

## **Permolex International, L.P. completes Northeast Biofuels financing with investment from Citigroup Venture Capital International**

New York – (BUSINESS WIRE) – July 6, 2006 – Permolex International, L.P. today announced a major expansion of its North American ethanol business, following its successful equity investment in Northeast Biofuels (“NEB”), a “destination” bio-refinery to be constructed in Volney, New York. The NEB plant will be the first ethanol facility in the Northeast United States. Because of its strategic Upstate New York location, NEB will have low cost access to markets representing more than 2.3 billion gallons of potential ethanol demand in the Northeast US and Eastern Canada. Permolex also owns a wheat-based facility in western Canada that produces ethanol, flour, vital wheat gluten and distillers grains.

In conjunction with the NEB transaction, Permolex received a significant equity investment from Citigroup Venture Capital International Growth Partnership, L.P. (“CVCI”). CVCI and Permolex’s existing backers, the Brent MacKenzie Group, have positioned Permolex for rapid growth. A significant expansion of Permolex’s Canadian facility is contemplated, along with a new “greenfield” plant in Alberta. Together with NEB, these projects alone could make Permolex International the fourth largest ethanol producer in North America.

The NEB facility will be constructed on the site of a former brewery at the 420-acre Riverview Business Park in Volney, NY, about 25 miles north of Syracuse. The project will enjoy significant construction cost advantages as a result of utilizing existing infrastructure and equipment. When the plant opens in December, 2007, it will produce 114 million gallons of corn ethanol per year, 367,000 tons of distillers dried grains for high protein animal feed, and 326,000 tons of carbon dioxide (“CO<sub>2</sub>”) for commercial uses in the food and beverage industry. NEB and its on-site project participants, BOC and Perdue Farms Inc., will directly and indirectly employ approximately 100 workers, with an estimated 1,500-plus “spin-off jobs” created in agriculture, transportation and other sectors of the Upstate New York economy.

"We are extremely pleased about joining forces with Permolex," said Eric Will, project developer of NEB. "The years of hard work and the unwavering support of our government, agriculture, labor, and academic stakeholders have made today's announcement possible. With its successful track record and strong sponsor support, Permolex has the management team and financial resources to become one of North America's largest and most diverse biofuels producers. As a key component of Permolex International's growing bio-energy business, the NEB Volney facility will also play a critical role in New York State's development of commercially sustainable renewable energy technology."

CVCI's investment in Permolex International underscores Citigroup's continued commitment to alternative energy as factors such as high energy prices, energy security and environmental impact drive the need for new energy sources. Managing a \$1.6 billion private equity fund, Citigroup Venture Capital International is also responsible for Citigroup's Sustainable Development Investment Program ("SDIP"), which focuses on private equity investments in renewable energy (including wind, solar, biofuels and hydro), sustainable forestry, waste and water management. CVCI's recent investments in the sector include Suzlon, the leading India-based wind energy company, and Solarfun, a China-based solar power company.

Goldman Sachs acted as sole lead arranger and placement agent for the associated credit facilities. NEB also executed an innovative multi-year crush spread hedge with Goldman's Global Commodities unit. The financing achieved the highest credit ratings from S+P and Moody's of any ethanol producer to date.

For the Brent MacKenzie Group, long-time backers of Permolex, the investment by CVCI and the completion of the NEB transaction represent major milestones in Permolex's goal of becoming a leading multi-plant, multi-input ethanol business. Doug MacKenzie, President and CEO of Permolex International, said he was delighted to have the backing of CVCI due to its focused commitment to the renewable energy sector, and to be partnering with the project developers of NEB. In addition, MacKenzie paid tribute to Noble Americas, Perdue Farms, and the BOC Group, who will each play a significant operational role in

the project's success. He also hailed the involvement of Lurgi PSI, the project's engineering and construction firm. Construction is expected to commence immediately.

New York Governor George E. Pataki commented, "Today's announcement that the Northeast Biofuels project in Volney is set to break ground is great news for the people of New York State. In addition to hundreds of new jobs and an estimated annual economic impact of over \$250 million, this project is proof positive that New York State's investment in renewable resources and energy independence is beginning to pay big dividends. With the participation of experienced and respected industry leaders like Permolex International, New York State is positioned to build on our reputation as one of North America's leaders in the bio-energy industry."

"This is great news for Oswego County and its workforce," said Senator Jim Wright, Chairman of the NYS Senate Energy Committee. "This project will provide hundreds of direct and indirect job opportunities for Oswego County residents. I applaud the efforts of all the parties involved who have worked tirelessly to finalize the financing package and am pleased that New York State could serve as a partner."

The project has also received a preferred stock equity investment from the New York State Common Retirement Fund. NY State Comptroller Alan Hevesi, who administers the fund said, "Northeast Biofuels is an innovative company that is capitalizing on the ever-growing need for environmentally sound products and alternative energy sources. We are looking forward to a strong return for the Pension Fund"

Perdue Farms Grain & Oilseed Division will procure and arrange for the delivery of 100 percent of the Volney facility's corn requirements, as well as market distiller's dried grains, a co-product of ethanol production. "We are pleased to be working with Northeast Biofuels, and to expand that partnership to Permolex International as it grows to become a bio-energy company," said Jim Perdue, Chairman, Perdue Incorporated. "This is an exciting development for New York agriculture, and we are happy to be a part of it."

Noble Americas Corp., a wholly owned subsidiary of global supply chain manager Noble Group, Ltd. will purchase 100 percent of the plant's 114 million gallons of annual ethanol production. Noble Americas was selected because of its experience in supplying gasoline components to petroleum refiners/blenders, as well as its global marketing capability and strong presence in the US ethanol market.

