

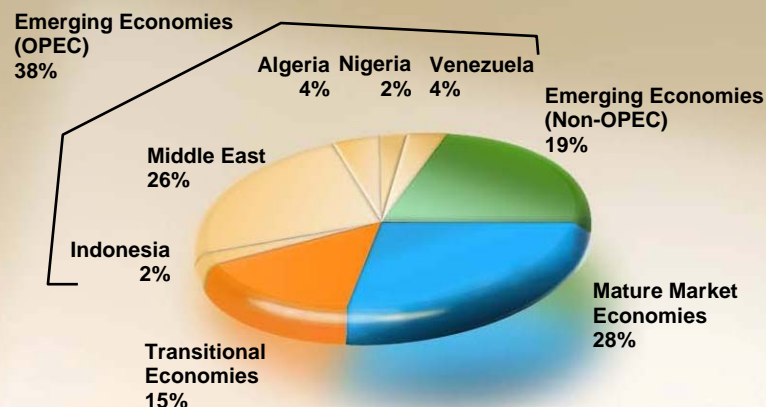


Biobased Industry Outlook
Sustainability of Biobased Products
Industries
November 6, 2007

Foreign Oil Risk Creates Renewable Opportunity

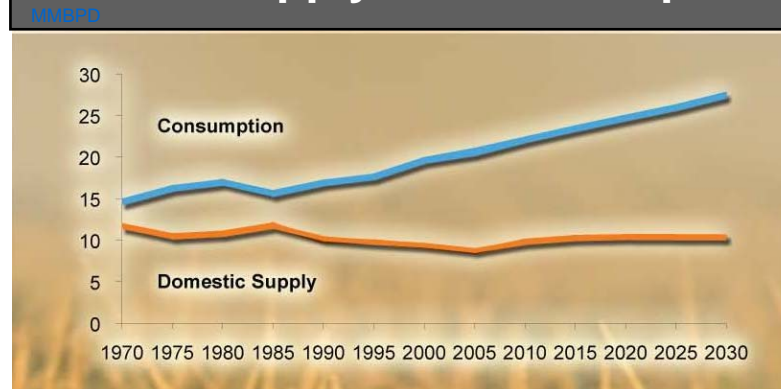
- U.S. dependence on foreign oil is increasing
- Majority of world oil from non-mature market economies
- Supply issues in Middle East, Africa and Latin America
- Oil prices at \$90+ barrel amid political uncertainty and potential supply issues in Middle East
- Rapidly rising demand for oil in China and India
- Refining margins are tightening as production costs are rising
- Ethanol, together with solar, wind and other renewable sources, offers an attractive, long-term energy solution

Significant Political Risk in Oil-Producing Countries 2004 % of Global Oil Production

