

# Emerging Issues Forum

Omaha, Nebraska  
March 13-14, 2008

## Discussion Topics:

- 4Q - 1Q Review
- 2008 Outlook
  - Imports
  - New Production Landscape
  - New Blending Markets
- Closing Comments

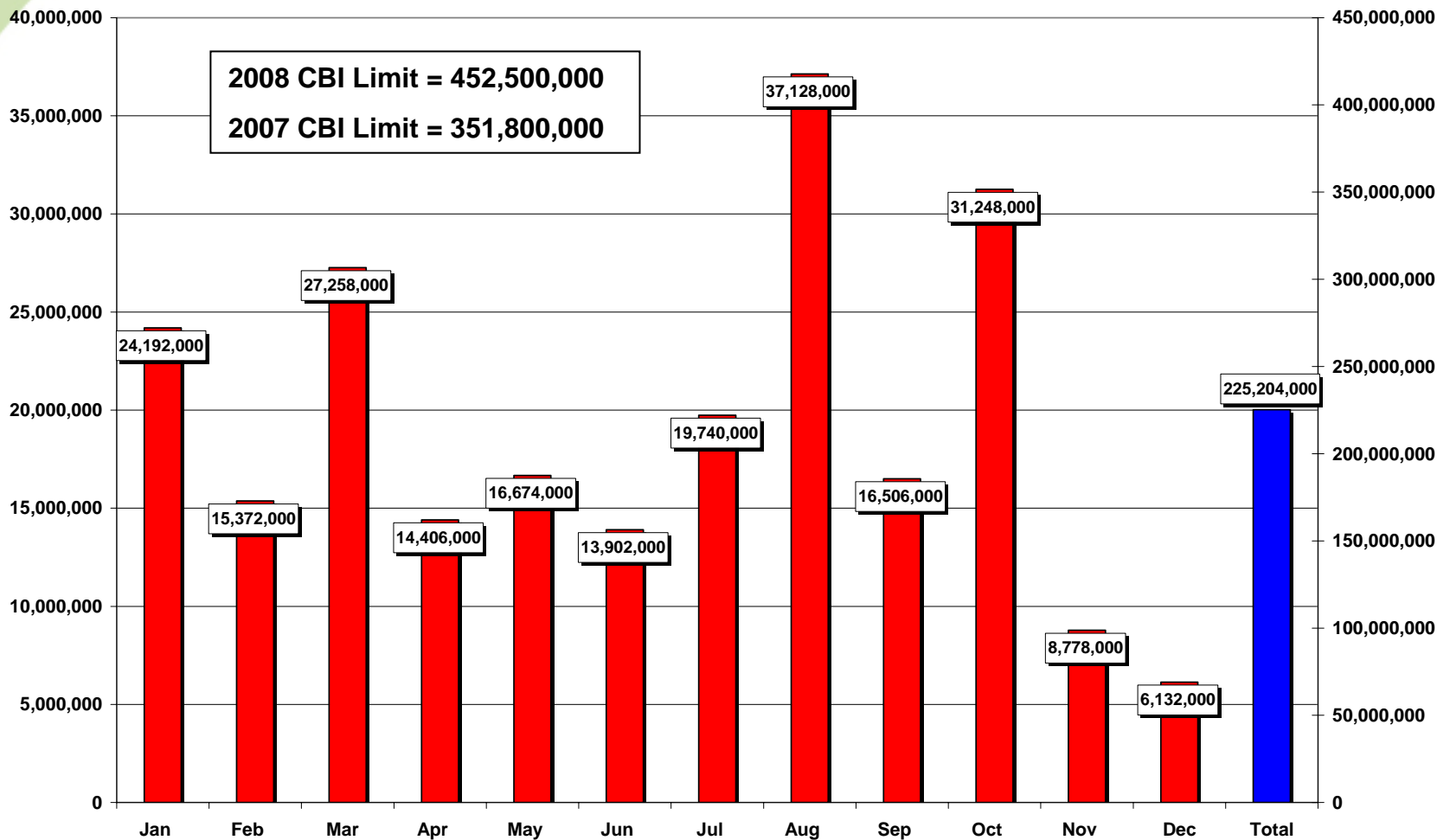
## What triggered a stronger market in 4<sup>th</sup> & 1<sup>st</sup> quarter:

