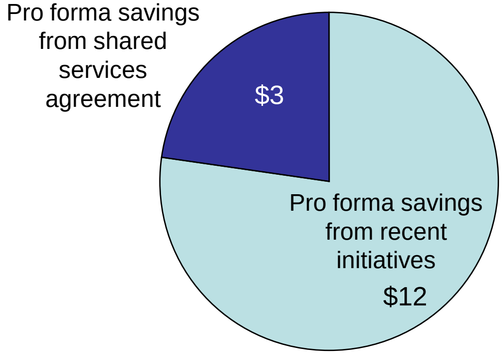
Productivity Initiatives Remain On Track

Total Cost Savings Targets	PF Savings by Category

Total = $100mm



Total = $15mm



<u>Summary</u>

- $100 million of total cost savings targeted since October 2010, including $36 million of cost reduction programs identified in 2012
  - Headcount actions announced in July 2012 totaled approximately 6% of global workforce
- Pro forma cost savings total $15 million at end of 2Q'13
- Growth synergy projects with MSC are projected to hit $50 million of revenue in 2013

IDENTIFIED COST SAVINGS TO BE REALIZED OVER NEXT 15 MONTHS

Momentive Performance Materials Inc.

Financial Review

William H. Carter
Executive Vice President & Chief Financial Officer

Silicones
Second Quarter 2013 Segment Results

($ in millions)	2Q Quarter Ended 2012	2013	Δ
Revenue	$ 568	$ 559	(2)%
Segment EBITDA	59	63	7%

2Q'13 Sales Comparison YoY

Volume	Price/Mix	Foreign Exchange	Total
(1)%	1%	(2)%	(2)%

Summary

- Sales decline primarily due to unfavorable exchange rate fluctuations and slight decrease in volume, partially offset by positive pricing and mix shift
- YoY increase in Segment EBITDA despite slightly lower volumes
- EBITDA negatively impacted by $6 million in one time events
- Segment EBITDA gains driven primarily by cost reduction programs and a positive mix

Quartz
Second Quarter 2013 Segment Results

2Q Quarter Ended

($ in millions)	**2012**	**2013**	**Δ**
Revenue	$ 59	$ 51	(14)%
Segment EBITDA	13	11	(15)%

2Q'13 Sales Comparison YoY

Volume	Price	Foreign Exchange	Total
(12)%	---	(2)%	(14)%

Summary

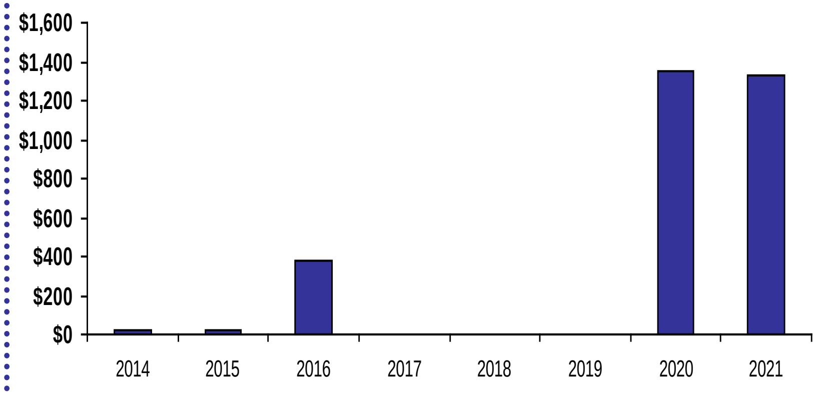
- Slowdown in semiconductor-related demand continued to negatively impact softer 2Q'13 results
- Anticipate modest demand improvement in 2H'13 and projected to continue into 2014

