

Economic Sustainability

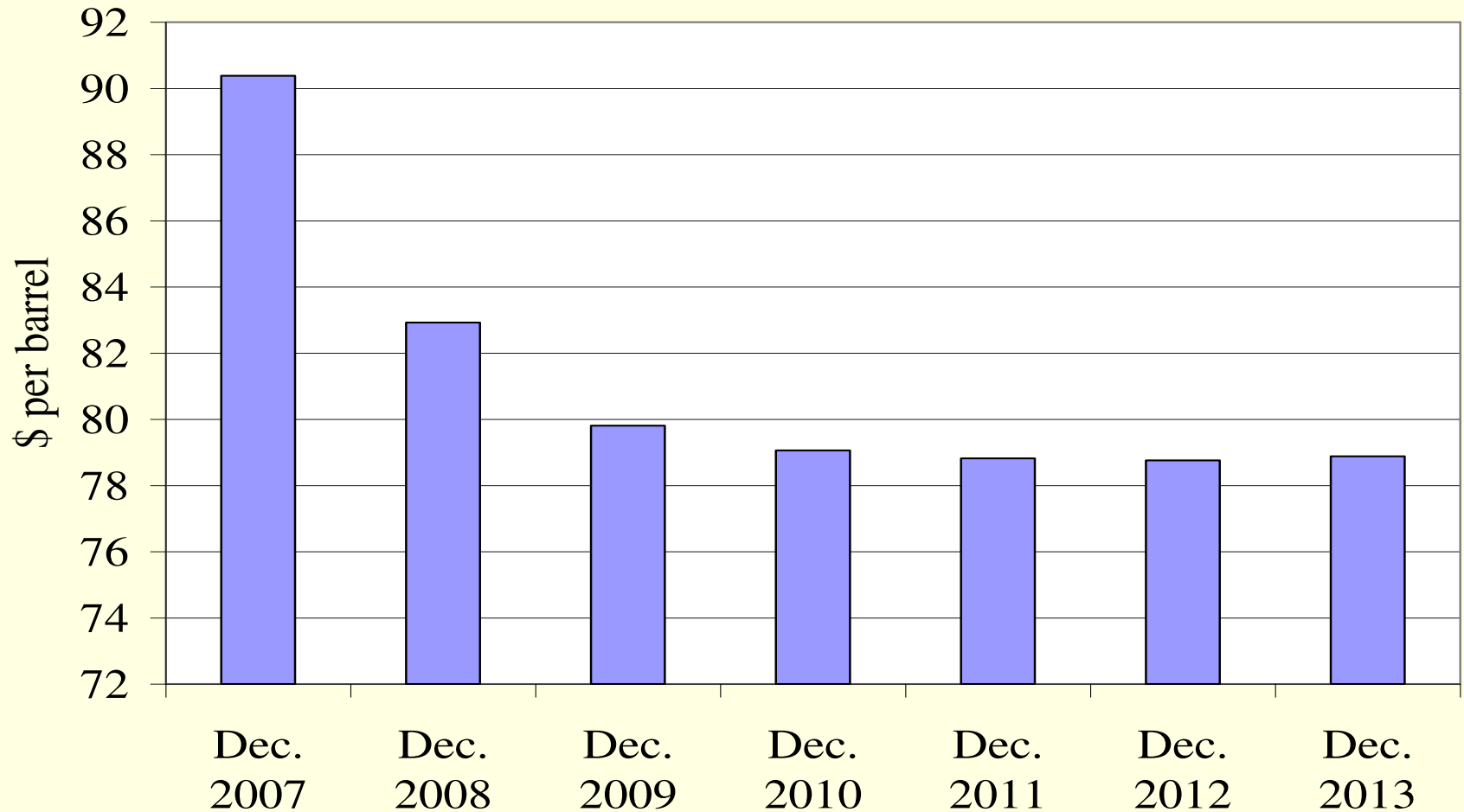


Chad Hart

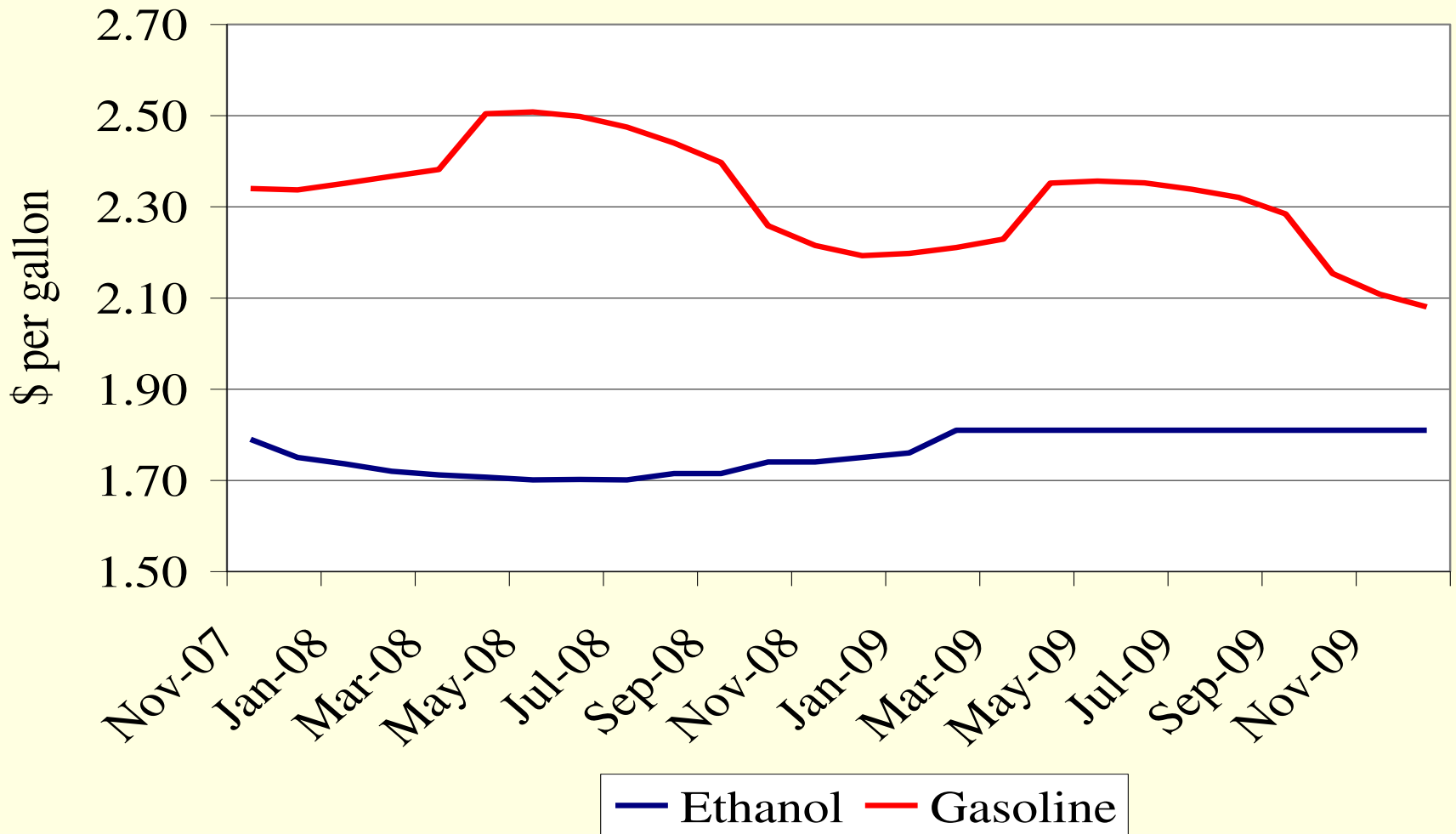
Center for Agricultural and Rural Development
Iowa State University
chart@iastate.edu