- Supply
  - Some existing supplies rationalized when B/E economics were realized in October.
- Demand
  - Strong petroleum pricing
  - Blending economics extremely favorable
  - Voluntary blending sourced from RFG markets to conventional markets.
- Imports
  - Economics reduced shipments to minimal amounts
- Government Support
  - Expanded Renewable Fuels Standard

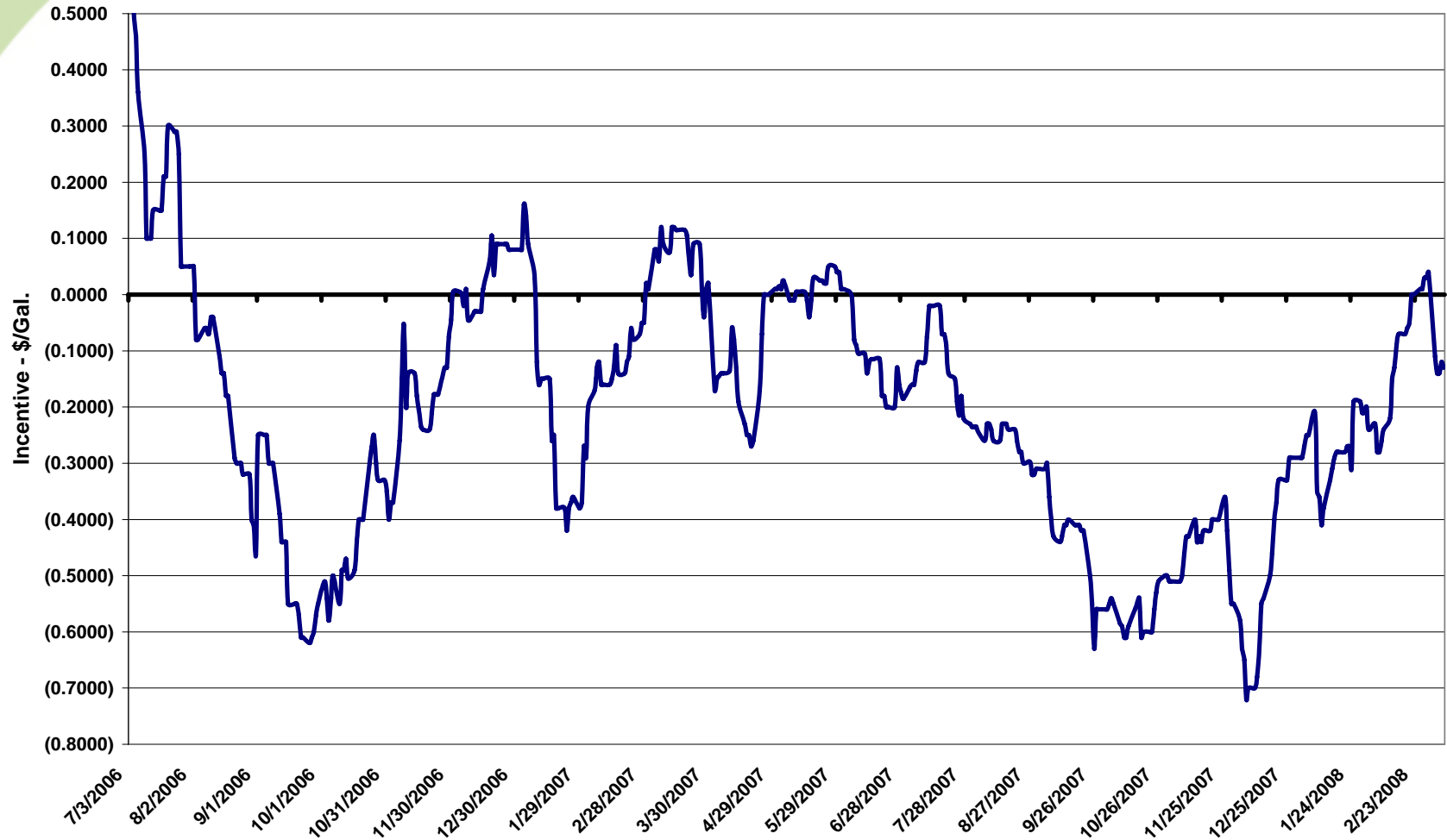
## What to expect for the remainder of 2008:

