

Factors Driving the Economic Boom in Ethanol Production in the U.S.

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Ethanol Identified with a Range of Public Policy Initiatives Over 25 years

ENERGY

- Energy Security Act of 1978
- Alternative Motor Fuels Act of 1988
- Energy Policy Act of 1992

ENVIRONMENT

- Clean Air Act of 1990

AGRICULTURE

- Farm Bill of 2002
- Ag Appropriations – Commodity Assistance Bills

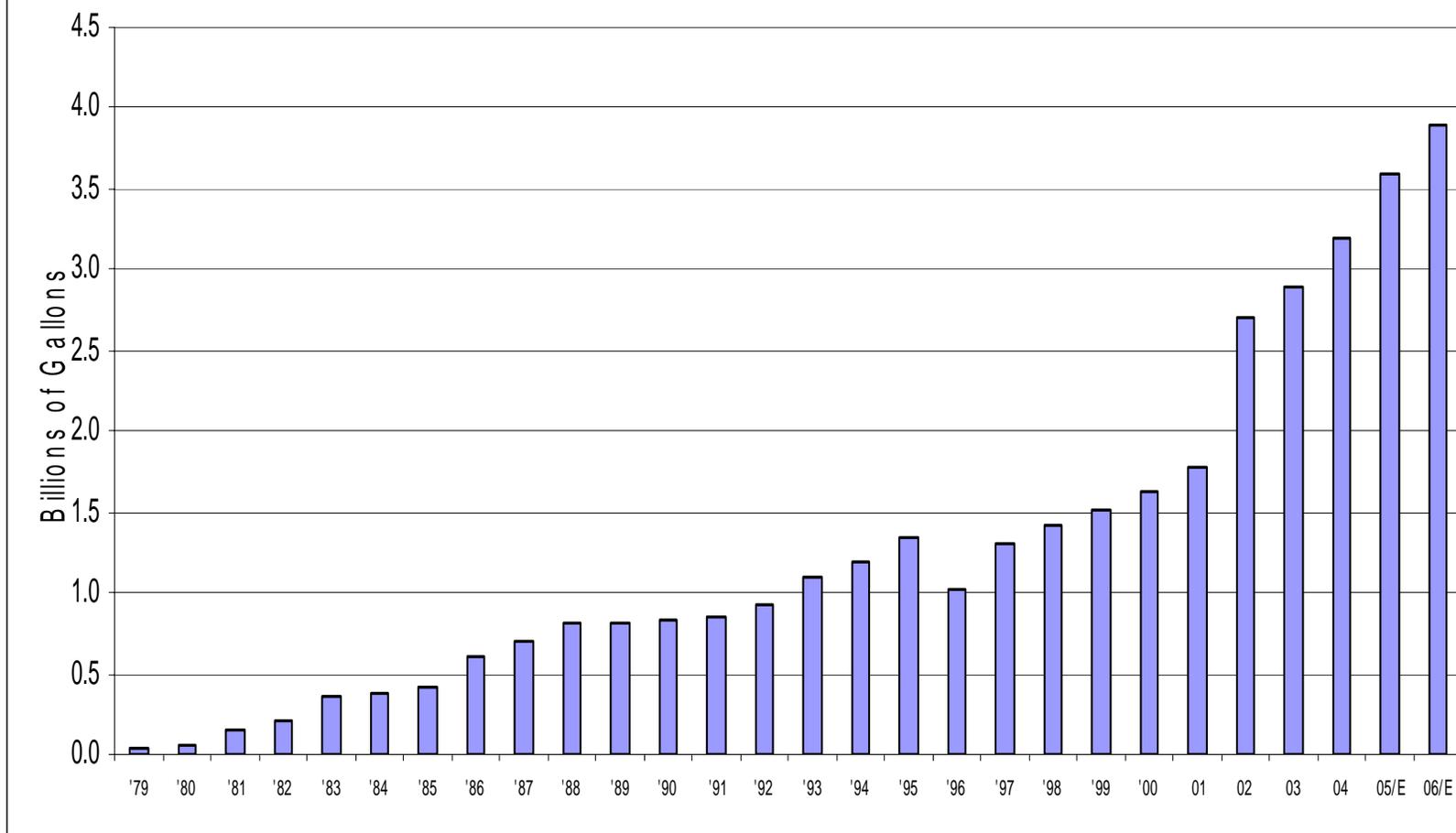
TRANSPORTATION

- Highway Bill of 1978

TAXES AND ECONOMIC DEVELOPMENT

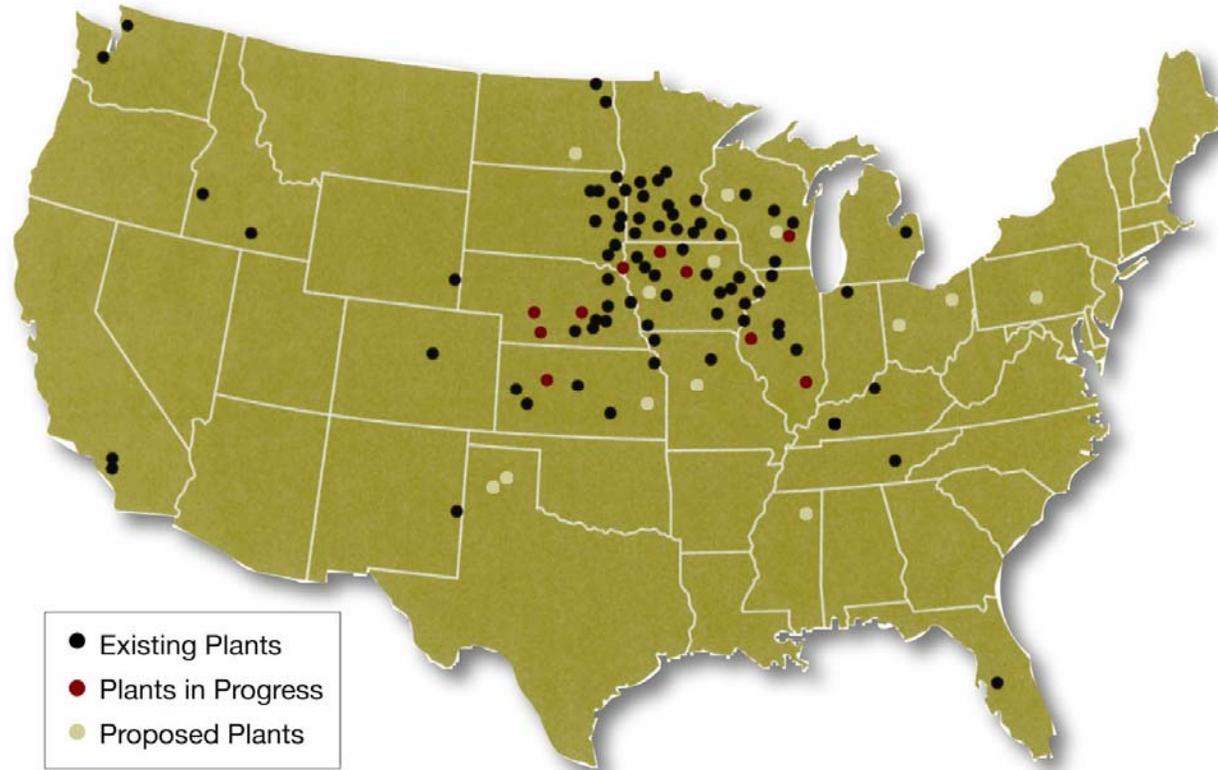
- Energy Tax Act of 1980
- Corporate Tax/Jobs Bill of 2004

U.S. Fuel Ethanol Production 1979-2006



*Ethanol production estimates based on year-to-date production from U.S. EIA.
2005-2006 capacity estimates courtesy American Coalition for Ethanol.*

