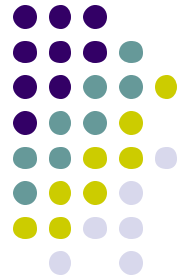


Ethanol Briefing
December 16, 2003
Dept. of Economic Development



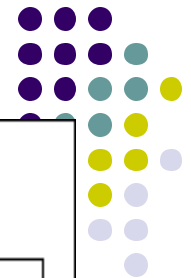
ETHANOL-
National and Nebraska Overview

Presented by
Todd Sneller
Nebraska Ethanol Board

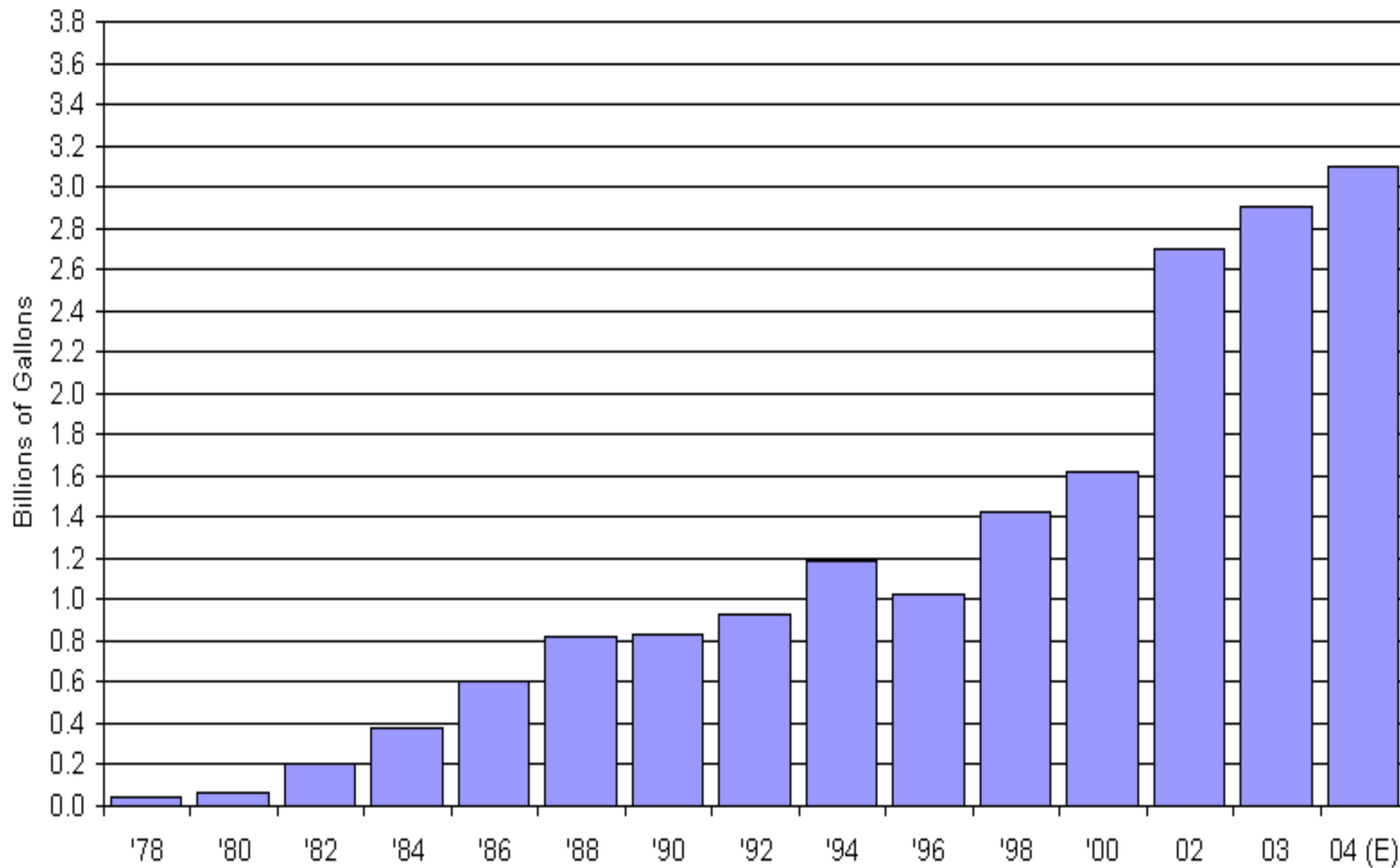
Ethanol: Public Policy Rationale



- ✍ In the Beginning...1904:
- ✍ *“We can get fuel from fruit, from the sumac by the roadside, or from apples, weeds, sawdust; almost anything...and it remains for someone to find out how this fuel can be produced commercially—better fuel at a better price than we now know.” – Henry Ford*

