



## Key Issues in 2014 RVO Proposal

### Forward Looking Statements



These slides and the accompanying oral presentation contain “forward looking” statements regarding future results and events, including, without limitation, statements about: the start-up of and commercialization at our biomass-to-fuel facility in Columbus, Mississippi, potential future sales of our fuels products, and our anticipated future operations and plans for financing. For this purpose, any statements contained herein that are not statements of historical fact may be deemed forward looking statements. Without limiting the foregoing, the words “believes,” “anticipates,” “plans,” “expects,” “intends,” “appears,” “estimates,” “projects,” “will,” “would,” “could,” “should,” “targets,” and similar expressions are also intended to identify forward looking statements. The forward looking statements in this presentation involve a number of risks and uncertainties. The Company’s actual future results may differ significantly from the results discussed in the forward looking statements contained in this presentation. Such factors and others are discussed more fully in the section entitled “Risk Factors” in the Company’s Annual Report on Form 10-K as filed with the United States Securities and Exchange Commission (SEC) on March 18, 2013, and the Company’s other filings with the SEC, all of which are incorporated by reference in this presentation. If any of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results, levels of activity, performance or achievement may vary significantly from what we projected. The Company specifically disclaims any obligation to update these forward looking statements in the future.

## Distinctive Traits

Breakthrough cellulosic hydrocarbon-based fuel technology

Scalable by leveraging established refining technologies

Flexible, non-food feedstock input

Fuels compatible with existing infrastructure and vehicle fleet

Significant economic benefit for local communities

## Current Status

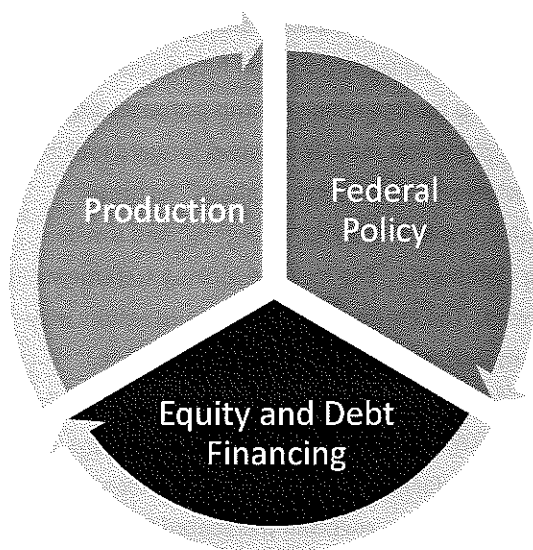
Columbus, MS Plant Producing Fuel and D3 & D7 RINs Today



Equity Raised 10/21 and Actively Pursuing  
Additional Financing for Next Facility



## Good Policy is Important for Cellulosic Biofuels Success



KiOR appreciates the efforts undertaken by the agencies to preserve the cellulosic biofuel category of RFS and the estimation efforts undertaken thus far

KiOR favors a federal policy with higher advanced targets - "Option 1" - since lower targets could affect investor perception and cellulosic biofuel pricing

KiOR would benefit from minor updates to the proposal to send a strong positive message to investors in the cellulosic space

## Good Policy Enables Accelerated Cellulosic Biofuel Production



### Policy Certainty

- Raising financing for businesses that benefit from mandated markets requires significant policy certainty

### Cellulosic Deemed Highest Value

- 60% reduction in GHG (minimum) compared to 20% reduction in GHG for renewable fuels
- Cellulosic Waiver Credit (CWC) as additional incentive
- Pricing generally driven by Advanced RIN (D5) + CWC

### Advanced Biofuels as High Value Products

- 50% reduction in GHG (minimum) compared to 20% reduction in GHG for renewable fuels
- Since RFS2 intent is to promote reduction in GHG, any reduction in mandate could stifle innovation
- Generally the price of advanced RINs (D5) driven by marginal producer of advanced biofuel

### Cellulosic Fuel Production

- Drop-in fuels do not impact the "blend wall" for ethanol – there is significant value created by this
- RFS2 is focused on driving GHG emissions reduction and geared toward utilizing non-food feedstocks

