



**Illinois Water Conference  
Water and Energy / Biofuels Session**

**October 9, 2008**

# Forward Looking Statements

Certain information included in this presentation may be deemed to be “forward looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements, other than statements of historical fact, included in this presentation, are forward looking statements. In particular, statements related to Aventine and its business, including overall volume trends, industry forces, margin trends, anticipated capital expenditures and our strategies are forward looking statements. When used in this document, the words “believe,” “expect,” “anticipate,” “estimate,” “project,” “plan,” “should,” “would,” “could” and similar expressions are intended to identify forward looking statements.

These statements are based on assumptions and assessments made management in light of their experience and perceptions of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward looking statements are not guarantees of Aventine’s or the ethanol sectors future performance and are subject to risks and uncertainties that could cause actual results, developments and business decisions to differ materially from those contemplated by such forward looking statements. Aventine disclaims any duty to update any forward looking statements. Some of the factors that may cause actual results, developments and business decisions to differ materially from those contemplated by such forward looking statements include, but are not limited to the following:

- Changes in or elimination of laws, tariffs, trade or other controls or enforcement practices such as:
  - national, state or local energy policy;
  - federal ethanol or biodiesel tax incentives;
  - Regulations, including new legislation that may decrease the existing renewable fuel standard and any other legislation mandating the usage of ethanol or biodiesel;
  - state and federal regulation restricting or banning the use of Methyl Tertiary Butyl Ether, a fuel derived from methanol (“MTBE”);
  - environmental laws and regulations applicable to our operations and the enforcement thereof;
- Changes in weather and general economic conditions;
- Overcapacity within the ethanol, biodiesel and petroleum refining industries;
- Total United States consumption of gasoline;
- Availability and costs of products and raw materials, particularly corn, coal and natural gas;
- Labor relations;
- Fluctuations in petroleum prices;
- The impact on margins from a change in the relationship between prices received from the sale of co-products and the price paid for corn;
- Aventine or its employees’ failure to comply with applicable laws and regulations;
- Aventine’s ability to generate free cash flow to invest in our business and service our indebtedness;
- Limitations and restrictions contained in Aventine’s instruments and agreements governing its indebtedness;
- Aventine’s ability to raise additional capital and secure additional financing, and its ability to service any debt, if obtained;
- Aventine’s ability to retain key employees;
- Liability resulting from actual or potential future litigation;
- Competition;
- Plant shutdowns or disruptions at Aventine plants or plants whose products we market;
- Availability of rail cars and barges;
- Potential decreases in marketing alliance volumes resulting from the acquisition of marketing alliance partners by our competitors, the reduction of production capacity or abandonment of announced projects by marketing alliance partners for economic reasons, the creation of similar marketing alliances by our competitors and other failures to renew marketing alliance contracts;
- Aventine’s ability to receive and/or renew permits to construct and/or commence operations of its proposed capacity additions in a timely manner, or at all;
- Our ability to complete our ethanol plant expansion projects in a timely manner and at the expected cost is highly dependant upon third parties, including our engineering, procurement and construction contractor and their sub-contractors;
- Fluctuations in Aventine earnings resulting from increases or decreases in the value of ethanol or biodiesel inventory; and
- Other factors described in Aventine’s filings with the Securities and Exchange Commission.

# Aventine Participant

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# Corn Market Fears Subsiding

- **Corn prices have fallen from highs north of \$7 per bushel to between \$4 and \$5 per bushel today**
- **USDA forecasting yields ever of 152.3 bushels per acre. USDA expects corn crop to reach 12.1 billion bushels <sup>(1)</sup>**
- **Disconnect between CBOT and physical corn price remains**
  - Physical corn prices in Central Illinois about 44 cents per bushel below CBOT price at September 18 <sup>(2)</sup>

(1) Source: *September 12, 2008 US Department of Agriculture WASDE report*

(2) Source: *Wall Street Journal, September 18, 2008*

# AVR Expects Ethanol Demand Increases to Continue

- **Government mandates require increased consumption**
  - Higher RFS will eventually result in E-10 blends nationally
- **Price discount to gasoline remains attractive for additional discretionary blending above mandated amounts. Discretionary blend levels continue to grow**
- **High oil prices are providing impetus for increased ethanol consumption (i.e., product substitution due to better economics). Some forecasts predict petroleum prices returning to or exceeding previous highs**
- **Chevron plans E10 rollouts in the second half of 2008 <sup>(1)</sup>**
- **ExxonMobil will eliminate the sale of conventional gasoline and replace it with E-10 <sup>(1)</sup>**