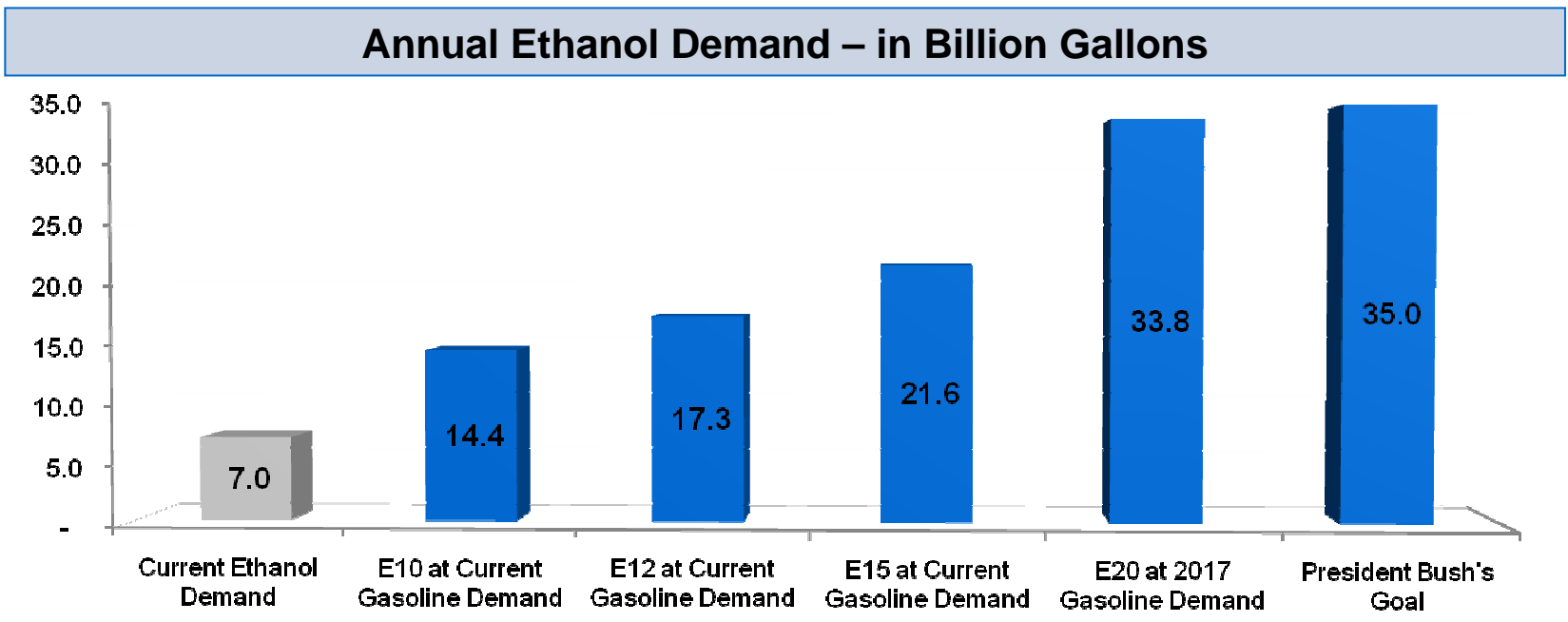


Source: EIA Annual Energy Outlook 2006.

