



News Release

Mascoma Corporation Secures Series A Funding from Flagship Ventures and Khosla Ventures for Ethanol Production Effort

Vinod Khosla, Jim Matheson and Samir Kaul Join Mascoma's Board of Directors

CAMBRIDGE, MA, JULY 19, 2006 – Mascoma Corporation, the leader in cellulosic biomass-to-ethanol development and production, today officially announced it has secured \$4M in Series A funding from Khosla Ventures and Flagship Ventures. This initial funding will be used for technology development, demonstrations, and engineering to prepare for commercial-scale ethanol production, to prepare the company for raising significantly more capital later in the year.

Cellulosic biomass (e.g. grass, wood, and various agricultural and forestry wastes) can be used in place of corn to produce ethanol, a renewable fuel that is lower priced, higher performance and cleaner burning than automotive gasoline. Conversion of cellulosic biomass to ethanol represents a significant commercial opportunity that also offers important benefits including being environmentally sustainable, enhancing national security by reducing reliance on foreign oil, and enabling rural economic development and job creation. Mascoma is a leader in this field, advancing both commercial ethanol technology and production processes.

“Mascoma’s approach of using cellulosic biomass to produce ethanol enables a significantly less-costly gasoline alternative. Garnering the financial and strategic support of Khosla Ventures and Flagship Ventures is a significant validation of our approach, and we welcome Khosla Venture Partners Vinod Khosla and Samir Kaul, and Flagship General Partner Jim Matheson, to our Board of Directors,” said Colin South, Mascoma’s president.

By substituting ethanol for gasoline, automobiles can achieve cleaner emissions at a lower cost, through the use of a domestically produced renewable fuel. Today ethanol in the U.S. is made from corn, a relatively expensive and limited supply food crop. Ethanol made from cellulosic biomass (grasses, wood, other farm and food wastes), offers a significantly lower cost, and much more plentiful and varied feedstocks. The challenge to date has been to cost-effectively break down and convert that cellulosic material into ethanol – Mascoma’s unique and patented portfolio of technologies provides the tools to develop solutions to these challenges.

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Mascoma Corporation was founded in 2006. It is aggressively pursuing the development of advanced cellulosic ethanol technologies based on work developed in Professor Lee Lynd's labs at Dartmouth College, including leading work on paper sludge biomass and other feedstocks. As part of its two-pronged strategy of technology development and deployment, Mascoma has patented numerous technologies for cellulosic production and is also forming a broad set of partnerships to commercialize new cellulosic ethanol technologies and processes. Mascoma core founders have many years of experience in biomass ethanol and include Dartmouth professor Lee Lynd, CTO; and University of California professor Charles Wyman, chairman of the Scientific Advisory Board. Mascoma President Colin South was previously CEO of a biotech company, with experience as an engineer and as a researcher in Lynd's lab.

About Khosla Ventures

Khosla Ventures offers venture assistance, strategic advice and capital to entrepreneurs. The firm helps entrepreneurs extend the potential of the Internet to new markets such as mobile and supports breakthrough scientific work such as bio refineries. Vinod Khosla founded the firm in 2004 and was joined in 2006 by two partners. The partners have been involved in founding or growing billion dollar businesses such as Sun Microsystems, Juniper Networks and AOL. Vinod has been labeled the #1 VC multiple times by Forbes and Fortune recently labeled him as one of the nation's most influential ethanol advocates, noting "there are venture capitalists, and then there's Vinod Khosla." The firm's capital comes entirely from its own partners and a portion of all profits are donated to charitable causes, with an emphasis on micro-finance, education, the environment and affordable housing. Khosla Ventures is based in Menlo Park, California.

About Flagship Ventures

Flagship Ventures is an early-stage venture capital firm focused on creating, financing, and building innovative companies in the Life Science and Technology sectors. Headquartered in Cambridge, MA, Flagship Ventures was founded in 1999 and manages \$700 million in capital. Prior to its founding, Flagship's principals were involved as founders or investors in over 100 firms including: Adolor, AltaVista, Anesta, Antigenics, Aspect Medical, Astral Point, Celera Genomics, ChemGenics Pharmaceuticals, Color Kinetics, Chantry Networks, Cytoc, DataSage, Exact Sciences, IDEXX, PerSeptive Biosystems, Somatogen, Telecorp PCS and TripAdvisor. For more information, visit www.flagshipventures.com.

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About Mascoma Corporation

Mascoma Corporation is a cellulosic biomass-to-ethanol company. Mascoma is leading in the development of unique biotechnology and partnering in deployment of cellulosic production into the ethanol market.

Initial deployment activities are focused on strategic partnerships for conversion of waste paper sludge and other cellulosic feedstocks into ethanol. Mascoma is aggressively pursuing the development of advanced cellulosic ethanol technologies based on technology developed in Lee Lynd's labs at Dartmouth College.

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