

Corporate Fact Sheet

QTEROS AT-A-GLANCE

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Vice President, Research
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- » **Susan T. Hager**
VP Corporate Communications
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Board of Directors:

- » **Steve Goldby**
Venrock (Chairman)
- » **John A. McCarthy, Jr.**
Qteros
- » **Jason Matlof**
Battery Ventures
- » **Martin T. Meehan**
Chancellor UMass, Lowell
- » **Jeffrey C. Sharp**
Jattra Ventures

Our mission is to be the unique catalyst that delivers an industry-standard, lowest-cost technology platform for large-scale, worldwide cellulosic ethanol production. Together with our world-class strategic partners, we are integrating the complex components of the industry value chain for the efficient, profitable and commercial-scale production of ethanol produced from non-food-based biomass.

Qteros' Key Business Highlights

- Unique and broadly protected technology platform built around Qteros' naturally occurring "biorefinery" microorganism, the Q Microbe®.
- Highly efficient Consolidated Bioprocessing (CBP) platform capable of delivering near-term, world-class economics for cellulosic ethanol production at commercially relevant scale.
- Broad, transformational partnership with Praj Industries that derisks and accelerates Qteros' commercialization plans and validates the world-class economic potential of Qteros' CBP platform.
- Capital-efficient licensing business model and well-defined go-to-market commercialization strategy that enables broad licensing opportunities across multiple partners and geographies.
- Strengthened balance sheet with the close of \$22 million initial tranche in Series C financing.
- Top-tier investors and strategic partners including Venrock Associates, Battery Ventures, Praj Industries, BP AE Ventures, Soros Fund Management, and Valero Energy.

Cellulosic Ethanol: An Existing, Multi-Billion Dollar Market Opportunity

Numerous macroeconomic trends are driving demand for cellulosic ethanol: from energy security to environmental and global warming concerns. With low-cost, non-food feedstock sources readily available around the world, cellulosic ethanol is primed for near-term commercial success.

Today, ethanol is the only renewable, alternative fuel that can be "dropped-in" to the current fuel infrastructure in the United States. In 2007, the Energy Independence and Security Act was signed into law creating a revised Renewable Fuels Standard (RFS) that mandates blending of 36 billion gallons of renewable fuels into the U.S. fuel feedstock by 2022, 16 billion gallons per year of which must come from cellulosic ethanol. This mandate creates built-in demand for cellulosic ethanol in the United States and simultaneously aims to reduce America's dependence on fossil fuels.

Globally, the market for cellulosic ethanol is well established and represents a multi-billion market opportunity, either as a gasoline additive or alternative. Other regions of the world including India, China and Brazil have out-paced the United States in their adoption, production and integration of first-generation ethanol and recent focus on cellulosic ethanol scale up.

Lowest-Cost Production Will Drive Worldwide Adoption of Cellulosic Ethanol

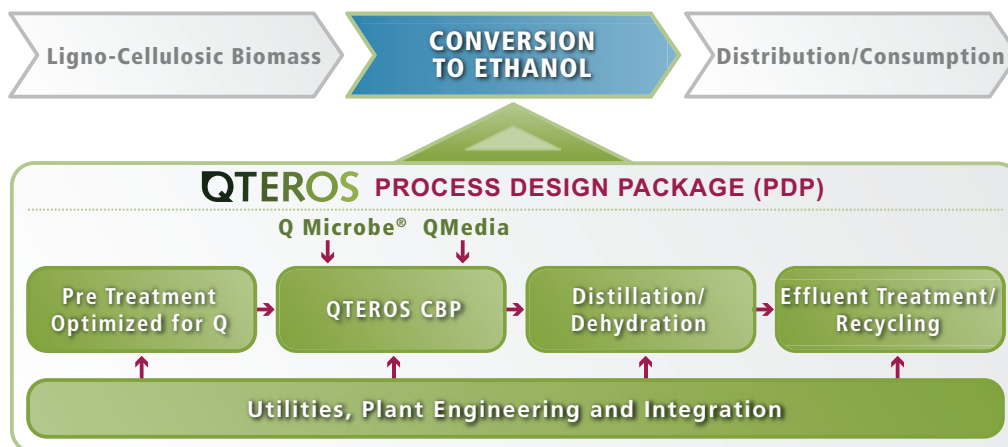
Developing cellulosic ethanol at the lowest cost and at commercially relevant scale is critical for global market penetration in the commodity gasoline market. To achieve market success, cellulosic ethanol must be priced at parity with gasoline without government incentives and offer compelling economic returns for producers.

Qteros has a well-defined road map to achieve near term, world-class economics at commercial scale. Today, Qteros' highly efficient CBP platform is capable of delivering cellulosic ethanol at commercially significant cost points and expects to achieve world-class economics by 2013.

The world-class economic potential of Qteros' technology platform is validated by our strategic agreement with Praj Industries. Leveraging Qteros' CBP platform, Qteros and Praj will jointly develop licensable Process Design Packages (PDPs) that enable lowest cost ethanol production from sugarcane, corn and wheat residuals. Qteros and Praj plan to achieve commercial-readiness with licensable PDPs by the end of 2012.

Five Unique Attributes of the Q Microbe® that Enable the Lowest-Cost Production of Cellulosic Ethanol:

- 1. Feedstock Agnostic:** The Q Microbe® digests a broad variety of non-food biomass including corn stover, sugarcane bagasse and other agricultural residuals. This feedstock flexibility provides ethanol producers with low-cost feedstock options and enables maximum flexibility for geographic site selection.
- 2. Pretreatment:** The Q Microbe® preferentially ferments oligomeric sugars, thereby significantly reducing feedstock pretreatment severity. Producers realize a substantial cost saving with less-severe pretreatment as the process requires less acid, lower pressure and less energy usage. This simplified pretreatment process also enables capital cost savings through streamlined process and engineering design. Importantly, lower pretreatment severity ensures maximum ethanol yield by minimizing the production of inhibitors that normally occur with higher severity pretreatment processes.
- 3. Enzyme Production:** The Q Microbe® naturally produces all enzymes required to digest biomass, leading to significant cost savings. This ability to produce endogenous enzymes allows for an 80% reduction of exogenous enzyme requirement today, and is expected to eliminate the need for all exogenous enzymes over time.
- 4. Fermentation:** The Q Microbe® simultaneously co-ferments all C5 and C6 sugars, thereby streamlining unit operations and minimizing cost. The Q Microbe® is an anaerobic organism which minimizes production-related contamination risk normally associated with aerobic production processes.
- 5. Ethanol Production:** The Q Microbe® naturally produces ethanol as part of its metabolism, thereby resulting in lower capital and operating expenses due to higher fermentation rates, ethanol titers and yield.



Qteros is partnering with world-class technology and engineering firms, like Praj and others, to enable the lowest-cost production of cellulosic ethanol. Our Process Design Package (PDP) provides licensees with the proprietary technology and know-how to construct and operate a commercial-scale facility for converting non-food-based biomass into cellulosic ethanol at the lowest cost.