- Supply / New Production
  - Imports
    - CBI gallons will flow into the U.S.
    - Brazilian gallons will be opportunistic

**CBI 2007 by Month- Gallons**



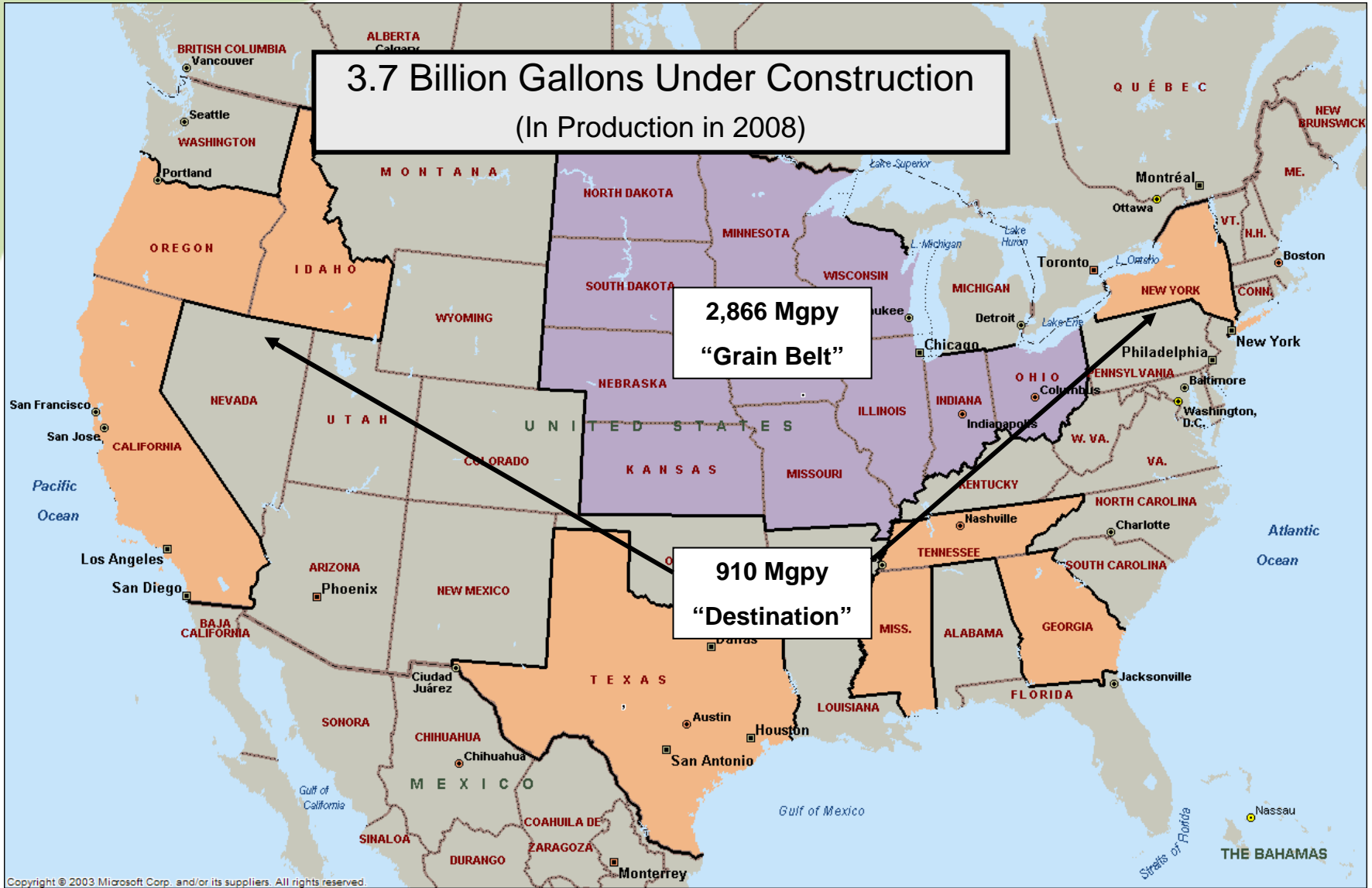
### New York Harbor v Brazil - Arbitrage



## What to expect for the remainder of 2008:

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- Record amounts of new production to come online in 2008
- Can the market absorb this volume?