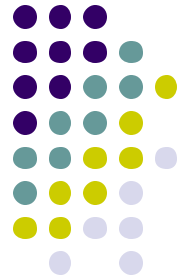


U.S. Fuel Ethanol Production 1979-2004



(E) Ethanol production estimated based on year-to-date production from U.S. EIA

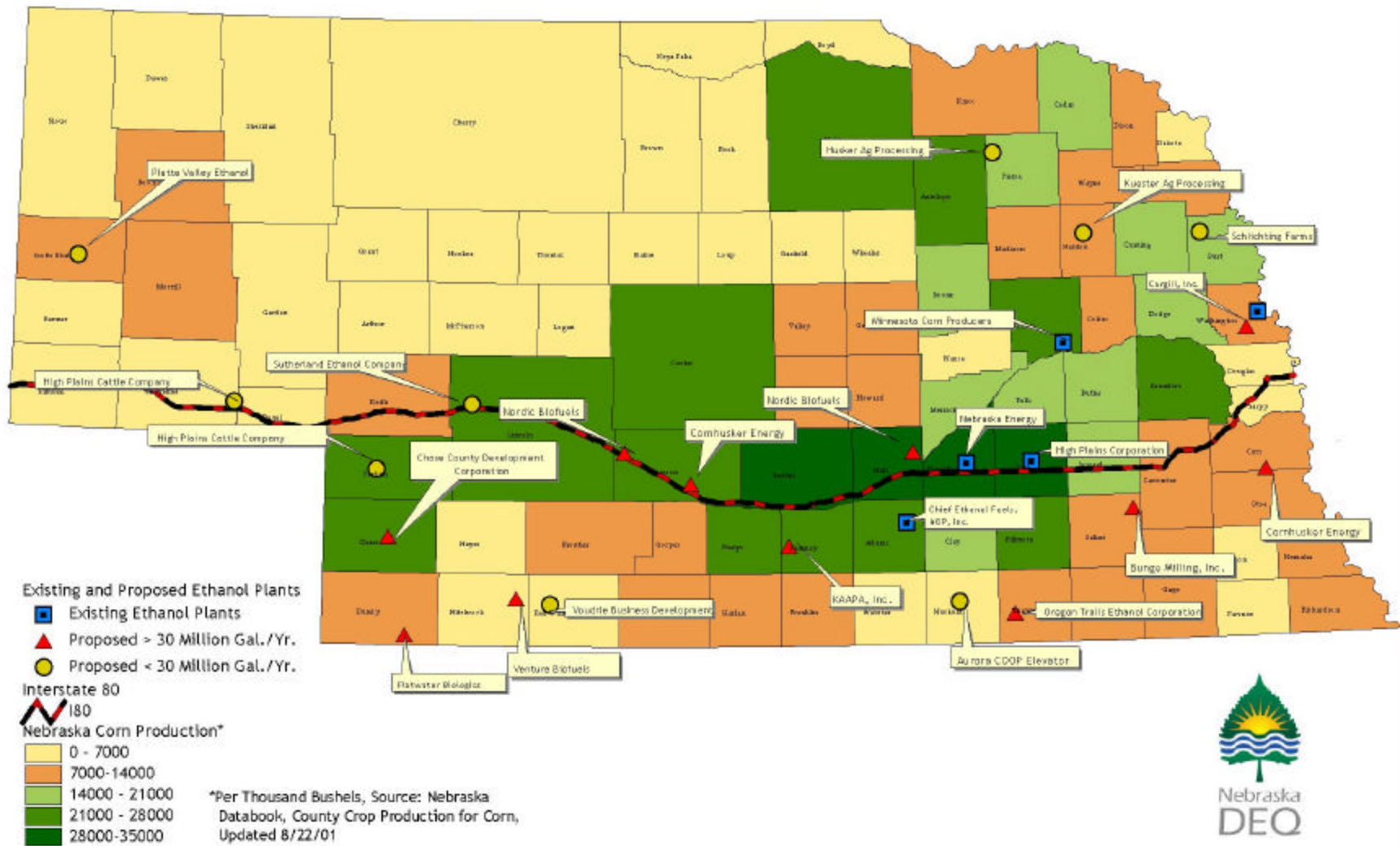
Factors Driving Ethanol Development



- ✍ Projected Growth via RFS
- ✍ Projected Growth via MTBE bans
- ✍ Clean Octane Needs
- ✍ CO Programs
- ✍ Ethanol Price Trend; Corn Price Trend
- ✍ USDA Grant, Incentive, Guarantee Programs
- ✍ Low Cost of Money
- ✍ State Incentives
- ✍ Industry Efficiencies and Technology

