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HERO BX Newsletter Volume 1, Issue 7 December 2010



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Executive Message

As we prepare to close the year and the holidays draw nearer, our thoughts are drawn to our families and community. We anticipate the time we will spend together with our families and also give thought to what our community requires. Family and community were fundamental in the creation of HERO BX. Having manufacturing jobs in our community, like those at HERO BX, means that families can be paid sustaining wages, it means that with a strong base of manufacturing – our community can thrive, and that auxiliary jobs can be created in the form of suppliers, service professionals, and researchers. To say all this, it may sound simplistic; however, to achieve it – is much harder.



Samuel P. (Pat) Black, III
 Investor

Business is hard, but in the case of HERO BX it's worthwhile and every once in a while you catch a well deserved break. On December 16, 2010 we received word that after a year in the making the Blender's Credit subsidy was passed in the U.S. House and was signed into law by the President the following day. A hearty congratulations to all those who worked tirelessly to make this happen!

So to the employees that comprise the HERO BX family, its community of suppliers and other professionals – I want to say thank you for what you do. What we have achieved and what we wish to achieve cannot be done without you. Your confidence, determination, and enthusiasm keep our business and industry moving forward. I wish each of you and your families Happy Holidays!

HERO BX off the shores of Lake Erie, PA



Happy Holidays

<p><u>HERO BX Executive Staff</u></p> <p>Leonard Kosar-CEO, Erie Management Group Mark Zukowski-CFO, Erie Management Group Michael Noble-President Chris Peterson-VP, Finance & Commodity Risk Timothy Keaveney-VP, Sales Scott Newell-EH&S Manager Glenn Green-Director of Technology Tim Boldt-Logistics Superintendent Ryan Steuben-Plant Manager John Schenker-Operations Superintendent</p>	<h3>UPCOMING EVENTS</h3>				
<p>IF YOU WOULD LIKE TO RECEIVE OUR NEWSLETTER ELECTRONICALLY PLEASE CONTACT THE EDITOR AT:</p> <p>twalsh@eriemg.com</p>	<p>112th Congress Reconvenes.....January 5, 2011</p>				
<p><u>Newsletter Editor</u></p> <p>Theresa Walsh twalsh@eriemg.com</p>	<p style="text-align: center;"><u>Employee Milestones</u></p> <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><u>Anniversaries-Years</u></td> <td style="text-align: center;"><u>Birthday</u></td> </tr> <tr> <td style="text-align: center;">Ann Kaspick-4</td> <td style="text-align: center;">N/A</td> </tr> </table>	<u>Anniversaries-Years</u>	<u>Birthday</u>	Ann Kaspick-4	N/A
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2010 Year in Review

June 2010 HERO BX Receives US Export Achievement Award Erie's biodiesel plant is being recognized for its excellence in export. The Export Achievement Award recognizes U.S. companies that have either made their first export sale or expanded their sales into overseas markets with the assistance from the U.S. Commercial Service as a global player in the biodiesel marketplace.

July 2010 AOCS Descends on Phoenix American Oil Chemists' Society (AOCS) Annual Meeting & Expo-In the biodiesel industry we have all become familiar with the occurrence of sterol glucosides and their negative impact on product quality. Sterols are not something new; they just have received an increase in attention and awareness. For instance, sterols were found in whiskey in 1957. The next time you eat a candy bar, take a look at the ingredients. You'll find soy lecithin. In 2004, a study was published stating commercial food grade soy lecithin can contain approximately 10% sterol glucosides.

August 2010 PPMCSA Summer Conference Introduction On July 19th and 20th HERO BX hosted the Pennsylvania Petroleum Marketers and Convenience Store Association (PPMCSA) at their Summer conference held at the Sheraton Bayfront in Erie, PA. The theme, "Biofuels, what you should know." The event attracted over 50 PA fuel oil dealers who came to Erie to learn more about biodiesel and to enjoy the attractions of our wonderful city.

September 2010 BQ-9000 Accreditation On August 3, 2010, HERO BX's internal Quality Control Program was subject to its second surveillance audit by the National Biodiesel Accreditation Commissions' (NBAC) lead BQ-9000 auditor Eric Parks. HERO BX has been accredited by BQ-9000 for its quality control program as both a Producer and Marketer since the summer of 2008. This was HERO BX's final surveillance audit for their initial registration with the NBAC. As always HERO BX is second to none in its quality and quality program. The audits and customer testimonials confirm the prestigious quality of the Biodiesel produced at HERO BX.

October 2010 HERO BX Maintenance Teamwork The maintenance crew is called upon to perform a wide variety of tasks. This would include anything from trouble shooting production problems to major replacement of equipment. With so many different types and styles of rotating equipment along with the support process piping their skill set is very vast. The facility is spread out over a large area with equipment seeing a wide variety of different elements. So each individual section of the process requires custom preventive maintenance techniques. The demands on the maintenance crew are always changing whether it is seasonal changes or production product changes. The job of maintenance is never done.

