UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2011

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

Commission file number 001-35073

GEVO, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**87-0747704**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

345 Inverness Drive South, Building C, Suite 310
Englewood, CO 80112
(303) 858-8358
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 25, 2011, 25,957,237 shares of the registrant's common stock were outstanding.

GEVO, INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2011

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

GEVO, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	June 30, 2011	December 31, 2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 105,197,000	$ 15,274,000
Accounts receivable	2,355,000	2,830,000
Inventories	6,410,000	3,765,000
Prepaid expenses and other current assets	922,000	1,040,000
Derivative asset	350,000	361,000
Margin deposit	1,343,000	624,000
Total current assets	116,577,000	23,894,000
PROPERTY, PLANT AND EQUIPMENT—Net	23,900,000	23,465,000
DEFERRED OFFERING COSTS	—	3,152,000
DEBT ISSUE COSTS	772,000	929,000
DEPOSITS AND OTHER ASSETS	169,000	169,000
TOTAL	$ 141,418,000	$ 51,609,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 7,408,000	$ 7,903,000
Current portion of secured long-term debt—Net of $86,000 and $113,000 discount at June 30, 2011 and December 31, 2010, respectively	1,928,000	1,785,000
Derivative liability	—	405,000
Fair value of warrant liabilities	—	2,034,000
Total current liabilities(*)	9,336,000	12,127,000
SECURED LONG-TERM DEBT—Net of $1,257,000 and $1,493,000 discount, less current portion, at June 30, 2011 and December 31, 2010, respectively	17,847,000	18,647,000
OTHER LIABILITIES	463,000	876,000
Total liabilities	27,646,000	31,650,000
COMMITMENTS AND CONTINGENCIES (Note 17)		
STOCKHOLDERS' EQUITY		
Gevo, Inc. stockholders' equity:		
Convertible preferred stock, $0.01 par value per share; none and 15,246,000 shares authorized at June 30, 2011 and December 31, 2010, respectively; none and 14,613,602 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively; aggregate liquidation preference of $0 and $90,660,000 at June 30, 2011 and December 31, 2010, respectively	—	146,000
Preferred stock, $0.01 par value per share; 5,000,000 and no shares authorized at June 30, 2011 and December 31, 2010, respectively; none issued and outstanding at June 30, 2011 and December 31, 2010, respectively	—	—
Common stock, $0.01 par value per share; 100,000,000 and 30,000,000 shares authorized at June 30, 2011 and December 31, 2010, respectively; 25,957,237 and 1,160,657 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively	260,000	12,000
Additional paid-in capital	221,682,000	105,128,000
Deficit accumulated during development stage	(108,170,000)	(85,327,000)
Total stockholders' equity	113,772,000	19,959,000
TOTAL	$ 141,418,000	$ 51,609,000

* Liabilities of Gevo, Inc.'s consolidated subsidiaries for which creditors do not have recourse to the general credit of Gevo, Inc. were $1,811,000 and $4,785,000 at June 30, 2011 and December 31, 2010, respectively, and are recorded within current liabilities.

See notes to condensed consolidated financial statements

GEVO, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,		From June 9, 2005 (Date of Inception) To June 30,
	2011	2010	2011	2010	2011
REVENUES:					
Grant revenue	$ 212,000	$ 462,000	$ 384,000	$ 792,000	$ 3,120,000
Licensing revenue	—	—	—	—	138,000
Ethanol sales and related products, net	14,321,000	—	29,430,000	—	44,195,000
Total revenues	14,533,000	462,000	29,814,000	792,000	47,453,000
COST OF GOODS SOLD	(13,637,000)	—	(28,830,000)	—	(42,276,000)
GROSS MARGIN	896,000	462,000	984,000	792,000	5,177,000
OPERATING EXPENSES:					
Research and development	(5,338,000)	(3,210,000)	(8,604,000)	(7,878,000)	(46,070,000)
Selling, general and administrative	(7,180,000)	(4,871,000)	(12,414,000)	(7,513,000)	(53,849,000)
Lease termination costs	—	—	—	—	(894,000)
Loss on abandonment or disposal of assets	(11,000)	—	(11,000)	—	(354,000)
Total operating expenses	(12,529,000)	(8,081,000)	(21,029,000)	(15,391,000)	(101,167,000)
LOSS FROM OPERATIONS	(11,633,000)	(7,619,000)	(20,045,000)	(14,599,000)	(95,990,000)
OTHER (EXPENSE) INCOME:					
Interest expense	(851,000)	(361,000)	(1,743,000)	(669,000)	(6,745,000)
Interest and other income	18,000	39,000	68,000	58,000	704,000
Loss from change in fair value of warrant liabilities	—	(660,000)	(29,000)	(1,250,000)	(2,852,000)
Other expense—net	(833,000)	(982,000)	(1,704,000)	(1,861,000)	(8,893,000)
NET LOSS	(12,466,000)	(8,601,000)	(21,749,000)	(16,460,000)	(104,883,000)
Deemed dividend—amortization of beneficial conversion feature on Series D-1 convertible preferred stock	—	(779,000)	(1,094,000)	(800,000)	(3,872,000)
NET LOSS ATTRIBUTABLE TO GEVO, INC. COMMON STOCKHOLDERS	$(12,466,000)	$(9,380,000)	$(22,843,000)	$(17,260,000)	$(108,755,000)
Net loss per share attributable to Gevo, Inc. common stockholders—basic and diluted	$ (0.48)	$ (8.15)	$ (1.15)	$ (15.18)	
Weighted-average number of common shares outstanding—basic and diluted	25,852,185	1,151,282	19,798,261	1,137,241	

See notes to condensed consolidated financial statements

GEVO, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	Cumulative Amounts From June 9, 2005 (Date of Inception) to June 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (21,749,000)	$ (16,460,000)	$ (104,883,000)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	2,176,000	1,539,000	7,868,000
Stock-based compensation	3,082,000	1,891,000	14,802,000
Stock expense for shares issued pursuant to license agreements	—	—	10,000
Noncash interest expense and amortization of debt discounts and debt issue costs to noncash interest expense	422,000	138,000	2,575,000
Loss from change in fair value of warrant liabilities	29,000	1,250,000	2,852,000
Loss (gain) from change in derivative	(394,000)	—	(955,000)
Loss on abandonment or disposal of fixed assets	11,000	—	354,000
Changes in operating assets and liabilities (net of effects of acquisition):			
Accounts receivable	475,000	(204,000)	(356,000)
Prepaid expenses and other current assets	(170,000)	(131,000)	(287,000)
Inventories	(2,645,000)	—	(2,840,000)
Margin deposit	(719,000)	—	(450,000)
Deposits and other assets	—	—	(90,000)
Accounts payable, accrued expenses, and long-term liabilities	(441,000)	2,627,000	5,720,000
Net cash used in operating activities	(19,923,000)	(9,350,000)	(75,680,000)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions of property, plant and equipment	(2,255,000)	(329,000)	(10,495,000)
Acquisition of Agri-Energy, net of cash acquired	—	—	(24,936,000)
Proceeds from the sale of property and equipment	—	—	5,000
Restricted certificate of deposit	—	—	(119,000)
Net cash used in investing activities	(2,255,000)	(329,000)	(35,545,000)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock (excluding our initial public offering)	9,000	16,000	31,000
Proceeds from issuance of convertible preferred stock	—	31,564,000	86,025,000
Proceeds from issuance of convertible promissory notes with warrant	—	—	3,000,000
Proceeds from issuance of secured long-term debt	—	—	26,578,000
Proceeds from issuance of warrants	—	—	1,000
Proceeds from exercise of warrants	—	—	592,000
Payments on secured long-term debt	(920,000)	—	(7,313,000)
Proceeds from issuance of common stock in initial public offering, net of underwriting discounts and commissions	114,704,000	—	114,704,000
Deferred offering costs	(1,692,000)	(869,000)	(4,296,000)
Debt issue costs	—	—	(1,033,000)
Payment of stock issuance costs	—	(153,000)	(1,867,000)
Net cash provided by financing activities	112,101,000	30,558,000	216,422,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	89,923,000	20,879,000	105,197,000
CASH AND CASH EQUIVALENTS:			
Beginning of period	15,274,000	21,240,000	—
Ending of period	$105,197,000	$ 42,119,000	$ 105,197,000

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)
(unaudited)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	Cumulative Amounts From June 9, 2005 (Date of Inception) to June 30, 2011
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS—Investing and financing:			
Conversion of preferred stock warrants to common stock warrants upon initial public offering and reclassification of related liability to additional paid-in capital	$2,063,000	$ —	$2,063,000
Warrants issued with secured long-term debt	$ —	$ —	$ 749,000
Warrants issued with convertible promissory notes	$ —	$ —	$ 505,000
Promissory notes and accrued interest converted to Series C preferred stock	$ —	$ —	$3,043,000
Issuance of common stock pursuant to license agreements	$ —	$ —	$ 10,000
Issuance of Series C preferred stock upon exercise of warrant (amount reclassified from liability to equity)	$ —	$ —	$1,458,000
Issuance of Series D-1 preferred stock to ICM, Inc. in exchange for a credit against future services	$ —	$1,000,000	$1,000,000
Deemed dividend—amortization of beneficial conversion feature on Series D-1 convertible preferred stock	$1,094,000	$ 800,000	$3,872,000
Reclass deferred offering costs to additional paid-in capital upon initial public offering	$4,296,000	$ —	$4,296,000
Capital asset additions in accounts payable and accrued expenses	$ 305,000	$ 230,000	$ 305,000
Capital asset additions acquired using prepaid credit with ICM, Inc.	$ 288,000	$ —	$ 726,000
Accrued deferred offering costs	$ —	$ 376,000	$ —
SUPPLEMENTAL CASH FLOW DISCLOSURE—Cash paid for interest, net of amounts capitalized	$1,215,000	$ 480,000	$3,905,000

See notes to condensed consolidated financial statements

GEVO, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Nature of Business and Significant Accounting Policies

Nature of Business—Gevo, Inc. (together with its subsidiaries, the "Company") is a renewable chemicals and advanced biofuels company focused on the development and commercialization of alternatives to petroleum-based products based on isobutanol produced from renewable feedstocks. Gevo, Inc. was incorporated in Delaware on June 9, 2005. Gevo, Inc. formed Gevo Development, LLC ("Gevo Development") to finance and develop biorefineries through joint venture or direct acquisition (Note 6). Gevo Development became a wholly owned subsidiary of the Company on September 22, 2010. Gevo Development purchased all of the membership interests of Agri-Energy, LLC and certain assets of Agri-Energy Limited Partnership (collectively referred to as "Agri-Energy") on September 22, 2010 (Note 2). Agri-Energy, a wholly owned subsidiary of Gevo Development, is currently engaged in the business of producing and selling ethanol and related products produced at its ethanol plant located in Luverne, Minnesota. The Company intends to retrofit its Luverne, Minnesota facility to produce isobutanol.

On February 14, 2011, the Company completed its initial public offering issuing 8,222,500 shares of common stock at an offering price of $15.00 per share, resulting in net proceeds to the Company of $114,704,000, after deducting underwriting discounts and commissions of $8,634,000. Additionally, the Company incurred offering costs of $4,296,000 related to the initial public offering. Upon the closing of the initial public offering, the Company's outstanding shares of convertible preferred stock were automatically converted into 16,329,703 shares of common stock and the outstanding convertible preferred stock warrants were automatically converted into common stock warrants to purchase a total of 398,032 shares of common stock.

At June 30, 2011, the Company is considered to be in the development stage as its primary activities, since incorporation, have been conducting research and development, establishing its facilities, recruiting personnel, business development, business and financial planning and raising capital. Successful completion of the Company's research and development program, and ultimately, the attainment of profitable operations are dependent upon future events, including completion of its development activities resulting in sales of isobutanol or isobutanol-derived products and/or technology, obtaining adequate financing to complete its development activities, obtaining adequate financing to acquire access to and complete the retrofit of ethanol plants to isobutanol production, market acceptance and demand for its products and services, and attracting and retaining qualified personnel.

Following the Company's acquisition of Agri-Energy on September 22, 2010, the Company began recording revenue from the sale of ethanol and related products. Since the production of ethanol is not the Company's intended business, the Company will continue to report as a development stage company until it begins to generate revenue from the sale of isobutanol or other products that are or become the Company's intended business.

Financial Condition—The Company's condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. For the six months ended June 30, 2011, the Company incurred a consolidated net loss of $21,749,000 and had an accumulated deficit of $108,170,000. The Company expects to incur future net losses as it continues to fund the development and commercialization of its product candidates.

The Company has funded its activities since inception primarily through private placements of convertible preferred stock, the issuance of convertible and nonconvertible debt and proceeds raised through its initial public offering. The Company expects to obtain funding through additional equity offerings and issuance of debt until it achieves positive cash flow from operations. The Company's cash and cash equivalents at June 30, 2011 totaled $105,197,000. Management expects that cash on hand will provide the Company with adequate funding for at least the next 12 months. There are no assurances that the Company will be able to raise additional funds, or achieve or sustain profitability or positive cash flow from operations. The accompanying condensed consolidated financial statements do not include any adjustments that may result from the Company's inability to raise sufficient funds or achieve profitability.

A summary of the Company's significant accounting policies is as follows:

Basis of Presentation—The accompanying interim condensed consolidated financial statements are unaudited. These interim condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and the applicable rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's annual report on Form 10-K for the year ended December 31, 2010 filed with the SEC. The December 31, 2010 condensed consolidated balance sheet included herein was derived from the audited financial statements as of that date, but does not include all disclosures including notes required by GAAP for complete financial statements.

The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments of a normal recurring nature considered necessary to present fairly the Company's interim financial information. The interim results presented are not necessarily indicative of the results that may be expected for the full year or for any future year or interim period.

Principles of Consolidation—The condensed consolidated financial statements include the accounts of Gevo, Inc., Gevo Development and Agri-Energy. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Risks and Uncertainties—The Company's operations are subject to certain risks and uncertainties, including those associated with the ability to meet obligations, continuing losses, negative cash flow from operations, fluctuations in operating results, fluctuations in prices of corn, distiller's grains, natural gas liquids and ethanol, funding expansion, strategic alliances, managing growth and expansion, acquiring access to or ownership of production assets, financing arrangement terms that may restrict operations, government regulations and regulatory requirements, development by the Company's competitors of new technological innovations, protection of proprietary technology, the economy, technology trends, completion of its development activities resulting in commercial products and/or technology, and evolving industry standards.

Cash and Cash Equivalents—The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposits that at times exceed federally insured limits.

Deferred Offering Costs—Deferred offering costs include costs directly attributable to the Company's offering of its equity securities. These costs are deferred and capitalized and are charged against the proceeds of the offering.

Debt Issue Costs and Debt Discount—Debt issue costs are costs incurred in connection with the Company obtaining financing that have been capitalized and are being amortized over the expected maturity period of the related debt, using the effective interest method. Debt discounts incurred with the issuance of long-term debt are amortized to interest expense over the terms of the debt using the effective interest method. These discounts are recorded on the condensed consolidated balance sheets as a reduction to long-term debt.

Accounts Receivable—The Company records receivables for products shipped but for which payment has not yet been received. As of June 30, 2011 and December 31, 2010, no allowance for doubtful accounts has been recorded, based upon the expected full collection of the accounts receivable. Substantially all ethanol sold through the Company's Agri-Energy subsidiary from the date of the acquisition through June 30, 2011 was sold to C&N Ethanol Marketing ("C&N"). Accounts receivable from C&N made up 52% and 56% of the Company's total accounts receivable balance at June 30, 2011 and December 31, 2010, respectively.

Inventories—Corn, ethanol, distiller's grains, enzymes and other inventory items are stated at the lower of cost or market value. Cost is determined by the first-in, first-out method. Ethanol inventory cost consists of the applicable share of raw material, direct labor and manufacturing overhead costs.

Revenue Recognition—The Company records revenue from the sale of ethanol and related products. The Company recognizes revenue when all of the following criteria are satisfied: persuasive evidence of an arrangement exists; risk of loss and title transfer to the customer; the price is fixed or determinable; and collectability is reasonably assured. Ethanol and related products are generally shipped free on board shipping point. Collectability of revenue is reasonably assured based on historical evidence of collectability between the Company and its customers.

In accordance with the Company's agreements for the marketing and sale of ethanol and related products, commissions due to marketers are deducted from the gross sales price at the time payment is remitted to the Company. Ethanol and related products sales are recorded net of commissions.

Revenue related to government research grants and cooperative agreements is recognized in the period during which the related costs are incurred, provided that the conditions under the awards have been met and only perfunctory obligations are outstanding.

Cost of Goods Sold—Cost of goods sold includes costs for materials, direct labor and certain plant overhead costs. Direct materials consist of the costs of corn feedstock, denaturant and process chemicals. Direct labor includes compensation of non-management personnel involved in the operation of the ethanol plant. Plant overhead costs primarily consist of plant utilities and plant depreciation. Cost of goods sold is mainly affected by the cost of corn and natural gas. Corn is the most significant raw material cost. The Company purchases natural gas to power steam generation in the ethanol production process and to dry the distiller's grains. Cost of goods sold also includes net gains or losses from derivatives relating to corn and natural gas which do not qualify for the normal purchases and normal sales scope exception to fair value accounting.

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Investment in Commodities Contracts, Derivative Instruments and Hedging Activities—The Company enters into forward purchase contracts for corn and natural gas as a means of securing corn and natural gas used in ethanol production. These transactions are considered to be derivatives and prior to January 1, 2011 were recorded on the balance sheet as assets and liabilities based on each derivative's fair value. The changes in the fair value of these derivative contracts were recognized in income as a component of cost of goods sold. Effective January 1, 2011, the Company designates all of its forward purchase contracts for corn and natural gas under the normal purchases and normal sales scope exception and therefore they will no longer be marked to market. To qualify for the normal purchases and normal sales scope exception, a contract must provide for the purchase or sale of commodities in quantities that are expected to be used or sold over a reasonable period of time in the normal course of operations. The Company also enters into exchange-traded futures contracts for corn as a means of managing exposure to changes in corn prices. These transactions are considered to be derivatives and are recorded on the balance sheet as assets and liabilities based on the derivative's fair value. Changes in the fair value of the derivative contracts are recognized currently in income unless specific hedge accounting criteria are met. The Company has not designated any of its derivatives as hedges for financial reporting purposes.

Property, Plant and Equipment—Property, plant and equipment are recorded at cost less accumulated depreciation. Provisions for depreciation and amortization are computed using the straight-line method over the assets' estimated useful lives, except for the Company's demonstration plant equipment and capitalized costs, which are depreciated over the remaining contractual term of the development agreement, as amended, with ICM, Inc. ("ICM") which ends December 31, 2011 (Note 5). Leasehold improvements are amortized over the term of the lease agreement or the service lives of the improvements, whichever is shorter. Assets under construction are depreciated when they are placed into service. Maintenance and repairs are charged to expense as incurred and expenditures for major improvements are capitalized. When assets are retired or otherwise disposed of, the property accounts are relieved of costs and accumulated depreciation and any resulting gain or loss is credited or charged to operations. Capitalized interest on construction in progress is included in property, plant and equipment.

Impairment of Long-Lived Assets—The Company periodically evaluates the recoverability of its long-lived assets in accordance with FASB ASC 360, *Property, Plant, and Equipment*, and, if appropriate, reduces the carrying value whenever events or changes in business conditions indicate the carrying amount of the assets may not be fully recoverable. Recognition of impairment of long-lived assets is made in the event the carrying value of such assets exceeds the fair value. The carrying amount may not be recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the assets. The Company considered various factors when determining if these assets should be evaluated for impairment. The Company has not yet generated positive cash flows from operations, and such cash flows may not materialize for a significant period in the future, if ever. Additionally, the Company may make changes to its business plan that will result in changes to the expected cash flows from long-lived assets. As a result, it is possible that future evaluations of long-lived assets may result in impairment. No impairment charges have been recorded during the period from June 9, 2005 (date of inception) to June 30, 2011.

Patents—All costs related to filing and pursuing patent applications are expensed as incurred as recoverability of such expenditures is uncertain. Patent-related legal expenses incurred and recorded as selling, general and administrative expense during the three months ended June 30, 2011 and 2010, and for the period from June 9, 2005 (date of inception) to June 30, 2011, were $204,000, $194,000, and $3,454,000, respectively. Patent-related legal expenses incurred and recorded as selling, general and administrative expense during the six months ended June 30, 2011 and 2010 were $490,000 and $394,000, respectively.

Beneficial Conversion Feature—The Company had recorded a beneficial conversion feature relating to the issuance of Series D-1 preferred stock between March and May 2010 (Note 10). The beneficial conversion feature was recorded as a discount to the Series D-1 preferred stock and was being amortized to retained earnings through September 30, 2011, unless converted earlier. On February 14, 2011, upon completion of the Company's initial public offering, the shares of Series D-1 preferred stock automatically converted to common stock at a rate of 1.9022 shares of common stock for each share of Series D-1 preferred stock.

Research and Development—Research and development costs are expensed as incurred and are recorded as research and development expense in the condensed consolidated statements of operations. The Company's research and development costs consist of expenses incurred to identify, develop, and test its technologies for the production of isobutanol and the development of downstream applications thereof. Research and development expense includes personnel costs, consultants and related contract research, facility costs, supplies, depreciation on property, plant and equipment used in development, license fees and milestone payments paid to third parties for use of their intellectual property and patent rights, and other direct and allocated expenses incurred to support the Company's overall research and development programs.

Income Taxes—The Company accounts for income taxes under FASB ASC 740, *Income Taxes*. Deferred tax assets and liabilities are recorded for the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts reported in the accompanying balance sheets, as well as operating loss carryforwards. Deferred tax assets are reduced by a valuation allowance if current evidence indicates that it is considered more likely than not that these benefits will not be realized (Note 14). At June 30, 2011 and December 31, 2010, the Company had no material unrecognized tax benefits and had no accrued interest or penalties related to uncertain tax positions. The Company classifies interest and penalties arising from the underpayment of income taxes in the condensed consolidated statements of operations as income tax expense.

Stock-Based Compensation—The Company accounts for stock-based compensation for awards to employees in accordance with FASB ASC 718, *Compensation-Stock Compensation*. Under the provisions of FASB ASC 718, stock-based compensation for awards to employees is measured at the grant date based on the fair value of the awards and is recognized as expense over the required service period of the award. The Company estimates the fair value of stock options issued to employees using the Black–Scholes option-pricing model.

The Company accounts for stock-based awards to nonemployees using a fair value method in accordance with FASB ASC 718 and FASB ASC 505-50, *Equity-Equity-Based Payments to Non-Employees*. The Company determines the estimated fair value of stock options issued to nonemployees using the Black–Scholes option-pricing model. The fair values of the stock options and stock-based awards granted to nonemployees are remeasured as the services are performed and the awards vest, and the resulting change in value, if any, is recognized as expense during the period the related services are rendered.

Concentrations of Credit Risk—The Company's financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents in excess of the federally insured limits. The Company's cash and cash equivalents are deposited with high credit quality financial institutions and are primarily in demand deposit accounts. Substantially all ethanol sold through the Company's Agri-Energy subsidiary from the date of acquisition through June 30, 2011 was sold to C&N.

Fair Value Measurements and Fair Value of Financial Instruments—Accounting standards define fair value, outline a framework for measuring fair value, and detail the required disclosures about fair value measurements. Under these standards, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. Standards establish a hierarchy in determining the fair market value of an asset or liability. The fair value hierarchy has three levels of inputs, both observable and unobservable. Standards require the utilization of the highest possible level of input to determine fair value.

Level 1 inputs include quoted market prices in an active market for identical assets or liabilities.

Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data.

Level 3 inputs are unobservable and corroborated by little or no market data.

As of June 30, 2011 and December 31, 2010, there were no transactions measured at fair value on a nonrecurring basis. The following table shows assets and liabilities measured at fair value on a recurring basis as of June 30, 2011 and December 31, 2010, and the input categories associated with those assets and liabilities.

	Fair Value as of June 30, 2011	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Assets—Exchange-traded derivatives	$ 350,000	$ 350,000	$ —	$ —

	Fair Value as of December 31, 2010	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Liabilities—Fair value of warrant liabilities	$ (2,034,000)	$ —	$ —	$(2,034,000)
Liabilities—Exchange-traded derivatives	$ (405,000)	$(405,000)	$ —	$ —
Assets—Forward purchase contracts for corn	$ 361,000	$ —	$361,000	$ —

The changes in Level 3 liabilities measured at fair value on a recurring basis for the three and six months ended June 30, 2011 and 2010 are as follows:

	Fair Value of Warrant Liabilities
Liabilities:	
Balance—December 31, 2010	$ 2,034,000
Change in fair value of warrants	29,000
Conversion of preferred stock warrants to common stock warrants and reclassification of related liability to additional paid-in-capital (February 14, 2011)	(2,063,000)
Balance—March 31, 2011	$ —
Change in fair value of warrants	—
Balance—June 30, 2011	$ —

	Fair Value of Warrant Liabilities
Balance—December 31, 2009	$ 982,000
Change in fair value of warrants	590,000
Balance—March 31, 2010	$ 1,572,000
Change in fair value of warrants	660,000
Balance—June 30, 2010	$ 2,232,000

The carrying value of cash and cash equivalents, receivables, and accounts payable approximate their respective fair values due to the short-term nature of these instruments. Based on borrowing rates which management believes would currently be available to the Company for similar issues of debt, taking into account the current credit risk of the Company and other market factors, the carrying value of the Company’s debt obligations approximate their fair value.

The fair value of exchange-traded derivative instruments is based on quoted market prices. The fair value of forward purchase contracts for corn is based upon the price at the delivery location adjusted for basis differentials, counterparty credit quality, the effect of the Company's own credit worthiness, the time value of money and/or the liquidity of the market. Contracts which qualify for the normal purchases and normal sales scope exception to fair value accounting are not marked to market in the financial statements. Effective January 1, 2011, the Company designates all of its forward purchase contracts for corn and natural gas under the normal purchases and normal sales scope exception and therefore they will no longer be marked to market.

Prior to its initial public offering, the Company had derivative liabilities relating to its preferred stock warrants. These derivative instruments were not originally entered into as hedging activities. The estimated fair value of the preferred stock warrant liabilities were revalued at each balance sheet date, with changes in value recorded as other income or expense in the condensed consolidated statements of operations (Note 11).

While the Company believes that its valuation methods are appropriate and consistent with other market participants, it recognizes that the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Environmental Liabilities—The Company's operations are subject to environmental laws and regulations adopted by various governmental authorities in the jurisdictions in which it operates. These laws require the Company to investigate and remediate the effects of the release or disposal of materials at its locations. Accordingly, the Company has adopted policies, practices and procedures in the areas of pollution control, occupational health and the production, handling, storage and use of hazardous materials to prevent material environmental or other damage, and to limit the financial liability which could result from such events. Environmental liabilities are recorded when the Company's liability is probable and the costs can be reasonably estimated. No environmental liabilities have been recorded as of June 30, 2011 and December 31, 2010.

Net Loss Per Share—Basic net loss per share is computed by dividing the net loss attributable to Gevo, Inc. common stockholders for the period by the weighted-average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing net loss attributable to Gevo, Inc. common stockholders for the period by the weighted-average number of dilutive common shares outstanding during the period. Dilutive shares outstanding are calculated by adding to the weighted shares outstanding any potential (unissued) shares of common stock and warrants based on the treasury stock method.

Diluted net loss per share is the same as basic net loss per share for all periods presented because any potentially dilutive common shares were anti-dilutive. Such potentially dilutive shares are excluded from the computation of diluted net loss per share when the effect would be to reduce net loss per share. Therefore, in periods when a loss is reported, the calculation of basic and dilutive loss per share results in the same value.

The following potentially dilutive securities were excluded from the calculation of diluted net loss per share during each period as the effect was anti-dilutive:

	June 30, 2011	June 30, 2010
Convertible preferred stock upon conversion to common stock (on an as-converted basis)(1)	—	16,221,589
Warrants to purchase convertible preferred stock (on an as-converted basis)(1)	—	306,109
Warrants to purchase common stock (at period-end)	1,086,785	858,000
Outstanding stock options to purchase common stock (at period-end)	3,359,800	2,854,611
Unvested restricted common stock (at period-end)	98,821	8,854
Total	4,545,406	20,249,163

(1) The convertible preferred stock and convertible preferred stock warrants were computed on an as-converted basis using a one-to-one conversion rate for all series of preferred stock, except for the Series D-1 preferred stock where the Company used a conversion rate of 1.9022, which was the conversion rate applicable at the closing of the Company's initial public offering on February 14, 2011.

Recent Accounting Pronouncements—In May 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-04, *"Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs."* This update amends Accounting Standards Codification (ASC) Topic 820, *"Fair Value Measurement and Disclosure."* ASU 2011-04 clarifies the application of certain existing fair value measurement guidance and expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. ASU 2011-04 is effective for annual and interim reporting periods beginning on or after December 15, 2011. The new guidance is to be adopted prospectively and early adoption is not permitted. The Company does not expect that adoption of ASU 2011-04 will have a significant impact on its financial position, results of operations or cash flows.

In January 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-06, "*Fair Value Measurements and Disclosures—Improving Disclosures above Fair Value Measurements*," that requires entities to make new disclosures about recurring or nonrecurring fair-value measurements and provides clarification of existing disclosure requirements. This amendment requires separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. This amendment is effective for fiscal years beginning after December 15, 2010. The adoption did not have a material impact on the condensed consolidated financial statements of the Company.

In December 2010, the FASB issued ASU No. 2010-29, "*Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations*," to clarify the acquisition date that should be used for reporting the pro forma financial information disclosures in Topic 805 when comparative financial statements are presented. The update also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination(s) included in the reported pro forma revenue and earnings. The amendments in this ASU are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The Company does not expect the provisions of ASU 2010-29 to have a material effect on the financial position, results of operations or cash flows of the Company, however the Company may have additional disclosure requirements if the Company completes a business combination in the future.

2. Acquisition of Agri-Energy

In September 2010, Gevo Development acquired Agri-Energy and its ethanol production facility located in Luverne, Minnesota, which the Company plans to retrofit for isobutanol production. The Company paid a purchase price of approximately $20,602,000. In addition, the Company acquired and paid $4,919,000 for working capital, resulting in a total amount paid of $25,521,000. As of June 30, 2011, $1,660,000 remained in escrow as security for seller indemnification obligations and, subject to any claims that are made, will be released in December 2011.

The acquisition of Agri-Energy was completed as part of the Company's strategy of acquiring access to ethanol production facilities for future retrofit to produce isobutanol. The acquisition was completed and Gevo Development acquired effective control of Agri-Energy on September 22, 2010. The acquisition was accounted for under the acquisition method of accounting which requires, among other things, that all assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date.

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The following table summarizes the fair value of the assets acquired and liabilities assumed as of the acquisition date (September 22, 2010):

Assets acquired:	
Cash	$ 585,000
Receivables	1,999,000
Inventory	3,570,000
Other current assets	1,256,000
Property, plant and equipment	20,602,000
Total assets acquired	$28,012,000
Liabilities assumed:	
Accounts payable and accrued expenses	$ 1,843,000
Other current liabilities	648,000
Total liabilities assumed	$ 2,491,000
Net assets acquired	$25,521,000

3. Property, Plant and Equipment

A summary of property, plant and equipment by classification is as follows:

	Estimated Useful Lives	June 30, 2011	December 31, 2010
Computer, office equipment, and software	3 years	$ 521,000	$ 581,000
Lab equipment, furniture & fixtures and vehicles	5 years	3,656,000	3,432,000
Leasehold improvements	5 years(1)	394,000	380,000
Pilot plant	3 years	721,000	721,000
Demonstration plant	2 years(2)	3,582,000	2,948,000
Construction in progress	—	1,962,000	442,000
Land	—	410,000	410,000
Buildings, site improvements, plant machinery and equipment	10 years	20,143,000	20,093,000
Tools and support equipment	5 years	88,000	87,000
Total property, plant and equipment		31,477,000	29,094,000
Less accumulated depreciation and amortization		(7,577,000)	(5,629,000)
Property, plant and equipment—net		$23,900,000	$23,465,000

(1) Leasehold improvements are amortized over the term of the lease agreement or the service lives of the improvements, whichever is shorter.

(2) Depreciation related to the demonstration plant begins in the period such assets are placed in service. The demonstration plant was placed in service in September 2009. The demonstration plant is being depreciated over the remaining contractual term of the development agreement, as amended, with ICM, which ends December 31, 2011 (Note 5).

Depreciation and amortization expense for the three months ended June 30, 2011 and 2010, and for the period from June 9, 2005 (date of inception) to June 30, 2011, were $1,163,000, $730,000, and $7,868,000, respectively. Depreciation and amortization expense for the six months ended June 30, 2011 and 2010 were $2,176,000 and $1,539,000, respectively

During the three months ended June 30, 2011 and 2010, the Company capitalized $47,000 and $0, respectively, of interest expense to construction in progress. During the six months ended June 30, 2011 and 2010, the Company capitalized $71,000 and $0, respectively, of interest expense to construction in progress.

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4. Inventories

Inventory balances consisted of the following:

	June 30, 2011	December 31, 2010
Raw materials:		
Corn	$4,874,000	$2,516,000
Enzymes and other inputs	167,000	167,000
Finished goods:		
Ethanol	490,000	385,000
Distiller's grains	17,000	48,000
Work in process	489,000	301,000
Spare parts	373,000	348,000
Total inventory	$6,410,000	$3,765,000

Included in cost of goods sold is depreciation of $514,000 for the three months ended June 30, 2011 and $1,026,000 for the six months ended June 30, 2011.

5. Significant License, Research, and Other Agreements

ICM—In October 2008, the Company signed development and commercialization agreements with ICM.

Under the terms of the development agreement, the Company performs commercial-scale isobutanol production trials in ICM's research plant and facility in St. Joseph, Missouri, the demonstration plant. The Company is required to pay for or reimburse ICM for engineering fees, equipment, plant modification costs, project fees and various operating expenses. The development agreement was originally effective through December 31, 2010, and was amended in July 2010 to extend the effective date through December 31, 2011. The development agreement can be terminated by the Company with 30 days' written notice. During the three months ended June 30, 2011 and 2010, the Company incurred $351,000 and $172,000, respectively, in capital expenditures with ICM relating to the demonstration plant that are recorded as property, plant and equipment in the Company's balance sheets. During the six months ended June 30, 2011 and 2010, the Company incurred $634,000 and $221,000, respectively, in capital expenditures with ICM relating to the demonstration plant that are recorded as property, plant and equipment in the Company's balance sheets. The Company also incurred operating expenses paid to ICM for production trials at the demonstration plant and depreciation expense relating to the demonstration plant, which are recorded as research and development expenses.

The term of the commercialization agreement is through October 16, 2018, and outlines the terms and fees under which ICM acts as the Company's exclusive provider of certain engineering and construction services. Also, under the commercialization agreement, the Company is ICM's exclusive technology partner for the production of butanols, pentanols and propanols from the fermentation of sugars.

In addition to amounts recorded under the development and commercialization agreements noted above, the Company has also engaged ICM to perform engineering studies, plant evaluations and other services.

During the three and six months ended June 30, 2011, the Company incurred $733,000 and $1,011,000, respectively, in capital expenditures with ICM relating to the retrofit of the Agri-Energy facility to future isobutanol production, which amounts are recorded within construction in progress on the Company's balance sheets.

Expenses incurred by the Company under its development, commercialization and other agreements with ICM are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,		Cumulative Amounts From June 9, 2005 (Date of Inception) to June 30, 2011
	2011	2010	2011	2010	
Research and development	$1,168,000	$521,000	$1,388,000	$1,257,000	$5,040,000
Selling, general and administrative	—	28,000	—	60,000	92,000
Total expenses	$1,168,000	$549,000	$1,388,000	$1,317,000	$5,132,000

Cargill, Incorporated (February 2009, License Agreement)—During February 2009, the Company entered into a license agreement with Cargill, Incorporated ("Cargill") to obtain certain biological materials and license patent rights to use a biocatalyst owned by Cargill. Under the license agreement, Cargill has granted the Company an exclusive, royalty-bearing license, with limited rights to sublicense, to use the patent rights in a certain field, as defined in the license agreement.

The license agreement contains five milestone payments totaling approximately $4,300,000 that are payable after each milestone is completed. During 2009, two milestones were completed and the Company recorded the related milestone amounts, along with an up-front signing fee, totaling $875,000, to research and development expense. During March 2010, the Company completed milestone number three and recorded the related milestone amount of $2,000,000 to research and development expense at its present value amount of $1,578,000 because the milestone payment will be paid over a period greater than 12 months from the date it was incurred. At June 30, 2011, the present value of the liability, $1,343,000, was recorded as $924,000 in accounts payable and accrued expenses and $419,000 in non-current liabilities. At December 31, 2010, the present value of the liability, $1,737,000, was recorded as $924,000 in accounts payable and accrued expenses and $813,000 in non-current liabilities. The accretion of the liability was recorded to interest expense.

Upon commercialization of a product which uses the Cargill biological material or is otherwise covered by the patent rights under the license agreement, a royalty based on net sales is payable by the Company, subject to a minimum royalty amount per year, as defined in the license agreement, and up to a maximum amount per year.

The license agreement provides an option for Cargill to purchase a nonexclusive, royalty-bearing license for the use of a Company biocatalyst that utilizes the Cargill biological material or licensed patents for a royalty rate equal to the lowest rate offered to any third party.

The Company may terminate the license agreement at any time upon 90 days' written notice. Unless terminated earlier, the license agreement remains in effect until the later of December 31, 2025 and the date that no licensed patent rights remain.

The Regents of the University of California (September 2007, License Agreement)—In September 2007, the Company entered into an exclusive license agreement, as amended, with The Regents of the University of California ("The Regents") to obtain certain patent rights to inventions made in the course of research at the University of California. The license agreement requires the Company to pay for all costs related to obtaining and maintaining patents on the technology. Under the terms of the license agreement, the Company is required to pay annual license maintenance fees, cash payments upon achievement of certain milestones, and royalties based on revenue from products utilizing the licensed technology. The Company has the right to issue sublicenses to third parties, subject to the payment of a percentage of sublicensing fees and royalty fees to The Regents. The Company can terminate the license agreement at any time with 90 days' notice. The Regents can terminate the license agreement if the Company fails to demonstrate performance of certain due diligence items as defined in the license agreement. Unless terminated earlier in accordance with the license agreement, the license agreement remains in effect for the life of the last-to-expire patent in the licensed patent rights or until the last patent application licensed under the license agreement is abandoned.

Costs incurred by the Company are recorded as research and development expenses except for legal-related fees that pertain to obtaining and maintaining patents on the technology, which are recorded as selling, general and administrative expenses.

During the three months ended June 30, 2011 and 2010, and for the period from June 9, 2005 (date of inception) to June 30, 2011, the Company incurred costs of $13,000, $3,000 and $494,000, respectively, under the license agreement. During the six months ended June 30, 2011 and 2010, the Company incurred costs of $29,000 and $30,000, respectively, under the license agreement

California Institute of Technology (July 2005, License Agreement)—In July 2005, the Company entered into a license agreement, as amended, with the California Institute of Technology ("Caltech") to obtain certain patent rights and improvement rights in exchange for the issuance of 200,000 shares of the Company's common stock. The term of the license agreement shall continue until the expiration, revocation, invalidation, or unenforceability of the licensed patent rights and improvements licensed to the Company. The license agreement has been amended to expand the field of the licensed products and improvements and to extend the right to improvements through July 12, 2013.

No costs were incurred under this license agreement during the six months ended June 30, 2011 and 2010. For the period from June 9, 2005 (date of inception) to June 30, 2011, the Company incurred costs of $219,000 under the license agreement.

Other—Within its research and development activities, the Company routinely enters into research and license agreements with various entities. Future royalty payments may apply under these license agreements if the technologies are used in future commercial products. In addition, the Company may from time to time make gifts to universities and other organizations to expand research activities in its fields of interest. Any amounts paid under these agreements are generally recorded as research and development expenses as incurred.

The Company has been awarded grants or cooperative agreements from a number of government agencies, including the U.S. Department of Energy, U.S. National Science Foundation, U.S. Environmental Protection Agency, Army Research Labs and the U.S. Department of Agriculture. Revenues recorded related to these grants and cooperative agreements for the three months ended June 30, 2011 and 2010, and for the period from June 9, 2005 (date of inception) to June 30, 2011, were $212,000, $462,000 and $3,120,000, respectively. Revenues recorded related to these grants and cooperative agreements for the six months ended June 30, 2011 and 2010, were $384,000 and $792,000, respectively.

C&N Ethanol Marketing (April 2009, Ethanol Purchase and Marketing Agreement)—Substantially all ethanol sold through the Company's Agri-Energy subsidiary from the date of the acquisition through June 30, 2011 was sold to C&N pursuant to an ethanol purchase and marketing agreement. The ethanol purchase and marketing agreement with C&N was entered into on April 1, 2009 and automatically renews for subsequent one year terms unless either party terminates the agreement 60 days before the end of a term. Under the terms of the agreement, C&N will market substantially all of Agri-Energy's ethanol production from the Luverne, Minnesota facility and will pay to Agri-Energy the gross sales price paid by the end customer less expenses and a marketing fee.

LANXESS (January 2011, Exclusive Supply Agreement)—On January 14, 2011, the Company entered into an exclusive supply agreement with LANXESS Inc. ("LANXESS") pursuant to which LANXESS has granted the Company an exclusive first right to supply LANXESS and its affiliates with certain of their requirements for biobased isobutanol during the term of the agreement. The Company's exclusive first right to supply biobased isobutanol to LANXESS and its affiliates will be subject to the terms of a supply agreement to be mutually agreed upon by the parties at a later date. Additionally, pursuant to the terms of the exclusive supply agreement the Company has granted LANXESS, subject to certain exceptions and conditions, (i) an exclusive first right to acquire its biobased isobutanol to produce isobutylene and butenes for use and sale in the field of chemicals, (ii) an exclusive right to use the Company's isobutanol to produce butadiene and isobutylene for use in the production of polybutadiene and butyl rubber, and (iii) an exclusive right to use its isobutanol to produce isobutylene for use in the production of polyisobutylene. The initial term of the mutual exclusivity is ten years, subject to mutual extension. No costs have been incurred under this agreement as of June 30, 2011.

6. Gevo Development

Gevo, Inc. formed Gevo Development on September 18, 2009 to finance and develop biorefineries through joint venture or direct acquisition. Biorefinery plants accessed through Gevo Development are intended to be retrofitted using Gevo, Inc.'s integrated fermentation technology to produce isobutanol.

Gevo, Inc. currently owns 100% of the outstanding equity interests of Gevo Development as a wholly owned subsidiary. Gevo Development has two classes of membership interests outstanding. Gevo, Inc. is the sole owner of the class A interests. Prior to September 22, 2010, CDP Gevo, LLC ("CDP"), which is beneficially owned by the two co-managing directors of Gevo Development, was the sole owner of the class B interests, which comprise 10% of the outstanding equity interests of Gevo Development. In September 2010, Gevo, Inc. became the sole owner of Gevo Development by acquiring 100% of the class B interests in Gevo Development from CDP pursuant to an equity purchase agreement. In exchange for the class B interests, CDP will receive aggregate consideration of up to approximately $1,143,000, of which $922,000 has been paid as of June 30, 2011 and the remainder of which is payable through January 1, 2012, subject to the terms and conditions set forth in the agreement.

The original issuance of the class B interests was considered to be a grant of nonemployee stock compensation. As vesting of the awards was dependent on counterparty performance conditions (the acquisition and retrofit of a biorefinery plant), no compensation expense had been recorded prior to September 22, 2010 because the lowest aggregate fair value of the awards was zero. Upon the purchase of the class B interests on September 22, 2010, the Company recorded stock compensation of $774,000, which reflected the amount paid during the year ended December 31, 2010 for the class B interests that was not dependent on counterparty performance. During the three and six months ended June 30, 2011, the Company recorded stock compensation of $74,000 and $148,000, respectively, for the amount paid during the period. The Company will record the remaining amount, which is dependent on the continued employment of the two co-managing directors of Gevo Development, when it is paid.

For the six months ended June 30, 2011 and 2010, and for the period from September 18, 2009 (formation date of Gevo Development) to June 30, 2011, Gevo, Inc. made capital contributions of $2,791,000, $1,500,000 and $22,148,000 (which includes $13,259,000 of cash used in the purchase of Agri-Energy), respectively, to Gevo Development. No capital contributions had been made by CDP through September 21, 2010. For the three months ended June 30, 2011 and 2010, and for the period from September 18, 2009 (formation date of Gevo Development) to June 30, 2011, Gevo Development (including Agri-Energy after September 22, 2010, the closing date of the acquisition) incurred a net loss of $665,000, $1,066,000 and $4,639,000, respectively, which has been fully allocated to Gevo, Inc.'s capital contribution account based upon its capital contributions (for the period prior to September 22, 2010) and 100% ownership (for the period after September 22, 2010). For the six months ended June 30, 2011 and 2010, Gevo Development incurred a net loss of $1,581,000 and $1,466,000, respectively, which has been fully allocated to Gevo, Inc.'s capital contribution account. For financial reporting purposes prior to September 22, 2010, the income or loss allocated to the members of Gevo Development was determined using the hypothetical liquidation at book value method. Under this method, net income or loss is allocated between members by determining the difference between the amount of equity at the beginning of the reporting period and equity at the end of the reporting period, which would be distributed to each member if the entity were to be liquidated as of those dates. Distributions, when and if declared by the board of managers, were allocated, first, to each member for their estimated tax amount, then, for their unreturned capital contributions, and lastly, according to their distribution percentages. Allocation, distribution and voting percentages are determined in accordance with the First Amended and Restated Limited Liability Company Agreement of Gevo Development.

Amended and Restated Warrant Agreement—The warrant agreement details the terms upon which Gevo, Inc. has granted a warrant, as amended, to CDP to purchase 858,000 shares of the common stock of Gevo, Inc. at an exercise price of $2.70 per share, the estimated fair value of a share of Gevo, Inc.'s common stock at the time of entering into the warrant agreement. The warrant expires in September 2016, unless terminated earlier as provided in the agreement. The warrant shares were initially unvested and vested in increments upon the achievement of specific performance milestones. No amounts had been recorded for these warrants in the Company's consolidated statements of operations through September 21, 2010, as none of the counterparty performance milestones had been met; therefore, the lowest aggregate fair value of the award was zero.

On September 22, 2010, the beneficial owners of the equity interests of CDP became employees of Gevo, Inc. and the warrant agreement was amended and restated to provide that 50% of the warrant shares granted under such warrant agreement would vest on September 22, 2010. The remaining warrant shares vest over a two-year period beginning on September 22, 2010, subject to acceleration and termination in certain circumstances, such as the occurrence of a change of control event. The Company valued the warrant at approximately $13,956,000 on September 22, 2010, and recognized 50% of this amount as stock-based compensation on September 22, 2010. The Company is and will recognize the remaining 50% over the 24 month vesting period that began on September 22, 2010.

When Gevo Development was formed in September 2009, Gevo, Inc., Gevo Development and CDP also entered into the following related agreements: a commercialization agreement, a guaranty agreement and an exchange agreement. In August and September 2010, the commercialization agreement, the guaranty agreement and the exchange agreement were all terminated.

Since its formation, Gevo Development has been and continues to be considered a variable interest entity. Gevo, Inc., the primary beneficiary of Gevo Development, has both (i) the power to direct the activities of Gevo Development that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of Gevo Development that could potentially be significant to the entity or the right to receive benefits from Gevo Development that could potentially be significant to the entity. As such, Gevo Development is consolidated. The accounts of Agri-Energy are consolidated within Gevo Development as a wholly owned subsidiary. As of June 30, 2011 and December 31, 2010, Gevo Development does not have any assets that can be used only to settle obligations of Gevo Development. However, under the terms of the $12.5 million loan and security agreement with TriplePoint Capital LLC ("TriplePoint"), as amended, subject to certain limited exceptions, Agri-Energy is only permitted to pay dividends if certain conditions are satisfied. As of June 30, 2011 and December 31, 2010, the creditors of Gevo Development have recourse to the general credit of Gevo, Inc. with the exception of $1,811,000 and $4,785,000, respectively, which are recorded within current liabilities, which includes the liabilities of Agri-Energy. No gain or loss was recognized by the Company upon the initial consolidation of Gevo Development.

7. Redfield Energy, LLC

On June 15, 2011, Gevo Development entered into an Isobutanol Joint Venture Agreement (the "*Joint Venture Agreement*") with Redfield Energy, LLC, a South Dakota limited liability company ("*Redfield*"), and executed the Second Amended and Restated Operating Agreement of Redfield (together, the "*Joint Venture Documents*"). Under the terms of the Joint Venture Documents, Gevo Development and Redfield have agreed to work together to retrofit Redfield's approximately 50 million gallon per year ethanol production facility located near Redfield, South Dakota for the commercial production of isobutanol (the "*Redfield Retrofit*"). Under the

terms of the Joint Venture Agreement, Redfield has issued 100 Class G membership units in Redfield (the "*Class G Units*") to Gevo Development in exchange for a payment of $1,000, which has been recorded on the Company's balance sheet in other assets. Gevo Development is the sole holder of Class G Units which entitle Gevo Development to certain information and governance rights with respect to Redfield, including the right to appoint two members of Redfield's 11-member board of managers. The Class G units currently carry no interest in the allocation of profits, losses or other distributions of Redfield and no voting rights. Such rights will vest upon the commencement of commercial isobutanol production at the Redfield facility, at which time Gevo Development anticipates consolidating Redfield's operations.

Gevo Development will be responsible for all costs associated with the Redfield Retrofit. Redfield will remain responsible for certain expenses incurred by the facility including certain repair and maintenance expenses and any costs necessary to ensure that the facility is in compliance with applicable environmental laws. The Company anticipates that the Redfield facility will continue its current ethanol production activities during much of the Redfield Retrofit. Once the retrofit assets have been installed, the ethanol production operations will be suspended to enable testing of the isobutanol production capabilities of the facility (the "*Performance Testing Phase*"). During the Performance Testing Phase, Gevo Development will be entitled to receive all revenue generated by the Redfield facility and will make payments to Redfield to cover the costs incurred by Redfield to operate the facility plus the profits, if any, that Redfield would have received if the facility had been producing ethanol during that period (the "*Facility Payments*"). Gevo Development has also agreed to maintain an escrow fund during the Performance Testing Phase as security for its obligation to make the Facility Payments.

If certain conditions have been met, commercial production of isobutanol at the Redfield facility will begin upon the earlier of the date upon which certain production targets have been met or the date upon which the parties mutually agree that commercial isobutanol production will be commercially viable at the then-current production rate. At that time, (i) Gevo Development will have the right to appoint a total of four members of Redfield's 11-member board of managers, and (ii) the voting and economic interests of the Class G units will vest and Gevo Development, as the sole holder of the Class G Units, will be entitled to a percentage of Redfield's profits, losses and distributions, to be calculated based upon the demonstrated isobutanol production capabilities of the Redfield facility.

Gevo Development, or one of its affiliates, will be the exclusive marketer of all products produced by the facility once commercial production of isobutanol has begun. Additionally, Gevo, Inc. will license the technology necessary to produce isobutanol at the facility to Redfield, subject to the continuation of the marketing arrangement described above. In the event that the isobutanol production technology fails or Redfield is permanently prohibited from using such technology, Gevo Development will forfeit the Class G Units and lose the value of its investment in Redfield.

Gevo, Inc. entered into a guaranty effective as of June 15, 2011, pursuant to which it has unconditionally and irrevocably guaranteed the payment by Gevo Development of any and all amounts owed by Gevo Development pursuant to the terms and conditions of the Joint Venture Agreement and certain other agreements that Gevo Development and Redfield expect to enter into in connection with the Redfield Retrofit.

As of June 30, 2011, the Company has not incurred any costs for the retrofit of the Redfield facility.

8. Secured Long-Term Debt

The carrying value of the secured long-term debt included in the Company's condensed consolidated balance sheets at June 30, 2011 and December 31, 2010 consists of the following:

	June 30, 2011	December 31, 2010
Long-term debt, unpaid principal plus final/end-of-term payments	$21,118,000	$22,038,000
Less unamortized debt discounts for final/end-of-term payments and original fair value of warrants issued with debt	(1,343,000)	(1,606,000)
	19,775,000	20,432,000
Less current portion	(1,928,000)	(1,785,000)
Long-term portion of the long-term debt	$17,847,000	$18,647,000

Lighthouse Loan and Security Agreement. On December 18, 2006, Gevo, Inc. entered into a loan and security agreement, as amended, with Lighthouse Capital Partners V, L.P. ("Lighthouse"). On August 6, 2010, the Company repaid $5,000,000 in outstanding principal, as well as $250,000 of the final payment, under the promissory note issued in connection with the loan and security agreement. As of June 30, 2011, the Company's outstanding principal balance on its loan with Lighthouse was $2,014,000. The promissory note bears interest at a rate of 12% per annum, required interest only payments during the year ended December 31, 2010, and requires principal plus interest repayments of equal amounts over the 18 months commencing January 1, 2011 and a final payment of $204,000 due on July 1, 2012.

Under the terms of the loan agreement, the Company is prohibited from granting a security interest in its intellectual property assets to any other entity until Lighthouse is paid in full, and Lighthouse maintains a security interest in the assets, including equipment and fixtures, financed by the proceeds of each original loan advance made under the loan agreement until such time as the loan is paid in full. The Lighthouse agreement does not contain financial ratio covenants, but does impose certain affirmative and negative covenants, which include prohibiting the Company from paying any dividends or distributions or creating any liens against the collateral as defined in the agreement, as amended. The Company cannot borrow any further amounts under its agreement with Lighthouse. At June 30, 2011, the Company was in compliance with the Lighthouse debt covenants.

TriplePoint Loan and Security Agreement 1. In August 2010, concurrently with the execution of the acquisition agreement with Agri-Energy, Gevo, Inc. entered into a loan and security agreement with TriplePoint, pursuant to which it borrowed $5,000,000. The loan and security agreement includes customary affirmative and negative covenants for agreements of this type and events of default, including disposing of certain assets, granting or otherwise allowing the imposition of a lien against certain assets, incurring certain amounts of additional indebtedness, or acquiring or merging with another entity, excluding Agri-Energy, unless the Company receives the prior approval of TriplePoint. The aggregate amount outstanding under the loan and security agreement bears interest at a rate equal to 13%, is subject to an end-of-term payment equal to 8% of the amount borrowed and is secured by substantially all of the assets of Gevo, Inc., other than its intellectual property. The loan is also secured by substantially all of the assets of Agri-Energy, LLC. Additionally, under the terms of each of (i) the loan and security agreement and (ii) Gevo, Inc.'s guarantee of Gevo Development's and Agri-Energy's obligations under the loan and security agreement described below, Gevo, Inc. is prohibited from granting a security interest in its intellectual property assets to any other entity until both TriplePoint loans are paid in full. The loan matures on August 31, 2014, and provides for interest only payments during the first 24 months. An additional interest-only period may be elected now that Gevo, Inc. has completed an initial public offering and a subsequent interest-only period may be elected in the event that Gevo, Inc. is producing isobutanol at its Agri-Energy facility by June 30, 2012. Each such additional interest-only period may be for a maximum of 6 months, for a total possible interest-only extension period of 12 months. Gevo, Inc. used the funds from this loan to repay a portion of its existing indebtedness with Lighthouse. At June 30, 2011, the Company was in compliance with the debt covenants under this loan and security agreement.

TriplePoint Loan and Security Agreement 2. In August 2010, Gevo Development also entered into a loan and security agreement with TriplePoint under which Gevo Development could borrow up to $12.5 million to finance the transactions contemplated by the acquisition agreement with Agri-Energy. In September 2010, Gevo Development borrowed the $12.5 million and closed the transactions contemplated by the acquisition agreement, at which time the loan and security agreement was amended and Agri-Energy, LLC became a borrower under the loan and security agreement. The loan and security agreement includes customary affirmative and negative covenants for agreements of this type and events of default. The aggregate amount outstanding under the loan and security agreement bears interest at a rate equal to 13% and is subject to an end-of-term payment equal to 8% of the amount borrowed. The loan is secured by the equity interests of Agri-Energy, LLC held by Gevo Development and substantially all the assets of Agri-Energy, LLC. The loan matures on September 1, 2014, and provides for interest only payments during the first 24 months. An additional interest-only period may be elected now that Gevo, Inc. has completed an initial public offering and a subsequent interest-only period may be elected in the event that Gevo, Inc. is producing isobutanol at its Agri-Energy facility by June 30, 2012.

Each such additional interest-only period may be for a maximum of 6 months, for a total possible interest-only extension period of 12 months. The loan is guaranteed by Gevo, Inc. pursuant to a continuing guaranty executed by Gevo, Inc. in favor of TriplePoint, which is secured by substantially all of the assets of Gevo, Inc., other than its intellectual property. At June 30, 2011, the Company was in compliance with the debt covenants under this loan and security agreement.

Interest expense, net of amounts capitalized to construction in progress, related to the long-term debt for the three months ended June 30, 2011 and 2010, and for the period from June 9, 2005 (date of inception) to June 30, 2011, was $801,000, $310,000 and $5,419,000, respectively, of which $208,000, $69,000 and $1,522,000, respectively, was for the accretion of debt discounts relating to the final/end-of-term payments, amortization of debt issue costs and the accretion of debt discounts relating to the grant date value of the warrants issued in connection with the debt. Interest expense, net of amounts capitalized to construction in progress, related to the long-term debt for the six months ended June 30, 2011 and 2010, was $1,637,000 and $618,000, respectively, of which $422,000 and $138,000, respectively, was for the accretion of debt discounts relating to the final/end-of-term payments, amortization of debt issue costs and the accretion of debt discounts relating to the grant date value of the warrants issued in connection with the debt. The Company capitalized $47,000 and $71,000 of interest expense to construction in progress during the three and six months ended June 30, 2011, respectively. No interest expense was capitalized to construction in progress prior to January 1, 2011.

During the six months ended June 30, 2011 and 2010, the Company made principal repayments of $920,000 and $0, respectively. The Company repaid $5,000,000 in outstanding principal, as well as $250,000 of the final payment, on the Lighthouse debt in August 2010.

The following is a summary of principal maturities of long-term debt and the final/end-of-term payments as of June 30, 2011, assuming the extended interest-only periods are not elected:

	Principal	Final Payment	Total
2011 (6 months)	$ 977,000	$ —	$ 977,000
2012	3,167,000	204,000	3,371,000
2013	8,478,000	—	8,478,000
2014	6,892,000	1,400,000	8,292,000
	$19,514,000	$ 1,604,000	$21,118,000

In connection with signing and borrowing under the loans with Lighthouse and TriplePoint, the Company issued warrants to purchase shares of the Company's preferred stock. The issuance date fair value of these warrants was recorded as a debt discount against the debt (debt discount) and amortized to interest expense over the terms of the loans. These warrants, while they were exercisable for preferred stock, were considered to be derivative instruments (Note 11).

From December 2006 through December 31, 2009, the Company issued to Lighthouse warrants to purchase an aggregate of 169,247 shares of the Company's convertible preferred stock at a weighted-average exercise price of $5.38. These warrants converted to warrants exercisable for 169,247 shares of the Company's common stock upon completion of its initial public offering on February 14, 2011. In March 2011, Lighthouse completed a cashless net exercise of the warrants that had been issued to them which resulted in the Company issuing 122,424 shares of its common stock to Lighthouse.

In connection with signing and borrowing on the loans with TriplePoint in August and September 2010, the Company issued warrants to TriplePoint to purchase an aggregate of 105,140 shares of Series D-1 convertible preferred stock at an exercise price of $17.12. The warrants became exercisable for 199,999 shares of the Company's common stock upon completion of its initial public offering on February 14, 2011. The warrants may be exercised until August 5, 2017.

The warrants issued to TriplePoint during August and September 2010, were valued on the issuance dates using an option-pricing model using a risk-free interest rate of 0.15%, expected volatility between 49.14% and 61.90% and a term of 0.17 years.

9. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses in the consolidated balance sheets at June 30, 2011 and December 31, 2010 consisted of the following:

	June 30, 2011	December 31, 2010
Accounts payable—trade	$2,708,000	$4,818,000
Accrued expenses—Cargill license agreement	924,000	924,000
Accrued employee compensation and related expenses	1,443,000	586,000
Accrued expenses—ICM	882,000	163,000
Accrued deferred offering costs	—	548,000
Other accrued expenses	1,451,000	864,000
	$7,408,000	$7,903,000

10. Capital Stock

Initial Public Offering—On February 14, 2011, the Company completed its initial public offering issuing 8,222,500 shares of common stock at an offering price of $15.00 per share, resulting in net proceeds of $110,408,000, after deducting underwriting discounts and commissions and other offering costs. Upon the closing of the initial public offering, the Company's outstanding shares of convertible preferred stock were automatically converted into 16,329,703 shares of common stock and the outstanding convertible preferred stock warrants were automatically converted into common stock warrants to purchase a total of 398,032 shares of common stock. The net proceeds from the initial public offering, after deducting underwriting discounts and commissions and offering expenses, have been recorded in stockholders' equity.

In connection with the closing of the initial public offering, the Company amended and restated its certificate of incorporation to increase its authorized number of shares of common stock to 100,000,000 and to authorize the issuance of 5,000,000 shares of preferred stock. The holder of each share of common stock is entitled to one vote. The board of directors has the authority, without action by its stockholders, to designate and issue shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. The Company's amended and restated certificate of incorporation provides that the Company's board of directors will be divided into three classes, with staggered three-year terms and provides that all stockholder actions must be effected at a duly called meeting of the stockholders and not by a written consent. The amended and restated certificate of incorporation also provides that only the board of directors may call a special meeting of the stockholders and requires the approval of either a majority of the directors then in office or 66 2/3% of the voting power of all then outstanding capital stock for the adoption, amendment or repeal of any provision of the Company's amended and restated bylaws. In addition, the amendment or repeal of certain provisions of the Company's amended and restated certificate of incorporation requires a 66 2/3% stockholder vote.

Convertible Preferred Stock—All shares of the Company's convertible preferred stock automatically converted into shares of common stock upon the Company's initial public offering.

Series D-1—Between March and May 2010, the Company issued 1,843,675 shares of Series D-1 preferred stock at a price of $17.12 per share for gross cash proceeds of approximately $31,564,000 and issued 58,412 shares of Series D-1 preferred stock at $17.12 per share in exchange for $1,000,000 of future services to be provided by ICM. The 58,412 shares issued to ICM in exchange for the credit against future services are fully vested, non-forfeitable and non-cancellable. The Company had used the full amount of its prepaid credit with ICM prior to March 31, 2011, which had been recorded in prepaid expenses and other current assets on the Company's balance sheet.

