UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the quarterly period ended June 30, 2010

OR

o **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the transition period from to .

COMMISSION FILE NUMBER 001-32922

AVENTINE RENEWABLE ENERGY HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**05-0569368**

(State of Incorporation)	(IRS Employer Identification No.)
120 North Parkway **Pekin, Illinois** (Address of Principal Executive Offices)	**61554** (Zip Code)

(309) 347-9200

(Registrant s Telephone Number, including Area Code)

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) YES o NO o

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES o NO x

Indicate by checkmark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by the court. YES x NO o

Indicate the number of shares outstanding of each class of Common Stock, as of the latest practicable date

Class	**Outstanding as of August 4, 2010**
Common Stock, $0.001 Par Value	7,364,393 Shares

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QUARTERLY REPORT

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Aventine Renewable Energy Holdings, Inc. and Subsidiaries

Consolidated Statements of Operations (Unaudited)

(In thousands except per share amounts)	Successor Three Months Ended June 30, 2010	Predecessor Three Months Ended June 30, 2009	Successor Four Months Ended June 30, 2010	Predecessor Two Months Ended February 28, 2010	Predecessor Six Months Ended June 30, 2009
Net Sales	$ 96,904	$ 118,121	$ 133,878	$ 77,675	$ 354,657
Cost of goods sold	(95,451)	(118,016)	(132,766)	(66,686)	(375,980)
Gross Profit	1,453	105	1,112	10,989	(21,323)
Selling, general and administrative expenses	(9,128)	(6,950)	(14,286)	(4,608)	(16,691)
Other income (expense)	(595)	3	(1,659)	(515)	173
Operating income (loss)	(8,270)	(6,842)	(14,833)	5,866	(37,841)
Other income (expense)					
Income from termination of marketing agreements					10,176
Interest income	14		15		11
Interest expense	(2,386)	(2,281)	(3,100)	(1,422)	(11,002)
Gain (loss) on derivative transactions	263	30	439		1,218
Other non-operating income	210		210		
Income (loss) before reorganization items and income taxes	(10,169)	(9,093)	(17,269)	4,444	(37,438)
Reorganization items		(42,749)		(20,282)	(42,749)
Gain due to plan effects				136,574	
Loss due to fresh start accounting adjustments				(387,655)	
Loss before income taxes	(10,169)	(51,842)	(17,269)	(266,919)	(80,187)
Income tax expense (benefit)	(910)	(2,907)	(910)	(626)	(6,685)
Net loss	$ (9,259)	$ (48,935)	$ (16,359)	$ (266,293)	$ (73,502)
Loss per common share basic	$ (1.06)	$ (1.14)	$ (1.87)	$ (6.14)	$ (1.71)
Basic weighted-average number of shares	8,585	42,966	8,581	43,401	42,968
Loss per common share diluted	$ (1.06)	$ (1.14)	$ (1.87)	$ (6.14)	$ (1.71)
Diluted weighted-average number of common and common equivalent shares	8,585	42,966	8,581	43,401	42,968

The accompanying notes are an integral part of the consolidated financial statements.

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Aventine Renewable Energy Holdings, Inc. and Subsidiaries

Consolidated Balance Sheets

(In thousands except share and per share amounts)		**Successor June 30, 2010 (Unaudited)**		**Predecessor December 31, 2009**
Assets				
Current assets:				
Cash and cash equivalents	**$**	**50,177**	$	52,585
Accounts receivable		**4,027**		10,947
Inventories		**19,983**		24,237
Income taxes receivable		**5,918**		5,796
Prepaid expenses and other current assets		**6,599**		7,323
Total current assets		**86,704**		100,888
Property, plant and equipment, net		**227,043**		589,049
Restricted cash		**12,772**		7,451
Available for sale securities		**3,740**		5,442
Other assets		**11,556**		9,866
Total assets	**$**	**341,815**	$	712,696
Liabilities and Stockholders Equity				
Current liabilities:				
Short-term borrowings	**$**		$	42,765
Accounts payable		**18,709**		11,164
Accrued payroll and benefits		**3,644**		2,242
Accrued interest		**607**		302
Other current liabilities		**6,301**		6,279
Total current liabilities		**29,261**		62,752
Pre-petition liabilities subject to compromise				365,549
Long-term debt		**105,000**		
Deferred tax liabilities		**1,425**		2,936
Other long-term liabilities		**2,499**		13,927
Total liabilities		**138,185**		445,164
Stockholders equity:				
Common stock, par value $0.001 per share; 15,000,000 and 185,000,000 shares authorized as of June 30, 2010 and December 31, 2009, respectively; 6,845,202 and 43,048,158 shares outstanding as of June 30, 2010 and December 31, 2009, respectively, net of 21,548,640 shares held in treasury as of December 31, 2009		**7**		44
Preferred stock, 5,000,000 and 50,000,000 shares authorized as of June 30, 2010 and December 31, 2009, respectively; no shares issued or outstanding				
Additional paid-in capital		**222,449**		294,297
Retained deficit		**(16,359)**		(28,421)
Accumulated other comprehensive income (loss), net		**(2,467)**		1,612
Total stockholders equity		**203,630**		267,532
Total liabilities and stockholders equity	**$**	**341,815**	$	712,696

The accompanying notes are an integral part of the consolidated financial statements.

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Aventine Renewable Energy Holdings, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)	Successor Four months ended June 30, 2010	Predecessor Two months ended February 28, 2010	Predecessor Six months ended June 30, 2009
Operating Activities			
Net loss	$ (16,359)	$ (266,293)	$ (73,502)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:			
Provision for rejected executory contracts and leases		9,590	39,684
Pre-petition accounts payable			40,793
Pre-petition accrued interest			8,083
Non-cash gain due to Plan effects		(136,574)	
Non-cash loss due to fresh start accounting adjustments		387,655	
Depreciation and amortization	3,675	2,795	8,348
Stock-based compensation expense	2,881	277	1,589
Deferred income tax	(910)		651
Gain on the sale of marketing alliance investments			(1,000)
Changes in operating assets and liabilities:			
Accounts receivable, net	3,137	2,560	41,271
Inventories	5,236	1,543	58,143
Other current assets	(2,386)	1,339	
Restricted cash	2,512	(7,833)	
Other assets	(715)		
Accounts payable	(797)	7,061	(100,205)
Other current liabilities	787	341	(9,744)
Other long-term liabilities	(24)	(21,981)	
Net cash provided by (used for) operating activities	(2,963)	(19,520)	14,111
Investing Activities			
Additions to property, plant and equipment, net	(21,498)	(2,086)	(901)
Deposit on asset acquisition	(5,000)		
Proceeds from the sale of marketing alliance investments			2,000
Net cash provided by (used for) investing activities	(26,498)	(2,086)	1,099
Financing Activities			
Net repayments on revolving credit facilities		(27,765)	(24,435)
Borrowing on debtor-in-possession debt facility			15,000
Repayment of debtor-in-possession debt facility		(15,000)	
Proceeds from issuance of senior secured notes		98,119	
Repayment of short-term note payable	(5,252)		
Repurchase of treasury shares	(355)		
Proceeds from warrants exercised	6		
Debt issuance costs		(1,190)	(1,876)
Proceeds from stock option exercises		96	
Net cash provided by (used for) financing activities	(5,601)	54,260	(11,311)
Net increase (decrease) in cash and cash equivalents	(35,062)	32,654	3,899

Cash and cash equivalents at beginning of period	**85,239**	**52,585**	23,339
Cash and cash equivalents at end of period	**$ 50,177**	**$ 85,239**	$ 27,238

The accompanying notes are an integral part of these condensed consolidated financial statements.

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Aventine Renewable Energy Holdings, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

(1) Basis of Reporting for Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements include the accounts of Aventine Renewable Energy Holdings, Inc. and its subsidiaries, which are collectively referred to as Aventine , the Company , we , our or us unless the context otherwise requires. All significant intercompany transactions have been eliminated in consolidation.

We have prepared the unaudited condensed consolidated financial statements included herein pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) have been omitted pursuant to such rules and regulations, although we believe that the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2009. As of June 30, 2010, the Company s Summary of Critical Accounting Policies for the year ended December 31, 2009, which are detailed in the Company s Annual Report on Form 10-K, have not changed except for the application of fresh start accounting as described in the following paragraph.

On February 28, 2010, the Company applied fresh start accounting which requires assets and liabilities to be reflected at fair value. The financial information set forth in this report, unless otherwise expressly set forth or as the context otherwise indicates, reflects the consolidated results of operations and financial condition of Aventine and its subsidiaries on a fresh start basis for the period following February 28, 2010 (Successor), and of Aventine and its subsidiaries on a historical basis for the periods through February 28, 2010 (Predecessor).

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas involving significant judgments and estimates include depreciation, income taxes, and fresh start accounting. Actual results could differ from those estimates.

The accompanying consolidated financial statements for the prior period contain certain reclassifications to conform to the presentation used in the current period. The reclassifications had no impact on stockholders equity, working capital, gross profit or net income.

The accompanying unaudited condensed consolidated financial statements presented herewith reflect all adjustments (consisting of only normal and recurring adjustments unless otherwise disclosed) which, in the opinion of management, are necessary for a fair presentation of the results of operations for the three-month periods ended June 30, 2010 and 2009, four-month period ended June 30, 2010, two-month period ended February 28, 2010, and the six-month period ended June 30, 2009. The results of operations for interim periods are not necessarily indicative of results to be expected for an entire year.

(2) Emergence from Reorganization Proceedings and Related Events

On April 7, 2009 (the Petition Date), Aventine Renewable Energy Holdings, Inc. and all of its direct and indirect subsidiaries (collectively, the Debtors), filed voluntary petitions with the United States Bankruptcy Court for the District of Delaware (the Bankruptcy Court) to reorganize under Chapter 11 of the United States Code (the Bankruptcy Code). On January 13, 2010, the Debtors filed the First Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code dated as of January 13, 2010 (as modified, the Plan). The Plan was confirmed by order entered by the Bankruptcy Court on February 24, 2010 (the Confirmation Date) and became effective on March 15, 2010 (the Effective Date), the date on which the Company emerged from protection under Chapter 11 of the Bankruptcy Code.

Accounting Standards Codification (ASC) Section 852, *Reorganizations,* which is applicable to companies in Chapter 11, generally does not change the manner in which financial statements are prepared while the

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company remains in Chapter 11. However, ASC 852 does require that the financial statements for periods subsequent to the filing of a Chapter 11 petition and prior to the Effective Date distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Revenues, expenses (including professional fees), realized gains and losses, and provisions for losses that can be directly associated with the reorganization and restructuring of the business must be reported separately as reorganization items in the consolidated statements of operations. The consolidated balance sheet must distinguish pre-petition liabilities subject to compromise from both those pre-petition liabilities that are not subject to compromise and from post-petition liabilities. Liabilities that may be affected by the Plan must be reported at the amounts expected to be allowed, even if they may be settled for lesser amounts. In addition, cash provided by reorganization items must be disclosed separately in the condensed consolidated statement of cash flows. ASC 852 became effective for Aventine on April 7, 2009, and Aventine segregated those items as outlined above for all applicable reporting periods subsequent to such date through the Effective Date.

Fresh Start Accounting and Selection of Convenience Date

The Company emerged from bankruptcy on March 15, 2010. In accordance with ASC 852, *Reorganizations*, the Company adopted fresh start accounting and adjusted the historical carrying value of its assets and liabilities to their respective fair values at the Effective Date. Simultaneously, the Company determined the fair value of its equity at the Effective Date. The Company selected an accounting convenience date proximate to the Effective Date for purposes of making the aforementioned adjustments to historical carrying values (the Convenience Date), because the activity between the Effective Date and the Convenience Date does not result in a material difference in the results. The Company selected a Convenience Date of February 28, 2010. As a result, the Company recorded fresh start accounting adjustments to historical carrying values of assets and liabilities as of February 28, 2010 using market prices, discounted cash flow methodologies based primarily on observable market information and, to a lesser extent, on unobservable market information, and other techniques. The fresh start accounting adjustments are reflected in the balance sheet at February 28, 2010 and in the statement of operations for the two months ended February 28, 2010. The Statements of Operations for the three-month and four-month periods ended June 30, 2010 reflect the results of successor operations.

The Company s adoption of fresh start accounting results in the Company becoming a new entity as of the Effective Date, with a new capital structure, a new accounting basis in the identifiable assets and liabilities assumed and no retained earnings or accumulated losses. The consolidated financial statements on or after March 1, 2010 are not comparable to the consolidated financial statements prior to that date. The financial statements for the periods ended prior to February 28, 2010 do not include the effect of any changes in our capital structure or changes in the fair value of assets and liabilities as a result of fresh start accounting.