(1) Source: OPIS

# RFS Sets Floor For Demand

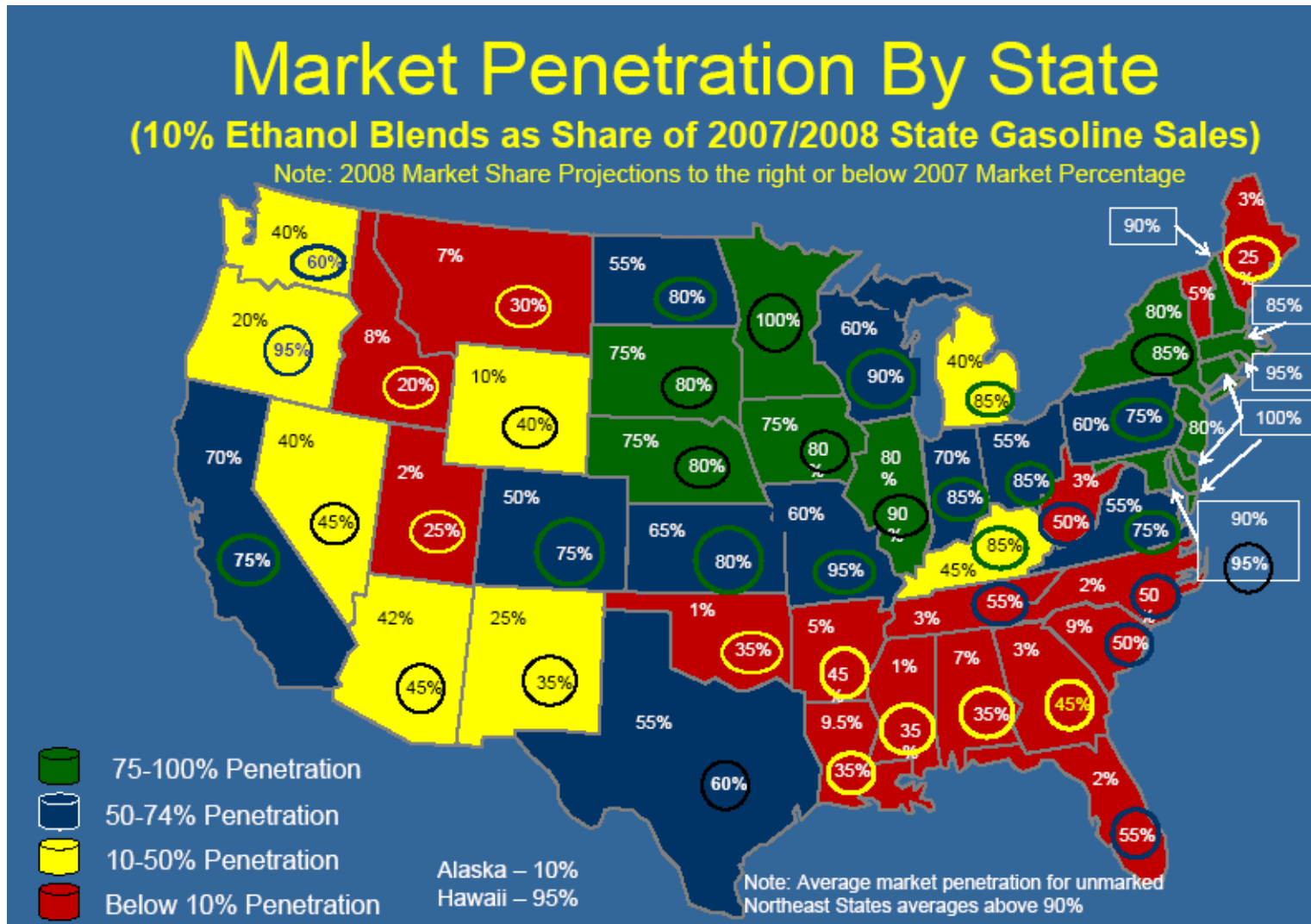
- **15 Billion Gallons of 1<sup>st</sup> Generation Biofuels required by 2015**

2007 Energy Independence and Security Act of 2007

	2006	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Previous RFS	4.0	4.7	5.4	6.1	6.8	7.4	7.5			
<b>2007 RFS</b>			<b>9.0</b>	<b>11.1</b>	<b>13.0</b>	<b>14.0</b>	<b>15.2</b>	<b>16.6</b>	<b>18.2</b>	<b>20.5</b>
First Generation Renewable Fuels			9.0	10.5	12.0	12.6	13.2	13.8	14.4	15.0
Total Advanced Biofuels				0.6	1.0	1.4	2.0	2.8	3.8	5.5
Advanced Biofuels (excludes cellulosic)				0.6	0.9	1.1	1.5	1.8	2.0	2.5
Cellulosic					0.1	0.3	0.5	1.0	1.8	3.0

Source: RFA

# Ethanol Blended Fuels Increasing



Source: Hart Energy Consulting, North American Biofuels Information Service – June 2008