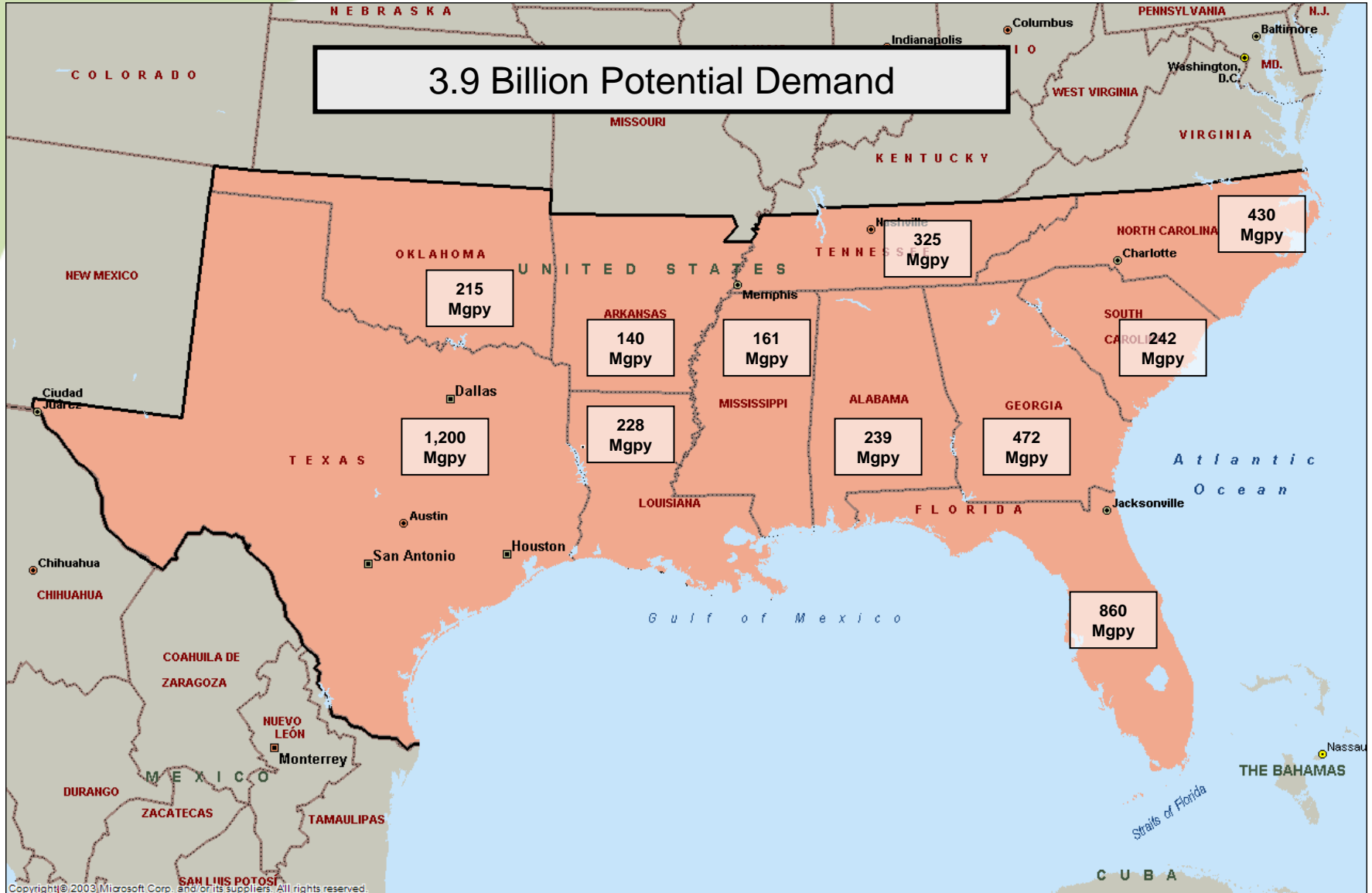
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### – Demand / Market Development