Fresh start accounting provides, among other things, for a determination of the value to be assigned to the equity of the emerging company as of the Effective Date. Reorganization equity value represents the Company s estimate of the amount a willing buyer would pay for the Company s net assets immediately after the reorganization. This amount (approximately $219.9 million) was determined by Company management with assistance from an independent financial advisor, who developed the enterprise value using a combination of the following three measurement methodologies: 1) comparable public company analysis, 2) discounted cash flow analysis, and 3) precedent transactions analysis. This amount was determined based, in part, on economic, competitive, and general business conditions prevailing at the time. Descriptions of the different valuation methodologies are as provided below.

Comparable Public Company Analysis

A comparable public company analysis estimates value based on a comparison of the target company s financial statistics with the financial statistics of public companies that are similar to the target company. It establishes a benchmark for asset valuation by deriving the value of comparable assets, standardized using a common variable such as revenues, earnings, cash flows and operating capacity. The analysis includes a detailed multi-year financial comparison of each company s income statement, balance sheet, cash flow statement and operating capacity. In addition, each company s performance, profitability, margins, leverage and business trends are also examined. Based on these analyses, a number of financial multiples and ratios are calculated to gauge each company s relative performance and valuation.

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Precedent Transactions Analysis

Precedent transactions analysis estimates value by examining publicly announced merger and acquisition transactions. An analysis of the disclosed purchase price as a multiple of various operating statistics (particularly total annual production capacity in the case of the ethanol industry) reveals industry acquisition multiples for companies in similar lines of businesses to the Company. These transaction multiples are calculated based on the purchase price (including any debt assumed) paid to acquire companies that are comparable to the Debtors. These multiples are then applied to the Debtors annual production capacity to determine the total enterprise value or value to a potential buyer.

Discounted Cash Flow Approach

The discounted cash flow (DCF) valuation methodology relates the value of an asset or business to the present value of expected future cash flows to be generated by that asset or business. The DCF methodology is a forward looking approach that discounts the expected future cash flows by a theoretical or observed discount rate determined by calculating the weighted average cost of debt and equity capital (WACC) for publicly traded companies that are similar to the Debtors. The expected future cash flows have two components: the present value of the projected unlevered after-tax free cash flows for a determined period and the present value of the terminal value of cash flows (representing firm value beyond the time horizon of the financial projections). The projected cash flows were discounted from the financial projections using the Debtors estimated WACC, and the terminal value of the Debtors was calculated using a per gallon multiple of operating capacity as is consistent with industry practice.

In performing the Comparable Public Company Analysis, it was determined that only one publicly available ethanol company is generally comparable to the Company. Several ethanol producers were deemed not comparable or not usable for the purposes of the valuation because (i) their equity is privately held; (ii) ethanol production makes up less than 10% of sales and/or (iii) the companies are distressed. For this reason, it was determined that the discounted cash flow analysis and precedent transactions analysis were the most pertinent valuation methodologies for the purpose of valuing the Company. Accordingly, the discounted cash flow analysis and the precedent transactions analysis were each weighted at 40% and the comparable companies analysis was weighted at 20% in estimating the Company s enterprise value.

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The balance sheet reorganization adjustments presented below summarize the impact of the Plan and the adoption of fresh start accounting as of February 28, 2010.

AVENTINE RENEWABLE ENERGY HOLDINGS, INC. AND SUBSIDIARIES

REORGANIZED CONDENSED CONSOLIDATED BALANCE SHEET

	February 28, 2010			
(In thousands)	**Predecessor**	**Reorganization Adjustments (1)**	**Fresh Start Adjustments**	**Successor**
ASSETS				
Current assets:				
Cash and cash equivalents	$ 66,866	$ 18,373(2)	$	$ 85,239
Accounts receivable	8,163	(1,000)(3)		7,163
Inventories	22,694		2,526(12)	25,220
Income taxes receivable	5,975			5,975
Prepaid expenses and other current assets	5,423	(1,210)(4)		4,213
Total current assets	109,121	16,163	2,526	127,810
Property, plant and equipment, net	587,103	1,700(2)	(379,970)(12)	208,833
Restricted cash	7,452	7,832(2)		15,284
Available for sale securities	6,207			6,207
Other assets	9,860	734(5)	(4,423)(12)	6,171
Total assets	$ 719,743	$ 26,429	$ (381,867)	$ 364,305
LIABILITIES AND STOCKHOLDERS EQUITY				
CURRENT LIABILITIES:				
Short-term borrowings	$ 42,765	$ (37,513)(2),(6)	$	$ 5,252
Accounts payable	16,588	1,637(7)	1,281(12)	19,506
Accrued liabilities	2,327			2,327
Other current liabilities	6,837			6,837
Total current liabilities	68,517	(35,876)	1,281	33,922
Pre-petition liabilities subject to compromise	358,790	(358,790)(9)		
Long-term debt		98,119(2)	6,881(12)	105,000
Deferred tax liabilities	2,936			2,936
Other long-term liabilities	31,069	(28,545)(10)		2,524
Total liabilities	461,312	(325,092)	8,162	144,382
STOCKHOLDERS EQUITY				
Common stock	44	(37)(11)		7
Additional paid-in capital	294,670	(74,754)(11)		219,916
Retained earnings (deficit)	(38,657)	426,312(11)	(387,655)(13)	
Accumulated other comprehensive income	2,374		(2,374)(13)	
Total shareholders equity (deficit)	258,431	351,521	(390,029)	219,923
Total liabilities and stockholders equity	$ 719,743	$ 26,429	$ (381,867)	$ 364,305

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Explanatory Notes

(1) Represents amounts recorded on the Effective Date for the implementation of the Plan, including the settlement of liabilities subject to compromise and related payments, the issuance of new debt and repayment of old debt, distributions of cash and new shares of common stock, and the cancellation of Predecessor s common stock.

(2) Cash effects of the Plan:

Proceeds from Issuance of senior secured notes	$	98,119
Payment of principal on secured revolving credit facility		(27,765)
Payment of interest and fees on secured revolving credit facility		(206)
Payment of principal on debtor-in-possession debt facility		(15,000)
Payment of interest on debtor-in-possession debt facility		(96)
Payment of secured claims to Kiewit Energy Company on expansion projects at Aurora, NE and Mt. Vernon, IN		(17,931)
Represents payment to Applied Process Technology International LLC for license agreements which provide the Company with all of the rights to the Delta-T Technology necessary to construct and operate the ethanol expansion facilities at Aurora West and Mt. Vernon		(1,700)
Fund additional restricted cash		(7,832)
Payments of priority and other secured claims and cure amounts		(4,876)
Payment of professional fees		(4,340)
Net change in cash and cash equivalents	$	18,373

This entry records the proceeds from the issuance of senior secured notes and the payment of certain bankruptcy obligations in accordance with the Plan. Cash of $7.8 million reclassified to restricted cash represents amounts held in escrow accounts pending final resolution from the Bankruptcy Court.

(3) The Company set-off $1.0 million of receivables from a certain customer against $1.7 million of payables due to the same counterparty, resulting in a net payout of $0.7 million to the customer/vendor, as discussed further in footnote (7) below.

(4) Represents the write-off of the prepaid directors and officers insurance balance for the predecessor company of $1.6 million, plus $0.3 million reclassification of debt issuance costs related to the issuance of the senior secured notes and the new secured revolving credit facility to Other Assets, offset by the addition of a deposit on title insurance pertaining to the Aurora West expansion facility of $0.7 million

(5) Represents the $0.7 million of debt issuance costs pertaining to the senior secured notes and the new secured revolving credit facility, of which $0.3 million was reclassified from Prepaid Expenses and Other Current Assets.

(6) As noted above in explanatory note (2), the Company paid in full the $27.8 million pre-petition secured revolving credit facility and the $15.0 million debtor-in-possession loan, along with $0.3 million representing all respective accrued interest on said loans, in accordance with the Plan. Offsetting these reductions in debt, the Company issued a $5.3 million note payable due to Kiewit Energy as partial satisfaction of Kiewit Energy s secured claim on the Aurora West ethanol expansion facility.

(7) The increase consisted of $1.6 million of accrued priority, secured, and cure amounts not yet paid to claimants, $0.7 million of accrued Class 7 convenience claims also not yet paid to claimants, the $1.0 million accrued professional fee payable to a court-appointed financial advisor, all of which was offset by a $1.7 million reduction in payable due to a certain vendor/customer as discussed more thoroughly in footnote (3) above.

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(8) Reconciliation of enterprise value to determination of equity:

Total enterprise value	$	240,000
Successor company cash balance at February 28, 2010		85,239
Accrued plan effects payments		(5,348)
Kiewit note		(5,252)
Restricted cash available upon emergence		10,284
Fair value of senior secured notes due March 15, 2015		(105,000)
Total shareholder s equity	$	219,923

(9) Represents the disposition of liabilities subject to compromise:

Liabilities subject to compromise discharged at emergence:		
Accrued interest	$	6,134
10% senior unsecured notes due 2017		117,897
Class 6 General Unsecured Claims		18,637
Class 7 Convenience Claims		1,302
	$	143,970
Liabilities subject to compromise paid in cash or settled via equity share distribution		
Accrued interest on Notes (equity shares)	$	9,366
10% senior unsecured notes due 2017 (equity shares)		182,103
Class 6 General Unsecured Claims (equity shares)		28,454
Class 7 Convenience Claims (paid or accrued for payment)		701
	$	220,624
Unamortized issuance costs of 10% senior unsecured note	$	(5,804)
Total Disposition of Liabilities Subject to Compromise	$	358,790

(10) Due to the payment of priority and secured claims and cure amounts in accordance with the Plan, the Company recorded a $28.5 million reduction in other long-term liabilities under Plan Effects as follows:

Changes in Other Long-Term Liabilities		
Partial settlement of the Kiewit Aurora West Secured Claim	$	10,000
Payment in full of Kiewit Mt. Vernon Secured Claim		7,931
Issuance of a short-term Kiewit Note as partial settlement of the Kiewit Aurora West Secured Claim		5,252
Payment of Collateral for Public Utility Mt. Vernon Lien		1,894
Reclassification of Unpaid Priority, Secured, and Cure Amounts to Accounts Payable		1,582
Payment of Employee-related Priority Administrative Claims		937
Payment of Cure Amounts for Assumed Contracts		420
Payments of Other Secured Claims		333
Payment of Other Priority Administrative Claims Payments		196
Total	$	28,545

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(11) Plan Effects adjustments to Stockholder s Equity include the following:

- Gain due to plan effects in the first quarter of 2010 of $136.6 million related to implementation of the Plan consisted of $144.0 million of liabilities subject to compromise which were discharged upon emergence less $5.8 million of unamortized debt issuance costs on the 10% senior unsecured notes and $1.6 million related to the write-off of Predecessor prepaid directors and officer insurance.

- Elimination of predecessor equity balances comprised of:

- common stock of $44 thousand,
- additional paid-in capital of $294.7 million

- Issuance of successor common stock comprised of:

- common stock of $7 thousand
- additional paid-in capital of $219.9 million

- Adjustments to retained earnings of $426.3 million resulting from the net impact of all other plan effects.

(12) The significant assumptions related to adjusting our assets and liabilities to fair value in connection with fresh start accounting include the following:

Cash, Accounts Receivable, Prepaid Assets and Other Current Assets, Accrued Liabilities, and Other Current Liabilities - We evaluated the fair value of financial instruments represented in current assets and current liabilities, including cash, accounts receivable, prepaid assets and other current assets, accrued liabilities, and other current liabilities. Based upon our evaluations, we concluded that the carrying value approximates fair value of these financial instruments due to their short maturities or variable-rate nature of the respective balances.

Restricted Cash, and Other Long-Term Liabilities - We evaluated the fair value of restricted cash and other long-term liabilities. The restricted cash balances are held in interest-bearing accounts and we therefore concluded that the carrying value approximates fair value. The other long-term liabilities principally represent company obligations related to pension and retiree medical costs. Such liabilities are calculated using various assumptions including an assumed discount rate which we believe is reasonable, and we therefore concluded that carrying value of such long-term liabilities approximates fair value.

Inventories Inventories consist primarily of agricultural and energy-related commodities including corn, ethanol, and coal. The fair value of these commodities was determined through reference to prices that were publicly available at the time, as adjusted for physical location.

Property, plant and equipment Property, plant and equipment was valued at fair value of approximately $208.8 million as of February 28, 2010. The Company determined fair value with the assistance of an independent valuation firm. In establishing fair value for the vast majority of the Company s property, plant and equipment, the cost approach was utilized. The cost approach considers the amount required to replace an asset by constructing or purchasing a new asset with similar utility, then adjusts the value in consideration of all forms of depreciation as of the appraisal date as described below:

- Physical depreciation the loss in value or usefulness attributable solely to use of the asset and physical causes such as wear and tear and exposure to the elements.
- Functional obsolescence a loss in value is due to factors inherent in the asset itself and due to changes in technology, design or process resulting in inadequacy, overcapacity, lack of functional utility or excess operating costs.
- Economic obsolescence loss in value by unfavorable external conditions such as economics of the industry or geographic area, or change in ordinances.