Proposed and Existing Ethanol Plants in Nebraska

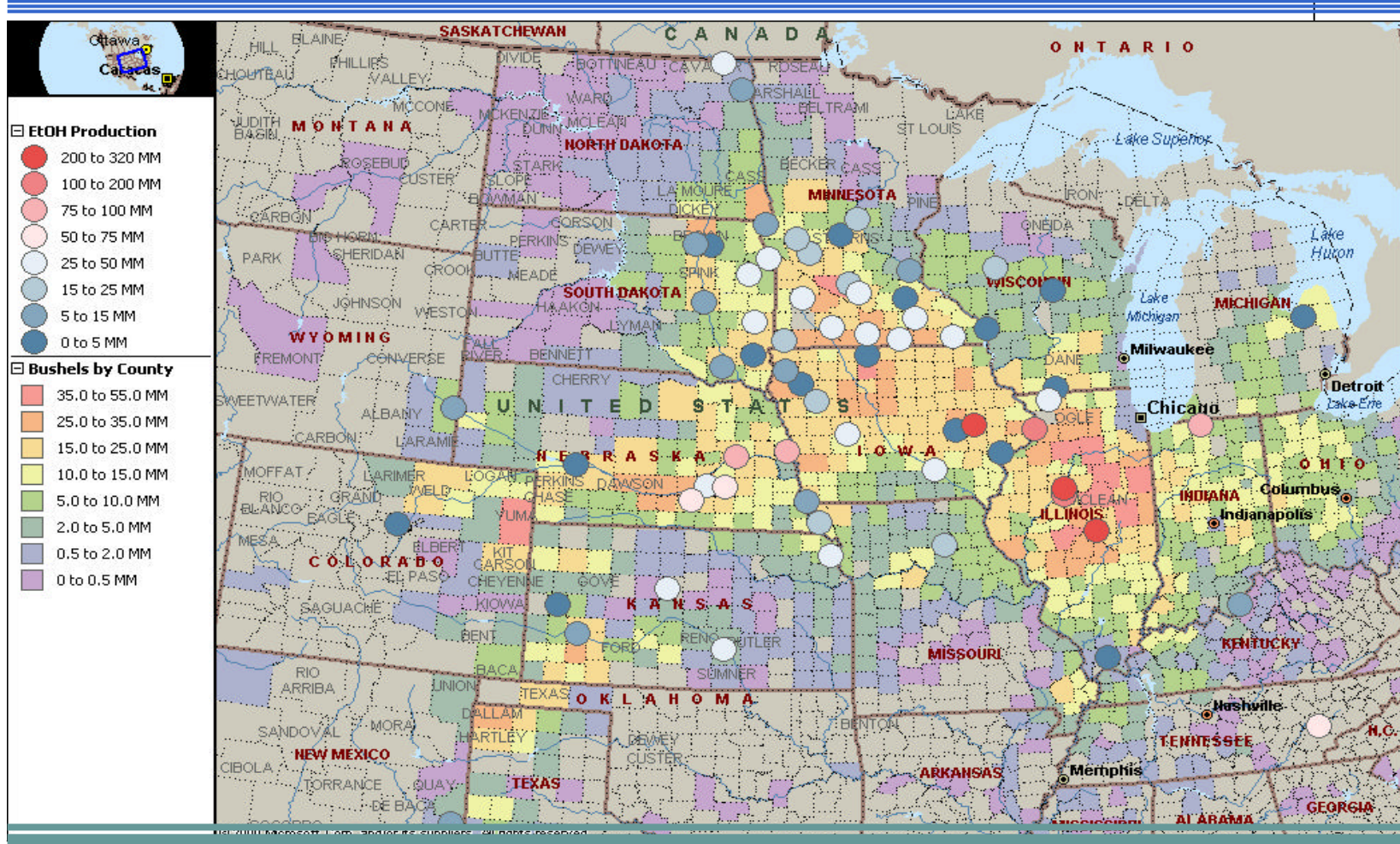
As of June 2002

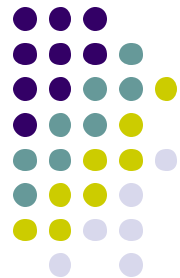




