

Alan Betensley  
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Birmingham, MI 48009

U.S. Bankruptcy Court  
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Honorable Judge Kevin Gross  
Delaware Bankruptcy Court  
824 Market St  
Wilmington, DE 19801

Objection to the plan of reorganization  
Aventine Renewable Energy  
Case no. 09-11214-KG

February 10, 2010

Background

The following statement is from case docket #87,  
Application to Employ Houlihan Lokey Howard & Zukin Capital, Inc. as Financial  
Advisor and Investment Bankers Filed by Aventine Renewable Energy Holdings, Inc., a  
Delaware Corporation et al. Hearing scheduled for 5/5/2009 at 10:00 AM at US  
Bankruptcy Court, 824 Market St., 6th Fl., Courtroom #3, Wilmington, Delaware.  
Objections due by 4/28/2009. (Attachments: # 1 Notice # 2 Proposed Form of Order # 3  
Exhibit) (Bartley, Ryan) (Entered: 04/17/2009)

Houlihan Lokey has not represented, does not represent, and will not represent any entity's  
interest in the Debtors' Chapter 11 Cases nor have any relationship with any such entity which  
would be adverse to the Debtors as to the matter on which Houlihan Lokey is to be employed.

Statement of Objection

The Plan of Reorganization cannot be approved as it is based upon the grossly inaccurate  
valuation of equity performed by Houlihan Lokey which grants an unreasonable reward to  
holders of unsecured notes at the detriment of equity holders. The close relationship  
between Jeffrey Werbalowsky and Andrew Redleaf is in violation of the statement that  
Houlihan Lokey will not "have any relationship with any such entity which would be  
adverse to the Debtors as to the matter on which Houlihan Lokey is to be employed."

### Basis for Objection

1. Jeffrey Werbalowsky is Houlihan Lokey's Co-Chief Executive Officer and a Senior Managing Director in the firm's Minneapolis office. He is also a member of Houlihan Lokey's Board of Directors and a vice-chairman of the board of directors of Fram Inc. As the global co-director of the Financial Restructuring Group, which he co-founded in 1988, he has led many of the firm's largest restructuring engagements.
2. Andrew Redleaf is Chief Executive of Whitebox Advisors and is responsible for all operations of the firm as well as the development and operation of all asset management strategies.
3. As per the disclosure statement, Whitebox Advisors is the owner of 27% of Aventine's unsecured notes.
4. As stated in the Minneapolis Jewish Federation 2008 Annual Report
  - a. Mary and Jeffrey Werbalowsky contributed \$100,000 – \$249,999 to the MJF 2008 Annual Campaign
  - b. Andy Redleaf contributed \$25,000-\$49,999 to the MJF 2008 Annual Campaign.

### Summary of Objection and Complaint

Aventine Renewable Energy is an ethanol producer based in Pekin, IL. Houlihan Lokey is a global company with an office in Chicago, IL, yet the Minnesota office is consulting Aventine on their Chapter 11 case. Whitebox Advisors is an unsecured creditor of Aventine based in Minnesota, and Whitebox stands to gain by an unreasonably low valuation of Aventine's equity in order to justify an unfair debt for equity swap. Jeffrey Werbalowsky is the co-CEO of Houlihan Lokey and is based in the Minnesota office. Jeffrey Werbalowsky and Andy Redleaf are benefactors of the same Minneapolis organizations. There can be no other reason than the relationship between Jeffrey Werbalowsky and Andy Redleaf to explain the discrepancy between the equity as evidenced in the monthly operating reports submitted to the court and the "insolvency" as stated in the plan of reorganization as determined by Houlihan Lokey.

Therefore, the plan must be rejected.

  
Alan Betensley

## HONOR ROLL OF GIVING

This list recognizes and honors the generosity of those who contributed to the Minneapolis Jewish Federation 2008 Annual Campaign, which was chaired by Ann Rockier Jackson. The donors below have given permission for their names to be listed. A number of donors have requested to remain unlisted or anonymous.

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