Dependence on Foreign Oil Increasing U.S. Oil Supply vs. Consumption



Ethanol Demand has Room to Grow

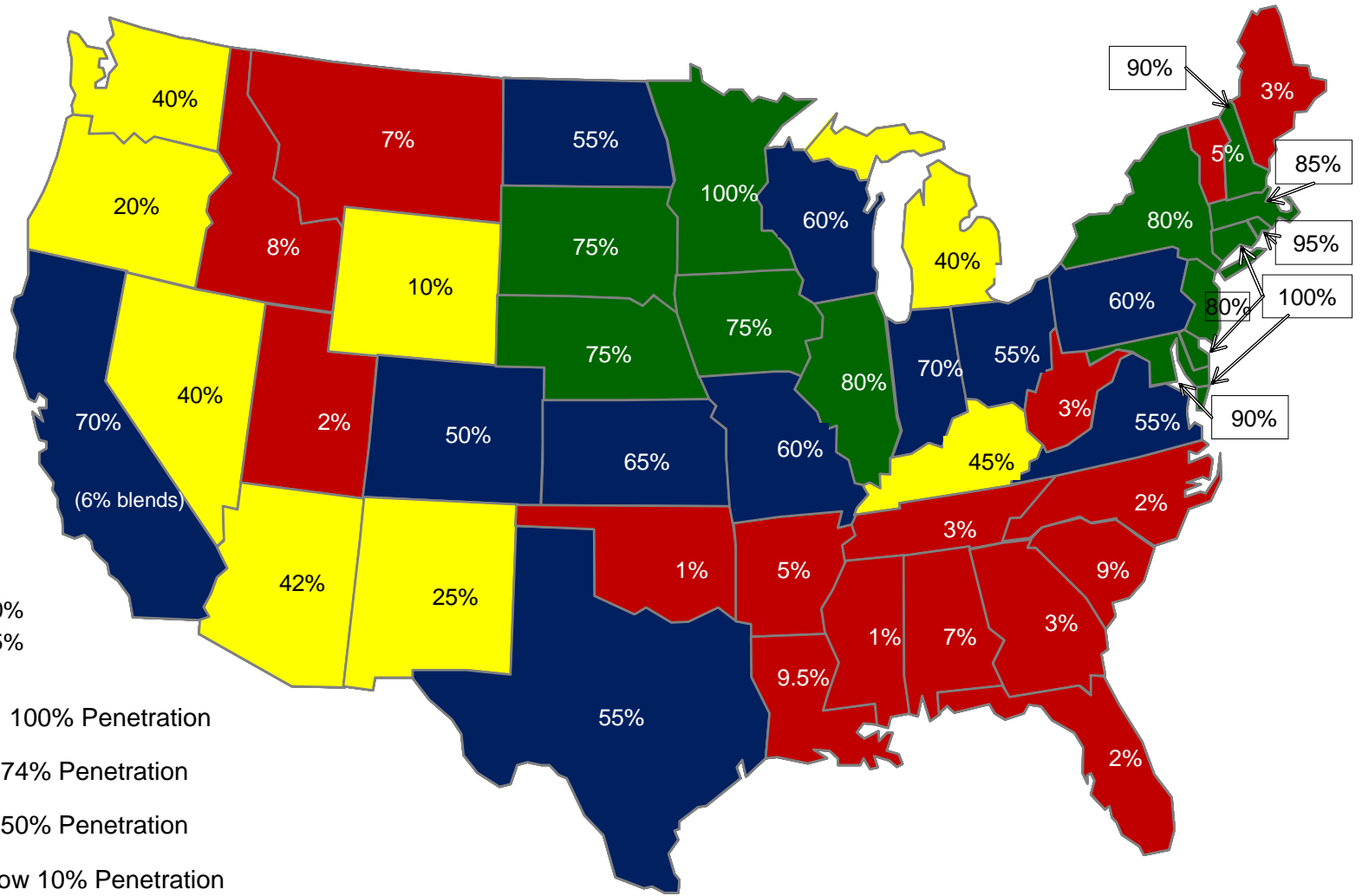


President Bush proposed that the U.S. move to use 35 billion gallons of ethanol and renewable fuels by 2017, along with a 20% reduction in gasoline consumption.⁽¹⁾

Note: current gasoline demand estimated to be 144.1 billion gallons year. 2017 demand projected to be 169.0 billion gallons, a compound annual growth rate of 1.6% (10 year average from 1996-2006). Source of historical data: USDOE EIA.
(1) 2007 State of the Union Address. January 23, 2007.

New Ethanol Markets Opening Up

10% Ethanol Blends as Share of Projected 2007 State Gasoline Sales



Alaska - 10%
Hawaii - 95%

- 75 - 100% Penetration
- 50 - 74% Penetration
- 10 - 50% Penetration
- Below 10% Penetration

