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Via U.S. mail

**4th Addendum to Docket 738 Objection and Complaint
Aventine Bankruptcy Case 09-11214-KG**

U.S. Bankruptcy Court
RECEIVED

MAY 18 2010

Judge Kevin Gross

The Honorable Judge Kevin Gross
824 Market Street
3rd Floor
Wilmington, DE 19801

Honorable Judge Gross,

I am a former Aventine Renewable Energy Holdings, Inc. ("Aventine", symbol AVRNO) stockholder who is now a holder of the Warrants under the terms of Aventine's Plan of Reorganization ("The Plan"). I am writing in reference to Delaware Bankruptcy Court Case No. 09-11214-KG, which I have been following on the Case Dockets from the beginning of Aventine's Chapter 11 filing. I am writing to document for the record several items and recent events that have become public after the confirmation of the Debtors Plan on February 24, 2010.

I respectfully request that you give consideration to the following items and recent events in any final rulings and/or pronouncements that may be required to complete Aventine's bankruptcy case.

ITEM 1) Unrealistically Low Plant EBITDA Margin Projections Used In Plan Valuation Analyses

Disclosure Statement Exhibit D – "Summary of Key Business Plan Assumptions" contains projections of future "plant EBITDA margins" of \$0.23/gallon for 2010 and \$0.24/gallon for 2011. According to testimony from Houlihan Lokey's expert during the February 24 confirmation hearing, Aventine had realized actual plant EBITDA margins in the four month period from October 2009 through January 2010 ranging from a low of \$0.45/gallon to a high of \$0.60/gallon. The average of these margins over the four month period is \$0.51/gallon, or 2.2 times the margin estimates contained in the Plan for 2010 that form the basis for valuing Aventine's business enterprise.

The extremely low future margin projections used in the Plan do not reflect the realities of current corn-based ethanol margins, or the current markets that Aventine operates within. FASB Statement of Financial Accounting Standards No. 157, "Fair Value Measurements",

paragraphs 5 and 7 require valuations to be based on "the measurement date", (in Aventine's case the effective date of March 15, 2010) not past dates, or some other unspecified date. The future "plant EBITDA margin" projections should begin with values consistent with recent actual operating margins realized during the most recent operating period. These future margin projections directly impact the valuations contained in Exhibit D rendering the Revenue Projections, Income Projections, Balance Sheet Projections, Earnings Projections, Discounted Cash Flow Analysis, and other valuation items contained in Exhibit D and the proposed Plan inaccurate and unrealistic. The Plan was developed using plant EBITDA margin estimates that are far removed from Aventine's actual recent operating margins, and the result yields a substantially lower enterprise value for Aventine.

ITEM 2) Erroneous Unfinished Plant Completion Date Used In Plan Valuation Analyses

Several news articles published shortly after Aventine's March 15, 2010, emergence date from Chapter 11 report that the uncompleted construction for Aventine's Aurora West plant will now be finished in September 2010. The Plan of Reorganization developed by Houlihan uses the first quarter of 2012 as the completion date for Aurora West (after obtaining an additional \$50M in secured debt financing in the second quarter of 2011). Therefore, 113M gallons/year of production capacity (a 55 percent increase in total production) will be coming online at least 15 months ahead of the schedule contained in the Plan. This results in the Revenue Projections, Income Projections, Balance Sheet Projections, Cash Flows, and Earnings Estimates developed by Houlihan in the Plan for the last quarter of 2010, all of 2011, and the first quarter of 2012 being erroneously low and unrealistic. The Plan was developed using a completion date for Aurora West that was far removed from Aventine's actual plan to complete construction. The result of this error yields a substantially lower enterprise value for Aventine.

ITEM 3) Value of Net Unrealized Built-In Losses Not Considered in the Plan Valuation Analyses

Case docket 14 contains a motion which was subsequently approved to protect and preserve Aventine's tax assets resulting from "net unrealized built-in loss", stating:

"the Debtors believe that the amount of their NUBIL is at least \$100 – 200 million and possibly much more. Accordingly, based on a combined federal and state corporate income tax rate of 35%, the future tax savings associated with the Debtors NUBIL is at least \$35 – 70 million, and possibly much more."

During the February 24 confirmation hearing, stockholder Andrew Shirley questioned Houlihan's expert as to whether the tax assets referred to in this filing had been taken into account in Aventine's Plan of Reorganization. Mr. Hardie said he had not reviewed the filing, and that the Plan Houlihan developed is based on the Debtors paying income taxes.