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The cost approach relies on management s assumptions regarding current material and labor costs required to rebuild and repurchase significant components of our property, plant and equipment along with assumptions regarding the age and estimated useful lives of our property, plant and equipment.

Other Assets Other assets include a long-term deposit for utilities against which the Company may apply certain future natural gas transportation charges. The fair value of this deposit was determined based upon a discounted cash flow model for which the significant inputs include the Company s estimated purchase timing and amount of natural gas, and the discount rate estimated to be 13%. If the Company had applied a discount rate of 1% higher or lower, the fair value of the asset would have decreased or increased by $168 thousand or $177 thousand, respectively.

Accounts Payable Accounts payable include an estimated liability associated with an off-market coal purchase contract which continues throughout 2010. The fair value of this contract was determined through reference to coal prices that were publicly available at the time, as adjusted for physical location. This liability will be amortized to income as the related coal purchases affect the cost of production. For other accounts payable items, we evaluated such liabilities to determine fair value and concluded that the carrying value approximates fair value of these financial instruments due to their short maturities or variable-rate nature of the respective balances.

Long-Term Debt Long-term debt was valued at fair value with the assistance of an independent valuation firm based on an analysis of market interest rates for guideline companies with similar debt and terms, interest rates for companies recently emerged from bankruptcy, and interest rates based on a synthetic debt rating. Based on this analysis, we determined that a range of market interest rate for our $105 million of senior secured notes would be from 11.5% to 14.5%. Based on the stated rate of the senior secured notes of 13% combined with the option to pay a portion of the interest in kind, we deemed the fair value to be the face value of the notes of $105 million. If the interest rate was 1% higher or lower, the fair value of the debt would have increased or decreased by $1.2 million respectively.

All fresh start adjustments noted above represent non-recurring fair value measurements and have been treated as non-cash adjustments in the consolidated statement of cash flows.

(13) Adjustments required in order to report assets and liabilities at fair value under fresh start accounting resulted in a pre-tax charge of $387.7 million, which we reported as a loss due to fresh start accounting adjustments in the consolidated statement of operations for the two months ending February 28, 2010.

In addition, we eliminated the balance of accumulated other comprehensive gains (net of losses) totaling $2.4 million, which we classified as a loss within reorganization items in the consolidated statement of operations for the two months ending February 28, 2010.

(3) Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-06, *Fair Value Measurements and Disclosures*, which adds new disclosure requirements for transfers into and out of Levels 1 and 2 in the fair value hierarchy and additional disclosures about purchases, sales, issuances, and settlements relating to Level 3 fair value measurements. This ASU also clarifies existing fair value disclosures about the level of disaggregation about inputs and valuation techniques used to measure fair value. The ASU is effective for the Company as of January 1, 2010, except for the requirement to provide the Level 3 activity on a gross basis, which is effective as of January 1, 2011. As the new guidance only pertained to disclosures, it had no impact on our consolidated financial position, results of operations or cash flows upon adoption. See Notes 2 and 10 for further discussion of fair value measurements.

In February 2010, the FASB issued authoritative guidance to define SEC filer within the FASB Accounting Standards Codification and eliminate the requirement for a SEC filer to disclose the date through which subsequent events have been evaluated in order to remove potential conflicts with current SEC guidance. We adopted the FASB guidance on the date of issuance, February 24, 2010. As the new guidance only pertained to disclosures, it

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had no impact on our consolidated financial position, results of operations or cash flows upon adoption. See Note 24 for further discussion.

(4) Inventories

Inventories are as follows:

(In thousands)		Successor June 30, 2010		Predecessor December 31, 2009
Finished products	$	14,419	$	16,409
Work-in-process		1,911		2,430
Raw materials		2,308		2,938
Supplies		1,345		2,460
Totals	$	19,983	$	24,237

(5) Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets are as follows:

(In thousands)		Successor June 30, 2010		Predecessor December 31, 2009
Prepaid insurance	$	1,988	$	3,257
Prepaid inventory		1,225		1,197
Prepaid benefits		615		279
Prepaid utility deposits		926		926
Other prepaid expenses		697		778
Other current assets		1,148		886
Totals	$	6,599	$	7,323

(6) Short-term borrowings

The following table summarizes the Company s short-term borrowings:

Successor	Predecessor

(In thousands)	June 30, 2010	December 31, 2009
Secured revolving credit facility with JPMorgan Chase Bank	$	$ 27,765
Debtor-in-possession debt facility		15,000
Senior secured revolving credit facility with PNC Bank		
Note payable Kiewit		
Total short-term borrowings	$	$ 42,765

Secured Revolving Credit Facility with JPMorgan Chase Bank

As of December 31, 2009, $9.6 million in letters of credit and $27.8 million in revolving loans were outstanding under our pre-petition amended secured revolving credit facility with JPMorgan Chase Bank, N.A., as administrative agent and a lender. As a result of the bankruptcy proceedings, all the commitments under the Company s pre-petition amended secured revolving credit facility automatically terminated, and the principal of the loans and the reimbursement obligations then outstanding, together with accrued interest thereon and any unpaid fees and all other obligations of the borrowers accrued under the applicable loan documents, became immediately due and payable, subject to the automatic stay provisions of Section 362 of the Bankruptcy Code. As a result, there was no longer any liquidity available to us under the pre-petition amended secured revolving credit facility.

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Amounts owed at December 31, 2009 under the Company s pre-petition amended secured revolving credit facility were not included in pre-petition liabilities subject to compromise as the secured debt was adequately collateralized. The pre-petition amended secured revolving credit facility was collateralized by a first security lien on essentially all of the Company s assets, except for assets of the Mt. Vernon facility. The Company continued to accrue and pay interest on this credit facility in accordance with the Bankruptcy Court s final debtor-in-possession (DIP) financing order. As of December 31, 2009, the Company held a restricted cash account totaling $7.0 million providing collateral protection to the pre-petition lenders for certain outstanding letters of credit issued under this facility as provided for in a stipulation agreement among the Company, its pre-petition secured lenders, and the lenders under the Debtors post-petition debtor in possession credit facility (the DIP Lenders).

Prior to the Petition Date, borrowings on the pre-petition amended secured revolving credit facility generally bore interest, at our option, at the following rates (i) the Eurodollar rate or the LIBO rate plus a margin of 4.5%, with a LIBO rate minimum of 3%, or (ii) the greater of the prime rate or the federal funds rate plus 0.50% (with a minimum rate of LIBOR plus 2.25%), plus a margin of 3.25%. In addition, the following fees were also applicable: an unused commitment fee of 0.50% on unused borrowing availability, an outstanding letters of credit fee of 4.625%, and administrative and legal costs.

Effective with the Petition Date, the interest rate on the pre-petition amended secured revolving credit facility reverted to a default rate of 10.5% per annum, while fees for outstanding letters of credit reverted to a default rate of 6.625% per annum. Accrued interest and other fees were paid monthly.

The balances owed on this credit facility were paid in full on the Effective Date. At June 30, 2010, the Company had $6.3 million in letters of credit outstanding as issued by the pre-petition lenders. The $6.3 million outstanding letters of credit were collateralized by $7.8 million in a restricted cash account.

Debtor-in-possession Credit Facility

On April 7, 2009, the DIP Lenders entered into a DIP term sheet for a $30 million Debtor-in-Possession Credit Facility (the DIP Facility) with the Debtors.

As of December 31, 2009, the Company had drawn $15 million of its $30 million DIP Facility. The DIP Facility and the Final DIP Order provided for a first priority term loan in a maximum aggregate principal amount of up to $30 million. Proceeds of the DIP Facility could be used, among other things, to (i) fund the working capital and general corporate needs of the Company and the costs of the bankruptcy proceedings in accordance with an approved budget, and (ii) provide adequate protection, in accordance with the terms of the DIP Facility, to the pre-petition agent and pre-petition lenders under the Company s existing pre-petition amended secured revolving credit facility. The DIP Facility bore interest at 16.5%. The maturity date of the DIP Facility was April 6, 2010, or upon the occurrence of certain pre-defined events including emergence from bankruptcy. The DIP Facility was secured by a super-priority administrative expense claim on our assets. As of December 31, 2009, the Company was in compliance with the terms of the DIP Facility. The Company accrued and paid interest expense on this DIP Facility in accordance with the Bankruptcy Court s Final DIP Order.

In accordance with the terms of the Plan, the balances owed on the DIP Facility were paid in full on the Effective Date.

Senior Secured Revolving Credit Facility with PNC Bank

Pursuant to the Plan, on the Effective Date, the Company and its subsidiaries, as borrowers, entered into a Revolving Credit and Security Agreement (the Revolving Credit Agreement) with PNC Bank, National Association, as lender and as agent (PNC), providing for a $20 million revolving credit facility (the Revolving Facility). Amounts under the Revolving Facility may be borrowed, repaid and reborrowed with all amounts outstanding due and payable on March 14, 2013. The maximum amount outstanding under the Revolving Facility is limited by the amount of eligible receivables and eligible inventory of the borrowers. The Revolving Credit Agreement contains mandatory prepayment requirements in certain circumstances upon the sale of certain collateral, subject to the ability to reborrow revolving advances. Termination of the Revolving Facility is subject to a prepayment premium if terminated more than 90 days prior to the third anniversary of the Revolving Facility.

Amounts outstanding under the Revolving Facility bear interest at a floating rate equal to, at the option of the Company, the alternate base rate (approximates Fed Funds Open Rate plus 0.5%) plus 3.00% or the Eurodollar rate plus 6.00%. The Company will pay a commitment fee of 1.00% per annum for unused committed amounts under the Revolving Facility. Interest is due monthly in arrears with respect to alternate base rate loans and at the end of each interest period with respect to Eurodollar rate loans. For Eurodollar rate loans with interest periods greater than three months, interest is payable every three months from the first day of such interest period and on the last day of such interest period.

Up to $12 million of the Revolving Facility may be applied to letters of credit. Issued letters of credit reduce availability under the Revolving Facility. If issued and outstanding letters of credit under the Revolving Facility exceed the borrowing base of eligible receivables and inventory, the Company would be required to provide additional cash collateral to cover any borrowing base shortfall. The Company will pay a fee for issued and undrawn letters of credit at 6.00% per annum of the average daily face amount of each outstanding letter of credit and a per annum fronting fee of 0.25% payable quarterly.

The Revolving Credit Agreement contains, and the Company and its subsidiaries will be required to comply with, customary covenants for facilities of this type, such as (i) affirmative covenants as to maintenance of existence, compliance with laws, preservation of collateral, environmental matters, insurance, payment of taxes, access to books and records, use of proceeds, maintenance of cash management systems, priority of liens in favor of the lenders, maintenance of assets and monthly, quarterly, annual and other reporting obligations, and (ii) negative covenants, including limitations on liens, additional indebtedness, loans, guarantees, dividends, nature of business, transactions with affiliates, investments, asset dispositions, capital expenditures, mergers and consolidations, formation of subsidiaries, accounting changes and amendments to constituent documents.

The Revolving Credit Agreement includes customary events of default for facilities of this type, including (i) failure to pay principal, interest or other amounts when due, (ii) breach of representations and warranties, (iii) breach of covenants, (iv) bankruptcy, (v) occurrence of a material adverse effect, (vi) cross-default to other indebtedness, (vii) judgment default, (viii) invalidity of any loan document, (ix) failure of liens to be perfected, (x) the occurrence of a change of ownership, (xi) loss of material licenses or permits, cessation of operations and the incurrence of certain ERISA liabilities. Upon the occurrence and continuance of an event of default, the lenders may (i) terminate their commitments under the Revolving Facility, (ii) accelerate the repayment of all of the Company s obligations under the Revolving Facility, and (iii) foreclose on the collateral granted to them.

The Revolving Credit Agreement grants a first priority lien (subject to certain exclusions) to PNC on the Company s and its subsidiaries (i) accounts receivable, (ii) general intangibles related to accounts receivable and inventory, (iii) intellectual property, (iv) inventory, (v) investment property, (vi) instruments related to the foregoing, (vii) deposit accounts, (viii) letters of credit, (ix) money, (x) letter-of-credit rights, (xi) books and records, and (xii) all proceeds of the foregoing.

In addition to a borrowing base collateralization consisting primarily of accounts receivable and inventories, the Revolving Facility is also collateralized by a $5.0 million restricted cash account. The Company cannot count the $5.0 million restricted cash account in its borrowing base.