Key Issues

Fueling the 21<sup>st</sup> Century

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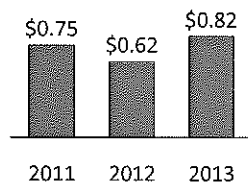
## Cellulosic Regulatory Value Has Dropped Since 2011



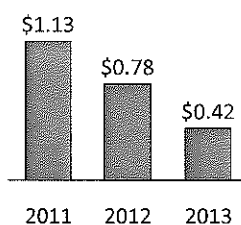
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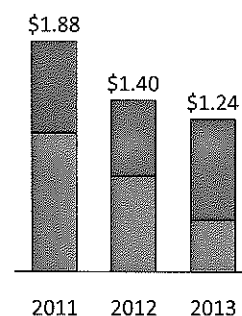
### Advanced RIN (D5) Value \$/GEE (avg or YTD)



### Cellulosic Waiver Credit \$/GEE



### Cellulosic RIN (D3) Value \$/GEE (avg or YTD)



Reduced product value can impact project economics which drives project financing

Key Issues

Fueling the 21<sup>st</sup> Century

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## Investment Community Perception is Consistent with KiOR's



- Currently no liquid market for cellulosic RINs (they are under contract)
- Proxy for the cellulosic RIN (D3) is the advanced RIN (D5) + waiver (CWC)
- This means that if advanced RIN (D5) drops, so does the value for cellulosic RIN (D3)

*Compliance with a cellulosic RVO can then be achieved with an A-RIN plus a CWC, a "synthetic C-RIN."*

Source:  
Investment Analyst report

*Theoretically, to an obligated party, the value of blendstock from KiOR with a natural C-RIN attached should be equal to the hydrocarbon value plus a synthetic C-RIN. From the obligated party's point of view, the C-RIN (whether natural or derivative) represents an unavoidable additional cost, but to KiOR it represents additional revenue and a strong incentive to produce more cellulosic fuels.*

Source:  
Investment Analyst report

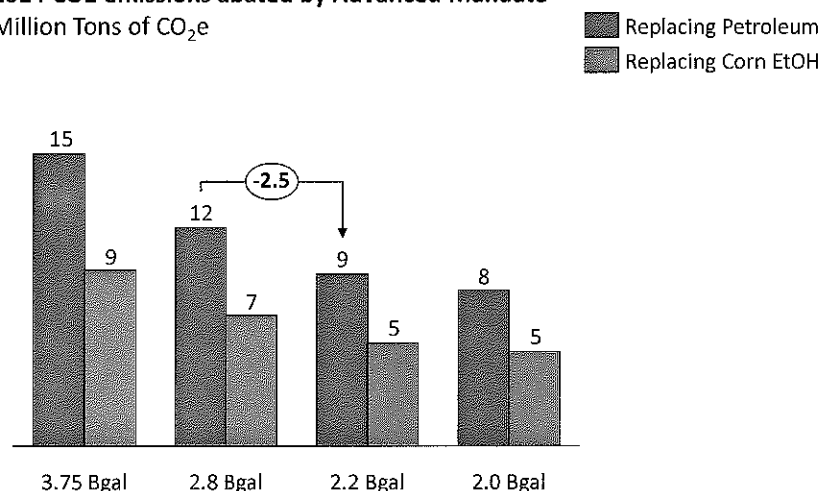
## Lower Advanced Mandates Impact Policy Objectives and KiOR



