BIO
BIOTECHNOLOGY
INDUSTRY ORGANIZATION

January 22, 2007

The Honorable George W. Bush
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear President Bush:

Now that the new Congress is in session we wanted to transmit our official policy recommendations on biofuels research and development and commercialization. Herein please find a menu of policy options that has been approved by the Biotechnology Industry Organization (BIO) Industrial and Environmental Section Governing Body.

As members of BIO's Industrial and Environmental Section Governing Body we are writing to encourage your support of biofuels programs and initiatives of great importance to our country and our industry. Industrial biotechnology is the key enabling technology for the biofuels industry that is causing a dramatic paradigm shift in energy production technology.

We recommend the following policy options in order to bolster and accelerate the cellulosic ethanol industry. We have designated these policy proposals by committee of jurisdiction.

BIO Industrial and Environmental Section Policy Recommendations

- *Providing adequate funding, through appropriations for the Energy Policy Act of 2005 (EPAct) authorized biofuel research, demonstration, and incentive programs*

Appropriations (Energy & Water Appropriations)

DOE Biomass R&D – Fully fund the DOE Biomass and Biorefinery Systems Research and Development Program at amounts authorized under Sec. 932 of EPAct:

FY 07 -- $213 million, including $100 million for integrated biorefinery demonstrations
FY 08 -- $251 million, including $125 million for integrated biorefinery demonstrations

Cellulosic Ethanol Production Incentive/Offtake Agreement – Fund production incentives (offtake agreement) for first 100 million gallons of cellulosic ethanol authorized under Sec. 942 of EPAct:

FY 07 -- $1 million to establish program
FY 08-10 -- $64 million per annum (or $192 million to be made available until expended)

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Cellulosic Ethanol Biorefinery Construction Loan Guarantees – Fund loan guarantees authorized under Sec. 1510 and/or Title XVII of EPAct. Require at least one loan guarantee be to cellulosic ethanol biorefinery project

• *Monetizing the value of the Renewable Fuels Standard (RFS) cellulosic ethanol trading credit established in the Energy Policy Act of 2005*

Ethanol Tax Credits (House Ways & Means, Senate Finance)

Production Tax Credit for Cellulosic Ethanol – Maintain and make permanent existing ethanol tax credit. Provide additional tax credit of $0.74/gallon to blenders for first 1 billion gallons of cellulosic ethanol added to fuel supply (would be in addition to $0.51 VEETC)

Appropriations (Agriculture Appropriations)

USDA Biomass R&D – EPAct Sec. 941 increased authorization for joint USDA-DOE Biomass R&D program to $200 million annually through 2015 for critical research and development of advanced cellulosic feedstock crops and collection, transport and processing technology:

FY 07 -- $200 million
FY 08 -- $200 million

• *Providing grants and other incentives for the cellulosic ethanol industry*

Grants and Other Incentives (Energy Committees)

Stronger Cellulosic Renewable Fuel Standard – Current RFS (EPAct Sec. 1510) requires 250 million gallons/year of ethanol from cellulose beginning in 2013. Boost RFS to require 3 billion gallons of ethanol from cellulose beginning in 2016.

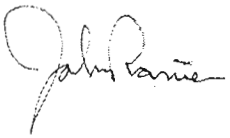
Fix Cellulosic Ethanol Definition in RFS – Current definition in EPAct Sec. 1510 includes corn ethanol produced at facilities powered by waste. Definition of cellulosic ethanol should be restricted to ethanol derived directly from cellulosic biomass via enzymatic hydrolysis.

BIO supports the production of ethanol from all feedstocks. Agricultural biotechnology is helping to increase corn yields, while industrial biotechnology is helping to convert corn starch and crop residues into ethanol more efficiently. With ongoing advances in biotechnology, biofuels can help America meet nearly half its transportation-fuel needs by the middle of this century.

We appreciate your leadership in helping the United States achieve greater energy independence through the commercialization of new biofuels technology.

BIO represents more than 1,100 biotechnology companies, academic institutions, state biotechnology centers and related organizations across the United States and 31 other nations. BIO members are involved in the research and development of healthcare, agricultural, industrial and environmental biotechnology products.

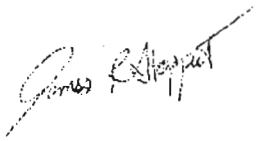
Sincerely,



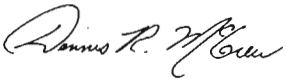
DuPont

Codexis, Inc.

Metabolix, Inc.



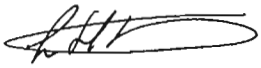
Cargill, Inc.



NatureWorks, LLC

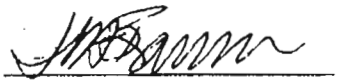
The Dow Chemical Company

Genencor International, Inc.

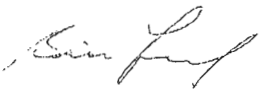


DSM NV

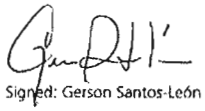
Novozymes North America



Diversa Corporation



Iogen Corporation



Signed: Gerson Santos-León

Abengoa Bioenergy