The Series D-1 preferred stock was considered to have a beneficial conversion feature because the conversion ratio would adjust from the initial conversion rate of one common share for each preferred share to two common shares for each preferred share if an initial public offering or qualified financing had not occurred on or before September 30, 2011. At the issuance dates of the Series D-1 between March and May 2010, the Company recorded the beneficial conversion feature at its aggregate intrinsic value of approximately $5,744,000 as a discount on the preferred stock with a corresponding credit to additional paid-in capital. This discount was recorded as a deemed dividend and was being amortized as a debit to retained earnings and a credit to additional paid-in capital during the period from March 26, 2010 to September 30, 2011.

For the period from January 1, 2011 to the closing of the Company's initial public offering on February 14, 2011, the Company recorded a deemed dividend – amortization of beneficial conversion feature on the Series D-1 convertible preferred stock of $495,000 relating to the issuance of Series D-1 convertible preferred stock. Upon closing of the initial public offering on February 14, 2011 and the automatic conversion of the Company's Series D-1 preferred stock to common stock, the Company recalculated the intrinsic value of the beneficial conversion feature using the adjusted conversion ratio applied against the original commitment date estimated fair value of the underlying common stock. The amount of the recalculated intrinsic value of the beneficial conversion feature exceeded the previously amortized amount of the beneficial conversion feature by $599,000, which amount was immediately amortized to retained earnings and additional paid-in capital contemporaneously with the closing of the initial public offering. After the entries recorded through, and upon, the closing of the Company's initial public offering, no additional amortization of the beneficial conversion feature relating to the Series D-1 preferred stock will be recorded.

Warrants—As of December 31, 2010, the Company had issued and outstanding 858,000 warrants to CDP (Note 6) that were exercisable into common stock and 303,173 warrants to TriplePoint, Lighthouse and investors that were exercisable into preferred stock. These 303,173 preferred stock warrants became exercisable for 398,032 shares of the Company's common stock upon completion of the Company's initial public offering on February 14, 2011.

In March 2011, Lighthouse completed a cashless net exercise of the 169,247 warrants that had been issued to them which resulted in the Company issuing 122,424 shares of its common stock to Lighthouse.

As of June 30, 2011, the Company has issued and outstanding an aggregate of 1,086,785 warrants that are exercisable into common stock at a weighted-average exercise price of $3.93.

In September 2010, a holder of Series C preferred stock warrants exercised its warrant to purchase 108,076 shares of Series C preferred stock at an exercise price of $5.48 per share resulting in total proceeds to the Company of $592,000. Upon exercise of the warrant, the Company reclassified $1,458,000 from preferred stock warrant liability to equity.

11. Preferred Stock Warrant Liabilities

Upon the closing of the Company's initial public offering on February 14, 2011, the preferred stock warrants that were previously recorded as liabilities on the Company's balance sheet were automatically converted to common stock warrants. Upon this conversion, the related preferred stock warrant liability of $2,063,000 was reclassified to additional paid-in capital and will no longer be marked to fair value.

The preferred stock warrants were marked to fair value from January 1, 2009 through February 14, 2011, and the change in fair value was recognized in the Company's statements of operations as gain or loss from change in fair value of warrant liabilities. The non-cash charge recorded related to the change in fair value of preferred stock warrants for the three months ended June 30, 2011 and 2010, and for the period from June 9, 2005 (date of inception) to June 30, 2011, was $0, $660,000 and $2,852,000, respectively. The non-cash charge recorded related to the change in fair value of preferred stock warrants for the six months ended June 30, 2011 and 2010, was $29,000 and $1,250,000, respectively.

12. Derivatives and Hedging

Since the acquisition of Agri-Energy on September 22, 2010, the Company's activities expose it to a variety of market risks, including the effects of changes in commodity prices. These financial exposures are monitored and managed by the Company as an integral part of its overall risk management program. The Company's risk management program focuses on the unpredictability of financial and commodities markets and seeks to reduce the potentially adverse effects that the volatility of these markets may have on its operating results.

The Company periodically enters into forward purchase contracts for corn and natural gas to ensure supply and manage the prices of these commodities. These transactions are considered to be derivatives and prior to January 1, 2011 were recorded on the balance sheet as assets and liabilities based on each derivative's fair value. The changes in the fair value of these derivative contracts were recognized in income, as a component of cost of goods sold. Effective January 1, 2011, the Company designates all of its forward purchase contracts for corn and natural gas under the normal purchases and normal sales scope exception and therefore they will no longer be marked to market.

The Company generally follows a policy of using exchange-traded futures contracts to reduce its net position in agricultural commodity inventories and forward cash purchase contracts to reduce price risk. Exchange-traded futures contracts are valued at market price and are recorded as derivative assets or derivative liabilities in the consolidated balance sheet. Changes in market price are recorded in cost of goods sold.

The Company's derivatives do not include any credit risk related contingent features. For the exchange-traded contracts, the Company maintains a margin deposit. At June 30, 2011 and December 31, 2010, the Company recorded a margin deposit of $1,343,000 and $624,000, respectively. The Company has not designated any of its derivatives as hedges for financial accounting purposes. The Company did not have any derivative assets or liabilities prior to September 22, 2010 other than the preferred stock warrants described in Note 11. The fair value of the Company's derivatives which are marked to market each period, as well as the location within its balance sheets, by major category, is summarized as follows:

Balance Sheet Line Item	June 30, 2011	December 31, 2010
Derivative liabilities not qualifying for normal purchases and normal sales scope exception:		
Exchange-traded commodity derivatives—derivative liability—current	$ —	$ (405,000)
Derivative assets not qualifying for normal purchases and normal sales scope exception:		
Forward purchase corn contracts—derivative asset—current	$ —	$ 361,000
Exchange-traded commodity derivatives—derivative asset—current	$350,000	$ —

Changes in the value of derivative instruments are recorded in the condensed consolidated statements of operations unless they qualify for the normal purchases and normal sales scope exception. The following table summarizes these amounts and the location within the consolidated statements of operations where such amounts are reflected. In addition to the unrealized gains and losses noted below, the Company incurred realized losses (gains) of $(342,000), $0 and $1,583,000 on its exchange-traded futures contracts for the three months ended June 30, 2011 and 2010, and for the period from June 9, 2005 (date of inception) to June 30, 2011, respectively, which have been recorded within cost of goods sold. For the six months ended June 30, 2011 and 2010, the Company incurred realized losses of $485,000 and $0, respectively, on its exchange-traded futures contracts.

	Three Months Ended June 30,		Six Months Ended June 30,	
Statement of Operations Location	2011	2010	2011	2010
Exchange-traded commodity derivatives—cost of goods sold—unrealized (gains)/losses	$(285,000)	$—	$(755,000)	$—
Forward purchase corn derivatives—cost of goods sold—unrealized (gains)/losses	$ —	$—	$ 361,000	$—

The following table represents the Company's net long and short positions regardless of whether the derivative instruments qualify for the normal purchase and normal sales scope exception. All of these positions are expected to settle within the next year. The Company did not have any outstanding forward purchase contracts for natural gas as of June 30, 2011 and December 31, 2010.

Year of Expiration	June 30, 2011 Corn Net Long (Short) Position Bushels	December 31, 2010 Corn Net Long (Short) Position Bushels
2011	(702,000)	(309,000)

13. Stock-Based Compensation

2006 Omnibus Securities and Incentive Plan—During 2006, the Company established the Gevo, Inc. 2006 Omnibus Securities and Incentive Plan (the "2006 Incentive Plan"). Pursuant to the 2006 Incentive Plan, the Company granted stock awards to employees, directors, and consultants of the Company. Upon adoption of the Gevo, Inc. 2010 Stock Incentive Plan (the "2010 Plan"), no further grants can be made under the 2006 Incentive Plan. To the extent outstanding awards under the 2006 Incentive Plan expire, or are forfeited, cancelled, settled, or become unexercisable without the issuance of shares, the shares of common stock subject to such awards will be available for future issuance under the 2010 Plan.

Employee Stock Purchase Plan—In February 2011, the Company's stockholders approved the Gevo, Inc. Employee Stock Purchase Plan. The Company has reserved 1,285,643 shares of common stock for issuance under the Gevo, Inc. Employee Stock Purchase Plan. The purchase price of the common stock under the Employee Stock Purchase Plan is 85% of the lower of the fair market value of a share of common stock on the first or last day of the purchase period. No shares have been issued under the Gevo, Inc. Employee Stock Purchase Plan as of June 30, 2011.

2010 Stock Incentive Plan—In February 2011, the Company's stockholders approved the 2010 Plan. The Company has reserved 2,571,286 shares of common stock for issuance under the 2010 Plan. At June 30, 2011, there were 1,983,798 shares available for grant under the 2010 Plan.

Stock Options—A summary of stock option activity for grants to employees and nonemployees is presented below:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Options outstanding—December 31, 2010	2,894,265	$ 2.83	7.90	$34,936,000
Granted	493,854	$ 16.74		
Canceled or forfeited	(11,527)	(15.64)		
Exercised	(16,792)	(0.54)		
Options outstanding—June 30, 2011	3,359,800	$ 4.84	7.76	$37,157,000
Options fully vested and exercisable—June 30, 2011	2,297,532	$ 2.66	7.31	$30,055,000
Options expected to vest, including effects of expected forfeitures—June 30, 2011	1,004,789	$ 9.78	8.76	$ 6,511,000

Additional information related to the Company's stock options is summarized below:

	Three Months Ended June 30,		Six Months Ended June 30,		Cumulative Amounts From June 9, 2005 (Date of Inception) to June 30,
	2011	2010	2011	2010	2011
Weighted-average grant-date fair value of option awards granted	$ 10.73	$ 6.74	$ 11.37	$ 6.74	$ 3.33
Intrinsic value of options exercised (determined as of the date of option exercise)	$ 13,000	$ —	$281,000	$69,000	$ 370,000
Proceeds received from the exercise of stock options	$ 1,000	$ —	$ 9,000	$16,000	$ 31,000

As of June 30, 2011, the Company had $6,567,000 of total unrecognized compensation expense, net of estimated forfeitures, which is expected to be recognized over a weighted-average period of 2.16 years.

The Company settles stock option exercises with newly issued common shares. No tax benefits were realized by the Company in connection with these exercises as the Company maintains net operating loss carryforwards and has established a valuation allowance against the entire tax benefit.

Information about stock options outstanding and exercisable at June 30, 2011 is as follows:

Options Outstanding			Options Exercisable		
Exercise Price	Number of Options	Weighted-Average Remaining Contractual Life in Years	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life in Years
$ 0.17	33,300	4.67	33,300	$ 0.17	4.67
$ 0.46	603,868	5.84	539,118	$ 0.46	5.84
$ 0.47	26,700	5.80	26,700	$ 0.47	5.80
$ 0.49	241,228	6.35	223,037	$ 0.49	6.35
$ 1.16	662,459	7.12	497,221	$ 1.16	7.11
$ 2.70	861,780	8.38	652,750	$ 2.70	8.38
$ 10.07	381,830	8.93	308,678	$ 10.07	8.93
$ 12.67	64,950	9.20	433	$ 12.67	9.20
$ 14.81	101,500	9.97	—	$ 14.81	—
$ 16.19	105,600	9.96	—	$ 16.19	—
$ 16.50	41,250	9.96	—	$ 16.50	—
$ 17.53	192,335	9.73	16,295	$ 17.53	9.73
$ 19.10	28,000	9.68	—	$ 19.10	—
$ 19.14	15,000	9.85	—	$ 19.14	—

The fair values of stock options granted during the three and six months ended June 30, 2011 and 2010 were estimated using the following weighted average assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Risk-free interest rate	1.85%	2.22%	2.09%	2.22%
Expected dividend yield	None	None	None	None
Expected volatility factor	78.7%	78.7%	79.0%	78.7%
Expected option life (in years)	5.82	5.25	5.80	5.25

The risk-free interest rate was based on the U.S. Treasury yield curve in effect during the year of grant for instruments with a term similar to the expected life of the related option. The volatility factor was determined based upon management's estimate using inputs from comparable public companies. Due to the Company's limited history of grant activity, the expected life of options granted was estimated using the "simplified method" in accordance with Staff Accounting Bulletin 110, where the expected life equals the arithmetic average of the vesting term and the original contractual term of the options. No dividends are expected to be paid. Forfeitures have been estimated by the Company based upon historical and expected forfeiture experience. Expected forfeiture rates used for the periods presented were 0% to 5%.

Stock-based compensation included in the Company's condensed consolidated statements of operations is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,		Cumulative Amounts From June 9, 2005 (Date of Inception) to June 30, 2011
	2011	2010	2011	2010	
Stock options issued to nonemployees:					
Research and development	$ 65,000	$ 12,000	$ 134,000	$ 14,000	$ 315,000
Selling, general and administrative	—	70,000	—	106,000	164,000
Stock options issued to employees and board members:					
Research and development	168,000	281,000	258,000	319,000	975,000
Selling, general and administrative	472,000	1,324,000	721,000	1,425,000	3,328,000
Restricted stock issued to nonemployees:					
Research and development	31,000	20,000	56,000	27,000	256,000
Restricted stock issued to employees and board members:					
Research and development	28,000	—	31,000	—	31,000
Selling, general and administrative	125,000	—	138,000	—	138,000
Warrant issued to CDP:					
Selling, general and administrative	872,000	—	1,744,000	—	9,595,000
Purchase of class B interests of Gevo Development from CDP for cash:					
Selling, general and administrative	74,000	—	148,000	—	922,000
Total stock-based compensation	$1,835,000	$1,707,000	$3,230,000	$1,891,000	$15,724,000

Stock Option Grants to Nonemployees—Since January 1, 2011, the Company has not granted any options to nonemployees. Options granted to nonemployees are periodically revalued as services are performed and the options vest.

Restricted Stock—The Company has stock-based compensation plans under which it has awarded restricted common stock with no exercise price to employees (including board members) and nonemployee consultants. The vesting period of each restricted share is determined at the date of grant. The shares are subject to forfeiture if certain vesting requirements are not met. The Company records stock-based compensation on restricted stock grants over the vesting period. In accordance with applicable standards, stock-based awards granted to nonemployees are periodically revalued as services are performed and the awards vest.

Activity and related information for the Company's restricted common stock awards is summarized as follows:

	Number of Shares	Weighted-Average Grant-Date Fair Value
Nonvested—December 31, 2010	5,729	$ 0.49
Granted	112,093	17.53
Vested	(12,069)	(13.12)
Canceled or forfeited	(6,932)	(17.53)
Nonvested—June 30, 2011	98,821	$ 17.08

The shares of restricted stock generally vest over periods from three to six years. As of June 30, 2011, the total unrecognized compensation expense, net of estimated forfeitures, relating to restricted stock awards was $1,716,000, which is expected to be recognized over a weighted-average period of 2.67 years.

14. Income Taxes

No provision for U.S. income taxes has been made, net of the valuation allowance, due to cumulative losses since June 9, 2005 (date of inception).

15. Employee Benefit Plan

The Company's employees participate in the Gevo, Inc. 401(k) Plan (the "401(k) Plan"). Subject to certain eligibility requirements, the 401(k) Plan covers substantially all employees after three months of service with quarterly entry dates. Employee contributions are deposited by the Company into the 401(k) Plan and may not exceed the maximum statutory contribution amount. The Company may make matching and/or discretionary contributions to the 401(k) Plan. Effective January 1, 2008, the Company began providing an employer match of 100% up to a maximum of 5% of compensation per employee, which vests over a period of approximately two years. During the three months ended June 30, 2011 and 2010, and for the period from June 9, 2005 (date of inception) to June 30, 2011, the Company recorded $104,000, $61,000 and $786,000, respectively, in matching contributions. During the six months ended June 30, 2011 and 2010, the Company recorded $200,000 and $139,000, respectively, in matching contributions.

16. Related-Party Transactions

A founder, consultant and former director of the Company is also a professor at Caltech, which is a party to a license agreement (Note 5) and research agreements with the Company. This founder, consultant and former director is also a common stockholder and option holder of the Company.

The co-managing directors of Gevo Development beneficially own 100% of the equity interests of CDP. CDP holds a warrant for common stock of Gevo, Inc. (Note 6). The co-managing directors also entered into employment agreements with Gevo, Inc., which became effective on September 22, 2010.

17. Commitments and Contingencies

Legal Matters—On January 14, 2011, Butamax Advanced Biofuels LLC ("Butamax"), a joint venture between BP p.l.c. and E. I. du Pont de Nemours and Company, filed a complaint in the United States District Court for the District of Delaware, as Case No. 1:11-cv-00054-UNA, alleging that the Company is infringing one or more claims made in U.S. Patent No. 7,851,188, entitled "Fermentive production of four carbon alcohols." This patent, which has been assigned to Butamax, claims certain recombinant microbial host cells that produce isobutanol and methods for the production of isobutanol using such host cells. Butamax is seeking a declaratory judgment, injunctive relief, damages and costs, including attorney's fees and expenses. The Company believes that Butamax's claims are without merit and that the Company does not infringe any claims made in U.S. Patent No. 7,851,188. The Company intends to contest Butamax's allegations of infringement and defend this matter vigorously. On March 25, 2011, the Company filed its response to the complaint, denying Butamax's allegations of infringement and raising affirmative defenses. Due to the very early stage of this lawsuit, the Company has determined that the possible loss or range of loss related to this lawsuit cannot be reasonably estimated at this time.

Leases—In November 2007, the Company signed an operating lease for its office, research, and production facility in Englewood, Colorado (the "Colorado facility") with a term expiring July 31, 2013. The Company also maintains a corporate apartment in Colorado, which has a lease term expiring during the next 12 months.

Rent expense for the three months ended June 30, 2011 and 2010, and the period from June 9, 2005 (date of inception) to June 30, 2011, was $137,000, $143,000 and $2,395,000, respectively. Rent expense for the six months ended June 30, 2011 and 2010, was $274,000 and $283,000, respectively. The Company recognizes rent expense on its facility operating leases on a straight-line basis.

As of June 30, 2011, future minimum lease payments required under the Company's operating leases for the Colorado facility and corporate apartment are as follows:

Years Ending December 31	
2011 (6 months)	$ 258,000
2012	505,000
2013	292,000
2014	—
2015	—
	$1,055,000

Guarantees and Indemnifications—In the ordinary course of its business, the Company makes certain indemnities, commitments, and guarantees under which it may be required to make payments in relation to certain transactions. The Company, as permitted under Delaware law and in accordance with its amended and restated certificate of incorporation and amended and restated bylaws, indemnifies its officers and directors for certain events or occurrences, subject to certain limits, while the officer or director is or was serving at the Company's request in such capacity. The duration of these indemnifications, commitments, and guarantees varies and, in certain cases, is indefinite. The maximum amount of potential future indemnification is unlimited; however, the Company has a director and officer insurance policy that may enable it to recover a portion of any future amounts paid. The Company believes the fair value of these indemnification agreements is minimal. The Company has not recorded any liability for these indemnities in the accompanying balance sheets. However, the Company accrues for losses for any known contingent liability, including those that may arise from indemnification provisions, when future payment is probable. No such losses have been recorded to date.

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18. Segments

Segment Information—The Company's chief operating decision maker is provided with and reviews the financial results of each of the Company's consolidated legal entities, Gevo, Inc., Gevo Development, LLC, and Agri-Energy, LLC. All revenue is earned, and all assets are held, in the U.S. Prior to the acquisition of Agri-Energy, the financials of Gevo Development were aggregated with Gevo, Inc. due to its size compared to Gevo, Inc. and were not reported separately. For purposes of the table below, the Company has broken out the historical information of Gevo Development. The financial results of Gevo Development and Agri-Energy have been combined in the following table:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Revenues:				
Gevo, Inc.	$ 212,000	$ 462,000	$ 384,000	$ 792,000
Gevo Development, LLC/Agri-Energy, LLC	14,321,000	—	29,430,000	—
Intercompany eliminations	—	—	—	—
	$ 14,533,000	$ 462,000	$ 29,814,000	$ 792,000
Operating income (loss):				
Gevo, Inc.	$ (11,445,000)	$ (6,554,000)	$ (19,444,000)	$(13,134,000)
Gevo Development, LLC/Agri-Energy, LLC	(188,000)	(1,065,000)	(601,000)	(1,465,000)
Intercompany eliminations	—	—	—	—
	$ (11,633,000)	$ (7,619,000)	$ (20,045,000)	$(14,599,000)
Interest expense:				
Gevo, Inc.	$ 357,000	$ 361,000	$ 736,000	$ 669,000
Gevo Development, LLC/Agri-Energy, LLC	494,000	—	1,007,000	—
Intercompany eliminations	—	—	—	—
	$ 851,000	$ 361,000	$ 1,743,000	$ 669,000
Depreciation expense:				
Gevo, Inc.	$ 649,000	$ 730,000	$ 1,150,000	$ 1,539,000
Gevo Development, LLC/Agri-Energy, LLC	514,000	—	1,026,000	—
Intercompany eliminations	—	—	—	—
	$ 1,163,000	$ 730,000	$ 2,176,000	$ 1,539,000
Total assets:				
Gevo, Inc.	$126,450,000	$48,095,000	$126,450,000	$ 48,095,000
Gevo Development, LLC/Agri-Energy, LLC	48,414,000	795,000	48,414,000	795,000
Intercompany eliminations	(33,446,000)	(80,000)	(33,446,000)	(80,000)
	$141,418,000	$48,810,000	$141,418,000	$ 48,810,000
Acquisitions of plant, property and equipment:				
Gevo, Inc.	$ 476,000	$ 188,000	$ 793,000	$ 329,000
Gevo Development, LLC/Agri-Energy, LLC (1)	974,000	—	1,462,000	—
Intercompany eliminations	—	—	—	—
	$ 1,450,000	$ 188,000	$ 2,255,000	$ 329,000

(1) Excludes property, plant and equipment acquired in the Agri-Energy acquisition.

19. Subsequent Events

Off-Take and Distribution Agreement with Sasol—On July 29, 2011, the Company and Sasol Chemical Industries Limited ("Sasol") entered into an off-take agreement to market and distribute renewable isobutanol globally. The agreement has an initial term of three years and appoints Sasol as a non-exclusive distributor of high-purity isobutanol in North and South America and as the exclusive distributor for high-purity isobutanol for solvent and chemical intermediate applications in the rest of the world.

* * * * * *

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

This report contains forward-looking statements. When used anywhere in this Quarterly Report on Form 10-Q (this "Report"), the words "expect," "believe," "anticipate," "estimate," "intend," "plan" and similar expressions are intended to identify forward-looking statements. These statements relate to future events or our future financial or operational performance and involve known and unknown risks, uncertainties and other factors that could cause our actual results, levels of activity, performance or achievement to differ materially from those expressed or implied by these forward-looking statements. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Such statements are subject to certain risks and uncertainties including those related to the achievement of advances in our technology platform, the success of our retrofit production model, our ability to gain market acceptance for our products, additional competition, changes in economic conditions and those described in documents we have filed with the Securities and Exchange Commission (the "SEC"), including this Report in "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors" and subsequent reports on Form 10-Q. All forward-looking statements in this document are qualified entirely by the cautionary statements included in this document and such other filings. These risks and uncertainties could cause actual results to differ materially from results expressed or implied by forward-looking statements contained in this document. These forward-looking statements speak only as of the date of this document. We disclaim any undertaking to publicly update or revise any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Unless the context requires otherwise, in this Report the terms "we," "us" and "our" refer to Gevo, Inc. and its wholly owned or indirect subsidiaries, and their predecessors.

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes and other financial information appearing elsewhere in this Report. Readers are also urged to carefully review and consider the various disclosures made by us which attempt to advise interested parties of the factors which affect our business, including without limitation our Annual Report on Form 10-K for the year ended December 31, 2010, including the disclosures made in Item 1A "Risk Factors" and the audited consolidated financial statements and related notes included therein, and the disclosures made in Item 1A "Risk Factors" in this Report.

Overview

We are a renewable chemicals and advanced biofuels company focused on the development and commercialization of alternatives to petroleum-based products. Our initial commercialization and development efforts are focused on isobutanol, a four carbon alcohol produced from renewable sources. Without any modification, our isobutanol has applications as a specialty chemical and a fuel blendstock. Our isobutanol can also be converted by our customers into a wide variety of hydrocarbons which form the basis for the production of many products, including rubber, plastics, fibers, and other polymers and hydrocarbon fuels, including jet and diesel fuel.

At June 30, 2011, we are considered to be in the development stage as our primary activities, since incorporation, have been conducting research and development, establishing our facilities, recruiting personnel, business development, business and financial planning and raising capital. Successful completion of our research and development program, and ultimately, the attainment of profitable operations are dependent upon future events, including completion of our development activities resulting in sales of isobutanol or isobutanol-derived products and/or technology, obtaining adequate financing to complete our development activities, obtaining adequate financing to acquire access to and complete the retrofit of ethanol plants to isobutanol production, market acceptance and demand for our products and services, and attracting and retaining qualified personnel.

Initial Public Offering

On February 14, 2011, we completed our initial public offering issuing 8,222,500 shares of common stock at an offering price of $15.00 per share, resulting in net proceeds of $110,408,000, after deducting underwriting discounts and commissions and other offering costs. Upon the closing of the initial public offering, our outstanding shares of convertible preferred stock were automatically converted into 16,329,703 shares of common stock and our outstanding convertible preferred stock warrants were automatically converted into common stock warrants to purchase a total of 398,032 shares of common stock.

Agri-Energy Acquisition

In September 2010, we acquired a 22 million gallon per year ("MGPY") ethanol production facility in Luverne, Minnesota (the "Agri-Energy facility") that we intend to retrofit to produce isobutanol. We paid a purchase price of $20.6 million for property, plant and equipment and, in addition, we acquired and paid $4.9 million for working capital. We paid the aggregate purchase price with available cash reserves and by borrowing $12.5 million under our loan and security agreement with TriplePoint Capital LLC ("TriplePoint") (as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Secured long-term debt"). We have begun the retrofit of the Agri-Energy facility. We intend to increase the potential production capacity of the Luverne retrofit in anticipation of future improvements from our yeast biocatalyst. We project capital costs for the Luverne retrofit to be $22 million, including the ability to switch between ethanol and isobutanol production, plus additional capital to allow for anticipated increased future production capacity. In addition to the retrofit to isobutanol production at the Agri-Energy facility, in July 2011 we made the strategic decision to invest in an enhanced yeast seed train at the Agri-Energy site to maintain direct oversight over our current yeast material and future yeast development and to provide on-site yeast production. We estimate capital costs for the enhanced yeast seed train to be up to $10 million. We expect to begin commercial production of isobutanol at the Agri-Energy facility in the first half of 2012.

We derive revenue from the sale of ethanol, distiller's grains and other related products produced as part of the ethanol production process and we expect that we will continue to record revenue from these sources during the period of the retrofit of the Agri-Energy facility to isobutanol production. Continued ethanol production during the retrofit will allow us to retain local staff for the future operation of the plant, maintain the equipment and generate cash flow. As the production of ethanol is not our intended business, we will continue reporting our operating results as a development stage company during the retrofit process and only intend to report revenue from the sale of ethanol on an interim basis until we begin to generate revenue from sales of isobutanol. Accordingly, the historical operating results of Agri-Energy, LLC ("Agri-Energy") and the operating results reported during the retrofit to isobutanol production will not be indicative of future operating results for Agri-Energy or Gevo, Inc. once isobutanol production commences.

Ethanol plant operations are highly dependent on commodity prices, especially prices for corn, ethanol, distiller's grains and natural gas. Because the market prices of these commodities are not always correlated, at times ethanol production may be unprofitable. As commodity price volatility poses a significant threat to our margin structure, we have implemented a risk management strategy focused on securing favorable operating margins. We monitor market prices of corn, natural gas and other input costs relative to the prices for ethanol and distiller's grains in Luverne, Minnesota, the location of the Agri-Energy facility. We also seek to create offsetting positions by using derivative instruments, fixed-price purchases and sales contracts or a combination of strategies. Our primary focus is not to manage general price movements, such as seeking to minimize the cost of corn consumed, but rather to seek to acquire corn, net of exchange-traded contracted amounts, at prices that reflect the then-current pricing for ethanol sold. By using a variety of risk management tools and hedging strategies we believe we will be able to maintain a disciplined approach to risk.

Revenues, Cost of Goods Sold and Operating Expenses

Revenues

We derive revenue from the sale of ethanol, distiller's grains and other products produced as part of the ethanol production process and we expect that we will continue to record revenue from these sources during the period of the retrofit of the Agri-Energy facility to isobutanol production. Revenue from the sale of ethanol and related products is recorded when all of the following criteria are satisfied: persuasive evidence of an arrangement exists, risk of loss and title transfer to the customer, the price is fixed or determinable and collectability of the revenue is reasonably assured.

Revenues relating to government research grants and cooperative agreements are recognized in the period during which the related costs are incurred, provided that the conditions under the awards have been met and only perfunctory obligations are outstanding.

Cost of Goods Sold and Gross Margin

Our gross margin is derived from our total revenues less our cost of goods sold. Cost of goods sold includes costs for materials, direct labor and certain plant overhead costs.

Research and Development

Our research and development costs consist of expenses incurred to identify, develop and test our technologies for the production of isobutanol and the development of downstream applications thereof. Research and development expense includes personnel costs (including stock-based compensation), consultants and related contract research, facility costs, supplies, depreciation and amortization expense on property, plant and equipment used in product development, license fees paid to third parties for use of their intellectual property and patent rights and other overhead expenses incurred to support our research and development programs. Upfront fees and milestone payments made under licensing agreements, payments for sponsored research and university research gifts to support research at academic institutions are recorded as research and development expense.

Selling, General and Administrative

Selling, general and administrative expense consists of personnel costs (including stock-based compensation), consulting and service provider expenses (including patent counsel-related costs), legal fees, marketing costs, corporate insurance costs, occupancy-related costs, depreciation and amortization expenses on property, plant and equipment not used in our product development programs or recorded in cost of goods sold, travel and relocation and hiring expenses. Following completion of our initial public offering in February 2011, we began incurring a significant increase in selling, general and administrative expense as we incur additional compliance costs as a public company. We expect to incur significant costs to comply with the corporate governance, internal controls and similar requirements applicable to public companies, as well as increased costs for insurance, costs related to the hiring of additional personnel and payment to outside consultants, lawyers and accountants.

We also record selling, general and administrative expenses for the operations of the Agri-Energy facility that include administrative and oversight, labor, insurance and other operating expenses.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the U.S. and include our accounts and the accounts of our wholly owned subsidiaries, Gevo Development, LLC (“Gevo Development”) and Agri-Energy. The preparation of our condensed consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the applicable periods. Management bases its estimates, assumptions and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Different assumptions and judgments would change the estimates used in the preparation of our condensed consolidated financial statements, which, in turn, could change the results from those reported. Our management evaluates its estimates, assumptions and judgments on an ongoing basis.

While our significant accounting policies are more fully described in Note 1 to our condensed consolidated financial statements included in this Report, we believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating our reported financial results and reflect the more significant judgments and estimates that we use in the preparation of our condensed consolidated financial statements.

Stock-Based Compensation

We account for stock-based compensation for awards to employees in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 718, *Compensation-Stock Compensation*. Under the provisions of FASB ASC 718, stock-based compensation for awards to employees is measured at the grant date based on the fair value of the awards and is recognized as expense over the required service period of the award. We estimate the fair value of stock options issued to employees using the Black-Scholes option-pricing model.

We account for stock-based awards to nonemployees using a fair value method in accordance with FASB ASC 718 and FASB ASC 505-50, *Equity-Equity-Based Payments to Non-Employees*. We determine the estimated fair value of stock options issued to nonemployees using the Black-Scholes option-pricing model. The fair values of the stock options and stock-based awards granted to nonemployees are remeasured as the services are performed and the awards vest, and the resulting change in value, if any, is recognized as expense during the period the related services are rendered.

The following table summarizes the stock options granted from January 1, 2008 through June 30, 2011 with their exercise prices, the fair value of the underlying common stock and the intrinsic value per share, if any:

Date of issuance	Number of options	Exercise price and fair value per share of common stock
January 7, 2008 to February 25, 2008	64,500	$ 0.49
June 12, 2008 to December 4, 2008	803,459	$ 1.16
November 16, 2009 to December 1, 2009	863,720	$ 2.70
June 3, 2010 to June 24, 2010	381,930	$ 10.07
September 10, 2010 to September 13, 2010	64,950	$ 12.67
March 3, 2011	28,000	$ 19.10
March 23, 2011	202,504	$ 17.53
May 6, 2011	15,000	$ 19.14
June 14, 2011	41,250	$ 16.50
June 16, 2011	105,600	$ 16.19
June 20, 2011	101,500	$ 14.81

During the three months ended March 31, 2011, we also granted 112,093 shares of restricted common stock to board members and certain officers of the company that vest over a 36 month period commencing March 23, 2011. We did not grant any shares of restricted common stock during the three and six months ended June 30, 2010 nor during the three months ended June 30, 2011.

Significant Factors, Assumptions and Methodologies used in Determining Fair Value

We have estimated the fair value of our stock option grants using the Black-Scholes option-pricing method. We calculate the estimated volatility rate based on selected comparable public companies, due to a lack of historical information regarding the volatility of our stock price. We will continue to analyze the historical stock price volatility assumption as more historical data for our common stock becomes available. Due to our limited history of grant activity, we calculate the expected life of options granted using the "simplified method" permitted by the SEC as the arithmetic average of the total contractual term of the option and its vesting period. The risk-free interest rate assumption was based on the U.S. Treasury yield curve in effect during the year of grant for instruments with a term similar to the expected life of the related option. No dividends are expected to be paid. Forfeitures have been estimated based upon our historical and expected forfeiture experience.

During the three and six months ended June 30, 2011 and 2010, we recognized a total of $1,835,000, $3,230,000, $1,707,000 and $1,891,000, respectively, in stock-based compensation expense relating to equity awards of stock options and restricted common stock, as well as a warrant issued to CDP Gevo, LLC ("CDP") and the purchase of the 10% minority interest in Gevo Development held by CDP pursuant to an equity purchase agreement. Each of the owners of CDP is employed by us as an Executive Vice President, Upstream Business Development and a co-managing director of Gevo Development. Stock-based compensation expense for the three months ended June 30, 2011 includes $872,000 attributable to the warrant issued to CDP and $74,000 attributable to the purchase of the 10% minority interest in Gevo Development held by CDP pursuant to an equity purchase agreement. Stock-based compensation expense for the six months ended June 30, 2011 includes $1,744,000 attributable to the warrant issued to CDP and $148,000 attributable to the purchase of the 10% minority interest in Gevo Development held by CDP pursuant to an equity purchase agreement. No expense related to the warrant issued to CDP or the purchase of the 10% minority interest was recorded during the six months ended June 30, 2010.

Common Stock Valuations

Prior to the closing of our initial public offering on February 14, 2011, we were a private company. In the absence of a public trading market, we determined a reasonable estimate of the then-current fair value of our common stock for purposes of granting stock-based compensation based on multiple criteria. We determined the fair value of our common stock utilizing methodologies, approaches and assumptions consistent with the American Institute of Certified Public Accountants Practice Aid, "*Valuation of Privately-Held-Company Equity Securities Issued as Compensation*" ("AICPA Practice Aid"). In addition, we exercised judgment in evaluating and assessing the foregoing based on several factors including:

- the nature and history of our business;
- our historical operating and financial results;
- the market value of companies that are engaged in a similar business to ours;
- the lack of marketability of our common stock;
- the price at which shares of our preferred stock have been sold;
- the liquidation preference and other rights, privileges and preferences associated with our preferred stock;
- our progress in developing our isobutanol production technology;
- our progress towards achieving commercial performance targets for our bacteria and yeast based biocatalysts;
- our progress towards producing isobutanol at the one MGPY demonstration plant scale;
- the risks associated with transferring our isobutanol production technology to full commercial scale settings;
- the overall inherent risks associated with our business at the time stock option grants were approved; and
- the overall equity market conditions and general economic trends.

We considered the factors outlined above, as well as the results of independent outside valuations performed as of the dates listed in the table below, in determining the underlying fair value of our common stock. We used an option-pricing method, as well as other factors outlined above, to estimate the fair value of our common stock as follows:

Valuation date	Fair value per share
March 31, 2010	$ 10.07
August 31, 2010	$ 12.67
September 30, 2010	$ 18.97
December 31, 2010	$ 14.90

In May 2010, we completed a valuation to estimate the fair market value of a share of our common stock as of March 31, 2010 using the option-pricing method. We first estimated our enterprise value and then allocated this value to the underlying classes of equity using the option-pricing method as outlined in the AICPA Practice Aid. In estimating the enterprise value, we used a scenario analysis incorporating probabilities of future events for existing stockholders of an initial public offering, merger/acquisition ("M&A"), or an orderly liquidation to calculate an overall estimated enterprise value of the company. To calculate the enterprise value in the initial public offering and M&A scenarios, we used an income approach which incorporated a discounted cash flow valuation. This approach requires a projection of the cash flows that the business expects to generate over a forecast period and an estimate of the present value of cash flows beyond that period, which is referred to as terminal value. These cash flows are converted to present value by means of discounting, using a rate of return that accounts for the time value of money and the appropriate degree of risks inherent in the business. The orderly liquidation scenario considered the total preferences of the preferred stockholders assuming no further rounds of financing after Series D-1. To allocate the enterprise value to the underlying classes of equity, we used the option-pricing method. Within the allocation model, we estimated a time until liquidity event of six months, a risk-free discount rate of 0.24% and a volatility input of 59.79% based upon 6 months of data from a set of comparable public company stocks. We estimated a fair market value at March 31, 2010 of $10.07 per common share.

In September 2010, we completed a valuation to estimate the fair market value of a share of our common stock as of August 31, 2010 using the same methodology that we used for our valuation as of March 31, 2010. We estimated a fair value at August 31, 2010 of $12.67 per common share.

In October 2010, we completed a valuation to estimate the fair market value of a share of our common stock as of September 30, 2010 using the same methodology that we used for our valuations as of March 31, 2010 and August 31, 2010. We estimated a fair value at September 30, 2010 of $18.97 per common share. For the August 31, 2010 and September 30, 2010 valuations, we used the following assumptions: risk free interest rate of 0.15%, expected volatility of between 49.14% and 61.90%, and an expected time to a liquidity event of 0.17 years.

In February 2011, we completed a valuation to estimate the fair market value of a share of our common stock as of December 31, 2010 using the same methodology that we used for our valuations performed in 2010. We estimated a fair value at December 31, 2010 of $14.90 per common share. For the December 31, 2010 valuation, we used the following assumptions: risk free interest rate of 0.07%, expected volatility of 49.14%, and an expected time to a liquidity event of 0.08 years.

No single event caused the valuation of our common stock to increase from January 2008 to December 2010; rather, it was a combination of the following factors that led to the changes in the fair value of the underlying common stock:

- We completed our Series C financing in March 2008. The value of the company negotiated during this financing, led by two new investors, took into account our license agreement signed with The Regents of the University of California during the fall of 2007.
- We completed our Series D financing between April and August 2009. The value of the company negotiated during this financing, led by a new investor, took into account the operation of our pilot plant located at our facility in Colorado during 2008, our partnership with ICM that was entered into in 2008, improvements in our first-generation biocatalyst and construction of our demonstration plant in St. Joseph, Missouri.
- We completed our Series D-1 financing between March and May 2010. The value of the company negotiated during this financing took into account several recent developments including commissioning our demonstration plant in St. Joseph, Missouri during September 2009, the establishment of Gevo Development in September 2009 in order to focus on accessing, financing and developing ethanol facilities for future retrofit to isobutanol production, significant improvements in the isobutanol yield of our second-generation biocatalyst and our entering into a number of letters of interest with potential future customers.
- We completed the acquisition of Agri-Energy in September 2010 gaining access to our first commercial facility for future retrofit to isobutanol production.
- As of October 2010, our second-generation biocatalyst had achieved a fermentation time of 52 hours and achieved approximately 94% of the theoretical maximum yield of isobutanol from feedstock, meeting our targeted fermentation performance criteria well in advance of our planned commercial launch of isobutanol production in the first half of 2012.

There is inherent uncertainty in these estimates and if we had made different assumptions than those described above, the amount of our stock-based compensation expense, net loss and net loss per share amounts could have been significantly different.

After the closing of our initial public offering on February 14, 2011, we use the closing price of our stock on the NASDAQ exchange as the input for the fair value of our common stock for Black-Scholes option-pricing model calculations.

Estimation of Fair Value of Warrants to Purchase Preferred Stock

Effective January 1, 2009 upon the adoption of FASB ASC 815, *Derivatives and Hedging*, all warrants issued by us that were exercisable into preferred stock were accounted for as derivatives and recognized in our consolidated balance sheets as fair value of warrant liabilities at their estimated fair value. As such, effective January 1, 2009, we reclassified the fair value of these preferred stock warrants from equity to liability status as if these warrants had been recorded as a derivative liability since their dates of issuance. We determined that this treatment was appropriate because the preferred stock underlying the warrants had down-round protection.

Upon the closing of our initial public offering on February 14, 2011 and the conversion of the underlying preferred stock to common stock, all outstanding warrants to purchase shares of preferred stock converted into warrants to purchase shares of our common stock. The then-current aggregate fair value of these warrants of $2,063,000 was reclassified from liabilities to additional paid-in capital, a component of stockholders' equity, and these warrants are no longer subject to periodic fair value adjustments. The 303,173 preferred stock warrants that were outstanding at December 31, 2010 became exercisable for 398,032 shares of our common stock upon completion of our initial public offering on February 14, 2011.

As of December 31, 2010, the fair value of preferred stock warrants was estimated to be $2,034,000 using an option-pricing model. During the three months ended June 30, 2011 and 2010, we recorded $0 and $660,000, respectively, in non-cash charges related to the change in fair value of preferred stock warrants. During the six months ended June 30, 2011 and 2010, we recorded $29,000 and $1,250,000, respectively, in non-cash charges related to the change in fair value of preferred stock warrants.

Preferred stock warrants were initially issued by us in connection with the issuance of secured long-term debt and convertible promissory notes. The preferred stock warrants were not issued with the intent of effectively hedging any exposures to cash flow, market or foreign currency risks. The warrants do not qualify for hedge accounting, and as such, the changes in the fair value of these warrants were recognized in earnings until the warrants were converted to common stock warrants upon the completion of our initial public offering on February 14, 2011. The warrants do not trade in an active market and due to the nature of these derivative instruments, the instruments contain no credit-risk-related contingent features.

To value our preferred stock warrants prior to the conversion of these warrants to common stock warrants upon our initial public offering in February 2011, we first estimated our enterprise value and then allocated this value to the underlying classes of equity using the option-pricing method as outlined in the AICPA Practice Aid. In estimating the enterprise value, we used a scenario analysis incorporating probabilities of future events for existing stockholders of an initial public offering, M&A transaction, or liquidation to calculate an overall estimated enterprise value of the company using the option-pricing method. To calculate the enterprise value in the initial public offering and M&A scenarios, we used an income approach which incorporated a discounted cash flow valuation. This approach requires a projection of the cash flows that the business expects to generate over a forecasted period and an estimate of the present value of cash flows beyond that period, which is referred to as terminal value. These cash flows are converted to present value by means of discounting, using a rate of return that accounts for the time value of money and the appropriate degree of risks inherent in the business. The orderly liquidation scenario considered the total preferences of the preferred stockholders assuming no further rounds of financing after our Series D-1. To allocate the enterprise value to the underlying classes of equity, we used the option-pricing method.

There is inherent uncertainty in these estimates and if we had made different assumptions than those described above, the amount of our loss on change in fair value of preferred stock warrants, net loss and net loss per share amounts could have been significantly different.

Beneficial Conversion Feature of Series D-1 Preferred Stock Financing

Gevo, Inc. issued a total of 1,902,087 shares of Series D-1 preferred between March and May 2010 and recorded a beneficial conversion feature at its aggregate intrinsic value of approximately $5,744,000 as a discount on the Series D-1 preferred with a corresponding credit to additional paid-in capital.

For the period from January 1, 2011 to the closing of our initial public offering on February 14, 2011, we recorded a deemed dividend – amortization of beneficial conversion feature on our Series D-1 convertible preferred stock of $495,000. Upon the closing of our initial public offering on February 14, 2011 and the automatic conversion of our Series D-1 preferred stock to common stock, we recalculated the intrinsic value of the beneficial conversion feature using the adjusted conversion ratio applied against the original commitment-date estimated fair value of the underlying common stock. The amount of the recalculated intrinsic value of the beneficial conversion feature exceeded the previously amortized amount of the beneficial conversion feature by $599,000, which amount was immediately amortized to retained earnings and additional paid-in capital contemporaneously with the closing of the initial public offering on February 14, 2011. Other than the entries recorded through, and upon, the closing of our initial public offering, no additional amortization of the beneficial conversion feature relating to our Series D-1 preferred stock will be recorded.

Revenue Recognition

Following consummation of the Agri-Energy acquisition on September 22, 2010, we record revenue from the sale of ethanol and related products. We recognize revenue when all of the following criteria are satisfied: persuasive evidence of an arrangement exists; risk of loss and title transfer to the customer; the price is fixed or determinable; and collectability is reasonably assured. Ethanol and related products are generally shipped free on board shipping point. Collectability of revenue is reasonably assured based on historical evidence of collectability between us and our customers. In accordance with our agreements for the marketing and sale of ethanol and related products, commissions due to marketers are deducted from the gross sales price at the time payment is remitted. Ethanol and related products sales are recorded net of commissions.

Revenue related to our government research grants and cooperative agreements is recognized in the period during which the related costs are incurred, provided that the conditions under the awards have been met and only perfunctory obligations are outstanding.

Intercompany revenues, if any, are eliminated on a consolidated basis for reporting purposes.

Cost of Goods Sold

Cost of goods sold includes costs for materials, direct labor and certain plant overhead costs. Direct materials consist of the costs of corn feedstock, denaturant and process chemicals. Direct labor includes compensation of non-management personnel involved in the operation of the ethanol plant. Plant overhead costs primarily consist of plant utilities and plant depreciation. Cost of goods sold is mainly affected by the cost of corn and natural gas. Corn is the most significant raw material cost. We purchase natural gas to power steam generation in the ethanol production process and to dry the distiller's grains. Cost of goods sold also includes net gains or losses from derivatives relating to corn and natural gas.

We enter into forward purchase contracts for corn and natural gas as a means of securing corn and natural gas used in ethanol production. These transactions are considered to be derivatives and prior to January 1, 2011 were recorded on the balance sheet as assets and liabilities based on each derivative's fair value. The changes in the fair value of these derivative contracts were recognized in income, as a component of cost of goods sold. Effective January 1, 2011, we designate all of our forward purchase contracts for corn and natural gas under the normal purchases and normal sales scope exception and therefore they will no longer be marked to market. To qualify for the normal purchases and normal sales scope exception, a contract must provide for the purchase or sale of commodities in quantities that are expected to be used or sold over a reasonable period of time in the normal course of operations. We also enter into exchange-traded futures contracts for corn as a means of managing exposure to changes in corn prices. These transactions are considered to be derivatives and are recorded on the balance sheet as assets and liabilities based on each derivative's fair value. Changes in the fair value of the derivative contracts are recognized currently in income, as a component of cost of goods sold, unless specific hedge accounting criteria are met. We have not designated any of our derivatives as hedges for financial reporting purposes.

Inventory

Corn, ethanol, distiller's grains, enzymes and other inventory items are stated at the lower of cost or market value. Cost is determined by the first-in, first-out method. Ethanol inventory cost consists of the applicable share of raw material, direct labor and manufacturing overhead costs.

Derivatives and Hedging

Our activities expose us to a variety of market risks, including the effects of changes in commodity prices. These financial exposures are monitored and managed by our management as an integral part of our overall risk-management program. Our risk management program focuses on the unpredictability of financial and commodities markets and seeks to reduce the potentially adverse effects that the volatility of these markets may have on our operating results.

We periodically enter into forward purchase contracts for corn and natural gas to ensure supply and manage the prices of these commodities. These contracts are considered to be derivative transactions. Effective January 1, 2011, we designate all of our forward purchase contracts for corn and natural gas under the normal purchases and normal sales scope exception and therefore they will no longer be marked to market.

We generally follow a policy of using exchange-traded futures contracts to reduce our net position in agricultural commodity inventories and forward cash purchase contracts to reduce price risk. Exchange-traded futures contracts are valued at market price and are recorded as derivative assets or derivative liabilities on the consolidated balance sheet and changes in market price are recorded in cost of goods sold.

Our derivatives do not include any credit risk related contingent features. For the exchange-traded contracts, we maintain a margin deposit. We have not entered into these derivative financial instruments for trading or speculative purposes, and we have not designated any of our derivatives as hedges for financial accounting purposes.

Impairment of Long-lived Assets

In accordance with FASB ASC 360, *Property, Plant, and Equipment*, we assess impairment of long-lived assets, which include property, plant and equipment, for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to, significant decreases in the market price of the asset; significant adverse changes in the business climate, legal or regulatory factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; or expectations that the asset will more likely than not be sold or disposed of significantly before the end of its estimated useful life.

Given our current period cash flow combined with a history of operating losses, we evaluated the recoverability of the book value of our property, plant and equipment. We performed an undiscounted cash flow analysis, the results of which indicate that the sum of the undiscounted cash flows is substantially in excess of the book value of the property, plant and equipment. Accordingly, no impairment charges have been recorded during the period from June 9, 2005 (date of inception) to June 30, 2011.

Upon our acquisition of Agri-Energy on September 22, 2010, we recorded the acquired property, plant and equipment at their fair values. The Agri-Energy acquired property, plant and equipment constitute a majority of our total property, plant and equipment.

We have not yet generated positive cash flows from operations, and such cash flows may not materialize for a significant period in the future, if ever. Additionally, we may make changes to our business plan that will result in changes to the expected cash flows from long-lived assets. As a result, it is possible that future evaluations of long-lived assets may result in impairment.

We make estimates and judgments about future undiscounted cash flows. Although our cash flow forecasts are based on assumptions that are consistent with our plans, there is significant exercise of judgment involved in determining the cash flow attributable to a long-lived asset over its estimated remaining useful life. As a result, the carrying amounts of our long-lived assets could be reduced through impairment charges in the future.

Result of Operations

Comparison of the three months ended June 30, 2011 and 2010

	Three months ended June 30, 2011	Three months ended June 30, 2010	$ Increase (decrease)	% Change
Revenue:				
Grant revenue	$ 212,000	$ 462,000	$ (250,000)	(54%)
Ethanol sales and related products, net	14,321,000	—	14,321,000	N/A
Total revenues	14,533,000	462,000	14,071,000	3,046%
Cost of goods sold	(13,637,000)	—	13,637,000	N/A
Gross margin	896,000	462,000	434,000	94%
Operating expenses:				
Research and development	(5,338,000)	(3,210,000)	2,128,000	66%
Selling, general and administrative	(7,180,000)	(4,871,000)	2,309,000	47%
Loss on abandonment or disposal of assets	(11,000)	—	11,000	N/A
Total operating expenses	(12,529,000)	(8,081,000)	4,448,000	55%
Loss from operations	(11,633,000)	(7,619,000)	4,014,000	53%
Other (expense) income:				
Interest expense	(851,000)	(361,000)	490,000	136%
Interest and other income	18,000	39,000	(21,000)	(54%)
Loss from change in fair value of warrant liabilities	—	(660,000)	(660,000)	(100%)
Other expense—net	(833,000)	(982,000)	(149,000)	(15%)
Net loss	(12,466,000)	(8,601,000)	3,865,000	45%
Deemed dividend—amortization of beneficial conversion feature on Series D-1 convertible preferred stock	—	(779,000)	(779,000)	(100%)
Net loss attributable to Gevo, Inc. common stockholders	$(12,466,000)	$(9,380,000)	$ 3,086,000	33%

Revenues: The increase in ethanol sales and related products of $14,321,000 is due to our acquisition of Agri-Energy on September 22, 2010. The decrease in grant revenue of $250,000, or 54%, primarily relates to a grant award from the U.S. Department of Energy that ended in August 2010.

Cost of goods sold and gross margin: The increase in cost of goods sold of $13,637,000 relates to our acquisition of Agri-Energy on September 22, 2010. Prior to our acquisition of Agri-Energy, we did not incur or report cost of goods sold.

Research and development: The increase in research and development expense of $2,128,000, or 66%, was primarily driven by increased operating expenses at our demonstration plant in St. Joseph, Missouri and laboratory supplies and services used in our development efforts of $1,673,000 and increased payroll and related expenses, including stock-based compensation of $248,000. Research and development expense includes stock-based compensation expense of $292,000 and $313,000 for the three months ended June 30, 2011 and 2010, respectively.

Selling, general and administrative: The increase in selling, general and administrative expense of $2,309,000, or 47%, was primarily driven by increased payroll and related expenses, including relocation, recruiting and stock-based compensation, of $797,000, increased legal, accounting, tax and public company filing and related fees of $764,000, increased public relations and corporate development costs of $488,000, and increased other costs for our Agri-Energy subsidiary of $152,000, partially offset by a decrease of $239,000 in management fees paid to CDP. Selling, general and administrative expense included stock-based compensation expense of $1,543,000 and $1,394,000 for the three months ended June 30, 2011 and 2010, respectively. Included in the $1,543,000 of stock-based compensation in selling, general and administrative expense for the three months ended June 30, 2011 is $872,000 related to the warrant issued to CDP.

Interest expense: Interest expense increased by $490,000, or 136%, due to the incurrence of additional debt, higher interest rates on our secured long-term debt facility and higher amortization of debt discounts and debt issue costs related to our debt with Lighthouse Capital Partners V, L.P. ("Lighthouse") and TriplePoint Capital LLC ("TriplePoint").

Loss from change in fair value of warrant liabilities: The decrease in loss from change in fair value of warrant liabilities of $660,000 related to the change in the fair value of our preferred stock warrants, which were recorded as derivatives and recognized in our consolidated balance sheet as a liability through the closing date of our initial public offering. Upon the closing of our initial public offering on February 14, 2011 and the conversion of the underlying preferred stock to common stock, all outstanding warrants to purchase shares of preferred stock converted into warrants to purchase shares of our common stock and are no longer considered to be derivatives.

Deemed dividend—amortization of beneficial conversion feature on Series D-1 convertible preferred stock: The decrease in deemed dividend—amortization of beneficial conversion feature on Series D-1 convertible preferred stock of $779,000 related to our issuance of Series D-1 convertible preferred stock between March and May 2010. Upon closing of our initial public offering on February 14, 2011, no additional amortization of the beneficial conversion feature relating to our Series D-1 preferred stock will be recorded.

Comparison of the six months ended June 30, 2011 and 2010

	Six months ended June 30, 2011	Six months ended June 30, 2010	$ Increase (decrease)	% Change
Revenue:				
Grant revenue	$ 384,000	$ 792,000	$ (408,000)	(52%)
Ethanol sales and related products, net	29,430,000	—	29,430,000	N/A
Total revenues	29,814,000	792,000	29,022,000	3,664%
Cost of goods sold	(28,830,000)	—	28,830,000	N/A
Gross margin	984,000	792,000	192,000	24%
Operating expenses:				
Research and development	(8,604,000)	(7,878,000)	726,000	9%
Selling, general and administrative	(12,414,000)	(7,513,000)	4,901,000	65%
Loss on abandonment or disposal	(11,000)	—	11,000	N/A
Total operating expenses	(21,029,000)	(15,391,000)	5,638,000	37%
Loss from operations	(20,045,000)	(14,599,000)	5,446,000	37%
Other (expense) income:				
Interest expense	(1,743,000)	(669,000)	1,074,000	161%
Interest and other income	68,000	58,000	10,000	17%
Loss from change in fair value of warrant liabilities	(29,000)	(1,250,000)	(1,221,000)	(98%)
Other expense—net	(1,704,000)	(1,861,000)	(157,000)	(8%)
Net loss	(21,749,000)	(16,460,000)	5,289,000	32%
Deemed dividend—amortization of beneficial conversion feature on Series D-1 convertible preferred stock	(1,094,000)	(800,000)	294,000	37%
Net loss attributable to Gevo, Inc. common stockholders	$(22,843,000)	$(17,260,000)	$ 5,583,000	32%

Revenues: The increase in ethanol sales and related products of $29,430,000 is due to our acquisition of Agri-Energy on September 22, 2010. The decrease in grant revenue of $408,000, or 52%, primarily relates to a grant award from the U.S. Department of Energy that ended in August 2010.

Cost of goods sold and gross margin: The increase in cost of goods sold of $28,830,000 relates to our acquisition of Agri-Energy on September 22, 2010. Prior to our acquisition of Agri-Energy, we did not incur or report cost of goods sold.

Research and development: The increase in research and development expense of $726,000, or 9%, was primarily driven by increased operating expenses at our demonstration plant in St. Joseph, Missouri and laboratory supplies and services used in our development efforts of $1,885,000 and increased payroll and related expenses, including stock-based compensation, of $723,000, partially offset by achievement of a research milestone under our licensing agreement with Cargill, Incorporated ("Cargill"), for which we recorded $1,578,000 in expense during the six months ended June 30, 2010, and decreased depreciation of $389,000. Research and development expense includes stock-based compensation expense of $479,000 and $360,000 for the six months ended June 30, 2011 and 2010, respectively.

Selling, general and administrative: The increase in selling, general and administrative expense of $4,901,000, or 65%, was primarily driven by increased payroll and related expenses, including relocation, recruiting and stock-based compensation, of $2,583,000, increased legal, accounting, tax and public company filing and related fees of $1,425,000, increased public relations and corporate development costs of $667,000, and increased other costs for our Agri-Energy subsidiary of $226,000, partially offset by a decrease of $478,000 in management fees paid to CDP. Selling, general and administrative expense included stock-based compensation expense of $2,751,000 and $1,531,000 for the six months ended June 30, 2011 and 2010, respectively. Included in the $2,751,000 of stock-based compensation in selling, general and administrative expense for the six months ended June 30, 2011 is $1,744,000 related to the warrant issued to CDP.

Interest expense: Interest expense increased by $1,074,000, or 161%, due to the incurrence of additional debt, higher interest rates on our secured long-term debt facility and higher amortization of debt discounts and debt issue costs related to our debt with Lighthouse and TriplePoint.

Loss from change in fair value of warrant liabilities: The decrease in loss from change in fair value of warrant liabilities of $1,221,000, or 98%, related to the change in the fair value of our preferred stock warrants, which were recorded as derivatives and recognized in our consolidated balance sheet as a liability through the closing date of our initial public offering. Upon the closing of our initial public offering on February 14, 2011 and the conversion of the underlying preferred stock to common stock, all outstanding warrants to purchase shares of preferred stock converted into warrants to purchase shares of our common stock and are no longer considered to be derivatives.

Deemed dividend—amortization of beneficial conversion feature on Series D-1 convertible preferred stock: The increase in deemed dividend—amortization of beneficial conversion feature on Series D-1 convertible preferred stock of $294,000 related to our issuance of Series D-1 convertible preferred stock between March and May 2010. Upon closing of our initial public offering on February 14, 2011, no additional amortization of the beneficial conversion feature relating to our Series D-1 preferred stock will be recorded.

Liquidity and Capital Resources

On February 14, 2011, we completed our initial public offering issuing 8,222,500 shares of common stock at an offering price of $15.00 per share, resulting in net proceeds of $110,408,000, after deducting underwriting discounts and commissions and other offering costs.

From inception to June 30, 2011, we have funded our operations primarily through the sale of preferred equity securities, borrowings under our secured debt financing arrangements, revenues earned and the net proceeds from our initial public offering. To date, we have not generated any revenues from the sale of isobutanol.

As of June 30, 2011, our cash and cash equivalents totaled $105,197,000. Based on our current level of operations and anticipated growth, we believe that our existing cash and cash equivalents on hand will provide adequate funds for ongoing operations, planned capital expenditures and working capital requirements for at least the next 12 months. Possible future joint ventures or acquisitions involving ethanol plant assets for retrofit to isobutanol production may be subject to our raising additional capital through future equity or debt issuances. Successful completion of our research and development program and the attainment of profitable operations are dependent upon future events, including completion of our development activities resulting in sales of isobutanol or isobutanol-derived products and/or technology, achieving market acceptance and demand for our products and services and attracting and retaining qualified personnel.

The following table sets forth the major sources and uses of cash for each of the periods set forth below:

	Six months ended June 30, 2011	Six months ended June 30, 2010
Net cash used in operating activities	$ (19,923,000)	$ (9,350,000)
Net cash used in investing activities	$ (2,255,000)	$ (329,000)
Net cash provided by financing activities	$ 112,101,000	$ 30,558,000

Operating Activities

Our primary uses for cash from operating activities are personnel-related expenses and research and development-related expenses including costs incurred under development agreements, for licensing of technology and for the operation of our demonstration production facility.

Cash used in operating activities of $19,923,000 for the six months ended June 30, 2011 reflected our net loss of $21,749,000 and changes in operating assets and liabilities of $3,500,000, partially offset by non-cash charges totaling $5,326,000. Non-cash charges included depreciation and amortization of $2,176,000, stock-based compensation of $3,082,000, loss from change in fair value of warrant liabilities of $29,000 and non-cash interest expense and amortization of debt discounts of $422,000, which were offset by a gain in derivative assets of $394,000. The net use of cash from our operating assets and liabilities of $3,500,000 primarily reflected an increase in inventories at Agri-Energy due to increases in the cost of corn and bushels on hand.

Cash used in operating activities of $9,350,000 during the six months ended June 30, 2010 reflected our net loss of $16,460,000 offset by non-cash charges totaling $4,818,000 and changes in operating assets and liabilities of $2,292,000. Non-cash charges included depreciation and amortization of $1,539,000, stock-based compensation of $1,891,000, loss from change in fair value of warrant liabilities of $1,250,000 and non-cash interest expense and amortization of debt discounts of $138,000. The net source of cash from our operating assets and liabilities of $2,292,000 primarily reflected accrued milestone payments under our Cargill license agreement that are payable in 2011 and 2012 and amounts accrued for work performed by ICM.

Investing Activities

During the six months ended June 30, 2011, cash used in investing activities was $2,255,000 for capital expenditures, including $1,303,000 relating to our retrofit of the Agri-Energy facility to isobutanol production which is recorded as construction in progress.

During the six months ended June 30, 2010, cash used in investing activities was $329,000 for capital expenditures.

Financing Activities

During the six months ended June 30, 2011, cash provided by financing activities was $112,101,000, primarily due to the net proceeds from our initial public offering, after deducting underwriting discounts and commissions and other offering expenses paid during the period, less principal repayments of $920,000 on our debt with Lighthouse.

During the six months ended June 30, 2010, cash provided by financing activities was $30,558,000, primarily due to the net proceeds of $31,411,000 from our sale of Series D-1 preferred stock, less payment of deferred offering costs relating to our initial public offering of $869,000.

We will require additional funding to achieve our goal of producing and selling over 350 million gallons of isobutanol in 2015.