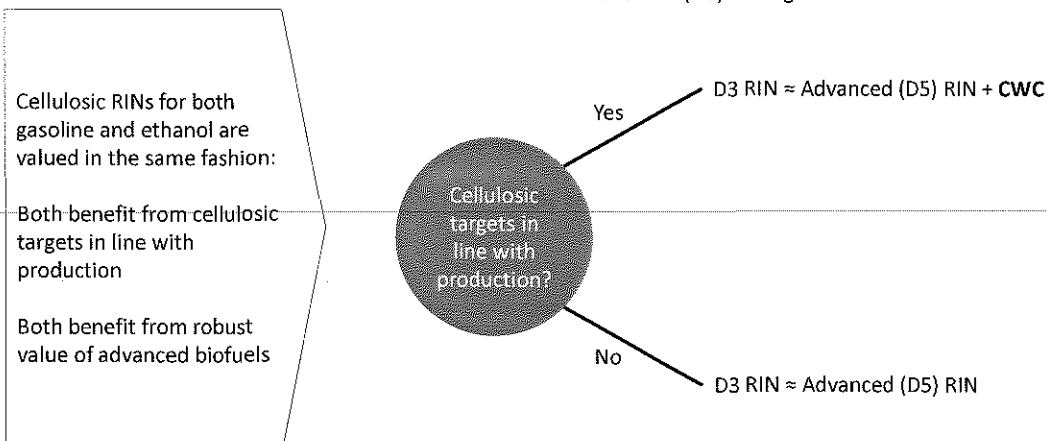
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**2014 CO<sub>2</sub> emissions abated by Advanced Mandate**  
Million Tons of CO<sub>2</sub>e



### Cellulosic Mandate Affects Value Capture Cellulosic Gasoline or Ethanol RIN (D3) Pricing



Setting the cellulosic mandate to facilitate capture of the cellulosic waiver credit supports project economics – and provides an incentive to continue innovation in and commercialization of biofuels

## Cellulosic Target Setting Recommendations

- KiOR believes the current method is a good way to start
- Suggests “locking in” previous years production and then adding expected increases in production for the target year through a scenario based method
- “Prior year plus” approach
- KiOR would suggest a target set above the 50% point for the Monte Carlo analysis
- New pathway approvals that could dramatically shift production volumes mid-compliance year should be treated with care; existing producers should not be penalized by the growth of the industry

## Critical Issues for KiOR

## Rationale

### Option 1: 2.8 Bgal Advanced Mandate for 2014

- Targets should not be set in such a way that they stifle innovation
- Advanced RIN pricing affects Cellulosic RIN pricing
- Lower advanced targets could lead to lower cellulosic market value

### Assurance of Future Cellulosic Support

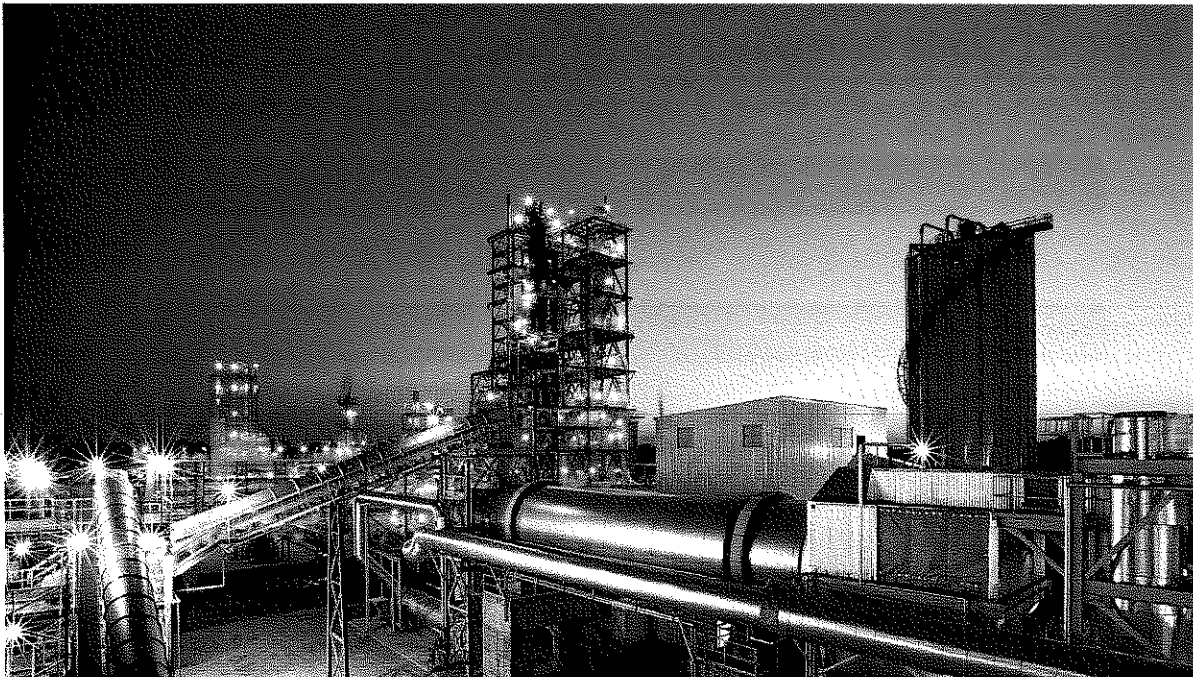
- Continued promotion of low GHG emissions fuels and rural jobs
- Language that provides certainty for investors that the market will remain (RFS extends beyond 2022)

