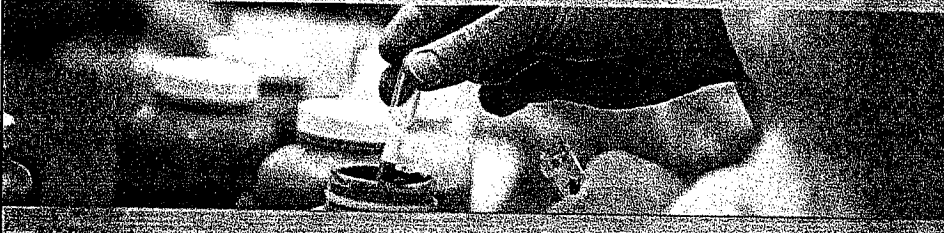


ICM
the energy of innovation™

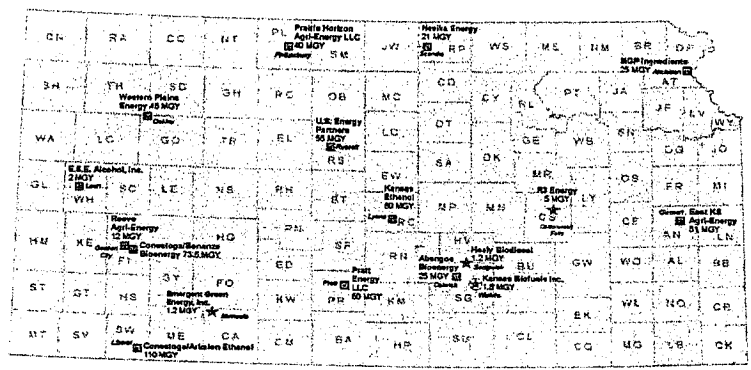
Kansas and US Ethanol Industry Overview




Greg Krissek
ICM, Inc.
Director of Government Affairs
Direct Line: 316.977.6549

© 2012 ICMH - All rights in the US-registered "ICM" and "a ethanol" logos/trademarks, whether or not registered in country of use, are reserved to ICM, Inc. and no rights of use are granted with this presentation.

Ethanol and Biodiesel Plants in Kansas






MGY = Millions of gallons per year of processed capacity. Capacities are courtesy of the Kansas Department of Health and Environment and the Kansas Department of Revenue.

Ethanol Plants

- ☐ Existing: 12 plants, 518.5 MGy
- ☐ Idle: 1 plant, 60 MGy

Biodiesel Plants

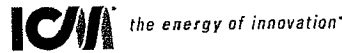
- ★ Existing: 3 plants, 7.4 MGy
- ✳ Idle: 1 plant, 1.8 MGy



© 2012 ICMH - All rights in the US-registered "ICM" and "a ethanol" logos/trademarks, whether or not registered in country of use, are reserved to ICM, Inc. and no rights of use are granted with this presentation.

Renewable Fuels Standard (RFS2)

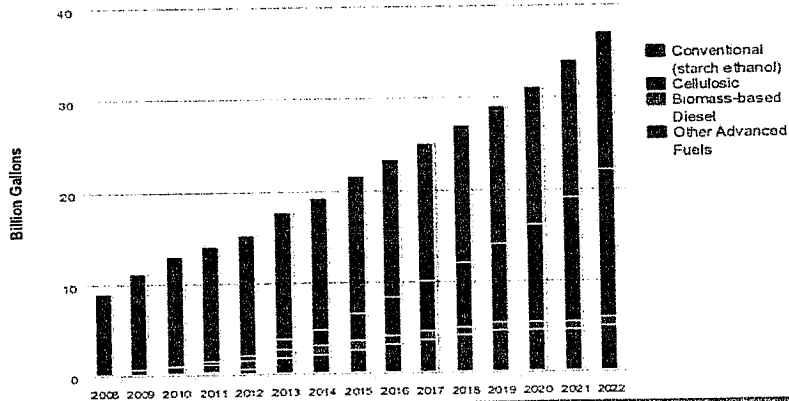
- > Calls for 36 billion gallons per year by 2022
 - Previous standard was 7.5 BGY
- > Splits renewable fuels into 4 categories
 - Cellulosic biofuels – 60% GHG reduction
 - Biomass-based diesel – 50%
 - Advanced biofuels – 50% (Sugar cane, sorghum, etc.)
 - Renewable fuels - 20% (Corn)
- > Caps corn starch ethanol at 15 BGY
 - Current US capacity already at or above 15 BGY



