

# POET Cellulosic Ethanol Announcement

Jeff Broin, CEO, POET

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For more than 20 years, POET has been producing ethanol from a renewable resource; our nation's corn crop. Over those 20 years, I have seen the efficiency of production increase dramatically and have yet to see a day that it can't continue to improve. And as it improves, it increases its benefits to our country. The modern ethanol industry is decreasing our reliance on foreign oil, holding down the price of gasoline and reducing greenhouse gas emissions. It is also laying a foundation upon which the cellulosic ethanol industry will be built.

Even as POET has been improving the efficiency of corn ethanol production, we have always had one eye on cellulosic ethanol. Our commitment to cellulosic ethanol production started eight years ago with the development of our proprietary fractionation and raw-starch hydrolysis technologies. Our research efforts have increased substantially in the year and half since we were selected by the U.S. Department of Energy for a grant to construct a commercial scale cellulosic ethanol plant.

That expanded research effort has led to significant strides in the development of cellulosic ethanol. In recent months, our scientists have been able to achieve significant ethanol percentages in fermentation and improve the yield of ethanol from biomass. Additionally, in our work with farmers and agricultural equipment manufacturers, we had a very successful harvest of corn cobs last fall and anticipate further advances during an expanded harvest this fall.

Due to these advancements, I can tell you that I am surer of the future of cellulosic ethanol than I ever have been before. I can stand confidently before you today and say that it is no longer a question of "if" we are able to produce cellulosic ethanol, but "when." I don't know that I could have said that even one year ago.

It is that confidence that allows POET to take the next step toward the commercialization of cellulosic ethanol which is the reason for our announcement today.

A few months ago, we started construction on a pilot-scale ethanol production facility in Scotland, S.D. that will be added onto an existing ethanol plant. Today, we are ready to announce that we expect construction to be completed late in the fourth quarter and that we will be producing cellulosic ethanol at that facility later this year.

POET is making a \$4 million investment in this pilot facility, which will give us the scale we need to make final improvements in our technology before we start construction next year on Project LIBERTY, our commercial cellulosic ethanol plant in Emmetsburg, Iowa.

The feedstock for our cellulosic pilot facility will be the corn cobs harvested at our test site in southeastern South Dakota along with corn fiber extracted from the adjacent corn ethanol production facility with POET's proprietary fractionation process, BFRAC™. This facility will be the first of many integrated corn and cellulosic ethanol production facilities.

Some people have asked why POET is pursuing an integrated approach to corn and cellulosic ethanol. The answer is that POET believes this approach is the fastest way to achieve the commercialization of cellulosic ethanol. You see, the challenge is not to produce cellulosic ethanol in the lab. Dozens of companies have done that already, including POET.

The challenge that is set before everyone is to make the cellulosic ethanol process commercially viable and we believe that the advantages of cobs as a feedstock provide the fastest route to commercialization. The cobs are in the fields surrounding our 23 existing production facilities. They're already being grown by the farmers that bring us our grain and are invested in our facilities. And studies have shown that, while the weight

of the cob provides an excellent source of cellulose, it doesn't have much fertilizer value for the soil.

It is for those reasons that we are focused on the corn cob as our first feedstock for cellulosic ethanol production. And although the cob may seem small, its potential impact is not. That's because America's Corn Belt has enough cobs to produce five billion gallons of ethanol per year. That's five billion gallons of fuel that comes from an agricultural waste rather than imported from OPEC.

And that's why we're excited to announce the construction of our cellulosic pilot plant. By producing ethanol from cobs as well as the corn, we'll be doing even more to address two of our country's most pressing concerns: greenhouse gas emissions from vehicles and a dangerous dependence on foreign oil. If this country gets serious about cellulosic ethanol, we have enough biomass to produce 85 billion gallons of ethanol per year and completely eliminate our reliance on OPEC oil.

At POET, we're determined to play our part and help our country reach that important goal.

Thank you.