

Gulf Ethanol's Industry Positioning

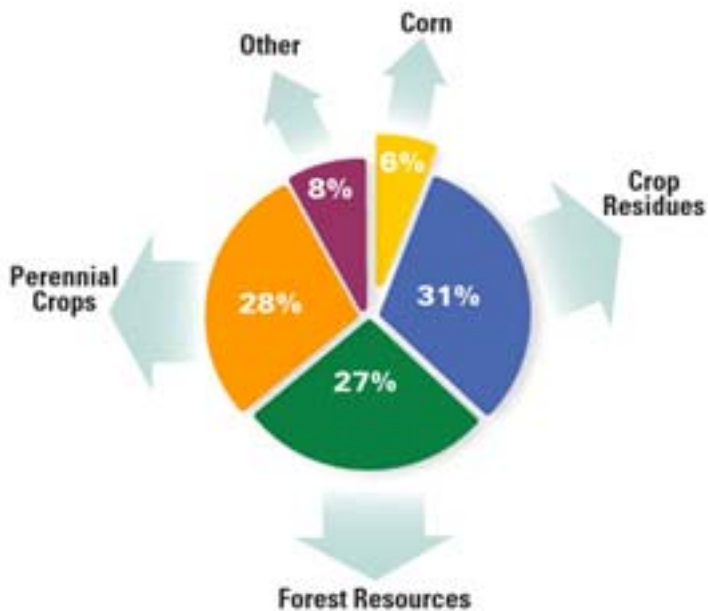
HOUSTON--(MarketWire)

Gulf Ethanol Corporation (OTC: GFET) describes its industry position.

The U.S. Department of Energy states that, "*biomass is the single renewable resource that has the potential to supplant our use of liquid transportation fuels now and help create a more stable energy future. Using our indigenous biomass resources, we can potentially fuel our cars and provide new economic opportunities across the nation.*" Biomass includes agricultural and forestry residues, perennial grasses, woody energy crops, and wastes (municipal solid waste, urban wood waste, and food waste). It is unique among renewable energy resources in that it can be converted to carbon-based fuels and chemicals, in addition to electric power. America's plan to replace 20% of gasoline with biofuels within 10 years has five steps leading from the farmer's field to the consumer's vehicle. Gulf Ethanol's feedstock pre-processing technology fits in the feedstock logistics portion of this plan which addresses transportation, costs and handling of feedstocks.

The DOE states that, "*the initial sizing and grinding of biomass affects efficiencies and quality of all the downstream operations . . . New technologies and equipment are required to process biomass between the field and conversion facilities.*" This is the exact link in the developmental chain for cellulosic ethanol that will be supplied by Gulf Ethanol's feedstock preprocessing technology. Transportation costs are lowered by processing feedstocks into dry powder lignocellulose.

In addition, GFET's preprocessing system is expected to significantly improve process times and net yield realized from feedstocks. By 2015, the DOE has targeted preprocessed feedstocks ready for refining at \$35 per ton vs. today's price of \$53 per ton. Equally important, the preprocessed, dry feedstock can be stored for longer periods of time without sugar loss or rotting.



Projected U.S. Biofuel Sources

Source: Biomass as feedstock for Bioenergy and Bioproducts
Industry Technical Feasibility of a Billion on Supply
Doe and USDA

About Gulf Ethanol Corporation

Gulf Ethanol is an alternative energy company focused on the development of the cellulosic ethanol industry with a particular emphasis on Texas and the Gulf Coast. For more information please visit our homepage at: **www.GulfEthanolCorp.com**.

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