



**RESPONSE TO MACQUARIE RESEACH ON POTENTIAL THIRD DEHYDRO UNIT**

**HOUSTON (Wednesday, June 1, 2011)** – Selectively, TPC Group Inc. will comment on company specific research and media reports in order to enhance, clarify or refute opinions or statements in order to better educate the public about our assets, markets and overall business.

Yesterday, a research report published by Macquarie Capital (USA) Inc., discussed, among other topics, idled assets within our Houston plant that were previously employed in the production of isobutylene, butene-1 and butadiene but shuttered in 2001.

Below is a selection of comments made in the report, and the Company’s response.

Macquarie Capital (USA) Inc. Comments:	TPC Group Inc. Response
<ul style="list-style-type: none"> <li>• <i>“A 1997 S-1 filing and a follow-up chat with management confirmed the presence of a third unit – a largely unknown, offline asset that holds value even if in rough operational shape and one that would lift firm EBITDA by 50%-plus, by our mark, if operating today.”</i></li> </ul>	<ul style="list-style-type: none"> <li>• The unit has not been operational since 2001 and is currently considered of no resource to the company for future projects.</li> <li>• Any EBITDA benefit in today’s market is highly hypothetical given the non-operational nature of the current structure.</li> </ul>
<ul style="list-style-type: none"> <li>• <i>“Our conversation with management post learning of a third (oxo-based) dehydro unit suggests that the 400mmpy butadiene unit, which has been offline since 2002 and previously processed an n-butane stream”from one of the two offline dehydros, is in rough condition. Mindful of this, we still argue that the unit holds value, as we estimate a new on-purpose butadiene dehydro of similar size would cost US\$325m and produce a 25%-plus cash-on-cash return based on current economics.”</i></li> </ul>	<ul style="list-style-type: none"> <li>• Management does not believe the current assets hold value; however, we view our proprietary catalyst based Oxo-D process as advantageous.</li> </ul>
<ul style="list-style-type: none"> <li>• <i>It is difficult to pinpoint a return on capital</i></li> </ul>	<ul style="list-style-type: none"> <li>• We do not think any of the current structure</li> </ul>



*target for TPC Group, as we are unsure of how much refurbishment the oxo dehydro would need to restart. This noted, we find an above 25% ROIC if the firm has to build a new one; thus, if we estimate that only 25% (we view this as conservative) of the asset is recoverable, it is still roughly US\$81m in savings toward the new build of a facility.*

would be recoverable and therefore not suitable for any type of re-start or refurbishment. Therefore, we believe there is no value associated with these assets.

### **Conclusion**

The Company continues to pursue the engineering study of our first dehydrogenation unit and could commence a similar study on a second dehydrogenation later this summer. At this time, we have no plans to address building any other dehydro assets. The company has and continues to examine potential applications for its proprietary Oxo-D technology.

For further information or discussion, please contact TPC Group Investor Relations at 713.475.5294.

Headquartered in Houston, TPC Group Inc. sells products into a wide range of performance, specialty and intermediate markets, including synthetic rubber, fuel additives, plastics and detergents. The Company has manufacturing facilities in the industrial corridor adjacent to the Houston Ship Channel, Port Neches and Baytown, Texas and operates a product terminal in Lake Charles, Louisiana. For more information, visit the Company's web site at <http://www.tpcgrp.com>.

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