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## See-Through Corn

*Mr. McGuire: I just wanna say one word to you. Just one word.*

*Ben Braddock: Yes, sir.*

*Mr. McGuire: Are you listening?*

*Ben Braddock: Yes, I am.*

*Mr. McGuire: "Plastics." - The Graduate*

As a follow up to my last quarter's newsletter "Why I love \$3.00 Gas", I thought I'd share with you just one of the happenings in the world not according to petroleum.

My premise, of course, was that high energy prices spur innovation. High prices in any sector of a capitalistic economy attract money and talent. This story's got both. Kathleen Bader is not a household name, and maybe never will be, but odds are you will be using her company's product in the near future. A Dow Chemical star and veteran of 32 years, she left the Dow last year to join Natureworks, a one product company. Natureworks is being backed with \$300 million from Cargill (the world's largest privately held company and largest grain merchant) and Dow Chemical. Did they discover the cure to cancer? Not quite, but their product will have an enduring and incredibly important role in shaping the future of our world.

The product is a polymer made from bacteria that feed on corn kernels called polylactic acid; translation – plastic. So what's the big deal? This plastic degrades in landfills within weeks. The combined heat (usually above 120 degrees in a compressed landfill) and humidity is a perfect environment for the degradation of the material. And the bi-products? Water and carbon dioxide. Compare this to oil based polyethylene terephthalate or PET, which degrades at about the same rate as enriched uranium, and you've got something pretty special.

How big is this business? Last year the plastics industry produced 450 *billion* pounds of plastic. Natureworks produced 300 *million* pounds. To say there is room for growth is like saying that Tiger Woods is pretty good with a golf club.

Only a few years ago companies trying to produce this product were spending about \$200 to make a pound of the material. Natureworks has this cost below \$1. With oil prices above \$50 per barrel this product is less than a third the price of its dinosaur spawned step cousin.

Yes, there are a few problems to overcome (bottles made from this polymer start to exhibit tiny dimples after eight months). Big corporations have been slow to adapt to the new product (steady yourself), and yes, there is even resistance from "green" advocates who twitch uncontrollably at the thought that genetically modified corn might be used in production (excuse me sir, but you're drinking your Perrier from a bottle made from the same stuff that you oiled your kid's bike chain with). Rest assured though, with the kind of money we're talking about, these issues are speed bumps, not road blocks.

I can't wait to see what they do with Brussel Sprouts.