Agri-Energy Acquisition

In September 2010, we acquired a 22 MGPY ethanol production facility in Luverne, Minnesota that we intend to retrofit to produce isobutanol. We paid a purchase price of approximately $20.6 million. In addition, we acquired and paid $4.9 million for working capital. We paid the aggregate purchase price with available cash reserves and by borrowing $12.5 million under our loan and security agreement with TriplePoint (as described below). We have begun the retrofit of the Agri-Energy facility. We intend to increase the potential production capacity of the Luverne retrofit in anticipation of future improvements from our yeast biocatalyst. We project capital costs for the Luverne retrofit to be $22 million, including the ability to switch between ethanol and isobutanol production, plus additional capital to allow for anticipated increased future production capacity. In addition to the retrofit to isobutanol production at the Agri-Energy facility, in July 2011 we made the strategic decision to invest in an enhanced yeast seed train at the Agri-Energy site to maintain direct oversight over our current yeast material and future yeast development and to provide on-site yeast production. We estimate capital costs for the enhanced yeast seed train to be up to $10 million. We expect to begin commercial production of isobutanol at the Agri-Energy facility in the first half of 2012. While we believe we will have the ability to reverse the retrofit and switch between ethanol and isobutanol production, there is no guarantee that this will be the case and it is not our intent to do so.

Redfield Energy, LLC

On June 15, 2011, we entered into an Isobutanol Joint Venture Agreement (the “Joint Venture Agreement”) with Redfield Energy, LLC, a South Dakota limited liability company (“Redfield”), and executed the Second Amended and Restated Operating Agreement of Redfield (together, the “Joint Venture Documents”). Under the terms of the Joint Venture Documents, Gevo Development and Redfield have agreed to work together to retrofit Redfield’s approximately 50 million gallon per year ethanol production facility located near Redfield, South Dakota for the commercial production of isobutanol (the “Redfield Retrofit”). Under the terms of the Joint Venture Agreement, Redfield has issued 100 Class G membership units in Redfield (the “Class G Units”) to Gevo Development in exchange for a payment of $1,000, which has been recorded on our balance sheet in other assets. Gevo Development is the sole holder of Class G Units which entitle Gevo Development to certain information and governance rights with respect to Redfield, including the right to appoint two members of Redfield’s 11-member board of managers. The Class G units currently carry no interest in the allocation of profits, losses or other distributions of Redfield and no voting rights. Such rights will vest upon the commencement of commercial isobutanol production at the Redfield facility, at which time Gevo Development anticipates consolidating Redfield’s operations.

Gevo Development will be responsible for all costs associated with the Redfield Retrofit. Redfield will remain responsible for certain expenses incurred by the facility including certain repair and maintenance expenses and any costs necessary to ensure that the facility is in compliance with applicable environmental laws. We anticipate that the Redfield facility will continue its current ethanol production activities during much of the Redfield Retrofit. Once the retrofit assets have been installed, the ethanol production operations will be suspended to enable testing of the isobutanol production capabilities of the facility (the “Performance Testing Phase”). During the Performance Testing Phase, Gevo Development will be entitled to receive all revenue generated by the Redfield facility and will make payments to Redfield to cover the costs incurred by Redfield to operate the facility plus the profits, if any, that Redfield would have received if the facility had been producing ethanol during that period (the “Facility Payments”). Gevo Development has also agreed to maintain an escrow fund during the Performance Testing Phase as security for its obligation to make the Facility Payments.

If certain conditions have been met, commercial production of isobutanol at the Redfield facility will begin upon the earlier of the date upon which certain production targets have been met or the date upon which the parties mutually agree that commercial isobutanol production will be commercially viable at the then-current production rate. At that time, (i) Gevo Development will have the right to appoint a total of four members of Redfield’s 11-member board of managers, and (ii) the voting and economic interests of the Class G units will vest and Gevo Development, as the sole holder of the Class G Units, will be entitled to a percentage of Redfield’s profits, losses and distributions, to be calculated based upon the demonstrated isobutanol production capabilities of the Redfield facility.

Gevo Development, or one of its affiliates, will be the exclusive marketer of all products produced by the facility once commercial production of isobutanol has begun. Additionally, Gevo, Inc. will license the technology necessary to produce isobutanol at the facility to Redfield, subject to the continuation of the marketing arrangement described above. In the event that the isobutanol production technology fails or Redfield is permanently prohibited from using such technology, Gevo Development will forfeit the Class G Units and lose the value of its investment in Redfield.

Gevo, Inc. entered into a guaranty effective as of June 15, 2011, pursuant to which it has unconditionally and irrevocably guaranteed the payment by Gevo Development of any and all amounts owed by Gevo Development pursuant to the terms and conditions of the Joint Venture Agreement and certain other agreements that Gevo Development and Redfield expect to enter into in connection with the Redfield Retrofit.

As of June 30, 2011, we have not incurred any costs for the retrofit of the Redfield facility.

Gevo Development, LLC and CDP Gevo, LLC

In September 2010, Gevo, Inc. acquired 100% of the class B interests in Gevo Development, which comprise 10% of the outstanding equity interests of Gevo Development, from CDP pursuant to an equity purchase agreement. Gevo, Inc. currently owns 100% of the outstanding equity interests of Gevo Development as a wholly owned subsidiary. In exchange for the class B interests, CDP will receive aggregate consideration of up to approximately $1,143,000, of which $922,000 has been paid as of June 30, 2011 and the remainder of which is payable through January 1, 2012, subject to the terms and conditions set forth in the agreement. As of September 22, 2010, each of the owners of CDP is employed by Gevo, Inc.

Cargill, Incorporated

During February 2009, we entered into a license agreement with Cargill to obtain certain biological materials and license patent rights to use a yeast biocatalyst owned by Cargill. Under the agreement, Cargill has granted us an exclusive, royalty-bearing license, with limited rights to sublicense, to use the patent rights in a certain field, as defined in the agreement. The agreement contains five milestone payments totaling approximately $4,300,000 that are payable after each milestone is completed.

During 2009, two milestones were completed and we recorded the related milestone amounts, along with an up-front signing fee, totaling $875,000 to research and development expense. During March 2010, we completed milestone number three and recorded the related milestone amount of $2,000,000 to research and development expense at its present value amount of $1,578,000 because the milestone payment will be paid over a period greater than twelve months from the date it was incurred. At June 30, 2011, the present value of the liability, $1,343,000, was recorded as $924,000 in accounts payable and accrued expenses and $419,000 in non-current liabilities. Milestones number four and five representing potential payments of up to $1,500,000 have not been met as of June 30, 2011. Upon commercialization of a product which uses the Cargill biological material or is otherwise covered by the patent rights under this agreement, a royalty based on net sales is payable by us, subject to a minimum royalty amount per year, as defined in the agreement, and up to a maximum amount per year. We may terminate this agreement at any time upon 90 days' written notice. Unless terminated earlier, the agreement remains in effect until the later of December 31, 2025 and the date that no licensed patent rights remain. The accretion of the liability was recorded to interest expense.

Secured Long-Term Debt

Lighthouse Loan and Security Agreement. On December 18, 2006, we entered into a loan and security agreement, as amended, with Lighthouse. On August 6, 2010, we repaid $5,000,000 in outstanding principal, as well as $250,000 of the final payment, under the promissory note issued in connection with the loan and security agreement, using amounts borrowed pursuant to a loan and security agreement with TriplePoint, as well as available cash reserves. As of June 30, 2011, our outstanding principal balance on our loan with Lighthouse was $2,014,000. The promissory note bears interest at a rate of 12% per annum, required interest only payments during the year ended December 31, 2010, and requires principal plus interest repayments of equal amounts over the 18 months commencing January 1, 2011 and a final payment of $204,000 due on July 1, 2012.

Under the terms of the loan agreement, we are prohibited from granting a security interest in our intellectual property assets to any other entity until Lighthouse is paid in full, and Lighthouse maintains a security interest in the assets, including equipment and fixtures, financed by the proceeds of each original loan advance made under the loan agreement until such time as the loan is paid in full. The Lighthouse agreement does not contain financial ratio covenants, but does impose certain affirmative and negative covenants, which include prohibiting us from paying any dividends or distributions or creating any liens against the collateral as defined in the agreement, as amended. We cannot borrow any further amounts under our agreement with Lighthouse. At June 30, 2011, we were in compliance with the Lighthouse debt covenants.

TriplePoint Loan and Security Agreement 1. In August 2010, concurrently with the execution of the acquisition agreement with Agri-Energy, Gevo, Inc. entered into a loan and security agreement with TriplePoint, pursuant to which we borrowed $5,000,000. The loan and security agreement includes customary affirmative and negative covenants for agreements of this type and events of default, including, disposing of certain assets, granting or otherwise allowing the imposition of a lien against certain assets, incurring certain amounts of additional indebtedness, or acquiring or merging with another entity, excluding Agri-Energy, unless we receive the prior approval of TriplePoint. The aggregate amount outstanding under the loan and security agreement bears interest at a rate equal to 13%, is subject to an end-of-term payment equal to 8% of the amount borrowed and is secured by substantially all of the assets of Gevo, Inc., other than our intellectual property. This loan is also secured by substantially all of the assets of Agri-Energy, LLC. Additionally, under the terms of each of (i) the loan and security agreement and (ii) Gevo, Inc.'s guarantee of Gevo Development's and Agri-Energy's obligations under the loan and security agreement described below, Gevo, Inc. is prohibited from granting a security interest in its intellectual property assets to any other entity until both TriplePoint loans are paid in full. The loan matures on August 31, 2014, and provides for interest only payments during the first 24 months. An additional interest-only period may be elected now that we

have completed an initial public offering and a subsequent interest-only period may be elected in the event that we are producing isobutanol at our Agri-Energy facility by June 30, 2012. Each such additional interest-only period may be for a maximum of 6 months, for a total possible interest-only extension period of 12 months. We used the funds from this loan to repay a portion of our existing indebtedness with Lighthouse. At June 30, 2011, we were in compliance with the debt covenants under this loan and security agreement.

TriplePoint Loan and Security Agreement 2. In August 2010, Gevo Development also entered into a loan and security agreement with TriplePoint under which, upon the satisfaction of certain conditions, Gevo Development could borrow up to $12.5 million to finance the transactions contemplated by the acquisition agreement with Agri-Energy. In September 2010, Gevo Development borrowed the $12.5 million and closed the transactions contemplated by the acquisition agreement, at which time the loan and security agreement was amended and Agri-Energy, LLC became a borrower under the loan and security agreement. The loan and security agreement includes customary affirmative and negative covenants for agreements of this type and events of default. The aggregate amount outstanding under the loan and security agreement bears interest at a rate equal to 13% and is subject to an end-of-term payment equal to 8% of the amount borrowed. The loan is secured by the equity interests of Agri-Energy, LLC held by Gevo Development and substantially all the assets of Agri-Energy, LLC. The loan matures on September 1, 2014, and provides for interest-only payments during the first 24 months. An additional interest-only period may be elected now that Gevo, Inc. has completed an initial public offering and a subsequent interest-only period may be elected in the event that Gevo, Inc. is producing isobutanol at its Agri-Energy facility by June 30, 2012. Each such additional interest-only period may be for a maximum of 6 months, for a total possible interest-only extension period of 12 months. The loan is guaranteed by Gevo, Inc. pursuant to a continuing guaranty executed by Gevo, Inc. in favor of TriplePoint, which is secured by substantially all of the assets of Gevo, Inc., other than its intellectual property. At June 30, 2011, we were in compliance with the debt covenants under this loan and security agreement.

Contractual Obligations and Commitments

The following summarizes the future commitments arising from our contractual obligations at December 31, 2010:

	Total	2011	2012	2013	2014	2015 and Thereafter
Secured long-term debt, including current portion (before debt discounts)(1)	$22,038,000	$1,897,000	$3,371,000	$ 8,478,000	$8,292,000	$ —
Cash interest payments on long-term debt(1)	6,742,000	2,536,000	2,312,000	1,523,000	371,000	—
Operating leases(2)	1,288,000	499,000	497,000	292,000	—	—
Payments to CDP for purchase of Class B interest(3)	369,000	295,000	74,000	—	—	—
Payments due under Cargill license agreement (4)	2,000,000	1,000,000	1,000,000	—	—	—
Total	$32,437,000	$6,227,000	$7,254,000	$10,293,000	$8,663,000	$ —

(1) Includes principal and final payments on our long-term debt as of December 31, 2010. With respect to each of the TriplePoint loans, an additional interest-only period may be elected now that Gevo, Inc. has completed an initial public offering and a subsequent interest-only period may be elected in the event that Gevo, Inc. is producing isobutanol at its Agri-Energy facility by June 30, 2012. Each such additional interest-only period may be for a maximum of 6 months, for a total possible interest-only extension period of 12 months. If one or both of these interest-only periods is elected, the amounts shown during the years ended December 31, 2012 through 2014 will be different.

(2) Our commitments for operating leases primarily relate to our leased facility in Englewood, Colorado.

(3) In September 2010, Gevo, Inc. purchased all of the outstanding class B interests in Gevo Development from CDP pursuant to an equity purchase agreement. In exchange for the class B interests, CDP will receive aggregate consideration of up to approximately $1,143,000, (i) $500,000 of which was paid on September 22, 2010, (ii) $274,000 of which was paid on December 30, 2010, (iii) $74,000 of which was paid on January 1, 2011, (iv) $74,000 of which was paid on April 1, 2011, and (v) the remainder of which is payable through January 1, 2012, subject to the terms and conditions set forth in the equity purchase agreement.

(4) During March 2010, we completed milestone number three under our license agreement with Cargill which is being paid as $2,000,000 over eight quarters beginning January 1, 2011.

The table above reflects only payment obligations that are fixed and determinable. The above amounts exclude potential payments to be made under our license and other agreements that are based on the achievement of future milestones or royalties on product sales.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any relationships with unconsolidated entities, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Recent Accounting Pronouncements

Refer to Note 1 in the accompanying notes to our condensed consolidated financial statements for a discussion of recent accounting pronouncements, if any.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our market risk profile has not changed significantly during the first six months of 2011.

Interest Rate Risk

We had unrestricted cash and cash equivalents totaling $105,197,000 at June 30, 2011. These amounts were invested primarily in demand deposit checking and savings accounts and are held for working capital purposes. The primary objective of our investment activities is to preserve our capital for the purpose of funding our operations. We do not enter into investments for trading or speculative purposes. We believe we do not have material exposure to changes in fair value as a result of changes in interest rates. Declines in interest rates, however, will reduce future investment income. If overall interest rates fell by 10% during the three months ended June 30, 2011 and 2010, our interest income would have declined by approximately $0 and $4,000, respectively, assuming consistent investment levels.

The terms of our Lighthouse and TriplePoint long-term debt facilities provide for a fixed rate of interest, and therefore are not subject to fluctuations in market interest rates.

Commodity Price Risk

We produce ethanol and distiller's grains from corn and our business is sensitive to changes in the price of corn. The price of corn is subject to fluctuations due to unpredictable factors such as weather, corn planted and harvested acreage, changes in national and global supply and demand and government programs and policies. We use natural gas in the ethanol production process and, as a result, our business is also sensitive to changes in the price of natural gas. The price of natural gas is influenced by such weather factors as extreme heat or cold in the summer and winter, or other natural events like hurricanes in the spring, summer and fall. Other natural gas price factors include North American exploration and production, and the amount of natural gas in underground storage during both the injection and withdrawal seasons. Ethanol prices are sensitive to world crude oil supply and demand, crude oil refining capacity and utilization, government regulation and consumer demand for alternative fuels. Distiller's grains prices are sensitive to various demand factors such as numbers of livestock on feed, prices for feed alternatives and supply factors, primarily production by ethanol plants and other sources. We attempt to reduce the market risk associated with fluctuations in the price of corn and natural gas by employing a variety of risk management and economic hedging strategies. Strategies include the use of forward purchase contracts and exchange-traded futures contracts.

Item 4. Controls and Procedures.

Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required financial disclosures.

As of the end of the period covered by this Report, we conducted an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15(b) and 15d-15(b). Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2011.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the three months ended June 30, 2011 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

On January 14, 2011, Butamax Advanced Biofuels LLC (“Butamax”), a joint venture between BP and DuPont, filed a complaint in the United States District Court for the District of Delaware, as Case No. 1:11-cv-00054-UNA, alleging that we are infringing one or more claims made in U.S. Patent No. 7,851,188, entitled “Fermentive production of four carbon alcohols.” This patent, which has been assigned to Butamax, claims certain recombinant microbial host cells that produce isobutanol and methods for the production of isobutanol using such host cells. Butamax is seeking a declaratory judgment, injunctive relief, damages and costs, including attorney’s fees and expenses. We believe that Butamax’s claims are without merit and that we do not infringe any claims made in U.S. Patent No. 7,851,188. We intend to contest Butamax’s allegations of infringement and defend this matter vigorously. On March 25, 2011, we filed our response to the complaint, denying Butamax’s allegations of infringement and raising affirmative defenses.

Except as described above, there have been no material developments in our legal proceedings since December 31, 2010.

Item 1A. Risk Factors.

You should carefully consider the risks described below before investing in our publicly-traded securities. The risks described below are not the only ones facing us. Our business is also subject to the risks that affect many other companies, such as competition, technological obsolescence, labor relations, general economic conditions, geopolitical changes and international operations. Additional risks not currently known to us or that we currently believe are immaterial also may impair our business operations and our liquidity. The risks described below could cause our actual results to differ materially from those contained in the forward-looking statements we have made in this Report, the information incorporated herein by reference and those forward-looking statements we may make from time to time.

Certain Risks Relating to our Business and Strategy

We are a development stage company with a history of net losses, and we may not achieve or maintain profitability.

We have incurred net losses since our inception, including losses of $14.5 million, $19.9 million and $40.1 million in 2008, 2009 and 2010, respectively. We incurred a net loss of $21.7 million for the six months ended June 30, 2011. As of June 30, 2011, we had an accumulated deficit of $108.2 million. We expect to incur losses and negative cash flow from operating activities for the foreseeable future. We are a development stage company and, to date, our revenues have been extremely limited and we have not generated any revenues from the sale of isobutanol. Prior to September 2010, our revenues were primarily derived from government grants and cooperative agreements. Since the completion of the Agri-Energy acquisition in September 2010, we have generated revenue from the sale of ethanol and related products, and we expect to continue to generate revenue from the sale of all such products that are produced prior to the completion of the retrofit of our Luverne, Minnesota facility. If our existing grants and cooperative agreements are canceled prior to the expected end dates or we are unable to obtain new grants and cooperative agreements, our revenues could be adversely affected. Furthermore, we expect to spend significant amounts on further development of our technology, acquiring or otherwise gaining access to ethanol plants and retrofitting them for isobutanol production, marketing and general and administrative expenses associated with our planned growth and management of operations as a public company. In addition, the cost of preparing, filing, prosecuting, maintaining and enforcing patent, trademark and other intellectual property rights and defending ourselves against claims by others that we may be violating their intellectual property rights may be significant. In particular, over time, the costs of defending the lawsuit filed by Butamax, a joint venture between DuPont and BP, alleging that we have infringed upon one patent relating to the production of isobutanol, may become significant (as described further in Part II, Item 1 of this Report). As a result, even if our revenues increase substantially, we expect that our expenses will exceed revenues for the foreseeable future. We do not expect to achieve profitability during this period, and may never achieve it. If we fail to achieve profitability, or if the time required to achieve profitability is longer than we anticipate, we may not be able to continue our business. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis.

Our planned retrofits of the ethanol production facilities in Luverne, Minnesota and Redfield, South Dakota will be our first commercial retrofits, and, as a result, our production of isobutanol could be delayed or we could experience significant cost overruns in comparison to our current estimates.

In September 2010, we acquired ownership of an ethanol production facility in Luverne, Minnesota and in June 2011, we acquired access to a second ethanol production facility in Redfield, South Dakota pursuant to our joint venture with Redfield. We intend to retrofit both facilities to produce isobutanol. While we anticipate that additional funding for the retrofits may be available from TriplePoint, cost overruns or other unexpected difficulties could cause the retrofits to cost more than we anticipate, which could increase our need for such funding. Such funds may not be available when we need them, on terms that are acceptable to us or at all, which could delay our initial commercial production of isobutanol. If additional funding is not available to us, or not available on terms acceptable to us, it could force us to use significantly more of our own funds than planned, limiting our ability to acquire access to or retrofit additional ethanol plants. Such a result could reduce the scope of our business plan and have an adverse effect on our results of operations.

There is no guarantee we will be able to maintain Agri-Energy's historical revenues and results from operations, and Agri-Energy's historical financial statements will not be a strong indicator of our future earnings potential.

While we remain a development stage company, Agri-Energy operates a commercial ethanol facility in Luverne, Minnesota, which generates revenues from sales of ethanol. There is no guarantee that we will be able to maintain Agri-Energy's historical levels of revenue or results from operations. We plan to retrofit the Agri-Energy facility to produce isobutanol, and our future profitability depends on our ability to produce and market isobutanol, not on continued production and sales of ethanol. Because the risks involved in our isobutanol production are different from those involved with operating an ethanol production facility, Agri-Energy's financial results prior to the completion of the planned retrofit to isobutanol production will not be a reliable indicator of our future earnings potential. Furthermore, our planned retrofit will require a significant amount of time. While we believe the facility will be able to continue ethanol production during most of the modification and retrofit process, there is no guarantee that this will be the case and we may need to significantly reduce or halt ethanol production during the modification and/or retrofit. In addition, the retrofit of the Agri-Energy facility will be subject to the risks inherent in the build-out of any manufacturing facility, and we may not be able to produce isobutanol at the volumes, rates and costs we expect following the retrofit. While we believe we will have the ability to reverse the retrofit and switch between ethanol and isobutanol production, the Agri-Energy facility may fail to perform as expected following completion of the retrofit. If we are unable to continue ethanol production during the modification and/or retrofit process or if we are unable to produce isobutanol at the volumes, rates and costs we expect and are unable to switch back to ethanol production, we would be unable to match the facility's historical economic performance and our business, financial condition and results of operations would be materially adversely affected.

We may not be successful in the development of individual steps in, or an integrated process for, the production of commercial quantities of isobutanol from plant feedstocks in a timely or economic manner, or at all.

As of the date of this Report, we have not produced commercial quantities of isobutanol and we may not be successful in doing so. The production of isobutanol requires multiple integrated steps, including:

- obtaining the plant feedstocks;
- treatment with enzymes to produce fermentable sugars;
- fermentation by organisms to produce isobutanol from the fermentable sugars;
- distillation of the isobutanol to concentrate and separate it from other materials;
- purification of the isobutanol; and
- storage and distribution of the isobutanol.

Our future success depends on our ability to produce commercial quantities of isobutanol in a timely and economic manner. Our biocatalysts have not yet produced commercial volumes of isobutanol. While we have produced isobutanol using our first- and second- generation biocatalysts at the demonstration facility, such production was not at full scale. We have focused the majority of our research and development efforts on producing isobutanol from dextrose, and challenges remain in achieving substantial production volumes with other sugars, like corn mash. The risk of contamination and other problems rise as we increase the scale of our isobutanol production. If we are unable to successfully manage these risks, we may encounter difficulties in achieving our target isobutanol production yield, rate, concentration or purity at a commercial scale, which could delay or increase the costs involved in commercializing our isobutanol production. In addition, we have never sourced large quantities of feedstocks and we have no experience storing and/or distributing significant volumes of isobutanol. The technological and logistical challenges associated with each of the processes involved in production, sale and distribution of isobutanol are extraordinary, and we may not be able to resolve any difficulties that arise in a timely or cost effective manner, or at all. Even if we are successful in developing an economical process for converting plant feedstocks into commercial quantities of isobutanol, we may not be able to adapt such process to other biomass raw materials, including cellulosic biomass.

We have estimated the retrofit and operating costs for our initial large-scale commercial isobutanol facility in Luverne, Minnesota based upon a commercial engineering study completed by ICM in May 2010. Neither we nor ICM have ever built (through retrofit or otherwise) or operated a commercial isobutanol facility. We assume that we understand how the engineering and process characteristics of the one MGPY demonstration facility will scale up to larger facilities, but these assumptions may prove to be incorrect. Accordingly, we cannot be certain that we can manufacture isobutanol in an economical manner in commercial quantities. If our costs to build large-scale commercial isobutanol facilities is significantly higher than we expect or if we fail to manufacture isobutanol economically on a commercial scale or in commercial volumes, our commercialization of isobutanol and our business, financial condition and results of operations will be materially adversely affected.

We may not be able to successfully identify and acquire access to additional ethanol production facilities suitable for efficient retrofitting, or acquire access to sufficient capacity to be commercially viable or meet customer demand.

Our strategy currently includes accessing and retrofitting, either independently or with potential development partners, existing ethanol facilities for the production of large quantities of isobutanol for commercial distribution and sale. We have acquired one 22 MGPY ethanol production facility and acquired access to one 50 MGPY ethanol production facility pursuant to our joint venture with Redfield. We plan to acquire additional production capacity to enable us to produce and sell over 350 MGPY of isobutanol in 2015. We may not find development partners with whom we can implement this growth strategy, and we may not be able to identify facilities suitable for joint venture, acquisition or lease. Even if we successfully identify a facility suitable for efficient retrofitting, we may not be able to acquire access to such facility in a timely manner, if at all. The owners of the ethanol facility may reach an agreement with another party, refuse to consider a joint venture, acquisition or lease, or demand more or different consideration than we are willing to provide. In particular, if the profitability of ethanol production increases, plant owners may be less likely to consider modifying their production, and thus may be less willing to negotiate with us or agree to allow us to retrofit their facilities for isobutanol production. Even if the owners of the facility are interested in reaching an agreement that grants us access to the plant, negotiations may take longer, or cost more, than we expect, and we may never achieve a final agreement. Further we may not be able to raise capital on acceptable terms, or at all, to finance our joint venture, acquisition, participation or lease of facilities. Even if we are able to access and retrofit several facilities, we may fail to access enough capacity to be commercially viable or meet the volume demands of our customers, including pursuant to definitive supply or distribution agreements that we may enter into. Failure to acquire access to sufficient capacity in a timely manner, if at all, may slow or stop our commercialization process and cause our business performance to suffer.

Once we acquire access to ethanol facilities, we may be unable to successfully retrofit them to produce isobutanol, and we may not be able to retrofit them in a timely and cost-effective manner.

For each ethanol production facility to which we acquire access, we will be required to obtain numerous regulatory approvals and permits to retrofit and operate the facility. These include such items as a modification to the air permit, fuel registration with the U.S. Environmental Protection Agency (“EPA”), ethanol excise tax registration and others. These requirements may not be satisfied in a timely manner, or at all. Later-enacted federal and state governmental requirements may also substantially increase our costs or delay or prevent the completion of a retrofit, which could have a material adverse effect on our business, financial condition and results of operations.

No two ethanol facilities are exactly alike, and each retrofit will require individualized engineering and design work. There is no guarantee that we or any contractor we retain will be able to successfully design a commercially viable retrofit, or properly complete the retrofit once the engineering plans are completed. Neither we nor ICM has ever built, via retrofit or otherwise, a full-scale commercial isobutanol facility. Our estimates of the capital costs that we will need to incur to retrofit a commercial-scale ethanol facility are based upon a commercial engineering study completed by ICM in May 2010. These estimates may prove to be inaccurate, and each retrofit may cost materially more to engineer and build than we currently anticipate. For example, our estimates assume that each plant we retrofit will be performing at full production capacity, and we may need to expend substantial sums to repair underperforming facilities prior to retrofit.

Our retrofit design was developed in cooperation with ICM and is based on ICM technology. There is no guarantee that our retrofit design will be compatible with existing ethanol facilities that do not utilize ICM technology. Before we can retrofit such facilities, we may need to modify them to be compatible with our retrofit design. This may require significant additional expenditure of time and money, and there is no guarantee such modification will be successful.

Furthermore, the retrofit of acquired facilities will be subject to the risks inherent in the build-out of any manufacturing facility, including risks of delays and cost overruns as a result of factors that may be out of our control, such as delays in the delivery of equipment and subsystems or the failure of such equipment to perform as expected once delivered. In addition, we will depend on third-party relationships in expanding our isobutanol production capacity and such third parties may not fulfill their obligations to us under our arrangements with them. Delays, cost-overruns or failures in the retrofit process will slow our commercial production of isobutanol and harm our performance.

Though our initial retrofit design includes the capability to switch between isobutanol and ethanol production, we may be unable to successfully revert to ethanol production after we begin retrofit of an ethanol facility, or the facility may produce ethanol less efficiently or in lower volumes than it did before the retrofit. Thus, if we fail to achieve commercial levels of isobutanol production at a retrofitted facility, we may be unable to rely on ethanol production as an alternative revenue source, which could have a material adverse effect on our prospects.

Our facilities and process may fail to produce isobutanol at the volumes, rates and costs we expect.

Some or all of the facilities we choose to retrofit may be in locations distant from corn or other feedstock sources, which could increase our feedstock costs or prevent us from acquiring sufficient feedstock volumes for commercial production. General market conditions might also cause increases in feedstock prices, which could likewise increase our production costs.

Even if we secure access to sufficient volumes of feedstock, the facilities we retrofit for isobutanol production may fail to perform as expected. The equipment and subsystems installed during the retrofit may never operate as planned. Our systems may prove incompatible with the original facility, or require additional modification after installation. Our biocatalyst may perform less efficiently than it did in testing, if at all. Contamination of plant equipment may require us to replace our biocatalyst more often than expected, or cause our fermentation process to yield undesired or harmful by-products. Likewise, our feedstock may contain contaminants like wild yeast, which naturally ferments feedstock into ethanol. The presence of contaminants, such as wild yeast, in our feedstock could reduce the purity of the isobutanol that we produce and require us to invest in more costly isobutanol separation processes or equipment. Unexpected problems may force us to cease or delay production and the time and costs involved with such delays may prove prohibitive. Any or all of these risks could prevent us from achieving the production throughput and yields necessary to achieve our target annualized production run rates and/or to meet the volume demands of our customers, including pursuant to definitive supply or distribution agreements that we may enter into. Failure to achieve these rates, or achieving them only after significant additional expenditures, could substantially harm our commercial performance.

We may be unable to produce isobutanol in accordance with customer specifications.

Even if we produce isobutanol at our targeted rates, we may be unable to produce isobutanol that meets customer specifications. If we fail to meet specific product or volume specifications contained in a supply agreement, the customer may have the right to seek an alternate supply of isobutanol and/or terminate the agreement completely, and we could be required to pay shortfall fees or otherwise be subject to damages. A failure to successfully meet the specifications of our potential customers could decrease demand, and significantly hinder market adoption of our products.

We lack significant experience operating commercial-scale ethanol and isobutanol facilities, and may encounter substantial difficulties operating commercial plants or expanding our business.

We have very limited experience operating a commercial ethanol facility and no experience operating a commercial isobutanol facility. Accordingly, we may encounter significant difficulties operating at a commercial scale. We believe that our facilities will be able to continue producing ethanol during much of the retrofit process. We will need to successfully administer and manage this production. Though ICM and the employees of Agri-Energy and Redfield are experienced in the operation of ethanol facilities, and our future development partners or the entities that we acquire may likewise have such experience, we may be unable to manage ethanol producing operations, especially given the possible complications associated with a simultaneous retrofit. Once we complete a commercial retrofit, operational difficulties may increase, because neither we nor anyone else has experience operating a pure isobutanol fermentation facility at a commercial scale. The skills and knowledge gained in operating commercial ethanol facilities or small-scale isobutanol plants may prove insufficient for successful operation of a large-scale isobutanol facility, and we may be required to expend significant time and money to develop our capabilities in isobutanol facility operation. We may also need to hire new employees or contract with third parties to help manage our operations, and our performance will suffer if we are unable to hire qualified parties or if they perform poorly.

We may face additional operational difficulties as we further expand our production capacity. Integrating new facilities with our existing operations may prove difficult. Rapid growth, resulting from our operation of, or other involvement with, isobutanol facilities or otherwise, may impose a significant burden on our administrative and operational resources. To effectively manage our growth and execute our expansion plans, we will need to expand our administrative and operational resources substantially and attract, train, manage and retain qualified management, technicians and other personnel. We may be unable to do so. Failure to meet the operational challenges of developing and managing increased isobutanol production, or failure to otherwise manage our growth, may have a material adverse effect on our business, financial condition and results of operations.

We may have difficulty adapting our technology to commercial-scale fermentation which could delay or prevent our commercialization of isobutanol.

While we have succeeded, at the demonstration plant, in reaching our commercial fermentation performance targets for isobutanol concentration, fermentation productivity and isobutanol yield, we have not accomplished this in a commercial plant environment. We have successfully achieved our commercial performance targets using our second-generation biocatalyst at our mini-plant, but have not yet done so at the demonstration or commercial plant scale. We are currently optimizing our second-generation biocatalyst in anticipation of its integration into the demonstration and commercial facilities, but this process, if it succeeds at all, may take longer or cost more than expected. Even if we are successful in developing and using our second-generation biocatalyst to meet our performance targets at the demonstration facility, this yeast biocatalyst may not be able to meet these targets at a commercial-scale retrofitted plant in a timely manner, or ever. In addition, the risk of contamination and other problems exists at commercial-scale isobutanol production which could negatively impact our cost of production. If we encounter difficulties in scaling up our production, our commercialization of isobutanol and our business, financial condition and results of operations will be materially adversely affected.

We may have difficulties gaining market acceptance and successfully marketing our isobutanol to customers, including refiners and chemical producers.

A key component of our business strategy is to market our isobutanol to refiners and chemical producers. We have no experience marketing isobutanol on a commercial scale and we may fail to successfully negotiate marketing agreements in a timely manner or on favorable terms. If we fail to successfully market our isobutanol to refiners and chemical producers, our business, financial condition and results of operations will be materially adversely affected.

No market currently exists for isobutanol as a fuel or fuel blendstock. Therefore, to gain market acceptance and successfully market our isobutanol to refiners, we must effectively demonstrate the commercial advantages of using isobutanol over other biofuels and blendstocks, as well as our ability to produce isobutanol reliably on a commercial scale at a sufficiently low cost. We must show that isobutanol is compatible with existing infrastructure and does not damage pipes, engines, storage facilities or pumps. We must also overcome marketing and lobbying efforts by producers of other biofuels and blendstocks, including ethanol, many of whom may have greater resources than we do. If the markets for isobutanol as a fuel or fuel blendstock do not develop as we currently anticipate, or if we are unable to penetrate these markets successfully, our revenue and revenue growth rate, if any, could be materially and adversely affected.

We also intend to market our isobutanol to chemical producers for use in making various chemicals such as isobutylene, a type of butene that can be produced through the dehydration of isobutanol. Although a significant market currently exists for isobutylene produced from petroleum, which is widely used in the production of plastics, specialty chemicals, alkylate for gasoline blending and high octane aviation fuel, no one has successfully created isobutylene on a commercial scale from biobased isobutanol. Therefore, to gain market acceptance and successfully market our isobutanol to chemical producers, we must show that our isobutanol can be converted into isobutylene at a commercial scale. As no company currently dehydrates commercial volumes of isobutanol into isobutylene, we must demonstrate the large-scale feasibility of the process and reach agreements with companies that are willing to invest in the necessary dehydration infrastructure. Failure to reach favorable agreements with these companies, or the inability of their plants to convert isobutanol into isobutylene at sufficient scale, will slow our development in the chemicals market and could significantly affect our profitability.

Obtaining market acceptance in the chemicals industry is complicated by the fact that many potential chemicals industry customers have invested substantial amounts of time and money in developing petroleum-based production channels. These potential customers generally have well-developed manufacturing processes and arrangements with suppliers of chemical components, and may display substantial resistance to changing these processes. Pre-existing contractual commitments, unwillingness to invest in new infrastructure, distrust of new production methods and lengthy relationships with current suppliers may all slow market acceptance of isobutanol.

We believe that consumer demand for environmentally sensitive products will drive demand among large brand owners for renewable hydrocarbon sources. One of our marketing strategies is to leverage this demand to obtain commitments from large brand owners to purchase products made from our isobutanol by third parties. We believe these commitments will, in turn, promote chemicals industry demand for our isobutanol. If consumer demand for environmentally sensitive products fails to develop at sufficient scale or if such demand fails to drive large brand owners to seek sources of renewable hydrocarbons, our revenue and growth rate could be materially and adversely affected.

We may face substantial delay in getting regulatory approvals for use of our isobutanol in the fuels and chemicals markets, which could substantially hinder our ability to commercialize our products.

Commercialization of our isobutanol will require approvals from state and federal agencies. Before we can sell isobutanol as a fuel or fuel blendstock directly to large petroleum refiners, we must receive EPA fuel certification. We are currently conducting Tier 1 EPA testing, and the approval process may require significant time. Approval can be delayed for years, and there is no guarantee of receiving it. Additionally, California requires that fuels meet both its fuel certification requirements and a separate state low-carbon fuel standard. Any delay in receiving approval will slow or prevent the commercialization of our isobutanol for fuel markets, which could have a material adverse effect on our business, financial condition and results of operations.

Before any biofuel we produce receives a "renewable identification number ("RIN") we must register it with the EPA and receive approval that it meets specified regulatory requirements. Delay or failure in developing a fuel that meets the standards for advanced and cellulosic biofuels, or delays in receiving the desired RIN, will make our fuel less attractive to refiners, blenders, and other purchasers, which could harm our competitiveness.

With respect to the chemicals markets, we plan to focus on isobutanol production and sell to companies that can convert our isobutanol into other chemicals, such as isobutylene. However, should we later decide to produce these other chemicals ourselves, we may face similar requirements for EPA and other regulatory approvals. Approval, if ever granted, could be delayed for substantial amounts of time, which could significantly harm the development of our business and prevent the achievement of our goals.

Our isobutanol fermentation process utilizes a genetically modified organism which, when used in an industrial process, is considered a new chemical under the EPA's Toxic Substances Control Act program ("TSCA"). The TSCA requires us to comply with the EPA's Microbial Commercial Activity Notice process to operate plants producing isobutanol using our biocatalysts. The TSCA's new chemicals submission policies may change and additional government regulations may be enacted that could prevent or delay regulatory approval of our isobutanol production.

There are various third party certification organizations such as ASTM International ("ASTM") and Underwriters' Laboratories, Inc. involved in standard-setting regarding the transportation, dispensing and use of liquid fuel in the U.S. and abroad. These organizations may change and additional requirements may be enacted that could prevent or delay approval of our products. The process of seeking required approvals and the continuing need for compliance with applicable standards may require the expenditure of substantial resources, and there is no guarantee that we will satisfy these standards in a timely manner, if ever.

In addition, to retrofit ethanol facilities and operate the retrofitted plants to produce isobutanol, we will need to obtain and comply with a number of permit requirements. As a condition to granting necessary permits, regulators may make demands that could increase our retrofit or operations costs, and permit conditions could also restrict or limit the extent of our operations, which could delay or prevent our commercial production of isobutanol. We cannot guarantee that we will be able to meet all regulatory requirements or obtain and comply with all necessary permits to complete our planned ethanol plant retrofits, and failure to satisfy these requirements in a timely manner, or at all, could have a substantial negative effect on our performance.

We are in negotiations, facilitated by the Air Transport Association of America ("ATA") with several major passenger and cargo airlines for potential commitments by several ATA member airlines to purchase jet fuel manufactured by third parties from our isobutanol. Jet fuels must meet various statutory and regulatory requirements before they may be used in commercial aviation. In the U.S., the use of specific jet fuels is regulated by the Federal Aviation Administration ("FAA"). Rather than directly approving specific fuels, the FAA certifies individual aircraft for flight. This certification includes authorization for an aircraft to use the types of fuels specified in its flight manual. To be included in an aircraft's flight manual, the fuel must meet standards set by ASTM. The current ASTM requirements do not permit the use of jet fuel derived from isobutanol, and we will need to give ASTM sufficient data to justify creating a new standard applicable to our biojet fuel. Though our work testing isobutanol-based biojet fuel with the U.S. Air Force Research Laboratory has provided us with data we believe ASTM will consider, the process of seeking required approvals and the continuing need for compliance with applicable statutes and regulations will require the expenditure of substantial resources. Failure to obtain regulatory approval in a timely manner, or at all, could have a significant negative effect on our operations.

We may be unable to successfully negotiate final, binding terms related to our current non-binding isobutanol supply and distribution agreements, which could harm our commercial prospects.

We have engaged in negotiations with a number of companies, and have agreed to preliminary terms regarding supplying isobutanol or the products derived from it to various companies for their use or further distribution, including LANXESS, Toray Industries, Inc., United Air Lines, Inc. and TOTAL PETROCHEMICALS USA, Inc. However, as of June 30, 2011, we are not party to any final, definitive supply or distribution agreements for our isobutanol, other than our exclusive supply agreement with LANXESS. We may be unable to negotiate final terms in a timely manner, or at all, and there is no guarantee that the terms of any final agreement will be the same or similar to those currently contemplated in our preliminary agreements. Final terms may include less favorable pricing structures or volume commitments, more expensive delivery or purity requirements, reduced contract durations and other adverse changes. Delays in negotiating final contracts could slow our initial isobutanol commercialization, and failure to agree to definitive terms for sales of sufficient volumes of isobutanol could prevent us from growing our business. To the extent that terms in our initial supply and distribution contracts may influence negotiations regarding future contracts, the failure to negotiate favorable final terms related to our current preliminary agreements could have an especially negative impact on our growth and profitability. Additionally, as we have yet to produce or supply commercial volumes of isobutanol to any customer, we have not demonstrated that we can meet the production levels contemplated in our current non-binding supply agreements. If our production scale-up proceeds more slowly than we expect, or if we encounter difficulties in successfully completing plant retrofits, potential customers, including those with whom we have current letters of intent, may be less willing to negotiate definitive supply agreements, or demand terms less favorable to us, and our performance may suffer.

Even if we are successful in producing isobutanol on a commercial scale, we may not be successful in negotiating sufficient supply agreements for our production.

We expect that many of our customers will be large companies with extensive experience operating in the fuels or chemicals markets. As a development stage company, we lack commercial operating experience, and may face difficulties in developing marketing expertise in these fields. Our business model relies upon our ability to successfully negotiate and structure long-term supply agreements for the isobutanol we produce, whereby a buyer agrees to purchase all or a significant portion of a plant's isobutanol output for a given time period. Many of our potential customers may be more experienced in these matters than we are, and we may fail to successfully negotiate these agreements in a timely manner or on favorable terms which, in turn, may force us to slow our production, delay our acquiring and retrofitting of additional plants, dedicate additional resources to increasing our storage capacity

and dedicate additional resources to sales in spot markets. Furthermore, should we become more dependent on spot market sales, our profitability will become increasingly vulnerable to short-term fluctuations in the price and demand for petroleum-based fuels and competing substitutes.

Our isobutanol may encounter physical or regulatory issues which could limit its usefulness as a fuel blendstock.

In the fuel blendstock market, isobutanol can be used in conjunction with, or as a substitute for, ethanol and other widely-used fuel oxygenates and we believe our isobutanol will be physically compatible with typical gasoline engines. However, there is a risk that under actual automotive engine conditions, isobutanol will face significant limitations, making it unsuitable for use in high percentage gasoline blends. Additionally, current regulations limit fuel blends to low percentages of isobutanol, and also limit combination isobutanol-ethanol blends. Government agencies may maintain or even increase the restrictions on isobutanol fuel blends. As we believe that the potential to use isobutanol in higher percentage blends than is feasible for ethanol will be an important factor in successfully marketing isobutanol to refiners, a low blend wall could significantly limit commercialization of isobutanol as a blendstock.

Our isobutanol may be less compatible with existing refining and transportation infrastructure than we believe, which may hinder our ability to market our product on a large scale.

We developed our business model based on our belief that our isobutanol is fully compatible with existing refinery infrastructure. For example, when making isobutanol blends, we believe that gasoline refineries will be able to pump our isobutanol through their pipes and blend it in their existing facilities without damaging their equipment. If our isobutanol proves unsuitable for such handling, it will be more expensive for refiners to use our isobutanol than we anticipate, and they may be less willing to adopt it as a blendstock, forcing us to seek alternative purchasers.

Likewise, our plans for marketing our isobutanol are based upon our belief that it will be compatible with the pipes, tanks and other infrastructure currently used for transporting, storing and distributing gasoline. If our isobutanol or products incorporating our isobutanol cannot be transported with this equipment, we will be forced to seek alternative transportation arrangements, which will make our isobutanol and products produced from our isobutanol more expensive to transport and less appealing to potential customers. Reduced compatibility with either refinery or transportation infrastructure may slow or prevent market adoption of our isobutanol, which could substantially harm our performance.

We may face substantial delay in receiving FDA approval to sell protein fermentation meal as an animal feedstock, which could substantially increase our net production costs.

Most of the ethanol plants we initially plan to retrofit use dry-milled corn as a feedstock. We plan to sell, as an animal feedstock, the protein fermentation meal left as a co-product of fermenting isobutanol from dry-milled corn. We believe that this will enable us to offset a significant portion of the expense of purchasing corn for fermentation. Before our protein fermentation meal can be used as an animal feedstock, the FDA must approve it as safe for livestock consumption. FDA testing and approval can take a significant amount of time, and there is no guarantee that we will ever receive such approval. If FDA approval is delayed or never obtained, or if we are unable to secure market acceptance for our protein fermentation meal, our net cost of production will increase, which may hurt our operating results.

Our development strategy relies heavily on our relationship with ICM.

We rely heavily upon our relationship with ICM. In October 2008, we entered into a development agreement and a commercialization agreement with ICM. Pursuant to the terms of the development agreement, ICM engineers helped us install the equipment necessary to test and develop our isobutanol fermentation process at ICM’s one MGPY ethanol demonstration facility, and ICM agreed to assist us in running and maintaining the converted plant. We currently use the demonstration plant to improve our second-generation biocatalyst and develop processes for commercial-scale production of isobutanol. Under the commercialization agreement, ICM serves as our exclusive engineering, procurement and construction (EPC) contractor for the retrofit of ICM-designed ethanol plants, and we serve as ICM’s exclusive technology partner for the production of butanols, pentanols and propanols from the fermentation of sugars.

Because ICM has designed approximately 60% of the current operating ethanol production capacity in the U.S., we believe that our exclusive alliance with ICM will provide us with a competitive advantage and allow us to more quickly achieve commercial-scale production of isobutanol. However, ICM may fail to fulfill its obligations to us under our agreements and under certain circumstances, such as a breach of confidentiality by us, can terminate the agreements. In addition, ICM may assign the agreements without our consent in connection with a change of control. Since adapting our technology to commercial-scale production of isobutanol and then retrofitting ethanol plants to use our technology is a major part of our commercialization strategy, losing our exclusive alliance with ICM would slow our technological and commercial development. It could also force us to find a new contractor with less experience than ICM in designing and building ethanol plants, or to invest the time and resources necessary to retrofit plants on our own. Such retrofits may be less successful than if performed by ICM engineers, and retrofitted plants might operate less efficiently than expected.

This could substantially hinder our ability to expand our production capacity, and could severely impact our performance. If ICM fails to fulfill its obligations to us under our agreements and our competitors obtain access to ICM's expertise, our ability to realize continued development and commercial benefits from our alliance could be affected. Accordingly, if we lose our exclusive alliance with ICM, if ICM terminates or breaches its agreements with us, or if ICM assigns its agreements with us to a competitor of ours or to a third party that is not willing to work with us on the same terms or commit the same resources, our business and prospects could be harmed.

We may require substantial additional financing to achieve our goals, and a failure to obtain this capital when needed or on acceptable terms could force us to delay, limit, reduce or terminate our development and commercialization efforts.

Since our inception, most of our resources have been dedicated to research and development, as well as demonstrating the effectiveness of our technology at the St. Joseph, Missouri plant. We believe that we will continue to expend substantial resources for the foreseeable future on further developing our technologies and accessing facilities necessary for the production of isobutanol on a commercial scale. These expenditures will include costs associated with research and development, accessing existing ethanol plants, retrofitting the plants to produce isobutanol, obtaining government and regulatory approvals, acquiring or constructing storage facilities and negotiating supply agreements for the isobutanol we produce. In addition, other unanticipated costs may arise. Because the costs of developing our technology at a commercial scale are highly uncertain, we cannot reasonably estimate the amounts necessary to successfully commercialize our production.

To date, we have funded our operations primarily through equity offerings, including our initial public offering in February 2011, and the issuance of convertible and nonconvertible debt. Based on our current plans and expectations, we will require additional funding to achieve our goal of producing and selling over 350 million gallons of isobutanol in 2015. In addition, the cost of preparing, filing, prosecuting, maintaining and enforcing patent, trademark and other intellectual property rights and defending ourselves against claims by others that we may be violating their intellectual property rights may be significant. Currently, we are a defendant to a lawsuit filed by Butamax, a joint venture between DuPont and BP, alleging that we have infringed upon one patent relating to the production of isobutanol (as described further in Part II, Item 1 of this Report). Moreover, our plans and expectations may change as a result of factors currently unknown to us, and we may need additional funds sooner than planned. We may also choose to seek additional capital sooner than required due to favorable market conditions or strategic considerations.

Our future capital requirements will depend on many factors, including:

- the timing of, and costs involved in developing our technologies for commercial-scale production of isobutanol;
- the timing of, and costs involved in accessing existing ethanol plants;
- the timing of, and costs involved in retrofitting the plants we access with our technologies;
- the cost of operating and maintaining the retrofitted plants;
- our ability to negotiate agreements supplying suitable biomass to our plants, and the timing and terms of those agreements;
- the timing of, and the costs involved in developing adequate storage facilities for the isobutanol we produce;
- our ability to gain market acceptance for isobutanol as a specialty chemical, gasoline blendstock and as a raw material for the production of hydrocarbons;
- our ability to negotiate supply agreements for the isobutanol we produce, and the timing and terms of those agreements;
- our ability to negotiate sales of our isobutanol for commercial-scale production of butenes and other industrially useful chemicals and fuels, and the timing and terms of those sales;
- our ability to sell the protein fermentation meal left as a co-product of fermenting isobutanol from corn as animal feedstock;
- our ability to establish and maintain strategic partnerships, licensing or other arrangements and the timing and terms of those arrangements; and
- the cost of preparing, filing, prosecuting, maintaining, defending and enforcing patent, trademark and other intellectual property claims, including litigation costs and the outcome of such litigation.

Additional funds may not be available when we need them, on terms that are acceptable to us, or at all. If needed funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate:

- our research and development activities;
- our plans to access and/or retrofit existing ethanol facilities;
- our production of isobutanol at retrofitted plants; and/or

- our activities in developing storage capacity and negotiating supply agreements that may be necessary for the commercialization of our isobutanol production.

Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our technologies.

We may seek additional capital through a combination of public and private equity offerings, debt financings, strategic partnerships and licensing arrangements. To the extent that we raise additional capital through the sale or issuance of equity, warrants or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a stockholder. If we raise capital through debt financing, it may involve agreements that include covenants limiting or restricting our ability to take certain actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through strategic partnerships and licensing agreements with third parties, we may have to relinquish valuable rights to our technologies, or grant licenses on terms that are not favorable to us. If we are unable to raise additional funds when needed, we may be required to delay, limit, reduce or terminate our development and commercialization efforts.

Our quarterly operating results may fluctuate in the future. As a result, we may fail to meet or exceed the expectations of research analysts or investors, which could cause our stock price to decline.

Our financial condition and operating results have varied significantly in the past and may continue to fluctuate from quarter to quarter and year to year in the future due to a variety of factors, many of which are beyond our control. Factors relating to our business that may contribute to these fluctuations are described elsewhere in this Report. Accordingly, the results of any prior quarterly or annual periods should not be relied upon as indications of our future operating performance.

Fluctuations in the price of corn and other feedstocks may affect our cost structure.

Our approach to the biofuels and chemicals markets will be dependent on the price of corn and other feedstocks that will be used to produce isobutanol. A decrease in the availability of plant feedstocks or an increase in the price may have a material adverse effect on our financial condition and operating results. At certain levels, prices may make these products uneconomical to use and produce, as we may be unable to pass the full amount of feedstock cost increases on to our customers.

The price and availability of corn and plant feedstocks may be influenced by general economic, market and regulatory factors. These factors include weather conditions, farming decisions, government policies and subsidies with respect to agriculture and international trade, and global demand and supply. The significance and relative impact of these factors on the price of plant feedstocks is difficult to predict, especially without knowing what types of plant feedstock materials we may need to use.

Fluctuations in the price and availability of natural gas may harm our performance.

The ethanol facilities we plan to retrofit to produce isobutanol, including the Agri-Energy facility in Luverne, Minnesota, use significant amounts of natural gas to produce ethanol. After retrofit with our GIFT® technology, these facilities will continue to require natural gas to produce isobutanol. Accordingly, our business is dependent upon natural gas supplied by third parties. Should the price of natural gas increase, our performance could suffer. Likewise, disruptions in the supply of natural gas could have a material impact on our business and results of operations.

Fluctuations in petroleum prices and customer demand patterns may reduce demand for biofuels and biobased chemicals.

We anticipate marketing our biofuel as an alternative to petroleum-based fuels. Therefore, if the price of oil falls, any revenues that we generate from biofuel products could decline, and we may be unable to produce products that are a commercially viable alternative to petroleum-based fuels. Additionally, demand for liquid transportation fuels, including biofuels, may decrease due to economic conditions or otherwise. We will encounter similar risks in the chemicals industry, where declines in the price of oil may make petroleum-based hydrocarbons less expensive, which could reduce the competitiveness of our biobased alternatives.

Changes in the prices of distiller's grains and protein fermentation meal could have a material adverse affect on our financial condition.

We sell distiller's grains as a co-product from the production of ethanol at the Agri-Energy facility in Luverne, Minnesota and we also plan to sell the protein fermentation meal that will be produced as a co-product of our commercial isobutanol production. Distiller's grains and protein fermentation meal compete with other animal feed products, and decreases in the prices of these other products could decrease the demand for and price of distiller's grains and protein fermentation meal. If the price of distiller's grains and protein fermentation meal decreases, our revenue from the sale of distiller's grains and protein fermentation meal could suffer, which could have a material adverse effect on our financial condition.

To the extent that we produce ethanol at accessed plants before commencing isobutanol production, we will be vulnerable to fluctuations in the price of and cost to produce ethanol.

We believe that the ethanol production facilities we access, including the Agri-Energy facility in Luverne, Minnesota, will continue to produce ethanol during most of the retrofit process. We expect to obtain income from this ethanol production. Our earnings from ethanol revenue will be dependent on the price of, demand for and cost to produce ethanol. Decreases in the price of ethanol, whether caused by decreases in gasoline prices, changes in regulations, seasonal fluctuations or otherwise, will reduce our revenues, while increases in the cost of production will reduce our margins. Many of these risks, including fluctuations in feedstock costs and natural gas costs, are identical to risks we will face in the production of isobutanol. To the extent that ethanol production costs increase or price decreases, earnings from ethanol production could suffer, which could have a material adverse effect on our business.

Reductions or changes to existing regulations and policies may present technical, regulatory and economic barriers, all of which may significantly reduce demand for biofuels or our ability to supply isobutanol.

The market for biofuels is heavily influenced by foreign, federal, state and local government regulations and policies concerning the petroleum industry. For example, in 2007, the U.S. Congress passed an alternative fuels mandate that currently calls for nearly 14 billion gallons of liquid transportation fuels sold in 2011 to come from alternative sources, including biofuels, a mandate that grows to 36 billion gallons by 2022. Of this amount, a minimum of 21 billion gallons must be advanced biofuels. In the U.S. and in a number of other countries, these regulations and policies have been modified in the past and may be modified again in the future. Any reduction in mandated requirements for fuel alternatives and additives to gasoline may cause demand for biofuels to decline and deter investment in the research and development of biofuels. Market uncertainty regarding future policies may also affect our ability to develop new biofuels products or to license our technologies to third parties. Any inability to address these requirements and any regulatory or policy changes could have a material adverse effect on our biofuels business, financial condition and results of operations. Our other potential bioindustrial products may be subject to additional regulations.

Additionally, like the ethanol facilities we plan to retrofit, our isobutanol plants will emit greenhouse gasses. Any changes in state or federal emissions regulations, including the passage of cap-and-trade legislation or a carbon tax, could limit our production of isobutanol and protein fermentation meal and increase our operating costs, which could have a material adverse effect on our business, financial condition and results of operations.

If we engage in any acquisitions, we will incur a variety of costs and may potentially face numerous risks that could adversely affect our business and operations.

If appropriate opportunities become available, we expect to acquire businesses, assets, technologies or products to enhance our business in the future. In connection with any future acquisitions, we could:

- issue additional equity securities which would dilute our current stockholders;
- incur substantial debt to fund the acquisitions; or
- assume significant liabilities.

Acquisitions involve numerous risks, including problems integrating the purchased operations, technologies or products, unanticipated costs and other liabilities, diversion of management's attention from our core business, adverse effects on existing business relationships with current and/or prospective partners, customers and/or suppliers, risks associated with entering markets in which we have no or limited prior experience and potential loss of key employees. Other than our acquisition of Agri-Energy, we have not engaged in acquisitions in the past, and do not have experience in managing the integration process. Therefore, we may not be able to successfully integrate any businesses, assets, products, technologies or personnel that we might acquire in the future without a significant expenditure of operating, financial and management resources, if at all. The integration process could divert management time from focusing on operating our business, result in a decline in employee morale and cause retention issues to arise from changes in compensation, reporting relationships, future prospects or the direction of the business. Acquisitions may also require us to record goodwill, non-amortizable intangible assets that will be subject to impairment testing on a regular basis and potential periodic impairment charges, incur amortization expenses related to certain intangible assets and incur large and immediate write-offs and restructuring and other related expenses, all of which could harm our operating results and financial condition. In addition, we may acquire companies that have insufficient internal financial controls, which could impair our ability to integrate the acquired company and adversely impact our financial reporting. If we fail in our integration efforts with respect to any of our acquisitions and are unable to efficiently operate as a combined organization, our business, financial condition and results of operations may be materially adversely affected.

If we engage in joint ventures, we will incur a variety of costs and may potentially face numerous risks that could adversely affect our business and operations.

If appropriate opportunities become available, we expect to enter into joint ventures with the owners of existing ethanol production facilities in order to acquire access to additional isobutanol production capacity. We currently anticipate that in each such joint venture, the ethanol producer would contribute access to its existing ethanol production facility and we would be responsible for retrofitting such facility to produce isobutanol. Upon completion of the retrofit, and in some cases the attainment of certain performance targets, both parties to the joint venture would receive a portion of the profits from the sale of isobutanol, consistent with our business model. In connection with these joint ventures, we could incur substantial debt to fund the retrofit of the accessed facilities and we could assume significant liabilities.

Realizing the anticipated benefits of joint ventures, including projected increases to production capacity and additional revenue opportunities, involves a number of potential challenges. The failure to meet these challenges could seriously harm our financial condition and results of operations. Joint ventures are complex and time-consuming and we may encounter unexpected difficulties or incur unexpected costs related to such arrangements, including:

- difficulties completing the retrofits of the accessed facilities using our integrated fermentation technology;
- the inability to meet applicable performance targets related to the production of isobutanol;
- difficulties obtaining the permits and approvals required to produce and sell our products in different geographic areas;
- complexities associated with managing the geographic separation of accessed facilities;
- diversion of management attention from ongoing business concerns to matters related to the joint ventures;
- difficulties maintaining effective relationships with personnel from different corporate cultures; and
- the inability to generate sufficient revenue to offset retrofit costs.

Our joint venture partners may have liabilities or adverse operating issues that we fail to discover through due diligence prior to entering into the joint ventures. In particular, to the extent that our joint venture partners failed to comply with or otherwise violated applicable laws or regulations, or failed to fulfill their contractual obligations, we may suffer financial harm and/or reputational harm for these violations or otherwise be adversely affected.

Our joint venture partners may have significant amounts of existing debt and may not be able to service their existing debt obligations, which could cause the failure of a specific project and the loss by us of any investment we have made to retrofit the facilities owned by the joint venture partner. In addition, if we are unable to meet specified performance targets related to the production of isobutanol at a facility owned by one of our joint venture partners, we may never become eligible to receive a portion of the profits of the joint venture and may be unable to recover the costs of retrofitting the facility.

Additionally, we plan to be the sole marketer for all isobutanol produced using our proprietary technology including, without limitation, all isobutanol that is produced by any facilities that we access via joint venture. Marketing agreements can be very complex and the obligations that we assume as the sole marketer of isobutanol may be time consuming. We have no experience marketing isobutanol on a commercial scale and we may fail to successfully negotiate marketing agreements in a timely manner or on favorable terms. If we fail to successfully market the isobutanol produced using our proprietary technology to refiners and chemical producers, our business, financial condition and results of operations will be materially adversely affected.

If we lose key personnel, including key management personnel, or are unable to attract and retain additional personnel, it could delay our product development programs and harm our research and development efforts, we may be unable to pursue partnerships or develop our own products and it may trigger an event of default under our loan agreements with TriplePoint.

Our business is complex and we intend to target a variety of markets. Therefore, it is critical that our management team and employee workforce are knowledgeable in the areas in which we operate. The loss of any key members of our management, including our named executive officers, or the failure to attract or retain other key employees who possess the requisite expertise for the conduct of our business, could prevent us from developing and commercializing our products for our target markets and entering into partnerships or licensing arrangements to execute our business strategy. In addition, the loss of any key scientific staff, or the failure to attract or retain other key scientific employees, could prevent us from developing and commercializing our products for our target markets and entering into partnerships or licensing arrangements to execute our business strategy. We may not be able to attract or retain qualified employees in the future due to the intense competition for qualified personnel among biotechnology and other technology-based businesses, particularly in the advanced biofuels area, or due to the limited availability of personnel with the qualifications or experience necessary for our renewable chemicals and advanced biofuels business. If we are not able to attract and retain the necessary personnel to accomplish our business objectives, we may experience staffing constraints that will adversely affect our ability to meet the demands of our partners and customers in a timely fashion or to support our internal research and development

programs. In particular, our product and process development programs are dependent on our ability to attract and retain highly skilled scientists. Competition for experienced scientists and other technical personnel from numerous companies and academic and other research institutions may limit our ability to do so on acceptable terms. Additionally, certain changes in our management could trigger an event of default under our loan and security agreements with TriplePoint, and we could be forced to pay the outstanding balance of the loan(s) in full. All of our employees are at-will employees, which means that either the employee or we may terminate their employment at any time.

Our planned activities will require additional expertise in specific industries and areas applicable to the products and processes developed through our technology platform or acquired through strategic or other transactions, especially in the end markets that we seek to penetrate. These activities will require the addition of new personnel, and the development of additional expertise by existing personnel. The inability to attract personnel with appropriate skills or to develop the necessary expertise could impair our ability to grow our business.

Our ability to compete may be adversely affected if we do not adequately protect our proprietary technologies or if we lose some of our intellectual property rights through costly litigation or administrative proceedings.