Total liquidity at June 30, 2010 was $56.1 million, comprised of $50.2 million in cash and cash equivalents and $5.9 million availability under our Revolving Facility. As of June 30, 2010, there were no amounts drawn against the Revolving Facility, and no outstanding letters of credit issued under our Revolving Facility.

Note payable - Kiewit

Pursuant to the Plan, on the Effective Date, the Company issued a note payable to Kiewit Energy Company for the principal amount of $5.3 million (the Kiewit Note). The Kiewit Note bore interest at the rate of 5.00% per annum, compounded semi-annually, and matured on the earlier of (a) March 17, 2014 or (b) 120 days after the date

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on which the Company s Aurora West ethanol facility was completed and operating at 90% of nameplate capacity. Nameplate capacity was defined as production capacity of 108 million gallons per year of un-denatured ethanol.

On April 30, 2010 the Company paid the Kiewit Note payable to Kiewit Energy Company for $5.3 million.

(7) Long-term debt

The following table summarizes the Company s long-term debt:

(In thousands)		**Successor June 30, 2010**		**Predecessor December 31, 2009**
Senior unsecured 10% notes due April 2017	**$**		$	300,000
Senior secured 13% notes due March 2015		105,000		
		105,000		300,000
Less: reclassification to pre-petition liabilities subject to compromise				(300,000)
Long-term debt, net	**$**	105,000	$	

Senior Unsecured Notes

As of December 31, 2009, the Company had outstanding $300 million aggregate principal amount of senior unsecured notes. The senior unsecured notes were issued pursuant to an indenture dated as of March 27, 2007, between the Company and Wells Fargo Bank, N.A., as trustee and were exchanged for registered notes with the same terms on August 10, 2007. The senior unsecured notes are general unsecured obligations of the Company and its subsidiaries. In April 2009, Deutsche Bank National Trust Company replaced Wells Fargo Bank as Successor Indenture Trustee. As a result of the bankruptcy proceedings, the outstanding principal amount of the senior unsecured notes and accrued interest thereon became immediately due and payable, and such notes were reclassified to pre-petition liabilities subject to compromise (see Note 12). The Company discontinued the accrual of interest on the senior unsecured notes beyond the Petition Date. Contractual interest expense not recorded from April 8, 2009 through December 31, 2009 would have totaled $21.9 million. Contractual interest expense not recorded from January 1, 2010 through March 15, 2010 would have totaled $6.3 million.

Senior Secured Notes

Pursuant to the Plan, on the Effective Date, the Company issued and sold an aggregate of $105 million principal amount of 13% senior secured notes due 2015 (the Notes). The Notes were issued under an indenture (the Indenture) dated as of the Effective Date among the Company, each of the Company s direct and indirect wholly-owned subsidiaries, as guarantors (the Guarantors), and Wilmington Trust FSB, as trustee (in such capacity, the Trustee) and collateral agent (in such capacity, the Collateral Agent), in a private transaction that was not subject to the registration requirements of the Securities Act of 1933, as amended (the Securities Act). The Notes accrue interest at a rate of 13% for cash interest payments and 15% if the Company elects paid-in-kind (PIK) interest payments. The Company may elect, prior to each interest payment date, to make each interest payment on the Notes (i) entirely in cash or (ii) 8/15 in cash and 7/15 in PIK interest. The Notes are fully and unconditionally guaranteed by the Guarantors. The Company will pay interest on the Notes quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, starting on June 15, 2010. The Notes mature on March 15, 2015. The Indenture permits the Company to issue additional Notes from time to time up to an aggregate principal amount of $50 million. The Company will use the net proceeds from the issuance of the Notes to fund payments required to be made pursuant to the Plan, and for working capital and general corporate purposes.

The Notes and the guarantees of the Guarantors are secured by a first-priority lien on substantially all of the Company s and the Guarantors assets (with certain exceptions) and by a second-priority lien on the Company s and the Guarantors assets that are subject to the first-priority lien granted under the Revolving Facility, as described in Note 6.

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The Indenture contains various covenants that, subject to certain exceptions, among other things, limit or restrict the Company s (and, in certain cases, the Guarantors or the Company s restricted subsidiaries) ability to (i) incur or assume additional debt or provide guarantees in respect of obligations of other persons, (ii) issue convertible stock and preferred stock, (iii) pay dividends or distributions or redeem or repurchase capital stock, (iv) prepay, redeem or repurchase debt, (v) make loans and investments, (vi) incur certain liens, (vii) impose limitations on dividends, loans or asset transfers from its subsidiaries, (viii) sell or otherwise dispose of assets, including capital stock of its subsidiaries, (ix) consolidate or merge with or into, or sell substantially all of its assets to, another person, (x) enter into transactions with affiliates, and (xi) impair the security interest in the collateral securing the Notes.

If a change of control of the Company occurs, each holder of Notes will have the right to require the Company to repurchase all or any part (equal to $2 thousand or an integral multiple of $1 thousand in excess of $2 thousand) of that holder s Notes for an amount in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest on the Notes repurchased to the date of repurchase.

The Company must offer to repurchase the Notes at 100% of the principal amount of the Notes repurchased plus accrued and unpaid interest on the Notes repurchased to the date of repurchase if the aggregate sum of proceeds received by the Company from certain assets sales and events of loss and that are not used pursuant to the terms of the Indenture exceeds $5 million.

The Company may redeem the Notes in whole or in part prior to their maturity date for a premium to the outstanding principal amount, as provided in the Indenture.

The Indenture also provides for customary events of default, such as (i) failure to make payments when due, (ii) noncompliance with covenants, and (iii) occurrence of certain bankruptcy proceedings. If an event of default occurs and is continuing, the Trustee or the holders of 25% in aggregate principal amount of the outstanding Notes may accelerate payment of the principal of, and any accrued interest on, the Notes. If an event of default occurs and is continuing or if the Company or the Guarantors do not comply with certain of their obligations under the registration rights agreement, interest on the Notes will accrue at an additional 2% per annum.

The Notes and the guarantees rank equally in right of payment with all of the Company s and the Guarantors existing and future senior indebtedness, including indebtedness incurred under the Revolving Credit Agreement (see Note 6), and senior to all of the Company s and the Guarantors existing and future subordinated indebtedness.

The following is a schedule of required debt payments due during each of the next five years and thereafter, as of June 30, 2010:

(In thousands)		**June 30**
2011	$	
2012		
2013		
2014		
2015		**105,000**
Total long-term debt payments	$	**105,000**

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(8) Other Current Liabilities

Other current liabilities are as follows:

(In thousands)		Successor June 30, 2010		Predecessor December 31, 2009
Deferred revenue	**$**	**4,647**	$	4,513
Accrued sales tax		**10**		10
Current portion of deferred income taxes		**601**		
Accrued property taxes		**980**		817
Other accrued operating expenses		**63**		65
Reserve for uncertain tax positions (see Note 18)				855
Accrued interest on uncertain tax positions (see Note 18)				19
Totals	**$**	**6,301**	$	6,279

(9) Other Long-Term Liabilities

Other long-term liabilities are as follows:

(In thousands)		Successor June 30, 2010		Predecessor December 31, 2009
Unfunded postretirement benefit obligations	**$**	**1,957**		1,984
Unfunded pension liability		**441**		442
Pre-petition liabilities not compromised				11,501
Reserve for uncertain tax positions (see Note 18)		**82**		
Accrued interest on uncertain tax positions (see Note 18)		**19**		
Totals	**$**	**2,499**	$	13,927

(10) Fair Value Measurements

ASC 820 establishes a framework for measuring fair value and expands disclosure about fair value measurements. The statement requires that fair value measurements be classified and disclosed in one of the following three categories:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

- Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability;
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

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The following table summarizes the valuation of our financial instruments which are carried at fair value by the above ASC 820 pricing levels as of June 30, 2010:

		Fair Value Measurements at the Reporting Date Using		
(in thousands)	Fair Value at June 30, 2010	Quoted Prices in Active Markets Using Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 50,177	$ 50,177	$	$
Available for sale securities	$ 3,740	$ 3,740	$	$
Derivative contracts	$ 707	$ 707	$	$

The following table summarizes the valuation of our financial instruments which were carried at fair value by the above ASC 820 pricing levels as of December 31, 2009:

		Fair Value Measurements at the Reporting Date Using		
(in thousands)	Fair Value at December 31, 2009	Quoted Prices in Active Markets Using Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 52,585	$ 52,585	$	$
Available for sale securities	$ 5,442	$ 5,442	$	$

The Company did not hold any financial assets requiring the use of Level 2 or Level 3 inputs at June 30, 2010 or December 31, 2009.

The Company recorded net gains of $0.3 million, $0.0 million, $0.4 million, $0.0 million, and $1.2 million, respectively, for the three-month periods ended June 30, 2010 and 2009, the four-month period ended June 30, 2010, the two-month period ended February 28, 2010, and the six-month period ended June 30, 2009, under Gain (loss) on derivative transactions in the unaudited Condensed Consolidated Statements of Operations for the changes in the fair value of its derivative financial instrument positions it held during the respective periods.

The Company recorded a loss of $1.5 million, a gain of $1.3 million, a loss of $2.5 million, a gain of $0.8 million, and a gain of $1.7 million for the three-month periods ended June 30, 2010 and 2009, the four-month period ended June 30, 2010, the two-month period ended February 28, 2010, and the six-month period ended June 30, 2009, respectively, under other accumulated comprehensive loss in the Consolidated Balance Sheet for the changes in the fair value of its available for sale securities. At each reporting date, the Company performs an evaluation of impaired equity securities to determine if the unrealized loss is other-than-temporary. This evaluation considers a number of factors including, but not limited to, the length of time and extent to which the fair value has been less than cost, the financial condition and near term prospects of the issuer and management s ability and intent to hold the securities until fair value recovers. The assessment of the ability and intent to hold these securities to recovery focuses on liquidity needs, asset / liability management objectives and securities portfolio objectives. Based on the results of this evaluation, management concluded that as of June 30, 2010, the unrealized losses related to equity securities are temporary.

The carrying value of other financial instruments, including cash, accounts receivable and accounts payable and accrued liabilities approximate fair value due to their short maturities or variable-rate nature of the respective balances. The following table presents the other financial instruments that are not carried at fair value but which require fair value disclosure as of June 30, 2010 and December 31, 2009.

	Successor As of June 30, 2010		Predecessor As of December 31, 2009	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Senior unsecured notes payable	$		$ (300,000))	(267,000)
Senior secured notes payable	$ (105,000)	(105,000)	$	

The fair values of our senior unsecured and senior secured fixed rate notes are based upon quoted closing market prices at the end of the period.

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(11) Reorganization Items

ASC 852, *Reorganizations,* requires separate disclosure of reorganization items such as realized gains and losses from the settlement of pre-petition liabilities, provisions for losses resulting from the reorganization and restructuring of the business, as well as professional fees directly related to the process of reorganizing the Company under Chapter 11. The Company s reorganization items for the three months ended June 30, 2009, two months ended February 28, 2010, and six months ended June 30, 2009 consisted of the following:

(in thousands)		Predecessor Three months ended June 30, 2009		Predecessor Two months ended February 28, 2010		Predecessor Six months ended June 30, 2009
Provision for rejected executory contracts and leases	$	39,684	$	9,590	$	39,684
Professional fees directly related to reorganization		3,118		8,776		3,118
Other (a)		(53)		1,916		(53)
Total reorganization items	$	42,749	$	20,282	$	42,749

(a) Other includes new claims allowed as cure settlements and priority claims and secured claims and other adjustments.

No additional reorganization expense will be recognized after February 28, 2010.

(12) Pre-Petition Liabilities Subject to Compromise

Pre-petition liabilities subject to compromise refers to unsecured obligations that were accounted for under the Plan. Generally, actions to enforce or otherwise effect payment of pre-Chapter 11 liabilities were stayed. ASC 852, *Reorganizations*, requires pre-petition liabilities that are subject to compromise to be reported at the amounts expected to be allowed, even if they may be settled for lesser amounts. These liabilities represent the estimated amount expected to be allowed on known or potential claims to be resolved through the Chapter 11 process, and remain subject to future adjustments arising from negotiated settlements, actions of the Bankruptcy Court, rejection of executory contracts and unexpired leases, the determination as to the value of any potential collateral securing the claims, proofs of claim, or other events. Pre-petition liabilities subject to compromise also includes certain items that may be assumed under the Plan, and as such, may be subsequently reclassified to liabilities not subject to compromise. At hearings held in April 2009, the Bankruptcy Court granted final approval of many of the debtors first day motions covering, among other things, employee obligations, supplier relations, insurance, customer relations, business operations, certain tax matters, cash management, utilities, case management and retention of professionals. Obligations associated with these matters were not classified as pre-petition liabilities subject to compromise.