### Sensible Approach to Cellulosic Volume Targets

- Cellulosic Volume Targets affect whether KiOR can monetize the CWC
- Prior year plus methodology – fix previous year production, add in scenario planning for expected production not yet on-line

### Other Key Enablers

- Planted Tree Pathway will enable equal access to feedstock, lowering expected biomass costs and improving project economics
- Clarity past 2022 will significantly assist successful financing for new projects



## Overview

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Flexible, non-food feedstock input

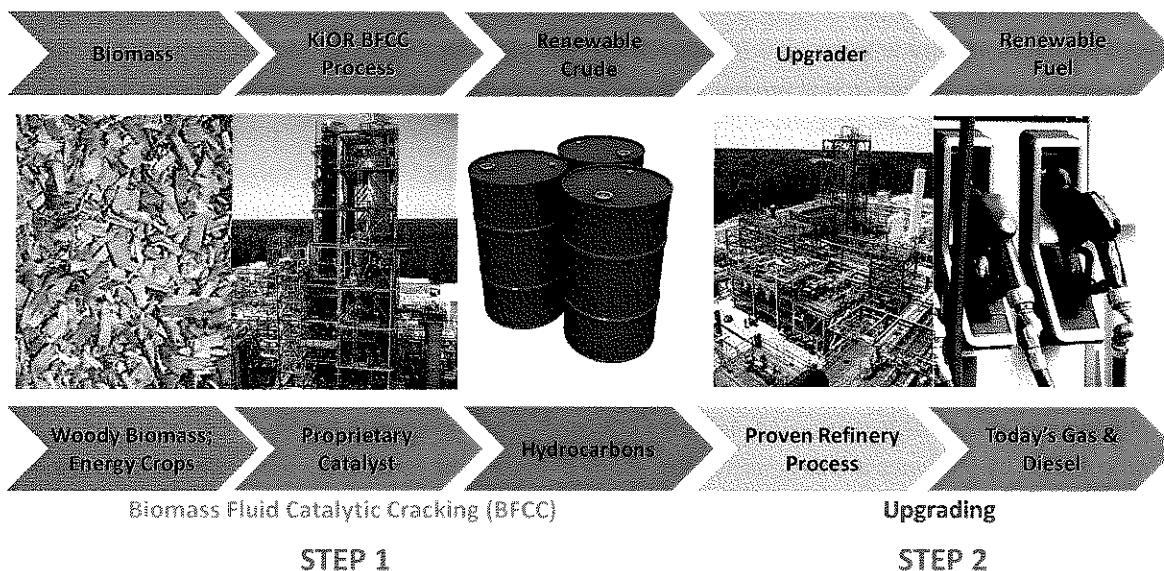
Fuels compatible with existing infrastructure and vehicle fleet

