

WRITTEN STATEMENT FOR THE RECORD

**DAVID BAKER, SENIOR VICE PRESIDENT
FUTUREFUEL CHEMICAL COMPANY
INDEPENDENCE COUNTY, ARKANSAS**

**BEFORE THE
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND
EMERGENCY MANAGEMENT**

**WASHINGTON, DC
JULY 27, 2011**

Thank you, Chairman Denham, Ranking Member Norton, Congressman Crawford and members of the subcommittee, for the opportunity to testify today about our experience with the U.S. Economic Development Administration (EDA), our region's Economic Development District (EDD) and the impact it has had on our company.

My name is David Baker and I am the Senior Vice President of Operations Support for FutureFuel Chemical Company located in Independence County, Arkansas. My professional background includes more than four decades in the chemical industry both domestically and internationally. Prior to my time with FutureFuel, I have held assignments with Eastman Chemical Company in chemical and pharmaceutical manufacturing in Indonesia, Singapore, Hong Kong and Wales.

FutureFuel Chemical Company (FFCC), a subsidiary of FutureFuel Corporation (FFC), is a public company with common stock trading on the New York Stock Exchange under the symbol "FF". We currently own approximately 2,200 acres of land six miles southeast of Batesville in north central Arkansas fronting the White River, with nearly 500 acres of the site occupied with batch and continuous manufacturing facilities, laboratories and associated infrastructure.

The region in which we are located consists of Batesville (population 10,248), and Independence County (population 36,647). The area economy is characterized as being predominantly rural and agricultural in nature with a mixture of services, tourism, and industrial employment.

Before our acquisition, the site was formerly Eastman SE Inc., a subsidiary of the Eastman Chemical Company. Original construction of the plant in 1975 was for the production of proprietary photographic and imaging chemicals for Eastman Kodak. Over time, they developed a diverse portfolio of biofuel products, and fine chemical and organic chemical intermediates used in a variety of end markets including chemicals for paints and coatings, plastics and polymers, pharmaceuticals, food supplements, household detergents, biocides and agricultural products. At its peak, the site had approximately 750 full time employees. After 1998, Eastman Chemical Company no longer considered products at the plant to be part of its core business and slowly terminated major investments at the site and the plant was soon divested.

After our acquisition in 2006, we have worked to become a leader in the U.S. biofuel industry, while maintaining the facility's status as a world-class specialty chemical manufacturer. The new ownership quickly realized the company's potential at the facility and also recognized that a vital component needed for growth was infrastructure capital. We knew that we could increase our production, shipping and overall profitability if we were able to improve our rail system and eliminate bottlenecks in transportation.

In 2008, FutureFuel developed a portfolio of time sensitive new business opportunities which we then shared with White River Planning and Development District (WRPDD), Independence County leadership and the Arkansas Economic Development Commission (AEDC). Upon hearing about our ideas, opportunities for growth and need for infrastructure capital, White River Planning and Development District, designated as an Economic Development District by EDA, facilitated a meeting for us with the EDA Austin regional office where we were able to share our vision for development, outline our challenges and discuss the possibility of using EDA's grant programs to help accomplish our goals.

In late 2009, Independence County was awarded a \$3.4 million grant from EDA for construction of rail, a rail switching station, and railcar and truck cleaning facilities. The state of Arkansas then provided a grant of \$2.4 million for this project, Independence County provided site preparation and FutureFuel deeded land to the county and provided capital. The total project cost approximately \$7 million.

The rail project is scheduled to be completed in late 2011 and this investment, along with other FFCC capital investments, has had a tremendous impact on our ability to attract new business and to create jobs. We have been able to significantly increase our annual capacity for biodiesel from 12 million gallons to more than 30 million gallons. We are completing projects that will give us a 59 million gallon annual rate. Rail traffic and truck traffic have more than doubled and we expect additional growth in both rail and truck traffic in 2011. We have created over 100 new quality jobs since our infrastructure projects began.

Since 2006, our sales revenue (combined Eastman SE, Inc. and FFC) has grown from approximately \$150 million to \$219 million in 2010. Employment has increased from 410 full time employees to over 500 full time employees. Many of the jobs created require higher technical skill levels in operations, laboratory, engineering and other disciplines.

This is very significant for our region considering that during 2008 and the first two months of 2009, the region's industrial employment experienced severe setbacks due to relocations, cutbacks and closures. The region has suffered the loss of manufacturing facilities such as GDX Automotive (581 jobs), White-Rodgers (125 jobs), and LaCroix Optical (20 jobs) during that time period.

