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MASCOMA AWARDED NEW YORK STATE CONTRACT TO BUILD AND OPERATE \$20 MILLION CELLULOSIC ETHANOL DEMONSTRATION FACILITY

*~Receives \$14.8 million for project planned for Rochester, NY;
Planning to partner with Genencor to supply advanced enzyme systems~*

CAMBRIDGE, MA and ROCHESTER, NY, DECEMBER 20, 2006 – Mascoma Corporation, a leader in cellulosic biomass-to-ethanol development and production, announced today it has received a \$14.8 million award from the New York State Department of Agriculture and Markets and the New York State Energy Research and Development Authority to build and operate a biomass-to-ethanol demonstration plant in Rochester, New York, pending local permit approvals and definitive agreements among the relevant parties.

The project will focus on demonstrating “cellulose to ethanol” technology and industrial processes. International Paper Co., Cornell University, Clarkson University and the Natural Resources Defense Council join Mascoma and Genencor as part of a consortium supporting the project.

The facility is expected to operate using a number of New York State agricultural and/or forest products as biomass, including paper sludge, wood chips, switch grass and corn stover. Genencor also plans to add capacity at its existing manufacturing facility to supply enzymes to the demonstration facility. Following completion of design, engineering and site agreements and the required approval process, Mascoma estimates it will take 10-12 months to construct the pilot plant and begin operations.

Mascoma was founded in 2005 by biomass industry pioneers Drs. Lee R. Lynd and Charles Wyman of Dartmouth College. With financial backing of \$39M from a syndicate of leading venture capital firms led by founding investor Khosla Ventures, Mascoma plans to build, operate and manage a 15,000 square foot facility in New York State to complete testing of multiple feedstocks and technologies for biomass ethanol.

“After decades of research and development around the world, cellulosic ethanol technology has reached a point where we are ready to demonstrate the commercial scale production of ethanol from biomass,” said Colin South, president, Mascoma. “We are very excited about



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the support from New York for our multi-feedstock approach, and we applaud New York and Governor Pataki's leadership in developing the cellulosic ethanol market. This plant will demonstrate the technologies we expect to rapidly move into commercial application. The continued development of these technologies will require the formation of new partnerships between academics, companies and feedstock producers. To support the development of this facility Mascoma is developing and integrating leading technologies and recruiting experienced personnel in technical and operations areas. We look forward to working with our university and industrial partners on this exciting effort."

As the enzyme partner for the project, Genencor expects to supply enzymes to the project as well as work with Mascoma to continue to improve its advanced enzyme products. Genencor intends to make further investments in its existing enzyme production facility in Rochester. Mascoma intends to locate the demonstration plant at or near Genencor's manufacturing site in Rochester.

"Genencor has made substantial progress over the years on advanced enzymes for biomass conversion," said Jack Huttner, vice president of biorefinery development at Genencor.

"Partnering with Mascoma allows us to prove them in a commercial setting. This will bring cellulosic ethanol one significant step closer to reality. It is a great opportunity to help build a promising new sustainable industry, and Genencor thanks Governor Pataki and the State of New York for its support of this project."

"We see the development and commercialization of cellulosic ethanol as a growth industry for the state of New York. This funding award to Mascoma and the company's demonstration plant initiative with Genencor are important steps in establishing this industry here," said New York State Agriculture Commissioner Patrick H. Brennan. "Producing cellulosic ethanol locally is an ideal approach to further capitalize on this state's agricultural and forestry resources like paper sludge, wood chips, and emerging energy crops. Further, this energy production method can reduce our dependence on foreign sources, while benefiting the environment in a number of ways."

"Cellulosic ethanol promises to contribute significantly to rural economic development and to a sustainable renewable energy future," said Nathanael Greene, senior policy analyst at the Natural Resources Defense Council (NRDC). "It is important that this technology is proven in real world settings and in regions where neither corn nor sugar cane predominate the agricultural production system. Developing cellulosic ethanol for New York will have a measurable, positive impact on farmers' income and greenhouse gas emissions in the state."



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About Mascoma Corporation

Mascoma Corporation is a cellulosic biomass-to-ethanol company with corporate offices in Cambridge, MA, and R&D labs in Lebanon, NH. Mascoma Corporation is leading the development of unique biotechnology and partnering in the deployment of cellulosic production into the ethanol market. The company's executive and research teams are comprised of recognized industry leaders from the U.S. and other countries. Mascoma is aggressively pursuing the development of advanced cellulosic ethanol projects based on technology licensed from and developed at some of the world's leading research facilities, as well as technology developed by Mascoma.

About Genencor

Genencor, a division of Danisco A/S, is a leading industrial biotechnology company that develops innovative enzymes and bioproducts to improve the performance and reduce the environmental impact of the cleaning, textiles, fuels and chemicals industries.

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