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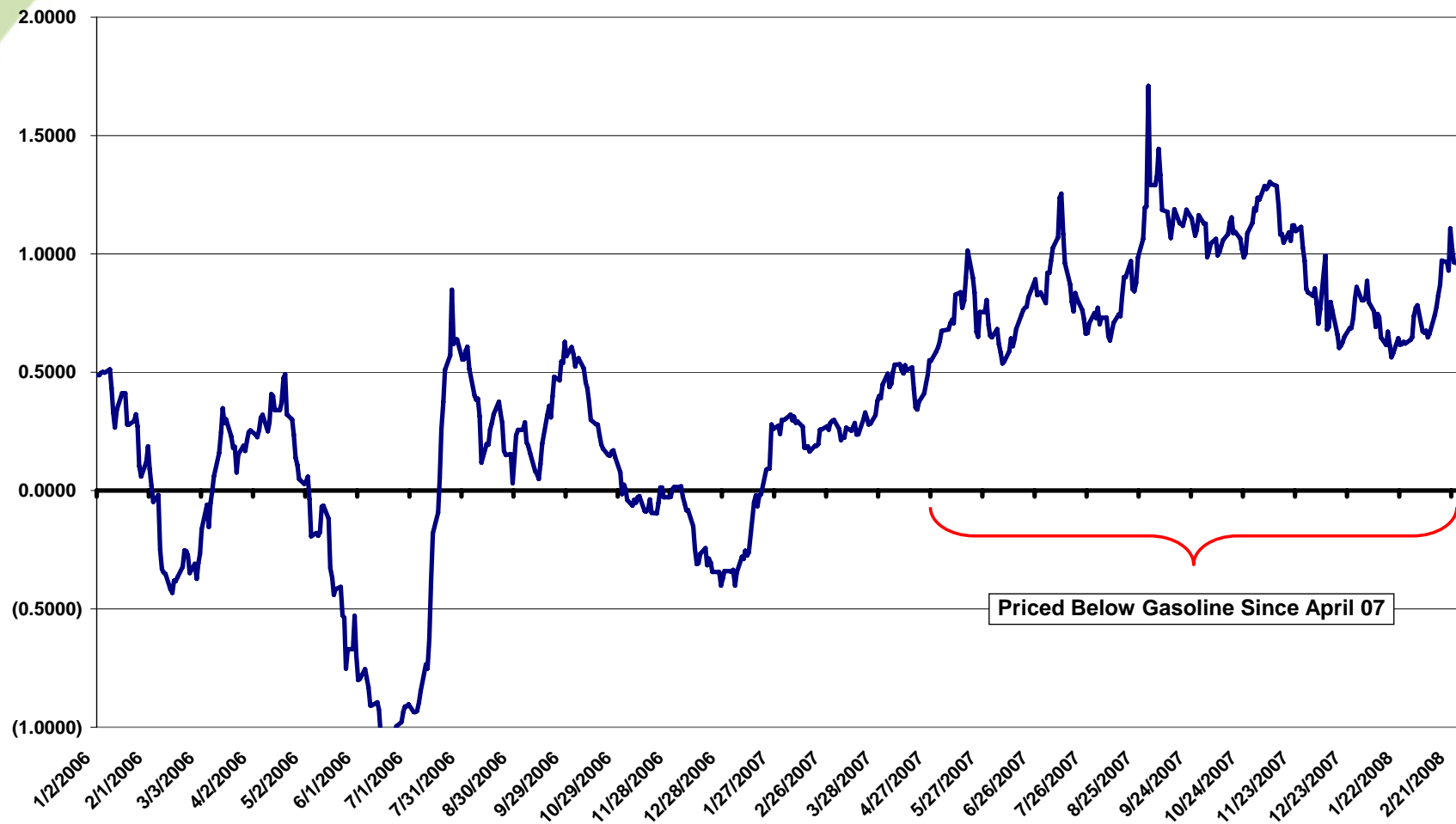
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### Des Moines Ethanol Blending Arbitrage