Our success will depend in part on our ability to obtain patents and maintain adequate protection of our intellectual property covering our technologies and products and potential products in the U.S. and other countries. We have adopted a strategy of seeking patent protection in the U.S. and in certain foreign countries with respect to certain of the technologies used in or relating to our products and processes. As such, as of June 30, 2011, we exclusively licensed rights to 74 issued patents and filed patent applications in the U.S. and in various foreign jurisdictions, and we owned rights to approximately 208 filed patent applications in the U.S. and in various foreign jurisdictions. When and if issued, patents would expire at the end of their term and any patent would only provide us commercial advantage for a limited period of time, if at all. Our patent applications are directed to our enabling technologies and to our methods and products which support our business in the advanced biofuels and renewable chemicals markets. We intend to continue to apply for patents relating to our technologies, methods and products as we deem appropriate.

None of the patent applications that we have filed in the U.S. or in any foreign jurisdictions, and only certain of the patent applications filed by third parties in which we own rights, have been issued. A filed patent application does not guarantee a patent will issue and a patent issuing does not guarantee its validity, nor does it give us the right to practice the patented technology or commercialize the patented product. Third parties may have or obtain rights to "blocking patents" that could be used to prevent us from commercializing our products or practicing our technology. The scope and validity of patents and success in prosecuting patent applications involve complex legal and factual questions and, therefore, issuance, coverage and validity cannot be predicted with any certainty. Patents issuing from our filed applications may be challenged, invalidated or circumvented. Moreover, third parties could practice our inventions in secret and in territories where we do not have patent protection. Such third parties may then try to sell or import products made using our inventions in and into the U.S. or other territories and we may be unable to prove that such products were made using our inventions. Additional uncertainty may result from potential passage of patent reform legislation by the U.S. Congress and from legal precedent as handed down by the U.S. Court of Appeals for the Federal Circuit and the U.S. Supreme Court, as they determine legal issues concerning the scope, validity and construction of patent claims. Because patent applications in the U.S. and many foreign jurisdictions are typically not published until 18 months after filing, or in some cases not at all, and because publication of discoveries in the scientific literature often lags behind the actual discoveries, there is additional uncertainty as to the validity of any patents that may issue and the potential for blocking patents coming into force at some future date. Accordingly, we cannot ensure that any of our currently filed or future patent applications will result in issued patents, or even if issued, predict the scope of the claims that may issue in our and other companies' patents. Given that the degree of future protection for our proprietary rights is uncertain, we cannot ensure that: (i) we were the first to make the inventions covered by each of our filed applications, (ii) we were the first to file patent applications for these inventions, (iii) the proprietary technologies we develop will be patentable, (iv) any patents issued will be broad enough in scope to provide commercial advantage and prevent circumvention, and (v) that competitors and other parties do not have or will not obtain patent protection that will block our development and commercialization activities.

These concerns apply equally to patents we have licensed, which may likewise be challenged, invalidated or circumvented, and the licensed technologies may be obstructed from commercialization by competitors' "blocking patents." In addition, we generally do not control the patent prosecution and maintenance of subject matter that we license from others. Generally, the licensors are primarily or wholly responsible for the patent prosecution and maintenance activities pertaining to the patent applications and patents we license, while we may only be afforded opportunities to comment on such activities. Accordingly, we are unable to exercise the same degree of control over licensed intellectual property as we exercise over our own intellectual property and we face the risk that our licensors will not prosecute or maintain it as effectively as we would like.

In addition, unauthorized parties may attempt to copy or otherwise obtain and use our products or technology. Monitoring unauthorized use of our intellectual property is difficult, particularly where, as here, the end products reaching the market generally do not reveal the processes used in their manufacture, and particularly in certain foreign countries where the local laws may not protect our proprietary rights as fully as in the U.S., so we cannot be certain that the steps we have taken in obtaining intellectual property and other proprietary rights will prevent unauthorized use of our technology. If competitors are able to use our technology without our

authorization, our ability to compete effectively could be adversely affected. Moreover, competitors and other parties such as universities may independently develop and obtain patents for technologies that are similar to or superior to our technologies. If that happens, the potential competitive advantages provided by our intellectual property may be adversely affected. We may then need to license these competing technologies, and we may not be able to obtain licenses on reasonable terms, if at all, which could cause material harm to our business. Accordingly, litigation may be necessary for us to assert claims of infringement, enforce patents we own or license, protect trade secrets or determine the enforceability, scope and validity of the intellectual property rights of others.

Our commercial success also depends in part on not infringing patents and proprietary rights of third parties, and not breaching any licenses or other agreements that we have entered into with regard to our technologies, products and business. We cannot be certain that patents have not or will not issue to third parties that could block our ability to obtain patents or to operate our business as we would like or at all. There may be patents in some countries that, if valid, may block our ability to commercialize products in those countries if we are unsuccessful in circumventing or acquiring rights to these patents. There also may be claims in patent applications filed in some countries that, if granted and valid, may also block our ability to commercialize products or processes in these countries if we are unable to circumvent or license them.

As is commonplace in the biotechnology industries, some of our directors, employees and consultants are or have been employed at, or associated with, companies and universities that compete with us or have or will develop similar technologies and related intellectual property. While employed at these companies, these employees, directors and consultants may have been exposed to or involved in research and technology similar to the areas of research and technology in which we are engaged. Though we have not received such a complaint, we may be subject to allegations that we, our directors, employees or consultants have inadvertently or otherwise used, misappropriated or disclosed alleged trade secrets or confidential or proprietary information of those companies. Litigation may be necessary to defend against such allegations and the outcome of any such litigation would be uncertain.

Under some of our research agreements, our partners share joint rights in certain intellectual property we develop. For example, under our development agreement with ICM we have exclusive rights to all intellectual property developed within the defined scope of the project, but all other intellectual property developed pursuant to the agreement is to be jointly owned. Such provisions may limit our ability to gain commercial benefit from some of the intellectual property we develop, and may lead to costly or time-consuming disputes with parties with whom we have commercial relationships over rights to certain innovations.

If any other party has filed patent applications or obtained patents that claim inventions also claimed by us, we may have to participate in interference proceedings declared by the U.S. Patent and Trademark Office to determine priority of invention and, thus, the right to the patents for these inventions in the U.S. These proceedings could result in substantial cost to us even if the outcome is favorable. Even if successful, an interference may result in loss of certain claims. Even successful interference outcomes could result in significant legal fees and other expenses, diversion of management time and efforts and disruption in our business. Uncertainties resulting from initiation and continuation of any patent or related litigation could harm our ability to compete.

Our ability to compete may be adversely affected if we are unsuccessful in defending against any claims by competitors or others that we are infringing upon their intellectual property rights, such as if Butamax, a joint venture between DuPont and BP, is successful in its lawsuit alleging that we are infringing their patent for the production of isobutanol using certain microbial host cells.

The various bioindustrial markets in which we plan to operate are subject to frequent and extensive litigation regarding patents and other intellectual property rights. In addition, many companies in intellectual property-dependent industries, including the renewable energy industry, have employed intellectual property litigation as a means to gain an advantage over their competitors. As a result, we may be required to defend against claims of intellectual property infringement that may be asserted by our competitors against us and, if the outcome of any such litigation is adverse to us, it may affect our ability to compete effectively. Currently, we are defending against a lawsuit filed by Butamax, a joint venture between DuPont and BP to develop and market isobutanol, in which it has alleged that we have infringed one patent for certain recombinant microbial host cells that produce isobutanol and methods for the production of isobutanol using such host cells.

Our involvement in litigation, interferences, opposition proceedings or other intellectual property proceedings inside and outside of the U.S. may divert management time from focusing on business operations, could cause us to spend significant amounts of money and may have no guarantee of success. Any current and potential intellectual property litigation also could force us to do one or more of the following:

- stop selling, incorporating, manufacturing or using our products that use the subject intellectual property;
- obtain from a third party asserting its intellectual property rights, a license to sell or use the relevant technology, which license may not be available on reasonable terms, or at all;
- redesign those products or processes, such as our process for producing isobutanol, that use any allegedly infringing or misappropriated technology, which may result in significant cost or delay to us, or which redesign could be technically infeasible; or

- pay damages, including the possibility of treble damages in a patent case if a court finds us to have willfully infringed certain intellectual property rights.

We are aware of a significant number of patents and patent applications relating to aspects of our technologies filed by, and issued to, third parties, including, but not limited to Butamax. We cannot assure you that we will ultimately prevail if any of this third-party intellectual property is asserted against us, or in the current patent infringement lawsuit recently filed by Butamax.

Our government grants are subject to uncertainty, which could harm our business and results of operations.

We have received various government grants, including a cooperative agreement, to complement and enhance our own resources. We may seek to obtain government grants and subsidies in the future to offset all or a portion of the costs of retrofitting existing ethanol manufacturing facilities and research and development activities. We cannot be certain that we will be able to secure any such government grants or subsidies. Any of our existing grants or new grants that we may obtain may be terminated, modified or recovered by the granting governmental body under certain conditions.

We may also be subject to audits by government agencies as part of routine audits of our activities funded by our government grants. As part of an audit, these agencies may review our performance, cost structures and compliance with applicable laws, regulations and standards. Funds available under grants must be applied by us toward the research and development programs specified by the granting agencies, rather than for all of our programs generally. If any of our costs are found to be allocated improperly, the costs may not be reimbursed and any costs already reimbursed may have to be refunded. Accordingly, an audit could result in an adjustment to our revenues and results of operations.

We have received funding from U.S. government agencies, which could negatively affect our intellectual property rights.

Some of our research has been funded by grants from U.S. government agencies. When new technologies are developed with U.S. government funding, the government obtains certain rights in any resulting patents and technical data, generally including, at a minimum, a nonexclusive license authorizing the government to use the invention or technical data for noncommercial purposes. U.S. government funding must be disclosed in any resulting patent applications, and our rights in such inventions will normally be subject to government license rights, periodic progress reporting, foreign manufacturing restrictions and march-in rights. March-in rights refer to the right of the U.S. government, under certain limited circumstances, to require us to grant a license to technology developed under a government grant to a responsible applicant, or, if we refuse, to grant such a license itself. March-in rights can be triggered if the government determines that we have failed to work sufficiently towards achieving practical application of a technology or if action is necessary to alleviate health or safety needs, to meet requirements of federal regulations or to give preference to U.S. industry. If we breach the terms of our grants, the government may gain rights to the intellectual property developed in our related research. The government's rights in our intellectual property may lessen its commercial value, which could adversely affect our performance.

We may not be able to enforce our intellectual property rights throughout the world.

The laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the U.S. Many companies have encountered significant problems in protecting and enforcing intellectual property rights in certain foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to bioindustrial technologies. This could make it difficult for us to stop the infringement of our patents or misappropriation of our other intellectual property rights. Proceedings to enforce our patents and other proprietary rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business. Accordingly, our efforts to enforce our intellectual property rights in such countries may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop.

If our biocatalysts, or the genes that code for our biocatalysts, are stolen, misappropriated or reverse engineered, others could use these biocatalysts or genes to produce competing products.

Third parties, including our contract manufacturers, customers and those involved in shipping our biocatalysts may have custody or control of our biocatalysts. If our biocatalysts, or the genes that code for our biocatalysts, were stolen, misappropriated or reverse engineered, they could be used by other parties who may be able to reproduce these biocatalysts for their own commercial gain. If this were to occur, it would be difficult for us to discover or challenge this type of use, especially in countries with limited intellectual property protection.

Confidentiality agreements with employees and others may not adequately prevent disclosures of trade secrets and other proprietary information.

We rely in part on trade secret protection to protect our confidential and proprietary information and processes. However, trade secrets are difficult to protect. We have taken measures to protect our trade secrets and proprietary information, but these measures may not be effective. We require new employees and consultants to execute confidentiality agreements upon the commencement of an employment or consulting arrangement with us. These agreements generally require that all confidential information developed by the individual or made known to the individual by us during the course of the individual's relationship with us be kept confidential and not disclosed to third parties. These agreements also generally provide that know-how and inventions conceived by the individual in the course of rendering services to us shall be our exclusive property. Nevertheless, these agreements may not be enforceable, our proprietary information may be disclosed, third parties could reverse engineer our biocatalysts and others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

We may face substantial competition, which could adversely affect our performance and growth.

We may face substantial competition in the markets for isobutanol, plastics, fibers, rubber, other polymers and hydrocarbon fuels. Our competitors include companies in the incumbent petroleum-based industry as well as those in the nascent biorenewable industry. The incumbent petroleum-based industry benefits from a large established infrastructure, production capability and business relationships. The incumbents' greater resources and financial strength provide significant competitive advantages that we may not be able to overcome in a timely manner.

The biorenewable industry is characterized by rapid technological change. Our future success will depend on our ability to maintain a competitive position with respect to technological advances. Technological development by others may impact the competitiveness of our products in the marketplace. Competitors and potential competitors who have greater resources and experience than we do may develop products and technologies that make ours obsolete or may use their greater resources to gain market share at our expense.

In the gasoline blendstock market, we will compete with renewable ethanol producers (including those working to produce ethanol from cellulosic feedstocks), producers of alkylate from petroleum and producers of other blendstocks, all of whom may reduce our ability to obtain market share or maintain our price levels.

Significant competitors in these areas include Codexis, Inc., which is engaged with Equilon Enterprises LLC dba Shell Oil, in a research and development collaboration under which they are developing biocatalysts for use in producing advanced biofuels; Novozymes A/S, which has partnered with a number of companies and organizations on a regional basis to develop or produce biofuels, and recently opened a biofuel demonstration plant with Inbicon A/S of Denmark; Danisco A/S/Genencor, which has formed a joint venture with E.I. DuPont called DuPont Danisco Cellulosic Ethanol LLC, and is marketing a line of cellulases to convert biomass into sugar; Royal DSM N.V., which received a grant from the U.S. Department of Energy to be the lead partner in a technical consortium including Abengoa Bioenergy New Technologies, Inc., and is developing cost-effective enzyme technologies; Mascoma Corporation, which has entered into a feedstock processing and lignin supply agreement with Chevron Technology Ventures, a division of Chevron USA., Inc.; and BP, which has purchased Vercipia Biofuels, LLC and technology from Verenium Corporation to develop a commercial-scale cellulosic ethanol facility. Range Fuels, Inc. is also focused on developing non-biocatalytic thermochemical processes to convert cellulosic biomass into fuels, and Coskata, Inc. is developing a hybrid thermochemical-biocatalytic process to produce ethanol from a variety of feedstocks.

In the production of cellulosic biofuels, key competitors include Shell Oil, BP, DuPont-Danisco Cellulosic Ethanol LLC, Abengoa Bioenergy, S.A., POET, LLC, ICM, Mascoma, Range Fuels, Inbicon A/S, INEOS New Planet BioEnergy LLC, Coskata, Archer Daniels Midland Company, BlueFire Ethanol, Inc., KL Energy Corporation, ZeaChem Inc., Iogen Corporation, Qteros, Inc., AE Biofuels, Inc. and many smaller start-up companies. If these companies are successful in establishing low cost cellulosic ethanol or other fuel production, it could negatively impact the market for our isobutanol as a gasoline blendstock.

Additionally, DuPont has announced plans to develop and market isobutanol through Butamax, a joint venture with BP. A number of companies including Cathay Industrial Biotech, Ltd., Green Biologics Ltd., METabolic Explorer, S.A., TetraVitae Bioscience, Inc. and Cobalt Technologies, Inc. are developing n-butanol production capability from a variety of renewable feedstocks. Academic and government institutions may also develop technologies which will compete with us in the blendstock market.

If any of these competitors succeed in producing blendstocks more efficiently, in higher volumes or offering superior performance than our isobutanol, our financial performance may suffer. Furthermore, if our competitors have more success marketing their products or reach development or supply agreements with major customers, our competitive position may also be harmed.

In the plastics, fibers, rubber and other polymers markets, we face competition from incumbent petroleum-derived products, other renewable isobutanol producers and renewable n-butanol producers. Our competitive position versus the incumbent petroleum-derived products and other renewable butanol producers may not be favorable. Petroleum-derived products have dominated the market for many years and there is substantial existing infrastructure for production from petroleum sources, which may impede our ability to establish a position in these markets. Other isobutanol and n-butanol companies may develop technologies that prove more effective than our isobutanol production technology, or more adept at marketing their production. Additionally, one small company in France, Global Bioenergies, S.A., is pursuing the production of isobutylene from renewable carbohydrates directly. Since conversion of isobutanol to butenes such as isobutylene is a key step in producing many plastics, fibers, rubber and other polymers from our isobutanol, this direct production of renewable isobutylene, if successful, could limit our opportunities in these markets.

In the markets for the hydrocarbon fuels that we plan to produce from our isobutanol, we will face competition from the incumbent petroleum-based fuels industry. The incumbent petroleum-based fuels industry makes the vast majority of the world’s gasoline, jet and diesel fuels and blendstocks. It is a mature industry with a substantial base of infrastructure for the production and distribution of petroleum-derived products. The size, established infrastructure and significant resources of many companies in this industry may put us at a substantial competitive disadvantage, and delay or prevent the establishment and growth of our business in the market for hydrocarbon fuels.

Biofuels companies may also provide substantial competition in the hydrocarbon fuels market. With respect to production of renewable gasoline, biofuels competitors are numerous and include both large established companies and numerous startups. One competitor, Virent Energy Systems, Inc. (“Virent”), has developed a process for making gasoline and gasoline blendstocks, and many other competitors may do so as well. In the jet fuel market, we will face competition from companies such as Synthetic Genomics, Inc., Solazyme, Inc., Sapphire Energy, Inc. and Exxon-Mobil Corporation that are pursuing production of jet fuel from algae-based technology. LS9, Inc. and others are also targeting production of jet fuels from renewable biomass. We may also face competition from companies working to produce jet fuel from hydrogenated fatty acid methyl esters. In the diesel fuels market, competitors such as Amyris, and LS9 have developed technologies for production of alternative hydrocarbon diesel fuel.

In the plastics, fibers, rubber and other polymers markets and the hydrocarbon fuels market, we expect to face vigorous competition from existing technologies. The companies we may compete with may have significantly greater access to resources, far more industry experience and/or more established sales and marketing networks. Additionally, since we do not plan to produce most of these products directly, we depend on the willingness of potential customers to purchase and convert our isobutanol into their products. These potential customers generally have well-developed manufacturing processes and arrangements with suppliers of the chemical components of their products and may have a resistance to changing these processes and components. These potential customers frequently impose lengthy and complex product qualification procedures on their suppliers, influenced by consumer preference, manufacturing considerations such as process changes and capital and other costs associated with transitioning to alternative components, supplier operating history, regulatory issues, product liability and other factors, many of which are unknown to, or not well understood by, us. Satisfying these processes may take many months or years. If we are unable to convince these potential customers that our isobutanol is comparable or superior to the alternatives that they currently use, we will not be successful in entering these markets and our business will be adversely affected.

We also face challenges in marketing our isobutanol. Though we intend to enhance our competitiveness through partnerships and joint development agreements, some competitors may gain an advantage by securing more valuable partnerships for developing their hydrocarbon products than we are able to obtain. Such partners could include major petrochemical, refiner or end-user companies. Additionally, petrochemical companies may develop alternative pathways for hydrocarbon production that may be less expensive, and may utilize more readily available infrastructure than that used to convert our isobutanol into hydrocarbon products.

We plan to enter into joint ventures through which we will sell significant volumes of our isobutanol to partners who will convert it into useful hydrocarbons or use it as a fuel or fuel blendstock. However, if any of these partners instead negotiate supply agreements with other buyers for the isobutanol they purchase from us, or sell it into the open market, they may become competitors of ours in the field of isobutanol sales. This could significantly reduce our profitability and hinder our ability to negotiate future supply agreements for our isobutanol, which could have an adverse effect on our performance.

Our ability to compete successfully will depend on our ability to develop proprietary products that reach the market in a timely manner and are technologically superior to and/or are less expensive than other products on the market. Many of our competitors have substantially greater production, financial, research and development, personnel and marketing resources than we do. In addition, certain of our competitors may also benefit from local government subsidies and other incentives that are not available to us. As a result, our competitors may be able to develop competing and/or superior technologies and processes, and compete more aggressively and sustain that competition over a longer period of time than we could. Our technologies and products may be rendered obsolete or uneconomical by technological advances or entirely different approaches developed by one or more of our competitors. As more companies develop new intellectual property in our markets, the possibility of a competitor acquiring patent or other rights that may limit our products or potential products increases, which could lead to litigation. Furthermore, to secure purchase agreements from certain customers, we may be required to enter into exclusive supply contracts, which could limit our ability to further expand our sales to new customers. Likewise, major potential customers may be locked into long-term, exclusive agreements with our competitors, which could inhibit our ability to compete for their business.

In addition, various governments have recently announced a number of spending programs focused on the development of clean technologies, including alternatives to petroleum-based fuels and the reduction of carbon emissions. Such spending programs could lead to increased funding for our competitors or a rapid increase in the number of competitors within those markets.

Our limited resources relative to many of our competitors may cause us to fail to anticipate or respond adequately to new developments and other competitive pressures. This failure could reduce our competitiveness and market share, adversely affect our results of operations and financial position and prevent us from obtaining or maintaining profitability.

The terms of our loan and security agreements with Lighthouse and TriplePoint may restrict our ability to engage in certain transactions.

In December 2006, we entered into a loan and security agreement, as amended, with Lighthouse, and in August 2010, we entered into two loan and security agreements with TriplePoint. Pursuant to the terms of these loan and security agreements, we cannot engage in certain actions, including disposing of certain assets, granting or otherwise allowing the imposition of a lien against certain assets, incurring certain kinds of additional indebtedness or acquiring or merging with other entities unless we receive the prior approval of Lighthouse and/or TriplePoint. If Lighthouse and/or TriplePoint do not consent to any of the actions that we desire to take, we could be prohibited from engaging in transactions which could be beneficial to our business and our stockholders or could be forced to pay the outstanding balance of the loan(s) in full. As of June 30, 2011, the aggregate outstanding principal and final payment under our loan from Lighthouse was approximately $2.2 million, and the aggregate outstanding principal and final payments under the two loans from TriplePoint was approximately $18.9 million.

Business interruptions could delay us in the process of developing our products and could disrupt our sales.

We are vulnerable to natural disasters and other events that could disrupt our operations, such as riots, civil disturbances, war, terrorist acts, floods, infections in our laboratory or production facilities or those of our contract manufacturers and other events beyond our control. We do not have a detailed disaster recovery plan. In addition, we may not carry sufficient business interruption insurance to compensate us for losses that may occur. Any losses or damages we incur could have a material adverse effect on our cash flows and success as an overall business. Furthermore, ICM may terminate our commercialization agreement if a force majeure event interrupts our operations for a specified period of time.

We engage in hedging transactions, which could harm our business.

Through our Agri-Energy subsidiary in Luverne, Minnesota, we currently engage in hedging transactions to offset some of the effects of volatility in commodity prices. We expect to engage in similar transactions once we begin commercial isobutanol production. We generally follow a policy of using exchange-traded futures contracts to reduce our net position in agricultural commodity inventories and forward cash purchase contracts to manage price risk. Hedging activities may cause us to suffer losses, such as if we purchase a position in a declining market or sell a position in a rising market. Furthermore, hedging exposes us to the risk that the other party to a hedging contract defaults on its obligation. We may vary the hedging strategies we undertake, which could leave us more vulnerable to increases in commodity prices or decreases in the prices of isobutanol, distiller's grains or ethanol. Losses from hedging activities and changes in hedging strategy could have a material adverse effect on our operations.

Ethical, legal and social concerns about genetically engineered products and processes, and similar concerns about feedstocks grown on land that could be used for food production, could limit or prevent the use of our products, processes and technologies and limit our revenues.

Some of our processes involve the use of genetically engineered organisms or genetic engineering technologies. Additionally, our feedstocks may be grown on land that could be used for food production, which subjects our feedstock sources to "food versus fuel" concerns. If we are not able to overcome the ethical, legal and social concerns relating to genetic engineering or food versus fuel, our products and processes may not be accepted. Any of the risks discussed below could result in increased expenses, delays or other impediments to our programs or the public acceptance and commercialization of products and processes dependent on our technologies or inventions. Our ability to develop and commercialize one or more of our technologies, products, or processes could be limited by the following factors:

- public attitudes about the safety and environmental hazards of, and ethical concerns over, genetic research and genetically engineered products and processes, which could influence public acceptance of our technologies, products and processes;
- public attitudes regarding, and potential changes to laws governing ownership of genetic material, which could harm our intellectual property rights with respect to our genetic material and discourage others from supporting, developing or commercializing our products, processes and technologies;
- public attitudes and ethical concerns surrounding production of feedstocks on land which could be used to grow food, which could influence public acceptance of our technologies, products and processes;

- governmental reaction to negative publicity concerning genetically engineered organisms, which could result in greater government regulation of genetic research and derivative products; and
- governmental reaction to negative publicity concerning feedstocks produced on land which could be used to grow food, which could result in greater government regulation of feedstock sources.

The subjects of genetically engineered organisms and food versus fuel have received negative publicity, which has aroused public debate. This adverse publicity could lead to greater regulation and trade restrictions on imports of genetically engineered products or feedstocks grown on land suitable for food production.

The biocatalysts that we develop have significantly enhanced characteristics compared to those found in naturally occurring enzymes or microbes. While we produce our biocatalysts only for use in a controlled industrial environment, the release of such biocatalysts into uncontrolled environments could have unintended consequences. Any adverse effect resulting from such a release could have a material adverse effect on our business and financial condition, and we may be exposed to liability for any resulting harm.

Compliance with stringent laws and regulations may be time consuming and costly, which could adversely affect the commercialization of our biofuels products.

Any biofuels developed using our technologies will need to meet a significant number of regulations and standards, including regulations imposed by the U.S. Department of Transportation, the EPA, the FAA, various state agencies and others. Any failure to comply, or delays in compliance, with the various existing and evolving industry regulations and standards could prevent or delay the commercialization of any biofuels developed using our technologies and subject us to fines and other penalties.

We use hazardous materials in our business and we must comply with environmental laws and regulations. Any claims relating to improper handling, storage or disposal of these materials or noncompliance with applicable laws and regulations could be time consuming and costly and could adversely affect our business and results of operations.

Our research and development processes involve the use of hazardous materials, including chemical, radioactive and biological materials. Our operations also produce hazardous waste. We cannot eliminate entirely the risk of accidental contamination or discharge and any resultant injury from these materials. Federal, state and local laws and regulations govern the use, manufacture, storage, handling and disposal of, and human exposure to, these materials. We may be sued for any injury or contamination that results from our use or the use by third parties of these materials, and our liability may exceed our total assets. Although we believe that our activities conform in all material respects with environmental laws, there can be no assurance that violations of environmental, health and safety laws will not occur in the future as a result of human error, accident, equipment failure or other causes. Compliance with applicable environmental laws and regulations may be expensive, and the failure to comply with past, present, or future laws could result in the imposition of fines, third-party property damage, product liability and personal injury claims, investigation and remediation costs, the suspension of production or a cessation of operations, and our liability may exceed our total assets. Liability under environmental laws can be joint and several and without regard to comparative fault. Environmental laws could become more stringent over time imposing greater compliance costs and increasing risks and penalties associated with violations, which could impair our research, development or production efforts and harm our business.

As isobutanol has not previously been used as a commercial fuel in significant amounts, its use subjects us to product liability risks, and we may have difficulties obtaining product liability insurance.

Isobutanol has not been used as a commercial fuel and research regarding its impact on engines and distribution infrastructure is ongoing. Though we intend to test isobutanol further before commercialization, there is a risk that it may damage engines or otherwise fail to perform as expected. If isobutanol degrades the performance or reduces the lifecycle of engines, or causes them to fail to meet emissions standards, market acceptance could be slowed or stopped, and we could be subject to product liability claims. Furthermore, due to isobutanol's lack of commercial history as a fuel, we are uncertain as to whether we will be able to acquire product liability insurance on reasonable terms, or at all. A significant product liability lawsuit could substantially impair our production efforts and could have a material adverse effect on our business, reputation, financial condition and results of operations.

We may not be able to use some or all of our net operating loss carry-forwards to offset future income.

In general, under Section 382 of the Internal Revenue Code of 1986, as amended, a corporation that undergoes an "ownership change" is subject to limitation on its ability to utilize its pre-change net operating loss carry-forwards, or net operating losses, to offset future taxable income. We may have experienced one or more ownership changes in prior years, and the issuance of shares in connection with our initial public offering may itself have triggered an ownership change; hence our ability to utilize our net operating losses to offset income if we attain profitability may be limited. In addition, these loss carry-forwards expire at various times through 2030. We believe that it is more likely than not that these carry-forwards will not result in any material future tax savings.

Enacted and proposed changes in securities laws and regulations have increased our costs and may continue to increase our costs in the future.

In recent years, there have been several changes in laws, rules, regulations and standards relating to corporate governance and public disclosure, including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the Sarbanes-Oxley Act of 2002 and various other new regulations promulgated by the SEC and rules promulgated by the national securities exchanges.

The Dodd-Frank Act, enacted in July 2010, expands federal regulation of corporate governance matters and imposes requirements on publicly-held companies, including us, to, among other things, provide stockholders with a periodic advisory vote on executive compensation and also requires compensation committee reforms and enhanced pay-for-performance disclosures. While some provisions of the Dodd-Frank Act are effective upon enactment, others will be implemented upon the SEC's adoption of related rules and regulations. The scope and timing of the adoption of such rules and regulations is uncertain and accordingly, the cost of compliance with the Dodd-Frank Act is also uncertain.

These and other new or changed laws, rules, regulations and standards are, or will be, subject to varying interpretations in many cases due to their lack of specificity. As a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Our efforts to comply with evolving laws, regulations and standards are likely to continue to result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. Further, compliance with new and existing laws, rules, regulations and standards may make it more difficult and expensive for us to maintain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. Members of our board of directors and our principal executive officer and principal financial officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may have difficulty attracting and retaining qualified directors and executive officers, which could harm our business. We continually evaluate and monitor regulatory developments and cannot estimate the timing or magnitude of additional costs we may incur as a result.

If we fail to maintain an effective system of internal controls, we might not be able to report our financial results accurately or prevent fraud; in that case, our stockholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our stock.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. In addition, Section 404 of the Sarbanes-Oxley Act of 2002 will require us to evaluate and report on our internal control over financial reporting beginning with our Annual Report on Form 10-K for the year ending December 31, 2011. The process of implementing our internal controls and complying with Section 404 will be expensive and time consuming, and will require significant attention of management. We cannot be certain that these measures will ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. Even if we conclude that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our reporting obligations. If we, or our independent registered public accounting firm, discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in our financial statements and harm our stock price. In addition, a delay in compliance with Section 404 could subject us to a variety of administrative sanctions, including SEC action, ineligibility for short form resale registration, the suspension or delisting of our common stock from the stock exchange on which it is listed and the inability of registered broker-dealers to make a market in our common stock, which would further reduce our stock price and could harm our business.

Certain Risks Related to Owning Our Stock

We are subject to anti-takeover provisions in our certificate of incorporation and bylaws and under Delaware law that could delay or prevent an acquisition of our company, even if the acquisition would be beneficial to our stockholders.

Provisions in our amended and restated certificate of incorporation and our bylaws may delay or prevent an acquisition of us. Among other things, our amended and restated certificate of incorporation and bylaws provide for a board of directors which is divided into three classes, with staggered three-year terms and provide that all stockholder action must be effected at a duly called meeting of the stockholders and not by a consent in writing, and further provide that only our board of directors may call a special meeting of the stockholders. These provisions may also frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, who are responsible for appointing the members of our management team. Furthermore, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits, with some exceptions, stockholders owning in

excess of 15% of our outstanding voting stock from merging or combining with us. Finally, our charter documents establish advance notice requirements for nominations for election to our board of directors and for proposing matters that can be acted upon at stockholder meetings. Although we believe these provisions together provide an opportunity to receive higher bids by requiring potential acquirers to negotiate with our board of directors, they would apply even if an offer to acquire our company may be considered beneficial by some stockholders.

Concentration of ownership among our existing officers, directors and principal stockholders may prevent other stockholders from influencing significant corporate decisions and depress our stock price.

Our officers, directors and existing stockholders who held at least 5% of our common and preferred stock as of June 30, 2011 together control approximately 70.4% of our outstanding common stock. As of June 30, 2011, Khosla Ventures I, L.P. and its affiliates ("Khosla Ventures"), Virgin Green Fund I, L.P. and its affiliates ("Virgin Green"), Total Energy Ventures International, LANXESS Corporation, Burrill Life Sciences Capital Fund III, L.P. ("Burrill"), and Malaysian Life Sciences Capital Fund Ltd. ("Malaysian Capital"), beneficially owned approximately 28%, 10.7%, 9.4%, 8.6%, 7.3% and 6.4% of our outstanding common stock, respectively. If these officers, directors and principal stockholders or a group of our principal stockholders act together, they will be able to exert a significant degree of influence over our management and affairs and control matters requiring stockholder approval, including the election of directors and approval of mergers or other business combination transactions. The interests of this concentration of ownership may not always coincide with our interests or the interests of other stockholders. For instance, officers, directors and principal stockholders, acting together, could cause us to enter into transactions or agreements that we would not otherwise consider. Similarly, this concentration of ownership may have the effect of delaying or preventing a change in control of our company otherwise favored by our other stockholders. This concentration of ownership could depress our stock price.

Our stock price may be volatile, and your investment in our stock could suffer a decline in value.

The market price of shares of our common stock could be subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including:

- actual or anticipated fluctuations in our financial condition and operating results;
- the position of our cash and cash equivalents;
- actual or anticipated changes in our growth rate relative to our competitors;
- actual or anticipated fluctuations in our competitors' operating results or changes in their growth rate;
- announcements of technological innovations by us, our partners or our competitors;
- announcements by us, our partners or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- the entry into, modification or termination of licensing arrangements;
- the entry into, modification or termination of marketing arrangements;
- the entry into, modification or termination of research, development, commercialization, supply or distribution arrangements;
- additions or losses of customers;
- additions or departures of key management or scientific personnel;
- competition from existing products or new products that may emerge;
- issuance of new or updated research reports by securities or industry analysts;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- litigation involving us, our general industry or both;
- disputes or other developments related to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- changes in existing laws, regulations and policies applicable to our business and products, including the RFS program, and the adoption or failure to adopt carbon emissions regulation;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us or our stockholders;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- general market conditions in our industry; and
- general economic and market conditions, including the recent financial crisis.

Furthermore, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of shares of our common stock. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

A significant portion of our total outstanding shares of common stock is restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares of common stock intend to sell shares, could reduce the market price of our common stock. Our three largest stockholders as of June 30, 2011 beneficially own, collectively, approximately 48.1% of our outstanding common stock. If one or more of them were to sell a substantial portion of the shares they hold, it could cause our stock price to decline. Based on shares outstanding as of June 30, 2011, 20,003,232 shares of our common stock are subject to a 180-day contractual lock-up with the underwriters. Upon expiration of the lockup agreements, these shares will be eligible for immediate resale, subject in some cases to the volume and other restrictions of Rules 144 and 701 under the Securities Act of 1933, as amended (the "Securities Act"). These shares represent a substantial fraction of our total shares outstanding, and sales of these shares upon expiration of the lock-up could significantly depress our share price.

In addition, as of June 30, 2011, there were 3,359,800 shares subject to outstanding options that will become eligible for sale in the public market to the extent permitted by any applicable vesting requirements, the lock-up agreements and Rules 144 and 701 under the Securities Act. Moreover, holders of an aggregate of approximately 16,892,912 shares of our outstanding common stock (including shares of our common stock issuable upon the exercise of outstanding options and warrants) have rights, subject to some conditions, to require us to file registration statements covering their shares and to include their shares in registration statements that we may file for ourselves or other stockholders.

We registered 6,751,194 shares of common stock which are reserved for issuance under our stock incentive plans and our employee stock purchase plan. These shares can be freely sold in the public market upon issuance and once vested, subject to the 180-day lock-up periods under the lock-up agreements.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our stock price and trading volume could decline. The trading market for our common stock will be influenced by the research and reports that securities or industry analysts publish about us or our business.

We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our stock or change their opinion of our stock, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

We do not anticipate paying cash dividends, and accordingly, stockholders must rely on stock appreciation for any return on their investment.

The terms of our loan and security agreement with Lighthouse currently prohibits us from paying cash dividends on our common stock and we do not anticipate paying cash dividends in the future. As a result, only appreciation of the price of our common stock, which may never occur, will provide a return to stockholders. Investors seeking cash dividends should not invest in our common stock. Under the terms of Agri-Energy's $12.5 million loan and security agreement with TriplePoint, as amended, subject to certain limited exceptions, Agri-Energy is only permitted to pay dividends if the following conditions are satisfied: (i) the retrofit of the Agri-Energy facility is complete and the facility is producing commercial volumes of isobutanol, (ii) its net worth is greater than or equal to $10 million, and (iii) no event of default has occurred and is continuing under the agreement. Accordingly, even if we decide to pay cash dividends in the future, we may not be able to access cash generated by Agri-Energy if amounts are then outstanding pursuant to its loan and security agreement with TriplePoint.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Sales of Unregistered Securities

None.

Use of Proceeds from Public Offering of Common Stock

On February 14, 2011, we closed our initial public offering. The offer and sale of 8,222,500 shares of our common stock in the initial public offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-168792), which was declared effective by the SEC on February 8, 2011. The principal underwriters of the initial public offering were UBS Securities LLC, Piper Jaffray & Co. and Citigroup Global Markets Inc. We raised approximately $110.4 million in net proceeds after deducting underwriting discounts and commissions of $8.6 million and other offering costs of $4.3 million. There has been no material change in the planned use of proceeds from our initial public offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b). We have and intend to continue to invest these funds in demand deposit accounts or short-term investment-grade securities.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Removed and Reserved.

Item 5. Other Information.

None.

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Item 6. Exhibits.

Exhibit Number	Description	Form	Previously Filed File No.	Filing Date	Exhibit	Filed Herewith
2.1†*	Acquisition Agreement, by and among Gevo Development, LLC, Agri-Energy, LLC, Agri-Energy Limited Partnership, CORN-er Stone Ethanol Management, Inc. and CORN-er Stone Farmers' Cooperative, dated August 5, 2010.	S-1	333-168792	November 4, 2010	2.1	
2.2*	Equity Purchase Agreement, by and among Gevo, Inc., CDP Gevo, LLC, Gevo Development, LLC, Michael A. Slaney and David N. Black, dated August 5, 2010.	S-1	333-168792	October 1, 2010	2.2	
3.1	Amended and Restated Certificate of Incorporation of Gevo, Inc.	10-K	001-35073	March 29, 2011	3.1	
3.2	Amended and Restated Bylaws of Gevo, Inc.	10-K	001-35073	March 29, 2011	3.2	
4.1	Form of the Gevo, Inc. Common Stock Certificate.	S-1	333-168792	January 19, 2011	4.1	
4.2	Fifth Amended and Restated Investors' Rights Agreement, dated March 26, 2010.	S-1	333-168792	August 12, 2010	4.2	
4.3†	Stock Issuance and Stockholder's Rights Agreement, by and between Gevo, Inc. and California Institute of Technology, dated July 12, 2005.	S-1	333-168792	August 12, 2010	4.3	
4.4	Amended and Restated Warrant to purchase shares of Common Stock issued to CDP Gevo, LLC, dated September 22, 2010.	S-1	333-168792	October 1, 2010	4.4	
4.5	Warrant to purchase shares of Preferred Stock, issued to Virgin Green Fund I, L.P., dated January 18, 2008.	S-1	333-168792	August 12, 2010	4.10	
4.6	Plain English Warrant Agreement No. 0647-W-01, by and between Gevo, Inc. and TriplePoint Capital LLC, dated August 5, 2010.	S-1	333-168792	October 1, 2010	4.11	
4.7	Plain English Warrant Agreement No. 0647-W-02, by and between Gevo, Inc. and TriplePoint Capital LLC, dated August 5, 2010.	S-1	333-168792	October 1, 2010	4.12	
10.1†	Isobutanol Joint Venture Agreement, by and between Gevo Development, LLC and Redfield Energy, LLC, dated June 15, 2011.					X
10.2†	Second Amended and Restated Operating Agreement of Redfield Energy, LLC, dated June 13, 2011.					X
31.1	Section 302 Certification of the Principal Executive Officer.					X
31.2	Section 302 Certification of the Principal Financial Officer.					X
32.1	Section 906 Certification of the Principal Executive Officer and Principal Financial Officer.					X
101#	Financial statements from the Quarterly Report on Form 10-Q of Gevo, Inc. for the six months ended June 30, 2011, formatted in XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Cash Flows, (iv) the Notes to the Consolidated Financial Statements.					X

* Certain schedules and exhibits referenced in this document have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished supplementally to the SEC upon request.

† Certain portions have been omitted pursuant to a confidential treatment request. Omitted information has been filed separately with the SEC.

\# Pursuant to Rule 406T of Regulation S-T, this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Gevo, Inc.

By: /s/ MARK SMITH
Mark Smith
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: August 3, 2011

Exhibit 10.1
*****Text Omitted and Filed Separately**
Confidential Treatment Requested
Under 17 C.F.R. §§ 200.80(b)(4) and 17 C.F.R. 24b-2

ISOBUTANOL JOINT VENTURE AGREEMENT

between:

REDFIELD ENERGY, LLC
a South Dakota limited liability company

and

GEVO DEVELOPMENT, LLC
a Delaware limited liability company

Dated as of June 15, 2011

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***Confidential Treatment Requested**

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ISOBUTANOL JOINT VENTURE AGREEMENT

THIS ISOBUTANOL JOINT VENTURE AGREEMENT (this "***Agreement***") is made and entered into as of June 15, 2011, by and between: Redfield Energy, LLC, a South Dakota limited liability company ("***Redfield***") and Gevo Development, LLC, a Delaware limited liability company ("***Gevo Development***"). Except as otherwise set forth herein, capitalized terms used herein have the meanings set forth in ***Exhibit A***.

RECITALS

WHEREAS, Redfield owns and operates an ethanol production facility located near Redfield, South Dakota (the "***Facility***");

WHEREAS, Gevo Development is a wholly owned subsidiary of Gevo, Inc., a Delaware corporation ("***Gevo***"), and operates for the specific purpose of commercializing Gevo's proprietary integrated technology platform for the production of isobutanol;

WHEREAS, Redfield and Gevo Development have agreed to work together in a joint venture for the purpose of retrofitting the Facility for the commercial production of isobutanol (the "***Retrofit***") using funds provided by Gevo Development;

WHEREAS, Gevo has agreed to license its technology for the commercial production of isobutanol to Redfield upon completion of the Retrofit;

WHEREAS, Redfield has agreed to provide Gevo Development with access to the Facility in furtherance of the Retrofit of the Facility and the future commercial production and sale of isobutanol;

WHEREAS, Redfield has agreed to amend the Current LLC Agreement to, among other things, authorize the issuance of the Class G Units to Gevo Development;

WHEREAS, this Agreement, each of the Related Agreements and the Contemplated Transactions have been approved by the Redfield Board and the Current Members in accordance with the applicable provisions of the Act and the Redfield Constituent Documents;

WHEREAS, the Contemplated Transactions have been approved in writing by the Redfield Lender(s) in accordance with the respective terms of the agreements governing the indebtedness of Redfield; and

WHEREAS, the Amended LLC Agreement and the rights, privileges and limitations of the Class G Units which shall be issued to Gevo Development have been approved by the Current Members in accordance with the applicable provisions of the Act and the Redfield Constituent Documents.

NOW, **THEREFORE**, in consideration of the foregoing and the respective covenants, agreements, representations and warranties set forth herein, the parties to this Agreement, intending to be legally bound, agree as follows:

ARTICLE 1.

AGREEMENT TO PURCHASE AND SELL UNITS

1.1 Limited Liability Company Agreement of Redfield; Legal Opinion.

(a) Simultaneously with the execution and delivery of this Agreement, each of the Current Members and Gevo Development shall enter into the Amended LLC Agreement. Prior to such execution and delivery, Redfield shall have taken all other steps necessary in order to authorize and implement the amendment to the Current LLC Agreement (as set forth in the Amended LLC Agreement) whereby the Class G Units will be authorized for issuance to Gevo Development.

(b) Simultaneously with the execution and delivery of this Agreement, a legal opinion of Husch Blackwell LLP, in substantially the form attached hereto as ***Exhibit B***, shall be delivered to Gevo Development.

1.2 Purchase and Sale of Class G Units; Closing.

(a) Sale and Issuance of the Class G Units. Subject to the terms and conditions of this Agreement, at the Closing Redfield shall issue and sell to Gevo Development, and Gevo Development shall purchase from Redfield, the Class G Units at the price of $1,000.00 (the ***"Purchase Price"***) in accordance with the terms of this Agreement.

(b) Closing. The closing of the purchase and sale of the Class G Units will take place at the offices of Gevo Development at 345 Inverness Drive South, Building C, Suite 310, Englewood, CO 80112, at 10:00 a.m., local time, on the date hereof (which date and time are referred to in this Agreement as the "***Closing***"). At the Closing, Gevo Development will purchase 100 Class G Units at the Purchase Price. At the Closing, Redfield shall issue and deliver to Gevo Development a certificate or certificates in definitive form, registered in the name of Gevo Development, representing the Class G Units being purchased by Gevo Development at the Closing, against delivery to Redfield by Gevo Development of the Purchase Price for such Class G Units in cash: (i) by delivery of a certified check payable to Redfield, or (ii) by wire transfer to an account designated by Redfield. For the avoidance of doubt, Redfield shall not deliver a certificate to Gevo Development representing the Class G Units until it has received the Purchase Price for such Class G Units.

1.3 Conditions to Closing.

(a) Conditions Precedent to Obligations of Gevo Development and Redfield. The obligations of Gevo Development and Redfield to consummate the Closing are subject to the satisfaction or written waiver, at or prior to date of this Agreement, of each of the following conditions:

(i) No Restraints. No temporary restraining order, preliminary or permanent injunction or other Order preventing the consummation of the Contemplated Transactions shall have been threatened or issued by any Governmental Body and remain in effect, and there shall not be any Law enacted or deemed applicable to the Contemplated Transactions that would prevent consummation of the Contemplated Transactions.

(ii) No Litigation. There shall not be pending or threatened any Proceeding, and neither Gevo Development nor Redfield shall have received any communication from any Person in which such Person indicates the possibility of commencing any Proceeding or taking any other action: (A) challenging or seeking to restrain or prohibit the consummation of the Contemplated Transactions; (B) relating to the Contemplated Transactions and seeking to obtain from Gevo Development, or Redfield, any Damages or other relief that may be material; (C) seeking to prohibit or limit in any material respect Gevo Development's ability to vote, receive dividends, allocations or distributions with respect to or otherwise exercise ownership rights with respect to the Class G Units; (D) which would materially and adversely affect the right of Gevo Development or Redfield to complete the Retrofit of the Facility; or (E) which could reasonably be expected to have a Material Adverse Effect on Gevo Development or Redfield.

(b) Conditions Precedent to Obligations of Gevo Development. The obligation of Gevo Development to consummate the Closing is subject to the satisfaction or written waiver, at or prior to the date of this Agreement, of each of the following conditions:

(i) Accuracy of Representations. The representations and warranties of Redfield contained in this Agreement will be true and correct on and as of the date of this Agreement (except for any representations or warranties that, by their terms, speak only as of a specific date or dates, in which case such representations and warranties will be true and correct as of such specified date or dates).

(ii) Performance of Covenants. All of the covenants and obligations that Redfield is required to comply with or to perform at or prior to the Closing shall have been complied with and performed in all material respects.

(iii) Consents. All Consents required to be obtained prior to the Closing, including but not limited to the Consents identified on ***Schedule 1.4(b)(iii)*** hereto, shall have been obtained and shall be in full force and effect.

(iv) Redfield Lender Consents. The binding, executed Consent of each of the Redfield Lender(s) to this Agreement, each of the Related Agreements and the Contemplated Transactions shall have been obtained in accordance with the respective terms of the agreements governing the indebtedness of Redfield and shall be in full force and effect. Gevo Development and Redfield agree to cooperate to provide the Redfield Lender(s) with all information necessary to obtain the required Consents.

(v) Board and Member Approval. This Agreement, each of the Related Agreements and the Contemplated Transactions shall have been approved by the

Redfield Board in accordance with the applicable provisions of the Act and the Redfield Constituent Documents. The Amended LLC Agreement and the rights, privileges and limitations of the Class G Units to be issued to Gevo Development shall have been approved by the Current Members in accordance with the applicable provisions of the Act and the Redfield Constituent Documents.

(vi) Absence of Changes. There shall not have occurred any change or event that has had or could reasonably be expected to have a Material Adverse Effect on Redfield.

(vii) Related Agreements. Any Related Agreement that has been executed and delivered prior to the date of the Closing shall be in full force and effect.

(viii) Other Agreements and Documents. Gevo Development shall have received the following agreements and documents, each of which shall be in full force and effect:

(1) [reserved]; and

(2) such other documents, instruments and certificates as Gevo Development may reasonably request prior to the Closing for the purpose of consummating the Contemplated Transactions.

(c) Conditions Precedent to Obligations of Redfield. The obligation of Redfield to consummate the Closing is subject to the satisfaction or written waiver, at or prior to the date of this Agreement, of each of the following conditions:

(i) Accuracy of Representations. The representations and warranties of Gevo Development contained in this Agreement will be true and correct on and as of the date of this Agreement (except for any representations or warranties that, by their terms, speak only as of a specific date or dates, in which case such representations and warranties will be true and correct as of such specified date or dates).

(ii) Performance of Covenants. All of the covenants and obligations that Gevo Development is required to comply with or to perform at or prior to the Closing shall have been complied with and performed in all material respects.

(iii) Gevo Guaranty. Redfield shall have received a fully executed guaranty from Gevo (the "***Gevo Guaranty***"), in substantially the form attached hereto as ***Exhibit C,*** pursuant to which Gevo shall unconditionally and irrevocably guarantee all of the payment obligations of Gevo Development under this Agreement and the Scope of Work Agreement.

(iv) Related Agreements. Any Related Agreement that has been executed and delivered prior to the date of the Closing will be in full force and effect.

ARTICLE 2.

RETROFIT OF FACILITY FOR PRODUCTION OF ISOBUTANOL

2.1 Retrofit of Facility. At any time after the date of this Agreement, subject to the satisfaction of the conditions set forth in Section 2.3 below, Gevo Development shall elect to proceed with the construction of the Retrofit of the Facility by sending to Redfield a written notice that it intends to commence the construction of the Retrofit, such notice to be provided to Redfield not less than 60 days prior to the planned commencement date. Gevo Development shall thereafter keep Redfield reasonably informed of any updates to the Retrofit schedule, including any changes to the estimated dates that the Retrofit will begin and be completed, the estimated date that the Performance Testing Phase will begin, and any estimated time periods during which the operations of the Facility will be suspended in connection with the Retrofit, in order to allow Redfield to effectively manage its contractual obligations, including, without limitation, any marketing or hedging obligations. The Retrofit of the Facility shall proceed in two phases, as follows:

(a) Retrofit Phase.

(i) During the Retrofit Phase, Gevo Development shall be responsible for 100% of the costs of the Retrofit, including all costs and fees related to design and engineering services, the procurement of equipment, construction, permitting, biocatalyst development, Facility Improvements, Facility Payments (it being understood that during the Retrofit Phase, Facility Payments will be made solely to the extent incurred pursuant to Section 2.1(a)(ii) of this Agreement) and all of Gevo Development's expenses which are directly allocable to the Retrofit (collectively, the "***Retrofit Costs***"), provided that Redfield shall remain responsible for all repairs and maintenance of the Facility unless required as a direct result of the Retrofit. For the avoidance of doubt, the wages of Redfield's employees will not be included as a Retrofit Cost during the Retrofit Phase, but will be reimbursed as part of the Facility Payments during the Performance Testing Phase.

(ii) The parties acknowledge and agree that for any period of time during the Retrofit Phase in which ethanol production at the Facility is temporarily suspended to allow installation and tie-in of the Retrofit assets, other than regularly scheduled shutdowns (each a "***Tie-in Period***"), Gevo Development shall pay Redfield a Facility Payment. Any such Facility Payments that are incurred during the Retrofit Phase shall be measured on an hourly basis.

(b) Performance Testing Phase.

(i) During the Performance Testing Phase, (A) Gevo Development shall continue to be responsible for 100% of the Retrofit Costs, provided that Redfield shall remain responsible for all costs attributable to regularly scheduled Facility shutdowns and any non-routine equipment repairs, unless such repairs are required as a direct result of the Retrofit, (B) Gevo Development agrees to pay and deliver the Facility Payments to Redfield as follows: (1) the amounts specified in section (i) of the definition of Facility Payments, as adjusted by the

amounts of any Facility Losses, shall be paid to Redfield on a […***…] and (2) the amounts specified in section (ii) of the definition of Facility Payments shall be paid to Redfield on a […***…], (C) Gevo Development shall be entitled to receive all revenue generated by the Facility and attributable to the Performance Testing Phase regardless of source, […***…] (the "***Facility Revenue***"), and Redfield agrees to pay and deliver any Facility Revenue attributable to the Performance Testing Phase to Gevo Development promptly upon receipt, (D) Gevo Development agrees to tender to Great Western Bank the sum of […***…] (the "***Escrow Amount***") to be held in escrow by Great Western Bank as security for Gevo Development's obligation to make Facility Payments to Redfield during the Performance Testing Phase (the "***Escrow Account***"), and (E) the parties agree to jointly conduct isobutanol production performance tests pursuant to the terms set forth in the CSP. The parties agree and acknowledge that the Performance Testing Phase will not commence until […***…] In the event that during the Performance Testing Phase, Gevo Development fails to make any Facility Payments on a timely basis, Redfield may draw upon the Escrow Account to cover the amount of any such late Facility Payments. In the event that Redfield draws upon the Escrow Account, Gevo Development will tender such amounts withdrawn by Redfield to Great Western Bank to maintain the full Escrow Amount at all times during the Performance Testing Phase. Upon commencement of the Operational Phase (as hereinafter defined), any funds remaining in the Escrow Account shall be promptly returned to Gevo Development by Great Western Bank.

(ii) Redfield shall remain solely responsible for servicing its debt obligations during all phases of the Retrofit. If at any time during the Performance Testing Phase (A) Redfield determines that the Facility Payments are insufficient to service the Indebtedness set forth on Part 5.7(b) of the Redfield Disclosure Schedule or any other indebtedness for borrowed money (the "***Redfield Indebtedness***") and requests a loan from Gevo Development for the purpose of making payments on the Redfield Indebtedness, or (B) Gevo Development determines that a loan is necessary in order to avoid a default under the terms of the respective agreements governing the Redfield Indebtedness, Gevo Development agrees to provide, and Redfield agrees to accept, a loan in the principal amount necessary to enable Redfield to timely make all payments on the Redfield Indebtedness. All funds loaned to Redfield for such purposes shall bear interest at a rate of […***…] per annum and all principal and interest thereon shall be paid by Redfield prior to any profit distributions made by Redfield during the Operational Phase or immediately upon any forfeiture of the Class G Units.

(iii) In the event that Gevo Development requires Redfield to discontinue ethanol production prior to the mutually agreed upon date on which the Performance Testing Phase is to begin and, as a direct result of such change Redfield is prevented from fulfilling its existing contractual ethanol delivery obligations, Gevo Development agrees to reimburse Redfield for the direct costs associated with the buyout of such contractual obligations.

(iv) Commercial production of isobutanol shall begin (the "***Operational Phase***") upon the earlier of (A) the date upon which the Facility achieves a Performance Level of at least 100% during any one Testing Period and (B) the date upon which the parties agree that

the commercial production of Qualifying Isobutanol at the Facility would be commercially viable at the then-current Performance Level, provided that all permits and licenses required for the production of isobutanol shall have been obtained and provided that Gevo Development shall have provided Redfield with (1) evidence of supply or off take agreements on commercially reasonable terms to cover the Facility's production of Qualifying Isobutanol and (2) evidence of federal or state certification that its protein fermentation meal co-product can be sold commercially.

(v) Promptly upon the completion of the Performance Testing Phase, (A) Gevo Development shall receive a credit in the capital contribution account of its Class G Units for the full amount of any Retrofit Costs incurred by Gevo Development during the Retrofit Phase or the Performance Testing Phase that are not already reflected in Gevo's capital contribution account and (B) the rights, privileges and limitations of the Class G Units shall automatically adjust as set forth in the Amended LLC Agreement. Gevo Development shall provide Redfield with information reasonably requested by Redfield to support the amount of any adjustments based on Retrofit Costs.

2.2 Oversight of Retrofit.

(a) Joint Venture Committee. Promptly after the execution of this Agreement, Redfield and Gevo Development shall form a committee (the "***Joint Venture Committee***") to develop and direct the activities of the joint venture and to ensure that (i) both parties remain informed regarding the decisions impacting the Retrofit and the operations of the Facility and (ii) the parties' respective interests in the joint venture are properly and appropriately addressed. The Joint Venture Committee shall consist of four individuals, of which two individuals shall be designated Representatives of Redfield and two individuals shall be designated Representatives of Gevo Development. Each party may replace either or both of its designated Representatives at any time upon notice to the other party. The Joint Venture Committee shall meet regularly at mutually convenient locations or by conference call and shall review the business plan, operating budget, timeline and production schedule for the Retrofit (collectively, the "***Project Execution Plan***"). At all times during the term of this Agreement, the Joint Venture Committee shall have the authority to direct and develop the activities of, and to make decisions on behalf of the joint venture, provided that Gevo Development shall have the decision-making authority specified in Sections 2.2(b) and 3.2(a) of this Agreement and, subject to the provisions of this Agreement, the Redfield Board shall retain its authority under the Amended LLC Agreement. In the event that the members of the Joint Venture Committee are unable to reach agreement on any particular matter, such matter shall be resolved in accordance with the provisions of Section 9.1 of this Agreement. Each of Gevo Development and Redfield agrees to use its reasonable, good faith efforts to take, or cause to be taken, and do, or cause to be done, all things necessary, proper or advisable under applicable Law to ensure that the decisions of the Joint Venture Committee are executed and implemented in a timely and appropriate manner.

(b) Technical Oversight. Gevo Development shall have technical oversight and decision-making authority for the Retrofit, which shall include all actions in connection with securing Governmental Authorizations necessary to operate and use the Facility, the Owned Real Property, and the Leased Real Property as of the first day of the Retrofit Phase and continuing

throughout the Operational Phase in compliance with Laws, including Environmental Laws. Redfield agrees to cooperate fully with Gevo Development and to use its reasonable, good faith efforts to take, or cause to be taken, and do, or cause to be done, all things necessary, proper or advisable under applicable Law to ensure that the decisions of Gevo Development regarding the Retrofit are executed and implemented in a timely and appropriate manner, including full cooperation with Gevo Development while it secures all Governmental Authorizations necessary to operate and use the Facility, the Owned Real Property, and the Leased Real Property as of the first day of the Retrofit Phase and continuing throughout the Operational Phase in compliance with Laws, including Environmental Laws.

2.3 Conditions Precedent to Start of Facility Retrofit. The obligations of Gevo Development and Redfield to commence the Retrofit of the Facility are subject to the satisfaction or written waiver of each of the following conditions.

(a) No Restraints. No temporary restraining order, preliminary or permanent injunction or other Order preventing the consummation of the Contemplated Transactions shall have been threatened or issued by any Governmental Body and remain in effect, and there shall not be any Law enacted or deemed applicable to the Contemplated Transactions that would prevent consummation of the Contemplated Transactions.

(b) No Litigation. There shall not be pending or threatened any Proceeding, and neither Gevo Development (or any Affiliate of Gevo Development) nor Redfield shall have received any communication from any Person in which such Person indicates the possibility of commencing any Proceeding or taking any other action: (i) challenging or seeking to restrain or prohibit the consummation of the Contemplated Transactions; (ii) relating to the Contemplated Transactions and seeking to obtain from Gevo Development or any Affiliate of Gevo Development, or Redfield, any Damages or other relief that may be material; (iii) seeking to prohibit or limit in any material respect Gevo Development's ability to vote, receive dividends, allocations or distributions with respect to or otherwise exercise ownership rights with respect to the Class G Units; (iv) which would materially and adversely affect the right of Gevo Development or Redfield to complete the Retrofit of the Facility or operate the business of Redfield; or (v) which could reasonably be expected to have a Material Adverse Effect on Gevo Development or Redfield.

(c) Consents. All Consents required to be obtained prior to the commencement of Facility design activities, including but not limited to the Consents identified on ***Schedule 2.3(c)*** hereto, shall have been obtained and shall be in full force and effect.

(d) Licenses and Permits. Gevo Development shall have received confirmation that all legally required licenses and permits to commence the Retrofit have been granted by the relevant authorities and are in full force and effect.

(e) Absence of Changes. There shall not have occurred any change or event that has had or could reasonably be expected to have a Material Adverse Effect on Gevo Development, any Affiliate of Gevo Development or Redfield.

(f) Agreements and Documents. Gevo Development and Redfield shall have received the following agreements and documents, each of which shall be in full force and effect:

(i) a Technology License Agreement (the "***License Agreement***"), by and between Gevo and Redfield in substantially the form attached hereto as ***Exhibit E***, duly executed by the other parties thereto, pursuant to which Gevo will grant Redfield a non-exclusive, site specific, non-sublicenseable commercial license to the Technology and Proprietary Rights of Gevo for the production of isobutanol at the Facility;

(ii) a Commissioning and Start-up Plan (the "***CSP***") which shall, among other things: (A) set forth the process for the commencement of isobutanol production; (B) set forth the terms of the Performance Testing Phase; (C) provide that Gevo Development shall be responsible for determining the timing and length of each Testing Period, provided that each Testing Period shall not exceed a maximum of […***…] hours; (D) define the specifications of Qualifying Isobutanol; (E) set forth the methods and protocols for measuring the production of Qualifying Isobutanol; and (F) describe the roles and responsibilities of Redfield and Gevo Development, respectively, during the Performance Testing Phase; and

(iii) a Scope of Work Agreement (the "***Scope of Work Agreement***"), by and among Gevo Development, Redfield and ICM, pursuant to the terms and conditions set forth in the ICM Work Agreement, duly executed by the other parties thereto, which, together with the ICM Work Agreement, shall (A) contain customary "design-build" construction provisions on mutually satisfactory terms and shall govern the construction of the Retrofit, in order to, among other things, address construction liability issues and contractor liens and allow builders' risk insurance to be used to cover normal casualty risks and (B) specify the materials required to complete the Retrofit and the estimated timing of the Retrofit, including estimated construction and start-up deadlines.