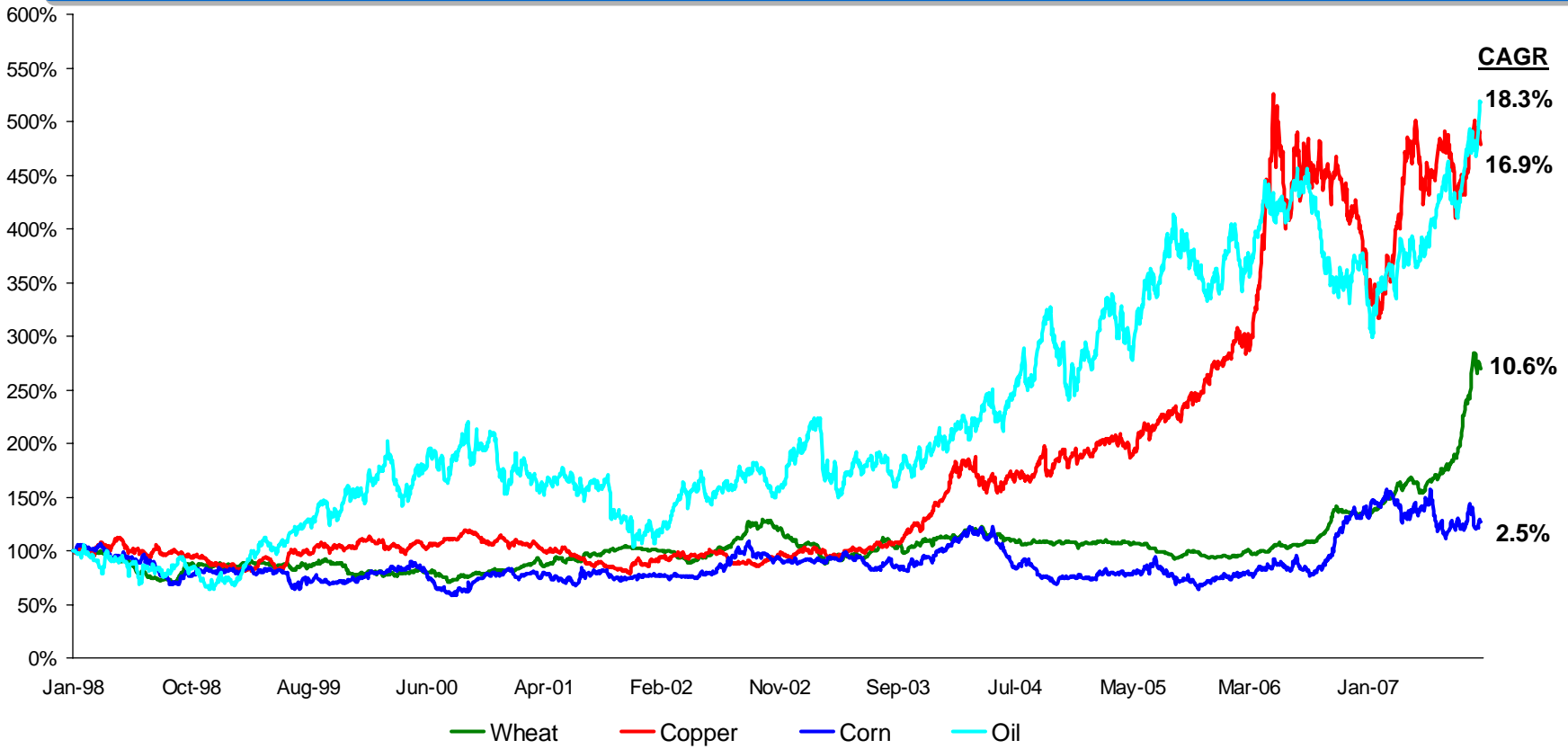


Source: Hart Energy Consulting

Is Ethanol Driving Up Food Prices?

- ▶ Prices for all commodities have increased over the last 10 years, with corn the least of all
 - Increases in food prices are substantially below the growth in energy prices

Historical Food & Energy Prices: Indexed Price Performance Since 1998



Source: Bloomberg

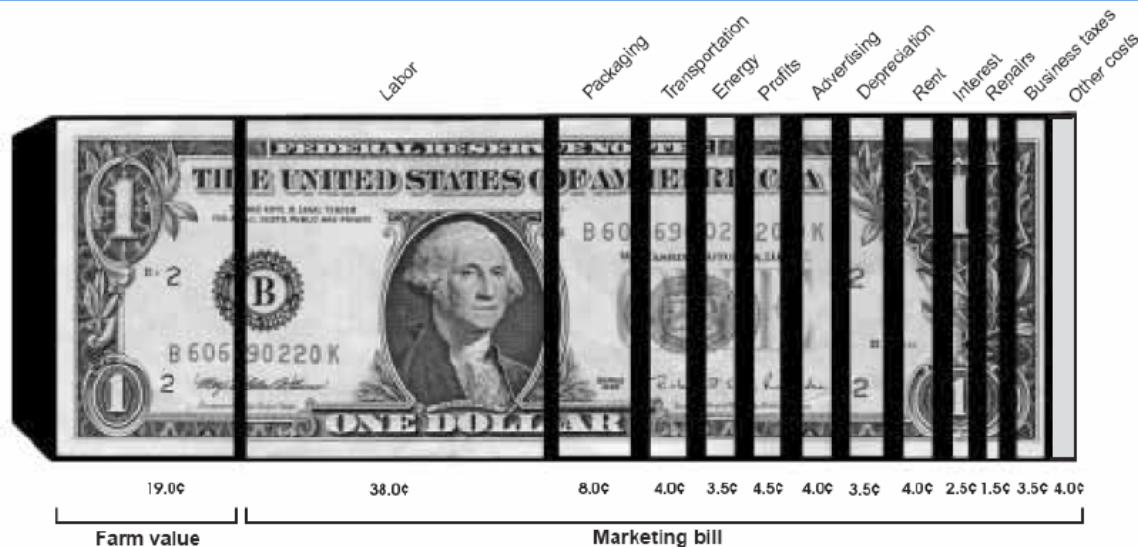


Farm Costs Are A Small Component of Food Prices

- ▶ The cost of food inputs accounts for just 19 cents of every consumer food dollar
 - Even at \$4.00/bushel corn, a box of cornflakes includes less than 5 cents worth of corn
 - Rising prices for corn, other grains and oilseeds do not translate to significant increases in food prices at the retail level

- ▶ Farm inputs are expected to continue to decrease as a percentage of retail food costs
 - Farm input costs relative to total expenditures have declined sharply from 33% in 1970 to 19% in 2003
 - Other food cost categories, especially those dependent on energy like packaging and transportation, are growing at significantly higher rates than farm input costs

Breakdown of Consumer Food Dollar



Any increases in food prices are driven by labor, energy, packaging and transportation, not corn.