2007 Biobased Industry Outlook Conference
Ames, Iowa
November 6, 2007

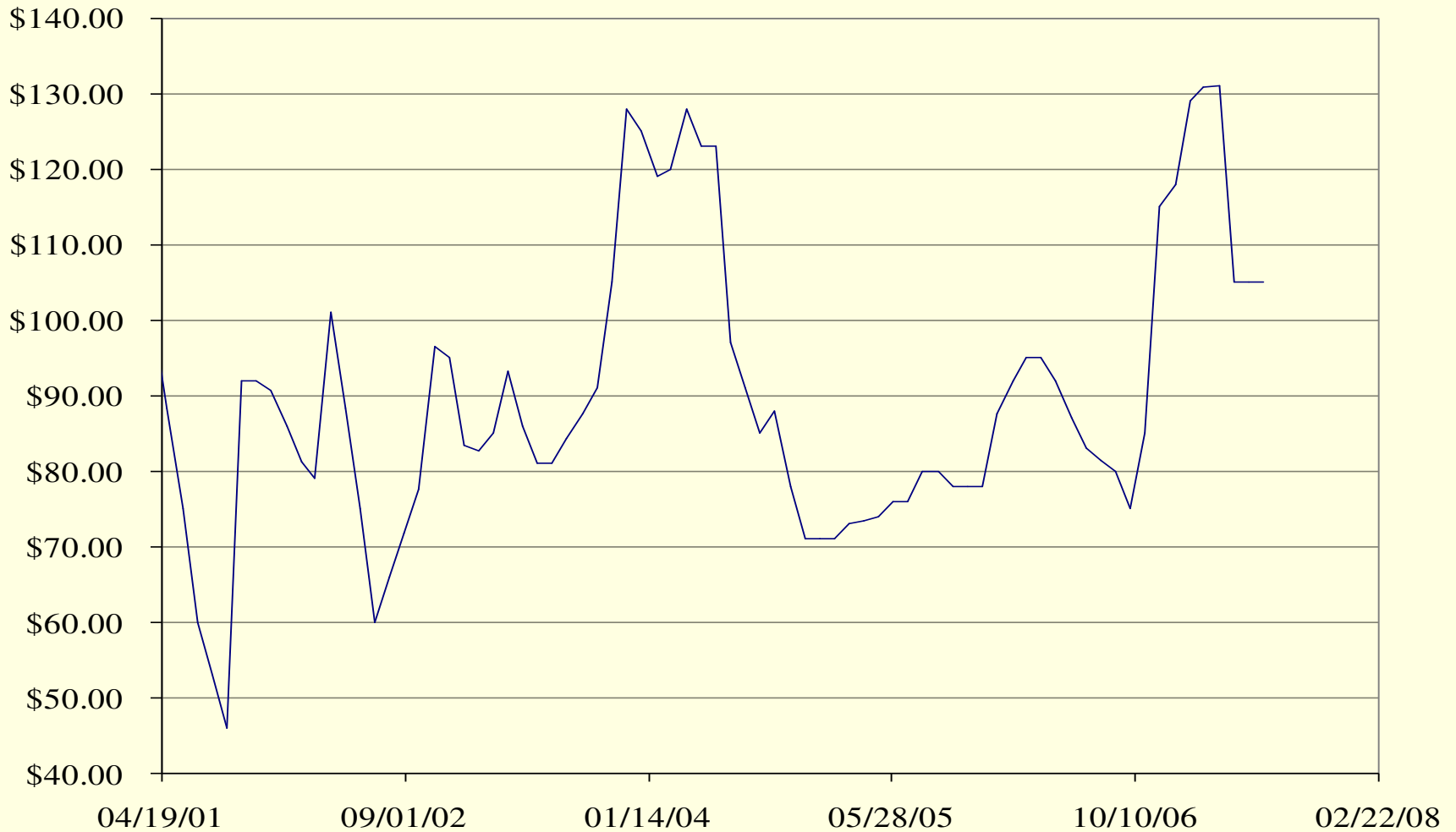
Oil Futures as of 10/31/2007



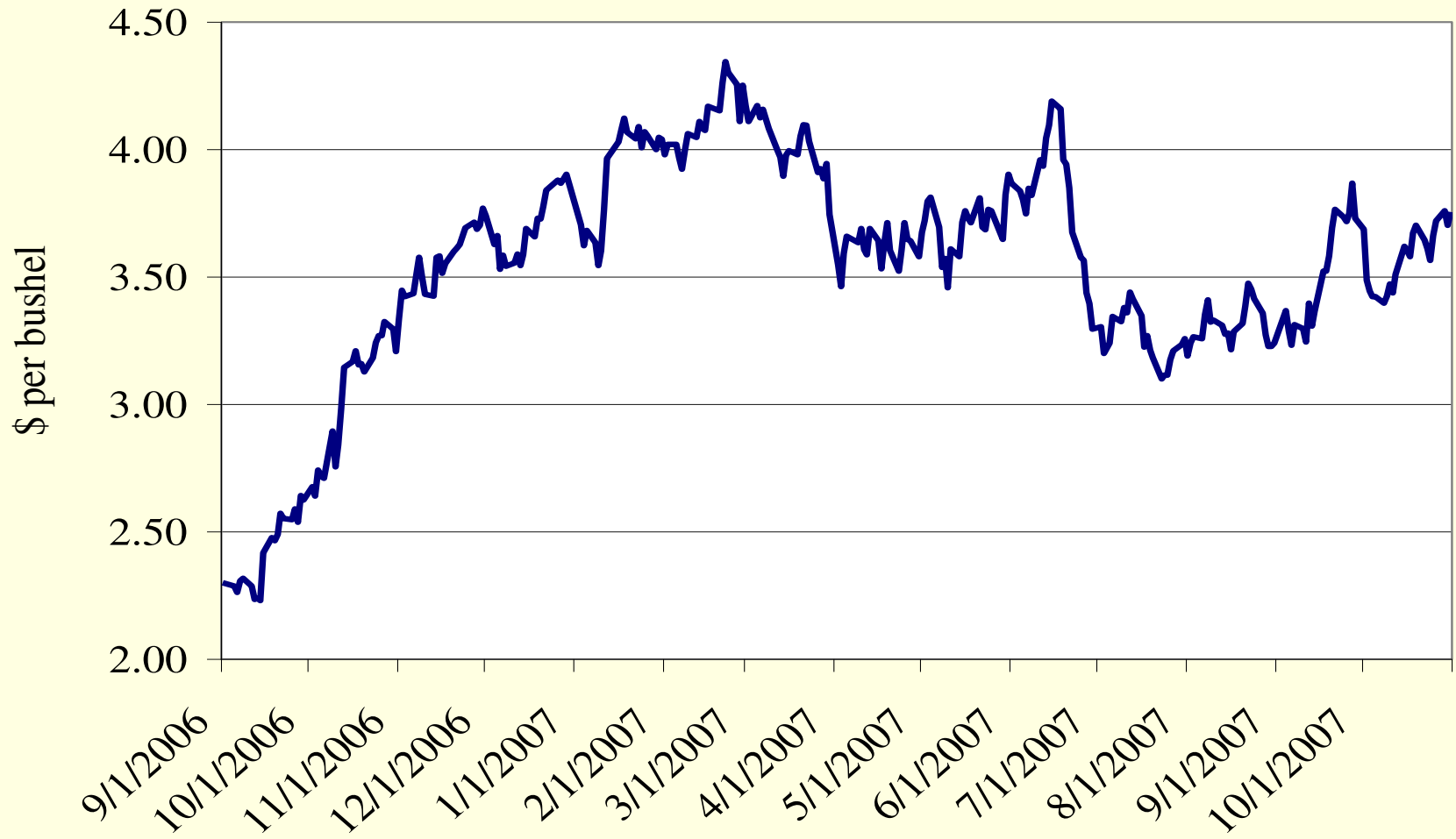
Ethanol and Gasoline Futures



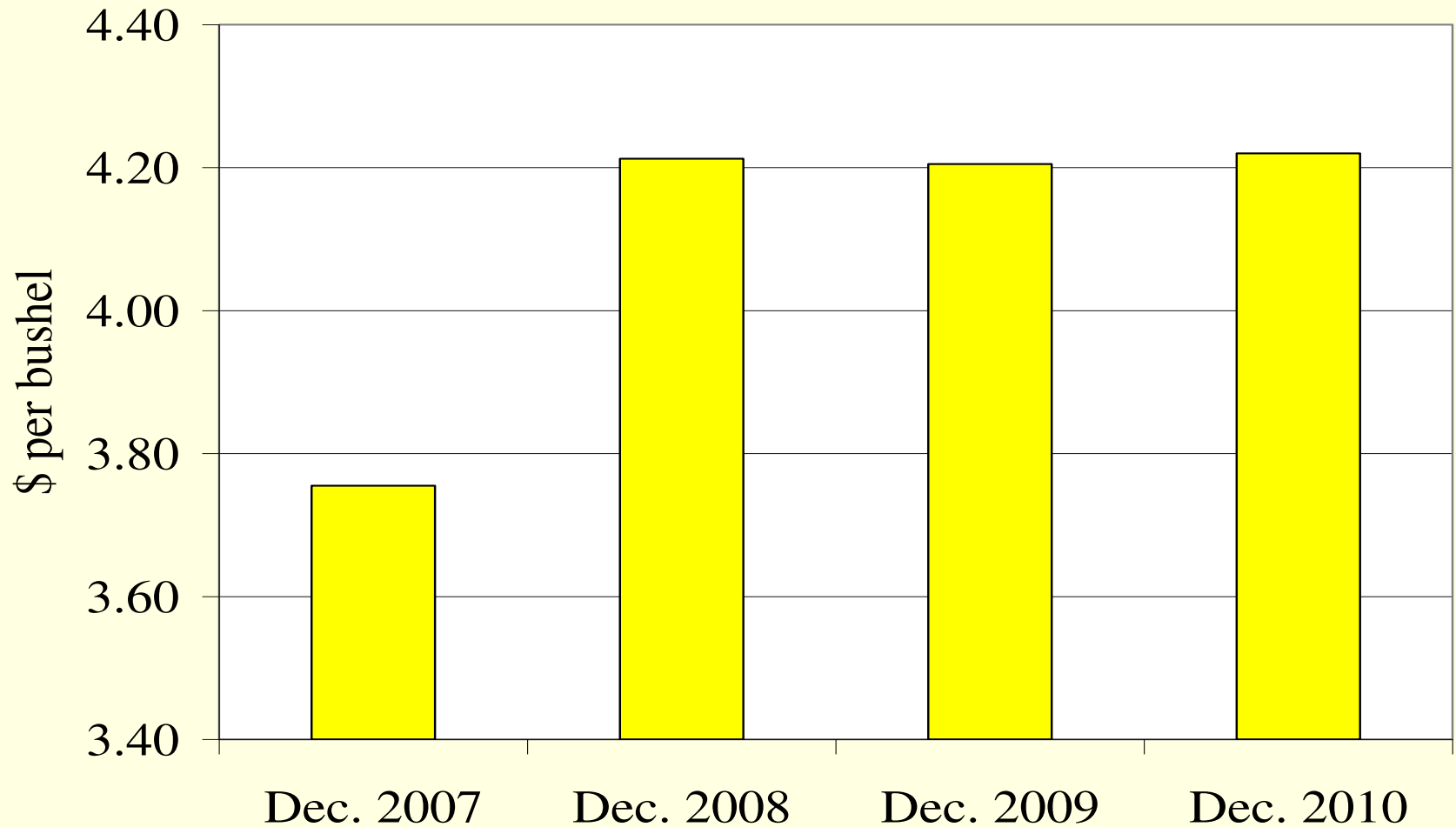
Historical Distillers Grains Prices