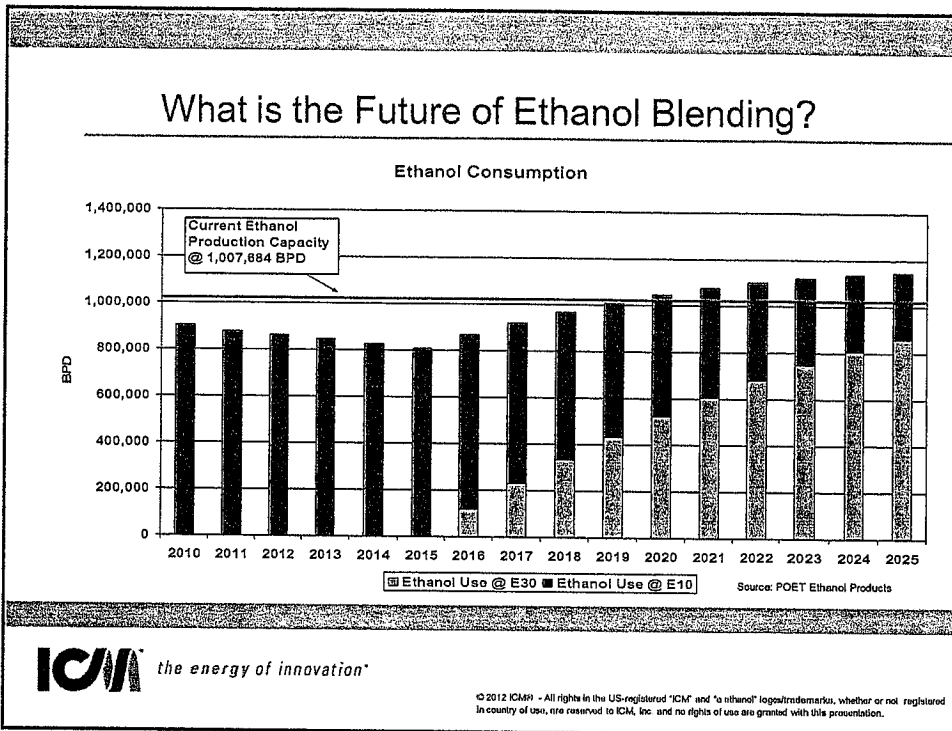
© 2012 ICM® - All rights in the US-registered "ICM" and "e ethanol" logos/trademarks, whether or not registered in country of use, are reserved to ICM, Inc. and no rights of use are granted with this presentation.

RFS2 Schedule – EIA

Renewable Fuel Standard Volumes by Year



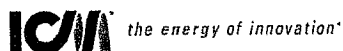
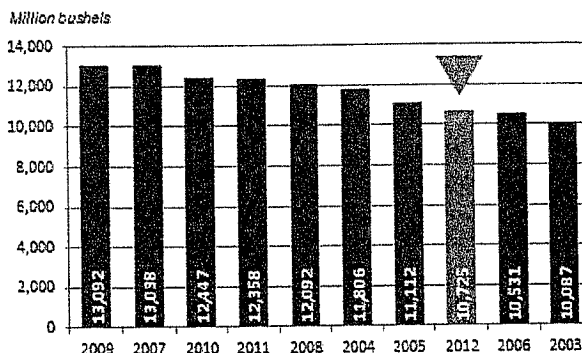
© 2012 ICM® - All rights in the US-registered "ICM" and "e ethanol" logos/trademarks, whether or not registered in country of use, are reserved to ICM, Inc. and no rights of use are granted with this presentation.