The Company has rejected certain pre-petition executory contracts and unexpired leases with respect to the Company s operations with the approval of the Bankruptcy Court. Damages resulting from rejection of executory contracts and unexpired leases are generally treated as general unsecured claims and were classified as pre-petition liabilities subject to compromise . With certain specific exceptions, holders of pre-petition claims (excluding governmental entities holding governmental claims) were required to file proofs of claims by the general bar date , which was September 8, 2009. A bar date is the date by which certain claims against the Company must be filed if the claimants wish to receive any distribution in the Chapter 11 cases on account of such claims. Creditors were notified of the general bar date and the requirement to file a proof of claim with the Bankruptcy Court. Differences

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between liability amounts estimated by the Company and claims filed by creditors are being investigated and, if necessary, the Bankruptcy Court will make a final determination of the allowed amount and priority of the claim. The determination of how liabilities would ultimately be treated could not be made until the Bankruptcy Court approved the Plan. Accordingly, the ultimate amount or treatment of such liabilities was not determinable at December 31, 2009. Amounts recorded at December 31, 2009 were the Company s best estimate of the amounts the Bankruptcy Court would allow.

Pre-petition liabilities subject to compromise consisted of the following as of December 31, 2009:

(In thousands)		**December 31, 2009**
10% senior unsecured notes due 2017	$	300,000
Provision for rejected executory contracts and other accruals		26,403
Pre-petition accounts payable		29,451
Accrued interest on senior unsecured notes		15,500
Unamortized issuance costs of 10% senior unsecured notes		(5,805)
Total pre-petition liabilities subject to compromise	$	365,549

Pre-petition liabilities subject to compromise include trade accounts payable related to pre-petition purchases. Accrued interest represents amounts due on the senior unsecured notes as of the Petition Date. No interest was accrued on the senior unsecured notes subsequent to the Petition Date because such amounts were not expected to become part of an allowed claim.

All pre-petition liabilities subject to compromise have been paid, discharged, settled, or reclassified to accounts payable as of the Effective Date.

(13) Warrants

In connection with the Plan, holders of allowed Class 9(a) Equity Interests received warrants to purchase up to an aggregate amount of 450,000 shares of common stock of the successor company at an exercise price initially set at $40.94 subject to adjustment exercisable through the earlier of March 15, 2015, or upon the occurrence of an acceleration event. Each warrant entitles the registered owner thereof to purchase one share of common stock of the successor company. During the second quarter of 2010, holders of the warrants exercised 144 of the warrants.

(14) Stock-Based Compensation Plans

Pre-tax stock-based compensation expense for the Successor Company for the quarter ended June 30, 2010 was $1.2 million, all of which was charged to selling, general and administrative expense. The Predecessor recognized $0.3 million of pre-tax stock-based compensation expense, all charged to selling, general and administrative expense for the quarter ending June 30, 2009. Stock-based compensation reduced earnings per share by $0.00 per basic and fully diluted share for the quarter ended June 30, 2009 and by $0.08 per basic and $0.08 per fully diluted share for the Successor for the quarter ended June 30, 2010.

The Company granted 50 thousand stock options during the quarter ended June 30, 2010 with an exercise price of $43.75.

(15) Interest Expense

The following table summarizes interest expense:

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(in thousands)	Successor Three Months Ended June 30, 2010	Predecessor Three Months Ended June 30, 2009	Successor Four Months Ended June 30, 2010	Predecessor Two Months Ended February 28, 2010	Predecessor Six Months Ended June 30, 2009
Interest expense senior unsecured notes	$	$ 583	$	$	$ 8,083
Interest expense senior secured notes	3,374		4,019		
Interest expense revolving credit facility		695		600	979
Interest expense debtor in possession debt facility		520		502	520
Interest expense note payable to Kiewit	34		34		
Amortization of deferred debt issuance costs		483		313	1,405
Other			69	7	15
Capitalized interest	(1,022)		(1,022)		
Interest Expense, net	$ 2,386	$ 2,281	$ 3,100	$ 1,422	$ 11,002

(16) Retirement and Pension Expense

Defined Contribution Plans

We have 401(k) plans covering substantially all of our employees. We recognized expense with respect to these plans of $0.2 million for each of the three-month periods ended June 30, 2010 and 2009, $0.2 million for the four-month period ended June 30, 2010, $0.1million for the two-month period ended February 28, 2010, and $0.5 million for the six month period ended June 30, 2009. Contributions made under our defined contribution plans include a match, at the Company s discretion, of an employee s contribution to the plans. On March 13, 2009, we terminated 25 employees as part of a planned reduction in force. As a result of these terminations, we accelerated the vesting of the Company s matching portion of these employee s previously unvested contributions. As a result of this accelerated vesting, there was no additional expense to the Company.

Qualified Retirement Plan

The Company provides a non-contributory qualified defined benefit pension plan for its unionized employees at our Pekin, IL production facilities. The following table summarizes the components of net periodic pension cost for the qualified pension plan:

(In thousands)	Successor Three Months Ended June 30, 2010	Predecessor Three Months Ended June 30 2009	Successor Fourth Months Ended June 30, 2010	Predecessor Two Months Ended February 28, 2010	Predecessor Six Months Ended June 30, 2009
Service cost	$ 84	$ 98	$ 112	$ 56	$ 170
Interest cost	135	130	180	87	254

Expected return on plan assets	(173)	(102)	(231)	(115)	(281)
Amortization of prior service costs		10		7	21
Amortization of net actuarial loss		89		14	89
Net periodic pension cost	$ 46	$ 225	$ 61	$ 49	$ 253

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Postretirement Benefit Obligation

We sponsor a healthcare plan that provides postretirement medical benefits to certain grandfathered unionized employees. The plan is contributory, with contributions required at the same rate as active employees. Benefit eligibility under the plan terminates at age 65.

The following table summarizes the components of the net periodic costs for postretirement benefits:

(In thousands)	Successor Three Months Ended June 30, 2010	Predecessor Three Months Ended June 30, 2009	Successor Four Months Ended June 30, 2010	Predecessor Two Months Ended February 28, 2010	Predecessor Six Months Ended June 30, 2009
Service cost	$ 17	$ 19	$ 22	$ 12	$ 38
Interest cost	28	29	38	20	55
Amortization of prior service costs		(9)		(4)	(18)
Net periodic pension cost	$ 45	$ 39	$ 60	$ 28	$ 75

Patient Protection and Affordable Care Act

In March 2010, the Patient Protection and Affordable Care Act (PPACA) was enacted, potentially impacting the Company s cost to provide healthcare benefits to its eligible active and retired employees. The PPACA has both short-term and long-term implications on benefit plan standards. Implementation of this legislation is planned to occur in phases, beginning in 2010, but to a greater extent with the 2011 benefit plan year and extending through 2018.

The Company is currently analyzing this legislation to determine the full extent of the impact of the required plan standard changes on its employee healthcare plans and the resulting costs. While the Company anticipates that costs to provide healthcare to eligible active employees and certain retired employees will increase in future years, it is uncertain at this time, how significant the increase will be.

(17) Derivative Instruments and Hedging

Our operations and cash flows are subject to fluctuations due to changes in commodity prices. Historically, we have used derivative financial instruments to manage commodity prices. Derivatives used are primarily commodity futures contracts, swaps and option contracts.

We apply the provisions of ASC 815, *Derivatives and Hedging*, for the Company s derivatives. The Company s futures contracts are not designated as hedges and, therefore, are marked to market each period, with corresponding gains and losses recorded in other non-operating income. The fair value of these derivative instruments is recognized in other current assets or liabilities in the Consolidated Balance Sheet, net of any cash received from the brokers.

ASC 815 requires a company to evaluate contracts to determine whether the contracts are derivatives. Certain contracts that meet the literal definition of a derivative under ASC 815 may be exempted from the accounting and reporting requirements of ASC 815 as normal purchases or normal sales. Normal purchases and normal sales are contracts that provide for the purchase or sale of something other than a financial instrument or derivative instrument that will be delivered in quantities expected to be used or sold over a reasonable period in the normal course of business. The Company elects to designate its forward purchases of corn and natural gas and forward sales of ethanol as normal purchases and normal sales under ASC 815. Accordingly, these contracts are not reflected in the consolidated financial statements until execution.

We are exposed to certain risks related to our ongoing business operations. The primary risks that we manage by using forward or derivative instruments are price risk on anticipated purchases of corn, natural gas and the sale of ethanol.

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We are subject to market risk with respect to the price and availability of corn, the principal raw material we use to produce ethanol and ethanol by-products. In general, rising corn prices result in lower profit margins and, therefore, represent unfavorable market conditions. This is especially true when market conditions do not allow us to pass along increased corn costs to our customers. The availability and price of corn is subject to wide fluctuations due to unpredictable factors such as weather conditions, farmer planting decisions, governmental policies with respect to agriculture and international trade and global demand and supply.

We have firm-price purchase commitments with some of our corn suppliers under which we agree to buy corn at a price set in advance of the actual delivery of that corn to us. Under these arrangements, we assume the risk of a price decrease in the market price of corn between the time this price is fixed and the time the corn is delivered.

We sometimes enter into firm-price purchase commitments with some of our natural gas suppliers under which we agree to buy natural gas at a price set in advance of the actual delivery of that natural gas to us. Under these arrangements, we assume the risk of a price decrease in the market price of natural gas between the time this price is fixed and the time the natural gas is delivered. At December 31, 2009 and June 30, 2010, we did not have any commitments to purchase natural gas in advance at prices other than at market. We account for these transactions as normal purchases under ASC 815, and accordingly, do not mark these transactions to market.

We are also subject to market risk with respect to ethanol pricing. Our ethanol sales are priced using contracts that can either be fixed; based upon the price of wholesale gasoline plus or minus a fixed amount; or based upon a market price at the time of shipment. We sometimes fix the price at which we sell ethanol using fixed price physical delivery contracts. We have elected to account for these transactions as normal sales transactions under ASC 815, and accordingly, have not marked these transactions to market.

Derivative instruments not designated as hedging instruments under ASC 815 at June 30, 2010 and December 31, 2009 were as follows:

		Fair Value (in thousands)	
Type	**Balance Sheet Classification**	**June 30, 2010 Successor**	**December 31, 2009 Predecessor**
Corn and ethanol future positions	Other current assets	$ 707	$

The realized and unrealized effect on our condensed consolidated statement of operations for derivatives not designated as hedging instruments under ASC 815 for the three-month periods ended June 30, 2010 and 2009, the four-month period ended June 30, 2010, the two-month period ended February 28, 2010, and six-month period ended June 30, 2009 are as follows:

			Fair Value (in thousands)		
Statement of Operations	**Three Months Ended June 30, 2010**	**Three Months Ended June 30, 2009**	**Four Months Ended June 30, 2010**	**Two Months Ended February 28, 2010**	**Six Months Ended June 30, 2009**

Type	Classification	Successor	Predecessor	Successor	Predecessor	Predecessor
Corn and ethanol future positions	Gain (loss) on derivative transactions	$ 263	$ 30	$ 439	$	$ 1,218

Any outstanding derivative position requires cash settlement on a daily basis. Without such cash settlement on derivative contracts, cash flows from operations would have been lower.

(18) Income Taxes

The Company recorded an income tax benefit of $0.9 million for the three months and four months ended June 30, 2010, an income tax benefit of $2.9 million for the three months ended June 30,

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2009, an income tax benefit of $0.6 million for the two months ended February 28, 2010, and an income tax benefit of $6.7 million for the six months ended June 30, 2009. The difference between the tax benefit rate accrued and the statutory benefit rate is principally due to the impact of state taxes (net of federal benefit), non-includable reorganization income, non-deductible reorganization expenses, tax deductible goodwill, increases in valuation allowances, and other permanent differences between book and tax.

The Company records a valuation allowance on its deferred tax assets to reduce the deferred tax assets to the amount that management believes is more likely than not to be realized. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. Management considered the scheduled reversal of deferred tax liabilities and tax planning strategies in making this assessment. Due to the Company s history of losses, allowances have been established for all deferred benefits except for deferred benefits available to offset certain deferred tax liabilities that will reverse over time.

The Company expects to recognize taxable income of approximately $52 million for cancellation of debt resulting from the Plan related to the Company s bankruptcy reorganization that will reduce available current year tax losses, capital loss carryforwards, and the tax basis in other assets.

Further, the consummation of the Plan generated an ownership change as defined in Section 382 of the Internal Revenue Code, which limits the Company s ability to utilize certain carryover tax attributes. The Company s net unrealized built in losses may be limited by Section 382 which could potentially result in the significant acceleration of tax payments. The Company s state net operating loss carryforwards are also subject to similar, but varying, restrictions on their future use.