2.4 Working Capital Requirement. At all times during the Performance Testing Phase, Redfield agrees to maintain $8,000,000 of working capital (excluding spare parts inventory and short-term debt) or, if greater, the minimum working capital under any Redfield loan agreement (the "***Working Capital Requirement***"). In the event that Redfield is unable to maintain the Working Capital Requirement, Gevo Development agrees to provide, and Redfield agrees to accept, a loan in a principal amount equal to any such working capital deficiency. All funds loaned to Redfield for such purposes shall bear interest at a rate of […***…] per annum and all principal and interest thereon shall be paid by Redfield prior to any profit distributions made by Redfield during the Operational Phase or immediately upon any forfeiture of the Class G Units.

ARTICLE 3.

OPERATIONS OF FACILITY AND MARKETING OF ISOBUTANOL

3.1 Access to Facility and Information. Subject to applicable Law, Redfield shall afford to Gevo Development, its Affiliates and their respective Representatives full access during

the term of this Agreement to the Facility and to all its other properties, assets, books, records, Contracts, Governmental Authorizations, documents, information and Representatives and shall make available to Gevo Development, its Affiliates and their respective Representatives (including ICM) any information concerning its business as such Persons may reasonably request. During the term of this Agreement and until the start of the Operational Phase, each of Redfield and Gevo Development agrees to cooperate fully with the other party to this Agreement and to use its reasonable, good faith efforts to perform its obligations under this Agreement and the Related Agreements and to take, or cause to be taken, and do, or cause to be done, all things necessary, proper or advisable under applicable Law to cause the Operational Phase to be successfully commenced as soon as practicable in accordance with the terms of this Agreement and the Related Agreements, including, without limitation:

(a) Gevo Development agrees to develop and Redfield agrees to coordinate with Gevo Development in the development of the Project Execution Plan;

(b) Gevo Development agrees to develop and Redfield agrees to follow the terms of the CSP. Each of Gevo Development and Redfield agrees to coordinate with the other party to this Agreement in the event that it is determined that any modifications or amendments need to be made to the CSP, it being understood that any amendments or modifications to the CSP would require Redfield's approval (which approval shall not be unreasonably withheld or delayed);

(c) Gevo Development agrees to develop and Redfield agrees to review the process and implementation diagrams, layouts, equipment specifications, preliminary hazard analyses (PHAs), Project Execution Plan and any other documents related to the Retrofit in order to ensure that the Retrofit is conducted in an efficient and safe manner and that the final production process is operable, maintainable and safe;

(d) Redfield commits to make the Redfield management team available to Gevo Development and its Representatives during all phases of the Retrofit;

(e) Gevo Development agrees to undertake and Redfield agrees to coordinate with Gevo Development to complete the installation of the Facility Improvements during regularly scheduled shutdowns and to minimize any unexpected downtime to the existing operations of the Facility;

(f) Gevo Development agrees to prepare applications for, and secure in full force and effect, all Governmental Authorizations necessary for the construction, use, and operation of the Facility, the Owned Real Property, and the Leased Real Property commencing on the first day of the construction of the Retrofit and continuing throughout the Operational Phase in compliance with all Laws, including Environmental Laws, which shall include, without limitation, all environmental permits and other Governmental Authorizations required under Environmental Laws and all construction permits (e.g., permits for hot work, confined space, excavation, critical lifts, etc.), with support and assistance of engineers, contractors, vendors and other consultants engaged by Gevo Development (but, as provided in Section 3.1(p), Gevo Development shall not be responsible for the costs of such support to the extent such costs arise in connection with Corrective Permitting Costs). Redfield agrees to provide all necessary

information and oversight related to such Governmental Authorizations and to cooperate with Gevo Development as it secures such Governmental Authorizations, including, without limitation, submitting all such applications for necessary Governmental Authorizations as required by Law or requested by Gevo Development. For the avoidance of doubt, any costs incurred during the Operational Phase related to such Governmental Authorizations will be borne by Redfield.

(g) Redfield agrees to interact with engineers, contractors, vendors and other consultants engaged by Gevo Development to provide products or services related to the Retrofit;

(h) Redfield agrees to maintain environmental, health and safety practices, including lockout/tagout (LOTO) practices and procedures that are in the sole discretion of Gevo Development adequate to protect workers from injury;

(i) Redfield agrees to follow instructions and procedures provided by Gevo Development regarding the steps that will need to completed in order to clean, flush and otherwise prepare, to the satisfaction of Gevo Development, all existing equipment and systems related to or involved in the Retrofit in any way, it being understood that (i) in the event that Gevo Development finds the preparatory work to be inadequate or incomplete, Gevo Development will work with Redfield to resolve the issues and (ii) Gevo Development and its Representatives reserve the right to not work on any equipment or system that they deem to be unsafe;

(j) Redfield agrees to prohibit and/or shut down any unsafe acts occurring at the Facility or in connection with the Retrofit that Redfield has Knowledge of, and to bring any such acts to the attention of the appropriate parties for resolution;

(k) Redfield agrees to immediately communicate all environmental, health and safety issues arising during the Retrofit, that Redfield has Knowledge of to Gevo Development;

(l) Redfield agrees to ensure that all material communications related to the Retrofit include the Gevo Project Manager or his designee;

(m) Redfield agrees to ensure that all Redfield personnel are available for on-site training related to the isobutanol production process and equipment, it being understood that (i) in the event such training is conducted during the Retrofit Phase, (A) Redfield shall pay the costs of such personnel and Gevo Development shall pay the costs of the trainer and any of its respective personnel and; (B) Gevo Development shall endeavor to schedule training to avoid or minimize disruption of normal operations and shall pay any incremental increase in the personnel costs of Redfield that are directly attributable to such training and (ii) in the event that such training is conducted during the Performance Testing Phase, all costs incurred by Redfield shall be reimbursed as Facility Payments;

(n) Redfield agrees to make available operators, laboratory and maintenance personnel as needed during all phases of the Retrofit;

(o) Redfield agrees to pay for repairs to any existing Facility equipment that fails during the Retrofit Phase or the Performance Testing Phase, unless such failure is the direct result of implementing the Retrofit assets into the Facility whereupon Gevo Development shall pay for such repairs or replacement as part of the Retrofit Costs;

(p) Redfield agrees to pay any and all costs associated with any modifications to or new improvements for the Facility, the Owned Real Property, and Leased Real Property (which shall not include any Facility Improvements arising solely from the Retrofit) necessary to correct or remedy any condition of non-compliance with any Environmental Law at the Facility, the Owned Real Property, or the Leased Real Property (including, without limitation, any and all fines, penalties, or other remedies levied by a Governmental Body as a result thereof) occurring prior to the first day of the Performance Testing Phase (the "***Corrective Permitting Costs***"); and

(q) Redfield agrees, on or before the commencement of the Performance Testing Phase, to change its fiscal year end to December 31 and ensure that its financial statements are adequate for the periodic reporting purposes of a publicly held company under the rules and regulations promulgated by the Securities and Exchange Commission.

No investigation by Gevo Development or its Representatives, or by Redfield or its Representatives, and no other receipt of information by Gevo Development or its Representatives, or by Redfield or its Representatives, shall operate as a waiver or otherwise affect any representation or warranty of Redfield or, as the case may be Gevo Development, or any covenant or other provision in this Agreement made by Redfield or its Representatives.

3.2 Operational Phase.

(a) Operational Oversight. During the Operational Phase, the Joint Venture Committee shall continue to meet regularly at mutually convenient locations or by conference call to direct and develop the activities of the joint venture. Notwithstanding anything to the contrary herein, at all times during the Operational Phase, Gevo Development shall in its sole discretion determine whether ethanol or isobutanol will be produced at the Facility. In the event that Gevo Development determines, for any reason, that the Facility should (i) suspend isobutanol production in order to commence the production of ethanol or (ii) suspend ethanol production in order to commence the production of isobutanol (each a "***Production Decision***"), Gevo Development shall provide Redfield with written notice of such Production Decision no later than 30 days prior to the date upon which the then-current production of isobutanol or ethanol, as applicable, is to be suspended. Redfield agrees to cooperate fully with Gevo Development and to use its reasonable, good faith efforts to take, or cause to be taken, and do, or cause to be done, all things necessary, proper or advisable under applicable Law to ensure that any Production Decision made by Gevo Development is executed and implemented in a timely and appropriate manner.

(b) Production Improvements and Performance Testing. In the event that the Operational Phase is commenced prior to the achievement of a Performance Level of 100%, Gevo Development agrees to continue working to improve the production of Qualifying

Isobutanol at the Facility and shall have the right to continue to conduct Testing Periods pursuant to the terms of the CSP in order to measure the Performance Level of the Facility during the Operational Phase. In addition, until such time as the Performance Level equals 100%, Gevo Development shall receive a credit in the capital contribution account of its Class G Units for the full amount of any Retrofit Costs borne by Gevo Development during the Operational Phase.

3.3 Exclusive Marketer of Isobutanol; Marketing Agreement. Redfield hereby agrees to designate Gevo Development or, at the request of Gevo Development, one of its Affiliates, as the exclusive marketer of the isobutanol and related molecules produced by the Facility. Redfield and Gevo Development agree to execute and deliver a Marketing Agreement (the "***Marketing Agreement***") containing the key terms and conditions summarized in ***Exhibit F***, prior to the commencement of the Operational Phase. Pursuant to the Marketing Agreement, Redfield will appoint Gevo Development (or one of its Affiliates) as the exclusive marketer of the isobutanol and related molecules produced by the Facility and Redfield will pay Gevo Development (or one of its Affiliates) on a monthly basis an amount equal to […***…] of all sales of isobutanol and related molecules from the Facility, […***…]. The Marketing Agreement will prohibit assignment without the consent of Redfield (which consent will not be unreasonably withheld or delayed).

ARTICLE 4.

CERTAIN COVENANTS

4.1 Operation of Redfield's Business.

(a) Except as otherwise provided in or contemplated by this Agreement or the Related Agreements and except to the extent that the parties mutually provide prior written consent (which consent will not be unreasonably withheld or delayed), Redfield shall:

(i) conduct its business and operations in the ordinary course of business consistent with past practice and comply with all applicable Laws and all Redfield Contracts;

(ii) conduct its business in accordance with the mutually agreed operating budget set forth on Part 4.1(a)(ii) of the Redfield Disclosure Schedule;

(iii) use commercially reasonable efforts to preserve intact its current business organization, keep available the services of its current officers and employees and maintain its relations and goodwill with all suppliers, customers, landlords, creditors, licensors, licensees, employees and other Persons having business relationships with Redfield; and

(iv) keep in full force all insurance policies referred to in Section 5.20.

(b) Without limiting the generality of the foregoing, except as otherwise provided in or contemplated by this Agreement or the Related Agreements and except to the extent approved by a majority of the Redfield Board, including the approval of at least one representative of Gevo Development, Redfield shall not:

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(i) materially alter or change the business of Redfield or change the location of the principal office of Redfield;

(ii) issue, deliver, sell, pledge or otherwise encumber any units, securities or other interests in Redfield or rights convertible into units, securities or other interests in Redfield;

(iii) repurchase, redeem or otherwise acquire any units, securities or other interests in Redfield, provided that no approval shall be required for the redemption of the Class C Preferred Units in accordance with Section 6.6(b) of the Amended LLC Agreement if such repurchase, redemption or other acquisition (A) is permitted pursuant to the terms of the documents governing the Redfield Indebtedness and (B) would not prevent Redfield from maintaining the Working Capital Requirement;

(iv) make any public offering of any units, securities or other interests in Redfield;

(v) create or designate any new classes or series of units, securities or other interests or modify any existing qualifications or requirements for holding units, securities or other interests;

(vi) modify or alter the rights, powers, preferences, or privileges of any class of units, securities or other interests, including, without limitation, any policies regarding the transferability of units, securities or other interests;

(vii) transfer any units, securities or other interests to a Gevo Competitor;

(viii) permit any member to make a transfer of units or other interests that could cause the Company to become subject to reporting requirements under the applicable provisions of the Exchange Act;

(ix) make or revoke any Tax election, settle or compromise any Tax Liability or amend any Tax Return;

(x) enter into any Contract or transaction with a material, adverse Tax consequence that impacts any class of units, securities or other interests disproportionately;

(xi) enter into any Contract or transaction with any unitholder, member, or any of their respective Affiliates, other than ordinary course Contracts entered into on an arms' length basis;

(xii) establish or approve any policy pursuant to which a unitholder, member, or any of their respective Affiliates receives any salary for services rendered or is reimbursed for expenses incurred on behalf of Redfield, provided that no approval is required for (A) the salaries of Redfield's employees in effect as of the date of this Agreement or (B) the

salaries of any new Redfield employees up to a maximum of $100,000 per year for each such employee, regardless of whether any such employee is or becomes a member of Redfield;

(xiii) approve the lending of money to Redfield by a unitholder, member, or any of their respective Affiliates, or determine the rate at which such a loan shall bear interest;

(xiv) make any loans, advances or capital contributions outside of the ordinary course of business, other than trade payables;

(xv) incur, or authorize the incurrence of, Indebtedness in excess of $500,000;

(xvi) terminate or take any action contrary to the terms of this Agreement or any of the Related Agreements;

(xvii) amend or propose to amend the Amended LLC Agreement or Articles of Organization of Redfield (or similar organizational documents) or effect or become a party to any merger, consolidation, share exchange, business combination, recapitalization, reorganization or similar transaction;

(xviii) sell, lease, license, encumber, transfer or otherwise dispose of any material asset of Redfield valued in excess of $500,000 or dispose of all or substantially all of the assets of Redfield;

(xix) file any dissolution or voluntary bankruptcy of Redfield;

(xx) institute, settle or dismiss any material lawsuit involving a payment by Redfield in excess of $100,000;

(xxi) approve Redfield's annual operating and capital budgets;

(xxii) make any investment in excess of $500,000 in the aggregate;

(xxiii) designate or appoint any Chief Executive Officer, General Manager or Managing Member or approve the appointment of any management company;

(xxiv) make any distributions or prepayments of debt which would result in the Company's working capital being less than the Working Capital Requirement at any time during the Performance Testing Phase;

(xxv) enter into any lease or sublease of Real Property related to the Facility or change, terminate or fail to exercise any right to renew any lease or sublease of Real Property related to the Facility; or

(xxvi) with respect to the Owned Real Property, except as contemplated by this Agreement or any Related Agreement, demolish or remove any of the existing improvements.

4.2 Notification. Each of the parties will give prompt notice to the other parties of (a) the occurrence, or nonoccurrence, of any event, the occurrence or nonoccurrence of which would reasonably be expected to cause any representation or warranty of such party contained in this Agreement or any Related Agreement to be untrue or inaccurate, and (b) any failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such party under this Agreement or any Related Agreement. No notification pursuant to this Section 4.2 will be deemed to amend or supplement the Redfield Disclosure Schedule, prevent or cure any misrepresentation, breach of warranty or breach of covenant, or limit or otherwise affect any rights or remedies available to the party receiving notice.

4.3 Reasonable Efforts; Cooperation. Subject to the other provisions hereof, each party shall use its reasonable, good faith efforts to perform its obligations under this Agreement and the Related Agreements and to take, or cause to be taken, and do, or cause to be done, all things necessary, proper or advisable under applicable Laws to cause the Contemplated Transactions to be effected as soon as practicable in accordance with the terms of this Agreement and the Related Agreements and shall cooperate fully with each other party and its Representatives in connection with any step required to be taken as a part of its obligations hereunder and thereunder, including the following:

(a) each party shall promptly make its filings and submissions and shall take all actions necessary, proper or advisable under applicable Laws to obtain any required approval of any Governmental Body with jurisdiction over the Contemplated Transactions;

(b) each party shall promptly notify the other parties of (and provide written copies of) any communications from or with any Governmental Body in connection with the Contemplated Transactions;

(c) in the event any Proceeding by any Governmental Body or other Person is commenced that questions the validity or legality of the Contemplated Transactions or seeks Damages in connection therewith, the parties shall (i) cooperate and use all reasonable efforts to defend against such Proceeding, (ii) in the event an Order is issued in any such action, suit or other Proceeding, use all reasonable efforts to have such Order lifted and (iii) cooperate reasonably regarding any other impediment to the consummation of the Contemplated Transactions;

(d) Redfield shall give all notices to third parties and use its best efforts (in consultation with Gevo Development) to obtain all third-party consents (i) necessary, proper or advisable to consummate the Contemplated Transactions, (ii) required to be given or obtained or (iii) required to prevent a Material Adverse Effect;

(e) each party shall work with the other parties to optimize Redfield’s relationships with state regulatory authorities and establish the parties’ sustainability expectations;

(f) each party shall prioritize environmental, health and safety issues and implement policies and procedures, including, without limitation, a zero tolerance policy for all

activities related to construction and operations, with the goal of Redfield performing at the top quartile of chemical and manufacturing companies;

(g) each party shall comply with all legal and regulatory requirements related to construction and operations and shall establish a Behavior Based System ("***BBS***") to drive continuous improvement in all areas of performance, including its environmental, health and safety practices, it being understood that each party shall pay for its own employees' salaries, benefits, travel and other expenses to develop and deploy the new policies and procedures, including BBS;

(h) each party shall ensure that all investigations into environmental, health and safety incidents during the Retrofit are investigated using a robust root cause analysis tool, that such investigations are initiated within 24 hours of each such incident, and that a Representative with decision-making authority from each party, as well as any involved contractor, shall be actively involved in the investigation and resolution of all such incidents; and

(i) the parties shall approve a safety supervisor for the Retrofit, it being understood that ICM shall select the safety supervisor, subject to the right of each of Gevo Development and Redfield to veto such selection.

4.4 […*…]**

4.5 Confidentiality.

(a) For purposes of securities Law compliance, each party agrees not to issue any press release or make any other public announcement relating to this Agreement or the Related Agreements without the prior written approval of the other party, except that any Affiliate of Gevo Development may, without Redfield's prior consent, make any public disclosure it believes in good faith is required by applicable securities Laws or securities listing standards.

(b) Each party agrees to continue to abide by that certain Mutual Non-Disclosure Agreement, dated as of November 9, 2010 (the "***Confidentiality Agreement***"), the terms of which are incorporated by reference in this Agreement and which terms will survive the Closing and remain in effect indefinitely.

4.6 Redfield Employees. Neither Redfield nor Gevo Development has any present intent to terminate the employment of any current employee of Redfield in connection with the Retrofit of the Facility.

4.7 Financial Reporting and Compliance of Redfield. Redfield agrees, on or before the commencement of the Performance Testing Phase, to change its fiscal year end to December 31 and to ensure that its financial statements are adequate for the periodic reporting purposes of a publicly held company under the rules and regulations promulgated by the Securities and Exchange Commission. In addition, Redfield shall, upon the request of Gevo Development:

(a) change its accounting policies or elections to be consistent with the policies and elections of Gevo Development;

(b) appoint the independent registered public accounting firm used by Gevo Development to conduct audit, tax and related services for Redfield;

(c) discontinue its current practice of publicly providing monthly financial results; and

(d) take any steps necessary to ensure that its internal controls are adequate for the periodic reporting purposes of a publicly held company under the rules and regulations promulgated by the Securities and Exchange Commission, including without limitation the Sarbanes-Oxley Act of 2002.

4.8 Related Agreements. Redfield and Gevo Development agree to negotiate in good faith to finalize, execute and deliver all Related Agreements as soon as practicable following the date of this Agreement, including, without limitation, the License Agreement under the key terms and conditions set forth in ***Exhibit E*** attached hereto, and the Scope of Work Agreement, each of which shall be executed and delivered prior to the commencement of the Retrofit.

4.9 Retrofit Phase Production. Except as necessary to complete the Retrofit and secure all Governmental Authorizations necessary to use and operate the Facility, the Owned Real Property, and the Leased Real Property in compliance with Laws, including Environmental Laws throughout the Retrofit and Operational Phases, Gevo Development agrees to use its reasonable best efforts to (a) ensure that the Facility will be able to continue its current ethanol production operations during the Retrofit Phase, subject to any necessary Tie-in Periods or other business interruptions directly related to the Retrofit, and (b) schedule any Tie-in Periods or other business interruptions directly related to the Retrofit in such a manner as to avoid or minimize disruption of ethanol production operations at the Facility.

4.10 Continuing Facility Production Improvements. Gevo Development agrees to continue to design, engineer and implement continuing improvements to the Facility during the Operational Phase in order to increase the isobutanol production capabilities of the Facility […***…]

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[…***…].

4.11 Facility Priority. Gevo Development agrees to use its reasonable best efforts to complete the Retrofit Phase and the Performance Testing Phase in a timely manner and to ensure that the Facility owned by Redfield is the second facility to begin commercial production of isobutanol using Gevo's Technology and Proprietary Rights.

4.12 Facility Maintenance; Good Condition and Repair. In order to maintain the Facility in good condition and repair:

(a) Redfield agrees to take, or cause to be taken, and do, or cause to be done, all things necessary, proper or advisable to ensure that (i) each of the conditions set forth on ***Schedule 4.12*** of this Agreement and (ii) any condition requiring replacement or repair that comes to the attention of the parties during the Retrofit Phase, with the exception of any conditions that arise as a direct result of the Retrofit, is replaced or repaired to the satisfaction of Gevo Development in a timely manner. Redfield acknowledges and agrees that it shall be responsible for the expense of each such replacement or repair; and

(b) Redfield agrees to take, or cause to be taken, and do, or cause to be done, all things necessary, proper or advisable to ensure that any condition requiring replacement or repair that comes to the attention of the parties during the Performance Testing Phase is replaced or repaired to the satisfaction of Gevo Development in a timely manner. Each of Redfield and Gevo Development acknowledge and agree that the expense of each such replacement or repair shall be borne […***…].

4.13 Railcar Leasing. Redfield agrees to cooperate fully with Gevo Development to renew and/or modify, as necessary, any existing railcar leases to ensure that the Facility's transition to isobutanol production and distribution is accommodated and conducted in a cost-effective manner.

ARTICLE 5.

REPRESENTATIONS AND WARRANTIES OF REDFIELD

Except as set forth on the Redfield Disclosure Schedule, which shall qualify the representations and warranties of Redfield set forth in this Article 5 and which shall be organized in parts corresponding to the numbering in this Article 5 with disclosures in each part specifically corresponding to or cross-referencing another part of the Redfield Disclosure Schedule specifically corresponding to a particular Section and Subsection of this Article 5, Redfield represents and warrants to Gevo Development as of the date of this Agreement and as of the first day of the Retrofit Phase as follows:

5.1 Corporate Existence and Power. Redfield is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of South Dakota and

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has all requisite limited liability company power and authority to own, lease and operate its properties and assets and to conduct its business as presently conducted and as presently proposed to be conducted. Redfield is duly qualified to do business and is in good standing as a limited liability company in each jurisdiction in which the conduct of its business or the ownership or leasing of its properties requires such qualification, except where the failure to be so qualified would not have a Material Adverse Effect on Redfield. Except as set forth on Part 5.1 of the Redfield Disclosure Schedule, Redfield has not conducted any business under or otherwise used, for any purpose or in any jurisdiction, any fictitious name, assumed name, trade name or other name.

5.2 Subsidiaries. Redfield does not own, beneficially or otherwise, any shares or other securities of, or any direct or indirect equity or other financial interest in, any Entity. Redfield is not obligated to make any future investment in or capital contribution to any Entity.

5.3 Certificate of Organization and Limited Liability Company Agreement. Redfield has made available to Gevo Development accurate and complete copies of (a) the Certificate of Organization and the Current LLC Agreement, including all amendments thereto, (b) the membership interest records of Redfield and (c) the minutes and other records of the meetings and other proceedings (including any actions taken by written consent or otherwise without a meeting) of the Redfield Board or any committee of the Redfield Board (the items described in (a), (b) and (c) above, collectively, the "***Redfield Constituent Documents***"). There has not been any violation of the Redfield Constituent Documents, and Redfield has not taken any action that is inconsistent in any material respect with the Redfield Constituent Documents.

5.4 Authority; Binding Nature of Agreement. Redfield has the absolute and unrestricted right, power and authority to enter into and to perform its obligations under this Agreement and any Related Agreement to which it becomes a party, and to perform its obligations hereunder and thereunder. The execution, delivery and performance by Redfield of this Agreement and the Related Agreements have been duly authorized by all necessary action on the part of Redfield. This Agreement constitutes, and each of the Related Agreements when executed and delivered by the parties thereto will constitute, the legal, valid and binding obligation of Redfield, enforceable against Redfield in accordance with its terms, subject to (a) Laws of general application relating to bankruptcy, insolvency and the relief of debtors and (b) Laws governing specific performance, injunctive relief and other equitable remedies.

5.5 Capitalization; Valid Issuance.

(a) Immediately prior to the Closing, Redfield has an authorized capitalization consisting of (i) 10,178,750 Class A Units, 100% of which are issued and outstanding and owned, beneficially and of record, by the Persons identified on Part 5.5(a)(i) of the Redfield Disclosure Schedule, (ii) 10,256,776 Class B Units, 100% of which are issued and outstanding and owned, beneficially and of record, by the Persons identified on Part 5.5(a)(ii) of the Redfield Disclosure Schedule, (iii) 1,552,000 Class C Preferred Units, 100% of which are issued and outstanding and owned, beneficially and of record, by the Persons identified on Part 5.5(a)(iii) of the Redfield Disclosure Schedule and (iv) 100 Class G Units, none of which are issued and outstanding. Except for Class A Units, Class B Units, Class C Preferred Units and Class G Units, Redfield has not designated for issuance any form of membership interests. All of the

outstanding Class A Units, Class B Units and Class C Preferred Units were, at the time of issuance, duly and validly created pursuant to the Act and were issued and paid for in full in accordance with the Current LLC Agreement. The Class G Units that will be purchased by Gevo Development hereunder, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly created and paid for in full, and will be free of restrictions on transfer other than restrictions on transfer under this Agreement, the Related Agreements and under applicable state and federal securities Laws. Except as set forth on Part 5.5(a) of the Redfield Disclosure Schedule, there are no outstanding subscriptions, options, warrants, rights, securities, Contracts, commitments, understandings or arrangements by which Redfield is bound to issue, repurchase or otherwise acquire, redeem or retire any additional units, membership interests or any other equity interests in Redfield or pursuant to which any Person has a right to purchase Class A Units, Class B Units, Class C Preferred Units or Class G Units or any other equity interests in Redfield.

(b) The offer, sale and issuance of the Class G Units as contemplated by this Agreement are exempt from the registration requirements of the Securities Act and from the registration, permit or qualification requirements of all applicable state securities Laws. Neither Redfield nor any of its Representatives will take any action hereafter that would cause the loss of such exemption.

(c) Redfield is not, and at no time since inception has been, subject to reporting requirements under the applicable provisions of the Exchange Act.

5.6 Non-Contravention; Consents.

(a) Neither the execution, delivery or performance of this Agreement or any of the Related Agreements, nor the consummation of any of the other Contemplated Transactions, will directly or indirectly (with or without notice or lapse of time):

(i) contravene, conflict with or result in a violation of any of the provisions of Redfield’s Constituent Documents;

(ii) contravene, conflict with or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under, any Law or any Order to which Redfield, or any of the assets owned, used or controlled by Redfield, is subject;

(iii) contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any Governmental Authorization that is held by Redfield or that otherwise relates to the business of Redfield or to any of the assets owned, used or controlled by Redfield;

(iv) contravene, conflict with or result in a violation or breach of, or result in a default under, any provision of any Redfield Contract, or give any Person the right to (A) declare a default or exercise any remedy under any such Redfield Contract, (B) accelerate the maturity or performance of any such Redfield Contract or (C) cancel, terminate or modify any such Redfield Contract; or

(v) result in the imposition or creation of any Lien upon or with respect to any asset owned or used by Redfield.

(b) No filing with, notice to or Consent from any Person is required in connection with (i) the execution, delivery or performance of this Agreement or any of the Related Agreements, or (ii) the consummation of any of the Contemplated Transactions.

5.7 Financial Statements.

(a) Attached as Part 5.7(a) of the Redfield Disclosure Schedule are the following financial statements (collectively, the "***Redfield Financial Statements***") (i) the audited consolidated balance sheet of Redfield as of August 31, 2010 (the "***Balance Sheet***") and the related audited consolidated statements of income, members' equity and cash flows for the fiscal year then ended, including any notes thereto, together with the report thereon of Redfield's independent certified public accountants and (ii) the unaudited consolidated balance sheet of Redfield as of March 31, 2011 (the "***Interim Balance Sheet***") and the related unaudited consolidated statement of income for the seven months then ended. The Redfield Financial Statements are correct and complete in all material respects, are consistent with the books and records of Redfield and have been prepared in accordance with GAAP, consistently applied throughout the periods involved (except that the unaudited financial statements are subject to normal recurring year-end adjustments, the effect of which will not, individually or in the aggregate, be material, and the absence of notes that, if presented, would not differ materially from the notes to the Balance Sheet). The Redfield Financial Statements fairly present the consolidated financial condition and the results of operations, changes in members' equity and cash flow of Redfield as of the respective dates and for the periods indicated therein. No financial statements of any Person other than Redfield are required by GAAP to be included in the financial statements of Redfield. Redfield is not a party to any off-balance sheet arrangements the purpose or effect of which is to defer, postpone, reduce or otherwise avoid or adjust the recording of expenses incurred by Redfield.

(b) Part 5.7(b) of the Redfield Disclosure Schedule accurately lists, as of the date of this Agreement, all indebtedness of Redfield (i) for money borrowed, (ii) evidenced by notes, bonds, debentures or similar instruments, (iii) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the ordinary course of business), (iv) under capital leases or (v) in the nature of guarantees of the obligations described in clauses (i) through (iv) above of any other Person (collectively, "***Indebtedness***"), including, for each item of Indebtedness, the agreement governing the Indebtedness and the interest rate, maturity date and any assets or properties securing such Indebtedness. Redfield has not extended or maintained credit, arranged for the extension of credit, or renewed an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of Redfield. Except as set forth on Part 5.7(b) of the Redfield Disclosure Schedule, Redfield is not in breach or default of any agreement governing Indebtedness of Redfield.

5.8 No Undisclosed Liabilities. Redfield has no Liabilities, except for (a) Liabilities set forth in the "liabilities" column of the Interim Balance Sheet, (b) accounts payable or accrued

salaries that have been incurred by Redfield since the date of the Interim Balance Sheet in the ordinary course of business consistent with past practices and (c) Liabilities under Redfield's Contracts set forth on Part 5.14(a) of the Redfield Disclosure Schedule, to the extent the nature and magnitude of such Liabilities can be specifically ascertained by reference to the text of such Contracts.

5.9 Absence of Changes. Since the date of the Balance Sheet (a) Redfield has conducted its business only in the ordinary course consistent with past practices and (b) there has not been a Material Adverse Effect on Redfield nor has there occurred any event or development which could reasonably be expected to result in a Material Adverse Effect.

5.10 Title to Assets. Redfield has good and valid title to, or a valid leasehold interest in, all of the assets and properties used in Redfield's business, or shown on the Balance Sheet, free and clear of any Lien. Such assets and properties are sufficient for the continued operation of the business of Redfield as presently being conducted and as presently proposed to be conducted. All machinery, vehicles, equipment and other tangible personal property owned or leased by Redfield or used in Redfield's business are (a) suitable for the uses to which they are currently employed, (b) in good operating condition, (c) regularly and properly maintained and (d) not obsolete, dangerous or in need of renewal or replacement. All properties used in the operations of Redfield are reflected on the Balance Sheet to the extent required under GAAP to be so reflected.

5.11 Compliance with Laws, Orders and Governmental Authorizations.

(a) Except as it concerns compliance with Environmental Laws (which is addressed in Section 5.19 of this Agreement), without limiting the scope of any other representation in this Article 5, Redfield is in compliance, both, with all Laws and Orders applicable to either Redfield or the conduct of its business or the ownership or use of any of its properties or assets, including the Facility, the Owned Real Property, and the Leased Real Property, and with all Governmental Authorizations necessary for the conduct of Redfield's business or the use of any of its properties or assets, including the Facility, the Owned Real Property, and the Leased Real Property.

(b) Part 5.11(b) of the Redfield Disclosure Schedule sets forth, as of the date of this Agreement, an accurate and complete list of each Governmental Authorization that is held by Redfield (or for which Redfield has applied) that relates to the business of, or any of the assets owned or used by, Redfield, all of which are valid and in full force and effect. The Governmental Authorizations listed in Part 5.11(b) of the Redfield Disclosure Schedule collectively constitute all the Governmental Authorizations necessary to permit Redfield to conduct its business, lawfully in the manner in which it currently conducts such business and to permit Redfield to own and use its assets in the manner in which it owns and uses such assets.

(c) Part 5.11(c) of the Redfield Disclosure Schedule sets forth, as of the date of this Agreement, an accurate and complete list of each Order to which Redfield, or any of the assets owned or used by it, is or has been subject. To Redfield's Knowledge, no Representative of Redfield is subject to any Order that prohibits such Representative from engaging in or continuing any conduct, activity or practice relating to the business of Redfield.

(d) Redfield (including any of its officers, directors, employees or, to its Knowledge, other Person associated with Redfield or acting on its behalf) has not, directly or indirectly, taken any action which would cause it to be in violation of the Foreign Corrupt Practices Act of 1977, as amended, or any rules or regulations thereunder or any similar anti-corruption or anti-bribery Laws applicable to Redfield in any jurisdiction other than the United States (in each case, as in effect at the time of such action), or, to the Knowledge of Redfield, used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, made, offered or authorized any unlawful payment to foreign or domestic government officials or employees, whether directly or indirectly, or made, offered or authorized any unlawful bribe, rebate, payoff, influence payment, kickback or other similar unlawful payment, whether directly or indirectly, except for any of the foregoing which is no longer subject to potential claims of violation as a result of the expiration of the applicable statute of limitations.

(e) Redfield has not received at any time since January 1, 2006 any written or oral notice or other communication from any Governmental Body or any other Person regarding any actual, alleged or potential violation of, or failure to comply with, any Law, Order or Governmental Authorization, or any actual, alleged or potential obligation on the part of Redfield to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

5.12 Proceedings. There is no pending Proceeding, and to the Knowledge of Redfield, no Person has threatened to commence any Proceeding (a) that involves Redfield or any of the assets owned, used or controlled by Redfield or any Person whose Liability Redfield has or may have retained or assumed, either contractually or by operation of Law or (b) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, any of the Contemplated Transactions. To Redfield's Knowledge, no event has occurred, and no claim, dispute or other condition or circumstance exists, that will, or that could reasonably be expected to, give rise to or serve as a basis for the commencement of any such Proceeding.

5.13 Intellectual Property. Redfield either owns or possesses sufficient legal rights to all Technology and Proprietary Rights therein necessary to conduct its business as it is currently conducted and as currently proposed to be conducted, free and clear of any Liens. There are no outstanding options, licenses or rights in any Technology or Proprietary Rights granted by Redfield to any other Person. Redfield has taken reasonable steps to maintain the confidentiality of and otherwise protect and enforce its rights in its trade secrets. All employees and contractors of Redfield who made a material contribution to the creation or development of Technology or Proprietary Rights for Redfield or otherwise have access to material Technology or Proprietary Rights of Redfield have signed agreements containing intellectual property assignments and confidentiality provisions. To Redfield's Knowledge, Redfield is not violating, misappropriating or infringing the Proprietary Rights of any other Person. Redfield has not received any written communications alleging that Redfield has violated, infringed upon, or misappropriated any of the Proprietary Rights of any other Person. To Redfield's Knowledge, no third party is infringing, misappropriating or otherwise violating any Proprietary Rights of Redfield.

5.14 Contracts.

(a) Part 5.14(a) of the Redfield Disclosure Schedule sets forth, as of the date of this Agreement, an accurate and complete list of each Redfield Contract (or group of related Contracts), other than (i) purchase orders or similar agreements for the purchase or sale of goods or services in the ordinary course of business, (ii) confidentiality agreements entered into in the ordinary course of business and (iii) any Contract that involves an aggregate amount or value of less than $100,000.

(b) Redfield has made available to Gevo Development an accurate and complete copy of each Contract set forth on Part 5.14(a) of the Redfield Disclosure Schedule. With respect to each Contract set forth on or required to be set forth on Part 5.14(a) of the Redfield Disclosure Schedule:

(i) the Contract is legal, valid, binding, enforceable and in full force and effect against Redfield and, to Redfield's Knowledge, the other party or parties thereto, except to the extent it has previously expired in accordance with its terms;

(ii) Redfield is not, nor to Redfield's Knowledge, is any other party to the Contract in breach or default under the Contract and no event has occurred or circumstance exists that (with or without notice, lapse of time or both) would constitute a breach or default by Redfield or, to Redfield's Knowledge, by any such other party or permit termination, cancellation, acceleration, suspension or modification of any obligation or loss of any benefit under, result in any payment becoming due under, result in the imposition of any Liens on any of the properties or assets of Redfield under, or otherwise give rise to any right on the part of any Person to exercise any remedy or obtain any relief under, the Contract, nor has Redfield given or received notice or other communication alleging the same; and

(iii) the Contract is not under negotiation (nor has written demand for any renegotiation been made), no party has repudiated any portion of the Contract and Redfield has no Knowledge that any party to the Contract does not intend to renew it at the end of its current term.

5.15 Tax Matters.

(a) All Tax Returns required to be filed by or on behalf of Redfield with any Governmental Body with respect to any taxable period ending on or before the date of this Agreement (the "***Redfield Returns***") (i) have been or will be filed on or before the applicable due date (including any extensions of such due date) and (ii) have been, or will be when filed, accurately and completely prepared in all material respects in compliance with all applicable Laws. All Taxes have been paid when due, whether or not such amounts have been reported as due on an applicable Redfield Return. Redfield has made available to Gevo Development accurate and complete copies of all Redfield Returns which have been requested by Gevo Development. Part 5.15(a) of the Redfield Disclosure Schedule contains a list, as of the date of this Agreement, of all jurisdictions (whether foreign or domestic) in which Redfield files Tax Returns. No claim has ever been made by a Taxing Authority in a jurisdiction (including, but

not limited to, any foreign jurisdiction) where Redfield does not file Tax Returns that it is or may be subject to taxation or to a requirement to file Tax Returns in that jurisdiction.

(b) The Redfield Financial Statements fully accrue all actual and contingent Liabilities for unpaid Taxes with respect to all periods through the dates thereof in accordance with GAAP. Redfield has established, in the ordinary course of business and consistent with its past practices, reserves adequate for the payment of all unpaid Taxes through the date of this Agreement and Redfield has disclosed the dollar amount of such reserves to Gevo Development on or prior to the date of this Agreement. No Taxes have been incurred since the date of the Balance Sheet other than in the ordinary course of business. All estimated Taxes through the date of the Balance Sheet have been paid in full.

(c) No Redfield Return has ever been examined or audited by any Governmental Body. Redfield has made available to Gevo Development accurate and complete copies of all audit reports and similar documents (to which Redfield has access) relating to Redfield Returns. No extension or waiver of the limitation period applicable to any Redfield Returns has been granted (by Redfield or any other Person), and no such extension or waiver has been requested from Redfield.

(d) No claim or Proceeding is pending or has been threatened against or with respect to Redfield in respect of any Tax. There are no unsatisfied Liabilities for Taxes (including Liabilities for interest, additions to tax and penalties thereon and related expenses) with respect to any notice of deficiency or similar document received by Redfield with respect to any Tax (other than Liabilities for Taxes asserted under any such notice of deficiency or similar document which are being contested in good faith by Redfield and with respect to which adequate reserves for payment have been established). There are no liens for Taxes upon any of the assets of Redfield except liens for current Taxes not yet due and payable.

(e) Redfield has not, at any time, been a member of a group (including an affiliated group, within the meaning of Section 1504 of the Code) with which it has filed or been included in a combined, consolidated or unitary income Tax Return, other than a group of which Redfield is or was the common parent. Redfield is not, nor has it ever been, a party to or bound by any tax indemnity agreement, tax sharing agreement, tax allocation agreement or similar Contract. Redfield is not liable for the Taxes of any taxpayer under Treasury Laws Section 1.1502-6 (or any similar provision of state, local or foreign Law) as a transferee or successor, by contract (including any tax allocation agreement, tax sharing agreement or tax indemnity agreement), or otherwise for any taxable period beginning before the date of this Agreement. Notwithstanding the foregoing, all tax sharing, tax indemnity or similar agreements or arrangements to which Redfield has been a party have been terminated.

(f) Redfield will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the date of this Agreement as a result of any:

(i) change in method of accounting for a taxable period ending on or prior to the date of this Agreement;

(ii) "closing agreement" as described in Code Section 7121 (or any corresponding or similar provision of state, local or foreign income Tax Law) executed on or prior to the date of this Agreement;

(iii) intercompany transactions or any excess loss account described in the Treasury Laws under Code Section 1502 (or any corresponding or similar provision of state, local or foreign income Tax Law);

(iv) installment sale or open transaction disposition made on or prior to the date of this Agreement; or

(v) prepaid amount received on or prior to the date of this Agreement.

(g) Redfield has withheld all amounts of Taxes required to be withheld from its employees, agents, contractors, nonresidents, creditors, equityholders and third parties (each a "***Withholding Payee***") and remitted such amounts to the proper authorities; and filed all federal, state, local and foreign returns and reports with respect to Withholding Payee income Tax withholding, and social security and unemployment Taxes or other payroll Tax withholding, all in compliance with the withholding provisions of the Code, or any prior provision of the Code and other applicable Laws, domestic or foreign.

(h) Redfield does not have any permanent establishment in any foreign country.

(i) Redfield is not and has never been a party to any "listed transaction" within the meaning of Section 1.6011-4 of the Treasury Laws or any reportable transaction within the meaning of Section 6011, Section 6111 and Section 6112 of the Code and the Treasury Laws thereunder.

5.16 Employee Benefits Plans.

(a) Part 5.16(a) of the Redfield Disclosure Schedule sets forth, as of the date of this Agreement, a true, correct and complete list of each Employee Plan. Each Employee Plan is and at all times has been maintained, funded, operated and administered, and Redfield has performed all of its obligations under, and is currently in compliance with the terms of, both as to form and operation, each Employee Plan, in each case in all material respects in accordance with the terms of such Employee Plan and in compliance with all applicable Laws imposed or administered by any Governmental Body with respect to each of the Employee Plans, including ERISA and the Code. Each Employee Plan intended to qualify under Section 401 of the Code has received a favorable determination letter as to its qualification, including the legal requirements as changed by applicable Laws, at least through the Economic Growth Tax Relief and Reconciliation Act ("***EGTRRA***"), the plans have been amended in good faith for all post-EGTRRA requirements, including the Pension Protection Act of 2006, and nothing has occurred that would reasonably be expected to materially adversely affect such qualification or that would adversely affect Redfield's ability to submit a timely request for and to obtain an updated determination letter or opinion letter from the U.S. Internal Revenue Service that each such plan

is currently so qualified. All contributions to, and payments from, each Employee Plan which may have been required to be made in accordance with the terms of any such Employee Plans and, where applicable, the Laws which govern such Employee Plans, have been made in a timely manner. All material reports, Tax Returns and similar documents with respect to any Employee Plans required to be filed with any Governmental Body or distributed to any Employee Plan participants have been duly filed on a timely basis or distributed. There are no pending investigations by any Governmental Body involving or relating to any Employee Plans, no pending or, to the Knowledge of Redfield, threatened claims (except for claims for benefits payable in the normal operation of the Employee Plans) or Proceedings against or relating to any Employee Plans or asserting any rights or claims to benefits under any Employee Plans which could give rise to a Liability of Redfield, nor are there any facts that could give rise to any such Liability in the event of any such investigation, claim or Proceeding.

(b) No Employee Plan is or has ever been (i) a multiemployer plan within the meaning of Section 3(37) of ERISA, (ii) subject to Title IV or Section 302 of ERISA, (iii) subject to Code Section 412 or 430; (iv) sponsored by more than one employer within the meaning of Section 4063 or 4064 if ERISA or Section 413(c) of the Code or (v) a single employer plan within the meaning of Section 4001(a)(15) of ERISA.

(c) No Employee Plan provides medical, health, dental or life benefits (whether or not insured), after an employee's termination of employment other than COBRA Coverage and other coverage required by applicable Law, the full cost of which is borne by the former employee of Redfield and/or his or her qualified beneficiaries or medical, health, dental, life or pension benefits to any nonemployee. There are no Liens imposed on any of Redfield's assets or properties under ERISA or the Code and no act or omission has occurred that could result in such Liens.

(d) With respect to each welfare plan, all claims incurred by Redfield and the ERISA Affiliates are fully insured pursuant to a contract of insurance whereby the insurance company bears any risk of loss with respect to such claims.

(e) Redfield does not and has not ever maintained a "non-qualified deferred compensation plan" within the meaning of Section 409A of the Code.

(f) The execution of, and performance of the Contemplated Transactions will not constitute an event under any Employee Plan that will or may result in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits.

5.17 Labor.

(a) Each employee of Redfield is employed "at will." Redfield is not nor has it ever been a party to or bound by any labor or collective bargaining agreement, nor is any such agreement being negotiated by Redfield. No labor strike, dispute, slowdown, stoppage, unresolved employee grievance or labor arbitration Proceeding has occurred in the last five years or is pending, or, to the Knowledge of Redfield, has been threatened, against Redfield. No current union organizing activities or other attempts to organize or establish a labor union,

employee organization, works counsel or labor organization or group involving the employees of Redfield has occurred in the last five years, is in progress or, to the Knowledge of Redfield, is threatened. There is no union, works council, employee representative or other labor organization, which, pursuant to applicable Law, must be notified, consulted or with which negotiations need to be conducted in connection with the Contemplated Transactions. Redfield is not a federal or state contractor.

(b) There are no claims pending or, to the Knowledge of Redfield, threatened against Redfield before the U.S. Equal Employment Opportunity Commission or any federal, foreign, state or local court or agency, or arbitrator relating to any labor, safety, employee benefit, or employment matters or under any workers' compensation or long-term disability plan or policy. Redfield does not have any unsatisfied obligations to any employees or qualified beneficiaries pursuant to COBRA, the Health Insurance Portability and Accountability Act, or any state or local Law governing health care coverage or the extension or continuation of such coverage, other than the payment of benefits in the ordinary course of business.

(c) None of the current or former independent contractors of Redfield could be reclassified as an employee and no current or former employees classified as "exempt" from overtime requirements could be reclassified as nonexempt.

5.18 Real Property.

(a) Part 5.18(a) of the Redfield Disclosure Schedule sets forth, as of the date of this Agreement, a true, correct and complete legal description of the Owned Real Property, including the correct legal description, street address and tax parcel identification number of all tracts, parcels and subdivided lots in which Redfield has an ownership interest. Redfield has good, merchantable and marketable, indefeasible, fee simple title to the Owned Real Property. Use of the Owned Real Property for the various purposes for which it is being used is permitted as of right under all applicable planning, building and zoning Laws and is not subject to "permitted nonconforming" use or structure classifications.

(b) Part 5.18(b) of the Redfield Disclosure Schedule lists, as of the date of this Agreement (i) the street address of each parcel of Leased Real Property, (ii) the identity of the lessor, lessee and current occupant (if different from lessee) of each such parcel of Leased Real Property, (iii) the terms (referencing applicable renewal periods) and rental payment amounts (including all escalations) pertaining to each such parcel of Leased Real Property and (iv) the current use of each such parcel of Leased Real Property. Each of the Real Property Leases is in full force and effect, and neither Redfield nor the landlord under any Real Property Lease is in default under any Real Property Lease, and there exist no facts or circumstances that, with the passage of time or the giving of notice, or both, would constitute a default or breach by either Redfield or the landlord under any Real Property Lease.

(c) The Real Property constitutes all the real property on which Redfield currently conducts its business. There exists no material violation of any Laws (including any building, planning or zoning Laws) or Orders relating to any of the Real Property. Redfield is in peaceful and undisturbed possession of each parcel of Real Property, and there are no contractual or legal restrictions that preclude or restrict the ability to use the Real Property for the purposes

for which it is currently being used. All existing water, sewer, steam, gas, electricity, HVAC, telephone, cable, fiber optic cable, Internet access and other utilities required for the construction, use, occupancy, operation and maintenance of the Real Property are adequate for the conduct of Redfield's business as currently conducted and as currently proposed to be conducted. To the Knowledge of Redfield, there are no material latent defects or material adverse physical conditions affecting the Real Property or any of the Facility, buildings, component parts, other constructions, structures, erections, improvements, fixtures, fixed assets and personalty of a permanent nature annexed, affixed or attached to, located on or forming part of the Real Property. Except as set forth on Part 5.18(c) of the Redfield Disclosure Schedule, the Facility, buildings, component parts, other constructions, structures, erections and improvements on the Real Property are in good condition and repair, subject to ordinary wear and tear.

(d) Except for the property listed on Part 5.18(d) of the Redfield Disclosure Schedule, Redfield has not licensed, leased, subleased or otherwise granted rights with respect to any parcel or any portion of any parcel of Real Property to any other Person and no other Person has any rights to the use, occupancy or enjoyment thereof pursuant to any lease, sublease, license, occupancy or other agreement, nor has Redfield assigned its interest under any Real Property Lease to any third party.

(e) With respect to each of the Real Property Leases, Redfield has not exercised or given any notice of exercise, nor has any lessor or landlord exercised or received any notice of exercise by a lessor, landlord or licensor of, any option, termination right, right of first offer or right of first refusal contained in any such Real Property Lease, including any such option or right pertaining to purchase, expansion, renewal, extension or relocation (collectively, "***Real Property Options***"). Redfield has (and following consummation of the Contemplated Transactions, will continue to have) the full right to exercise any Real Property Options contained in the leases and subleases pertaining to the Leased Real Property on the terms and conditions contained therein and upon due exercise would be entitled to enjoy the full benefit of such Real Property Options with respect thereto.

(f) There are no condemnation Proceedings, expropriation Proceedings or eminent domain Proceedings of any kind pending or, to the Knowledge of Redfield, threatened against the Real Property.

(g) All the Real Property is occupied under a valid and current certificate of occupancy or similar permit, the Contemplated Transactions will not require the issuance of any new or amended certificate of occupancy and there are no facts that would prevent the Real Property from being occupied by Redfield after the Closing in the same manner as occupied by Redfield immediately prior to the Closing.

(h) All improvements on the Real Property constructed by or on behalf of Redfield or constructed by or on behalf of any other Person, were constructed in compliance with all applicable Laws and Orders (including any building, planning or zoning Laws) affecting such Real Property.

(i) No improvements on any Real Property and none of the current uses and conditions thereof violate any Laws, Orders, Liens, applicable deed restrictions or other

applicable covenants, restrictions, agreements, existing site plan approvals, building, zoning or subdivision regulations or urban redevelopment plans as modified by any duly issued variances, and no permits, licenses or certificates pertaining to the ownership or operation of all improvements on the Real Property, other than those which are transferable with any Real Property, are required by any Governmental Body having jurisdiction over any Real Property.

(j) To the Knowledge of Redfield, all improvements on any Real Property are wholly within the lot limits of such Real Property and do not encroach on any adjoining premises or Lien benefiting such Real Property, and there are no encroachments on any Real Property or any easement, servitude or property right or benefit appurtenant thereto by any improvements located on any adjoining premises.

(k) The rent set forth in each Real Property Lease is the actual rent being paid thereunder, and there are no separate agreements or understandings with respect to the rent or other consideration payable under any such Real Property Lease.

(l) To the Knowledge of Redfield, there is no existing, pending or threatened (i) widening, change of grade or limitation on the use of streets, roads or highways abutting any Real Property, (ii) special Tax or assessment to be levied against any Real Property, or (iii) change in the zoning classification or permitted use of any Real Property.

5.19 Environmental Matters.

(a) Redfield is in compliance with all applicable Environmental Laws, which compliance includes the possession by Redfield of all Governmental Authorizations required under applicable Environmental Laws, and compliance with the terms and conditions thereof, as necessary for the operation, ownership, and use of the Facility, the Owned Real Property, and the Leased Real Property.

(b) Redfield has not received any notice or other communication (in writing or otherwise), whether from a Governmental Body, citizens group, employee or otherwise, that alleges that Redfield is not in compliance with any Environmental Law, and, to the Knowledge of Redfield, there are no circumstances that may prevent or interfere with either Redfield's or Gevo Development's compliance with any Environmental Law, which includes but is not limited to continued compliance during ethanol production following commencement of the Retrofit Phase, preparation, development and construction of the Retrofits, and isobutanol production following commencement of the Operational Phase.

(c) To the Knowledge of Redfield, no current or prior owner of any property leased or controlled by Redfield has received any notice or other communication (in writing or otherwise), whether from a Governmental Body, citizens group, employee or otherwise, that alleges that such current or prior owner or Redfield is not in compliance with, or has any liability under, any Environmental Law.

(d) Part 5.19(d) of the Redfield Disclosure Schedule sets forth, as of the date of this Agreement, a true, correct and complete list of all documents (whether in hard copy or electronic form) that contain any environmental reports, investigations and/or audits relating to premises currently or previously owned or operated by Redfield (whether conducted by or on

behalf of Redfield or a third party, and whether done at the initiative of Redfield or directed by a Governmental Body or other third party) which were issued or conducted during the past five years and which Redfield has possession of or access to. A complete and accurate copy of each such document has been provided to Gevo Development.

(e) Redfield has not entered into or agreed to enter into, nor has any present intent to enter into, any Order, and Redfield is not subject to any Order, which in either case relates to compliance with any applicable Environmental Law or the release of Materials of Environmental Concern into the environment.

(f) Redfield has not at any time been subject to any Proceeding pursuant to, or paid any fines or penalties pursuant to, applicable Environmental Laws. Redfield is not subject to any Liability, loss, damage or expense of any kind or nature whatsoever, contingent or otherwise, incurred or imposed or based upon any provision of any Environmental Law or arising out of any act or omission of Redfield or the Representatives thereof or arising out of the ownership, use, control or operation by Redfield of any plant, Facility, site, area or property (including any plant, Facility, site, area or property currently or previously owned or leased by Redfield) from which any Material of Environmental Concern was released into the environment.

(g) No improvement or equipment included in the property or assets of Redfield contains any asbestos, polychlorinated biphenyls, underground storage tanks, open or closed pits, sumps or other containers on or under any property or asset. Redfield has not imported, received, manufactured, produced, processed, labeled, or shipped, stored, used, operated, transported, treated or disposed of any Materials of Environmental Concern other than in compliance with all Environmental Laws.

5.20 Insurance. Part 5.20 of the Redfield Disclosure Schedule sets forth, as of the date of this Agreement, an accurate and complete list of all certificates of insurance, binders for insurance policies and insurance maintained by Redfield, or under which Redfield has been the beneficiary of coverage at any time within the past five years. All premiums due and payable under such insurance policies have been paid. Redfield has no Knowledge of any threatened termination of, or material premium increase with respect to, any of those policies. Part 5.20 of the Redfield Disclosure Schedule further sets forth, as of the date of this Agreement, an accurate and complete list of all claims asserted by Redfield pursuant to any such certificate of insurance, binder or policy since January 1, 2006, and describes the nature and status of the claims. Redfield has not failed to give in a timely manner any notice of any claim that may be insured under any certificate of insurance, binder or policy required to be listed in Part 5.20 of the Redfield Disclosure Schedule and there are no outstanding claims which have been denied or disputed by the insurer. The certificates of insurance, binders and policies listed in Part 5.20 of the Redfield Disclosure Schedule (taken together) are of such types and in such amounts and for such risks, casualties and contingencies as is reasonably adequate to fully insure Redfield against insurable Damages to its business, properties, assets and operations. Redfield has never maintained, established, sponsored, participated in or contributed to any self-insurance program, retrospective premium program or captive insurance program.

5.21 Relationships with Affiliates. No manager or officer or, to Redfield's Knowledge, any equity owner or other Affiliate of Redfield has, or since January 1, 2006 has had, any interest in any property (whether real, personal or mixed and whether tangible or intangible) used in or pertaining to Redfield's business. No manager or officer or, to Redfield's Knowledge, any equity owner or other Affiliate of Redfield owns, or since January 1, 2006 has owned, (of record or as a beneficial owner) an equity interest or any other financial or profit interest in a Person that has (a) had business dealings or a financial interest in any transaction with Redfield or (b) engaged in competition with Redfield with respect to any line of the products or services of Redfield in any market presently served by Redfield, except for less than 1% of the outstanding capital stock of any competing business that is publicly traded on any recognized exchange or in the over-the-counter market. Except as set forth in Part 5.21 of the Redfield Disclosure Schedule, no equity owner, manager, officer or other Affiliate of Redfield is a party to any Contract with, or has any claim or right against, Redfield.

5.22 Redfield Board and Current Member Actions. As of the date of this Agreement, this Agreement, the Related Agreements and the Contemplated Transactions have been duly approved by the Redfield Board and the affirmative vote of such Current Members of Redfield as required by the Act, other applicable Laws and the Redfield Constituent Documents.

5.23 Manufacturing and Marketing Rights. Except as set forth on Part 5.23 of the Redfield Disclosure Schedule, Redfield has not granted rights to manufacture, produce, assemble, license, market or sell its products or services to any other Person and is not bound by any agreement that affects Redfield's exclusive right to develop, manufacture, assemble, distribute, market or sell its products and services.

5.24 Customers and Suppliers. Part 5.24 of the Redfield Disclosure Schedule sets forth, as of the date of this Agreement, an accurate and complete list of (a) each customer that accounted for more than $100,000 of revenue of Redfield during the six-month period ended February 28, 2011 and the amount of revenues accounted for by each such customer during that period and (b) each supplier that is the sole supplier of any material product, service or other tangible or intangible property or license rights to Redfield. There exists no actual, and Redfield has no Knowledge of any threatened, termination, cancellation or material limitation of, or any material change in, the business relationship of Redfield with any customer, supplier, group of customers or group of suppliers listed in Part 5.24 of the Redfield Disclosure Schedule.

5.25 Finder's Fee. No broker, finder, investment banker, valuation firm or any other Person is entitled to any brokerage, finder's or other fee or commission from Redfield in connection with the Contemplated Transactions.

5.26 Disclosure. Neither this Agreement, the Redfield Disclosure Schedule, any Related Agreement or any other agreement, document, certificate, schedule or instrument delivered or executed in connection herewith or therewith (a) contains any representation or warranty by Redfield or information regarding Redfield that is false or misleading with respect to any material fact or (b) omits to state any material fact necessary in order to make the representations, warranties and information regarding Redfield contained herein and therein, in

light of the circumstances under which such representations, warranties and information were or will be made or provided, not false or misleading.

ARTICLE 6.

REPRESENTATIONS AND WARRANTIES OF GEVO DEVELOPMENT

Except as set forth on the Gevo Development Disclosure Schedule, which shall qualify the representations and warranties of Gevo Development set forth in this Article 6 and which shall be organized in parts corresponding to the numbering in this Article 6 with disclosures in each part specifically corresponding to or cross-referencing another part of Gevo Development Disclosure Schedule specifically corresponding to a particular Section and Subsection of this Article 6, Gevo Development represents and warrants to Redfield as of the date of this Agreement and as of the first day of the Retrofit Phase as follows:

6.1 Corporate Existence and Power. Gevo Development is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware and has all requisite corporate power and authority to own, lease and operate its properties and assets and to conduct its business as presently conducted. Gevo Development is duly qualified to do business and is in good standing as a limited liability company in each jurisdiction in which the conduct of its business or the ownership or leasing of its properties requires such qualification, except where the failure to be so qualified would not have a Material Adverse Effect on Gevo Development.

6.2 Authority; Binding Nature of Agreement. Gevo Development has the absolute and unrestricted right, power and authority to enter into and to perform its obligations under this Agreement and under the Related Agreements. The execution, delivery and performance by Gevo Development of this Agreement and any Related Agreement has been duly authorized by all necessary action on the part of Gevo Development. This Agreement constitutes, and each of the Related Agreements when executed and delivered by the parties thereto will constitute, the legal, valid and binding obligation of Gevo Development, enforceable against Gevo Development in accordance with its terms, subject to (a) Laws of general application relating to bankruptcy, insolvency and the relief of debtors and (b) Laws governing specific performance, injunctive relief and other equitable remedies.

6.3 Non-Contravention; Consents. Neither the execution, delivery or performance of this Agreement or any Related Agreement, nor the consummation of any of the other Contemplated Transactions, will directly or indirectly (with or without notice or lapse of time):

(a) contravene, conflict with or result in a violation of any of the provisions of any organizational document of Gevo Development;

(b) contravene, conflict with or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under, any Law or any Order to which Gevo Development, or any of the assets owned, used or controlled by Gevo Development, is subject;

(c) contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any Governmental Authorization that is held by Gevo Development or that otherwise relates to the business of Gevo Development or to any of the assets owned, used or controlled by Gevo Development;

(d) contravene, conflict with or result in a violation or breach of, or result in a default under, any provision of any Contract to which Gevo Development is a party, or give any Person the right to (i) declare a default or exercise any remedy under any such Contract, (ii) accelerate the maturity or performance of any such Contract or (iii) cancel, terminate or modify any such Contract; or

(e) result in the imposition or creation of any Lien upon or with respect to any asset owned or used by Gevo Development.

6.4 Intellectual Property. Gevo Development either owns or possesses sufficient legal rights to all Technology and Proprietary Rights necessary to conduct its business as it is currently conducted and as currently proposed to be conducted, free and clear of any Liens (other than licenses granted in the ordinary course of business). There are no outstanding options, licenses or rights in any Technology or Proprietary Rights granted by Gevo Development to any other Person, which would conflict with any rights to be granted to Redfield pursuant to the License Agreement. Gevo Development has taken reasonable steps to maintain the confidentiality of and otherwise protect and enforce its rights in its trade secrets. All employees and contractors of Gevo Development who made a material contribution to the creation or development of Technology or Proprietary Rights for Gevo Development or otherwise have access to material Technology or Proprietary Rights of Gevo Development have signed agreements containing intellectual property assignments and confidentiality provisions. To Gevo Development's Knowledge, Gevo Development is not violating, misappropriating, or infringing the Proprietary Rights of any other Person. Gevo Development has not received any written communications alleging that Gevo Development has violated, infringed upon, or misappropriated any of the Proprietary Rights of any other Person. To Gevo Development's Knowledge, no third party is infringing, misappropriating or otherwise violating any Proprietary Rights of Gevo Development.

6.5 Purchase for Own Account. The Class G Units to be purchased by Gevo Development hereunder are being acquired for investment for Gevo Development's own account, not as a nominee or agent, and not with a view to or for resale or distribution thereof. Gevo Development has not been formed for the specific purpose of acquiring the Class G Units.

6.6 Accredited Investor Status. Gevo Development is an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act.

6.7 Finder's Fee. No broker, finder, investment banker, valuation firm or any other Person is entitled to any brokerage, finder's or other fee or commission from Gevo Development in connection with the Contemplated Transactions.

