

CARB Testimonial – Dave Mullen 4/26/07

Part of our discussion here today is to confirm that our soy-based, no-added formaldehyde adhesive is a practical approach for the wood products market to achieve CARB regulations.

You may have several questions such as:

- What is the technology availability?
- How difficult is it to implement?
- Are we meeting our customer performance expectations?
- Is it cost effective?

My name is David Mullen. As the Business Manager for Hercules Incorporated, I am responsible for product launch of our technologies to the Building Products market. I work closely with our R&D group as well as customers that are actually using this technology today.

As described by our Director of Research, Hercules has been driving this product development initiative for more than five years.

I can assure you that we have a practical approach for the wood products industry.

The learning curve is behind us. Hercules R&D, Oregon State University, and industry supporters have spent thousands of hours to validate and commercialize the Soy Adhesive technology for Plywood and Particleboard processes.

Let me share what we know:

Yes -- Hercules Soy-based adhesives can be successfully utilized. To date, we have produced over 15 million panels of hardwood decorative plywood that have been accepted commercially.

Word is out and we receive numerous inquiries weekly from the global wood products community.

Further development is underway to ensure that this technology can be transferred to particleboard and other composite panel segments.

Yes -- Hercules has successfully converted several hardwood plywood mills cost neutral to urea formaldehyde adhesives.

Yes -- We have developed and validated a 2nd generation adhesive that is sprayable and cost effective for the particleboard market. Commercial particleboard results are positive as we are close to meeting all performance targets. We are committed to achieving a minimal cost premium vs. UF.

** I want to be very clear hereContrary to the rumors, Hercules intends to make soy adhesive technology available to the entire global wood products market. Initial validation of the technology with a key industry leader was critical to insure its long term viability in this industry.

With 23 production sites around the world, Hercules has more than enough capacity to handle our global customer needs.....including China.

Hercules looks forward to using our global reach to make an impact in California and the rest of the U.S.

Thank you for the opportunity to address the CARB board today.