- ### RFS Waiver Requests
- > Requests filed by governors of various states on behalf of livestock producers
 - Only governors and obligated parties can submit a waiver request to EPA
 - > Waiver request must show "severe economic harm" caused by RFS
 - Current economic harm clearly caused by drought
 - Many analysts project waiver would not lower corn or feed prices
 - Conversely, a waiver would likely lower corn planting next year, raising prices further
 - > EPA received comments to waiver request thru October 11th
 - > EPA denied the waiver requests on November 16th
- ICM** *the energy of innovation*
- © 2012 ICM® - All rights in the US-registered "ICM" and "a ethanol" logos/trademarks, whether or not registered in country of use, are reserved to ICM, Inc. and no rights of use are granted with this presentation.

2012 Still a Significant Corn Production Year in USA

10 Largest Corn Harvests

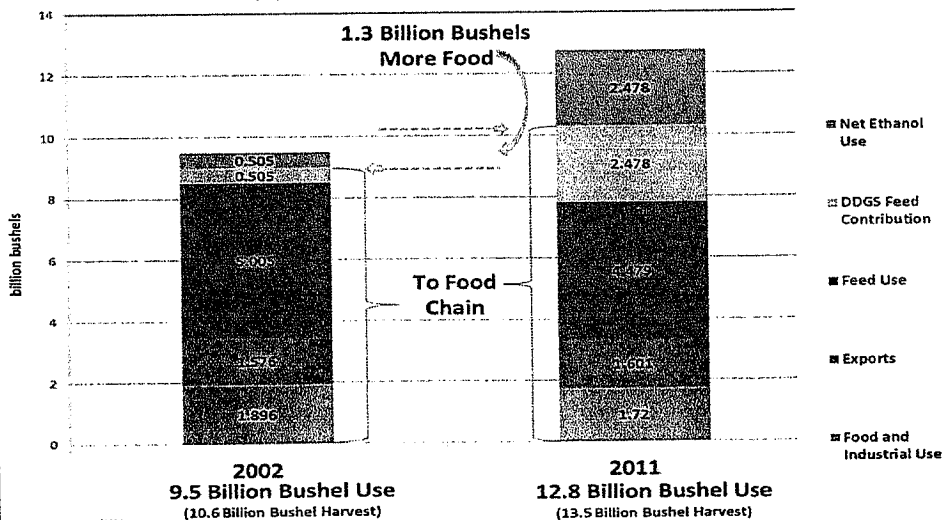


Source: National Corn Growers Association

© 2012 ICM® - All rights in the US-registered "ICM" and "e ethanol" logos/trademarks, whether or not registered in country of use, are reserved to ICM, Inc. and no rights of use are granted with this presentation.

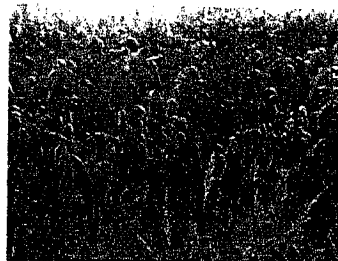
Some Good News

More Ethanol = More Food



Sorghum Potential

- > KS normally largest producer, though down this year
- > Generally plants in KS, TX, NE, and AZ are ones that run sorghum
- > Sorghum currently about 15 cents cheaper than corn per bushel, historically 15-20 under
 - Same ethanol yield as corn
- > Sorghum is a drought tolerant crop
 - Sorghum doesn't have usable oil, though, as more facilities install oil extraction
- > EPA expected to recognize sorghum as an Advanced Biofuel feedstock
 - Advanced RINS ranged 30-70 cents/gallon
 - EPA pathways pending, will likely need additional technology – digester, turbine, CO2 sequestration
- > Sweet sorghum and energy sorghum can be processed like sugarcane for ethanol and biomass harvesting



