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Good afternoon.

My name is Jeff Broin, CEO of POET. We are a Sioux Falls, South Dakota based ethanol producer with 26 production facilities located throughout the Midwest.

I grew up on a farm in Southeast Minnesota, and it was on this farm where our company actually got its start. If any of you grew up on a farm, you know that farmers are a very industrious people, always looking to reduce waste and cost; while improving productivity.

My father was one of those very innovative farmers who was never afraid to experiment. He was usually ahead of his time. As an example, he built a homemade system to dry our grain using renewable ag waste as the fuel. One summer, he even built the family a swimming pool and created a homemade solar system to heat it.

During this time the U.S. government was paying farmers to take productive farmland out of production because as usual, American farmers were overproducing. This really frustrated my father since he saw the country becoming increasingly dependent of foreign oil while he knew we could use this land for fuel.

So we did something about it – we built a small-scale ethanol plant right on the family farm so we could put the excess grain we were producing to good use.

Now that we had this small ethanol plant, we were always in need of spare equipment and parts.

Since there were a number of ethanol plants going bankrupt at that time, we spent a lot of time traveling to auctions looking for deals. In 1987, while we were at an auction in Scotland, South Dakota, instead of coming home with some extra parts, we ended up owning the entire plant. We mortgaged the family farm and bought the whole thing for \$70,000.

So at the ripe old age of 22, I moved to South Dakota to renovate this plant – even lived in the plant for a time. I'll spare you most of the details; but through a lot of hard work, good public policy, trusting bankers, and quite a bit of luck; this one little plant has grown into what is now the largest ethanol producer in the country with 26 plants and 1.6 billion gallons of ethanol capacity.

We also produce over 4 million tons of our Dakota Gold distillers grain which is a high-protein animal feed sold around the world.

- We have over 10,000 farmers who have invested into our plants.
- 30,000 family farmers who deliver grain to our plants.
- And we employ over 1,500 people in green collar jobs throughout rural America.

But what I'm here to tell you today, is that although many may consider this a great American success story, I don't believe we at POET – or the entire ethanol industry for that matter – has scratched the surface of what biofuels can do for this country; and the entire world.

I am well aware that over the past few years, the US ethanol industry has taken a major public relations hit.

Big American food companies have accused us of causing higher food prices – while they have enjoyed record profits and seem to forget to mention that ethanol production actually contributes huge amounts of protein to the food supply.

Some have said that ethanol is a net energy loser – using old data and not taking into account advancements that have made ethanol production incredibly efficient.

And now, there are some well-intentioned folks who have gone so far as to suggest that renewable biofuels may be worse for the environment than gasoline. They claim we're causing changes in land use – ignoring the fact that corn acres have actually decreased as ethanol production has increased.

What's next? Who knows?

I suppose we'll be blamed for the Branjolina breakup.

But I'm not here today to spend our time defending the past. What I would like to talk to you about is where the US ethanol industry is today and the remarkable potential for ethanol in America and throughout the world. So I have 3 main points that I'd like to share.

First, you should know that ethanol is here; and it's now. It's not some hope strategy. The industry has been around for over 100 years. Did you know that Henry Ford designed the Model T to run on either gasoline or ethanol?

During the last 20 years in particular, we have dramatically improved technology, invested in infrastructure and made a noticeable impact on our nation's fuel supply.

Today, the US ethanol industry has over 13 billion gallons of capacity, which is almost 10% of our entire country's gasoline usage. This is more than the equivalent of gasoline BTUs that we import from Saudi Arabia – Iran – Venezuela – or any country other than Canada.

Ladies and gentlemen, this is fuel made right here in the United States by American workers and family farmers and it is reducing our need to import foreign oil while significantly reducing emissions.

Also, ethanol works in today's automobiles. Over 80% of the gasoline sold in the U.S. is blended with at least some ethanol. At a very small cost, all automobiles could be made to run on any blend of ethanol. And there's new, revolutionary engine technology.

One example is the EBDI engine developed by the international engineering firm Ricardo. This engine technology can use zero to one hundred per cent ethanol and optimizes ethanol's high octane, improving mileage, power and emissions over today's standard engines.

The American ethanol industry is also responsible for the creation of nearly 500,000 U.S. jobs.

It has helped the American family farmer by creating a new market for his product, reducing government farm subsidies by over 8 billion dollars while spurring incredible investment in farming technology to increase yields and reduce costs.

This brings me to my second point. As agriculture yields increase and cellulosic ethanol is commercialized, biofuels could realistically replace the use of gasoline in this country.

Yes. Let me repeat that. As yields increase and cellulosic ethanol is commercialized, biofuels could realistically replace gasoline in this country.

One of the things we're really good at in the US is growing things. Over the years we've outsourced much of our manufacturing. And certainly, we have become reliant on foreign countries for our energy.

If the world's map would be based on oil reserves, it would look something like this. Pretty scary. The U.S. is pretty small and places like Saudi Arabia, Kuwait and Venezuela dominate. But, if the world's map would reflect agricultural production, it would look like this.

Our country is becoming more urban all the time, but one of our greatest strengths is agriculture. We continue to lead the world in this area and contrary to the beliefs of some, farming still is the backbone of this great nation.