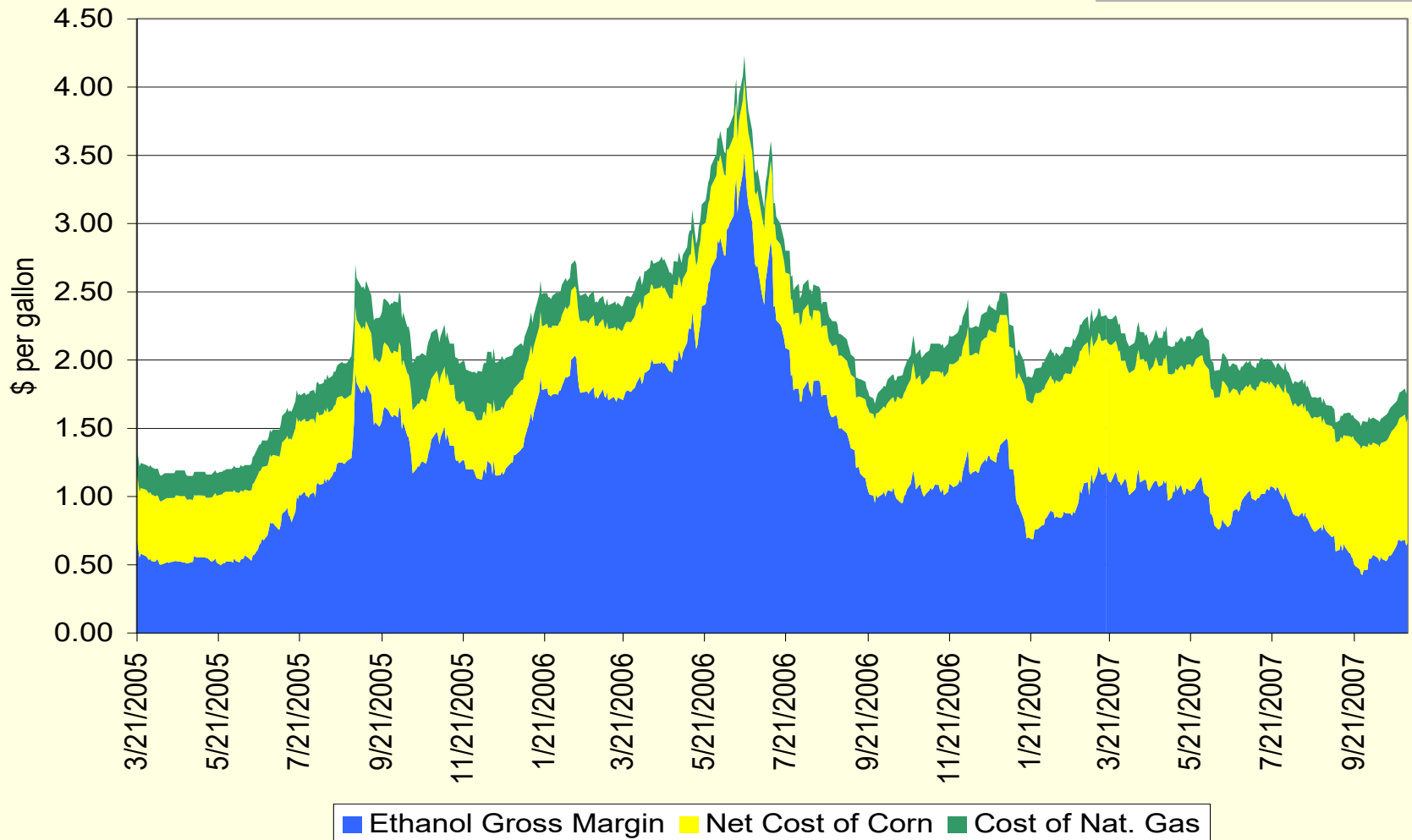
Nearby Corn Futures Prices



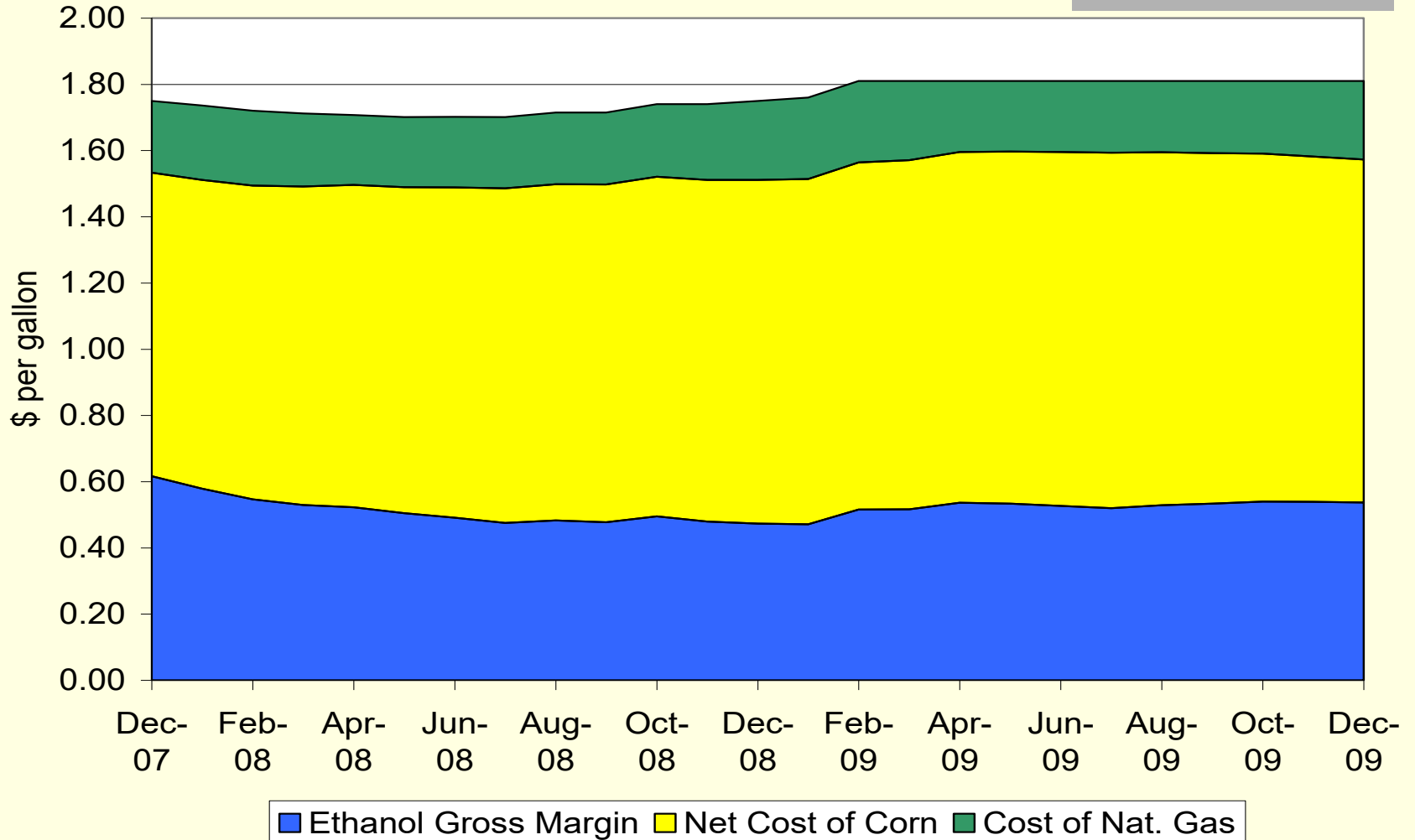
Corn Futures as of 10/31/2007



Historical Ethanol Gross Margins

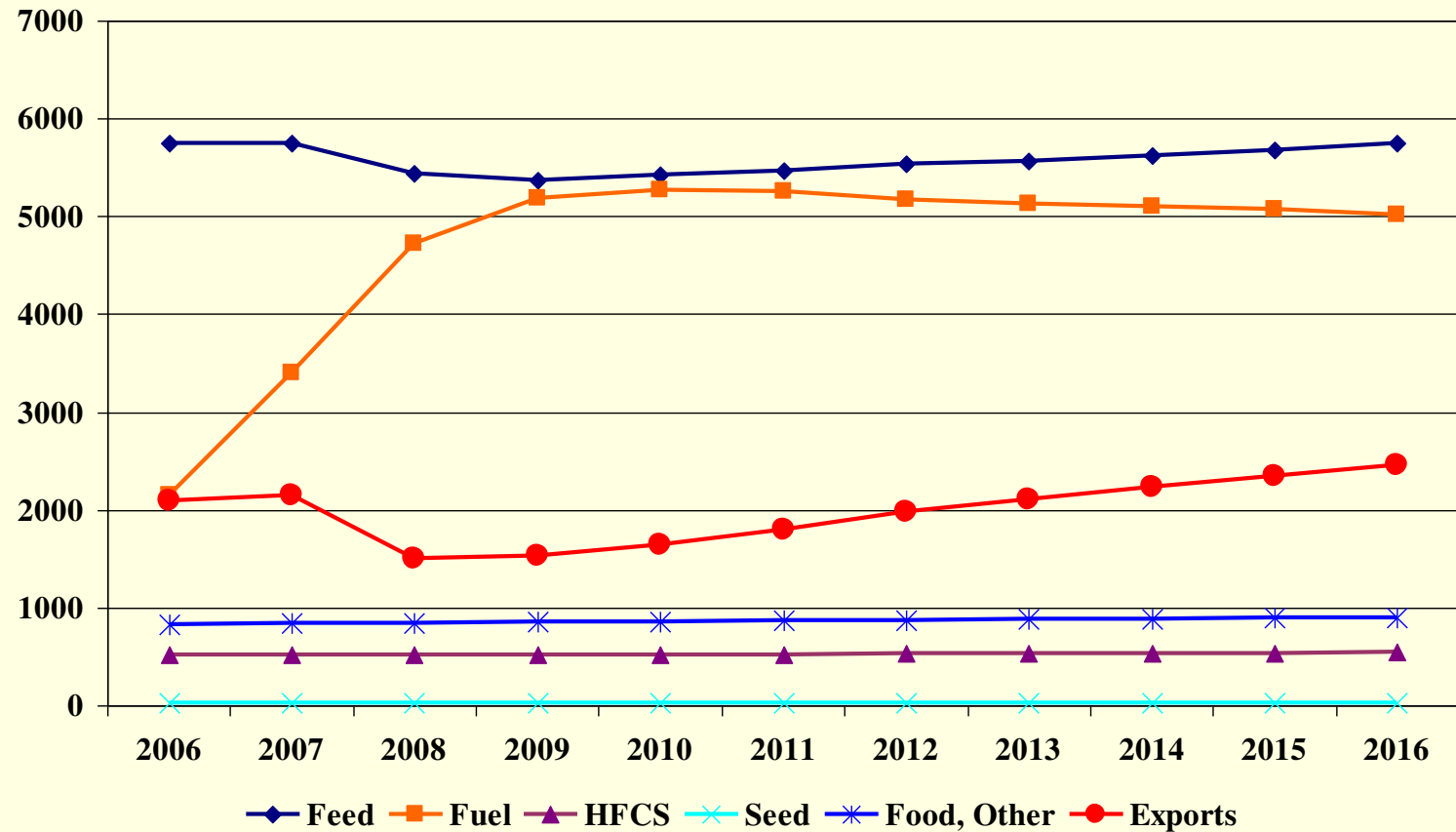


Projected Ethanol Gross Margins