ICM the energy of innovation™

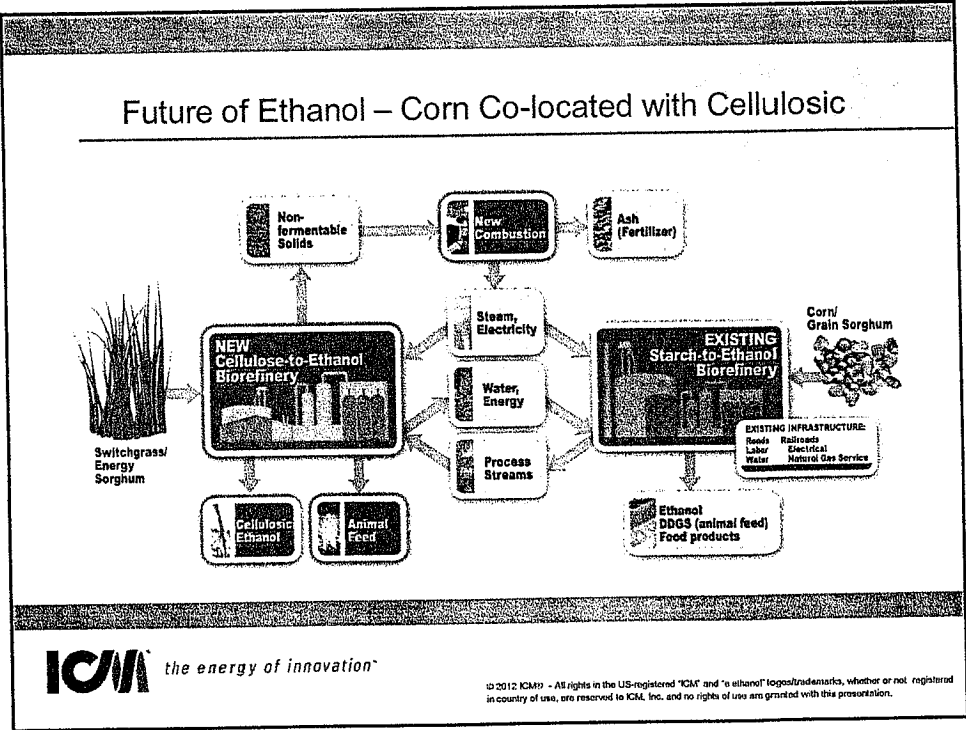
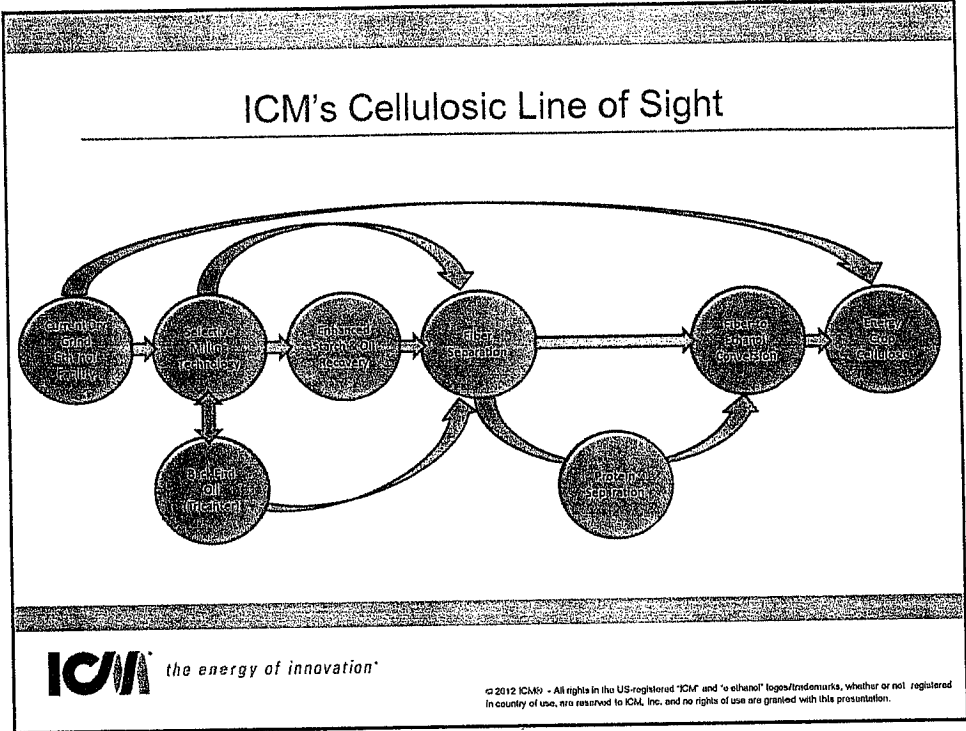
© 2012 ICM® - All rights in the US-registered "ICM" and "to ethanol" logos/trademarks, whether or not registered in country of use, are reserved to ICM, Inc. and no rights of use are granted with this presentation.

