



NEWS RELEASE

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VIRENT TO ENHANCE ADVANCED BIOFUELS COMPETITIVENESS WITH \$2.4M IN RECOVERY ACT FUNDS

Improved biomass deconstruction technologies will speed the use of non-food feedstocks as a source of cost-effective, infrastructure-compatible renewable biofuels

Madison, Wis., February 3, 2010 - Virent Energy Systems, Inc. announced today that it has been awarded \$2.4 million from the U.S. Department of Energy as part of a \$33.8 million grant to the National Advanced Biofuels Consortium (NABC). The NABC aims to develop technologies to convert cellulosic biomass feedstocks into hydrocarbon fuels that are sustainable, cost-effective, and compatible with existing infrastructure.

The funding will enhance Virent's on-going efforts to break down cellulosic biomass into sugars that can be further processed into biofuels that are cost-competitive with petroleum-based fuels. Virent's innovative BioForming® conversion process utilizes both conventional and non-food plant sugars, although fuels made from non-food sugars are not currently cost-competitive. Industry analysts and policymakers believe that promoting technologies to reduce the price of non-food cellulosic feedstocks would be the most effective way to lower the price of the finished fuel and enable these advanced biofuels to achieve broader acceptance and commercialization in the transportation fuel marketplace. Virent currently produces its high octane, energy dense green gasoline using feedstocks as diverse as sugar cane, sugar beets, woody biomass, switchgrass, bagasse, or corn stover.

"Virent is pleased to be the recipient of this grant from the Department of Energy as part of the NABC and we are looking to enhance the competitiveness of cellulosic biomass as a biofuel feedstock because of its considerable potential as a high-impact energy source," said Lee Edwards, CEO of Virent. "Combining inexpensive sugars from plentiful cellulosic biomass, such as agricultural or forestry residues, with already substantial quantities of conventional sugar feedstocks, could dramatically increase the volume of renewable fuels produced globally without impacting food, feed or export demands," according to Edwards.

In addition to fuel price, compatibility with today's petroleum distribution infrastructure would speed market acceptance of biofuels. The most direct way to achieve this is to produce renewable hydrocarbon fuels that match petroleum fuels in molecular composition, energy content, and performance. Virent's BioForming process generates the broad range of gasoline, jet fuel, and diesel hydrocarbon molecules now refined only from petroleum. Virent's renewable fuels can be used at high blends with, or as drop-in replacements for, petroleum fuels with no new infrastructure investment.

"Biofuels must be compatible with the nation's engines, pipelines and refineries to play a substantial and effective role in reducing carbon emissions and reducing oil imports," said Dale Gardner, National Renewable Energy Laboratory (NREL) Associate Director for Renewable Fuels and Vehicles. NREL is jointly leading the NABC with the Pacific Northwest National Laboratory.

"The economical conversion of plentiful cellulosic biomass into renewable, fungible hydrocarbon fuels is the most realistic alternative to create a clean energy transportation sector in the coming years," said Edwards. "Virent has proven it can transform cellulosic, non-food sugars into environmentally superior hydrocarbon fuels with the same composition and performance as petroleum fuels. Progressing biomass deconstruction to provide inexpensive cellulosic sugar feedstocks is the final hurdle to achieving a complete and sustainable biofuels solution."

Virent's work in cellulosic pre-treatment and deconstruction initially began in 2007 with a two million dollar Advanced Technology Program grant from the National Institute of Standards and Technology. The award announced today will specifically fund Virent's investigations of pretreatment strategies for releasing sugars from biomass and improved catalysts for the conversion of biomass-derived sugars to hydrocarbons as well as the process and engineering design to integrate these improved technologies with Virent's BioForming process.

ABOUT VIRENT ENERGY SYSTEMS

Virent's BioForming process is a leading technology for the production of fungible advanced biofuels, including green gasoline, diesel, and jet fuel. The process has won numerous technology and innovation awards including the U.S. Environmental Protection Agency's Presidential Green Chemistry Challenge and the World Economic Forum's Technology Pioneer awards. Headquartered in Madison, WI, Virent has 80 employees in a state of the art catalytic biorefining development facility. Virent counts Cargill and Honda among its leading investors and has a collaboration with Royal Dutch Shell to commercialize the production of green gasoline. The BioForming technology is based on the Aqueous Phase Reforming process. To learn more, visit: www.virent.com.

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