In rural Arkansas, FutureFuel Chemical Company is continuing to innovate and our chemicals and biodiesel segments have experienced major growth in the last few years. Because of our technical expertise at the site, our biodiesel product is considered a premium product with superior wintertime performance. Our proprietary technology allows us to use feedstocks that are not in the food chain. We are also working on the commercial production of anode materials for high performance lithium-ion batteries for electric drive vehicles. All of these advances require a solid infrastructure and transportation system.

We are not going to stop there. We have already identified areas for future growth and expansion. We are looking to increase our biodiesel capacity and are considering chemical projects which could use the new rail connections. We have also engaged in development work on cellulosic feedstocks for energy and chemicals. We are well situated geographically for feedstocks (crop waste, municipal waste, wood waste and other carbon sources) if the right technology can be utilized. All of these require significant public infrastructure transportation assets.

In closing, Mr. Chairman, FFC is proud of our accomplishments as a new company. With help and guidance from our Economic Development District on how to identify and leverage resources, and through a small investment from EDA combined with local and state assistance, we have truly been able to experience tremendous growth in rural Arkansas during an extremely turbulent and challenging business climate.

FFC, EDA, AEDC and Independence County all believe that this grant has been, and will continue to be, a success story. The federal and state agencies delivered on the grant funding and FFCC has created jobs which enhance the economic growth of north central Arkansas. Without this investment in infrastructure, FFC could have lost time sensitive business opportunities.

Thank you again, Mr. Chairman and members of the subcommittee, for the opportunity to appear before you today. I would be pleased to answer any questions.

Resume for David L. Baker

Education and Training:

Bachelor of Science in Chemical Engineering from University of Tennessee, Knoxville, TN December 1967.

54 Semester hours Masters courses in Engr. Mgmt. from University of Tennessee 1984 – 1990.
Technical and Supervisory Development courses throughout work career.

Professional Experience:

Professional Engineer State of Tennessee since 1973.

Past President of Upper East Tennessee Chapter of Tennessee Society of Professional Engineers.

Assignments with Eastman Chemical Company headquartered in Kingsport, TN:

Dec. 1967 – Dec. 1973: Development Engineer with responsibility for process improvement projects in Filter Products Division (cellulose acetate fibers for filter tow).

Jan. 1974 – Dec. 1976: Tennessee Eastman Company Training Representative. Responsibility for development of job specific training for chemical operators (Cellulose Esters Division, Acetate Yarn Division, Organic Chemicals Division, Polymers Division, Tenite Division, Holston Defense Corporation).

Jan. 1977 – May 1980: Development Engineer for Organic Chemicals Division Hydroquinone Dept. Responsible for process improvement projects, Design of Shift Supervisor Training Program and selection of first line supervisors.

June 1980 – Dec. 1980: Senior Engineer. Responsible for supervision of Organic Chemicals Division Development & Control Pilot Plant, Line supervisor for Ph.D. Chemist, Pilot Plant Team Manager and twenty chemical operators.

Jan. 1981 – May 1982: Senior Engineer for Organic Chemicals Division Hydroquinone Department: Area Supervisor Tecmangam and Ore Grinding manufacturing. Responsible for line supervision of four first line supervisors and forty chemical operators.

June 1982 – Dec. 1982: Senior Engineer for Organic Chemicals Division Hydroquinone Department: Area Supervisor Hydroquinone manufacturing (Aniline Oxidation Process). Responsible for line Supervision of four first line supervisors and fifty chemical operators.

Jan. 1983 – Jan. 1984: Senior Engineer for Organic Chemicals Division Hydroquinone Department. Area Supervisor for Hydroquinone & Tecmangam and Ore Grinding For Organic Chemicals Department. Responsible for line Supervision of two staff engineers, eight first line supervisors and ninety chemical operators.

Feb. 1985 – June 1985: Special project to select supervisors and operators for a computer controlled manufacturing facility, design and delivery of training for Hydroquinone DIPB Plant operations personnel with June 1985 start date; coordination of plant checkout and startup. \$35 Million capital project. Startup ahead of schedule and below budget. First quality achieved on second batch from the new plant.

July 1985 – April 1989: Technical Associate for Hydroquinone Department. Area supervisor for Hydroquinone Department DIPB Hydroquinone manufacturing (state of the art distributed control system operation). Responsible for line supervision of four first line supervisors, two Engineers, two Technicians, and thirty chemical operators.