As of June 30, 2010, we had $0.1 million of uncertain tax benefits. All of our unrecognized tax benefits, if recognized in future periods, would impact the Company s effective tax rate. At June 30, 2010, our liability for unrecognized tax benefits is included in other long-term liabilities on the condensed consolidated balance sheet.

Currently, no federal income tax returns are open for examination. We file in numerous states and one foreign jurisdiction with varying statutes of limitations open from 2005 to 2008.

(19) Earnings (Loss) Per Share

Basic earnings (loss) per share are computed by dividing net income (loss) by the weighted average number of common shares outstanding during each period. Diluted earnings (loss) per share are calculated using the treasury stock method in accordance with ASC 260, and includes the effect of all dilutive securities, including non-qualified stock options and restricted stock units awards (RSU s). In accordance with ASC 260, shares issuable upon the satisfaction of certain conditions pursuant to a contingent stock agreement, such as those contemplated by the Plan, are considered outstanding common shares and included in the computation of basic earnings per share. Accordingly, 1.9 million shares contemplated by the Plan to be distributed to holders of allowed general, unsecured claims are included in the calculation of basic earnings per share for the three and four months ended June 30, 2010.

The following table sets forth the computation of basic and diluted earnings (loss) per share:

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(In thousands, except per share data)	Successor Three Months Ended June 30, 2010	Predecessor Three Months Ended June 30, 2009	Successor Four Months Ended June 30, 2010	Predecessor Two Months Ended February 28, 2010	Predecessor Six Months Ended June 30, 2009
Net income (loss)	$ (9,259)	$ (48,935)	$ (16,359)	$ (266,293)	$ (73,502)
Less net earnings (loss) allocated to participating securities	(179)		(278)		
Net earnings (loss) attributable to common shareholders	$ (9,080)	$ (48,935)	$ (16,081)	$ (266,293)	$ (73,502)
Weighted average shares and share equivalents outstanding:					
Basic shares	8,585	42,966	8,581	43,401	42,968
Dilutive non-qualified stock options and RSUs					
Diluted weighted average shares and share equivalents	8,585	42,966	8,581	43,401	42,968
Income (loss) per common share basic	$ (1.06)	$ (1.14)	$ (1.87)	$ (6.14)	$ (1.71)
Income (loss) per common share - Diluted	$ (1.06)	$ (1.14)	$ (1.87)	$ (6.14)	$ (1.71)

We had additional potentially dilutive securities outstanding representing options of 180 thousand common shares at June 30, 2010 (Successor) and 3.3 million common shares at June 30, 2009 (Predecessor) that were not included in the computation of potentially dilutive securities because the options exercise prices were greater than the average market price of the common shares or because the options were anti-dilutive, and were excluded from the calculation of diluted earnings per share in accordance with ASC 260.

(20) Comprehensive Income (Loss)

The following table summarizes comprehensive income (loss):

(In thousands)	Successor Three Months Ended June 30, 2010	Predecessor Three Months Ended June 30, 2009	Successor Four Months Ended June 30, 2010	Predecessor Two Months Ended February 28, 2010	Predecessor Six Months Ended June 30, 2009
Net income (loss) attributable to controlling interest	$ (9,259)	$ (48,935)	$ (16,359)	$ (266,293)	$ (73,502)
Unrealized gain (loss) on available for sale securities	(1,482)	1,274	(2,467)	765	1,724
Unrecognized pension and post retirement liabilities, net of tax		56		(3)	56
Comprehensive income (loss)	$ (10,741)	$ (47,605)	$ (18,826)	$ (265,531)	$ (71,722)

(21) Industry Segment

The Company operates in one reportable business segment, the manufacture and marketing of fuel-grade ethanol.

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(22) Litigation

On November 6, 2008, the Company commenced an action against JP Morgan Securities, Inc. and JP Morgan Chase Bank, N.A. (hereinafter collectively referred to as JP Morgan) in the Tenth Judicial Circuit in Tazewell County, Illinois. The Company s complaint relates to losses incurred of approximately $31.6 million as a result of investments in Student Loan Auction Rate Securities purchased through JP Morgan. At this time, we cannot be certain as to the outcome of this litigation.

We are from time to time involved in various legal proceedings, including legal proceedings relating to the extensive environmental laws and regulations that apply to our facilities and operations. We are not involved in any legal proceedings, other than those described herein, that we believe could have a material adverse effect upon our business, operating results or financial condition.

(23) Potential Asset Acquisition

On June 10, 2010, the Company sent a preliminary letter of intent to enter into an asset purchase agreement with New CIE Energy Opco, LLC d/b/a/ Riverland Biofuels to acquire all or substantially all of Riverland s assets comprising the ethanol production facility located in Canton, IL. The Canton facility consists of an approximate 30 acre site on which a 37 mgpy nameplate ethanol plant and associated CHP power plant is situated and an associated 259 acre parcel of land.

Aventine has made a $5 million non-refundable deposit on the letter of intent as of June 30, 2010. The deposit is reflected in other assets on the June 30, 2010 consolidated balance sheet.

(24) Subsequent Events

The Company evaluated subsequent events through the time of filing this document with the SEC, identifying no subsequent events which have accounting or disclosure impacts, except as follows:

On August 2, 2010, Brigade Capital Management, LLC and Senator Investment Group LP, (the Backstop Purchasers) entered into a commitment letter agreement with the Company and its subsidiaries pursuant to which, subject to certain conditions, the Backstop Purchasers have agreed to purchase up to an aggregate principal amount of $50 million of our Notes not purchased by other investors in a private placement offering on or after August 15, 2010 until September 15, 2010, at which time the Backstop Purchasers will have the right to terminate the agreement if the offering has not been consummated on or before such date.

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

This report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not relate solely to current or historical fact, but address events or developments that we anticipate will occur in the future. Forward-looking statements include statements regarding our goals, beliefs, plans or current expectations, taking into account the information currently available to our management. When we use words such as anticipate, intend, expect, believe, plan, may, should or would or other words that convey uncertainty of future events or outcome, we are making forward-looking statements. Statements relating to future sales, earnings, operating performance, restructuring strategies, plant expansions, capital expenditures and sources and uses of cash, for example, are forward-looking statements.

These forward-looking statements are subject to various risks and uncertainties which could cause actual results to differ materially from those stated or implied by such forward-looking statements. We undertake no obligation to publicly release any revision of any forward-looking statements contained herein to reflect events and circumstances occurring after the date hereof, or to reflect the occurrence of unanticipated events. Information concerning risk factors is contained under Part II, Item 1A of the Quarterly Report on Form 10-Q for the quarter ended March 31, 2010. You should carefully consider all of the risks and all other information contained in or incorporated by reference in this report and in our filings with the SEC. These risks are not the only ones we face. Additional risks and uncertainties not presently known to us, or which we currently consider immaterial, also may adversely affect us. If any of these risks actually occur, our business, financial condition and results of operations could be materially and adversely affected.

Company Overview

Aventine is a leading producer of ethanol. Through our production facilities, we market and distribute ethanol to many of the leading energy companies in the U.S. In addition to producing ethanol, our facilities also produce several co-products including: corn gluten feed and meal, corn germ, condensed corn distillers solubles, dried distillers grain with solubles (DDGS), wet distillers grain with solubles (WDGS), carbon dioxide and brewers yeast.

Results of Operations

The following discussion summarizes the significant factors affecting the consolidated operating results of the Company for the three and six month periods ended June 30, 2010 and 2009. This discussion should be read in conjunction with the unaudited condensed consolidated financial statements and notes to the unaudited condensed consolidated financial statements contained in Item 1 above, and the consolidated financial statements and related notes for the year ended December 31, 2009 included in the Company s Annual Report on Form 10-K.

The Company emerged from bankruptcy on March 15, 2010. On February 28, 2010, the Company implemented fresh-start reporting in accordance with U.S. GAAP. Thus, the consolidated financial statements prior to March 1, 2010 reflect results based upon the historical cost basis of the Company while the post-emergence consolidated financial statements reflect the new basis of accounting incorporating the fair value adjustments made in recording the effects of fresh-start reporting. Therefore, the post-emergence periods are not comparable to the pre-emergence periods. However, for discussions on the results of operations, the Company has combined the results for the two months ended February 28, 2010 and the four months ended June 30, 2010. The combined period has been compared to the six months ended June 30, 2009.

The Company believes that the combined financial results provide management and investors a better perspective of the Company s core business and on-going operational financial performance and trends for comparative purposes.

Our revenues are principally derived from the sale of ethanol and from the sale of co-products (corn gluten feed and meal, corn germ, condensed corn distillers solubles, DDGS, WDGS, carbon dioxide, and brewers yeast) that we produce as by-products during the production of ethanol at our plants, which we refer to as co-product revenues.

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Recent Events

Emergence from Bankruptcy. On April 7, 2009, the Company filed voluntary petitions for relief under Chapter 11 of Title 11 of the Bankruptcy Code in the U. S. Bankruptcy Court for the District of Delaware. On January 13, 2010, the Company filed its Plan. On February 24, 2010, the Bankruptcy Court entered an order approving and confirming the Plan. On March 15, 2010, the Company consummated its reorganization through a series of transactions contemplated by its Plan and the Plan became effective. The transactions consummated pursuant to the Plan included the following:

- the Company appointed a new management team and six new directors to our Board of Directors;

- the Company issued and sold an aggregate of $105 million principal amount of the Notes and 1,710,000 shares of common stock to holders of our pre-petition notes that subscribed to the sale of the Notes;

- the Company began a pro rata distribution of shares of common stock to holders of our pre-petition notes and to holders of allowed general unsecured claims, with an initial distribution of 4,904,980 shares to holders of pre-petition notes and 71,118 shares to holders of allowed general unsecured claims, out of a total of 6,840,000 shares available;

- the Company entered into the Revolving Credit Agreement with PNC, providing for a $20 million Revolving Facility;

- the Company entered into a warrant agreement (the Warrant Agreeement) with American Stock Transfer & Trust Company, LLC, pursuant to which we issued warrants to purchase an aggregate of 450,000 shares of common stock to holders of equity interests prior to our emergence from bankruptcy;

- the Company amended and restated its organizational documents and those of its subsidiaries; and

- the Company adopted a 2010 equity incentive plan providing for the issuance of up to 855,000 shares of common stock, subject to adjustment.

Letter of Intent. On June 10, 2010, the Company entered into a non-binding letter of intent (the LOI) with New CIE Energy Opco, LLC d/b/a Riverland Biofuels and affiliates of certain holders of the Company s debt and equity securities to acquire an ethanol production facility situated in Canton, Illinois (the Facility). As required by the LOI, the Company deposited $5,000,000 as a non-refundable deposit The transactions contemplated by the LOI are subject to the execution of a definitive agreement by the Company and the seller. The Company cannot assure you whether or when any definitive agreement with respect to the acquisition of the Facility will be entered into or whether any such transaction will be consummated.

Plant Shutdown. On June 29, 2010, Aventine temporarily shut down its dry mill plant in Aurora, NE (NELLC) to make some mechanical improvements to the facility. The shutdown was extended during this period of depressed margins to accelerate a required power outage at both facilities to complete some necessary electrical work for the Aurora West facility which is currently under construction. We expect the work to be completed the first week of August 2010 and the plant to become operational if margins have improved.

Second Distribution. On June 30, 2010, the Company commenced a second pro rata distribution, consisting of 643,372 shares of common stock, to holders of the Company s pre-petition notes and to holders of allowed general unsecured claims, with 599,947 shares distributed to holders of pre-petition notes and 43,425 shares to holders of allowed general unsecured claims. Approximately 1.2 million shares of common stock are reserved for future distributions to these holders.

Backstop Commitment Agreement. On August 2, 2010, the Backstop Purchasers entered into a commitment letter agreement with the Company and its subsidiaries pursuant to which, subject to certain conditions, the Backstop Purchasers have agreed to purchase up to an aggregate principal amount of $50 million of the Notes that are not purchased by other investors in a private placement offering on or after August 15, 2010 until September 15, 2010, at which time the Backstop Purchasers will have the right to terminate the agreement if the offering has not been consummated on or before such date.

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Debt Commitment Letter. Concurrently, on August 2, 2010, the Company entered into the Debt Commitment Letter with Citi, under which Citi has agreed, at a subsequent time, to use its best efforts to arrange a syndicate of lenders that will provide the Company with the New Term Loan Facility, and to act as lead arranger, bookrunner, administrative agent and collateral agent for the New Term Loan Facility, on the terms and subject to the conditions set forth in the Debt Commitment Letter. Consummation of the debt financing is subject to various conditions set forth in the Debt Commitment Letter, including the absence of certain material adverse effects with respect to the company and its subsidiaries, taken as a whole. We are under no obligation to enter into any such debt financing and cannot assure you that we will enter into any such financing transaction on terms acceptable to us, if at all.