And what's interesting is that agriculture production is still growing in the U.S. Grain yields have improved dramatically in the US for over 150 years. And there is really no end in sight. As a matter of fact, yields are improving at a faster rate now than ever before.

One hundred years ago, the average yield for corn per acre was 27.9 bushel. Fifty years ago it was 54.7. In 2000 it was 136.9. And this past year, American farmers produced an all-time record corn crop with an average yield of over 165 bushels per acre.

This record crop of over 13 billion bushels was produced on 7 million fewer acres than the previous record crop.

And the major seed companies expect this trend to continue, potentially bringing yields up to 300 bushel per acre by 2030.

If we don't use this excess grain for things such as biofuels, we'll be back to the days of paying farmers not to produce, which in turn will burden the U.S. taxpayer while reducing investment and innovation in farming.

Why not use this tremendous resource to become more energy independent instead?

In addition to grain ethanol production, the ethanol industry is on the cusp of commercializing the production of ethanol from other feedstocks such as agricultural waste, wood waste, and even trash.

There are several pilot scale cellulosic plants in operation today, including ours, interestingly enough located at the same site that we originally purchased in 1987.

We have made many exciting advancements in our cellulosic process that have reduced costs per gallon to the point where we are close to being competitive with gasoline. We are planning to begin construction of our commercial scale plant later this year in Emmetsburg, IA. We call it Project LIBERTY.

At POET we will be using agricultural residue as our feedstock, primarily the corn cob, which today is blown out of the back of the combine and left to rot in the field. From the corn cob, we will not only make ethanol, but part of it will be used as the fuel source for both the cellulosic and grain ethanol plants, eliminating the need for natural gas at both facilities.

This model will make both grain and cellulosic production incredibly efficient and environmentally friendly, reducing greenhouse gas emissions by over 65% compared to gasoline.

And do you know how much biomass we have in the United States? In the forms of grasses, wood waste, and agricultural waste like the corn cob, there is over one billion tons available for conversion to ethanol.

Combining the tremendous potentials of both grain and cellulosic ethanol, the feedstock is there and the technology is there to produce as much as 140 billion gallons of ethanol, or roughly the equivalent of the amount of gasoline our country uses today.

Not only can this be done, but it will be done in a very sustainable way; using only waste materials and excess grain – not using any more land – while increasing our food supply, achieving energy independence, and reducing emissions.

The ethanol industry as we know it today is only the foundation for what it can and should become in the future.

My final point today is that biofuels can transform agriculture on a worldwide basis.

What I have seen this industry do in the United States can be the blueprint for bringing many parts of the world out of poverty, while solving major hunger and energy problems.

You see, there is between 1 and 1.2 billion acres of land in the world that at one time was used for farming, but is now out of production. To put this in perspective, this is three times the amount of land that is currently farmed in the United States today.

Or put another way, if you took the land mass of the ten largest US states and added them all together, you'd have about 1.2 billion acres. This is an incredible opportunity.

And we're not talking about rainforests here. This is land that has already been tilled and farmed, but is sitting idle today. And the key to bringing this land back into production and to increasing yields on existing land to provide food, feed, fiber and fuel is a sustainable price.

I know it is counter-intuitive, but commodity prices below the cost of production doesn't help our hunger and energy problem. What the world needs is sustainable ag prices.

Past US policies that dumped excess grain cheaply on foreign markets has actually had the unintended consequence of putting foreign farmers out of business.

But with a sustainable price, where farmers can actually profit from their labors, we will see a global explosion that we haven't seen since John Deere invented the plow. And with this explosion, countries around the world will be able to produce the food, feed, fiber and fuel they need from plants.

And the only possible way to have sustainable agricultural prices is to have a strong biofuels market which can help keep commodity prices at a level at or above the cost of production.

This will drive investment, development and innovation into agriculture throughout the world. And managed properly, this can be done in a very environmentally friendly way.

For me, this all started when I was a kid growing up on the family farm. I must tell you, growing up on a farm isn't always the most fun. For those of you who were also raised on a farm, you know what I'm talking about. You have to work, and it's hard work. While many of your friends are out have a good time, you're at home milking cows, throwing bales and doing chores.

But growing up on farm did give me these incredible opportunities to not only build this company, but to be part of this renewable energy movement that has the power to change our world.

And, when you do grow up on a farm, you also get to learn a few things. You learn about nature. You learn that if you plant a seed, and take care of the land around it, the seed will grow.

It grows into a valuable plant by storing up the energy it gets from the sun. When you think about it, plants are nature's way of storing solar energy. There are scientists trying to figure out how man may someday store it efficiently. But nature already has it figured out.

And in biofuels production, we're simply taking that stored solar energy and converting it into a useable liquid fuel while leaving the protein for food and feed – all in sync with the environment.

When you plant that seed and want the plant to grow and become something of value, you also have to keep the weeds out. If you let the weeds go, they have the power to overtake the plant and prevent it from reaching its full potential.

Biofuels is like that plant: full of value and full of potential. If we as a nation will use the common sense of the farmer by taking care of the environment around it and keeping the pesky weeds out, biofuels will continue to grow and our nation and the world will be able to enjoy its bounty.

Thank you.