May 1989 – Sept. 1989: Technical Associate for Organic Chemicals Division Development & Control Department. Responsible for Engineering Group of six engineers providing chemical engineering support to Organic Chemicals Division (850 people in four operating departments).

Oct. 1989 – Feb. 1991: Development Associate for Synthetic Organic Chemicals. Staff Assistant to Synthetic Organic Photographic Chemicals (SOPC) Corporate Manager and SOPC Operations Manager. Synthetic Organic Photographic Chemicals organization had responsibility for coordinating worldwide manufacture, testing and distribution of imaging chemicals for Eastman Kodak.

March 1991 – Dec. 1992: Department Superintendent (senior technical associate) for Organic Chemicals Division Quality & Manufacturing Services. Department (included Warehousing, Quality Control, Quality Services, Health, Safety and Environment). Department of one hundred and fifty people (thirty professional/technical and one hundred and twenty operations).

Jan. 1993 – Dec. 1993: Project Consultant Asia Pacific. Domiciled in Singapore. Managing Director of JV alliance in Jakarta, Indonesia. Assistant to Vice President of Manufacturing for Eastman Chemical Asia Pacific; assisted in development of manufacturing plans for Eastman Chemical Asia manufacturing. Team leader for site selections.

Jan. 1994 – Feb. 1994: Staff assistant to Organic Chemicals Division Superintendent.

March 1994 – June 1997: Department Superintendent for Organic Chemicals Division Colorants and Chemicals Department. Department of two hundred and thirty people (thirty professional/technical and two hundred chemical operators).

July 1997 – Aug. 1997: Special Projects Coordinator. Developed plans to reorganize two divisions (Organic Chemical Division and Acid Division with combined 1600 people). Reorganized into two divisions with combined service departments (quality services, HSES, warehousing and shipping and quality control laboratories). New organizations able to accomplish objectives with 250 less people.

Sept. 1997 – Oct. 1998: Department Superintendent Acid Division Health, Safety, Environment & Facilities Support Department. Department of thirty-four professional/technical people and two Business Support people providing services to two manufacturing divisions.

Oct. 1998 – Jan. 1999: Manager, Special Projects, Eastman Chemical Hong Kong Ltd. Support and assessment of transition from fine chemicals manufacture to pharmaceutical manufacture.

Jan. 1999 – June 2001: Domiciled in Hong Kong. General Manager Eastman Chemical Hong Kong Ltd. Manufacture of registered pharmaceutical intermediates. Responsible for site functions of Manufacturing, Quality Control, Quality Assurance, Health, Safety & Environment, Financial, HR, Engineering, Maintenance, Purchasing, Logistics and R&D. Also responsible for business development of partnerships with Mainland China chemical manufacturers and development of strategy for China pharmaceutical sourcing.

July 2001 – July 2005: Domiciled in North Wales, UK. Managing Director of Pebec Division of Eastman Company UK Ltd. Pebec Division manufactures Eastman proprietary excipients, and registered intermediates and active pharmaceutical ingredients for the pharmaceutical industry. As Managing Director Pebec Division, responsible for site functions of Manufacturing, Quality Control, Quality Assurance, Health, Safety & Environment, Financial, HR, Engineering, Maintenance, Purchasing, Logistics and R&D. Also served as Managing Director Eastman Company UK Limited Board of Directors.

Aug. 2005 to Oct. 2006: Business Development Manager Performance Chemicals. Project development and divestiture of Eastman SE.

Assignments with FutureFuel Chemical Company located in Batesville, AR:

Nov. 2006 to Oct. 2007: Vice President Manufacturing Operations FutureFuel Chemical Company. Responsible for manufacturing, materials handling, purchasing, information technology.

Oct. 2007 to present: Senior Vice President Operations Support. Responsible for sales and marketing, commercial development, purchasing, information technology, health, safety and environment and quality assurance.

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Truth in Testimony Disclosure

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name: David L. Baker

(2) Other than yourself, name of entity you are representing:
FutureFuel Chemical Company

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?
YES **If yes, please provide the information requested below and attach your curriculum vitae.**
NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

<u>Agency</u>	<u>Program</u>	<u>Awarded Amount</u>	<u>Yr. Awarded</u>
USDA Rural Development	Advanced Biofuel Grant	\$384,000	2009
USDA Rural Development	Advanced Biofuel Grant	\$545,000	2010
Department of Energy	Recovery Act of 2009	\$12,596,000	2010
United States Department of Commerce, Economic Development Association	Construction of Rail Switching Station	\$3,400,000	2010

David L. Baker
 Signature

7/20/11
 Date