Ethanol Market Overview

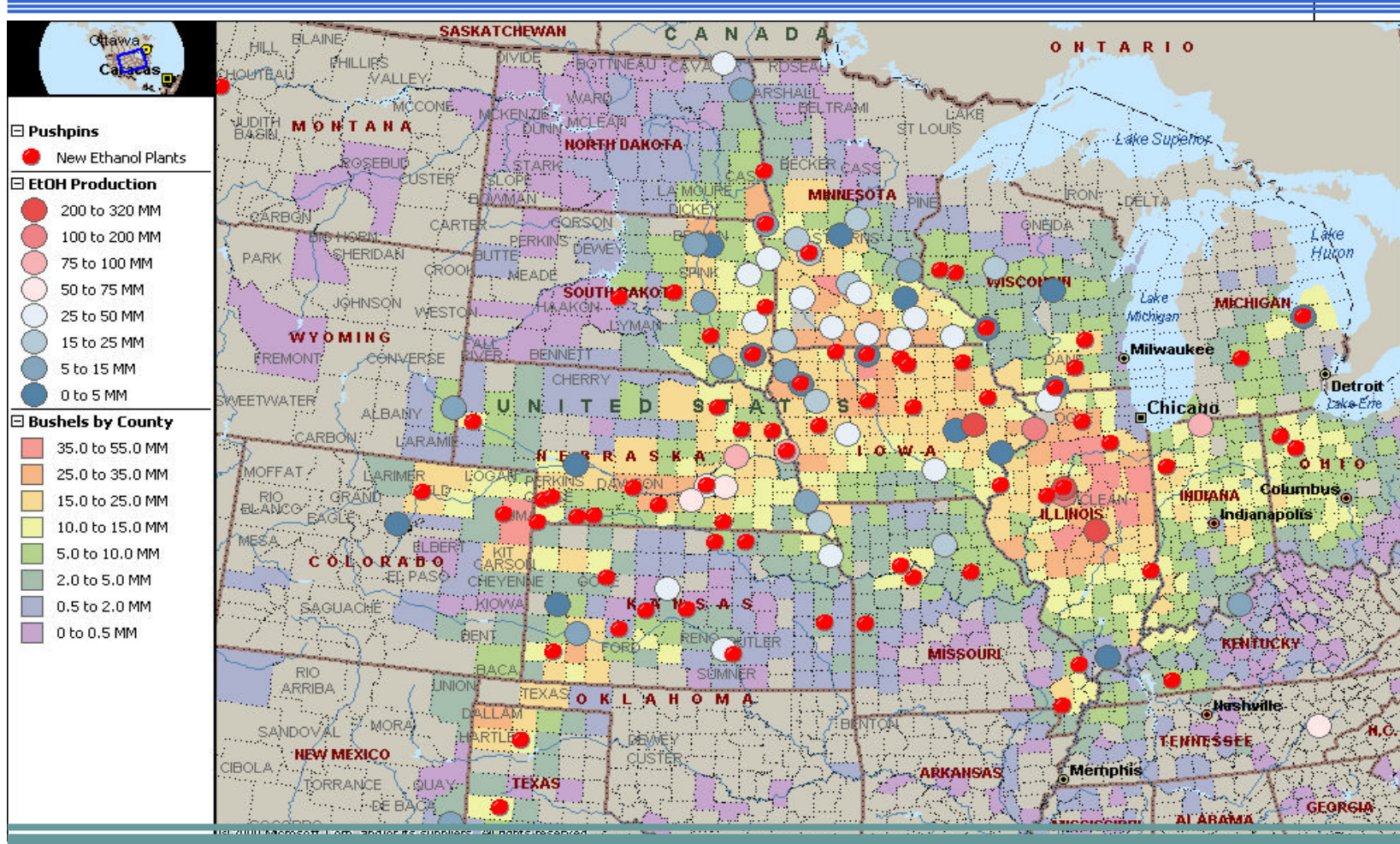
Current Production: Plant Locations



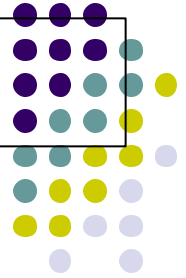


Ethanol Market Overview