Executive Summary of Financial Results

The net loss for the second quarter of 2010 was $9.3 million as compared to a net loss of $48.9 million in the second quarter of 2009. The primary difference between the results for the two quarters was the $42.7 million in expense recorded in 2009 for reorganization items pertaining to our bankruptcy proceedings. This expense consisted of $3.1 million in professional fees and $39.6 million in provisions for rejected executory contracts and leases. There were no reorganization items recorded in the second quarter of 2010.

Commodity spread, defined as gross ethanol selling price per gallon less net corn cost per gallon, increased to $0.75 per gallon in the second quarter of 2010 from $0.72 per gallon in the second quarter of 2009. The average sales price per gallon of ethanol decreased in the second quarter of 2010 to $1.62 per gallon from the $1.70 average received in the second quarter of 2009. Corn costs during the second quarter of 2010 averaged $3.53 per bushel, as compared to $4.10 per bushel in the second quarter of 2009. Conversion cost in the second quarter of 2010 was $0.52 per gallon as compared to $0.42 per gallon in the second quarter of 2009.

Gallons of ethanol sold in the second quarter of 2010 decreased to 46.5 million gallons, as compared to 52.8 million gallons in the second quarter of 2009. Gallons produced during the second quarter of 2010 decreased to 45.9 million gallons from 52.7 million gallons in the second quarter of 2009.

Our inventory is valued based upon a weighted average of our cost to produce ethanol and the price we pay for ethanol that we purchase from other producers. We continue to engage in purchase/resale transactions, as needed, to fulfill our sales commitments. Changes, either upward or downward, in our own production costs or our purchased cost of ethanol will cause the inventory value to fluctuate from period to period, perhaps significantly. These changes in value flow through our statement of operations as the inventory is sold and can significantly increase or decrease our profitability.

Selling, general & administrative (SG&A) expenses were $9.1 million in the second quarter of 2010 as compared to $7.0 million in the second quarter of 2009. Major variances between 2010 and 2009 are a $0.8 million increase in salaries and wages, a $1.0 million increase in salaried stock compensation, and a $1.5 million increase in outside services, partially offset by a $1.0 million decrease in other SG&A expenses.

Interest expense in the second quarter of 2010 was $2.4 million, as compared to $2.3 million in the second quarter of 2009. Interest expense in the second quarter of 2010 includes $3.4 million in interest on our Notes, reduced by capitalized interest of $1.0 million applicable to our expansion facilities in Mt. Vernon, IN and Aurora, NE. We resumed construction of these facilities in May 2010. Interest expense in the second quarter of 2009 included $0.6 million in interest on our senior unsecured notes issued March 27, 2007, $0.7 million in interest on our secured revolving credit facility, $0.5 million in interest on our DIP Facility, and $0.5 million of amortization of deferred financing fees. We ceased the accrual of interest on our senior unsecured notes as of the Petition Date.

For the Three Months Ended June 30, 2010 Compared to the Three Months Ended June 30, 2009

Total gallons of ethanol sold in the second quarter of 2010 decreased to 46.5 million gallons, versus 52.8 million gallons sold in the second quarter of 2009. Gallons of ethanol were sourced as follows:

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For the Three Months Ended June 30,

(In thousands, except for percentages)	2010	2009	Increase/ (Decrease)	% Increase/ (Decrease)
Equity production	**45,943**	52,658	(6,715)	(12.8)%
Purchase/resale	**285**	247	38	15.4%
Decrease (increase) in inventory	**299**	(104)	403	*
Total	**46,527**	52,801	(6,274)	(11.9)%

* Not meaningful

Net sales in the second quarter of 2010 decreased 18.0% from the second quarter of 2009. Net sales were $96.9 million in the second quarter of 2010 versus $118.1 million in the second quarter of 2009. Overall, the decrease in net sales was primarily the result of less supply available. The reduction in equity production between 2010 and 2009 is primarily attributable to timing differences and the length of plant maintenance shutdowns. A decrease in the average sales price of ethanol also contributed to the decrease in net sales for the second quarter of 2010 as compared to the second quarter of 2009. Ethanol prices averaged $1.62 per gallon in the second quarter of 2010 versus $1.70 in the second quarter of 2009.

Co-product revenues for the second quarter of 2010 totaled $21.5 million, a decrease of $5.1 million, or 19.0%, from the second quarter 2009 total of $26.6 million. Co-product revenues decreased during the second quarter of 2010 as a result of significantly lower sales volumes. In the second quarter of 2010, we sold 235.4 thousand tons, versus 290.9 thousand tons in the second quarter of 2009. Co-product revenues, as a percentage of corn costs, increased to 35.0% during the second quarter of 2010, versus 34.2% in the second quarter of 2009.

Cost of goods sold for the quarter ended June 30, 2010 was $95.4 million, compared to $118.0 million for the quarter ended June 30, 2009, a decrease of $22.6 million, or 19.2%. As a percentage of net sales, cost of goods sold decreased to 98.4% of sales from 99.9% of sales in the second quarter of 2009. Cost of goods sold consists of the cost to produce ethanol at our own facilities, the cost of purchasing ethanol from other producers and marketers, freight and logistics costs to ship ethanol and co-products, the cost of motor fuel taxes which have been billed to customers, and depreciation. The decrease in cost of goods sold is principally the result of lower volumes of ethanol purchased as a result of the termination of our marketing alliance and lower corn costs.

Production costs include corn costs, conversion costs (defined as the cost of converting the corn into ethanol, and includes production salaries, wages and stock-based compensation costs, fringe benefits, utilities (including coal and natural gas), maintenance, denaturant, insurance, materials and supplies and other miscellaneous production costs) and depreciation. Corn costs in the second quarter of 2010 totaled $61.5 million, or $3.53 per bushel, versus $77.9 million, or $4.10 per bushel, in the second quarter of 2009. Our average corn costs in the second quarter of 2010 were slightly lower than the Chicago Board of Trade (CBOT) average price of $3.55 during the same period.

Conversion costs for the second quarter of 2010 increased to $23.7 million from $21.9 million for the second quarter of 2009. The increase in conversion costs is primarily attributable to increases in outside services of $1.1 million and utilities of $0.7 million. The conversion cost per gallon increased year over year to $0.52 per gallon in the second quarter of 2010 versus $0.42 per gallon in the second quarter of 2009.

Depreciation totaled $2.4 million in the second quarter of 2010 compared to $3.5 million for 2009. No motor fuel taxes were incurred in the second quarter of 2010 versus $1.2 million in the second quarter of 2009. The cost of motor fuel taxes is recovered through billings to customers and was $0 in the second quarter of 2010 because we did not do business in states requiring us to pay motor fuel taxes.

Freight/logistics costs were significantly lower on a per gallon basis in the second quarter of 2010 from the second quarter of 2009. Freight/logistics costs in the second quarter of 2010 were $0.13 per gallon as compared to $0.16 per gallon in the second quarter of 2009. Freight/logistics dollars spent decreased in the second quarter of 2010 to $6.0 million from $8.5 million in the second quarter of 2009 as a result of lower volumes shipped, a reduction in the number of terminals we sell from and a reduction in our railcar fleet. Freight/logistics cost per

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gallon is calculated by taking total freight/logistics costs incurred (including costs to ship co-products) and dividing by the total ethanol gallons sold.

SG&A expenses were $9.1 million in the second quarter of 2010 as compared to $7.0 million in the second quarter of 2009. Major variances between 2010 and 2009 are a $0.8 million increase in salaries and wages, a $1.0 million increase in salaried stock compensation, and a $1.5 million increase in outside services, partially offset by a $1.0 million decrease in other SG&A expenses. During the three months ended June 30, 2010, outside services include professional fees that we continue to incur related to bankruptcy activities, which would previously have been included in reorganization expense.

Other income (loss) was a loss of $0.6 million in the second quarter of 2010. The loss in the quarter consisted of $0.4 million of expense related to penalties owed for failure to complete the Aurora West expansion facility by July 1, 2009 and $0.2 million of expense related to utility demand charges at our Mt. Vernon ethanol expansion facility.

Interest expense in the second quarter of 2010 was $2.4 million, as compared to $2.3 million in the second quarter of 2009. Interest expense in the second quarter of 2010 includes $3.4 million in interest on our Notes, reduced by capitalized interest of $1.0 million applicable to our expansion facilities in Mt. Vernon, IN and Aurora, NE. We resumed construction of these facilities in May 2010. Interest expense in the second quarter of 2009 included $0.6 million in interest on our senior unsecured notes issued March 27, 2007, $0.7 million in interest on our secured revolving credit facility, $0.5 million in interest on our DIP Facility, and $0.5 million of amortization of deferred financing fees. We ceased the accrual of interest on our senior unsecured notes as of the Petition Date.

We recorded $42.7 million in reorganization items in the second quarter of 2009 related to our bankruptcy proceedings. This expense consisted of $3.1 million in professional fees incurred and $39.6 million in recorded provisions for rejected executory contracts and leases. There were no reorganization items in the second quarter of 2010.

The Company s effective tax rate differs from the statutory U.S. federal income tax rate for the quarters ended June 30, 2010 and 2009 principally due to the impact of state taxes (net of federal benefit), non-includable reorganization income, non-deductible reorganization expenses, tax deductible goodwill, increases in valuation allowances, and other permanent differences between book and tax.

For the Six Months Ended June 30, 2010 Compared to the Six Months Ended June 30, 2009

Total gallons of ethanol sold in the first half of 2010 decreased to 95.6 million gallons, versus 173.6 million gallons sold in the first half of 2009. Gallons of ethanol were sourced as follows:

For the Six Months Ended June 30,

(In thousands of gallons, except for percentages)	2010	2009	Increase/ (Decrease)	% Increase/ (Decrease)
Equity production	**94,014**	99,152	(5,138)	(5.2)%
Marketing alliance purchases		12,898	(12,898)	(100.0)%
Purchase/resale	**705**	29,780	(29,075)	(97.6)%
Decrease (increase) in inventory	**857**	31,793	(30,936)	*
Total	**95,576**	173,623	(78,047)	(45.0)%

* Not meaningful

Net sales in the first half of 2010 decreased 40.3% from the first half of 2009. Net sales were $211.6 million in the first six months of 2010 versus $354.7 million in the first six months of 2009. Overall, the decrease in net sales was primarily the result of less supply available as we terminated our marketing alliance and significantly reduced purchase/resale supply operations, partially offset by an increase in the average sales price of ethanol sold. The reduction in equity production between 2010 and 2009 is primarily attributable to timing differences and the length of plant maintenance shutdowns. Ethanol prices averaged $1.72 per gallon in the first half of 2010 versus $1.69 in the first half of 2009.

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Co-product revenues for the first half of 2010 totaled $46.9 million, a decrease of $2.1 million or 4.3%, from the first half 2009 total of $49.0 million. Co-product revenues decreased during the first half of 2010 as a result of lower sales volumes. In the first half of 2010, we sold 478.7 thousand tons, versus 555.1 thousand tons in the first half of 2009. Co-product revenues, as a percentage of corn costs, rose to 36.6% during the first half of 2010, versus 31.9% in the first half of 2009.

Cost of goods sold for the first six months ended June 30, 2010 was $199.5 million, compared to $376.0 million for the six months ended June 30, 2009, a decrease of $176.5 million, or 46.9%. As a percentage of net sales, cost of goods sold decreased to 94.3% of sales from 106.0% of sales in the first half of 2009. Cost of goods sold consists of the cost to produce ethanol at our own facilities, the cost of freight and logistics to ship ethanol and co-products, the cost of ethanol sold from inventory, the cost of motor fuel taxes which have been billed to customers and, prior to the second quarter of 2009, the cost of purchased ethanol. The decrease in total cost of goods sold is principally the result of lower volumes of ethanol purchased as a result of the termination of our marketing alliance and significantly reduced purchase/resale program, and lower corn costs, freight costs, depreciation, and motor fuel taxes.

Purchased ethanol in the first half of 2010 totaled $1.2 million, versus $78.3 million in the first half of 2009. The decrease in purchased ethanol resulted from the termination of our marketing alliance and scaled-back purchase/resale programs along with a decrease in the cost per gallon of ethanol purchased.

Production costs include corn costs, conversion costs (defined as the cost of converting the corn into ethanol, and includes production salaries, wages and stock-based compensation costs, fringe benefits, utilities (including coal and natural gas), maintenance, denaturant, insurance, materials and supplies and other miscellaneous production costs) and depreciation. Corn costs in the first six months of 2010 totaled $128.0 million, or $3.60 per bushel, versus $153.8 million, or $4.17 per bushel, in the first six months of 2009. Our average corn costs in the first half of 2010 were lower than the CBOT average price of $3.62 during the same period. The decrease in corn costs is principally due to lower corn prices.