6.8 Financial Ability. Gevo Development has all funds or financing in place necessary to pay and deliver to Redfield all of the consideration due pursuant to this Agreement at Closing and to pay any and all Retrofit Costs.

6.9 Disclosure. Neither this Agreement, the Gevo Development Disclosure Schedule, any Related Agreement or any other agreement, document, certificate, schedule or instrument delivered or executed in connection herewith or therewith (a) contains any representation or warranty by Gevo Development or information regarding Gevo Development that is false or misleading with respect to any material fact or (b) omits to state any material fact necessary in order to make the representations, warranties and information regarding Gevo Development contained herein and therein, in light of the circumstances under which such representations, warranties and information were or will be made or provided, not false or misleading.

ARTICLE 7.

TERMINATION

7.1 Termination Events. This Agreement may be terminated:

(a) at any time by mutual written consent of Gevo Development and Redfield;

(b) by either Gevo Development or Redfield, if there shall be any Law enacted that makes consummation of the Contemplated Transactions illegal, or if any Order by any Governmental Body of competent jurisdiction preventing or prohibiting consummation of such transactions shall have become final and nonappealable; *provided*, *however*, that the party seeking to terminate this Agreement pursuant to this Section 7.1(b) must have used all reasonable efforts to remove any such Order;

(c) by Gevo Development, if any of Redfield's representations and warranties contained in this Agreement shall have been materially inaccurate as of the date of this Agreement or as of the first day of the Retrofit Phase, or if any of Redfield's covenants contained in this Agreement shall have been breached in any material respect; *provided*, *however*, that Gevo Development may not terminate this Agreement under this Section 7.1(c) on account of an inaccuracy in Redfield's representations and warranties or on account of a breach of a covenant by Redfield if such inaccuracy or breach is curable by Redfield unless Redfield fails to cure such inaccuracy or breach within a reasonable period of time after receiving written notice from Gevo Development of such inaccuracy or breach;

(d) by Redfield, if any representations and warranties of Gevo Development contained in this Agreement shall have been materially inaccurate as of the date of this Agreement or as of the first day of the Retrofit Phase, or if any covenants of Gevo Development contained in this Agreement shall have been breached in any material respect; *provided*, *however*, that Redfield may not terminate this Agreement under this Section 7.1(d) on account of an inaccuracy in the representations and warranties of Gevo Development or on account of a breach of a covenant by Gevo Development if such inaccuracy or breach is curable unless Gevo

Development fails to cure such inaccuracy or breach within a reasonable period of time after receiving written notice from Redfield of such inaccuracy or breach;

(e) by Gevo Development if, since the date of this Agreement, there shall have occurred any Material Adverse Effect on Redfield or there shall have occurred any event or circumstance that, in combination with any other events or circumstances, could reasonably be expected to have a Material Adverse Effect on Redfield;

(f) by Gevo Development, if a Redfield Termination Event shall have occurred; and

(g) by Redfield, if a Gevo Development Termination Event shall have occurred.

7.2 Termination Procedures. If either party wishes to terminate this Agreement pursuant to Section 7.1, it shall deliver to the other party a written notice stating that it is terminating this Agreement and setting forth a brief description of the basis on which it is terminating this Agreement.

7.3 Effect of Termination. If this Agreement is terminated pursuant to Section 7.2, all further obligations of the parties under this Agreement shall terminate; *provided*, *however*, that: (a) no party shall be relieved of any obligation or Liability arising from any prior breach by such party of any representation, warranty, covenant or other provision of this Agreement or any Related Agreement; (b) the parties shall, in all events, remain bound by and continue to be subject to the provisions set forth in Article 9 and Sections 10.2 through 10.15 of this Agreement; and (c) no party shall be liable for any consequential or punitive Damages.

7.4 Term. Unless earlier terminated by either party pursuant to Section 7.2, this Agreement shall remain in full force and effect for so long as Gevo Development or its Affiliates own the Class G Units.

7.5 Expenses. All fees and expenses incurred in connection with this Agreement, the Related Agreements and the Contemplated Transactions shall be paid by the party incurring such expenses, whether or not the Contemplated Transactions are consummated.

7.6 Forfeiture of Class G Units. In the event that (a) prior to the Operational Phase, the parties mutually agree that Gevo Development is unable to complete the Performance Testing Phase solely as a result of the failure of the Licensed Technology, and Gevo Development is unable to replace or modify the Licensed Technology in order to complete the Performance Testing Phase or (b) an Order by a Governmental Body of competent jurisdiction permanently preventing or prohibiting Redfield from using the Licensed Technology as permitted under the License Agreement shall have become final and nonappealable, and Gevo Development is unable to either (i) procure for Redfield the right to continue using the Licensed Technology as permitted under the License Agreement or (ii) replace or modify the Licensed Technology so that it becomes non-infringing without materially affecting functionality, Gevo Development agrees to forfeit the Class G Units and Redfield agrees to promptly transfer ownership of all tangible assets and improvements that constitute Facility Improvements and are physically capable of removal (excluding those

Facility Improvements that, if removed, would substantially impede Redfield's ability to produce ethanol) to Gevo Development.

ARTICLE 8.

INDEMNIFICATION

8.1 Survival of Representations, Etc.

(a) The representations and warranties contained in this Agreement, any Related Agreement or any other document, certificate, schedule or instrument delivered or executed in connection herewith and therewith shall survive the Closing indefinitely. All of the covenants, agreements and obligations of the parties contained in this Agreement shall survive (i) until fully performed or fulfilled, unless non-compliance with such covenants, agreements or obligations is waived in writing by the party or parties entitled to such performance or (ii) if not fully performed or fulfilled, until the expiration of the relevant statute of limitations.

(b) The representations, warranties, covenants and obligations of each party, and the rights and remedies that may be exercised by a party shall not be limited or otherwise affected by or as a result of any information furnished to, or any investigation made by or knowledge of, any of such parties. The parties recognize and agree that the representations and warranties also operate as bargained for promises and risk allocation devices and that, accordingly, any party's knowledge, and the waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, shall not affect the right to indemnification or payment of Damages pursuant to this Article 8, or other remedy based on such representations, warranties, covenants, and obligations.

(c) Notwithstanding anything herein to the contrary, the representations and warranties of each party contained in this Agreement shall, for purposes of the indemnifying parties' obligations pursuant to this Article 8, be deemed to be made as of the date of this Agreement and as of the first day of the Retrofit Phase (except to the extent any such representation or warranty expressly speaks of an earlier date).

8.2 Indemnification by Redfield. Redfield hereby agrees to indemnify and hold harmless each Gevo Development Indemnitee from and against any Damages which are directly or indirectly suffered or incurred by any Gevo Development Indemnitee or to which any Gevo Development Indemnitee may otherwise become subject (regardless of whether or not such Damages relate to any third-party claim) and which arise from or as a result of, or are directly or indirectly connected with:

(a) any inaccuracy in, breach or alleged breach of any representation or warranty of Redfield contained in this Agreement, any Related Agreement, the Redfield Disclosure Schedule, or any other document, certificate, schedule or instrument delivered or executed in connection herewith or therewith, in each case, without giving effect to any knowledge, materiality, "Material Adverse Effect" or any similar qualification contained or incorporated directly or indirectly in such representation or warranty;

(b) any breach or alleged breach of any covenant or obligation of Redfield contained in this Agreement, any Related Agreement or any other document, certificate, schedule or instrument delivered or executed in connection herewith or therewith;

(c) any Proceeding relating to any matter referred to in clauses (a) and (b) above (including any Proceeding commenced by any Gevo Development Indemnitee for the purpose of enforcing any of its rights under this Article 8); and

(d) any failure by Redfield to comply with reporting requirements under the applicable provisions of the Exchange Act (it being understood that for the purposes of this Section 8.2(d), any Damages incurred by Redfield shall also be considered Damages of Gevo Development).

8.3 Indemnification by Gevo Development. Gevo Development hereby agrees to indemnify and hold harmless each Redfield Indemnitee from and against any Damages which are directly or indirectly suffered or incurred by any Redfield Indemnitee or to which any Redfield Indemnitee may otherwise become subject (regardless of whether or not such Damages relate to any third-party claim) and which arise from or as a result of, or are directly or indirectly connected with:

(a) any inaccuracy in, breach or alleged breach of any representation or warranty of Gevo Development contained in this Agreement, any Related Agreement, Gevo Development Disclosure Schedule or any other document, certificate, schedule or instrument delivered or executed in connection herewith or therewith, in each case, without giving effect to any knowledge, materiality, “Material Adverse Effect” or any similar qualification contained or incorporated directly or indirectly in such representation or warranty;

(b) any breach or alleged breach of any covenant or obligation of Gevo Development contained in this Agreement, any Related Agreement or any other document, certificate, schedule or instrument delivered or executed in connection herewith or therewith;

(c) any Proceeding relating to any matter referred to in clauses (a) and (b) above (including any Proceeding commenced by any Redfield Indemnitee for the purpose of enforcing any of its rights under this Article 8); and

(d) any claim by Butamax Advanced Biofuels LLC against any Redfield Indemnitee that the use of any Technology licensed under the License Agreement (the “***Licensed Technology***”) infringes U.S. Patent No. 7,851,188 B2 (the “***Asserted Patent***”), provided that Gevo Development will have no obligation to indemnify as provided herein to the extent the claim is based on: (i) the use of the Licensed Technology other than as permitted under the License Agreement; (ii) modification of the Licensed Technology by anyone other than Gevo Development or Gevo; or (iii) use of the Licensed Technology in combination with any other Technology, functionality, product, or process not provided by Gevo Development or Gevo, where but for such combination, the Licensed Technology would not infringe the Asserted Patent. In addition, if a claim is brought against any Redfield Indemnitee based on the Asserted Patent as described above, Gevo Development may, at its option and expense, either (A) procure

for Redfield the right to continue using the Licensed Technology or (B) replace or modify the Licensed Technology so that it becomes non-infringing without materially affecting functionality.

8.4 Procedure for Establishment of Claims.

(a) If any claims are asserted by any party which is entitled to indemnification hereunder (the "***Indemnified Party***"), which, if sustained, could result in an indemnifiable claim by a party (an "***Indemnifiable Claim***"), the Indemnified Party shall promptly notify in writing the party responsible for such indemnification hereunder (the "***Indemnifying Party***") of such claim giving the particulars thereof. Such timely notice shall be a condition precedent to the Indemnifying Party's obligations to provide indemnification hereunder only to the extent that the Indemnified Party's failure to give such timely notice prejudices or impairs the Indemnifying Party's ability to defend, compromise or verify such claim. If the Indemnifying Party, within a period of 30 days after the giving of the Indemnified Party's notice, does not give written notice to the Indemnified Party announcing its intent to contest the assertion of the Indemnified Party, such assertion of the Indemnified Party shall be deemed accepted and the amount of the Indemnifiable Claim shall be deemed established. If such notice is given to the Indemnified Party within such 30-day period, then at any time thereafter a party may commence a dispute resolution proceeding in accordance with Article 9 hereof to resolve the contested assertion of an Indemnifiable Claim.

(b) With respect to third-party claims, the Indemnified Party shall extend to the Indemnifying Party a reasonable opportunity to defend against such claim, at the Indemnifying Party's sole expense and through counsel reasonably acceptable to the Indemnified Party. If the Indemnifying Party elects to defend any third-party claim, the Indemnifying Party shall conduct the defense of such claim actively and diligently and keep the Indemnified Party reasonably informed of material developments at all stages thereof. The Indemnified Party, at its option and expense, shall have the right to participate in any defense undertaken by the Indemnifying Party with legal counsel of its own selection. No settlement or compromise of any claim which may result in an Indemnifiable Claim may be made by the Indemnifying Party without the prior written consent of the Indemnified Party unless (i) any judgment, settlement or other relief is solely for monetary damages that are paid fully by the Indemnifying Party on behalf of the Indemnified Party; (ii) there is no finding or admission by the Indemnified Party of any violation of applicable Law; (iii) such settlement expressly and unconditionally releases such Indemnified Party and its Affiliates from all Liabilities with respect to such claim, with prejudice; (iv) at the time of such settlement or compromise the Indemnifying Party acknowledges in writing its obligation to pay in full the amount of the settlement or compromise and all associated expenses; and (v) the Indemnified Party is furnished with security reasonably satisfactory to the Indemnified Party that the Indemnifying Party will, in fact, pay such amount and expenses.

(c) Upon final determination by the parties, or by the arbitration panel pursuant to Section 9.2, that a party is entitled to indemnification under this Article 8, the Indemnifying Party will promptly pay or reimburse, as appropriate, the Indemnified Party for any Damages to which it is entitled to be indemnified hereunder. Neither party will permit or exercise any right of set-off against the other party until such final determination is made.

ARTICLE 9.

DISPUTE RESOLUTION

9.1 Procedures. The parties agree that if any dispute or controversy, other than a matter for which a party is entitled to specific performance or injunctive relief, arises out of this Agreement or any Related Agreement or the performance, breach, validity, interpretation or enforcement thereof, it is in the best interests of the parties for such dispute or controversy to be resolved in the shortest time and with the lowest cost of resolution practicable. Consequently, the parties agree to resolve any dispute or controversy (other than a matter for which a party is entitled to specific performance or injunctive relief) as follows (a) the members of the Joint Venture Committee will meet to discuss and attempt to resolve the dispute or controversy, (b) if the dispute or controversy is not resolved as contemplated by clause (a), then senior executives representing each of Redfield and Gevo Development will meet to discuss and attempt to resolve the dispute or controversy with the understanding that (i) the Representative of Gevo Development shall be the final decision maker regarding the scope, schedule and cost of the Retrofit, including all matters related to the production of isobutanol and (ii) the Representative of Redfield shall be the final decision maker regarding any issues that affect ethanol production or operations during the Retrofit Phase, (c) if the dispute or controversy is not resolved as contemplated by clause (a) or (b), the dispute or controversy will be escalated to the Redfield Board for resolution at a regular or special meeting by a majority vote of the Redfield Board, including the approval of at least one representative of Gevo Development, or such other vote required by the Amended LLC Agreement and (d) if the dispute or controversy is not resolved as contemplated by clause (a), (b) or (c), a party may pursue binding arbitration with respect to such dispute pursuant to Section 9.2.

9.2 Arbitration. Except as otherwise specifically provided in this Agreement:

(a) Binding Arbitration. To the extent that the dispute resolution procedures set forth in Section 9.1 are unsuccessful, all disputes and controversies arising out of or relating to this Agreement, the Related Agreements or any of the other documents to be delivered hereunder, or the performance, breach, validity, interpretation or enforcement thereof, will be resolved by binding arbitration in accordance with Title 9 of the U.S. Code (United States Arbitration Act) and the Commercial Arbitration Rules (the "***Rules***") of the American Arbitration Association ("***AAA***"), and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

(b) Notice; Selection of Arbitrators. A party may initiate arbitration by sending written notice of its intention to arbitrate to the other parties and to the AAA office located in the State of Colorado (the "***Arbitration Notice***"). The Arbitration Notice will contain a description of the dispute and the remedy sought. The arbitration will be conducted at the offices of the AAA in State of Colorado before three independent and impartial arbitrators with experience in the subject matter of the dispute. Each party will be entitled to select one arbitrator, and the two individuals so selected will select the third arbitrator.

(c) Procedures. Except as otherwise specifically provided herein, the arbitration and any discovery conducted in connection therewith will be conducted in accordance with the Rules. The arbitrators' authority to make any award will be based on and limited by the Laws of the State of Delaware and the terms and conditions of this Agreement and the Related Agreements. The arbitrators will deliver their decision in writing, together with a summary of the reasons for their decision, including citations to legal authority to the extent appropriate. The decision of the arbitrators will be final and binding on all parties and their successors and permitted assignees. A judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The parties intend that this agreement to arbitrate be irrevocable.

(d) Hearings; Decisions. The panel of arbitrators will be selected no later than 45 days after the date of the Arbitration Notice. The parties will request that the arbitration hearing commence no later than three months after the panel of arbitrators is selected and that the arbitrators render their decision no later than 30 days after the close of the hearing, in accordance with AAA Rules.

(e) Fees and Costs of Arbitration. The arbitrators' fees and costs will conform to the then-current AAA fee schedule and will be borne equally by Gevo Development and Redfield.

ARTICLE 10.

MISCELLANEOUS PROVISIONS

10.1 Further Assurances. Each party hereto shall execute and cause to be delivered to each other party hereto such instruments and other documents, and shall take such other actions, as such other party may reasonably request (prior to, at or after the Closing) for the purpose of carrying out or evidencing any of the Contemplated Transactions.

10.2 Attorneys' Fees. If any action or Proceeding relating to this Agreement or the enforcement of any provision of this Agreement is brought against any party hereto, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs and disbursements (in addition to any other relief to which the prevailing party may be entitled).

10.3 Notices. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received (a) when received if hand delivered, (b) on the first Business Day of confirmation by sender of receipt if sent by facsimile or (c) on the first Business Day after being sent by registered overnight mail, return receipt requested, by overnight courier or by overnight express delivery service, to the address or facsimile telephone number set forth beneath the name of such party below (or to such other address or facsimile telephone number as such party shall have specified in a written notice given to the other parties hereto):

Redfield:

Redfield Energy, LLC
PO Box 111
38650 171st Street
Redfield, SD 57469
Attention: Tom Hitchcock, Chief Executive Officer

with a mandatory copy to (which copy shall not constitute notice):

Gillette Law Office, PC
701 Main Street
PO Box 60
Redfield, SD 57469
Attention: Paul J. Gillette

Gevo Development:

Gevo Development, LLC
345 Inverness Drive South
Building C, Suite 310
Englewood, CO 80112
Attention: Brett Lund, General Counsel

with a mandatory copy to (which copy shall not constitute notice):

Paul, Hastings, Janofsky & Walker LLP
4747 Executive Drive, 12th Floor
San Diego, CA 92121
Attention: Teri O'Brien, Esq. and Deyan P. Spiridonov, Esq.

10.4 Time of the Essence. Time is of the essence of this Agreement.

10.5 Headings. The headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

10.6 Counterparts. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement.

10.7 Governing Law. This Agreement and the Related Agreements shall be governed by and interpreted and enforced in accordance with the Laws of the State of Delaware, without giving effect to any choice of Law or conflict of Laws rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

10.8 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns (if any). Neither party shall assign

this Agreement or any rights or obligations hereunder (by operation of law or otherwise) to any Person without the consent of the other party, which consent may not be unreasonably withheld or delayed.

10.9 Remedies Cumulative; Specific Performance. The rights and remedies of the parties hereto shall be cumulative (and not alternative). The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. The parties accordingly agree that, in addition to any other remedy to which they are entitled at law or in equity, the parties are entitled to injunctive relief to prevent breaches of this Agreement and otherwise to enforce specifically the provisions of this Agreement. Each party expressly waives any requirement that any other party obtain any bond or provide any indemnity in connection with any action seeking injunctive relief or specific enforcement of the provisions of this Agreement.

10.10 Waiver. No failure on the part of any Person to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any Person in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. No Person shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Person; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

10.11 Amendments. This Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered on behalf of all of the parties hereto.

10.12 Severability. In the event that any provision of this Agreement, or the application of any such provision to any Person or set of circumstances, shall be determined to be invalid, unlawful, void or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to Persons or circumstances other than those as to which it is determined to be invalid, unlawful, void or unenforceable, shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law.

10.13 Parties in Interest. None of the provisions of this Agreement is intended to provide any rights or remedies to any Person other than the parties hereto, the Gevo Development Indemnitees, the Redfield Indemnitees and their respective successors and assigns (if any).

10.14 Entire Agreement. This Agreement, the Related Agreements and the Confidentiality Agreement set forth the entire understanding of the parties hereto relating to the subject matter hereof and thereof and supersede all prior agreements and understandings among or between any of the parties relating to the subject matter hereof and thereof.

10.15 Construction; Interpretation. Any reference in this Agreement to an “Article,” “Section,” “Exhibit” or “Schedule” refers to the corresponding Article, Section, Exhibit or

Schedule of or to this Agreement, unless the context indicates otherwise. The table of contents and the headings of Articles and Sections are provided for convenience only and are not intended to affect the construction or interpretation of this Agreement. All words used in this Agreement should be construed to be of such gender or number as the circumstances require. The term "including" means "including, without limitation" and is intended by way of example and not limitation. Any reference to a statute is deemed also to refer to any amendments or successor legislation, and all rules and regulations promulgated thereunder, as in effect at the relevant time. Any reference to a Contract or other document as of a given date means the Contract or other document as amended, supplemented and modified from time to time through such date. The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no provision of this Agreement will be interpreted for or against any party because that party or its attorney drafted the provision.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

The parties hereto have caused this Agreement to be executed and delivered as of the date first set forth above.

REDFIELD ENERGY, LLC,
a South Dakota limited liability company

By: /s/ Tom Hitchcock
Name: Tom Hitchcock
Title: Chief Executive Officer

GEVO DEVELOPMENT, LLC,
a Delaware limited liability company

By: /s/ Patrick R. Gruber
Name: Patrick R. Gruber
Title: Executive Chairman

[SIGNATURE PAGE TO ISOBUTANOL JOINT VENTURE AGREEMENT]

CERTAIN DEFINITIONS

For purposes of the Agreement (including this ***Exhibit A***):

"***AAA***" has the meaning specified in Section 9.2(a).

"***Act***" means Chapter 47-34a of the South Dakota Statutes, as amended from time to time (or any corresponding provision or provisions of any succeeding law).

"***Affiliate***" means, with respect to any Person, any other Person, directly or indirectly, controlling, controlled by or under common control with such Person.

"***Agreement***" has the meaning specified in the Preamble.

"***Amended LLC Agreement***" means the Amended and Restated Operating Agreement, dated January 29, 2009, of Redfield, as amended on the date hereof.

"***Arbitration Notice***" has the meaning specified in Section 9.2(b).

"***Asserted Patent***" has the meaning specified in Section 8.3(d).

"***Balance Sheet***" has the meaning specified in Section 5.7(a).

"***Bankruptcy or Insolvency Event***" means any of the following events: (a) dissolution (other than pursuant to a consolidation, amalgamation or merger), (b) becoming insolvent or unable to pay its debts or failing to or admitting in writing its inability to pay its debts as they become due; (c) making a general assignment or arrangement with or for the benefit of its creditors; (d) institution against it of a Proceeding seeking a judgment of insolvency or bankruptcy under any bankruptcy or insolvency Law or other similar Law affecting creditors' rights, or the presenting of a petition for its winding-up or liquidation that either (i) results in a judgment of insolvency or bankruptcy or the entry of an Order for relief or the making of an Order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained, including by virtue of a deposit of the claimed amount, in each case within 60 days of the institution or presentation thereof; (e) passing of a resolution for its winding-up, dissolution or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeking or becoming subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) having a secured party take possession of all or substantially all its assets or having a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, including by virtue of a deposit of the claimed amount, in each case within 60 days thereafter; or (h) taking any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

"***BBS***" has the meaning specified in Section 4.3(g).

"***Business Day***" means a day other than Saturday or Sunday and on which commercial banks are permitted by applicable Laws to be open for business in New York, New York.

"***Certificate of Organization***" means the certificate of organization of Redfield as amended or restated and filed with the South Dakota Secretary of State pursuant to the Act.

"***Class A Units***" means the Class A units of membership interest of Redfield.

"***Class B Units***" means the Class B units of membership interest of Redfield.

"***Class C Preferred Units***" means the Class C preferred units of membership interest of Redfield.

"***Class G Units***" means the Class G units of membership interest of Redfield.

"***Closing***" has the meaning specified in Section 1.2(b).

"***COBRA Coverage***" means continuation coverage required under Section 4980B of the Code and Part 6 of Title I of ERISA and any applicable Law.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Confidentiality Agreement***" has the meaning specified in Section 4.5(b).

"***Consent***" means any approval, consent, ratification, permission, waiver or authorization (including any Governmental Authorization).

"***Contemplated Transactions***" means the transactions contemplated by this Agreement and each of the Related Agreements.

"***Contract***" means any written, oral or other agreement, contract, subcontract, lease, understanding, instrument, note, warranty, license, sublicense, insurance policy, benefit plan or legally binding commitment or undertaking of any nature, whether express or implied.

"***Corrective Permitting Costs***" has the meaning specified in Section 3.1(p).

"***CSP***" has the meaning specified in Section 2.3(f)(ii).

"***Current LLC Agreement***" means the Amended and Restated Operating Agreement, dated January 29, 2009, of Redfield.

"***Current Members***" means the Members (as defined in the Current LLC Agreement) of Redfield as of the date hereof.

"***Damages***" shall include any loss, damage, injury, decline in value, lost opportunity, liability, claim, demand, settlement, judgment, award, fine, penalty, Tax, fee (including reasonable attorneys' fees), charge, cost (including costs of investigation) or expense of any nature.

"***EGTRRA***" has the meaning specified in Section 5.16(a).

“***Employee Plan***” means each domestic or foreign plan, fund, program, agreement, arrangement or scheme, including each plan, fund, program, agreement, arrangement or scheme maintained or required to be maintained under applicable Laws, that is at any time sponsored, maintained or administered or required to be sponsored, maintained or administered by, Redfield or any ERISA Affiliate or to which Redfield or any ERISA Affiliate makes or has made or has or has had an (or has a contingent) obligation to make contributions, that provides benefits to the current or former employees, directors, managers, officers, consultants, independent contractors, contingent workers or leased employees or any of the ERISA Affiliates or the dependents or beneficiaries of any of them (whether written or oral), or with respect to which Redfield or any of the ERISA Affiliates has any liability or obligation, including (a) each salary, deferred compensation, bonus, incentive compensation, pension, retirement, employee stock ownership, stock purchase, stock option, restricted stock, restricted stock unit, profit sharing or deferred profit sharing, stock appreciation, phantom stock plan and other equity compensation plan, “welfare” plan (within the meaning of Section 3(1) of ERISA, determined without regard to whether such plan is subject to ERISA), (b) each “pension” plan (within the meaning of Section 3(2) of ERISA, determined without regard to whether such plan is either subject to ERISA or is tax qualified under the Code), (c) each severance plan or agreement, and each other plan providing health, vacation, supplemental unemployment benefit, hospitalization insurance, medical, dental, disability, life insurance, death or survivor benefits, fringe benefits or legal benefits, and (d) each other employee benefit plan, fund, program, agreement or arrangement.

“***Entity***” means any corporation (including any nonprofit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization or entity.

“***Environmental Law***” means any federal, state, local or foreign Law relating to pollution or protection of human health or the environment (including plants, wildlife, flora and fauna, biota, ambient air, surface water, ground water, land surface or subsurface strata), including any Law or regulation relating to emissions, discharges, releases or threatened releases of Materials of Environmental Concern, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Materials of Environmental Concern.

“***ERISA***” means the Employee Retirement Income Security Act of 1974, as amended.

“***ERISA Affiliate***” means any Person that is, was or would be treated as a single employer with Redfield under Section 414 of the Code.

“***Escrow Account***” has the meaning specified in Section 2.1(b)(i).

“***Escrow Amount***” has the meaning specified in Section 2.1(b)(i).

“***Exchange Act***” means the Securities Exchange Act of 1934, as amended.

“***Expected Isobutanol Production Level***” has the meaning specified in Section 4.10.

“***Facility***” has the meaning specified in the Recitals.

“***Facility Improvements***” means new tangible assets and improvements to existing tangible assets which Gevo Development deems necessary to ensure that the Facility performs at full ethanol production capacity, together with all tangible assets related to the Retrofit. For the avoidance of doubt, Facility Improvements shall not include the Retrofit Plans.

“***Facility Payments***” means the sum of […***…]

“***Facility Profits***” means […***…] In the event that this calculation yields net losses, such losses shall be the “***Facility Losses***.”

“***Facility Revenue***” has the meaning specified in Section 2.1(b)(i).

[…***…]

“***GAAP***” means United States generally accepted accounting principles, applied on a basis consistent with the basis on which the Redfield Financial Statements were prepared.

“***Gevo***” has the meaning specified in the Recitals.

“***Gevo Competitor***” means any Person that is engaged, directly or indirectly (through Affiliates, joint ventures or otherwise), in the research, development, production or commercialization of (a) isobutanol or the plastics, fibers, rubber, other polymers and hydrocarbon fuels that can produced from isobutanol, (b) gasoline blendstocks or (c) other cellulosic biofuels, including, without limitation, the Persons listed on ***Schedule B*** to this Agreement.

“***Gevo Development***” has the meaning specified in the Preamble.

***Confidential Treatment Requested**

“***Gevo Development Disclosure Schedule***” means the schedule (dated as of the date of the Agreement and modifying the representations and warranties of Gevo Development in Article 6) delivered to Redfield on behalf of Gevo Development on the date of this Agreement.

“***Gevo Development Indemnitees***” means the following Persons: (a) Gevo Development; (b) Gevo Development’s current and future Affiliates; (c) the respective Representatives of the Persons referred to in clauses (a) and (b) above; and (d) the respective successors and assigns of the Persons referred to in clauses (a) through (c) above.

“***Gevo Development Termination Event***” means a Bankruptcy or Insolvency Event with respect to Gevo or Gevo Development.

“***Gevo Guaranty***” has the meaning specified in Section 1.3(c)(iii).

“***Gevo Project Manager***” shall initially mean […***…], provided that Gevo Development may replace the Gevo Project Manager at any time upon notice to Redfield.

“***Governmental Authorization***” means any: (a) approval, permit, license, certificate, franchise, permission, clearance, registration, qualification or other authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Law; or (b) direct or indirect right under any Contract with any Governmental Body.

“***Governmental Body***” means any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; or (c) governmental, self-regulatory or quasi-governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, official, organization, unit, body or Entity and any court or other tribunal).

“***ICM***” means ICM, Inc.

“***ICM Work Agreement***” means the Work Agreement, to be entered into by and between Gevo and ICM.

“***Indebtedness***” has the meaning specified in Section 5.7(b).

“***Indemnifiable Claim***” has the meaning specified in Section 8.4(a).

“***Indemnified Party***” has the meaning specified in Section 8.4(a).

“***Indemnifying Party***” has the meaning specified in Section 8.4(a).

“***Interim Balance Sheet***” has the meaning specified in Section 5.7(a).

***Confidential Treatment Requested**

"***Isobutanol Minimum Commercial Level***" means […***…] gallons of Qualifying Isobutanol per 24-hour period multiplied by the number of 24-hour periods in the respective Testing Period.

"***Joint Venture Committee*** has the meaning specified in Section 2.2(a).

"***Knowledge***" An individual shall be deemed to have "***knowledge***" of a particular fact or other matter if:

(a) such individual is actually aware of such fact or other matter;

(b) such individual would have had knowledge of such fact following a reasonable investigation, if under the circumstances a reasonable person would have determined such investigation was required or appropriate in the normal course of fulfillment of such individual's duties; or

(c) such individual would reasonably be expected to have Knowledge of such fact or matter given the individual's title, position and day-to-day responsibilities with Redfield.

Redfield shall be deemed to have "***knowledge***" of a particular fact or other matter if any of the following Persons has Knowledge of such fact or other matter: […***…].

Gevo Development shall be deemed to have "***knowledge***" of a particular fact or other matter if any of the following Persons has Knowledge of such fact or other matter: […***…] or the Gevo Project Manager.

"***Law***" means any federal, state, local, municipal, foreign or international, multinational or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body.

"***Leased Real Property***" means the real property leased by Redfield as tenant, together with, to the extent leased by Redfield, all buildings and other structures, Facility, component parts or improvements currently or hereafter located thereon, and all easements, servitudes, rights of use, and licenses, and rights and appurtenances relating to the foregoing.

"***Liabilities***" means any debt, obligation, duty or liability of any nature (including any unknown, undisclosed, unmatured, unaccrued, contingent, indirect, conditional, implied, vicarious, derivative, joint, several or secondary liability), regardless of whether such debt, obligation, duty or liability would be required to be disclosed on a balance sheet prepared in accordance with GAAP and regardless of whether such debt, obligation, duty or liability is immediately due and payable.

***Confidential Treatment Requested**

"***License Agreement***" has the meaning specified in Section 2.3(f)(i).

"***Licensed Technology***" has the meaning specified in Section 8.3(d).

"***Lien***" means any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, claim, infringement, interference, option, right of first refusal, preemptive right, community property interest or restriction of any nature affecting property, real or personal, tangible or intangible, including any restriction on the voting of any security, any restriction on the transfer of any security or other asset, any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset, any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset, any lease in the nature thereof and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statute of any jurisdiction); *provided*, *however*, that the term "Lien" shall not include (a) statutory liens for Taxes, which are not yet delinquent or are being contested by appropriate Proceedings, (b) statutory or common law liens to secure landlords, lessors or renters under leases or rental agreements, (c) deposits or pledges made in connection with, or to secure payment of, workers compensation, unemployment insurance, old age pension or other social security programs, (d) statutory or common law liens in favor of carriers, warehousemen, mechanics and materialmen to secure claims for labor, materials or supplies and other like liens and (e) such minor restrictions, defects, irregularities or imperfections of title or Liens as do not materially adversely effect the use or value of the subject property or asset.

"***Managing Member***" has the meaning specified in the Amended LLC Agreement.

"***Marketing Agreement***" has the meaning specified in Section 3.3

"***Material Adverse Effect***" An event, violation, inaccuracy, circumstance or other matter will be deemed to have a "***Material Adverse Effect***" on (a) Redfield if, individually or in the aggregate, such event, violation, inaccuracy, circumstance or other matter (considered together with all other matters that would constitute exceptions to the representations and warranties set forth in the Agreement but for the presence of "Material Adverse Effect" or other materiality or knowledge, qualifications, or any similar qualifications, in such representations and warranties) had or could reasonably be expected to have or give rise to a material adverse effect on (i) the business, financial condition, prospects, capitalization, Facility, assets, liabilities, operations or financial performance of Redfield, (ii) the ability of Redfield to consummate any of the Contemplated Transactions or to perform any of its obligations under this Agreement or any Related Agreement or (iii) Gevo Development's ability to vote, receive dividends, allocations or distributions with respect to or otherwise exercise ownership rights with respect to the Class G Units; and (b) Gevo Development if, individually or in the aggregate, such event, violation, inaccuracy, circumstance or other matter (considered together with all other matters that would constitute exceptions to the representations and warranties set forth in the Agreement but for the presence of "Material Adverse Effect" or other materiality or knowledge, qualifications, or any similar qualifications, in such representations and warranties) had or could reasonably be expected to have or give rise to a material adverse effect on (i) the business, financial condition, prospects, capitalization, assets, liabilities, operations or financial performance of Gevo

Development, or (ii) the ability of Gevo Development to consummate any of the Contemplated Transactions or to perform any of its obligations under this Agreement or any Related Agreement; *provided*, *however*, that any adverse change, effect, occurrence, state of fact or development attributable to conditions affecting the U.S. economy as a whole shall not be taken into account in determining if a Material Adverse Effect has occurred to the extent such adverse change, effect, occurrence, state of fact or development does not affect Redfield or Gevo Development in a disproportionate manner when compared to other comparable Entities.

"***Materials of Environmental Concern***" include chemicals, pollutants, contaminants, wastes, toxic substances, petroleum and petroleum products and any other substance that is now or hereafter regulated by any applicable Environmental Law or that is otherwise a danger to health, reproduction or the environment.

"***Operational Phase***" has the meaning specified in Section 2.1(b)(iv).

"***Order***" means any writ, decree, injunction, order, judgment or similar action.

"***Owned Real Property***" means the real or immovable property in which Redfield has fee title (or equivalent) interest, together with all buildings and other structures, Facility, component parts or improvements currently or hereafter located thereon, and all easements, servitudes, rights of use, and licenses, and rights and appurtenances relating to the foregoing.

"***Performance Level***" has the meaning specified in the Amended LLC Agreement.

"***Performance Testing Phase***" means the period, which shall begin on a date that is mutually agreed upon by Redfield and Gevo Development, following the completion of the Retrofit Phase (but in no event more than seven calendar days after the completion of the Retrofit Phase) during which the isobutanol production capabilities of the Facility will be tested during one or more Testing Periods, it being understood that the Performance Testing Phase shall not begin until […***…]

"***Person***" means any individual, Entity or Governmental Body.

"***Proceeding***" means any ongoing or threatened action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Body or any arbitrator or arbitration panel.

"***Production Decision***" has the meaning specified in Section 3.2(a).

"***Project Execution Plan***" has the meaning specified in Section 2.2(a).

"***Proprietary Rights***" means all past, present, and future rights of the following types, which may exist or be created under the Laws of any jurisdiction in the world: (a) rights associated with works of authorship, including exclusive exploitation rights; (b) trademark and trade name rights and similar rights; (c) trade secret rights; (d) patents and industrial property

rights; (e) other proprietary rights in Technology of every kind and nature; and (f) all registrations, renewals, extensions, combinations, divisions, or reissues of, and applications for, any of the rights referred to in clauses (a) through (f) above.

“***Purchase Price***” has the meaning specified in Section 1.2(a).

“***Qualifying Isobutanol***” means isobutanol that meets certain specifications, to be set forth in the CSP.

“***Real Property***” shall mean the Leased Real Property and the Owned Real Property, collectively.

“***Real Property Leases***” shall mean any and all leases, licenses, occupancy agreements or other instruments pursuant to which Redfield has any rights to use or occupy any Real Property.

“***Real Property Options***” has the meaning ascribed to that term in Section 5.18(e).

“***Redfield***” has the meaning specified in the Preamble.

“***Redfield Board***” means the individuals who are named, appointed or elected as managers of Redfield under the Current LLC Agreement or Amended LLC Agreement, as applicable, acting collectively pursuant to the Current LLC Agreement or Amended LLC Agreement, as applicable.

“***Redfield Constituent Documents***” has the meaning specified in Section 5.3.

“***Redfield Contract***” means any Contract, including any amendment or supplement thereto: (a) to which Redfield is a party; (b) by which Redfield or any of their assets are or may become bound or under which Redfield has, or may become subject to, any obligation; or (c) under which Redfield has or may acquire any right or interest.

“***Redfield Disclosure Schedule***” means the schedule (dated as of the date of the Agreement and modifying the representations and warranties of Redfield in Article 5) delivered to Gevo Development on behalf of Redfield on the date of this Agreement.

“***Redfield Financial Statements***” has the meaning specified in Section 5.7(a).

“***Redfield Indebtedness***” has the meaning specified in Section 2.1(b)(ii).

“***Redfield Indemnitees***” means the following Persons: (a) Redfield; (b) Redfield’s current and future Affiliates; (c) the respective Representatives of the Persons referred to in clauses (a) and (b) above; and (d) the respective successors and assigns of the Persons referred to in clauses (a), (b) and (c) above.

“***Redfield Lender(s)***” means Great Western Bank, any additional or replacement lender and any member of any lending syndicate pursuant to the terms of the agreements governing the Redfield Indebtedness.

“***Redfield Returns***” has the meaning specified in Section 5.15(a).

“***Redfield Termination Event***” means a Bankruptcy or Insolvency Event with respect to Redfield.

“***Related Agreements***” means the Amended LLC Agreement, the Marketing Agreement, the License Agreement, the Gevo Guaranty and the Scope of Work Agreement collectively, or each of such documents singularly, and any documents or instruments contemplated by or executed in connection with any of them or any of the Contemplated Transactions.

“***Representatives***” means officers, managers, directors, employees, agents, subcontractors, attorneys, accountants, financial and other advisors and representatives.

“***Retrofit***” has the meaning specified in the Recitals.

“***Retrofit Costs***” has the meaning specified in Section 2.1(a).

“***Retrofit Phase***” means the period beginning on the earlier of the commencement of any activities related to the Retrofit and the date set forth in the notice provided by Gevo Development pursuant to Section 2.1 of this Agreement and ending on the later of (a) the day that the Retrofit is deemed “substantially complete” under the ICM Work Agreement or (b) the day that all of the conditions precedent to the commencement of the Performance Testing Phase set forth in section 2.1(b)(i) of this Agreement have been satisfied.

“***Retrofit Plans***” means the project and related engineering plans and designs necessary for the Retrofit of the Facility which shall be developed directly or indirectly by Gevo Development and to which Gevo Development shall own all right, title and interest.

“***Rules***” has the meaning specified in Section 9.2(a).

“***Scope of Work Agreement***” has the meaning specified in Section 2.3(f)(iii).

“***SDWG Rent***” means any payments made to Redfield by the South Dakota Wheat Growers pursuant to that certain Grain Supply Agreement, by and between Redfield and the South Dakota Wheat Growers, dated September 8, 2009, as amended.

“***Securities Act***” means the Securities Act of 1933, as amended.

“***Subsidiary***” Any Entity shall be deemed to be a “***Subsidiary***” of another Person if such Person directly or indirectly (a) has the power to direct the management or policies of such Entity or (b) owns, beneficially or of record, (i) an amount of voting securities or other interests in such Entity that is sufficient to enable such Person to elect at least a majority of the members of such Entity’s board of directors or other governing body, or (ii) at least 50% of the outstanding equity or financial interests of such Entity.

"***Tax***" or "***Taxes***" means (a) taxes, charges, fees, imposts, levies, or other assessments or fees of any kind, including, but not limited to, income, corporate, capital, excise, property, sales, use, turnover, value added and franchise taxes, deductions, withholdings and customs duties, imposed by any Governmental Body, (b) all interest, penalties, fines, additions to tax or additional amounts imposed by any Governmental Body in connection with any item described in clause (a) or for failure to file any Tax Return, (c) any successor or transferee liability in respect of any items described in clauses (a) and/or (b) under Treasury Law 1502-6 (or any similar provision of state, local or foreign Law) and (d) any amounts payable under any tax sharing agreement or contractual arrangements.

"***Tax Return***" means any return (including any information return), report, statement, declaration, estimate, schedule, notice, notification, form, election, certificate or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any Law relating to any Tax.

"***Technology***" means all products, product developments, apparatus, data, databases and data collections, diagrams, inventions (whether or not patentable), know-how, logos, marks, methods, processes, proprietary information, protocols, schematics, specifications, algorithms, software, software code (in source code and executable code), techniques, works of authorship, and other forms of technology.

"***Testing Period***" has the meaning specified in the Amended LLC Agreement.

"***Tie-in Period***" has the meaning specified in Section 2.1(a)(ii).

"***Treasury Laws***" means the Treasury Laws (including temporary Laws) promulgated by the United States Department of Treasury with respect to the Code or other United States federal Tax statutes.

"***Withholding Payee***" has the meaning specified in Section 5.15(g).

"***Working Capital Requirement***" has the meaning specified in Section 2.4.

Exhibit 10.2
*****Text Omitted and Filed Separately**
Confidential Treatment Requested
Under 17 C.F.R. §§ 200.80(b)(4) and 17 C.F.R. 24b-2

REDFIELD ENERGY, LLC

A South Dakota Limited Liability Company

SECOND AMENDED AND RESTATED OPERATING AGREEMENT

(Contains Restrictions on
Transfer of Interests)

Dated Effective June 13, 2011

SECOND AMENDED AND RESTATED OPERATING AGREEMENT
OF
REDFIELD ENERGY, LLC

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SECOND AMENDED AND RESTATED OPERATING AGREEMENT
OF
REDFIELD ENERGY, LLC

THIS SECOND AMENDED AND RESTATED OPERATING AGREEMENT ("Agreement") is hereby adopted and entered into effective as of the 13th day of June, 2011, by the Members (as defined below), pursuant to the provisions of the Act (as defined below), on the terms and conditions set forth herein.

WHEREAS, the Company was formed on July 14, 2005 pursuant to an Operating Agreement dated as of September 9, 2005 (the "Original Agreement");

WHEREAS, the Original Agreement was amended and restated as of January 29, 2009 (the "Existing Agreement"); and

WHEREAS, the Company now desires to amend and restate the Existing Agreement, effective as of the date hereof, in order to set forth the relative rights and preferences, including but not limited to the voting powers, relative economic and other rights, preferences and limitations of the Class G Units (as defined below), the authorization of which has been approved by the Board (as defined below) and the Members, voting separately by class, for issuance to Gevo Development LLC, a Delaware limited liability company ("Gevo") pursuant to the terms and conditions of that certain Isobutanol Joint Venture Agreement, by and between the Company and Gevo to be executed and delivered simultaneously with the execution and delivery of this Agreement (the "Joint Venture Agreement").

SECTION 1
THE LIMITED LIABILITY COMPANY

1.1 Formation.

The organizer has caused the Company to be formed as a South Dakota limited liability company pursuant to the provisions of the Act and upon the terms and conditions of this Agreement. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provisions, this Agreement, to the extent permitted by the Act, shall control.

1.2 Name.

The name of the Company shall be Redfield Energy, LLC, and all business of the Company shall be conducted in such name. The name of the Company may be changed from time to time in accordance with the Act.

1.3 Purpose; Powers.

(a) The business and purposes of the Company are to develop, construct, own and operate an ethanol plant(s) and other bio-energy facilities and conduct related activities, to engage in any other business and investment activity in which a South Dakota limited liability company organized under the Act may lawfully be engaged, and to conduct any and all activities related or incidental thereto.

(b) The Company shall possess and may exercise all the powers and privileges granted to the Company by the Act, by any other law or by this Agreement, together with any powers incidental thereto, including without limitation such powers and privileges as are necessary or convenient to the conduct, promotion or attainment of the business, purposes or activities of the Company, subject to any limitations provided in the Articles or in this Agreement.

1.4 Principal Place of Business.

The principal office of the Company shall be 38650 171st Street, P.O. Box 111, Redfield, South Dakota 57469, or at such other place(s) within or without the State of South Dakota as the Board may determine. The records required by the Act shall be maintained at the Company's principal office.

1.5 Term.

The term of the Company began on the date the Articles of Organization were filed in the office of the Secretary of State of the State of South Dakota, and shall continue until the winding up and liquidation of the Company and its business is completed following a Dissolution Event as provided in Section 12 of this Agreement.

1.6 Filings; Agent for Service of Process.

(a) The organizer has caused the Articles to be filed in the office of the Secretary of State of the State of South Dakota, in accordance with the provisions of the Act. The Company shall take any and all other actions reasonably necessary to perfect and maintain the status of the Company as a limited liability company under the laws of the State of South Dakota. The Board shall cause amendments to be filed whenever required by the Act.

(b) The Board shall cause the Company to make such filings and take any and all other actions as may be reasonably necessary to perfect and maintain the status of the Company as a limited liability company or similar type of entity under the laws of any other jurisdictions in which the Company engages in business.

(c) The name and address of the agent for service of process on the Company in the State of South Dakota shall be as set forth in the Articles, or such other person or place as determined by the Board.

(d) In connection with the dissolution and completion of the winding up of the Company, the Board shall cause to be executed and filed a notice of dissolution and articles of termination whenever required by the Act, and make similar filings under the laws of any other jurisdictions in which the Board deems such filings necessary or advisable.

1.7 Title to Property.

All Property owned by the Company shall be owned by the Company as an entity and no Unit Holder or Manager shall have any ownership interest in such Property in its individual name. Each Unit Holder's interest in the Company shall be personal property for all purposes. The Company shall hold title to all of its Property in the name of the Company and not in the name of any Unit Holder or Manager.

1.8 Payments of Individual Obligations.

The Company's credit and assets shall be used solely for the benefit of the Company, and no asset of the Company shall be Transferred or encumbered for, or in payment of, any individual obligation of any Unit Holder or Manager.

1.9 Independent Activities.

(a) Each Manager shall be required to devote only such time to the affairs of the Company as may be necessary to manage the business and affairs of the Company in accordance with Section 5, and shall be free to serve any other Person or enterprise in any capacity that the Manager may deem appropriate in his or her discretion.

(b) Neither this Agreement nor any activity undertaken pursuant hereto shall (i) prevent any Unit Holder, Manager, Managing Member or their Affiliates, acting on their own behalf, from engaging in whatever activities they choose, whether the same are competitive with the Company or otherwise, and any such activities may be undertaken without having or incurring any obligation to offer any interest in such activities to the Company or any other Unit Holder or Manager, or (ii) require any Unit Holder, Manager or Managing Member to permit the Company or any other Unit Holder, Manager, the Managing Member or their Affiliates to participate in any such activities, and as a material part of the consideration for the execution of this Agreement by each Member, each Member hereby waives, relinquishes, and renounces any such right or claim of participation.

1.10 Member Authority.

Each Member represents and warrants to the Company and to the other Members that:

(a) the Member, if not an individual, is duly organized, validly existing and in good standing under the laws of its state of organization and is duly qualified and in good standing as a foreign organization in the jurisdiction of its principal place of business if not organized therein;

(b) the Member has full corporate, limited liability company, partnership, trust or other applicable power and authority to execute and agree to this Agreement and to perform its obligations hereunder and all necessary actions by the board of directors, shareholders, managers, members, partners, trustees, beneficiaries, or other Persons necessary or appropriate for the due authorization, execution, delivery and performance of this Agreement by the Member have been taken;

(c) the Member has duly executed and delivered this Agreement; and

(d) the Member's authorization, execution, delivery and performance of this Agreement does not conflict with any other agreement or arrangement to which the Member is a party or by which it is bound.

1.11 Access to and Confidentiality of Information.

(a) In addition to the other rights specifically set forth in this Agreement, each Member is entitled to all information to which the Member is entitled to have access pursuant to the Act under the circumstances and subject to the conditions therein stated, which conditions include but are not limited to such reasonable standards governing what information and documents are to be furnished at what time and location and at whose expense as may be set forth herein or otherwise established by the Board. However, without limiting the foregoing, the Members agree that except as otherwise provided by law, the Board may from time to time determine, due to contractual obligations, business concerns or other considerations, that certain information regarding the business, affairs, properties, and financial condition of the Company should be kept confidential and not provided to some or all of the Members or that it is not just or reasonable for some or all of the Members or their assignees or representatives to examine or copy any such information.

(b) Each Member acknowledges that from time to time the Member may receive information from or regarding the Company in the nature of trade secrets or that is otherwise confidential, the release of which may be damaging to the Company or Persons with whom it does business. Each Member agrees to hold in strict confidence any information it receives regarding the Company that is identified as being confidential (and if such information is provided in writing, is so marked) and may not disclose such information to any Person, except for disclosures (i) to another Member having the right to such information, (ii) compelled by law, provided the Member must promptly notify the Board of any request or demand for such information, to the extent reasonably possible, (iii) to advisors or representatives of the Member, or to Persons (and their advisors or representatives) seeking to acquire all or any portion of the Member's Interest through a Transfer in accordance with this Agreement, but only if in each case such Person has agreed to be bound by the provisions of this section, or (iv) of information that the Member has also received from a source independent of the Company that the Member reasonably believes has the legal right to disclose such information to the Member. Each Member acknowledges that a breach of the provisions of this section may cause the Company irreparable harm and injury for which monetary damages are inadequate or difficult to calculate or both. Accordingly, each Member specifically agrees that the Company shall be entitled to

injunctive relief to enforce the provisions of this section, that such relief may be granted without the necessity of proving actual damages, and that such injunctive or equitable relief shall be in addition to, not in lieu of, the right to recover monetary damages for any breach of this section by the Member. The obligations referred to in this section shall survive the termination of a Member's membership in the Company.

1.12 Limited Liability.

Except as otherwise expressly provided by the Act, this Agreement or agreed to under another written agreement, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Unit Holder, Manager or Managing Member of the Company shall be obligated personally for any such debt, obligation or liability of the Company or any debt, obligation or liability of any other Unit Holder or Manager of the Company, solely by reason of being a Unit Holder, Member or Managing Member or acting as a Manager or Managing Member of the Company. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under this Agreement or the Act shall not be grounds for imposing liability on any Unit Holder, Manager or Managing Member for any debt, obligation or liability of the Company.

1.13 Definitions.

Capitalized words and phrases used in this Agreement have the following meanings:

"Act" means Chapter 47-34a of South Dakota Statutes, as amended from time to time (or any corresponding provision or provisions of any succeeding law).

"Adjusted Capital Account Deficit" means, with respect to any Unit Holder, the deficit balance, if any, in such Unit Holder's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts which such Unit Holder is deemed to be obligated to restore pursuant to the next to the last sentences in Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations; and

(ii) Debit to such Capital Account the items described in Sections 1.704- 1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6) of the Regulations.

The foregoing definition is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

"Affiliate" of, or a Person "Affiliated" with, means, with respect to a specified Person, (i) any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the specified Person, (ii) any officer, director, manager, general partner, or trustee of the specified Person or, (iii) any Person who is an officer, director, manager, general partner, or trustee of any Person described in clauses (i) or (ii) of this sentence. For purposes of this definition, the term "control" (including the terms "controlling,"

"controlled by" or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" means this Second Amended and Restated Operating Agreement, as amended, modified or supplemented from time to time. Words such as "herein," "hereinafter," "hereof," "hereto" and "hereunder" refer to this Agreement as a whole, unless the context otherwise requires.

"Articles" means the Articles of Organization filed with the Secretary of State of the State of South Dakota pursuant to the Act for the purpose of forming the Company, as amended, modified or supplemented from time to time.

"Assignee" means a transferee of Units who is not admitted as a substituted Member pursuant to Section 10.7.

"Board" means collectively the persons who are named as Managers of the Company in or designated or elected as Managers pursuant to this Agreement. "Manager" or "Managers" means any such person or persons.

"Capital Account" means the capital account maintained for each Unit Holder in accordance with Section 2.4.

"Capital Contributions" means a contribution made to the Company with respect to any Unit in a form allowed as valid consideration for Units under the Act. With respect to any Unit Holder, the amount of any Capital Contribution shall be the sum of the money and the initial Gross Asset Value of any Property (other than money) contributed to the Company with respect to the Units in the Company held or purchased by such Unit Holder, plus in the case of services rendered to the Company as consideration for Units, the amount, if any, determined by the Board of Managers or otherwise specified in this Agreement.

"Class A Member" means any Person who is described in and who meets the qualifications, requirements and conditions established by or pursuant to this Agreement (including without limitation Sections 2.2, 6.1 and 6.2(a) hereof) to owning Class A Units and to being a Class A Member and who has not ceased to be a Class A Member pursuant to the terms of this Agreement. "Class A Members" means all such Class A Members.

"Class A Units" means all Units that are designated as such pursuant to Section 2.2.

"Class B Member" means any Person who is described in and who meets the qualifications, requirements and conditions established by or pursuant to this Agreement to owning Class B Units and to being a Class B Member and who has not ceased to be a Class B Member pursuant to the terms of this Agreement. "Class B Members" means all such Class B Members.

"Class B Units" means all Units that are designated as such pursuant to Section 2.2.

"Class C Member" means any Person who is described in and who meets the qualifications, requirements and conditions established by or pursuant to this Agreement to own Class C Preferred Units and to being a Class C Member and who has not ceased to be a Class C Member pursuant to the terms of this Agreement. "Class C Members" means all such Class C Members.

"Class C Preferred Units" means all Units that are designated such pursuant to Section 2.2.

"Class G Member" means any Person who is described in and who meets the qualifications, requirements and conditions established by or pursuant to this Agreement to own Class G Units and to be a Class G Member and who has not ceased to be a Class G Member pursuant to the terms of this Agreement. "Class G Members" means all such Class G Members.

"Class G Units" means all Units that are designated as such pursuant to Section 2.2.

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time.

"Company" means the limited liability company formed pursuant to this Agreement and the Articles and the limited liability company continuing the business of this Company in the event of dissolution of the Company as herein provided.

"Company Minimum Gain" has the meaning given the term "partnership minimum gain" in Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations.

"Contemplated Transactions" means the transactions contemplated by the Joint Venture Agreement and each of the Related Agreements.

"Contract" means any written, oral or other agreement, contract, subcontract, lease, understanding, instrument, note, warranty, license, sublicense, insurance policy, benefit plan or legally binding commitment or undertaking of any nature, whether express or implied.

"CSP" has the meaning set forth in Section 4.3(b)(i) hereof.

"Debt" means (i) any indebtedness for borrowed money or the deferred purchase price of property as evidenced by a note, bonds, or other instruments, (ii) obligations as lessee under capital leases, (iii) obligations secured by any mortgage, pledge, security interest, encumbrance, lien or charge of any kind existing on any asset owned or held by the Company whether or not the Company has assumed or become liable for the obligations secured thereby, (iv) any obligation under any interest rate swap agreement, (v) accounts payable, and (vi) obligations under direct or indirect guarantees of (including obligations (contingent or otherwise) to assure a creditor against loss in respect of) indebtedness or obligations of the kinds referred to in clauses (i), (ii), (iii), (iv) and (v) above; provided that Debt shall not include obligations in respect of any

accounts payable that are incurred in the ordinary course of the Company's business and are not delinquent or are being contested in good faith by appropriate proceedings.

"Depreciation" means, for each Fiscal Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Board.

"Dissolution Event" has the meaning set forth in Section 12.1 hereof.

"**Effective Date**" means September 9, 2005.

"Facility" means the Company's ethanol production facility located near Redfield, South Dakota.

"Facility EPC Contract" means an Engineering, Procurement and Construction Agreement specifying the materials required to complete the Retrofit and the estimated timing of the Retrofit, including estimated construction and start-up deadlines.

"Facility Improvements" means new tangible assets and improvements to existing tangible assets which Gevo deems necessary to ensure that the Facility performs at full ethanol production capacity, together with all tangible assets related to the Retrofit.

"Facility Payments" means […***…]

"Facility Profits" means […***…]

[…***…] In the event that this calculation yields net losses, such losses shall be the **"Facility Losses."**

"Financial Closing" means when the Board determines, in its sole discretion, that the Company has closed on the debt and equity financing necessary to construct the Company's proposed ethanol plant and provide a reasonable amount of working capital (as determined by the Board) at plant start-up.

"Fiscal Year" means, subject to a change in Fiscal Year pursuant to Section 8.1(b), the fiscal year of the Company, which shall be the Company's taxable year as determined under Regulations, Section 1.441-1 or Section 1.441-2 and the Regulations under Section 706 of the Code or, if the context requires, any portion of a fiscal year for which an allocation of Profits, Losses or other allocation items or a Distribution is to be made; provided that the Board may designate a different fiscal year for GAAP reporting purposes but that designation shall not affect the taxable year of the Company or the provisions of this Agreement relating to Capital Accounts, allocations of Profits, Losses or other allocation items, or Distributions.

"GAAP" means generally accepted accounting principles in effect in the United States of America from time to time.

"Gevo" has the meaning set forth in the Recitals.

"Gevo Competitor" means any Person that is engaged, directly or indirectly (through Affiliates, joint ventures or otherwise), in the research, development, production or commercialization of (i) isobutanol or the plastics, fibers, rubber, other polymers and hydrocarbon fuels that can produced from isobutanol, (ii) gasoline blendstocks or (iii) other cellulosic biofuels, including, without limitation, the Persons listed on Schedule B to the Joint Venture Agreement.

"Gevo Economic Period" has the meaning set forth in Section 4.3(b)(iv) hereof.

"Gevo Percentage Interest" means the percentage interest held by Gevo at a given time as computed in accordance with Section 4 of this Agreement and as may be listed on Schedule B hereto from time to time. The sum of the Gevo Percentage Interest and the Redfield Percentage Interest shall at all times be one hundred percent (100%).

"GLE Consulting and Management Agreement" means the Consulting and Management Agreement dated August 11, 2005 by and between Glacial Lakes Energy, LLC and Redfield Energy, LLC, as amended, under which Glacial Lakes Energy, LLC will provide the Company construction consulting and operating management services.

"Gross Asset Value" means with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(iii) The initial Gross Asset Value of any asset contributed by a Unit Holder to the Company shall be the gross fair market value of such asset, as determined by the Board;

(iv) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account) as determined by the Board as of the following times: (A) the acquisition of an additional interest in the Company by any new or existing Unit Holder in exchange for more than a de minimis Capital Contribution; (B) the distribution by the Company to a Unit Holder of more than a de minimis amount of Company property as consideration for an interest in the Company; (C) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); and (D) such other times as the Regulations may permit; provided that an adjustment described in clauses (A), (B) or (D) of this subparagraph shall be made only if the Board determines that such adjustment is necessary to reflect the relative economic interests of the Unit Holders in the Company and further provided that the adjustment described in clause (A) of this subparagraph shall not be made to reflect the issuance of additional Units prior to or upon Financial Closing.

(v) The Gross Asset Value of any item of Company assets distributed to any Unit Holder shall be adjusted to equal the gross fair market value (taking Code Section 7701(g) into account) of such asset on the date of distribution as determined by the Board; and

(vi) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) and subparagraph (vi) of the definition of "Profits" and "Losses" or Section 3.1(c)(vii) or Section 3.3(c)(vii) hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (iv) to the extent that an adjustment pursuant to subparagraph (ii) is required in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (ii) or (iv), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"Interest" means, collectively, a Unit Holder's share of the "Profits" and "Losses" of the Company, a Unit Holder's right to receive distributions of the Company's assets, and, with respect to a Member, any right of the Member to vote on or participate in the management of the Company and to receive information concerning the business and affairs of the Company as provided for in this Agreement. An Interest is quantified by the unit of measurement referred to herein as "Units" (as defined below).

"Isobutanol Minimum Commercial Level" means […***…] gallons of Qualifying Isobutanol per 24-hour period multiplied by the number of 24-hour periods in the respective Testing Period.

"Issuance Items" has the meaning set forth in Section 3.1(c)(viii) hereof.

"Joint Venture Agreement" has the meaning set forth in the Recitals.

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"Leased Real Property" means the real property leased by the Company as tenant, together with, to the extent leased by the Company, all buildings and other structures, Facility, component parts or improvements currently or hereafter located thereon, and all easements, servitudes, rights of use, and licenses, and rights and appurtenances relating to the foregoing.

"Liquidation Period" has the meaning set forth in Section 12.7 hereof. "Liquidator" has the meaning set forth in Section 12.9(a) hereof.

"Losses" has the meaning set forth in the definition of "Profits" and "Losses."

"Majority in Interest" of the Members or any specified class or classes thereof means Members holding more than fifty percent (50%) of the Units then held by all Members, or of the Units of the specified class or classes of Units then held by all Members.

"Managing Member" has the meaning set forth in Section 5.1(b) hereof.

"Maximum Economic Interest" means […***…].

"Member" means any Person who is described in and meets the membership requirements established in Sections 6.1 and 6.2(a) hereof and who has not ceased to be a Member pursuant to the terms of this Agreement, and includes each class of Member including a Class A Member, Class B Member, Class C Member and Class G Member except where this Agreement expressly distinguishes a particular class of Member. "Members" means all such Persons.

"Net Cash Flow" means the gross cash proceeds of the Company less the portion thereof used to pay or establish reserves for all Company expenses, debt payments, obligations and liabilities, capital improvements, replacements, and contingencies, all as reasonably determined by the Board. "Net Cash Flow" shall not be reduced by depreciation, amortization, cost recovery deductions, or similar allowances, but shall be increased by any reductions of reserves previously established.

"Nonrecourse Deductions" has the meaning set forth in Section 1.704-2(b)(1) of the Regulations.