Significant economic benefit for local communities

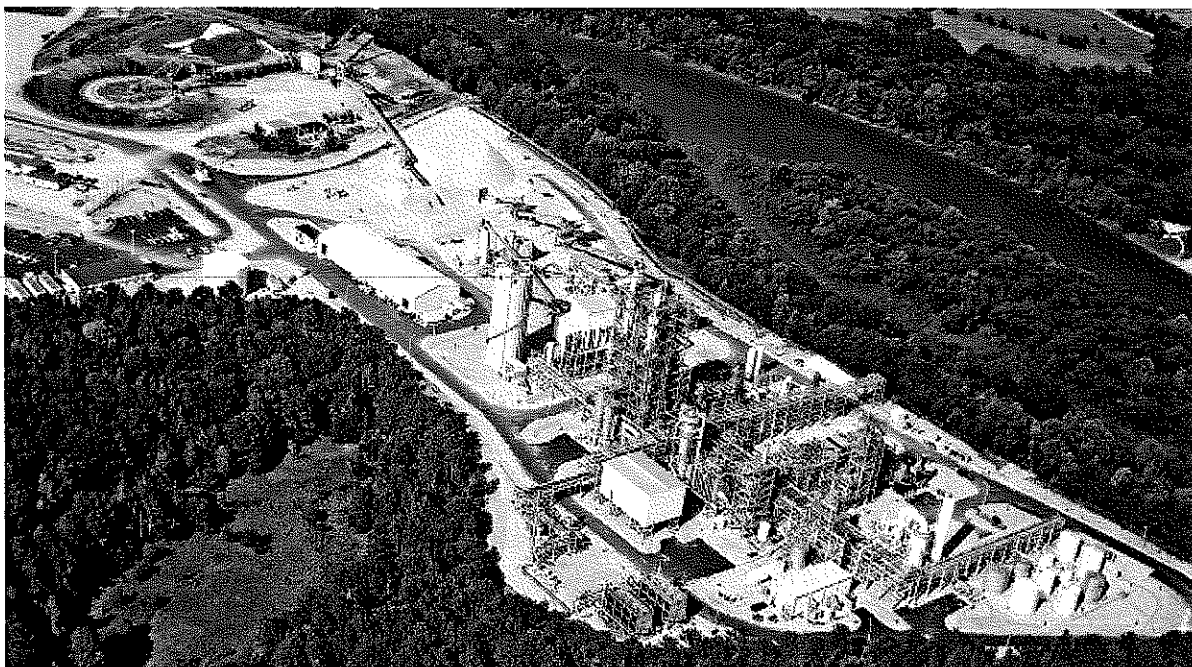
## KiOR's Two Step Biomass-to-Fuel Process



Proprietary Catalyst  
Leveraging Proven Process Technology







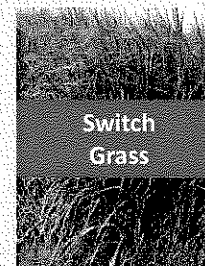
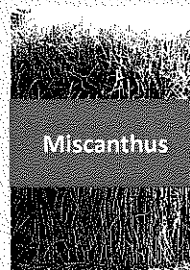
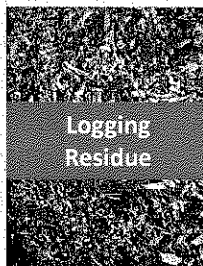
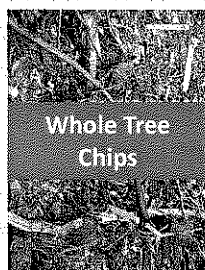
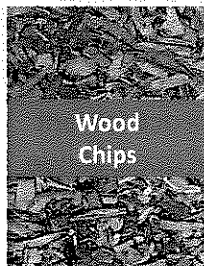
## Non-food Feedstock, a Sustainable Approach

### Social Responsibility

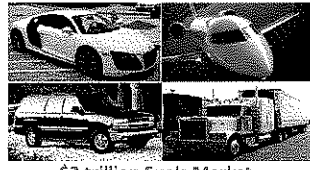
- Given the growing world population, KiOR's focus is non-food feedstock
- Non-food feedstock does not compete with human food needs

### Sustainable Feedstock

- Surplus Southern Yellow Pine - initial feedstock
- Promotes sustainable forestry - harvest fraction of surplus