Balance Sheet Update & Financial Summary

- Continuing to aggressively optimize working capital and position inventories in 2013
  - The increase in net working capital of $21 million from December 31, 2012 was due primarily to an increase in inventory levels to meet customer demands and an increase in accounts receivable, partially offset by an increase in trade payables
  - Believe structural improvement opportunities remain to reduce inventories by year-end 2013
- First half 2013 capital expenditures of $39 million
  - Continue to anticipate FY’13 capital expenditures of $90 million to $100 million
  - Estimated total environmental and maintenance capital expenditures of ~ $55 million in 2013
- Liquidity: cash plus borrowing availability of $324 million at 6/30/13 supported by transaction involving GE and Asia Silicones Monomer Ltd.
- In April 2013, the Company entered into two new secured revolving credit facilities: a $270 million asset-based revolving loan facility, which is subject to a borrowing base (the “ABL Facility”), and a $75 million revolving credit facility (the “Cash Flow Facility”)
  - The Cash Flow Facility supplements the ABL Facility and is subject to a utilization test
  - The ABL Facility and Cash Flow Facility replaced the Company's existing revolver due 2014
  - The ABL Facility does not have any financial maintenance covenants (1)

Debt Maturities (6/30/12)

($ in millions)



Weighted Average Maturity 6.8 yrs.

(1) A minimum fixed charge coverage ratio of 1.0 to 1.0 that would only apply if the Company’s availability under the ABL Facility at any time is less than the greater of (a) 12.5% of the lesser of the borrowing base and the total ABL Facility commitments at such time and (b) $27 million.

Closing Remarks

Second Quarter 2013 Closing Remarks

- 2Q'13 Segment EBITDA continued to reflect global economic volatility and $6 million in non-recurring events
- Continuing to aggressively pursue productivity initiatives in response to challenging market conditions
  - $15 million of total pro forma cost savings at June 30, 2013
- Liquidity position: cash and available borrowings of $324 million (6/30/13)
- As a result of the recent refinancing transactions, the Company has no material debt maturities before 2016
- MPM remains focused on aggressively managing liquidity, achieving structural cost savings and fully leveraging its strategic growth investments

MPM REMAINS WELL POSITIONED AS KEY MARKETS RECOVER

Appendices

Reconciliation of Non-GAAP Financial Measures

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Segment EBITDA:				
Silicones	$ 63	$ 59	$ 138	$ 109
Quartz	11	13	16	22
Other	(11)	(7)	(23)	(18)
Total	63	65	131	113
Reconciliation:				
Items not included in Segment EBITDA:				
Non-cash charges	(4)	(15)	(5)	(10)
Restructuring and other costs	(4)	(16)	(8)	(26)
Total adjustments	(8)	(31)	(13)	(36)
Interest expense, net	(79)	(64)	(157)	(126)
Income tax (expense) benefit	(3)	(4)	(5)	(4)
Depreciation and amortization	(43)	(48)	(87)	(94)
Loss on extinguishment and exchange of debt	—	(6)	—	(6)
Net loss	$ (70)	$ (88)	$ (131)	$ (153)

(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. Adjusted EBITDA excludes the EBITDA of our subsidiaries that are designated as Unrestricted Subsidiaries under our debt documents. Adjusted EBITDA includes pro forma cost savings.

(2) The Company believes that Adjusted EBITDA provides additional information to investors about the Company's ability to comply with its financial covenant and to obtain additional debt in the future.

(3) Momentive Performance Materials Holdings LLC ("Holdco") is the ultimate parent company of MPM and MSC. **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.**

Reconciliation of Non-GAAP Financial Measures

		Last twelve months ended June 30, 2013
Net loss		$ (342)
Loss on extinguishment and exchange of debt		51
Interest expense, net		308
Income taxes		9
Depreciation and amortization		180
EBITDA		206
Restructuring and other costs	(a)	27
Non cash and purchase accounting effects	(b)	(2)
Management fee and other	(c)	5
Pro forma savings from Shared Services Agreement	(d)	3
Pro forma savings from other initiatives	(e)	12
Exclusion of Unrestricted Subsidiary results	(f)	(16)
Adjusted EBITDA		$ 235
Key calculations under the Credit Agreement governing the Cash Flow Facility		
Total Senior Secured Net Debt		$ 1,031
Senior Secured Leverage Ratio for the twelve-month period ended June 30, 2013	(g)	4.39

Footnotes for Reconciliation of Non-GAAP Financial Measures

(a) Relates primarily to restructuring and other costs.