U.S. Ethanol Plants

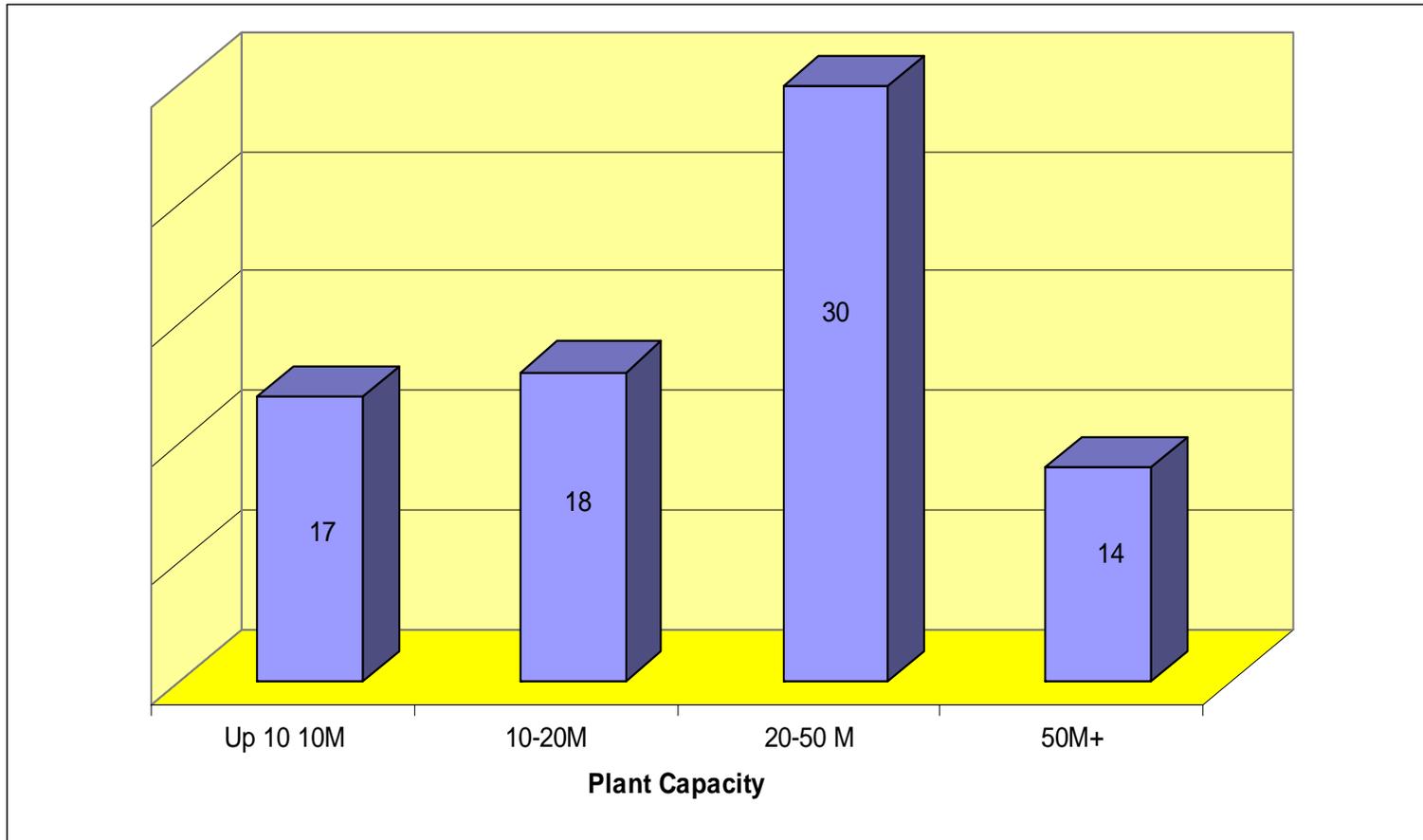


Current and projected ethanol production in U.S.
82 operating facilities – 3.45 BGPY/2004
600+ MGPY expansion/under construction, possibly 4+ BGPY/2006

Source: *Clean Fuels Development Coalition/American Coalition for Ethanol*

Rural America Taking Charge!

Plants Going up in Record Time with Larger Capacities and Investor/Owner Financing



Source: Clean Fuels Development Coalition

Factors Driving Ethanol Development

- Projected Growth via RFS
- Projected Growth via MTBE bans
- Clean Octane Needs
- CO Programs
- Ethanol Price Trend
- USDA Grants, Incentives, Loan Guarantees
- State Incentives
- Industry Efficiencies and Technology
- Low Cost of Money – Attractive ROI

Legislative Outlook

- Energy remains a top priority for the 109th Congress
- Ethanol continues to be an area of consensus
- Renewable fuels standard likely to be included

Political Support for Renewable Fuel Standard

- Ethanol producers
- Corn growers/agriculture
- 2/3 U.S. Governors
- Air quality officials
- Water quality officials
- Majority of U.S. Senate
- Bush Administration (Clinton as well)
- Highway interests/road builders
- American Petroleum Institute
- State petroleum councils