Trevor Burt, President, PGS North America, BOC, said, "We're excited to work with the Permolex and Northeast Biofuels team. We believe Permolex's investment in the company and in this project will further strengthen our already successful partnership and provide great growth opportunities for our companies and for our customers."

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**Brent MacKenzie Group** –Brent MacKenzie Group was formed by Douglas Brent, Hollis Brent and Douglas MacKenzie to focus on investments in the global biofuels sector. Mr. MacKenzie, a former oil industry executive, has over 14 years experience as a senior executive, strategist and innovator in the ethanol and biofuels industry. Douglas and Hollis Brent, through their private holding company Brent Enterprises, LLC, also invest in and operate businesses in other industries undergoing fundamental change, including businesses in the food and specialty packaging sectors.

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**BOC** (NYSE: BOX), will purchase the CO2 produced at NEB. BOC is building a plant on the site expressly for this transaction. BOC is a world-wide industrial gases, vacuum technologies and distribution services company serving two million customers in more than 50 countries. BOC employs 30,000 people and had total revenues of over \$8.1 billion in 2005.

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**Citigroup Venture Capital International Growth Partnership, L.P.** is a \$1.6 billion private equity fund managed by Citigroup Venture Capital International, within Citigroup Alternative Investments (CAI). CAI is an alternative investment platform that manages a wide range of products across five asset classes, including private equity, hedge funds, real estate, structured products and managed futures. CAI manages capital on behalf of Citigroup, as well as third-party institutional and high net worth investors. As of March 31, 2006, CAI had approximately \$39.3 billion of un-levered assets under management, ranking CAI among the world's largest alternative asset managers. CAI's goal is to enable its 14 investment centers to retain the entrepreneurial qualities required to capitalize on evolving opportunities, while benefiting from the intellectual, operational and financial resources of Citigroup.

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**Goldman Sachs** "Goldman Sachs acted as sole lead arranger and bookrunner on credit facilities to help finance construction. In connection with the loan package, NEB executed an innovative multi-year crush spread hedge that's being provided by Goldman's Global Commodities unit.

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**Lurgi PSI**, a subsidiary of Lurgi AG and part of the GEA-group, based in Memphis, Tennessee is a leading technology company operating worldwide in the fields of process engineering and plant contracting. The technological leadership is based on proprietary technologies and exclusively licensed technologies in the areas of biofuels (ethanol and biodiesel) as well as food and olechemicals, gas-to-petrochemical products via synthetic gas or methanol and synthetic fuels, gas generation and treatment, petrochemical intermediate and end products.

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**Noble Americas Corp.** is a division of Noble Group Limited (SGX: NOBL), a market leader in managing the global supply chain of agricultural, industrial and energy products. Achieving the second highest profitability in 2005 with net profits of US\$231 million in 2005, representing a 36% ROE on US\$11.7 billion in revenue. Noble Group operates a network of over 70 offices in 42 countries serving more than 3,500 customers.

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**Perdue Farms** Grain & Oilseed Division procures, processes and merchandises ingredients for the feed, food, pet food, fertilizer and fuel markets. Its products include grains, soy products, protein products and organic fertilizer recycled from poultry litter. Ranked third in sales in the poultry industry in North America. Perdue Incorporated is a leading international food and agriculture business providing quality products and services to customers in more than 40 countries.

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**New York State Common Retirement Fund.** Comptroller Hevesi is sole trustee of the \$140 billion New York State Common Retirement Fund. The in-state investment program provides capital to New York State

businesses while providing market rate returns to the Pension Fund. The investment follows a report issued last year on the potential economic benefits of increased use of renewable energy in New York State.  
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**Northeast Biofuels** will construct the NEB facility on the site of a former brewery at the 420-acre Riverview Business Park in Volney, NY, about 25 miles north of Syracuse. When the plant opens in December, 2007, it will annually produce 114 million gallons of corn ethanol and become the first operating ethanol plant in the Northeast. NEB and its on-site project participants, BOC Gases and Perdue Farms Inc., will directly and indirectly employ approximately 100 workers, with an estimated 1,500-plus “spin-off jobs” created in agriculture, transportation and other sectors of the Upstate New York economy.  
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**Riverview Business Park** has been subdivided to accommodate NEB in a 90-acre parcel which includes the former brewery’s 350,000 square-foot brew house. Much of the brew house’s existing fermenting and distilling equipment will be retrofitted to “brew” ethanol. The park’s remaining 330 acres and 900,000 square feet will continue to be developed as a business/industrial park, with a special focus on renewable energy and agri-business. Designated by New York State as an “Empire Zone”, Riverview provides NEB and other industrial tenants with a host of infrastructure assets including: immediate access to rail, interstate highway, Barge Canal and the deep water Port of Oswego on Lake Ontario. Other Riverview assets include: Lake Ontario water and a 5 million-gallon-per-day waste water treatment plant. Riverview is owned by Eric Will and Thomas Denney who are also partners in NEB.  
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**New York State** has enacted a host of innovative programs for development and commercialization of bio-energy technology including: refundable tax credits for ethanol and biodiesel production; \$20 million for commercialization of “cellulosic” bio-mass technology; and \$30 million to support develop of E-85 and B-20 retail pumps and infrastructure. In addition, New York State, in concert with the Federal government and a host of private sector partners, has committed more than \$200 million to the Center of Excellence (CoE) for Environmental and Energy Systems in Syracuse. The CoE will serve as the research umbrella for bio-mass/biofuels R&D now underway at CoE partner institutions including: State University of New York College of Environmental Science and Forestry (ESF); Syracuse University; Cornell University; Clarkson University; and Morrisville College.  
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