(b) Non-cash items include the effects of (i) stock-based compensation expense, (ii) non-cash mark-to-market revaluation of foreign currency forward contracts and unrealized gains or losses on revaluations of the U.S. dollar denominated debt of our foreign subsidiaries and the Euro denominated debt of our U.S. subsidiary, (iii) unrealized natural gas derivative gains or losses, and (iv) impairment or disposals. For the twelve-month period ended June 30, 2013, non-cash items include: (i) unrealized foreign currency exchange gain of $6 million, (ii) asset disposal charges of $3 million and (iii) stock-based compensation expense of $1 million.

(c) Management Fee and Other include management and other fees to Apollo and affiliates and business optimization expenses.

(d) Represents estimated cost savings, on a pro-forma basis, from the Shared Services Agreement with MSC.

(e) Represents estimated cost savings, on a pro forma basis, from initiatives not related to the Shared Services Agreement implemented or being implemented by management, including headcount reductions and indirect cost savings.

(f) Reflects the exclusion of the EBITDA of our subsidiaries that are designated as Unrestricted Subsidiaries under our debt documents.

(g) The Senior Secured Leverage Ratio measures the ratio of Senior Secured Net Debt to Adjusted EBITDA. The Senior Secured Leverage Ratio maintenance covenant under the Cash Flow Facility will not begin to apply until the third quarter of 2014.

Momentive Performance Materials Debt at 6/30/2013

	June 30, 2013	December 31, 2012
$270 asset-based revolving credit facility, JPMorgan N.A. as administrative agent. Matures April 23, 2018, subject to certain exceptions. Interest varies at LIBOR plus 2.25%. The interest rate as of June 30, 2013 was 2.563%.	$ 35	$ —
First Lien Notes. Matures on October 15, 2020. Interest is payable semi-annually at 8.875%.	1,100	1,100
Senior Secured Notes. Matures on October 15, 2020. Interest is payable semi-annually at 10.0%.	250	250
Springing Lien Dollar Notes. Matures on January 15, 2021. Interest is payable semi-annually at 9.0%.	1,161	1,161
Springing Lien Euro Notes. Matures January 15, 2021. Interest is payable semi-annually at 9.5%.	172	175
Senior Subordinated Notes. Matures December 1, 2016. Interest is payable semi-annually at a coupon rate of 11.5%, with a yield-to-maturity of 11.68% as the notes were issued at a discount of $7.	380	380
Agricultural Bank of China Fixed Asset Loan denominated in RMB. Matures June 30, 2015. Interest on borrowings is based on 101% of the People's Bank of China reference rate. The weighted average interest rate at June 30, 2013 and December 31, 2012 was 6.51%. Interest is payable quarterly.	23	23
Agricultural Bank of China Revolving Working Capital Loan denominated in RMB. Matures June 30, 2014. Interest on borrowings is based on 105% of the People's Bank of China reference rate. The weighted average interest rate at June 30, 2013 and December 31, 2012 and 2011 was 6.00% and 6.89%, respectively. Interest is payable quarterly.	11	16
JiangSu Bank of China Revolving Working Capital Loan denominated in RMB. Matures November 13, 2013. Interest is payable quarterly at 6.00%	7	3
India Bank Medium Term Loan denominated in INR. Matures June 20, 2015. Interest on borrowings is set annually and is based on 99.5% of India Bank's Benchmark Prime Lending Rate plus a Tenor Fee of 0.5%. The interest rate at June 30, 2013 and December 31, 2012 was 14.50% and 14.75%, respectively. Interest is payable monthly.	2	2
Total long-term debt	3,141	3,110
Less current installments	27	29
Long-term debt, excluding current installments	$ 3,114	$ 3,081

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