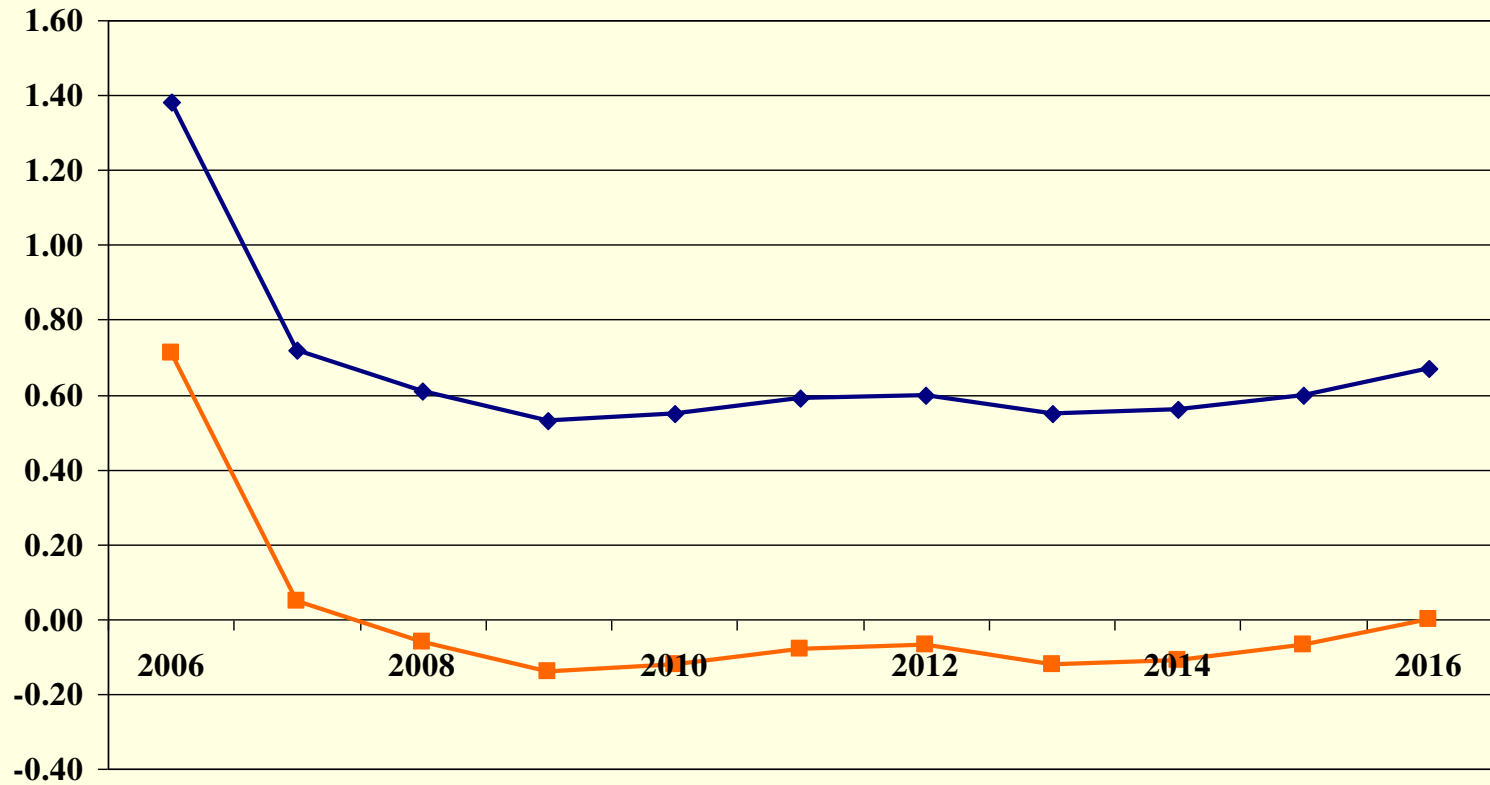
Projected Utilization of U.S. Corn

million bushels



Projected U.S. Dry Mill Margins

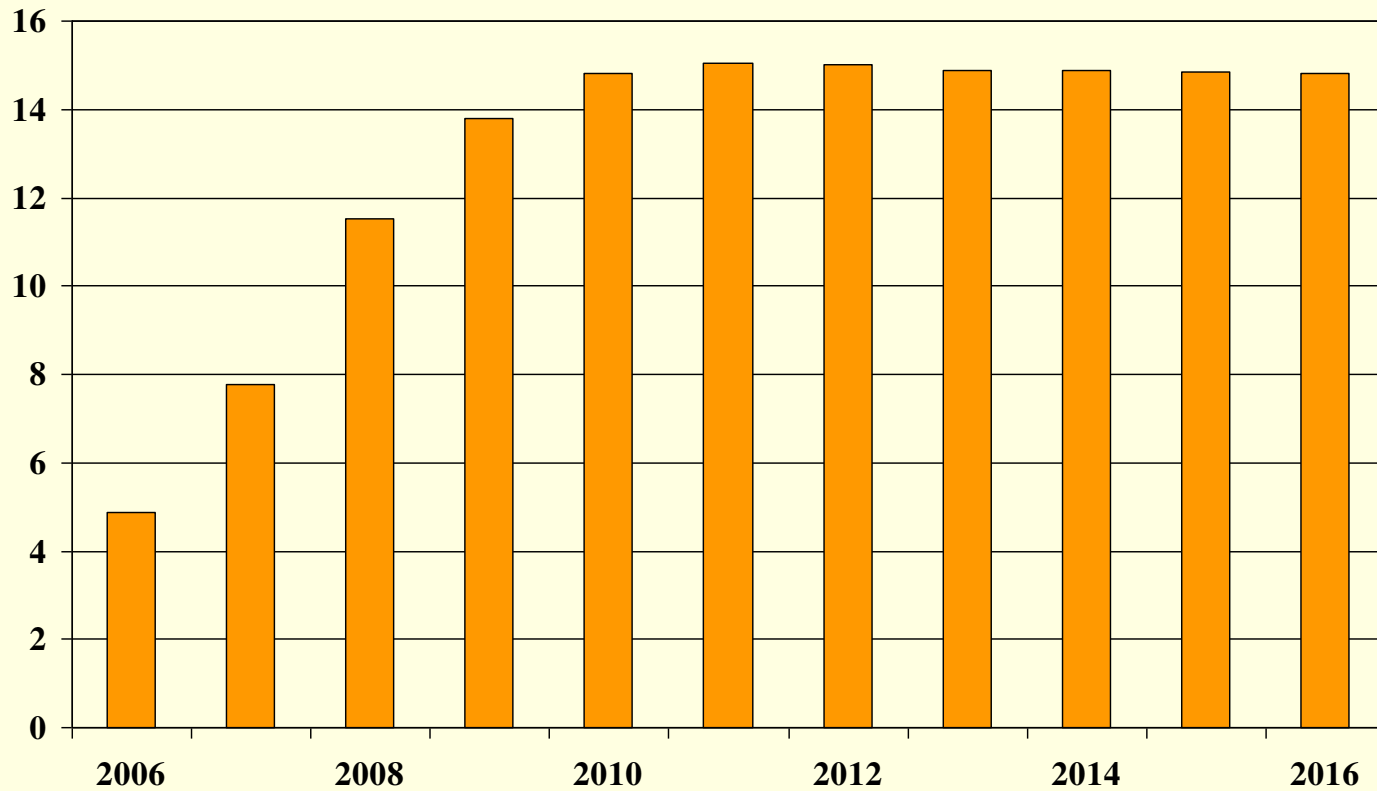
US\$/bushel



◆ Margin Over Operating Costs ■ Margin Over Total Cost

Projected U.S. Ethanol Production

billion gallons



Comparing This Year to Last

		Jan. – Sept. 2006	Jan. – Sept. 2007
Ethanol Yield	(gallons/bushel)	2.61	2.69
Ethanol Revenue	(\$/gallon)	2.20	2.13
Corn Cost	(\$/gallon)	0.85	1.41
Co-product Revenue	(\$/gallon)	0.41	0.48
Commodity Spread	(\$/gallon)	1.76	1.20
Conversion Cost	(\$/gallon)	0.67	0.60
Distribution Cost	(\$/gallon)	0.15	0.17
Net Return	(\$/gallon)	0.94	0.43

Source: Aventine Renewable Energy Holdings, Inc. 3rd Quarter Report, 2007

Outlook Factors

- National, state, and local energy policies
- Changes in general economic conditions
- Overcapacity within ethanol, biodiesel, and petroleum refining industries
- Availability and costs of products and raw materials
- Energy prices
- Value of co-products
- Availability of transportation resources (rail, barge, etc.)

Source: Aventine Renewable Energy Holdings, Inc. 3rd Quarter Report, 2007



Thank You