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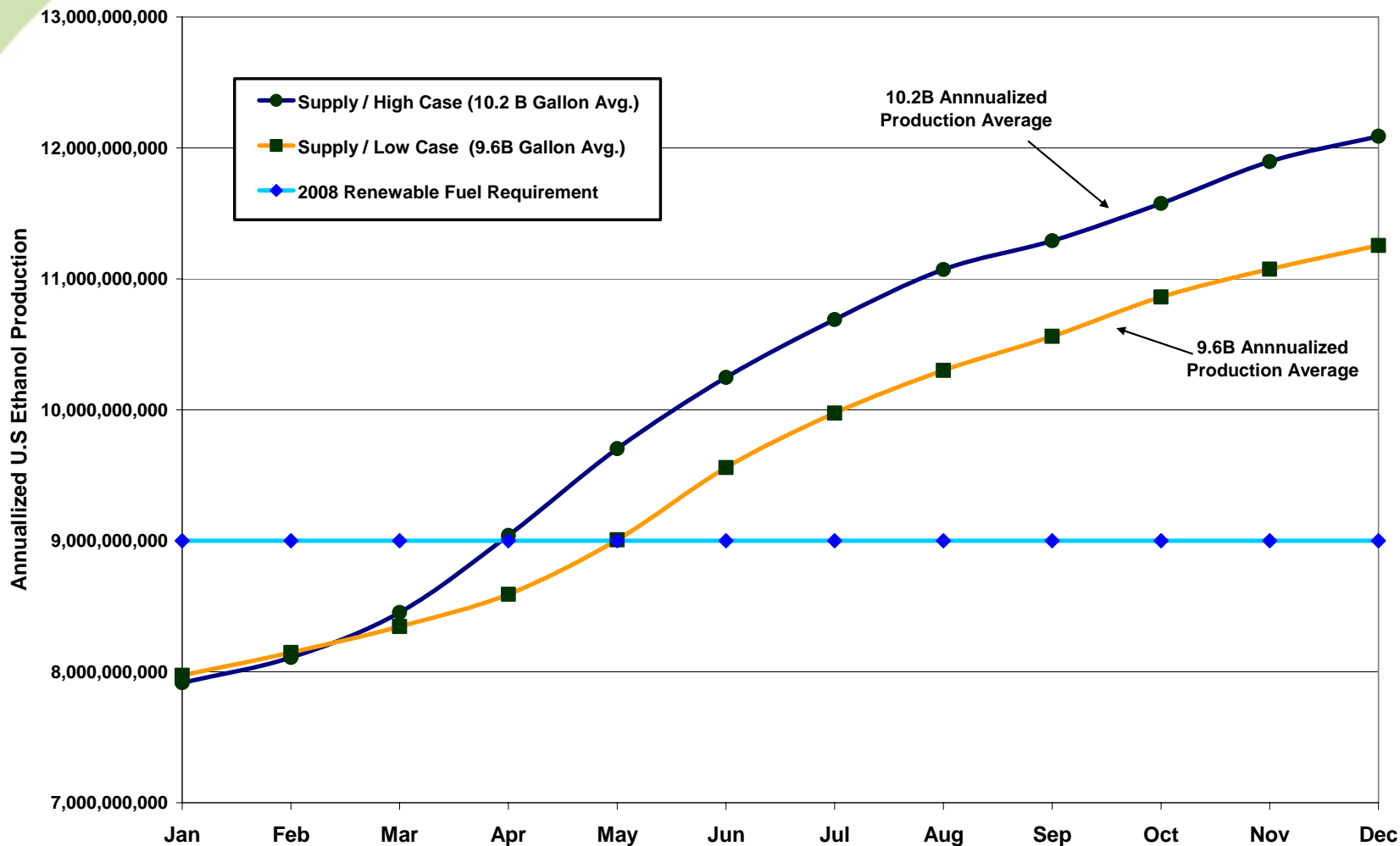
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- S.E. poised bring on new blending throughout 2008
- Blending economics will be an important factor to stimulate this growth
- RFS consumption requirements will be surpassed by domestic production

**2008 Renewable Fuel Consumption vs. New Production**  
(Excludes Imports)



## Closing Comments

- Political
  - RFS guidelines have accelerated infrastructure investment by stakeholders.
    - Roadmap for volume – schedule.
    - Investment infrastructure unfolding.
- Regulatory
  - State by state blending issues are being addressed. Still work to be done.
    - GA, TN, FL all making exceptions.
    - NY, PA, TX, CA still need attention. (RVP waivers, LCFS, etc)
- Acceptance
  - Efforts taking place a similar manner if not greater than MTBE replacement of 2006

# Thank You