E15

- > EPA has approved E15 for cars built in 2001 and newer
 - Growth Energy, RFA, and ACE can all help retailers add E15 as a product
 - www.ethanolretailer.com, www.ethanolrfa.org, www.ethanol.org
- > Economics strongly in favor of blending E15 over E10 as ethanol is 50-60 cents cheaper
- > Independent analysis sees 40% of US gasoline being E15 by 2014, 80% within 5 years
- > EPA has approved misfueling mitigation plans, but a few questions remain
- > Richard Childress (NASCAR) says NASCAR has logged over 3 million miles on E15
 - ZERO fuel-related failures
 - Reduced deposits in engines
 - Pistons and valves are in better shape
 - Engine temperature slightly cooler
 - No component design changes when E15 adopted

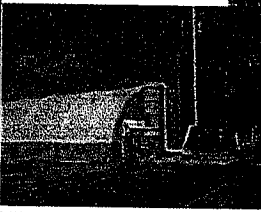
ICM the energy of innovation™

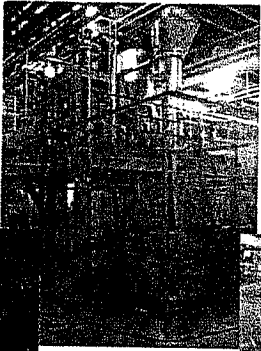
© 2012 ICM® - All rights in the US-registered "ICM" and "to ethanol" logos/trademarks, whether or not registered in country of use, are reserved to ICM, Inc. and no rights of use are granted with this presentation.




ICM Generation 2 Pilot Plant

Feedstock
Receiving

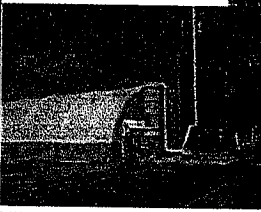




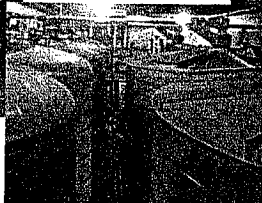
Hydrolysis –
Fermentation



Distillation



Pretreatment



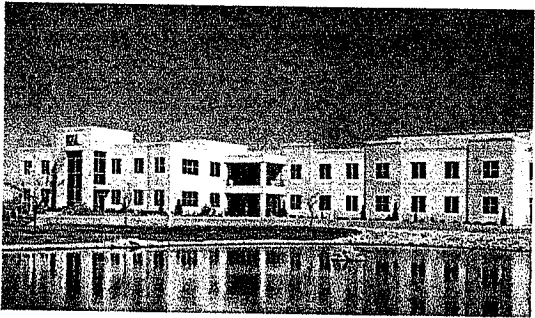
Hydrolysis –
Fermentation

ICM *the energy of innovation*

© 2012 ICM® - All rights in the US-registered "ICM" and "e ethanol" logos/trademarks, whether or not registered in country of use, are reserved to ICM, Inc. and no rights of use are granted with this presentation.