November 2010 Safety in the Middle HBX Holds Tabletop Exercise-HERO BX continued its commitment to environmental protection by conducting a tabletop exercise in managing a spill response. HERO BX management along with emergency management contractors reviewed response plans, proper notifications, coordination of personnel, communication systems and use of equipment necessary to prevent or minimize environmental impact as result of an accidental release of oil or chemicals. According to Scott Newell, HERO BX EH&S Manager, the plant is designed and procedures are in place to prevent accidental releases but we have to be prepared for all situations.

Conferences

2010 PEDA Fall Conference

Michael Noble, HERO BX—President in conjunction with Dan Arnett, Ernst Biomass, LLC—Manager were guest speakers at the 2010 Pennsylvania Economic Development Association (PEDA). Their presentation "Pennsylvania for Energy Companies: The Good and the Bad" reviewed both companies growth and the good and bad aspects of companies prospering in Pennsylvania.

SIGMA Conference

Tim Keaveney, HERO BX VP of Sales, had the opportunity to attend the SIGMA Conference in Boston on November 11-14. SIGMA is the United States' largest and most recognized organization that cater to the petroleum industry.

Tim had the chance to meet with dozens of HERO BX customers and potential new customers. Most SIGMA members operate convenience stores and offer gasoline and diesel fuel at the retail level. The intention of his attendance was to introduce HERO BX to those who do not know us and to review the organization for potential HERO BX membership. It was a terrific event and he is considering becoming a member. Learn more about SIGMA check out their web site. <http://www.sigma.org/about-sigma.6.0.fs>

Legislative Updates

Federal

Biodiesel Blenders Tax Credit Reinstated!

On December 17, 2010 President Obama signed HR 4853 *Middle Class Tax Relief Act of 2010* into Law. One Year – almost to the date – the BBTC (Biodiesel Blenders Tax Credit) was expired. In Section 701 of the Law passed on the 17th of this month the BBTC is retroactively reinstated to December 31, 2009 and extends to December 31, 2011. This is a great day for the Biodiesel Industry – December 17, 2010.

Thank you Congress for supporting the BBTC!

State

Pennsylvania Senate and House have now concluded their 2009-2010 legislative session. Ironically, the Senate changed its mind and decided to vote on a handful of bills the House sent over and even vetoed a bill, which is rarely if ever done, concerning this past session. As a result, the session ended around the 17th of November.

HERO BX desires for continued dialogue in 2011 regarding the B-2 mandate's enforcement legislation and BIOHEAT®. HERO BX supports the B-2 mandate and has high aspirations to see Pennsylvania grow as a leader in domestic biofuels.

Safety in the Middle

Demands of plant operations do not slow down due to seasonal changes. Winter operations are more hazardous and strenuous. Environmental and workplace conditions can lead to cold induced illnesses and injuries. Hypothermia and frostbite are avoided by selecting the proper clothing for cold, wet, and windy conditions and by taking short breaks to allow the body to warm up. Staying hydrated by drinking enough fluids is often overlooked in cold weather and should remain a priority. Slips, trips, and falls are more prevalent and are avoided by keeping high traffic areas cleared of ice and snow. Salt and sand should be used as appropriate.

Employee of the Month

The decision of choosing one Employee of the Month was truly a hard one to make. Thus, we are highlighting all HERO BX employees by focusing on all areas of employment to show how the employees of HERO BX work as a team to get the job done. From start to finish our company strives to handle every situation with the same level of respect and quality. The following represents the different departments within our company:

Management – The Managers of HERO BX make sure that all aspects of the company: Quality, Maintenance, Safety, Finances, Purchasing, Logistics, Sales, Technology and Laboratory are operating at maximum potential.

Sales – Our sales staff is very knowledgeable of the industry and our product. They are always ready to find the solution that will satisfy our customer's needs.

Maintenance – Our maintenance staff are dedicated in their duties. They are on-call 24/7 - if the need shall arise, and they ensure that the plant is constantly running at maximum performance.

Operators – Our operators from tech to lead monitor instruments, control or operate chemical processes or systems of machines, record operating data and other duties to sustain operation of the plant.

Loading/Receiving – The loading and receiving crew work harmoniously with the quality department to ensure that all products inbound and outbound are within our quality standards. They brave the elements daily in order to keep the trucks or railcars moving.

Purchasing – The staff in Purchasing and Logistics forecast production and inputs for production to allow the biodiesel facility to produce at maximum capacity. They also plan, schedule and monitor of the movement of materials through the production cycle.

Quality – Conduct chemistry procedures using equipment in a large chemistry laboratory performing chemistry techniques for a variety of analytical purposes to achieve and maintain BQ-9000 status. They conduct programs of sampling and analysis to maintain quality standards of raw material, chemical intermediates, and products.

Safety – The EH&S Manager and safety committee are dedicated to ensure that all safety procedures are adhered to and continuous training obtained by all employees, contractors, and visitors.

Administrative – Conduct research, prepare statistical reports, handle information requests, process purchase orders and invoices, and all other performing clerical functions.