Virtually  
Identical to  
Fossil Fuels



\$2 trillion Fuels Market

- KiOR fuels produce same energy as fossil fuels
- Compatible in existing engines, cars & trucks

Compatible  
with Fuel  
Distribution  
& Market



Existing Infrastructure



Distribution

- KiOR has no blendwall limits
- KiOR drops into today's infrastructure

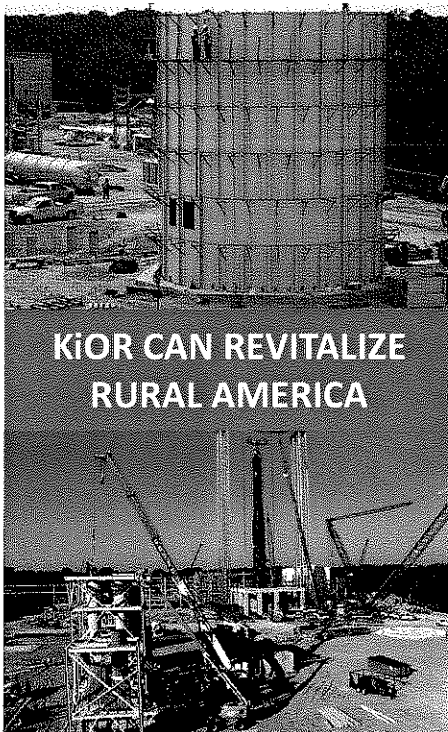
Market  
Acceptance



Access to Market

- First fuel 100% sold before construction
- Readily accepted by conventional fuels market:
  - Major fleet users
  - Refiners

## KiOR Facilities Spur Local Economic Growth



- KiOR locates plants in rural areas with sustainable biomass resources
- All feedstocks are non-food crops and sustainably harvested
- Focus is on communities affected by plant closings that need jobs and investment
- Each KiOR facility is an economic engine
  - \$350 million local investment
  - \$200 million annual revenue
  - \$90 million annual local procurement
  - Millions in increased local tax revenue
  - 500 construction jobs
  - 100 plant jobs
- KiOR puts people back to work through retraining and education

## Summary: KiOR is a Unique Renewable Fuels Company

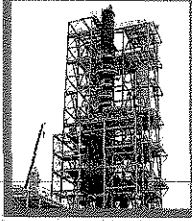


Biomass to Bio-crude

Biomass/  
Woodchips



KiOR  
BFCC Process



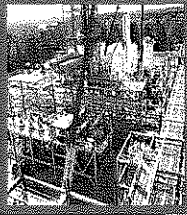
Hydrocarbon, infrastructure compatible fuel

Non-food, sustainable feedstock

Greenhouse gas emissions reduced up to 80%

Bio-crude to Fuel

KiOR  
Upgrading



Today's  
Gas and Diesel



Promotes energy independence

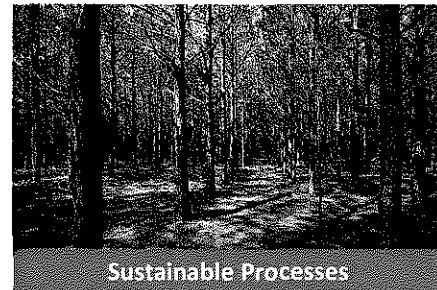
Contributes to RFS2 Cellulosic targets

Stimulates local economies

## KiOR Offers a "Win-Win" Fuels Solution



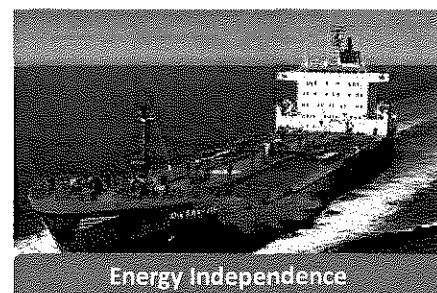
Rural Jobs



Sustainable Processes



Environmentally Friendly



Energy Independence