Corn Supply will Support Ethanol Growth

- ▶ Factors supporting increased corn supply:
 - Increasing crop yields per acre
 - Biotech advances offer further yield improvements
 - Additional corn supply possible from switching acres

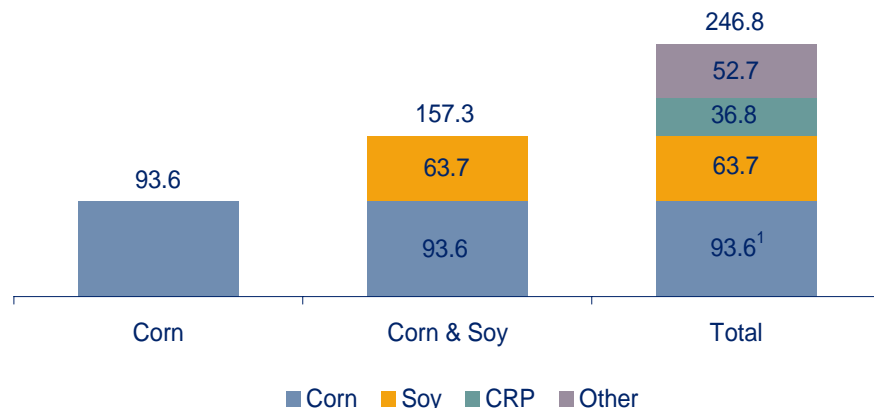
- ▶ For example, soy bean and Conservation Reserve Program (“CRP”) acreage

- ▶ Ethanol production effectively returns approximately 1/3 of corn supply utilized through the production of distillers grains

- ▶ Corn used for ethanol production represents only 14.5% of total corn use today net of distillers grains recovery

- ▶ U.S. crop acreage has capacity to support substantial ethanol industry growth

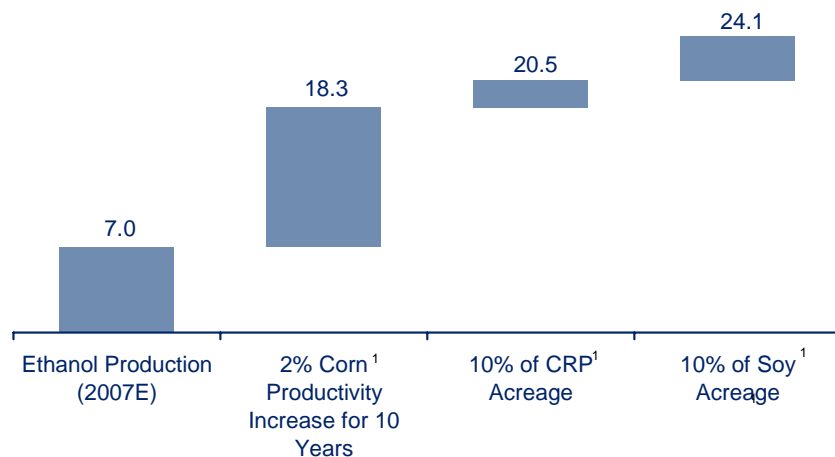
2006/07 U.S. Planted Acreage (thousands of acres)



Source: U.S. Department of Agriculture

¹ Approximately 13 million acres currently used for ethanol, net of distillers grains

Ethanol Capacity by Source (billions of gallons)