In addition, page 26 of Aventine's SEC 10-Q filing for the third quarter of 2009 contained the following statements:

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"On November 6, 2009, the President of the United States signed The Worker, Homeownership, and Business Assistance Act of 2009. Under the legislation, qualifying businesses may elect for tax purposes to carry back Net Operating Losses (NOLs) incurred in either 2008 or 2009 (but not for both years) for up to five years preceding the generation of the NOLs. These businesses are able to offset 100% of their taxable income with their available NOLs in the four years preceding NOLs generation, and 50% of their taxable income in the fifth year preceding the generation of the NOLs. The Company has generated NOLs in 2008 and 2009 for which utilization had been limited to two carry-back years under prior legislation. We are currently evaluating the impact of the new law but expect to be able to recover certain taxes paid in prior years through this expanded opportunity to carry-back NOLs."

The fact that tax benefits resulting from NOL carry-backs was not considered in the Plan renders it erroneous and inaccurate. Ignoring these tax assets unfairly reduces the value of Aventine's estate used to develop the Plan.

ITEM 4) Value of Recovery From ARS Litigation Not Considered in the Plan

Page 39 of Aventine's annual SEC 10-K filing for 2009 contains the following statements:

"On November 6, 2008, Aventine Renewable Energy, Inc. filed a Complaint against JPMorgan Securities, Inc. and JPMorgan Chase Bank, N.A. in the Circuit Court for the Tenth Judicial Circuit of Tazewell County, Illinois. We are seeking to recover \$31.6 million lost in the investment of funds in student loan backed auction rate securities. We have alleged that JPMorgan Chase Bank through its investment arm, JPMorgan Securities, gave false assurances of the liquidity of this type of investment. The \$31.6 million figure represents funds lost because we were forced to sell the investment at a loss after they became illiquid; the investment monies were earmarked to fund our expansion activities. There can be no assurance either that we will be successful in recovering any of these amounts or as to the timing of any such recovery pursuant to this litigation."

No value regarding a potential settlement and/or successful resolution of the above ARS litigation has been considered in Aventine's Plan of Reorganization. Many ARS litigation lawsuits have already been settled and/or resolved. After 1-1/2 years in litigation, Aventine should have some sense of the recovery expected to result from this litigation.

5) Current Value of Aventine "New Equity" In Excess of Equity Values Contained in the Plan

The "Valuation" section of Aventine's Ammended Disclosure Statement contains Houlihan's projections for the "new equity" value and the "new stock" price as follows:

"Based upon the estimated range of the enterprise value of the Reorganized Debtors of between \$220.0 million and \$260.0 million and assumed total net debt of \$28.9 million (including \$105.0 million in Senior Secured Notes, no balance outstanding under the ABL Credit Facility as of the Effective Date, \$5.3 million note proposed to be provided to Kiewit on account of the Kiewit Aurora West Claim and \$81.4 million cash on hand assuming an Effective Date of March 31, 2010), Houlihan Lokey has estimated the range of equity value for the Reorganized Debtors between approximately \$191.1 million and \$231.1 million, with a midpoint equity value of \$211.1 million. Assuming the issuance on the Effective Date of 8.550 million shares of New ARE Holdings Common Stock pursuant to the Plan, the imputed estimate of the range of equity values on a per share basis for Reorganized Aventine is between \$22.35 and \$27.03 per share, with a midpoint value of \$24.69 per share."

The "new equity" is being allocated to the "Unsecured Claims Stock Pool" (80% of new equity) and the Backstop Agreement Shares (20% of new equity) with the largest portions of the new equity going to the hedge funds holding the majority of Aventine's unsecured 2017 bonds. The new stock (AVRW.PK) has been trading in a range of \$40 to \$44 per share since April 7 when "publicly available" reporting for the stock price began. The only exception has been a single 100 share trade at \$30 on April 29. Over 300,000 shares have traded during the period April 7 to present.

Based on the recent trading range, it appears the market is currently valuing the "new equity" for Aventine at approximately 70 percent higher than Houlihan's midpoint value of \$24.69 per share used to develop the Plan and the Backstop Agreement. Based on recent trading for the "new stock", it appears Aventine's creditors receiving the "new equity" under the terms of the Plan will unfairly be recovering more than 100 percent of their claim amounts.

CLOSING REMARKS

Thank you for considering my request to take into consideration the above items and events when making final rulings and/or pronouncements regarding Aventine's bankruptcy case.



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