"Nonrecourse Liability" has the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

"Owned Real Property" means the real or immovable property in which the Company has fee title (or equivalent) interest, together with all buildings and other structures, Facility, component parts or improvements currently or hereafter located thereon, and all easements, servitudes, rights of use, and licenses, and rights and appurtenances relating to the foregoing.

"Performance Level" has the meaning set forth in Section 4.3(b)(iii) hereof.

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"Performance Testing Phase" means the period, which shall begin on a date that is mutually agreed upon by the Company and Gevo, following the completion of the Retrofit Phase (but in no event more than seven calendar days after the completion of the Retrofit Phase) during which the isobutanol production capabilities of the Facility will be tested during one or more Testing Periods, it being understood that the Performance Testing Phase shall not begin until […***…]

"Permitted Transfer" has the meaning set forth in Section 10.2 hereof.

"Person" means any individual, partnership (whether general or limited), limited liability company, corporation, trust, estate, association, nominee or other entity.

"Profits" and **"Losses"** mean, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(vii) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(viii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(ix) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (ii) or (iii) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(x) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(xi) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year, computed in accordance with the definition of Depreciation;

(xii) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Unit Holder's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(xiii) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 3.1(c), Section 3.1(d), Section 3.3(c), and Section 3.3(d) hereof, the amount, if any, included in the Company's taxable income pursuant to Section 87 of the Code (the income add-back in the amount of the small ethanol producer credit) and the partner level deduction pursuant to Section 199 of the Code (relating to domestic production activities) shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Section 3.1(c), Section 3.1(d), Section 3.3(c), and Section 3.3(d) hereof shall be determined by applying rules analogous to those set forth in subparagraphs (i) through (vi) above.

"Property" means all real and personal property acquired by the Company, including cash, and any improvements thereto, and shall include both tangible and intangible property.

"Qualifying Isobutanol" means isobutanol that meets certain specifications, to be set forth in the CSP.

"Real Property" shall mean the Leased Real Property and the Owned Real Property, collectively.

"Redfield Percentage Interest" means 100% less the Gevo Percentage Interest. The sum of the Redfield Percentage Interest and the Gevo Percentage Interest shall at all times be one hundred percent (100%).

"Redfield Parties" means the existing Members as of the date of this Agreement, excluding Gevo.

"Regulations" means the Income Tax Regulations, including Temporary Regulations, promulgated under the Code, as such regulations are amended from time to time.

"Regulatory Allocations" has the meaning set forth in Section 3.1(d) hereof.

"Retrofit" has the meaning set forth in Section 4.3(a) hereof.

"Retrofit Costs" means the costs of the Retrofit, including all costs and fees related to design and engineering services, the procurement of equipment, construction, permitting, biocatalyst development, Facility Improvements, Facility Payments (it being understood that during the Retrofit Phase, Facility Payments will be made solely to the extent incurred pursuant to Section 2.1(a)(ii) of the Joint Venture Agreement) and all of Gevo's expenses which are directly allocable to the Retrofit.

"Retrofit Phase" means the period beginning on the earlier of the commencement of any activities related to the Retrofit and the date set forth in the notice provided by Gevo pursuant to Section 2.1 of the Joint Venture Agreement and ending on the later of (i) the day that the Retrofit is deemed "substantially complete" under the Facility EPC Contract or (ii) the day that all of the conditions precedent to the commencement of the Performance Testing Phase set forth in section 2.1(b)(i) of the Joint Venture Agreement have been satisfied.

"Related Agreements" means this Agreement and the Marketing Agreement, the License Agreement, the Guaranty and the Joint Retrofit Construction Agreement to be entered into by and among the Company, Gevo and/or Affiliates of Gevo, as applicable, pursuant to the terms of the Joint Venture Agreement, collectively, or each of such documents singularly, and any documents or instruments contemplated by or executed in connection with any of them or any of the Contemplated Transactions.

"**Securities Act**" means the Securities Act of 1933, as amended.

"Syndication Expenses" means all expenditures classified as syndication expenses pursuant to Section 1.709-2(b) of the Regulations.

"Subsidiary" means, with respect to any Person, any corporation, partnership, joint venture, limited liability company, association or other entity in which such Person owns, directly or indirectly, fifty percent (50%) or more of the outstanding equity securities or interests, the holders of which are generally entitled to vote for the election of the governing body of such entity.

"Testing Period" has the meaning set forth in Section 4.3(b)(i) hereof.

"Tie-in Period" means any period of time during the Retrofit Phase in which ethanol production at the Facility is temporarily suspended to allow installation and tie-in of the Retrofit assets, other than regularly scheduled shutdowns.

"Transfer" means, as a noun, any voluntary or involuntary transfer, sale, pledge or hypothecation or other disposition, whether by operation of law (e.g., pursuant to a merger) or otherwise, and, as a verb, voluntarily or involuntarily to transfer, sell, pledge or hypothecate or otherwise dispose of.

"Unit" means the unit of measurement into which an Interest is divided for purposes of those provisions of this Agreement that require quantification of the rights, preferences and

obligations represented by an Interest, as authorized and designated in Section 2.2 and issued pursuant to Section 2.3 hereof, and includes each class of Unit and each Unit within a class except where this Agreement expressly distinguishes a particular class of Unit or particular Units within a class.

"Unit Holder" means a Person who owns Units, regardless of whether such Person is a Member. **"Unit Holders"** means all Unit Holders. Unit Holders may be designated with respect to specific types or classes of Units held.

"Unit Holder Nonrecourse Debt" has the same meaning as the term "partner nonrecourse debt" in Section 1.704-2(b)(4) of the Regulations.

"Unit Holder Nonrecourse Debt Minimum Gain" means an amount, with respect to each Unit Holder Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Unit Holder Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i)(3) of the Regulations.

"Unit Holder Nonrecourse Deductions" has the same meaning as the term "partner nonrecourse deductions" in Sections 1.704-2(i)(1) and 1.704-2(i)(2) of the Regulations.

"**Working Capital Requirement**" means $8,000,000 of working capital (excluding spare parts inventory and short-term debt) or, if greater, the minimum working capital under any Company loan agreement.

SECTION 2
CAPITAL AND INTERESTS

2.1 Members.

The Members of the Company are those Persons described in Section 6.1 and Section 6.2 hereof, who have not ceased to be Members.

2.2 Authorized Units; Designation of Units.

(a) The Company is authorized to issue up to 55,000,000 Units, which shall remain undesignated as to class or series until issued by the Board in accordance with or as authorized pursuant to this Agreement, or except as otherwise provided herein. Authorized Units shall be issued only in accordance with Section 2.3.

(b) The Company is authorized to issue Class A Units, Class B Units, Class C Preferred Units and, such additional class or series as may be authorized pursuant to Section 2.2(g) of this Agreement, and the Board shall designate Units upon issuance as either Class A Units, Class B Units or Class C Preferred Units, or if applicable, such additional class or series as may be so authorized. The relative rights, preferences and limitations of the Class A Units, Class B Units and the Class C Preferred Units are established herein. In general, the Class A Units, Class B Units and Class C Preferred Units shall participate in the growth and appreciation in value of the Company as well as the risk of a decline in the value of the Company. Except as

otherwise provided in this Section 2.2, the allocations in Sections 3.3, 3.4 and 3.5, those provisions of this Agreement relating to the financial rights and obligations of the Class B Units issued pursuant to Section 2.3(f), and such more specific provisions as may be incorporated in Units issued pursuant to the exercise of rights, warrants, and options granted under Section 2.2(i) of this Agreement, the rights and preferences of holders of Class A Units, Class B Units and Class C Preferred Units are equal. Any subdivision or combination of outstanding Units, or declaration of a distribution payable in Units, shall be effected equally as to Class A Units, Class B Units and Class C Preferred Units.

(c) Only persons involved in production agriculture may hold Class A Units. For purposes of this Agreement, "persons involved in production agriculture" means producers (grain or livestock), associations of producers, elevators and other persons who provide goods or services to producers and/or associations of producers (whether such goods or services are provided, and whether such person is organized, on a cooperative basis or on an investor basis), and persons who market corn through the Company under a uniform marketing and delivery agreement, as determined by the Board. On a prospective basis, the Board may establish additional qualifications, requirements or conditions to holding Class A Units.

(d) Each person who holds Class A Units must also enter into and abide by the terms and conditions of a uniform marketing and delivery agreement with the Company requiring the annual delivery of one bushel of corn to the Company for each Class A Unit held (the "committed bushels"). If the Company subdivides or combines its outstanding Class A Units or declares a distribution payable in its Class A Units, the annual delivery requirement of one bushel of corn for each Class A Unit shall be proportionately increased, in the case of combination, or decreased, in the case of a subdivision or distribution. The Company has the authority to establish, or contract with a third-party to establish, standardized procedures for Class A Members who wish to meet their delivery obligations through open-market purchases or other efficiency-seeking procurement methods and procedures, and to charge Class A Members who utilize such pool purchasing programs to meet their delivery obligations a reasonable administrative or "pool" fee for such use.

(e) The Company shall pay the following per bushel freight allowance to holders of Class A Units on actual deliveries of committed bushels under the uniform marketing and delivery agreement with the Company:

[…***…]

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All mileages will be determined by the Board from the point of origination of the committed bushels delivered by the holder of the Class A Units. The determination of the Board is final. Freight allowances will not be paid on committed bushels delivered pursuant to a pool purchasing program established by the Company. Freight allowances on committed bushels may not be increased without the approval of a Majority in Interest of the Class B Members, the Class C Preferred Members, and any other class of Member (excluding the Class A Members), voting separately by class. Freight allowances on committed bushels may not be decreased without the approval of a Majority in Interest of the Class A Members.

(f) Additionally, holders of 50,000 or more Class A Units that were originally purchased in the Company's initial public offering of Class A and Class B Units in September 2005 (a "commercial level block") are entitled to be paid a […***…] per bushel volume incentive premium on all committed bushels for such commercial level block of Class A Units. The Company will pay the […***…] per bushel volume incentive premium on all committed bushels under the uniform marketing and delivery agreement in respect of such commercial level blocks, whether such committed bushels are actually delivered or delivered pursuant to a uniform pool delivery system established by the Company.

(i) The […***…] per bushel premium will be paid only on commercial level blocks purchased in the Company's initial public offering of Class A and Class B Units in September 2005. Holders of Class A Units may not purchase additional Class A Units subsequent to the Company's initial public offering in September 2005 to add to a commercial level block purchased in the initial public offering or to achieve commercial level block status on Units purchased in the initial public offering. The maximum number of Class A Units purchased as part of commercial level blocks in the Company's initial public offering and the corresponding number of committed bushels eligible for volume incentive premium will be established at the close of the Company's initial public offering of Units commenced in September 2005.

(ii) A commercial level block of Class A Units that is eligible for the volume incentive premium may be transferred, but only in 50,000 Class A Units or more increments. Commercial level blocks may not be split into less than 50,000 Class A Unit increments and retain the volume incentive premium. If one person holds two or more commercial level blocks of Class A Units that are eligible for the volume incentive premium, then such person may transfer one or more commercial level blocks of 50,000 or more Class A Units (and such transferee(s) will acquire the volume incentive premium payable on the committed bushels in respect of such commercial level block(s)), and retain one (or more) commercial level block(s) and the volume incentive premium payable on the committed bushels in respect of the retained commercial level block(s).

(iii) The […***…] per bushel volume incentive premium provided for in this Section 2.2(f) of this Agreement may not be decreased or otherwise modified or amended without the consent of all Class A Members who own commercial level blocks of Class A Units, and may not be increased.

(g) Authority is hereby vested in the Board of Managers, upon the consent or approval of a Majority in interest of the Members voting separately by class, to establish and authorize one or more than one additional classes or series of Units, to set forth the designation and number of authorized Units of any such additional class or series, to fix the relative rights and preferences of any such additional class or series, including but not limited to the voting powers, full or limited or none, and relative economic and other rights, preferences and/or limitations thereof, any or all of which rights and preferences may be senior or superior to, on par with, or junior to those of the authorized Class A and Class B or any other such additional class or series.

(h) When the Company desires to issue any Units of any class or series which shall not previously have been so authorized and designated, any and all rights and preferences of such additional class or series as established by the Board of Managers upon the consent or approval of a Majority in Interest of the Members voting separately by class shall be set forth in an exhibit that shall be attached hereto and made a part hereof. When the rights and preferences if any of any such additional class or series have been established by the Board of Managers and set forth in an exhibit hereto, the setting forth of such rights and preferences shall have the effect of amending the applicable provisions of this Agreement and such rights and preferences may thereafter only be amended pursuant to the applicable provisions of this Agreement.

(i) The Board of Managers shall have the authority and power to establish, authorize the issuance of, and grant rights, warrants, and options entitling the holders thereof to purchase from the Company Units of any class or series authorized hereunder, or bonds, notes, debentures, or other obligations convertible into Units of any class or series authorized hereunder, subject to all qualifications, requirements or conditions of holding such class or series established by or pursuant to this Agreement.

2.3 Capital Contributions; Issuance of Units

(a) Each Unit issued and outstanding as of the Effective Date is hereby automatically converted into, designated, and shall hereafter be deemed to be and shall be, a Class B Unit.

(b) No Member shall be obligated to make any additional Capital Contributions to the Company or to pay any assessment to the Company, other than the unpaid portion of such Member’s written agreement to make Capital Contributions, and no Units shall be subject to any mandatory assessment, requests or demands for capital.

(c) Units may only be issued in consideration of Capital Contributions. The Board may accept Capital Contributions from Members or persons seeking to become Members, may authorize the Company to enter into a written subscription agreement with such Member or persons seeking to become Members to make Capital Contributions for the purchase of Units, and may cause the Company to designate and issue additional Units to such persons in consideration of Capital Contributions to the Company. Capital Contributions and the designation and issuance of additional Units shall be made at such times and upon such terms

and conditions as are authorized by this Agreement and as the Board and the person acquiring the Units may agree.

(d) Upon acceptance of Capital Contributions and the issuance of additional Units, the Board shall cause the books and records of the Company to be adjusted appropriately.

(e) The Members shall have no preemptive rights to make Capital Contributions.

(f) In addition to any Units it purchases, Glacial Lakes Energy, LLC shall be issued additional Units as follows:

(i) [reserved].

(ii) Immediately after Financial Closing, that number of Class B Units as will represent five percent (5%) of the total Units outstanding after their issuance.

(iii) The Units issued pursuant to subparagraph (ii) are in consideration of management and administrative services rendered and to be rendered to the Company in accordance with the GLE Consulting and Management Agreement; provided, however, that neither the issuance of such Units nor such Units when issued are subject to forfeiture for any reason including termination of the GLE Consulting and Management Agreement. No Capital Contribution will be credited to the Capital Account of Glacial Lakes Energy, LLC with respect to the issuance of said Units, and Glacial Lakes Energy, LLC shall be a Member with respect to such Units from and after their issuance.

(g) The Units issued to Glacial Lakes Energy, LLC pursuant to Section 2.3(f) and, to the extent of the special allocation to them in Section 3.1(c)(x), the Units that are issued in the Seed Capital Round and the Units issued upon exercise of Board Options, are intended to be substantially vested profits interests for federal income tax purposes within the meaning of Revenue Procedure 93-27 and Revenue Procedure 2001-43. If the proposed revenue procedure described in Internal Revenue Service Notice 2005-43 is finalized prior to the issuance of all such Units, such Units that are issued after finalization are intended to constitute “safe harbor partnership interests” as described in said Notice. Accordingly, the Company and all Unit Holders (including the recipients of such Units), intending to be legally bound, agree that

(i) the Company is authorized and directed to elect the “safe harbor” described in the revenue procedure to be issued pursuant to said Notice,

(ii) the Company and each of its Unit Holders (including the recipients of such Units) will comply with all requirements of said safe harbor with respect to all partnership interests transferred in connection with the performance of services while the election remains effective, including reporting in a manner consistent with the safe harbor on their respective income tax returns, and

(iii) no issuance or transfer of any Unit shall be effective unless the Person acquiring the Unit agrees to be legally bound by the safe harbor election as if it had

been a Unit Holder at the time the Units referenced in the first sentence of this Section 2.3(g) were issued and such related conditions as the Board of Managers may reasonably impose.

The parties acknowledge that the proposed revenue procedure is subject to change, and agree that this subparagraph shall be construed in such manner as may be necessary to implement the intent of the parties as stated above, and that the Board of Managers shall have the authority, without any further action by the Unit Holders, to amend this Agreement as may be necessary to implement the stated intent. Following the issuance of the Units described in this subparagraph, the Board of Managers shall have the sole discretion and authority to act on behalf of the Company and the Unit Holders to terminate the safe harbor election, and each Unit Holder agrees that it will not take any action that would terminate the safe harbor election.

2.4 Capital Accounts.

A Capital Account shall be maintained for each Unit Holder in accordance with the following provisions. To facilitate the accounting for acquisitions, ownership and transfers of more than one class of Units by a Unit Holder, each Unit Holder's Capital Account shall be subdivided into separate Capital Accounts for each class of Unit owned, and the following adjustments to Capital Accounts shall be made by reference to Units of each class of Unit owned:

(a) To each Unit Holder's Capital Account there shall be credited (i) such Unit Holder's Capital Contributions, (ii) such Unit Holder's distributive share of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 3.1(c), Section 3.1(d), Section 3.3(c), and Section 3.3(d) hereof, and (iii) the amount of any Company liabilities assumed by such Unit Holder or which are secured by any Property distributed to such Unit Holder. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note (or a Unit Holder related to the maker of the note within the meaning of Regulations Section 1.704-1(b)(2)(ii)(c)) shall not be included in the Capital Account of any Unit Holder until the Company makes a taxable disposition of the note or until (and to the extent) principal payments are made on the note, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(d)(2);

(b) To each Unit Holder's Capital Account there shall be debited (i) the amount of money and the Gross Asset Value of any Property distributed to such Unit Holder pursuant to any provision of this Agreement, (ii) such Unit Holder's distributive share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Section 3.1(c), Section 3.1(d), Section 3.3(c), and Section 3.3(d) hereof, and (iii) the amount of any liabilities of such Unit Holder assumed by the Company or which are secured by any Property contributed by such Unit Holder to the Company;

(c) During the Retrofit Phase, Gevo's Capital Account shall be periodically credited with an amount equal to the total Retrofit Costs borne by Gevo in connection with the Retrofit of the Facility. Upon the completion of the Performance Testing Phase, there shall be corresponding adjustments to the Capital Accounts of other Unit Holders, such that the aggregate Capital Accounts of the Redfield Parties are in the same ratio to the aggregate Capital Accounts of the Gevo Parties as the Redfield Percentage Interest is to the Gevo Percentage Interest at such

time. In addition, until such time as the Performance Level equals 100%, Gevo's Capital Account shall be credited with additional amounts equal to any Retrofit Costs borne by Gevo during the Gevo Economic Period.

(d) In the event Units are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Units; and

(e) In determining the amount of any liability for purposes of subparagraphs (a) and (b) above there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to allocation of Profits and Losses, nonliquidating distributions, liquidating distributions, and the maintenance of Capital Accounts, including and subject to Section 12.3, are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Board shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or any Unit Holders), are computed in order to comply with such Regulations, the Board may make such modification, provided that it is not likely to have a material effect on the amounts distributed to any Person pursuant to Section 12 hereof upon the dissolution of the Company. The Board also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Unit Holders and the amount of capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

SECTION 3
ALLOCATIONS AND DISTRIBUTIONS

3.1 Allocations Prior to Commencement of the Gevo Economic Period.

Prior to the commencement of the Gevo Economic Period, all allocations shall be made solely among the Redfield Parties as described in this Section 3.1.

(a) Profits.

After giving effect to the special allocations in Section 3.1(c) and Section 3.1(d) hereof, and except as otherwise provided in Section 3.1(e) hereof, Profits for any Fiscal Year shall be allocated among holders of the Class A Units and Class B Units ratably in proportion to the Class A Units and Class B Units held.

(b) Losses.

After giving effect to the special allocations in Section 3.1(c) and Section 3.1(d) hereof, and except as otherwise provided in Section 3.1(e) hereof, Losses for any Fiscal Year shall be allocated among holders of the Class A Units and Class B Units ratably in proportion to the Class A Units and Class B Units held.

(c) Special Allocations.

The following special allocations shall be made in the following order:

(i) Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(g) of the Regulations, notwithstanding any other provision of this Section 3, if there is a net decrease in Company Minimum Gain during any Fiscal Year, each Unit Holder shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Unit Holder's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Unit Holder pursuant thereto. The items to be so allocated shall be determined in accordance with sections 1.704-2(f)(6) and 1.704-2(j)(2) of the Regulations. This Section 3.1(c)(i) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

(ii) Unit Holder Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, notwithstanding any other provision of this Section 3, if there is a net decrease in Unit Holder Nonrecourse Debt Minimum Gain attributable to a Unit Holder Nonrecourse Debt during any Fiscal Year, each Unit Holder who has a share of the Unit Holder Nonrecourse Debt Minimum Gain attributable to such Unit Holder Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Unit Holder's share of the net decrease in Unit Holder Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Unit Holder pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(i)(4) and 1.704-2(j)(2) of the Regulations. This Section 3.1(c)(ii) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Regulations and shall be interpreted consistently therewith.

(iii) Qualified Income Offset. In the event any Unit Holder unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704- 1(b)(2)(ii)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to such Unit Holder in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of the Unit Holder as quickly as possible, provided that an allocation pursuant to this Section 3.1(c)(iii) shall be made only if and to the extent that the

Unit Holder would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section 3 have been tentatively made as if this Section 3.1(c)(iii) were not in this Agreement.

(iv) Gross Income Allocation. In the event any Unit Holder has a deficit Capital Account at the end of any Fiscal Year which is in excess of the amount such Unit Holder is obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Unit Holder shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 3.1(c)(iv) shall be made only if and to the extent that such Unit Holder would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 3 have been made as if Section 3.1(c)(iii) and this Section 3.1(c)(iv) were not in this Agreement.

(v) Nonrecourse Deductions. Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Unit Holders in proportion to Units owned.

(vi) Unit Holder Nonrecourse Deductions. Any Unit Holder Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Unit Holder who bears the economic risk of loss with respect to the Unit Holder Nonrecourse Debt to which such Unit Holder Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(1).

(vii) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset, pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Unit Holder in complete liquidation of such Unit Holder's interest in the Company, the amount of such adjustment to Capital Accounts shall be treated as an item of gain if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Unit Holders in accordance with their interests in the Company in the event Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Unit Holder to whom such distribution was made in the event Regulations. Section 1.704-1(b)(2)(iv)(m)(4) applies.

(viii) Allocations Relating to Taxable Issuance of Units. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of Units by the Company to a Unit Holder (the **"Issuance Items"**) shall be allocated among the Unit Holders so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Unit Holder shall be equal to the net amount that would have been allocated to each such Unit Holder if the Issuance Items had not been realized.

(ix) Syndication Expenses. Syndication Expenses for any Fiscal Year shall be specially allocated to the Unit Holders in proportion to their Units, provided that, if Units are issued pursuant to Section 2.3 hereof during the Fiscal Year, all Syndication Expenses shall be divided among the Unit Holders from time to time so that, to the extent

possible, the cumulative Syndication Expenses allocated with respect to each Unit at any time is the same amount. In the event the Board shall determine that such result is not likely to be achieved through future allocations of Syndication Expenses, the Board may allocate other items of income, gain, deduction, or loss so as to achieve the same effect on the Capital Accounts of the Unit Holders.

(x) Special Allocation of Gain. Net gain realized by the Company that otherwise would be allocable under Section 3.1(a) shall be specially allocated in the following order and at the following time:

(1) first, to Unit Holders who hold Class C Preferred Units an amount, when combined with prior allocations pursuant to this Section 3.1(c) and Section 3.1(d), equals a ten percent (10%) annual, cumulative, non-compounding return on such Unit Holders initial Capital Contribution calculated like interest using the average daily balance of the Capital Contribution over the period of time in question,

(2) second, to Unit Holders who hold Units that were issued to Glacial Lakes Energy, LLC pursuant to Section 2.3(f), in proportion to such Units in an amount not to exceed One Dollar ($1.00) for each such Unit, and

(3) next, to Unit Holders who hold Units that were issued to Glacial Lakes Energy, LLC pursuant to Section 2.3(f), Units that were issued in the Seed Capital Round and Units that were issued pursuant to the exercise of Board Options, in proportion to all such Units in an amount not to exceed One Dollar ($1.00) for each such Unit. Units issued in the Seed Capital Round shall mean the Units issued pursuant to the Company's private placement of Units in August 2005, and Board Options shall mean an option to acquire Units that was granted on or before Financial Closing in consideration of services as a member of the Company's Board of Managers.

The intent of this special allocation is provide an incentive with respect to the Units referenced in subparagraph (3) above that will be paid only if and to the extent that aggregate distributions made by the Company during the Liquidation Period (or out of the proceeds of a refinancing) with respect to Units other than those described in subparagraph (3) are at least $2.00 per Unit. Accordingly, this special allocation generally shall be made with respect to gain realized by the Company during the Liquidation Period; provided, that if Profits are allocated before the Liquidation Period pursuant to clause (iii) of the definition of "Profits" and "Losses" (relating to adjustments to Gross Asset Values), the Board of Managers shall make a good faith determination of whether and to what extent it is appropriate for part or all of this special allocation to be made as part of that Profit allocation in order to better assure that the intended incentive will be distributed when the Company later liquidates.

If the Company subdivides or combines its outstanding Units or declares a distribution payable in its Units, the amount per Unit of this special allocation shall be proportionately increased, in the case of combination, or decreased, in the case of a subdivision or distribution.

(xi) Equalization of Certain Profits or Loss Allocations. Immediately following Financial Closing, and subject to Section 3.1(c)(ix) hereof, items of income, loss and deduction shall be specially allocated to the extent possible among the Class A Units and Class B Units until the cumulative Profits or Losses allocated to each such Class A Unit and Class B Unit since the Company's formation is equal.

(d) Curative Allocations.

The allocations set forth in Sections 3.1(c)(i) through (vii), Section 3.1(e), Sections 3.3(c)(i) through (vii), and Section 3.3(e) (the **"Regulatory Allocations"**) are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 3.1(d). Therefore, notwithstanding any other provision of this Section 3 (other than the Regulatory Allocations), the Company shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Unit Holder's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Unit Holder would have had if the Regulatory Allocations were not part of the Agreement:

(e) Loss Limitation.

Losses allocated pursuant to Section 3.1(b) hereof shall not exceed the maximum amount of Losses that can be allocated without causing any Unit Holder to have an Adjusted Capital Account Deficit at the end of any Fiscal Year. In the event some but not all of the Unit Holders would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section 3.1(b) hereof, the limitation set forth in this Section 3.1(e) shall be applied on a Unit Holder by Unit Holder basis among the Units, so as to allocate the maximum permissible Losses to each Unit Holder under Section 1.704-1(b)(2)(ii)(d) of the Regulations.

(f) Other Allocation Rules.

(i) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Board using any permissible method under Code Section 706 and the Regulations thereunder.

(ii) Generally, all Profits and Losses allocated to the Unit Holders or the Holders of specified Units or a specified class thereof shall be allocated among them in proportion to the Units or specified Units or class thereof, respectively, held by each. In the event Units are issued pursuant to Section 2.3 hereof during a Fiscal Year, the Profits (or

Losses) allocated to the Unit Holders for each such Fiscal Year shall be allocated among the Unit Holders in proportion to the number of Units each holds from time to time during such Fiscal Year in accordance with Code Section 706, using any convention permitted by law and selected by the Board.

(iii) The Unit Holders are aware of the income tax consequences of the allocations made by this Section 3 and hereby agree to be bound by the provisions of this Section 3 in reporting their shares of Company income and loss for income tax purposes.

(iv) Solely for purposes of determining a Unit Holder's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3), the Unit Holders' aggregate interests in Company profits shall be deemed to be as provided in the capital accounts.

To the extent permitted by Section 1.704-2(h)(3) of the Regulations, the Unit Holders shall endeavor to treat distributions of Net Cash Flow as having been made from the proceeds of a Nonrecourse Liability or a Unit Holder Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Unit Holder.

(g) Tax Allocations: Code Section 704(c).

(i) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any Property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Unit Holders so as to take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition of Gross Asset Value).

(ii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (ii) of the definition of Gross Asset Value, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

(iii) Allocations pursuant to this Section 3.1(g) shall be made with respect to the Company's assets owned (or assets received in exchange for such assets) on the commencement of the Gevo Economic Period under the traditional method with the ceiling rule and as to other assets as required or permitted by Regulations Section 1.704-3 pursuant to such method provided therein as may reasonably be designated in accordance with Section 8.3. Any elections or other decisions relating to allocations under this Section 3.1(g) will be made in accordance with Section 8.3 in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations under this Section 3.1(g) are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Unit Holder's Capital Account or share of Profits or Losses or distributions under any provision of this Agreement.

3.2 Distributions Prior to Commencement of the Gevo Economic Period.

Prior to the commencement of the Gevo Economic Period, all distributions shall be made solely among the Redfield Parties as described in this Section 3.2.

(a) Net Cash Flow.

Except as otherwise provided in Section 12 hereof and to the extent necessary to reflect the stated intent of the special allocation of gain in Section 3.1(c)(x) above, Net Cash Flow, if any, shall be distributed to the Unit Holders at such times and in such amounts as may be determined by the Board in the following manner:

(i) first, to the holders of the Class C Preferred Units in proportion to their Class C Preferred Units, an amount, when combined with prior distributions pursuant to this Section 3.2(a), equals a ten percent (10%) annual, cumulative, non-compounding return on such holders initial Capital Contribution calculated like interest using the average daily balance of the such Capital Contribution over the time period in question; and

(ii) thereafter to the holders of Class A Units and Class B Units in proportion to their Units.

(b) Amounts Withheld.

All amounts withheld pursuant to the Code or any provision of any state, local or foreign tax law with respect to any payment, distribution or allocation to the Company or the Unit Holders shall be treated as amounts paid or distributed, as the case may be, to the Unit Holders with respect to which such amount was withheld pursuant to this Section 3.2(b) for all purposes under this Agreement. The Company is authorized to withhold from payments and distributions, or with respect to allocations to the Unit Holders, and to pay over to any federal, state and local government or any foreign government, any amounts required to be so withheld pursuant to the Code or any provisions of any other federal, state or local law or any foreign law, and shall allocate any such amounts to the Unit Holders with respect to which such amount was withheld.

(c) Limitations on Distributions.

(i) The Company shall make no distributions to the Unit Holders except (i) as provided in this Section 3.2 and Section 12 hereof or (ii) distributions payable in Units authorized by the Board.

(ii) A Unit Holder may not receive a distribution from the Company to the extent that, after giving effect to the distribution, all liabilities of the Company, other than liability to Unit Holders on account of their Capital Contributions, would exceed the Gross Asset Value of the Company's assets.

3.3 Allocations After Commencement of the Gevo Economic Period.

Beginning upon the commencement of the Gevo Economic Period, allocations shall be made among all Members as described in this Section 3.3.

(a) Determination. Profits or Losses shall be determined by the Board, in accordance with the Code, as soon as practicable after the close of the Company's fiscal year.

(b) Allocation. Profits or Losses shall be allocated to Gevo in proportion to the Gevo Percentage Interest and to the Redfield Parties in proportion to the Redfield Percentage Interest. Amounts allocated to the Redfield Parties shall in turn be subject to the provisions of Section 3.1 above.

(c) Special Allocations.

The following special allocations shall be made in the following order:

(i) Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(g) of the Regulations, notwithstanding any other provision of this Section 3, if there is a net decrease in Company Minimum Gain during any Fiscal Year, each Unit Holder shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Unit Holder's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Unit Holder pursuant thereto. The items to be so allocated shall be determined in accordance with sections 1.704-2(f)(6) and 1.704-2(j)(2) of the Regulations. This Section 3.3(c)(i) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

(ii) Unit Holder Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, notwithstanding any other provision of this Section 3, if there is a net decrease in Unit Holder Nonrecourse Debt Minimum Gain attributable to a Unit Holder Nonrecourse Debt during any Fiscal Year, each Unit Holder who has a share of the Unit Holder Nonrecourse Debt Minimum Gain attributable to such Unit Holder Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Unit Holder's share of the net decrease in Unit Holder Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Unit Holder pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(i)(4) and 1.704-2(j)(2) of the Regulations. This Section 3.3(c)(ii) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Regulations and shall be interpreted consistently therewith.

(iii) Qualified Income Offset. In the event any Unit Holder unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704- 1(b)(2)(ii)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to such Unit Holder in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of the Unit Holder as quickly as possible, provided that an allocation pursuant to this Section 3.3(c)(iii) shall be made only if and to the extent that the Unit Holder would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section 3 have been tentatively made as if this Section 3.3(c)(iii) were not in this Agreement.

(iv) Gross Income Allocation. In the event any Unit Holder has a deficit Capital Account at the end of any Fiscal Year which is in excess of the amount such Unit Holder is obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Unit Holder shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 3.3(c)(iv) shall be made only if and to the extent that such Unit Holder would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 3 have been made as if Section 3.3(c)(iii) and this Section 3.3(c)(iv) were not in this Agreement.

(v) Nonrecourse Deductions. Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Unit Holders in proportion to Units owned.

(vi) Unit Holder Nonrecourse Deductions. Any Unit Holder Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Unit Holder who bears the economic risk of loss with respect to the Unit Holder Nonrecourse Debt to which such Unit Holder Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(1).

(vii) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset, pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Unit Holder in complete liquidation of such Unit Holder's interest in the Company, the amount of such adjustment to Capital Accounts shall be treated as an item of gain if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Unit Holders in accordance with their interests in the Company in the event Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Unit Holder to whom such distribution was made in the event Regulations. Section 1.704-1(b)(2)(iv)(m)(4) applies.

(viii) Allocations Relating to Taxable Issuance of Units. Any Issuance Items shall be allocated among the Unit Holders so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement

to each Unit Holder shall be equal to the net amount that would have been allocated to each such Unit Holder if the Issuance Items had not been realized.

(ix) Syndication Expenses. Syndication Expenses for any Fiscal Year shall be specially allocated to the Unit Holders in proportion to their Units, provided that, if Units are issued pursuant to Section 2.3 hereof during the Fiscal Year, all Syndication Expenses shall be divided among the Unit Holders from time to time so that, to the extent possible, the cumulative Syndication Expenses allocated with respect to each Unit at any time is the same amount. In the event the Board shall determine that such result is not likely to be achieved through future allocations of Syndication Expenses, the Board may allocate other items of income, gain, deduction, or loss so as to achieve the same effect on the Capital Accounts of the Unit Holders.

(d) Curative Allocations.

The Regulatory Allocations are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 3.3(d). Therefore, notwithstanding any other provision of this Section 3 (other than the Regulatory Allocations), the Company shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Unit Holder's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Unit Holder would have had if the Regulatory Allocations were not part of the Agreement:

(e) Loss Limitation.

Losses allocated pursuant to Section 3.3(b) hereof shall not exceed the maximum amount of Losses that can be allocated without causing any Unit Holder to have an Adjusted Capital Account Deficit at the end of any Fiscal Year. In the event some but not all of the Unit Holders would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section 3.3(b) hereof, the limitation set forth in this Section 3.3(e) shall be applied on a Unit Holder by Unit Holder basis among the Units, so as to allocate the maximum permissible Losses to each Unit Holder under Section 1.704-1(b)(2)(ii)(d) of the Regulations.

(f) Other Allocation Rules.

(i) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Board using any permissible method under Code Section 706 and the Regulations thereunder.

(ii) Generally, all Profits and Losses allocated to the Unit Holders or the Holders of specified Units or a specified class thereof shall be allocated among them in proportion to the Units or specified Units or class thereof, respectively, held by each. In the event Units are issued pursuant to Section 2.3 hereof during a Fiscal Year, the Profits (or

Losses) allocated to the Unit Holders for each such Fiscal Year shall be allocated among the Unit Holders in proportion to the number of Units each holds from time to time during such Fiscal Year in accordance with Code Section 706, using any convention permitted by law and selected by the Board.

(iii) The Unit Holders are aware of the income tax consequences of the allocations made by this Section 3 and hereby agree to be bound by the provisions of this Section 3 in reporting their shares of Company income and loss for income tax purposes.

(iv) Solely for purposes of determining a Unit Holder's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3), the Unit Holders' aggregate interests in Company profits shall be deemed to be as provided in the capital accounts.

To the extent permitted by Section 1.704-2(h)(3) of the Regulations, the Unit Holders shall endeavor to treat distributions of Net Cash Flow as having been made from the proceeds of a Nonrecourse Liability or a Unit Holder Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Unit Holder.

(g) Tax Allocations: Code Section 704(c).

(i) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any Property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Unit Holders so as to take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition of Gross Asset Value).

(ii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (ii) of the definition of Gross Asset Value, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

(iii) Allocations pursuant to this Section 3.3(g) shall be made with respect to the Company's assets owned (or assets received in exchange for such assets) on the commencement of the Gevo Economic Period under the traditional method with the ceiling rule and as to other assets as required or permitted by Regulations Section 1.704-3 pursuant to such method provided therein as may reasonably be designated in accordance with Section 8.3. Any elections or other decisions relating to allocations under this Section 3.3(g) will be made in accordance with Section 8.3 in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations under this Section 3.3(g) are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Unit Holder's Capital Account or share of Profits or Losses or distributions under any provision of this Agreement.

3.4 Distributions After Commencement of the Gevo Economic Period.

Beginning upon the commencement of the Gevo Economic Period, distributions shall be made among all Members as described in this Section 3.4.

(a) Distribution of Net Cash Flow.

(i) Net Cash Flow shall be distributed to the Members from time to time as determined by the Board. Any distribution shall be made to Gevo in proportion to the Gevo Percentage Interest and to the Redfield Parties in proportion to the Redfield Percentage Interest. The portion of the distribution made to the Redfield Parties shall in turn be subject to the provisions of Section 3.2 above.

(ii) Notwithstanding the provisions of Section 3.4(a)(i), to the extent that the Company redeems Class C Preferred Units pursuant to Section 6.6(b), all funds used to accomplish such redemption shall decrease the amounts otherwise distributable to the Redfield Parties pursuant to Section 3.4(a)(i) and shall not impact the Net Cash Flow distributable to Gevo.

(b) Distribution upon Liquidation. Upon a liquidation, the assets of the Company shall be distributed to the Members in accordance with Section 12.2 hereof.

(c) Mandatory Tax Distribution.

(i) Tax Distribution. Notwithstanding the foregoing provisions of this Section 3.4, to the extent of Net Cash Flow available for distribution, the Company will use its best efforts to make annual Tax Distributions by April 15 of each year, equal to the positive balances in each Member’s Tax Liability Account (determined pursuant to Section 3.4(c)(ii)). Such payments must be made pro rata in accordance with such positive balances, until such positive balances are reduced to zero. Distributions under this Section 3.4(c) are “Tax Distributions.” All distributions, other than Tax Distributions, shall take into account Tax Distributions previously made to the Member, so that total distributions are in accordance with the provisions of Sections 3.4(a) and 3.4(b).

(ii) Tax Liability Account.

(1) Defined. A tax liability account (the “Tax Liability Account”) must be maintained for each Member. The initial balance of the Tax Liability Account is zero. At the end of each fiscal year, the Tax Liability Account must be increased in the amount of the Assumed Tax Liability of the Member for such year and must be decreased in the amount of the Assumed Tax Benefit of such Member for the year. The Tax Liability Account will also be decreased by any Tax Distributions to the Member. The “Assumed Tax Liability” of a Member each year will be an amount equal to the result of multiplying the aggregate amount of

taxable income or gain allocated to such Member for the year multiplied by forty percent (40%) or such other percentage as may be established by the Board of Managers from time to time to address estimated tax liabilities (the "Updated Tax Rate"). The "Assumed Tax Benefit" of a Member for any year is to be computed by multiplying the aggregate amount of loss or deduction allocated to the Member for the year multiplied by forty percent (40%) or the Updated Tax Rate, as applicable. However, Members will not be required to make a payment, or have an obligation to the Company, if the balance in the Tax Liability Account becomes negative.

(2) Audit. If there is any audit adjustment by a taxing authority that has become final and that affects the amounts of taxable income, gain, loss or deductions allocated or required to have been allocated to the Members in any year, each Member's Tax Liability Account will be recalculated by giving effect to such adjustment (treating any penalties incurred by any of the Members in connection with such audit adjustment as an addition to the Assumed Tax Liability of such Members), and any resulting positive balances will be distributed to the Members as soon as practicable thereafter.

(3) Purpose. The Tax Liability Accounts described above are "off balance sheet" accounts being established solely as a mechanism to determine the amount of Tax Distributions to be made by the Company to the Members to fund tax liabilities attributable to the Company.

(d) Limitations upon Distributions. Notwithstanding Section 3.4, no distribution shall be made to the Members to the extent that such distribution would violate the Act or any other applicable law.

SECTION 4
RIGHTS, PREFERENCES AND LIMITATIONS OF THE CLASS G UNITS

4.1 Issuance of the Class G Units.

Pursuant to Section 2.2(g) of this Agreement, the Board has the authority, upon the consent or approval of a Majority in Interest of the Members, voting separately by class, to establish and authorize one or more than one additional classes or series of Units, to set forth the designation and number of authorized Units of any such additional class or series, to fix the relative rights and preferences of any such additional class or series, including but not limited to the voting powers, full or limited or none, and relative economic and other rights, preferences and/or limitations thereof. In accordance with the terms of Section 2.2(g) of this Agreement, the Board and the Members voting separately by class, have authorized the issuance of the Class G Units to Gevo.

4.2 Limitations Applicable to the Class G Units.

Prior to the commencement of the Gevo Economic Period, the holders of the Class G Units shall not be entitled to exercise any of the voting rights set forth in Section 6.2(b) of this Agreement and shall not be entitled to participate in (a) any Company allocations, including, without limitation, allocations of Profits or Losses, which shall be distributed in accordance with the provisions of Section 3.1 of this Agreement, or (b) any Company distributions, including, without limitation, distributions of Net Cash Flow which shall be distributed in accordance with the provisions of Section 3.2 of this Agreement.

4.3 Retrofit of the Facility.

(a) The Retrofit.

Pursuant to the terms and conditions of the Joint Venture Agreement, the Company and Gevo have agreed to work together in a joint venture for the purpose of retrofitting the Facility for the commercial production of isobutanol using technology and funds provided by Gevo (the “Retrofit”). The Retrofit of the Facility shall proceed in phases, a Retrofit Phase during which the Facility will be retrofit to produce isobutanol, a Performance Testing Phase during which the Facility’s isobutanol production capabilities will be tested and optimized and an Operational Phase during which the Facility will produce either isobutanol or ethanol on a commercial scale.

(b) The Performance Testing Phase.

(i) During the Performance Testing Phase, pursuant to the terms of the Joint Venture Agreement, ethanol production at the Facility will be discontinued in order to commence testing of the isobutanol production capabilities of the Facility during one or more testing periods (each a “Testing Period”) the length and frequency of which shall be set forth in a Commissioning and Start up Plan (“CSP”), which shall have been duly executed and delivered by the Company, Gevo and any other parties thereto prior to the commencement of, and shall be in full force and effect and at all times during the Retrofit.

(ii) During each individual Testing Period conducted during the Performance Testing Phase, Gevo or its representatives shall be responsible for measuring the volume of Qualifying Isobutanol that has been produced by the Facility during such Testing Period, provided that each such measurement of Qualifying Isobutanol shall be made using the mutually agreed upon methods and protocols set forth in the CSP.

(iii) Immediately upon the completion of each individual Testing Period conducted during the Performance Testing Phase, the volume of Qualifying Isobutanol produced during such Testing Period shall be used to determine the percentage of the Isobutanol Minimum Commercial Level achieved by the Facility during such Testing Period, such percentage shall be referred to herein as the “Performance Level.” It being understood that Gevo shall continue to work on improving the isobutanol production capabilities of the Facility until a Performance Level of 100% has been achieved.

(iv) The Performance Testing Phase shall end upon the earlier of (A) the date upon which the Facility achieves a Performance Level of at least 100% during any one Testing Period and (B) the date upon which the parties agree that the commercial production of Qualifying Isobutanol at the Facility would be commercially viable at the current Performance Level. The period of time beginning on this date shall be referred to herein as the "Gevo Economic Period."

(v) Immediately upon the commencement of the Gevo Economic Period, the Gevo Percentage Interest shall be increased to equal the product of the highest Performance Level achieved during the Performance Testing Phase multiplied by the Maximum Economic Interest; provided, however, that the Gevo Percentage Interest shall never be increased to an amount greater than the Maximum Economic Interest.

(c) The Gevo Economic Period.

(i) In the event that the Gevo Economic Period commences prior to the achievement of a Performance Level of 100%, Gevo agrees to continue to work to improve the production of Qualifying Isobutanol at the Facility and shall have the right to conduct additional Testing Periods to measure the Performance Level of the Facility. Immediately upon the completion of any Testing Period conducted during the Gevo Economic Period that results in a Performance Level that is greater than the Performance Levels achieved during all preceding Testing Periods, the Gevo Percentage Interest shall be increased to equal the product of the Performance Level achieved during such Testing Period multiplied by the Maximum Economic Interest; provided, however, that the Gevo Percentage Interest shall never be increased to an amount greater than the Maximum Economic Interest. For the avoidance of doubt, at such time as the Performance Level reaches 100% during any one Testing Period, the Gevo Percentage Interest shall be increased to equal the Maximum Economic Interest, which shall be the final Gevo Percentage Interest.

(d) Dispute Resolution.

(i) Any other provision of this Agreement notwithstanding, if a dispute arises out of or relates to Section 4.3 of this Agreement, such dispute shall be resolved in accordance with the terms of Article 9 of the Joint Venture Agreement.

4.4 Rights and Preferences of the Class G Units.

(a) Upon Issuance.

Immediately upon the issuance of the Class G Units, the holders of the Class G Units shall be entitled to certain rights and preferences set forth in this Agreement including, without limitation, the information rights set forth in Section 1.11 of this Agreement and the right to appoint Managers to the Board as set forth in Section 5.3(a)(v) of this Agreement.

(b) Upon Commencement of the Gevo Economic Period.

Upon the commencement of the Gevo Economic Period, the limitations described in Section 4.2 of this Agreement shall terminate and the holders of the Class G Units shall be entitled to certain rights and preferences in addition to those set forth in Section 4.4(a) above including, without limitation, (i) the right to exercise the voting rights forth in Section 6.2(b) of this Agreement, (ii) the right to participate in Company allocations, including, without limitation, allocations of Profits and Losses, which shall at all times after the commencement of the Gevo Economic Period be distributed in accordance with the provisions of Section 3.3 of this Agreement, and (iii) the right to participate in Company distributions, including, without limitation, distributions of Net Cash Flow which shall at all times after the commencement of the Gevo Economic Period be distributed in accordance with the provisions of Section 3.4 of this Agreement.

4.5 Additional Rights and Preferences.

Any other provision of this Agreement notwithstanding (including without limitation Section 5.1(a)), so long as any of the originally issued Class G Units remain outstanding, the Company shall not, directly or indirectly, by means of amendment of this Agreement, merger, consolidation or otherwise, without the approval of a majority of the Board, including at least one Gevo Appointed Manager:

(a) materially alter or change the business of the Company or change the location of the principal office of the Company;

(b) issue, deliver, sell, pledge or otherwise encumber any units, securities or other interests in the Company or rights convertible into units, securities or other interests in the Company;

(c) repurchase, redeem or otherwise acquire any units, securities or other interests in the Company, provided that no approval shall be required for the redemption of the Class C Preferred Units in accordance with Section 6.6(b) of this Agreement if such repurchase, redemption or other acquisition (i) is permitted pursuant to the terms of the documents governing the Company’s indebtedness and (ii) would not prevent the Company from maintaining the Working Capital Requirement;

(d) make any public offering of any units, securities or other interests in the Company;

(e) create or designate any new classes or series of units, securities or other interests or modify any existing qualifications or requirements for holding units, securities or other interests;

(f) modify or alter the rights, powers, preferences, or privileges of any class of units, securities or other interests, including, without limitation, any policies regarding the transferability of units, securities or other interests;

(g) transfer any units, securities or other interests to a Gevo Competitor;

(h) permit any Member to make a transfer of units or other interests that could cause the Company to become subject to reporting requirements under the applicable provisions of the Securities Exchange Act of 1934, as amended;

(i) [reserved];

(j) make or revoke any tax election, settle or compromise any tax liability or amend any tax return;

(k) enter into any contract, agreement or transaction with a material, adverse tax consequence that impacts any class of units, securities or other interests disproportionately;

(l) enter into any contract, agreement or transaction with any unit holder, member, or any of their respective Affiliates, other than ordinary course contracts entered into on an arms' length basis;

(m) establish or approve any policy pursuant to which a unit holder, member, or any of their respective Affiliates receives any salary for services rendered or is reimbursed for expenses incurred on behalf of the Company, provided that no approval is required for (i) the salaries of Redfield's employees in effect as of the date of this Agreement or (ii) the salaries of any new Redfield employees up to a maximum of $100,000 per year, regardless of whether any such employee is or becomes a member of Redfield;

(n) approve the lending of money to the Company by a unit holder, member, or any of their respective Affiliates, or determine the rate at which such a loan shall bear interest;

(o) make any loans, advances or capital contributions outside of the ordinary course of business, other than trade payables;

(p) incur, or authorize the incurrence of, indebtedness in excess of $500,000;

(q) terminate or take any action contrary to the terms of this Agreement, the Joint Venture Agreement or any of the Related Agreements;

(r) amend or propose to amend this Agreement or the Company's Articles (or similar organizational documents) or effect or become a party to any merger, consolidation, share exchange, business combination, recapitalization, reorganization or similar transaction;

(s) sell, lease, license, encumber, transfer or otherwise dispose of any material asset of the Company valued in excess of $500,000 or dispose of all or substantially all of the assets of the Company;

(t) file any dissolution or voluntary bankruptcy of the Company;

(u) institute, settle or dismiss any material lawsuit involving a payment by Redfield in excess of $100,000;

(v) approve the Company’s annual operating and capital budgets;

(w) make any investment in excess of $500,000 in the aggregate;

(x) designate or appoint any CEO, General Manager or Managing Member or approve the appointment of any management company;

(y) make any distributions or prepayments of debt which would result in the Company’s working capital being less than the Working Capital Requirement at any time during the Performance Testing Phase;

(z) enter into any lease or sublease of Real Property related to the Facility or change, terminate or fail to exercise any right to renew any lease or sublease of Real Property related to the Facility; or

(aa) with respect to the Owned Real Property, except as contemplated by the Joint Venture Agreement or any Related Agreement, demolish or remove any of the existing improvements.

SECTION 5
MANAGEMENT AND OPERATIONS

5.1 Management by Board of Managers and Managing Member.

(a) *Board of Managers*. Except those powers delegated to the Managing Member and those matters for which approval of the Members is required by this Agreement or any nonwaivable provisions of the Act, and subject to the provisions of Section 4.5 and Section 5.2 hereof, the powers and privileges of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of the Board and not by the Members. No Member, other than the Managing Member or a Member acting in his or her capacity as an officer of the Board or as an officer of the Company, has the power or authority to act for or on behalf of the Company, to bind the Company by any act, or to incur any expenditures on behalf of the Company, except with the prior consent of the Board. Without limiting the foregoing authority of the Board to manage the business and affairs of the Company or the actions the Board may take in exercising the powers and privileges of the Company, the Board shall have the right to make the following decisions and take the following actions:

(i) To direct and oversee the Managing Member in its implementation of the decisions of the Board;

(ii) To direct the expenditure of the capital and profits of the Company in furtherance of the purposes of the Company;

(iii) To direct the investment of Company assets in any manner the Board deems to be in the best interests of the Company;

(iv) To enter into operating agreements, joint participation, joint ventures, and partnerships with others, containing such terms, provisions and conditions as the Board shall approve;

(v) To borrow money and issue evidences of indebtedness and in connection therewith to mortgage, grant a security interest in or hypothecate any or all of the assets of the Company;

(vi) To sell, dispose, abandon, trade, exchange or encumber assets of the Company (but not a sale, disposition, abandonment, trade, or exchange of all or any substantial portion of the Company's assets), upon such terms and conditions and for such consideration as the Board of Managers deem appropriate;

(vii) To institute, prosecute, defend, settle, compromise, and dismiss lawsuits or other judicial or administrative proceedings brought on or in behalf of, or against, the Company, the Members or any Manager in connection with activities arising out of, connected with, or incidental to this Agreement, and engage counsel or others in connection therewith;

(viii) To enter into agreements and contracts with any Member or an Affiliate of any Member, including the Managing Member and any Affiliate of the Managing Member, and to give receipts, releases and discharges with respect to all of the foregoing and any matters incident thereto as the Board may deem advisable or appropriate; provided, however, that any such agreement or contract shall be on terms as favorable to the Company as could be obtained from any third party;

(ix) To make distributions in accordance with and subject to the limitations set forth in Section 4 of this Agreement;

(x) Subject to Section 2 hereof, to designate classes or series of Units, agree with any Person as to the form and other terms and conditions of such Person's Capital Contribution to the Company and cause the Company to issue Units in consideration of such Capital Contribution.

The Board may adopt such policies, rules, and regulations and may take such actions as it deems advisable in furtherance of the purposes of the Company, provided that the Board shall not act in a manner contrary to this Agreement.

(b) *Managing Member*. The day-to-day operations of the Company may be managed and controlled by a managing member (the “Managing Member”), in accordance with terms and conditions of a management agreement entered into by and between such Managing Member and the Company. Upon termination of any such management agreement, the Board of Managers shall either (i) appoint and qualify a successor Managing Member to manage and control the day-to-day operations of the Company, which Managing Member shall serve in accordance with a new management agreement entered into by and between such successor Managing Member and the Company, or (ii) hire a CEO and General Manager to manage the day-to-day operations of the Company in accordance with Section 5.4(c) hereof.

(i) *Rights and Obligations of the Managing Member*. The Managing Member shall have the responsibility and authority, at the Company’s expense, to take all actions necessary or appropriate to manage and control the Company’s day-to-day operations and to accomplish the purposes of the Company, including, without limitation, the power and authority to implement the decisions of the Board of Managers, to hire, promote, discharge and supervise the work of the Company’s employees necessary to operate the Company’s facility, and to use its own personnel to provide services to the Company, including the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) of the Company.

(ii) *Compensation; Expenses*. The Managing Member shall be compensated and reimbursed for expenses in accordance with the terms and conditions of a management agreement entered into by and between such Managing Member and the Company. The compensation paid to the Managing Member by the Company thereunder shall be treated as a “guaranteed payment” to the Managing Member under Section 707(c) of the Code.

(c) Any other provision of this Agreement notwithstanding (including without limitation Section 5.1(a)), the Board and the Managing Member may not take or approve the following actions, agreements, instruments or items without the affirmative vote of at least two- thirds of the Managers in office:

(i) The plans and specifications of the Company’s proposed ethanol plant and the contract to design and construct the proposed ethanol plant;

(ii) The amount and terms of the debt financing and all documents and agreements entered into in connection therewith to construct and finance the start-up costs of the proposed ethanol plant;

(iii) The Annual Operating and Capital Budgets for each Fiscal Year;

(iv) Any contract, obligation, liability, disbursement or lawsuit settlement outside of the ordinary course of business in excess of $100,000 which is not part of the then current Fiscal Year’s approved Annual Operating or Capital Budget (provided

that necessary expenditures to meet operational emergencies may be incurred prior to such approval if immediate action is required for the safety or operation of the ethanol plant);

(v) Any investment in excess of $100,000 that is not part of the then current Fiscal Year's approved Annual Capital Budget;

(vi) Subject to Section 2 hereof, the determination of the designation of classes or series of Units, agreeing with any Person as to the form and other terms and conditions of such Person's Capital Contribution to the Company, and causing the Company to accept additional capital contributions, issue Units in consideration of such Capital Contribution, or issue options or warrants to purchase Units;

(vii) The determination of the Gross Asset Values of the Company Property;

(viii) The admission of new Members and the terms of such admission;

(ix) The sufficiency of any legal opinion required under Section 10 of this Agreement or the waiver of any such legal opinion; or

(x) Any amendment to the Articles or this Agreement.

(d) Any other provision of this Agreement notwithstanding, (i) the Board and the Managing Member shall not have authority to approve; authorize or take the following actions with respect to the Company without the approval or consent of a Majority in Interest of the Members voting separately by class: (A) sell, lease, exchange or otherwise dispose of all or substantially all of the assets of the Company; (B) merge or consolidate the Company with another Person; (B) materially change the business purpose of the Company; or (D) voluntarily dissolve the Company; and (ii) the Board and the Managing Member shall not have the authority to allow or authorize any amendment to this Agreement that in any manner adversely affects the rights or preferences of the holders of the Class C Preferred Units without the approval of the holders of at least 66 2/3% of the Class C Preferred Units.

5.2 Actions by Manager; Committees, Reliance on Authority.

(a) In managing the business and affairs of the Company and in exercising the powers and privileges of the Company, the Board shall act (i) collectively through meetings of the Board held and conducted pursuant to the provisions of this Agreement or by written action taken pursuant to the provisions of this Agreement, (ii) through committees established pursuant to Section 5.2(b), and (iii) through officers of the Board, the Managing Member and officers of the Company to whom authority and duties have been delegated pursuant to the provisions of this Agreement.

(b) The Board, by resolution approved by the affirmative vote of a majority of the Managers then holding office, may from time to time establish one or more committees, each of which shall be comprised of one or more natural persons who may but need not be Managers

or Members, provided that a majority of committee members on each committee must be a Manager or Member, or a representative of a Member. Any such committee shall have and may exercise only such authority and duties to the extent provided by the Board in such resolution, subject at all times to the limitations set forth in the Act, this Agreement and to the direction and control of the Board. Unless otherwise provided by the Board, the presence of a majority of the members of any such committee shall constitute a quorum for the transaction of business at a meeting of the committee, and the committee shall act by the affirmative vote of a majority of committee members present at a duly held meeting. In other matters of procedure the provisions of this Agreement shall apply to committees and the members thereof to the same extent they apply to the Board and Managers, including, without limitation, the provisions with respect to meetings and notice thereof, absent members, written actions, and valid acts. Each committee shall keep regular minutes of its proceedings and report the same to the Board. The Board may dissolve any committee at any time. Effective immediately upon the date of this Agreement and for so long as any of the originally issued Class G Units remain outstanding, the Class G Members shall have the right to appoint at least one (1) member of the Risk Management Committee of the Board or any other committee(s) serving the same or similar functions.

(c) Any Person dealing with the Company, other than a Member or a Manager or an Affiliate of a Member or Manager, may rely on the authority of any officer of the Board or any officer of the Company in taking any action in the name of the Company without inquiry into the provisions of this Agreement or compliance herewith, regardless of whether the action is actually taken in accordance with the provisions of this Agreement.

5.3 The Board of Managers.

(a) **Number, Qualification and Term of Office.** Managers shall be elected or appointed by the Members at the times, in the manner and for the terms as prescribed by this Agreement.

(i) *Initial Board of Managers*. The initial Managers of the Company comprising the initial Board, who shall serve for such terms and in such manner as prescribed by this Agreement, are the persons named in the Articles and such other eligible natural persons designated as an initial Manager by the initial Board. The number of initial Managers serving the Company shall be established by the initial Board, but shall not be less than nine (9) or more than thirteen (13). During the term of the GLE Consulting and Management Agreement before Financial Closing, Glacial Lakes Energy, LLC shall be entitled to appoint one (1) Manager to the initial Board of Managers.

(ii) *Board of Managers following Financial Closing.* Commencing on the next business day following Financial Closing, the number of Managers serving the Company shall be eight (8) Managers, plus the Managers subject to appointment by certain Members pursuant to Sections 5.3(a)(iv) and (v) below, if any, up to a maximum of eleven (11) Managers on the Board of Managers. If there are more than three Managers subject to appointment by certain Members under Sections 5.3(a)(iv) and (v), then the number of Managers subject to election shall correspondingly decrease, such that the total number of Managers shall not exceed eleven (11).

The Board of Managers following Financial Closing shall be composed of the initial Managers who are not subject to appointment by a Member and the Managers subject to appointment by certain Members pursuant to Sections 5.3(a)(iv) and (v) below, if any. The initial Board of Managers shall adopt procedures to reduce their number if needed to comply with the maximum number of Manager provisions of this Section.

(iii) *Election of Managers; Terms*. Managers shall be elected by the Members in such manner and for such terms as prescribed by this Agreement, subject to the right of certain Members to appoint Managers as provided by Sections 5.3(a)(iv) and (v) below. A Member who is entitled to appoint one or more Managers pursuant to Sections 5.3(a)(iv) and (v) below and such Member's Affiliates shall not be entitled to vote for the election (or removal) of Managers by the Members, as their right to representation exists in their right of appointment. Except as otherwise provided herein, all Managers elected by the Members shall serve three-year terms and until their successors are duly elected and qualified, or until their earlier death, resignation or removal. Once the election of Managers begins, no Manager may serve more than three consecutive full three-year terms. In order to preserve continuity of governance and the harmonious transition of the initial Board of Managers to the elected Board of Managers, the terms of the Managers on the initial Board shall be staggered such that one-third of such Managers (or as nearly as possible) shall be elected annually by the Members. The Board has adopted nomination, reporting and other election procedures to achieve the desired staggered effect and election matters prescribed by this Agreement.

(iv) *Appointed Managers*. Any Member who, together with such Member's Affiliates, owns one and one-half million (1,500,000) or more Units at Financial Closing shall be entitled to appoint one Manager (each, an *"Appointed Manager"*) to the Board for every whole block of 1,500,000 Units held. This appointment right is only granted based upon ownership as of Financial Closing. A Member cannot subsequent to Financial Closing acquire Units to amass Units to obtain an appointment right. Further, if a Member who was entitled to an appointment right or rights ceases to hold a 1,500,000 Unit block, such Member will lose the appointment right associated with the block. In determining the appointment rights of Members and their Affiliates under this Section 5.3(a)(iv), Members and their Affiliates shall be counted only once, and the right of appointment accrues only on whole blocks of 1,500,000 Units. For example, a Member who, together with such Member's Affiliates, holds 2,000,000 Units outstanding would be entitled to appoint only one Manager, whereas a Member who together with such Member's Affiliates holds 3,000,000 Units would be entitled to appoint two Managers. A Member and such Member's Affiliates shall agree among themselves on how the appointment rights provided in this Section 5.3(a)(iv) shall be exercised, and shall notify the Board of such agreement. If any Member has the right to appoint more than one Manager under this Section 5.3(a)(iv), the voting power of all Managers such Member has the right to appoint may be exercised by any one or more such Appointed Managers, as further described in Section 5.3(i) below, and the number of Managers required by Section 5.3(a)(ii) shall correspond to such voting power (for example, one Appointed Manager who has the voting power of two Managers would count

as two for purposes of the Board size). An Appointed Manager shall serve indefinitely at the pleasure of the Member appointing him or her (so long as such Member and its Affiliates continue to hold a sufficient number of Units to maintain the applicable appointment right) until a successor is appointed, or until the earlier death, resignation or removal of the Appointed Manager. An Appointed Manager may be removed for any reason by the Member appointing him or her, upon written notice to an officer of the Board, which notice may designate and appoint a successor Manager to fill the vacancy, and which notice may be given at a meeting of the Board attended by the person appointed to fill the vacancy. As of the date of this Agreement, the Financial Closing has occurred and no Member is entitled to appoint an Appointed Manager (with the exception of Glacial Lakes Energy, LLC).