Thank You!

Greg Krissek
Director of Government Affairs
ICM, Inc.
310 N. First Street
Colwich, KS 67030
316/977-6549
gkrissek@icm-inc.com



ICM *the energy of innovation*

© 2012 ICM® - All rights in the US-registered "ICM" and "e ethanol" logos/trademarks, whether or not registered in country of use, are reserved to ICM, Inc. and no rights of use are granted with this presentation.

EPA Decision to Deny Requests for Waiver of the Renewable Fuel Standard

Background

- This summer, in light of drought conditions affecting the country, Governors from several States requested a waiver of the national volume requirements for the renewable fuel standard program (RFS).
- On August 30, 2012, EPA provided notice of the waiver requests and invited public comment on issues relevant to making a decision on the requests.
- EPA's public written comment period on the waiver requests closed on October 11, 2012. Nearly 30,000 comments were submitted.
- The renewable fuel program was adopted in the Energy Policy Act of 2005, and was expanded in the Energy and Independence Security Act of 2007. This program requires that transportation fuel sold in the United States contain a minimum volume of renewable fuel.
- Section 211(o)(7) of the Clean Air Act allows the Administrator of EPA, in consultation with the Secretaries of Agriculture and Energy, to waive the requirements of the RFS under certain criteria. The waiver could be issued if the Administrator determines -- after a notice and comment period -- that implementation of the RFS requirements would severely harm the economy or environment of a State, a region, or the United States.
- EPA recognizes that this year's drought has created significant hardships in many sectors of the economy, particularly for livestock producers. However, the agency's extensive analysis makes clear that Congressional requirements for a waiver have not been met and that waiving the RFS would have little, if any, impact on ethanol demand or energy prices over the time period analyzed.

Basis of EPA's Decision

- EPA is authorized to grant a waiver request if the agency determines that implementation of the RFS mandate would severely harm the economy of a State, region, or the United States.
- EPA interpreted the waiver provision in a manner consistent with its prior response to a 2008 RFS waiver request from Texas. The provision provides narrow waiver authority:
 - EPA would have to determine that the implementation of the mandate *itself* would severely harm the economy; it is not enough to determine that implementation of RFS would *contribute* to such harm;
 - EPA would also have to find that there is a generally high degree of confidence that the RFS is severely harming the economy; and
 - This requirement calls for a high threshold for the nature and degree of harm that would support the issuance of a waiver based on "severe harm" to the economy of a State, region, or the United States.
- EPA examined a wide variety of evidence, including modeling of the impact that a waiver would have on ethanol use, corn prices, and food prices. EPA also looked at empirical evidence, such as the current price for renewable fuel credits, called RINs, which are used to demonstrate compliance with the RFS mandate.
- EPA's analysis shows that it is highly unlikely that waiving the RFS volume requirements will have a significant impact on ethanol production or use in the relevant time frame that a waiver could apply (the 2012-2013 corn marketing season) and therefore little or no impact on corn, food, or fuel prices. We analyzed 500 scenarios, and in 89% of them we see no impacts from the RFS program at all.
- Looking across all 500 scenarios, including those 11% of scenarios where RFS requirements would have an impact on the corn and other markets, the average impact on corn prices is only 7 cents a bushel, less than a one percent change in corn prices.
- EPA applied the detailed analysis to the statutory criteria for a waiver. EPA found that the evidence did not support a determination that the criteria for a waiver had been met, and therefore by law must deny the waiver.