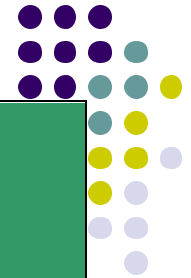
Proposed Projects: Plant Locations



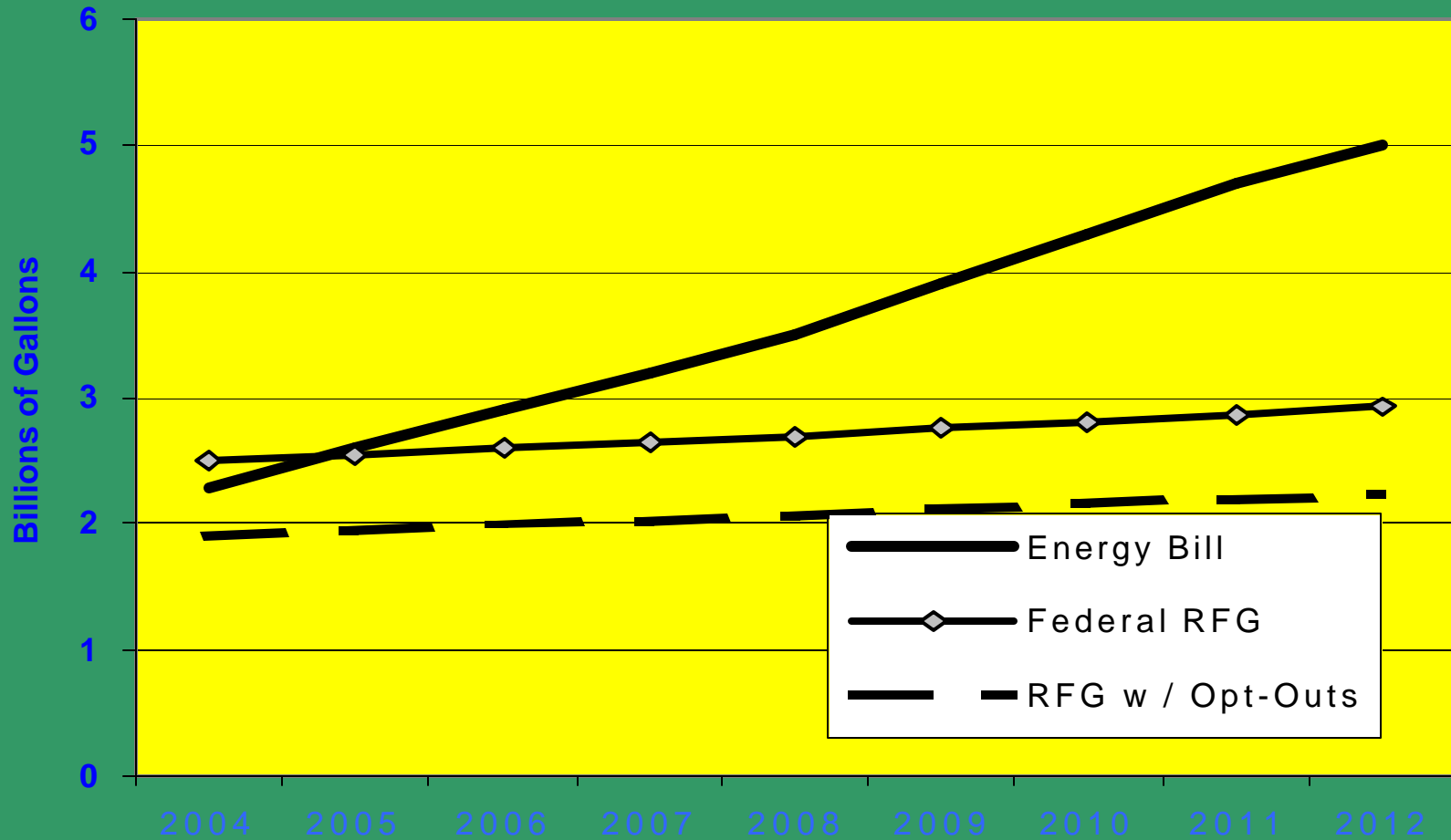
State and Local Benefits of Ethanol Production