(v) *Gevo Appointed Managers*. Effective immediately upon the date of this Agreement, the Class G Members shall have the right to appoint two (2) Managers to the Board and, at such time as the Gevo Percentage Interest equals the Maximum Percentage Interest, the Class G Members shall have the right to appoint a total of four (4) Managers to the Board (each, a *"Gevo Appointed Manager"*). The voting power of all Managers that the Class G Members have the right to appoint may be exercised by any one or more Gevo Appointed Manager, as further described in Section 5.3(i) below, and the number of Managers required by Section 5.3(a)(ii) shall correspond to such voting power (for example, one Gevo Appointed Manager who has the voting power of two Managers would count as two for purposes of the Board size). Each Gevo Appointed Manager shall serve indefinitely at the pleasure of the Member appointing him or her until a successor is appointed, or until the earlier death, resignation or removal of the Gevo Appointed Manager. A Gevo Appointed Manager may be removed for any reason by the Member appointing him or her, upon written notice to an officer of the Board, which notice may designate and appoint a successor Manager to fill the vacancy, and which notice may be given at a meeting of the Board attended by the person appointed to fill the vacancy.

(vi) *Qualification*. The initial Managers of the Company may but need not be Members, provided that a majority of the initial Managers must be Members or elected or appointed representatives of Members that are not natural persons. The participation of non¬member Managers in the management and decisions of the Board prior to the Effective Date is hereby confirmed and ratified in all respects. All Managers subject to election by the Members must be Members or elected or appointed representatives of Members that are not natural persons. Further, following Financial Closing, a majority of the number of Managers composing the entire Board of Managers must be Class A Members or elected or appointed representatives of Class A Members (the number of Managers composing the entire Board of Managers shall be determined by adding all Managers of the Board including Appointed Managers and elected Managers, and shall include any open seats due to unfilled vacancies).

(b) **Resignation.** Any Manager may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein or, if no time be specified then at the time of its receipt by the Chairman or the Secretary of the Board. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

(c) **Removal.** An initial Manager may be replaced or removed for cause by the affirmative vote of two-thirds of the remaining initial Managers, as the case may be. Following the election of a Manager, the Manager may be removed for any reason by the affirmative vote of a Majority in Interest of the Members who elected the Manager, in such manner as prescribed by this Agreement. The notice of a meeting where the removal of a Manager will be considered shall state that such removal will be discussed and acted upon at the meeting, and must also be provided to the Manager in question at least ten (10) days in advance of such meeting. The Manager in question has a right to be heard at such meeting.

(d) **Vacancies.** Any vacancy occurring on the Board may be filled by appointment through an affirmative vote of a majority of the remaining Managers subject to election by the Members, though less than a quorum. A Manager appointed by the Board to fill a vacancy shall serve until the next annual meeting of the Members (or special meeting held for the purpose of electing Managers), at which time the Members shall elect a new Manager to serve for the remainder of the original term of the vacated position.

(e) **Meetings.** Regular meetings of the Board shall be held from time to time as determined by the Board. Special meetings of the Board shall be held upon the call of the Chairman of the Board or three (3) or more Managers. Board meetings shall be held at the principal office of the Company or at such other place, either within or without the State of South Dakota, as shall be designated by the person calling the meeting and stated in the notice of the meeting or a duly executed waiver of notice thereof Managers may participate in a Board meeting by means of video or audio conferencing or similar communications equipment whereby all Managers participating in the meeting can hear each other.

(f) **Notice.** Oral or written notice of each meeting of the Board, stating the place, day and hour of the meeting, shall be given to each Manager at least 3 days before the day on which the meeting is to be held. The notice or waiver of notice of any special or regular meeting of the Board does not need to specify the business to be transacted or the purpose of the meeting.

(g) **Waiver.** Whenever any notice is required to be given to a Manager under the provisions of this Agreement, a waiver thereof in writing signed by the Manager, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance of a Manager at any meeting of the Board shall constitute waiver of notice of such meeting by the Manager, except where the Manager attends a meeting for the express purpose of stating his objection to the transaction of any business because the meeting is not lawfully called or convened.

(h) **Quorum.** A majority of the Managers in office shall constitute a quorum necessary for the transaction of business at any regular or special meeting of the Board, provided that the foregoing quorum requirement shall not eliminate or reduce a quantum of consent required by this Agreement that is greater than a majority of the Managers in office (e.g., Sections 4.5 and 5.1(d)). If less than a quorum is present, those Managers present may adjourn the meeting from time to time until a quorum shall be present.

(i) **Voting and Act of the Board.** Each Manager shall have one vote. Unless otherwise provided in this Agreement, the Board shall take action by the affirmative vote of a majority of the Managers present at a duly held meeting at which a quorum is present. There shall be no requirement that any action of the Board be approved by Managers elected or appointed by a certain class of Members.

(j) **Action Without a Meeting.** Any action required or permitted to be taken at a meeting of the Board may be taken by written action signed by all of the Managers comprising the Board.

(k) **Absentee Managers.** A Manager of the Company may give advance written consent or opposition to a proposal to be acted on at a Board meeting. If the Manager is not present at the meeting, consent or opposition to a proposal does not constitute presence for purposes of determining the existence of a quorum, but consent or opposition shall be counted as a vote in favor of or against the proposal and shall be entered in the minutes or other record of action at the meeting, if the proposal acted on at the meeting is substantially the same or has substantially the same effect as the proposal to which the Manager has consented or objected.

(l) **Compensation.** The Board may fix the compensation, if any, of the Managers. Managers shall also be entitled to reimbursement for actual expenses incurred in attending meetings of the Board or other business of the Company.

5.4 Duties and Obligations of Managers.

(a) **Duties.** The Board and Managing Member shall cause the Company to conduct its business and operations separate and apart from that of any Member, Manager, Managing Member or their Affiliates. The Board shall take all actions which may be necessary or appropriate (i) for the continuation of the Company's valid existence as a limited liability company under the laws of the State of South Dakota and each other jurisdiction in which such existence is necessary to protect the limited liability of Members or to enable the Company to conduct the business in which it is engaged, and (ii) for the accomplishment of the Company's purposes, including the acquisition, development, maintenance, preservation, and operation of Company property in accordance with the provisions of this Agreement and applicable laws and regulations. Each Manager shall have the duty to discharge the foregoing duties in good faith, in a manner the Manager believes to be in the best interests of the Company, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. No Manager shall be under any other duty to the Company or the Members to conduct the affairs of the Company in a particular manner.

(b) **Bonds and Insurance.** The Board may require all officers, agents and employees charged by this Company with responsibility for the custody of any of its funds or property to give bonds. Bonds shall be furnished by a responsible bonding company and approved by the Board, and the cost shall be paid by the Company. The Board shall cause the Company to provide for insurance of the property of the Company, or property which may be in the possession of the Company and not otherwise adequately insured by the owner of the

property. In addition, the Board shall cause the Company to provide for insurance covering liability of the Company to all employees and the public, in such commercially reasonable amounts as is customary for businesses similar to the Company.

(c) **Employment of CEO and General Manager.** In the event the Company does not have a Managing Member, the Board shall select, employ, and fix the compensation of a CEO/General Manager of the Company. The CEO/General Manager position shall be held by the same person, and such position shall be officer position of the Company. The CEO and General Manager may be a member of the Board until start-up of the Company's ethanol plant, after which the CEO and General Manager shall not be a member of the Board but who shall be an ex-officio member of the Board while employed as the CEO and General Manager of the Company. The CEO and General Manager shall have responsibility for all administrative and operational aspects of the Company and shall have responsibility for hiring and supervising all employees, as determined and established by the Board, and shall perform such other duties that may be assigned by the Board.

5.5 Officers.

(a) **Number; Qualification; Election.** Officers must be natural persons, and shall be elected or appointed by the Board on an annual basis. The officers of the Company shall consist of officers of the Board and such officers of the Company as appointed by the Managing Member. The Board may appoint such officers and assistant officers of the Board as it may deem necessary or advisable. Except as otherwise provided in this Agreement, the Board shall fix the powers, duties, and compensation of all officers of the Board and the Managing Member shall appoint and fix the powers, duties, and compensation of all officers of the Company.

(b) **Term of Office.** An officer of the Board shall hold office for a term of one year and until a successor shall have been duly elected or appointed, unless prior thereto such officer shall have resigned or been removed from office as hereinafter provided. All other officers of the Company shall hold office at the pleasure of the Managing Member and may be removed at any time by the Managing Member with or without cause, subject to any contract rights that then may be in existence.

(c) **Removal and Vacancies.** Any officer elected or appointed by the Board may be removed, with or without cause, at any time by the Board. Any vacancy in an office of the Board shall be filled by the Board. An officer may resign at any time by giving written notice to the Company. The resignation is effective without acceptance when the notice is given to the Company, unless a later effective date is specified in the notice.

(d) **Chairman.** Unless provided otherwise by a resolution adopted by the Board, the Chairman of the Board shall preside at meetings of the Members and Board; shall see that all orders and resolutions of the Board are carried into effect; may execute all documents, agreements, and instruments on behalf of the Company; may maintain records of and certify proceedings of the Board and Members; and shall perform such other duties as may from time to time be prescribed by the Board.

(e) **Vice Chairman.** The Vice Chairman shall, in the absence or disability of the Chairman, perform the duties and exercise the powers of the Chairman and shall perform such other duties as the Board or the Chairman may from time to time prescribe.

(f) **Secretary.** The Secretary shall attend all meetings of the Board and of the Members and shall maintain records of, and whenever necessary, certify all proceedings of the Board and of the Members. The Secretary shall keep the required records of the Company, when so directed by the Board or other person or persons authorized to call such meetings, shall give or cause to be given notice of meetings of the Members and of meetings of the Board, and shall also perform such other duties and have such other powers as the Chairman or the Board may prescribe from time to time.

(g) **Delegation.** Unless prohibited by the Board, an officer appointed by the Board may delegate in writing some or all of the duties and powers of such person's management position to other persons. Unless prohibited by the Managing Member, an officer appointed by the Managing Member may delegate in writing some or all of the duties and powers of such person's management position to other persons. An officer who delegates the duties or powers of an office remains subject to the standard of conduct for an officer with respect to the discharge of all duties and powers so delegated.

(h) **Compensation.** Officers of the Board shall receive such compensation as may be determined from time to time by the Board. All other officers shall receive such compensation as may be determined from time to time by the Managing Member.

5.6 Limitation of Liability; Indemnification of Managers and Officers.

(a) No Manager or officer of the Company (including the Managing Member) shall be personally liable to this Company or its Members for monetary damages for a breach of fiduciary duty by such Manager, officer or Managing Member; provided that this provision shall not eliminate or limit the liability of a Manager, officer or Managing Member for an act or failure to act in a manner that constitutes any of the following: (i) a willful failure to deal fairly with the Company or its Members in connection with a matter in which the Manager, officer or Managing Member has a material conflict of interest; (ii) a violation of criminal law, unless the Manager, officer or Managing Member had reasonable cause to believe that his, her or its conduct was lawful or no reasonable cause to believe that the conduct was unlawful; (iii) a transaction from which the Manager, officer or Managing Member derived an improper personal profit; or (iv) willful misconduct. It is the intention of the Members to limit or eliminate the personal liability of the Managers, officers and Managing Member to the greatest extent permitted under South Dakota law. If amendments to South Dakota law are passed after this provision becomes effective which authorize limited liability companies to act to further limit or eliminate the personal liability of the managers, officers or managing members of a limited liability company, then the liability of the Managers, officers and Managing Member shall be limited or eliminated to the greatest extent permitted by South Dakota law, as so amended. No amendment to or repeal of this provision shall apply to or have any effect on the liability or

alleged liability of any Manager, officer or Managing Member for or with respect to any acts or omissions occurring prior to such amendment or repeal.

(b) The Company, its receiver, or its trustee (in the case of its receiver or trustee, to the extent of Company Property) shall indemnify, defend, save harmless, and pay all judgments and claims against, and reasonable expenses of, each present and former Manager, officer or Managing Member relating to any liability or damage or reasonable expenses incurred with respect to a proceeding if the Manager, officer or Managing Member (or former Manager, officer or Managing Member) was a party to the proceeding in the capacity of a Manager, officer or Managing Member of the Company (which reasonable expenses including reasonable attorneys' fees may be paid as incurred). Notwithstanding the foregoing provisions, the Company shall not indemnify, defend, save harmless, or pay all judgments and claims against, and reasonable expenses of, a Manager, officer or Managing Member (or former Manager, officer or Managing Member) under this provision where such judgments and claims or proceedings arise out of or are related to matters for which a Manager, officer or Managing Member (or former Manager, officer or Managing Member) is personally liable under Section 5.6(a) hereof.

(c) The Company may purchase and maintain insurance on behalf of any person in such person's official capacity against any liability asserted against and incurred by such person in or arising from that capacity, whether or not the Company would otherwise be required to indemnify the person against the liability.

5.7 Member Compensation; Expenses; Loans

(a) Except as otherwise provided in a written agreement approved by the Board, no Member shall receive any salary, fee, or draw for services rendered to or on behalf of the Company. Except as otherwise approved by or pursuant to a policy approved by the Board, no Member shall be reimbursed for any expenses incurred by such Member on behalf of the Company.

(b) Any Member or Affiliate may, with the consent of the Board, lend or advance money to the Company. If any Member or Affiliate shall make any loan or loans to the Company or advance money on its behalf, the amount of any such loan or advance shall not be treated as a contribution to the capital of the Company but shall be a debt due from the Company. The amount of any such loan or advance by a lending Member or Affiliate shall be repayable out of the Company's cash and shall bear interest at a rate not in excess of the prime rate established, from time to time, by any major bank selected by the Board for loans to its most creditworthy commercial borrowers, plus up to four percent (4%) per annum as agreed upon by the Board and the Member, and on such other terms and conditions no less favorable to the Company than if the lender had been an independent third party. None of the Members or their Affiliates shall be obligated to make any loan or advance to the Company.

(c) Gevo or its Affiliates may, pursuant to the terms and conditions of the Joint Venture Agreement, lend or advance money to the Company. If Gevo shall make any loan or loans to the Company or advance money on its behalf, the amount of any such loan or advance shall not be treated as a contribution to the capital of the Company but shall be a debt

due from the Company. The amount of any such loan or advance by Gevo or its Affiliates shall be repayable out of the Company's cash. Except as expressly provided in the Joint Venture Agreement, neither Gevo nor its Affiliates shall be obligated to make any loan or advance to the Company.

5.8 Contracts with Managers, Officers, Managing Member or their Affiliates.

(a) No contract or transaction between the Company and a Manager, officer, or the Managing Member or their Affiliate or between the Company and any other entity in which a Manager, officer or the Managing Member or their Affiliate has a material financial interest shall be void or voidable or require the Manager, officer or the Managing Member to account to the Company and hold as trustee for it any profit or benefit derived therefrom solely for this reason, or solely because the Manager, officer or the Managing Member is present at or participates in the Board meeting at which the contract or transaction is authorized, if (i) the material facts as to the contract or transaction and as to the Manager's, officer's or the Managing Member's material financial interest are fully disclosed or known to the Board, and (ii) the Board determines that the terms of the contract or transaction are commercially reasonable and no less favorable to the Company than could be obtained from an unaffiliated third party and authorizes, approves or ratifies the contract or transaction in good faith by a majority vote, but the interested Manager or Managers are not counted in determining the presence of a quorum and must not vote.

(b) No contract or transaction involving the sale or delivery of corn between the Company and a Manager, officer or the Managing Member or their Affiliate or between the Company and any other entity in which a Manager, officer or the Managing Member or their Affiliates have a material financial interest shall be void or voidable or require the Manager, officer or the Managing Member to account to the Company and hold as trustee for it any profit or benefit derived therefrom solely for this reason, or solely because the Manager, officer or the Managing Member is present at or participates in the Board meeting at which or pursuant to which the contract or transaction is authorized or approved, notwithstanding the fact that the standard of Section 5.8(a) was not met, provided that the terms of the contract or transaction are or were commercially reasonable and no less favorable to the Company than could be or could have been obtained from an unaffiliated third party.

SECTION 6
MEMBERS

6.1 Members; Rights or Powers Generally.

(a) As of the date of this Agreement, the Members of the Company are the Persons who were members of the Company immediately prior to the Effective Date as shown on the books and records of the Company. The Board shall cause the books and records of the Company to be amended from time to time as Transfers occur or as additional Units are issued and additional Members are admitted to the Company in accordance with this Agreement.

(b) Additional persons may, upon the approval of the Board, become Members of the Company: (i) by submitting a completed subscription agreement to subscribe for Units in the Company upon the terms and conditions as may be set forth in the subscription agreement, which shall include a representation and warranty that the representations and warranties required of all Members in this Agreement are true and correct with respect to such Person, and the acceptance thereof by the Company, (ii) by meeting any and all requirements of membership established in or pursuant to this Agreement, (iii) by submitting an executed counterpart signature agreeing to be bound by this Agreement, (iv) by submitting payment of the purchase price for the number of Units subscribed for in the subscription agreement, in accordance with the terms of the subscription agreement, and (v) upon being admitted as a Member by the Board; or in any other manner authorized in or pursuant to this Agreement. The Board may refuse to admit any Person as a Member in its sole discretion.

(c) Transferees of Units may become Members as provided in Section 10.7 hereof

(d) Other than the right to elect Managers to the Board, no Member, other than a Member acting in his, her or its capacity as the Managing Member or an officer of the Board or as an officer of the Company, has any right or power to take part in the management or control of the Company or its business and affairs. No Member other than the Managing Member or a Member acting in his, her or its capacity as an officer of the Board or as an officer of the Company, has the authority or power to act for or on behalf of the Company, to do any act that would be binding on the Company, or to incur any expenditures on behalf of the Company, except with the prior written consent of the Board.

(e) No Member shall have any voting right except with respect to those matters requiring a Member vote or approval as specifically provided for in this Agreement or as otherwise required by the Act.

6.2 Member Classes, Requirements and Voting.

(a) **Classes Generally; Membership.** The Company shall have four classes of Members: Class A Members, Class B Members, Class C Members and Class G Members. The voting rights of the Class A, Class B, Class C and Class G Members are identical, except as otherwise set forth in this Agreement, and that Members vote separately by class on all matters that come before a vote of the Members other than the election of Managers and where this Agreement provides for a vote of a specified class of Members. Only Persons who hold 25,000 or more Class A Units and who meet the other qualifications, requirements and conditions established herein or pursuant hereto (including Section 2.2) are eligible to become and be Class A Members. Only Persons who hold 12,500 Class B Units are eligible to become and be Class B Members. If any Class A Member becomes ineligible to hold Class A Units, then at the option of the Board of Managers the Class A Units held by such Class A Member may be converted into an equal number of Class B Units. Failure of any Class Member to own the required minimum number of Units shall result in the automatic termination of membership of such Person, without further notice or action by the Company, and such Person shall become and be a

non-member Unit Holder, with no rights other than those financial rights with respect to the class of Units owned by such Person immediately prior to such termination as provided for in and subject to this Agreement, as further described in Section 6.4 hereof. Termination of Membership due to failure to own the required minimum number of Units for that class of Units shall not be a basis for conversion to Class B Units. Notwithstanding Section 9 hereof, the Board shall have authority to decrease the minimum number of Units required to be a Member of a particular class without the requirement of an amendment of this Agreement.

(b) **Voting.** Except with respect to the election of Managers, which will be elected by all Members without regard to class, Members shall be entitled to vote separately as a class on any other matters coming to a vote of the Members as specifically provided by this Agreement or as required by the Act. Voting separately by class means that the Members within each class must consent to or approve the action being voted upon by the quantum of consent or approval required by this Agreement. To the extent a majority of the classes entitled to vote on any matter approve such matter in the manner described in the immediately preceding sentence, such matter shall be deemed approved by all classes entitled to vote thereon. Members within a class are entitled to one vote for each Unit held of such class. With respect to the election of Managers, each Member may cast one vote for each Unit held, regardless of class. Members shall elect Managers to the Board of Managers as provided in Section 5.3(a)(iii) of this Agreement. On those matters specifically identified in this Agreement as requiring the approval or consent of a Majority in Interest of the Members, voting separately by class or of a specified class, the Members shall take action by the affirmative vote of a Majority in Interest of the Members voting separately by class, or by the affirmative vote a Majority in Interest of the Members of the specified class, as the case may be. With respect to the election of Managers and on all other matters to be voted upon by the Members, Members shall take action by the affirmative vote of the Members holding a majority of the Units present, either in person, by proxy or by written ballot, at a duly held meeting of the Members at which a quorum is present for the transaction of business, voting without regard to class with respect to the election of Managers, and voting separately by class on all such other matters. Members may also take action in a written vote on any matter this Agreement specifically authorizes seeking Member approval by a written vote.

6.3 Member Meetings.

(a) **Place and Manner of Meeting.** All meetings of Members shall be held at such time and place, within or without the State of South Dakota, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. Presence in person, or by proxy or written ballot, shall constitute participation in a meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully convened.

(b) **Conduct of Meetings.** All meetings of the Members shall be presided over by the Chairman. All meetings of the Members shall be conducted in general accordance with the most recent edition of Roberts' Rules of Order, or such other rules and procedures as may be determined by the Board in its discretion.

(c) **Annual Meeting.** The annual meeting of the Members for the transaction of all business which may come before the meeting shall be held on a date determined by the Board. Failure to hold the annual meeting at the designated time shall not be grounds for dissolution of the Company.

(d) **Special Meetings.** Special meetings of the Members may be called at any time by the Board, the Chairman, the Managing Member or by the Secretary upon the request of Members holding 10% or more of the Units then held by all Members. Such request shall state the purpose or purposes of such meeting and the matters to be acted upon at the special meeting.

(e) **Notice.** Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 15 nor more than 60 days before the date of the meeting either personally or by mail, by or at the direction of the Board, Managing Member, Chairman or Secretary calling the meeting, to each Member entitled to vote at the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at the Member's address as it appears on the records of the Company, with postage thereon prepaid. If the purpose of the meeting is to consider any item requiring Member approval in Section 5.1(c) hereof, removal of a Manager, or an amendment of this Agreement under Section 9 hereof, then the notice shall state such purpose, identify such Manager (if applicable), and a summary of the transaction to be considered or a verbatim statement of the amendment to be considered must accompany the notice.

(f) **Quorum.** At any annual or special meeting of the Members, the holders of twenty five percent (25%) of the total number of Units entitled to vote at the meeting, represented in person or by proxy, shall constitute a quorum necessary for the transaction of business. The Members present at a duly organized meeting at which a quorum is present may transact business until adjournment, notwithstanding the departure or withdrawal of Members leaving less than a quorum, subject to the consent and approval requirements of this Agreement regarding Member actions. The registration shall be verified by the Secretary and shall be reported in the minutes of the meeting.

(g) **Record Date.** For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof or in order to make a determination of Members for any other proper purpose, the Board may provide that the record books shall be closed for a stated period not exceeding 15 days. If the record books shall be closed for the purpose of determining Members entitled to notice of or to vote at a meeting of Members, such books shall be closed for a period not exceeding 15 days immediately preceding such meeting. In lieu of closing the record books, the Board may fix in advance a date as the record date for any such determination of Members, such date in any case to be not more than 60 days and in the case of a meeting of Members, not less than 15 days prior to the date of which the particular action requiring such determination of Members is to be taken. If the record books are not closed and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members, the date on which notice of the meeting is mailed, as the

case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof, except where the determination has been made through the closing of record books and the stated period of closing has expired.

(h) **Proxies.** At all meetings of Members, a Member may vote by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the Company before or at the time of the meeting. A proxy shall be considered filed with the Company when received by the Company at its executive offices, unless later revoked. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it.

6.4 Termination of Membership.

A Member may not be expelled, provided that the failure of a Member to comply with the membership requirements established in, or pursuant to authority granted by, this Agreement shall result in the termination of membership of such Person. The membership of a Member in the Company shall terminate upon the occurrence of events described in this Agreement or as otherwise provided for in the Act, including resignation and withdrawal. In the event a Person ceases to be a Member without having transferred all of the Units owned by such Person, such Person shall lose all voting rights and shall be considered merely an assignee of the financial rights associated with the Units held by such Person, having only the rights of an unadmitted assignee. Such Person shall remain subject to the applicable provisions of this Agreement with respect to such financial rights. Such Person shall have no right to any information or accounting of the affairs of the Company, shall not be entitled to inspect the books or records of the Company, shall not be entitled to vote on any matters reserved to the Members, and shall not have any of the other rights of a Member under this Agreement or of a member under the Act. Further, such Person shall not have the right to Transfer such Person's Units except by means of a Permitted Transfer in accordance with the provisions of Section 10 herein.

6.5 Continuation of the Company.

The Company shall not be dissolved upon the occurrence of any event which is deemed to terminate the continued membership of a Member. The Company's affairs shall not be required to be wound up. The Company shall continue without dissolution.

6.6 No Obligation to Purchase Member's Interest; Redemption of Class C Preferred Units

(a) No Member whose membership in the Company terminates, nor any transferee of such Member, shall have any right to demand or receive a return of such terminated Member's Capital Contributions or to require the purchase or redemption of the Units owned by such terminated Member other than as set forth in Section 6.6(b) below. The other Members and the Company shall not have any obligation to purchase or redeem the Units or Capital Contributions of any such terminated Member or transferee of any such terminated Member. No

Member whose membership has terminated shall be entitled to receive a distribution in complete redemption of the fair value of the Units or Capital Contributions of such Person (except as provided in Section 12 hereof following a Dissolution Event), notwithstanding any provisions of the Act or any other provision of law. As a material part of the consideration for continuing or becoming a Member of the Company, each Member hereby waives any right, and expressly agrees that it intends for this provision to negate any entitlement to receive a distribution in complete redemption of the fair value of Units or Capital Contributions of such Member upon an event that terminates the membership of such Member which, in the absence of the provisions in this Agreement, it would otherwise be afforded by the Act.

(b) The Company shall have the right at any time at the discretion of the Board to redeem any Class C Preferred Unit for a cash purchase price equal to the initial Capital Contribution paid with respect to such Class C Preferred Unit being redeemed plus accrued and unpaid dividends thereon on the third, fifth, seventh and tenth anniversary of the date such Class C Preferred Unit was purchased; provided, however, that the cash utilized to redeem Class C Preferred Units in any Fiscal Year shall not exceed the Net Cash Flow distributable to the Redfield Parties with respect to such Fiscal Year (exclusive of Tax Distributions pursuant to Section 3.4(c) hereof).

6.7 Waiver of Dissenters Rights.

Except for those transactions or events for which waiver of dissenters rights is expressly prohibited by the Act, each Member hereby waives and agrees not to assert any dissenters’ rights under the Act.

SECTION 7
UNIT CERTIFICATES

7.1 Certificates For Units.

Certificates representing Units of the Company shall be in such form as determined by the Board, The Chairman or Vice Chairman and the Secretary or assistant Secretary of Board shall sign the certificates. All certificates shall be consecutively numbered or otherwise identified. The name and address of the person to whom the certificate has been issued shall be entered on the books of the Company. All certificates surrendered to the Company for transfer shall be canceled and no new certificates shall be issued until the former certificate is surrendered and canceled by the Company.

7.2 Transfer of Certificates.

Transfer of certificates of the Company shall be made pursuant to this Agreement and only by the holder of record thereof or by the holder’s legal representative, who shall furnish proper evidence of authority to transfer, or by the holder’s attorney thereunto authorized by a power of attorney duly executed and filed with the Secretary of the Company, and upon surrender of the certificate to the Company for cancellation. The Person in whose name the Certificate appears on the books of the Company is deemed to be the owner thereof for all purposes.

7.3 Loss or Destruction of Certificates.

In case of loss or destruction of any certificate, another certificate may be issued in its place upon proof of such loss or destruction, and upon the holder of the certificate giving a satisfactory bond of indemnity to the Company and to the transfer agent and registrar, if any, of such certificate, in such amount as the Board may provide.

7.4 Certificate Regulations.

The Board have the power and authority to make such further rules and regulations, not inconsistent with this Agreement and the statutes of the State of South Dakota, as it may deem expedient concerning the issue, transfer, conversion and registration of certificates of the Company, including the appointment or designation of one or more transfer agents and one or more registrars. The Company may act as its own transfer agent and registrar.

7.5 Legends.

The Board may place one or more legends on the certificates representing the Units to indicate restrictions on transfer, registration requirements, or other restrictions or obligations contained herein.

SECTION 8
ACCOUNTING, BOOKS AND RECORDS

8.1 Accounting, Books and Records.

(a) The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with GAAP, consistently applied; provided, that the financial provisions in this Agreement relating to Capital Contributions, Profits and Losses, distributions and Capital Accounts shall be construed and determined in accordance with this Agreement without regard to whether such provisions are inconsistent with GAAP. The books and records shall reflect all the Company's transactions and shall be appropriate and adequate for the Company's business. The books and records of the Company shall include and the Company shall maintain at its principal executive office all of the following:

(i) **SCHEDULE A** to this Agreement (which **SCHEDULE A** is hereby incorporated into this Agreement), which shall include a current list of the full name and last known business or residence address of each Unit Holder set forth in alphabetical order, the Capital Contributions and Units of each Unit Holder (including the amount of cash and description and statement of the agreed value of any other property or services relating to such Capital Contributions), the amount and value of any Capital Contributions which any Member or potential Member has agreed to make pursuant to a contribution agreement or a contribution allowance agreement (including the time or times at which or events the happening of which such Capital Contributions are to be made or, in the case of a

contribution allowance agreement, such right to contribute lapses). **SCHEDULE A** shall be amended from time to time as Transfers occur or as additional Units are issued and as additional Members are admitted to the Company in accordance with this Agreement;

(ii) The full name and business address of each Manager;

(iii) A copy of the Articles and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which the Articles or any amendments thereto have been executed;

(iv) Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six most recent taxable years;

(v) A copy of this Agreement and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which this Agreement or any amendments thereto have been executed;

(vi) Copies of the financial statements of the Company, if any, for the six most recent Fiscal Years;

(vii) The Company's books and records as they relate to the internal affairs of the Company for at least the current and past four Fiscal Years; and

(viii) The required records and information required under the Act, to the extent not included in 8.1(a)(i)-(vii) above.

(b) The Company shall use the accrual method of accounting in preparing its financial reports and for tax purposes and shall keep its books and records accordingly. The Board or Managing Member may, without any further consent of the Unit Holders (except as specifically required by the Code), apply for IRS consent to, and otherwise effect a change in, the Company's Fiscal Year.

8.2 Reports.

(a) **In General.** The Managing Member shall be responsible for causing the preparation of financial reports of the Company and the coordination of financial matters of the Company with the Company's accountants.

(b) **Periodic and Other Reports.** The Company shall maintain and provide to each Member upon request, the financial statements listed in clauses (i) and (ii) below, prepared, in each case (other than with respect to Unit Holder's Capital Accounts, which shall be prepared in accordance with this Agreement) in accordance with GAAP consistently applied, and, subject to Section 1.11 hereof, such other reports as any Member may reasonably request from time to time; provided that, if the Managing Member so determines within thirty (30) days thereof, such other reports shall be provided at such requesting Member's sole cost and expense.

(i) As soon as practicable following the end of each Fiscal Year (and in any event not later than ninety (90) days after the end of such Fiscal Year and at such time as distributions are made to the Unit Holders pursuant to Section 12 hereof following the occurrence of a Dissolution Event, a balance sheet of the Company as of the end of such Fiscal Year and the related statements of operations, Unit Holders' Capital Accounts and changes therein, and cash flows for such Fiscal Year, together with appropriate notes to such financial statements and supporting schedules, all of which shall be audited and certified by the Company's accountants, and in each case, to the extent the Company was in existence, setting forth in comparative form the corresponding figures for the immediately preceding Fiscal Year end (in the case of the balance sheet) and the two (2) immediately preceding Fiscal Years (in the case of the statements).

(ii) As soon as practicable following the end of the first three fiscal quarters of each Fiscal Year (and in any event not later than forty-five (45) days after the end of such fiscal quarter), an unaudited balance sheet of the Company as of the end of such fiscal quarter and the related unaudited statements of operations and cash flows for such fiscal quarter and for the fiscal year to date, in each case, to the extent the Company was in existence, setting forth in comparative form the corresponding figures for the prior Fiscal Year's fiscal quarter and the fiscal quarter just completed.

8.3 Tax Matters.

(a) **Generally.** The Managing Member shall have the power and authority, upon the consent of the Board (except as such Board consent is specifically NOT required herein or in the GLE Consulting and Management Agreement) and without any further consent of the Unit Holders being required, to:

(i) cause the Company to make or revoke any and all elections for federal, state, local and foreign tax purposes, including an election pursuant to Code Section 754,

(ii) extend the statute of limitations for assessment of tax deficiencies against the Unit Holders with respect to adjustments to the Company's federal, state, local or foreign tax returns;

(iii) to the extent provided in Code Sections 6221 through 6231 and similar provisions of federal, state, local, or foreign law, to represent the Company and the Unit Holders before taxing authorities or courts of competent jurisdiction in tax matters affecting the Company or the Unit Holders in their capacities as Unit Holders, and

(iv) file any tax returns and execute any agreements or other documents relating to or affecting such returns, agreements or documents, including agreements or other documents that bind the Unit Holders with respect to tax matters.

The Board of Managers shall designate the Managing Member to act as the tax matters partner within the meaning of and pursuant to Regulations Sections 301.6231(a)(7)-1 and —2 or any similar provision under state or local law.

(b) **Tax Information.** Necessary tax information shall be delivered to each Unit Holder as soon as practicable after the end of each Fiscal Year of the Company but not later than five (5) months after the end of each Fiscal Year.

8.4 Delivery to Members and Inspection.

(a) Upon the written request of any Member for purposes reasonably related to the interest of that Person as a Member, the Managing Member shall cause the Company to deliver to the requesting Member, at the expense of the Company, a copy of the Company's most recent annual financial statement and its most recent federal, state, and local income tax returns and reports.

(b) Each Member (or, in the case of Section 8.4(b)(i) below, his, her or its designated representative) has the right, upon reasonable written request for purposes reasonably related to the interest of the Person as a Member and for proper purposes, to:

(i) Inspect and copy during normal business hours any of the Company records described in Sections 8.1(a)(i) through (viii);

(ii) Obtain from the Company true and full information regarding the current state of the Company's financial condition, subject to normal changes or adjustments arising after, or following the end of, the period covered by such information; and

(iii) Obtain other information regarding the Company's affairs or inspect during ordinary business hours other books and records of the Company as is just and reasonable relating to his, her or its interest as a Member.

(c) The rights granted to a Member pursuant to this Section 8.4 are expressly subject to compliance by such Member with the safety, security and confidentiality procedures and guidelines of the Company, as such procedures and guidelines may be established from time to time by the Board, and to the provisions of Section 1.11 hereof, to the extent not inconsistent with the Act. Unadmitted assignees of Units shall not have the right to information regarding the Company afforded Members hereunder or by the Act.

SECTION 9
AMENDMENTS

9.1 Amendments.

(a) Amendments to this Agreement may be proposed by the Board, the Managing Member or by the request of Members holding 20% or more of the Units then held by all Members. Following approval of any such proposal by the Board, the Board shall submit to the Members a verbatim statement of any proposed amendment, providing that counsel for the Company shall have approved of the same in writing as to form, and the Board shall include in any such submission a recommendation as to the proposed amendment. The Board shall seek the written vote of the Members on the proposed amendment or shall call a meeting to vote thereon and to transact any other business that it may deem appropriate. A proposed amendment shall be adopted and be effective as an amendment hereto only if approved by a Majority in Interest of the Members, voting separately by class.

(b) Notwithstanding Section 9.1(a) hereof:

(i) Except as provided in Section 2.2 for authorizations and designations of additional classes or series of Units and changes in numbers of authorized Units, this Agreement shall not be amended without the approval or consent of each Unit Holder adversely affected if such amendment would modify the limited liability of a Unit Holder, or the voting rights of a Unit Holder or his, her or its interest in Profits, Losses, other items, or any distributions;

(ii) A provision of this Agreement that requires the approval or consent of a specified percentage in interest of the Members or any class(es) or series thereof may not be amended without the affirmative vote of Members holding at least the specified percentage of the Units then held by all Members, or of the Units of the specified class(es) or series of Units then held by all Members; and

(iii) This Section 9 shall not be amended without the consent of all Members.

SECTION 10
TRANSFERS

10.1 Restrictions on Transfers.

No Transfer of Units shall be valid except as otherwise specifically permitted by this Section 10 of this Agreement. It is the intent of this Agreement that (i) the tax status of the Company be the same as for a partnership, (ii) this Company preserve its partnership tax status by complying with Section 1.7704-1, et seq., and any amendments thereto, and (iii) to the extent possible, this Agreement shall be read and interpreted to prohibit the free transferability of Units. In addition, any provision of this Agreement notwithstanding, no Transfer of Units or any Interest, beneficial, of record or otherwise in any Units shall be made directly or indirectly to any Gevo Competitor.

10.2 Permitted Transfers.

(a) No Transfer of Units shall be binding on this Company without the approval of the Board nor until such Transfer shall have been entered in the books and records of this Company. The Board may adopt a Unit Transfer Policy to further implement the provisions of this Section 10. The Board shall not approve, and the Company shall not recognize for any purpose, any purported Transfer of Units unless and until the provisions, conditions and restrictions set forth in this Section 10 (including Section 10.3 hereof) and of any Unit Transfer Policy adopted by the Board have been satisfied. Any Transfer approved by the Board and satisfying the provisions, conditions and restrictions set forth in this Section 10 (including Sections 10.2 and 10.3 hereof) shall be referred to in this Agreement as a **"Permitted Transfer"**. Notwithstanding the foregoing, a Member may pledge or otherwise encumber all or any portion of its Units as security for the payment of debt, provided that any subsequent foreclosure or transfer to the secured party in lieu of foreclosure shall be considered a Transfer for all purposes of this Agreement.

(b) Following a Permitted Transfer, the Units held by the transferee shall remain subject to the Transfer restrictions set forth in this Section 10.

10.3 Conditions to Permitted Transfers.

A Transfer shall not be treated as a Permitted Transfer under Section 10.2 hereof unless and until the following conditions are satisfied:

(a) Except in the case of a Transfer involuntarily by operation of law, the transferor and transferee shall execute and deliver to the Company (i) such documents and instruments of conveyance as may be necessary or appropriate in the opinion of counsel to the Company to effect such Transfer. In the case of a Transfer of Units involuntarily by operation of law, the Transfer shall be confirmed by presentation to the Company of legal evidence of such Transfer, in form and substance satisfactory to counsel to the Company. In all cases, the Company shall be reimbursed by the transferor and/or transferee for all costs and expenses that it reasonably incurs in connection with such Transfer.

(b) The transferor and transferee shall furnish the Company with the transferee's taxpayer identification number, sufficient information to determine the transferee's initial tax basis in the Units transferred, and any other information reasonably necessary to permit the Company to file all required federal and state tax returns and other legally required information statements or returns. Without limiting the generality of the foregoing, the Company shall not be required to make any distribution otherwise provided for in this Agreement with respect to any transferred Units until it has received such information.

(c) Except in the case of a Transfer of Units involuntarily by operation of law, either (a) such Units shall be registered under the Securities Act, and any applicable state securities laws, or (b) the transferor provides an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to the Board, to the effect that (i) such Transfer is exempt from

all applicable registration requirements, (ii) such Transfer will not violate any applicable laws regulating the Transfer of securities and (iii) such Transfer will not cause the Company to become subject to reporting requirements under the applicable provisions of the Securities Exchange Act of 1934, as amended.

(d) Except in the case of a Transfer of Units involuntarily by operation of law, the transferor shall provide an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to the Board, to the effect that such Transfer will not cause the Company to be deemed to be an “investment company” under the Investment Company Act of 1940.

(e) Except in the case of a Transfer of Units involuntarily by operation of law, the transferor shall provide an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to the Board, to the effect that such Transfer will not cause the Company to be deemed to be a “publicly-traded limited partnership” under applicable provisions of the Code.

(f) Unless otherwise approved by the Board, no Transfer of Units shall be made except upon terms which would not, in the opinion of counsel chosen by and mutually acceptable to the Board and the transferor Member, result in the termination of the Company within the meaning of Section 708 of the Code or cause the application of the rules of Sections 168(g)(1)(B) and 168(h) of the Code or similar rules to apply to the Company. In determining whether a particular proposed Transfer will result in a termination of the Company, counsel to the Company shall take into account the existence of prior written commitments to Transfer made pursuant to this Agreement and such commitments shall always be given precedence over subsequent proposed Transfers.

(g) No notice or request initiating the procedures contemplated by Section 10.3 may be given by any Member after a Dissolution Event has occurred. No Member may Transfer all or any portion of its Units after a Dissolution Event has occurred.

The Board shall have the authority to waive any legal opinion or other condition required in this Section 10.3.

10.4 Transfer of Class G Units. A proposed transfer by Gevo of Class G Units will be considered a Permitted Transfer for purposes of this Agreement if Gevo has provided to the Board of Managers evidence reasonably satisfactory to them […***…].

10.5 Prohibited Transfers.

(a) Any purported Transfer of Units that is not a Permitted Transfer shall be null and void and of no force or effect whatever; provided that, if the Company is required to recognize a Transfer that is not a Permitted Transfer (or if the Board, in its sole discretion, elects to recognize a Transfer that is not a Permitted Transfer), the Units Transferred shall be strictly limited to the transferor’s rights to allocations and distributions as provided by this Agreement with respect to the transferred Units, which allocations and distributions may be applied (without limiting any other legal or equitable rights of the Company) to satisfy any debts, obligations, or liabilities for damages that the transferor or transferee of such Units may have to the Company.

(b) In the case of a Transfer or attempted Transfer of Units that is not a Permitted Transfer, the parties engaging or attempting to engage in such Transfer shall be liable to indemnify and hold harmless the Company and the other Members from all cost, liability, and damage that any of such indemnified Members may incur (including, without limitation, incremental tax liabilities, lawyers' fees and expenses) as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby.

10.6 Rights of Unadmitted Assignees.

Unless admitted as a substitute Member pursuant to Section 10.7 hereof, a Person who acquires Units shall only be entitled to allocations and distributions with respect to such Units in accordance with this Agreement, and shall not have any right to any information or accounting of the affairs of the Company, and shall not be entitled to inspect the books or records of the Company, and shall not have any of the rights of a Class A, Class B or Class C Member under the Act or this Agreement. In addition, the Units held by such Person shall continue to be subject to the restrictions on Transfer provided for in this Section 10.

10.7 Admission of Substituted Members.

A transferee of Units (whether as a result of a Permitted Transfer or otherwise) may be admitted as a substitute Member only upon satisfaction of each of the following conditions:

(a) The transferee acquired its Units by means of a Permitted Transfer;

(b) The transferee meets all requirements of membership established in or pursuant to this Agreement (including Section 2.2 and 6.2(a) hereof), and such admission is approved by the Board which approval may be given or withheld in the sole and absolute discretion of the Board;

(c) The transferee of Units (other than, with respect to clauses (i) below, a transferee that was a Member prior to the Transfer) shall, by written instrument in form and substance reasonably satisfactory to the Members (and, in the case of clause (ii) below, the transferor Member), (i) accept and adopt the terms and provisions of this Agreement, including this Section 10, and (ii) assume the obligations of the transferor Member under this Agreement with respect to the transferred Units.

(d) The transferee pays or reimburses the Company for all reasonable legal, filing, and publication costs that the Company incurs in connection with the admission of the transferee as a Member with respect to the Transferred Units; and

(e) Except in the case of a Transfer involuntarily by operation of law, the transferee (other than a transferee that was a Member prior to the Transfer) shall deliver to the Company evidence of the authority of such Person to become a Member and to be bound by all of the terms and conditions of this Agreement, and the transferee and transferor shall each execute and deliver such other instruments as the Members reasonably deems necessary or

appropriate to effect, and as a condition to, such Transfer, including amendments to the Certificate or any other instrument filed with the State of South Dakota or any other state or governmental authority.

10.8 Representations Regarding Transfers; Legend.

(a) Each Member hereby covenants and agrees with the Company for the benefit of the Company and all Members, that (i) it is not currently making a market in Units and will not in the future make a market in Units, (ii) it will not Transfer its Units on an established securities market, a secondary market (or the substantial equivalent thereof) within the meaning of Code Section 7704(b) (and any Regulations, proposed Regulations, revenue rulings, or other official pronouncements of the Internal Revenue Service or Treasury Department that may be promulgated or published thereunder), and (iii) in the event such Regulations, revenue rulings, or other pronouncements treat any or all arrangements which facilitate the selling of Company interests and which are commonly referred to as "matching services" as being a secondary market or substantial equivalent thereof, it will not Transfer any Units through a matching service that is not approved in advance by the Company. Each Member further agrees that it will not Transfer any Units to any Person unless such Person agrees to be bound by this Section 10.8(a) and to Transfer such Units only to Persons who agree to be similarly bound.

(b) Each Member hereby represents and warrants to the Company and the Members that such Member's acquisition of Units hereunder is made as principal for such Member's own account and not for resale or distribution of such Units. Each Member further hereby agrees that the Board may placed the appropriate legends under applicable federal and state securities laws or this Agreement upon any counterpart of this Agreement, the Certificate, or any other document or instrument evidencing ownership of Units or membership in this Company, including the following legend:

> The Units represented by this document are subject to further restriction as to their sale, transfer, hypothecation, or assignment as set forth in the Second Amended and Restated Operating Agreement and agreed to by each Member. Said restriction provides, among other things, that no Units may be transferred without first obtaining the approval of the Board of Managers, and that no vendee, transferee, assignee, or endorsee of a Member shall have the right to become a substituted Member without the consent of the Company's Board of Managers, which consent may be given or withheld in the sole and absolute discretion of the Board of Managers.

10.9 Distributions and Allocations in Respect of Transferred Units.

If any Units are Transferred during any Fiscal Year in compliance with the provisions of this Section 10, Profits, Losses, each item thereof, and all other items attributable to the Transferred Units for such Fiscal Year shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the Fiscal Year in accordance with Code Section 706(d), using any conventions permitted by law and adopted from time to

time by the Board. All distributions on or before the date of such Transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee. Solely for purposes of making such distributions, the Company shall recognize such Transfer not later than the end of the calendar month during which it is given notice of such Transfer, provided that, if the Company is given notice of a Transfer at least ten (10) Business Days prior to the Transfer, the Company shall recognize such Transfer as of the date of such Transfer, and provided further that if the Company does not receive a notice stating the date such Units were transferred and such other information as the Board may reasonably require within thirty (30) days after the end of the Fiscal Year during which the Transfer occurs, then all distributions may be made to the Person who, according to the books and records of the Company, was the Member of the Units on the last day of such Fiscal Year. Neither the Company nor any Unit Holder shall incur any liability for making allocations and distributions in accordance with the provisions of this Section 10.9, whether or not the Unit holders or the Company has knowledge of any Transfer of any Units. The Members acknowledge that the method and convention designated by the Board constitutes an agreement among the partners within the meaning of Regulations Section 1.706-1.

SECTION 11
MERGERS AND OTHER EXTRAORDINARY TRANSACTIONS

11.1 Acknowledgement.

The Unit Holders acknowledge that the financial provisions of this Agreement, including provisions relating to Capital Contributions, Profit and Loss Allocations, Distributions and Winding Up collectively represent their desired sharing of the financial obligations and entitlements with respect to their Units.

11.2 Sharing of Consideration.

If the terms of a merger or other extraordinary transaction to which the Company is a party do not provide each Unit Holder with a financial interest in the surviving entity that is substantially similar to the financial interest of such Unit Holder in this Company immediately before the transaction, the value of the consideration received shall be divided among the Unit Holders in the same manner as a comparable amount of net liquidation proceeds would be distributed pursuant to Section 12 of this Agreement. This shall not be construed to prevent issuance of differing forms of consideration to different groups of Unit Holders to the extent allowed by law.

SECTION 12
DISSOLUTION AND WINDING UP

12.1 Dissolution Events.

(a) **Dissolution.** The Company shall dissolve and shall commence winding up and liquidating upon the first to occur of any of the following (each a “Dissolution Event”):

(i) The affirmative vote of each Manager and a Majority in Interest of the Members to dissolve, wind up, and liquidate the Company; or

(ii) The entry of a decree of judicial dissolution pursuant to the Act.

(b) The Members hereby agree that, notwithstanding any provision of the Act, the Company shall not dissolve prior to the occurrence of a Dissolution Event.

12.2 Winding Up.

Upon the occurrence of a Dissolution Event, the Company shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Members, and no Unit Holder shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Company's business and affairs, provided that all covenants contained in this Agreement and obligations provided for in this Agreement shall continue to be fully binding upon the Unit Holders until such time as the Property has been distributed pursuant to this Section 12.2 and the Certificate have been canceled pursuant to the Act. The Liquidator shall be responsible for overseeing the prompt and orderly winding up and dissolution of the Company. The Liquidator shall take full account of the Company's liabilities and Property and shall cause the Property or the proceeds from the sale thereof (as determined pursuant to Section 12.10 hereof), to the extent sufficient therefor, to be applied and distributed, to the maximum extent permitted by law, in the following order:

(a) First, to creditors (including Managers and Members who are creditors, to the extent otherwise permitted by law) in satisfaction of all of the Company's Debts and other liabilities (whether by payment or the making of reasonable provision for payment thereof), other than liabilities for which reasonable provision for payment has been made

(b) Second,

(i) if the Dissolution Event occurs prior to the commencement of the Gevo Economic Period:

(1) to the Unit Holders who hold Class C Preferred Units an amount, when combined with the prior distributions pursuant to Section 4.1(a) of this Agreement equals a ten percent (10%) annual, cumulative, non-compounding return on such holders initial Capital Contribution calculated like interest using the average daily balance of such holders Capital Contribution over the time period in question;

(2) Third, to the holders of the Class C Preferred Units an amount equal to the initial Capital Contribution made by such holder with respect to the Class C Preferred Units held by such person which have not previously been redeemed pursuant to Section 6.6(b) hereof;

(3) Fourth, the balance, if any, to the Unit Holders in accordance with the positive balance in their Capital Accounts, after

giving effect to all contributions, distributions and allocations for all periods; and

(4) Thereafter, to the holders of Class A Units and Class B Units in proportion to their Units.

(ii) if the Dissolution Event occurs after the commencement of the Gevo Economic Period, to Gevo in proportion to the Gevo Percentage Interest and to the Redfield Parties in proportion to the Redfield Percentage Interest. The portion of the distribution made to the Redfield Parties shall in turn be subject to the provisions of Section 12.2(b)(i) above.

If any assets of the Company are distributed in kind, such assets, after appraisal by a third party selected by the Board of Managers, shall be deemed to have been sold at a price equal to the appraised value. Any hypothetical gain or loss shall be allocated to the Members pursuant to the provisions of Section 3 hereof.

12.3 Compliance With Certain Requirements of Regulations; Deficit Capital Accounts.

In the event the Company is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), (a) distributions shall be made pursuant to this Section 12 to the Unit Holders who have positive Capital Accounts in compliance with Regulations Section 1.704- 1(b)(2)(ii)(b)(2). If any Unit Holder has a deficit balance in his Capital Account (after giving effect to all contributions, distributions and allocations for all Fiscal Years, including the Fiscal Year during which such liquidation occurs), such Unit Holder shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other Person for any purpose whatsoever. In the discretion of the Liquidator, a pro rata portion of the distributions that would otherwise be made to the Unit Holders pursuant to this Section 12 may be:

(a) Distributed to a trust established for the benefit of the Unit Holders for the purposes of liquidating Company assets, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company. The assets of any such trust shall be distributed to the Unit Holders from time to time, in the reasonable discretion of the Liquidator, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Unit Holders pursuant to Section 12.2 hereof; or

(b) Withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company, provided that such withheld amounts shall be distributed to the Unit Holders as soon as practicable.

12.4 Deemed Distribution and Recontribution.

Notwithstanding any other provision of this Section 12, in the event the Company is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Dissolution

Event has occurred, the Property shall not be liquidated, the Company's Debts and other liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up. Instead, solely for federal income tax purposes, the Company shall be deemed to have contributed all of its Property and liabilities to a new limited liability company in exchange for an interest in such new company, and immediately thereafter, the Company will be deemed to liquidate by distributing such interest in the new company to the Unit Holders.

12.5 Rights of Unit Holders.

Except as otherwise provided in this Agreement, each Unit Holder shall look solely to the Property of the Company for the return of its Capital Contribution and has no right or power to demand or receive Property other than cash from the Company. If the assets of the Company remaining after payment or discharge of the debts or liabilities of the Company are insufficient to return such Capital Contribution, the Unit Holders shall have no recourse against the Company or any other Unit Holder or Unit Holders.

12.6 Notice of Dissolution/Termination.

(a) Upon the occurrence of a Dissolution Event, the Board shall, within thirty (30) days thereafter, provide written notice thereof to each of the Unit Holders, and the Board may notify its known claimants and/or publish notice as further provided in the Act.

(b) Upon completion of the distribution of the Company's Property as provided in this Section 12, the Company shall be terminated, and the Liquidator shall cause the filing of a Certificate of Dissolution in accordance with the Act and shall take all such other actions as may be necessary to terminate the Company.

12.7 Allocations During Period of Liquidation.

During the period commencing on the first day of the Fiscal Year during which a Dissolution Event occurs and ending on the date on which all of the assets of the Company have been distributed to the Unit Holders pursuant to Section 12.2 hereof (the **"Liquidation Period"**), the Unit Holders shall continue to share Profits, Losses, gain, loss and other items of Company income, gain, loss or deduction in the manner provided in Section 3 hereof.

12.8 Character of Liquidating Distributions.

All payments made in liquidation of the interest of a Unit Holder in the Company shall be made in exchange for the interest of such Unit Holder in Property pursuant to Section 736(b)(1) of the Code, including the interest of such Unit Holder in Company goodwill.

12.9 The Liquidator.

(a) **Definition.** The **"Liquidator"** shall mean a Person appointed by the Board, provided that such Person must be approved by at least one Gevo Appointed Manager, to oversee the liquidation of the Company. The Liquidator may be the Board or a committee of

three or more Managers appointed by the Board, provided that any such committee shall include at least one Gevo Appointed Manager.

(b) **Fees.** The Company is authorized to pay a reasonable fee to the Liquidator for its services performed pursuant to this Section 12 and to reimburse the Liquidator for its reasonable costs and expenses incurred in performing those services.

(c) **Indemnification.** The Company shall indemnify, save harmless, and pay all judgments and claims against such Liquidator or any officers, directors, agents or employees of the Liquidator relating to any liability or damage incurred by reason of any act performed or omitted to be performed by the Liquidator, or any officers, directors, agents or employees of the Liquidator in connection with the liquidation of the Company, including reasonable attorneys' fees incurred by the Liquidator, officer, director, agent or employee in connection with the defense of any action based on any such act or omission, which attorneys' fees may be paid as incurred, except to the extent such liability or damage is caused by acts or omissions that are not in good faith or involve negligence, fraud, intentional misconduct or a knowing violation of law, or for a transaction from which the Liquidator or its officer, director, agent or employee derived an improper personal benefit.

12.10 Form of Liquidating Distributions.

For purposes of making distributions required by Section 12.2 hereof, the Liquidator may determine whether to distribute all or any portion of the Property in-kind or to sell all or any portion of the Property and distribute the proceeds therefrom.

SECTION 13
DISPUTE RESOLUTION

If a dispute arises out of or relates to this Agreement, or the performance or breach thereof, the parties agree first to try in good faith to settle the dispute by mediation under the Commercial Mediation Rules of the American Arbitration Association, before resorting to arbitration. Thereafter, any remaining unresolved controversy or claim arising out of or relating to this Agreement, or the performance or breach thereof, shall be settled by binding arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association as modified by this Section 13; PROVIDED, that this Section 13 shall not require use of the American Arbitration Association Only that such Rules as modified by this Section 13 shall be followed); and PROVIDED FURTHER, that arbitration shall not be required for allegations involving breach of contract, violations of state or federal securities laws, breach of fiduciary duty or other misconduct by the Company. The arbitration shall be conducted in the State of South Dakota. Any award rendered shall be final and conclusive upon the parties and a judgment thereon may be entered in any court having competent jurisdiction. The parties shall (i) agree upon and appoint as the arbitrator a retired former trial Judge in South Dakota; (ii) direct the arbitrator to follow substantive rules of law and the Federal Rules of Evidence; (iii) allow for the parties to conduct discovery pursuant to the rules then in effect under the Federal Rules of Civil Procedure for a period not to exceed 60 days; (iv) require the testimony to be

transcribed; and (v) require the award to be accompanied by findings of fact and a statement of reasons for the decision. The cost and expense of the arbitrator and location costs shall be borne equally by the parties to the dispute. All other costs and expenses, including reasonable attorney's fees and expert's fees, of all parties incurred in any dispute which is determined and/or settled by arbitration pursuant to this Section 13 shall be borne by the party incurring such cost and expense. Except where clearly prevented by the area in dispute, both parties agree to continue performing their respective obligations under this Agreement while the dispute is being resolved.

SECTION 14
MISCELLANEOUS

14.1 Notices.

Any notice, payment, demand, or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be deemed to have been delivered, given, and received for all purposes (i) if delivered personally to the Person or to an officer of the Person to whom the same is directed, or (ii) when the same is actually received, if sent either by registered or certified mail, postage and charges prepaid, or by facsimile, if such facsimile is followed by a hard copy of the facsimile communication sent promptly thereafter by registered or certified mail, postage and charges prepaid, addressed as follows, or to such other address as such Person may from time to time specify by notice to the Company and the Unit Holders:

(a) If to the Company, to the address determined pursuant to Section 1.4 hereof;

(b) If to the Unit Holders, to the address set forth on record with the company;

14.2 Binding Effect.

Except as otherwise provided in this Agreement, every covenant, term, and provision of this Agreement shall be binding upon and inure to the benefit of the Members and their respective successors, transferees, and assigns.

14.3 Construction.

Every covenant, term, and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Member.

14.4 Time.

In computing any period of time pursuant to this Agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included, but the time shall begin to run on the next succeeding day. The last day of the period so computed shall be included, unless it is a Saturday, Sunday or legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday or legal holiday.

14.5 Headings.

Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof.

14.6 Severability.

Except as otherwise provided in the succeeding sentence, every provision of this Agreement is intended to be severable, and, if any term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement. Notwithstanding the foregoing, if such illegality or invalidity would be to cause any Member to lose the material benefit of its economic bargain, then the Members agree to negotiate in good-faith to amend this Agreement in order to restore such lost material benefit.

14.7 Incorporation by Reference.

Every exhibit, schedule, and other appendix attached to this Agreement and referred to herein is not incorporated in this Agreement by reference unless this Agreement expressly otherwise provides.

14.8 Variation of Terms.

All terms and any variations thereof shall be deemed to refer to masculine, feminine, or neuter, singular or plural, as the identity of the Person or Persons may require.

14.9 Governing Law.

The laws of the State of South Dakota shall govern the validity of this Agreement, the construction of its terms, and the interpretation of the rights and duties arising hereunder.

14.10 Waiver of Jury Trial.

Each of the Members irrevocably waives to the extent permitted by law, all rights to trial by jury and all rights to immunity by sovereignty or otherwise in any action, proceeding or counterclaim arising out of or relating to this Agreement.

14.11 Counterpart Execution.

This Agreement may be executed in any number of counterparts with the same effect as if all of the Members had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

14.12 Specific Performance.

Each Member agrees with the other Members that the other Members would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that monetary damages would not provide an adequate remedy in such event. Accordingly, it is agreed that, in addition to any other remedy to which the nonbreaching Members may be entitled, at law or in equity, the nonbreaching Members shall be entitled to injunctive relief to prevent breaches of the provisions of this Agreement and specifically to enforce the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having subject matter jurisdiction thereof.

* *

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the day first above set forth.

ADDITIONAL MEMBER SIGNATURE PAGE

IN WITNESS WHEREOF, pursuant to Sections 6.1 and/or 10.6 of the Second Amended and Restated Operating Agreement of Redfield Energy, LLC, of which this signature page is a part, in consideration of and as a condition to the undersigned's being admitted as a Member and acquiring Units in Redfield Energy, LLC, the undersigned hereby executes and enters into this Second Amended and Restated Operating Agreement as an additional Member, as of , 2011 or, if later, the effective date of the undersigned's acquisition of Units and admission as a Member pursuant to this Second Amended and Restated Operating Agreement. By execution of this Additional Member Signature Page and on such date, the undersigned hereby becomes a party to this Second Amended and Restated Operating Agreement and agrees to be bound in all respects by the terms and conditions of this Second Amended and Restated Operating Agreement on and after such date.

Date Signed: ______________________________

Individuals:

____
(Signature)

____
(Signature of joint investor)

____
(Print name)

____
(Print name of joint investor)

Entities:

____
(Print name of entity)

____
(Signature)

____
(Print name of authorized signatory)

____
(Print title of authorized signatory)

SCHEDULE A

List of Unit Holders

Names and Addresses of Unit Holder	Form of Contribution	Amount (Agreed Value) of Contribution	Date of Acceptance of Contribution	Number of Units	Effective Date of Issuance of Units

SCHEDULE B

<u>Percentage Interests</u>*

Gevo Percentage Interest: %

Redfield Percentage Interest: %

TOTAL 100%

* Percentages subject to change over time based on the Performance Level achieved by the Facility.

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Exhibit 31.1

CERTIFICATIONS

I, Patrick R. Gruber, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gevo, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2011

/s/ PATRICK R. GRUBER

Patrick R. Gruber
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Mark Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gevo, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2011

/s/ MARK SMITH

Mark Smith
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATIONS PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

I, Patrick R. Gruber, Chief Executive Officer of Gevo, Inc. (the "Company"), and I, Mark Smith, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2011 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the Report.

/s/ PATRICK R. GRUBER

Patrick R. Gruber
Chief Executive Officer

Date: August 3, 2011

/s/ MARK SMITH

Mark Smith
Chief Financial Officer

Date: August 3, 2011

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report to which it relates, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, whether made before or after the date of the Report and irrespective of any general incorporation language contained in such filing.