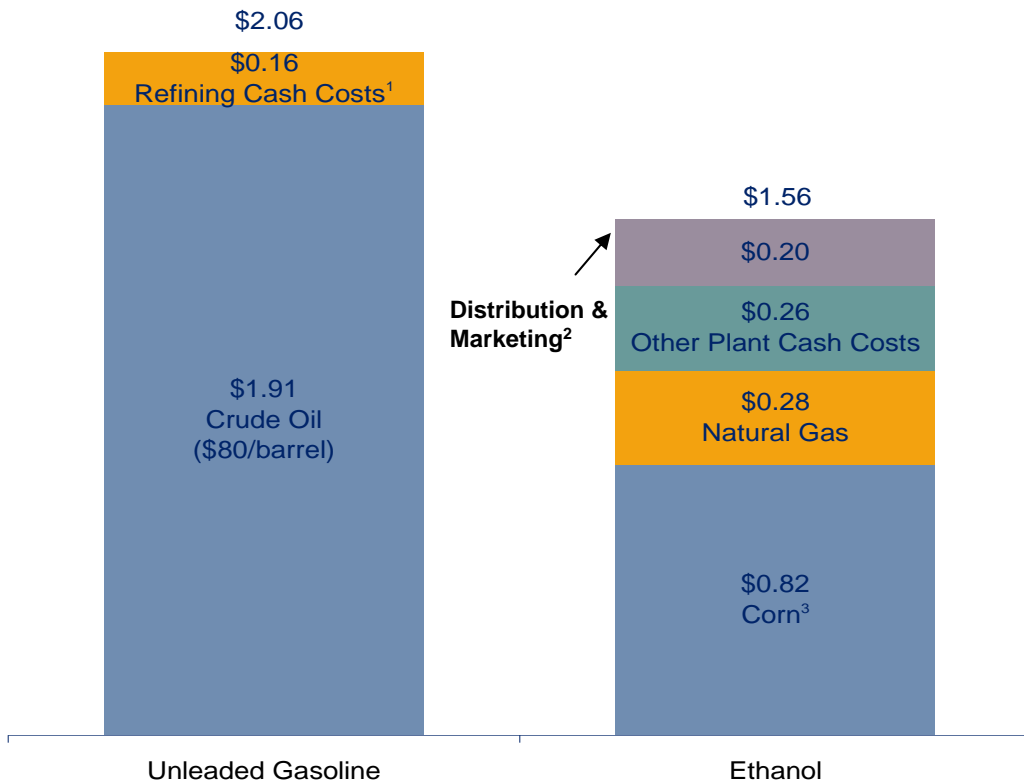
Source: U.S. Department of Agriculture

¹ Includes impact of distillers grains, which assumes that 1/3 of corn utilized through the ethanol production process is returned back to the corn supply

Compelling Economics of Ethanol

- ▶ Based on current commodity prices, ethanol is much cheaper to produce than gasoline
 - Overall cost further reduced by blenders tax credit

Cost to Produce Unleaded Gasoline and Ethanol (\$/gallon)

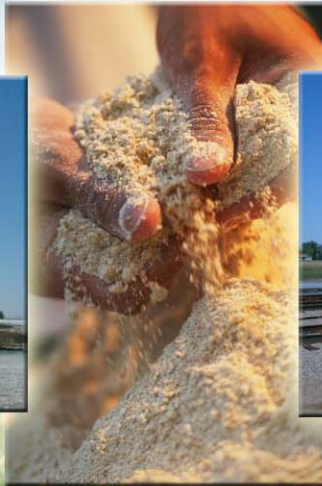


¹ Includes refining, transportation and other costs
² Includes 1% marketing fee from Hawkeye Gold
³ Assumes corn at \$3.50/bushel (CBOT) less a \$0.30 basis; net of distillers grains at 90% of corn costs, assumes \$8.46/mmbtu natural gas.



Ethanol – Only Getting Greener and More Sustainable

- ▶ Lower carbon footprint in ethanol production
 - Reduce overall energy and water usage through production technology
 - Ethanol uses 3 gallons of water per gallon of ethanol produced versus 8 gallons used by oil & gas producers. Companies working on ways to further reduce usage
 - Replace natural gas usage with stover, other biomass
 - Multiple feedstock options, including cellulosic, biomass, others
 - Reduce CO2 emissions
- ▶ Increase productivity of grain inputs
 - Fractionalization
 - Spinning oil to biodiesel
- ▶ Increase sustainability of corn through farming practices
 - Yields, starch levels and stover volumes are increasing through genetic improvements
 - Variable rate plant population technology, nutrient application/timing
 - Crop practices, ground cover, erosion control



Hawkeye: Leading an Energy Revolution