- ✍ Stimulates Local Grain Prices; Reduces Transportation
- ✍ Increased Economic Value for Cattle/Dairy Industry
- ✍ Quality Jobs; Retention of Skilled Workers
- ✍ Plants Well Suited for Rural Sites
- ✍ Increased Local Tax Base; Increased Tax Revenue
- ✍ Value-Added Industry; Promotes Export of Finished Products
- ✍ Growth Industry that Attracts Capital to the State; Plant Expansion Potential Increases Capital Outlay and Related Economic Activity
- ✍ Stimulates Allied Industries and Enhances Infrastructure
- ✍ Excellent Addition to Electric Power Demand Base
- ✍ Use of Ethanol Reduces Outflow of Energy Dollars
- ✍ Use of Ethanol Can Reduce Fuel Costs to Consumer and Increase Dealer Margins and Demand for Ethanol

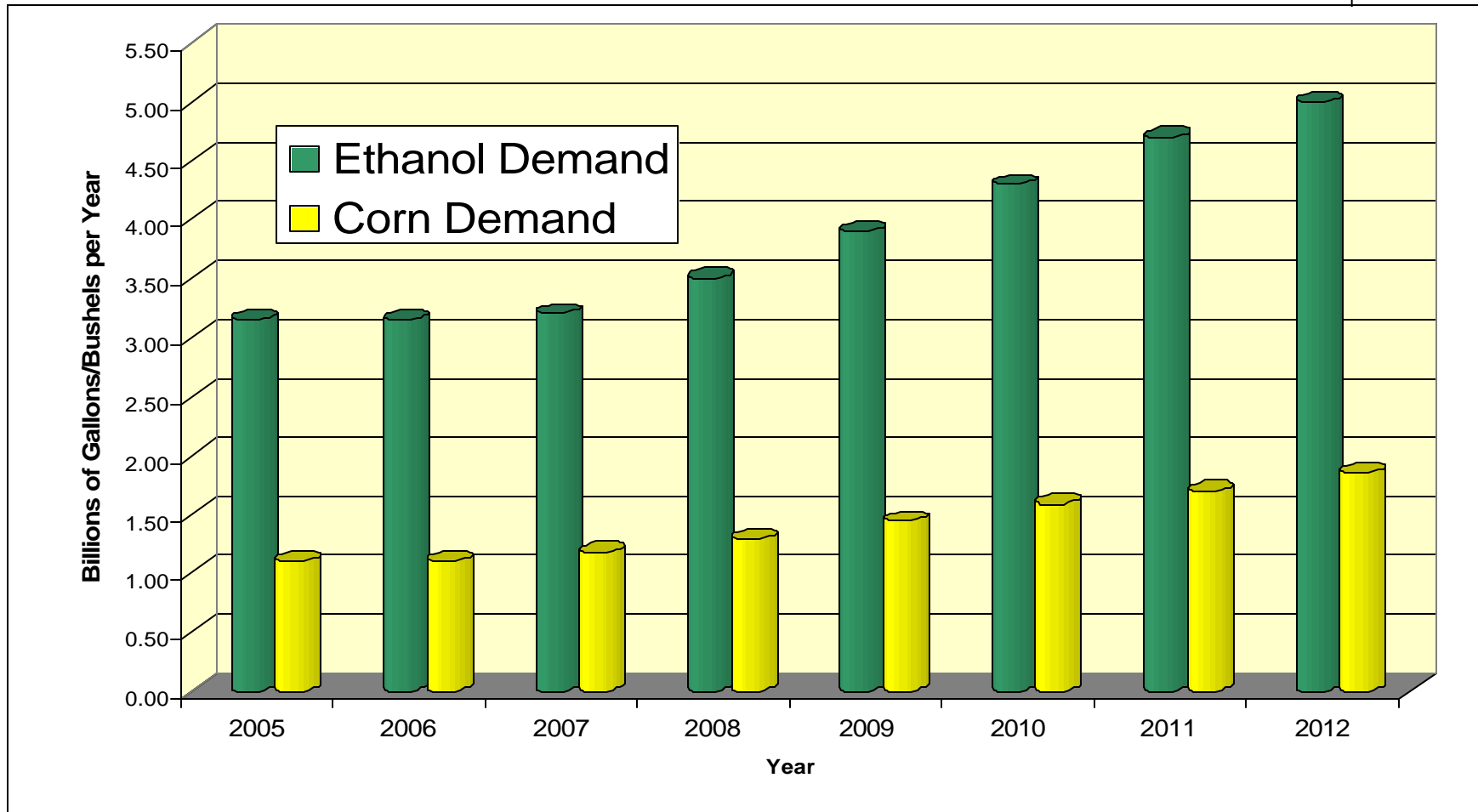
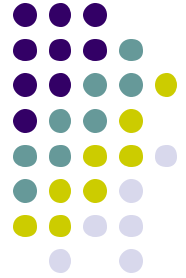


Ethanol Demand Comparison Energy Bill vs Federal RFG Program

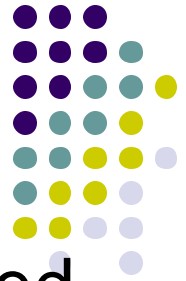


Source: Clean Fuels Development Coalition

Ethanol/Corn Demand from Renewable Fuel Standard



ETHANOL: An Economic Catalyst for Nebraska



- ✍ “Unquestionably, the most important value-added product to the State’s economy is, and will continue to be, ethanol production.”
- ✍ “Policy decisions at the federal level along with increased demand for ethanol could dramatically increase U.S. net farm income and create many jobs over the next few years.”
- ✍ “Nebraska must communicate that it is eager to attract desirable businesses such as...bio-fuel plants...through a combination of tax breaks and innovative policies.” -Decision Analyst, Inc. Febr. 2003

The Economic Impact of Public Policy



- ✍ Targeted incentives attract capital.
- ✍ A properly structured incentive program can generate an ROI of 10:1 or greater in NE.
- ✍ Ethanol plants: ideally suited to NE economy.
- ✍ NE Ethanol Industry directly adds value to 22+% of corn and 75% of sorghum crop.
- ✍ Additional \$52 million economic activity on cattle and ethanol industry from feed products.
- ✍ Ethanol industry meets key policy objectives.
- ✍ \$83.2 million impact from new plant.- NPPD
- ✍ A competitive business climate is essential.