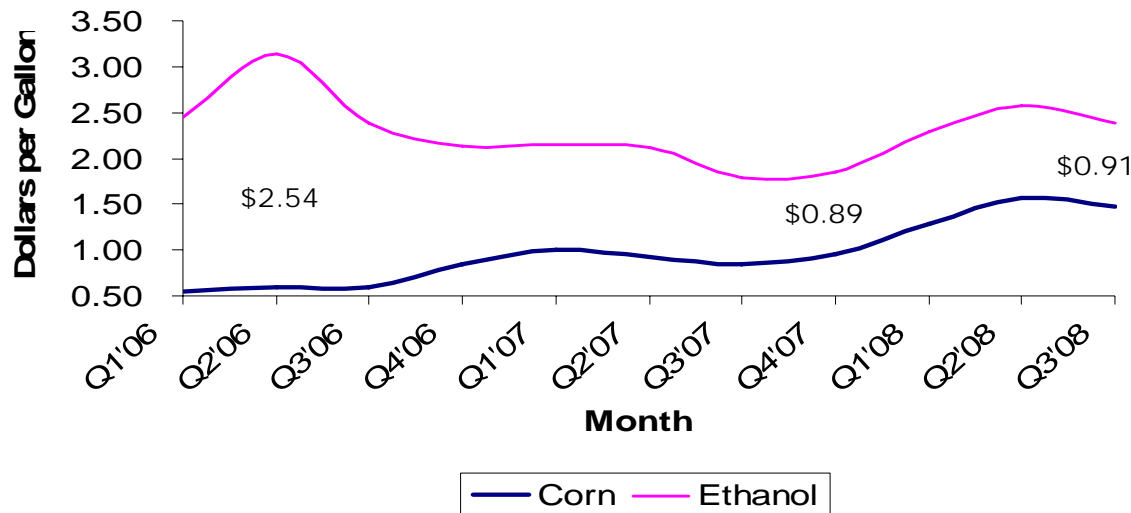
A leading producer, marketer and end-to-end provider of clean renewable energy



# Increased Supply Being Absorbed into Marketplace

- **Ethanol consumption is growing, but the margin for ethanol producers is low**
  - The corn farmer is getting higher prices
  - Blender is getting the tax credit

### Spot Commodity Spread



(1) Net corn is calculated taking the CBOT near month corn price, assuming a standard dry mill co-product return of 30% and a yield of 2.8 gallons per bushel

Source: CBOT



# AVR's View of the Rapidly Changing Ethanol Industry

- **Gasoline is being re-defined as containing ethanol**
  - Conventional gasoline is moving to CBOB plus ethanol (just as we saw with RFG in 2006).
- **Industry consolidation has begun**
- **Customer base may shrink in the long-term as oil majors begin blending more ethanol**
  - Refiners must have the ethanol to sell their CBOB.
- **Marketing and distribution will become increasingly more important**
  - Look for pipeline movements of E10 and neat ethanol.
- **Ethanol contracts are shorter in length and increasingly tied to the spot market**
  - Sufficient liquidity and market transparency now.

# What Is The Status Of Current Expansions?

- **Buy versus build – public pure play ethanol producers stocks are currently priced below replacement value**
- **Current capacity – 171 plants operating with annual capacity of approximately 10.3 billion gallons <sup>(1)</sup>**
- **Plants under construction/expansion – 38 plants under construction/expansion with annual capacity totaling ~ 3.5 billion gallons <sup>(1)</sup>**
  - Additions being delayed
- **Proposed plants**
  - Probability of getting financed, without a deep pocketed owner, is slim until credit markets loosen up

(1) Source: *Renewable Fuels Association, as of September 18, 2008*

# Media “Noise” Subsiding

## ■ Industry aggressively responding to negative media image

- “Filler-up Phil” – Corn Growers’ campaign
- Oil is the real culprit in higher food costs
- Ethanol providing relief for consumers at the gas pump

## ■ EPA denied Ethanol waiver request

- According to EPA, no compelling evidence that the RFS mandate is causing severe economic harm

## ■ Some recent indication that corn prices are moderating in spite of increasing ethanol production

- USDA estimates corn yields will be approximately 152.3 bushels per acre. Corn crop is expected to be 12.1 billion bushels<sup>(1)</sup>

(1) Source: September 12, 2008 US Department of Agriculture WASDE report

# Industry Future Looks Bright

- **15 billion gallon mandate versus only 13.8 <sup>(1)</sup> billion gallons operating or under construction today**
  - Sustained higher margins required to get more steel in the ground
- **Transportation and logistics facilities are quickly being added to handle additional diffusion of product**
- **Opportunities for additional blending**
  - Higher blend levels (i.e., E15, E20) are being evaluated by EPA and others
  - E85 infrastructure is building out
  - Blend pumps permitting E10, E20, E30 and E85 out of the same gasoline dispenser for flexible fueled vehicles
- **Consolidation of industry needs to continue**

(1) Source: Renewable Fuels Association, as of September 18, 2008