Conversion costs for the first half of 2010 decreased to $48.6 million from $49.0 million for the first half of 2009. The total dollars spent on conversion costs decreased year over year principally as a result of lower costs for utilities, chemicals and other supplies which have decreased as a result of lower petroleum prices. The conversion cost per gallon increased year over year to $0.52 per gallon in the first half of 2010 versus $0.50 per gallon in the first half of 2009. Conversion cost per gallon is affected by both dollars spent on conversion of corn to ethanol and also on the number of gallons of ethanol produced.

Freight/logistics costs were down significantly on a per gallon basis in the first half of 2010 from the first half of 2009. Freight/logistics costs in the first half of 2010 were $0.12 per gallon as compared to $0.19 per gallon in the first half of 2009. Freight/logistics dollars spent decreased in the first six months of 2010 to $11.1 million from $33.3 million in the first six months of 2009 as a result of lower volumes shipped, the termination of fixed price terminal obligations, and lower costs for leased railcars

Depreciation in the first half of 2010 totaled $5.6 million, versus $6.9 million in the first half of 2009. No motor fuel taxes were incurred in the first half of 2010 versus $5.6 million in the first half of 2009. The cost of motor fuel taxes is recovered through billings to customers and, was $0 in the first half of 2010 because we did not do business in states requiring us to pay motor fuel taxes.

SG&A expenses were $18.9 million in the first six months of 2010 as compared to $16.7 million in the first six months of 2009. The higher expense in the first half of 2010 primarily relates to increases in salaries and wages of $0.9 million and salaried stock-based compensation of $1.7 million.

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During the first six months of 2009, we recognized income from the termination of marketing agreements with our former alliance partners totaling $10.2 million.

Interest expense in the first half of 2010 was $4.5 million, as compared to $11.0 million in the first half of 2009. Interest expense in the first half of 2010 included $4.0 million of interest expense related to our Notes, pre-petition secured revolving credit facility interest expense of $0.6 million, interest expense on our DIP Facility of $0.5 million, and $0.4 million for amortization of deferred financing fees, reduced by capitalized interest of $1.0 million. Interest expense in the first half of 2009 included $8.1 million of interest expense related to our pre-petition senior unsecured notes (compared to contractual interest of $15 million), pre-petition amended secured revolving credit facility interest expense of $1.0 million, interest expense on our DIP Facility of $0.5 million, and $1.4 million for amortization of deferred financing fees.

Gain (loss) on derivative transactions for the first half of 2010 includes $0.4 million of realized net gains on corn and ethanol derivative contracts versus net realized and unrealized gains in the first half of 2009 of $1.2 million. We did not have any open derivative positions at the end of June 2009. We do not mark to market forward physical contracts to purchase corn or sell ethanol.

The Company s effective tax rate differs from the statutory U.S. federal income tax rate for the four months ended June 30, 2010, two months ended February 28, 2010, and the six months ended June 30, 2009 principally due to the impact of state taxes (net of federal benefit), non-includable reorganization income, non-deductible reorganization expenses, tax deductible goodwill, increases in valuation allowances, and other permanent differences between book and tax.

Trends and Factors that May Affect Future Operating Results

Ethanol Pricing

Ethanol prices continued to be at or near the spot cost to produce ethanol during the second quarter of 2009 and 2010, making the cash spot margins near break-even. As the supply of ethanol from plants which are currently under construction begins to make its way into the marketplace or plants that are currently shut-in begin to produce ethanol again, ethanol pricing may remain soft, and gross margins may remain near break-even.

As of June 30, 2010, we had contracts for delivery of ethanol totaling 29.8 million gallons through May 2011 at spot prices (using various Platt, OPIS and AXXIS indices).

For the third quarter of 2010, we have contracts for delivery of ethanol totaling 26.6 million gallon at spot prices (using various Platt, OPIS and AXXIS indices).

Corn

Corn prices rose significantly from 2006 to 2008 and reached record levels during 2008. Since 2008, corn prices have declined with the economic conditions in general, along with most other commodities. We believe that this is due in part to lower than expected consumption, including for ethanol and for export as a result of concerns of global recession and reductions in global demand. However, we continue to believe that corn prices are likely to remain above historical levels for the foreseeable future.

We continuously purchase corn for physical delivery from suppliers using forward purchase contracts in order to assure supply. As we do this, we have in the past often shorted a like amount of CBOT corn futures with similar dates to lock in the basis differential. We have also occasionally used CBOT futures contracts to lock in the price of corn by taking long positions in CBOT contracts in order to reduce our risk of price increases. Exchange traded forward contracts for commodities are marked to market each period. Our forward physical purchases of corn are not marked to market.

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At June 30, 2010, we had fixed the price of 4.7 million bushels of corn through January 2011 at an average cost of $3.49 per bushel, representing approximately 12.5% of our corn requirements for the remainder of 2010, excluding our expansion facilities under construction.

Supply and Demand

According to the Renewable Fuels Association (the RFA), the annual ethanol production capacity in the U.S. of plants currently in operation and those under construction is almost 14.0 billion gallons annually. This volume of ethanol production exceeds the mandate for renewable biofuel consumption required in 2013 of 13.8 billion gallons. Ethanol produced in the U.S. competes with sugar-based ethanol produced in Brazil. This domestic production capacity, along with imports, may cause supply to exceed demand. If additional demand for ethanol is not created, either through additions to discretionary blending (through increased penetration rates in areas that blend ethanol today or through the establishment of new markets where little or no ethanol is blended today), or through additional state level mandates, the excess supply may cause ethanol gross margins to decrease, perhaps substantially.

Plant Shutdown

On June 29, 2010, Aventine temporarily shut down its dry mill plant in Aurora, NE (NELLC) to make some mechanical improvements to the facility. The shutdown was extended during this period of depressed margins to accelerate a required power outage at both facilities to complete some necessary electrical work for the Aurora West facility which is currently under construction. We expect the work to be completed the first week of August 2010 and the plant to become operational if margins have improved.

Liquidity and Capital Resources

Overview and Outlook

The following table sets forth selected information concerning our financial condition:

(In thousands)	**June 30, 2010 (Unaudited)**	**December 31, 2009**
Cash and cash equivalents	**$ 50,177**	$ 52,585
Working capital	**57,443**	38,136
Total debt (1)	**105,000**	42,765
Current ratio	**2.96**	1.60

(1) As of December 31, 2009, total debt excluded our senior unsecured notes due in 2017 which were recorded in pre-petition liabilities subject to compromise.

As a result of the bankruptcy proceedings and the circumstances leading to the bankruptcy proceedings as described elsewhere in this report, we faced uncertainty regarding the adequacy of our liquidity and capital resources and had limited access to financing. The bankruptcy filing constituted an event of default under our secured revolving credit facility and the indenture governing our 10% senior unsecured notes due 2017, and the debt obligations under those agreements became automatically and immediately due and payable, subject to the automatic stay provisions of Section 362 of the Bankruptcy Code. As of the Petition Date, the amount of outstanding borrowings and letters of credit under the secured revolving credit facility totaled approximately $18.4 million and $22.0 million, respectively, and the aggregate principal amount outstanding on our 10% senior unsecured notes due 2017 was $300 million.

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At emergence from bankruptcy on March 15, 2010, we obtained approximately $98 million of proceeds through the issuance of the Notes and 1,710,000 shares of common stock. Upon emergence we used these proceeds to pay $27.8 million to retire our secured revolving credit facility, $15.0 million to retire our DIP Facility, $17.9 million to Kiewit Energy Company to repay secured claims related to our expansion projects at Aurora, NE and Mt. Vernon, IN and $4.9 million to pay other secured and priority claims. Our senior unsecured notes of $300.0 million along with $15.5 million of accrued interest were discharged upon emergence from bankruptcy.

Sources of Liquidity

Our principal sources of liquidity are cash and cash equivalents, cash provided by our borrowing facilities, and cash provided by operations.

Cash and cash equivalents. For the first six months of 2010, cash and cash equivalents decreased by $2.4 million. Cash and cash equivalents as of June 30, 2010 and December 31, 2009 were $50.2 million and $52.6 million, respectively.

C*ash provided by operations.* Net cash used in operating activities in the first six months of 2010 was $22.5 million, as compared to cash provided by operating activities of $14.1 million for the first six months of 2009. Cash used by operations in 2010 was negatively impacted by significant operating losses incurred in the first half of 2010 and payments of secured and priority claims as we emerged from bankruptcy. In the first half of 2009, we offset an operating loss by generating significant amounts of cash from the liquidation of receivables and inventory, along with the receipt of alliance termination payments, offset partially by reductions in accounts payable. As a result of our bankruptcy filing, we did not pay pre-petition accounts payable as they came due, which provided cash from operations.

Cash available under our liquidity facility

As described further below, pursuant to the Plan, on the Effective Date, the Company and its subsidiaries, as borrowers, entered into the Revolving Credit Agreement with PNC Bank, as lender and as agent, providing for a $20 million Revolving Facility. Amounts under the Revolving Facility may be borrowed, repaid and reborrowed with all amounts outstanding due and payable on March 15, 2013. The maximum amount outstanding under the Revolving Facility is limited by the amount of eligible receivables and eligible inventory of the borrowers. The Revolving Credit Agreement contains mandatory prepayment requirements in certain circumstances upon the sale of certain collateral, subject to the ability to reborrow revolving advances. Termination of the Revolving Facility is subject to a prepayment premium if terminated more than 90 days prior to the third anniversary of the Revolving Facility.

Total liquidity at June 30, 2010 was $56.1 million, comprised of $50.2 million in cash and cash equivalents and $5.9 million availability under our Revolving Facility . As of June 30, 2010, there were no amounts drawn against the Revolving Facility and no outstanding letters of credit issued under the Revolving Facility.

Uses of Liquidity

Our principal uses of liquidity are payments related to our outstanding debt and liquidity facility, working capital, funding of operations, and capital expenditures.

Payments related to our predecessor debt and liquidity facility. During the first quarter of 2010, we used $42.8 million of cash to make required reductions in borrowings on our secured revolving credit facility with JP Morgan Chase and our DIP Facility. At June 30, 2010, the Company had $6.3 million in letters of credit outstanding as issued by the pre-petition lenders. The $6.3 million outstanding letters of credit were collateralized by $7.8 million in a restricted cash account.

Working capital. Our net working capital position increased by $24.3 million during the first half of 2010.

Capital expenditures. During the first six months of 2010, we spent approximately $23.6 million on capital projects. Of this amount, $1.5 million was spent on maintenance and environmental projects, while $22.1 million (including capitalized interest) was spent on our capacity expansion projects in Mt. Vernon, IN and Aurora, NE. We expect to incur capital expenditures of approximately $58.9 million related to completing those facilities (excluding capitalized interest). In addition, we made a $5 million non-refundable deposit on an ethanol production facility located in Canton, IL.

Debtor-In-Possession Financing

On April 7, 2009, the DIP Lenders entered into the DIP Term Sheet for a $30 million DIP Facility with the Debtors. The DIP Term Sheet provided for a first priority DIP financing composed of a term loan facility made available to certain of Aventine s subsidiaries in a maximum aggregate principal amount of up to $30 million.

In accordance with the terms of the Plan, the balances owed on the DIP Facility were paid in full on the Effective Date.

13% Senior Secured Notes due 2015

Pursuant to the Plan and Confirmation Order, on the Effective Date, the Company issued and sold an aggregate of $105 million principal amount of the Notes. The Notes were issued under the Indenture in a private transaction that was not subject to the registration requirements of the Securities Act. The Notes accrue interest at a rate of 13% for cash interest payments and 15% if the Company elects PIK interest payments. The Company may elect, prior to each interest payment date, whether to make each interest payment on the Notes (i) entirely in cash or (ii) 8/15 in cash and 7/15 in PIK interest. The Notes are fully and unconditionally guaranteed by the Guarantors. The Company will pay interest on the Notes quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, starting on June 15, 2010. The Notes mature on March 15, 2015. The Indenture permits the Company to issue additional Notes from time to time up to an aggregate principal amount of $50 million.

The Company may redeem the Notes in whole or in part prior to their maturity date for a premium to the outstanding principal amount, as provided in the Indenture. In connection with the New Term Loan Facility, the Company intends to redeem the entire outstanding principal amount of the Notes at a redemption price of 105% of the principal amount, plus accrued and unpaid interest. See Debt Commitment Letter below.

Secured Revolving Credit Facility

Pursuant to the Plan, on the Effective Date, the Company and its subsidiaries, as borrowers, entered into the Revolving Credit Agreement with PNC Bank, as lender and as agent, providing for a $20 million Revolving Facility. Amounts under the Revolving Facility may be borrowed, repaid and reborrowed with all amounts outstanding due and payable on March 15, 2013. The maximum amount outstanding under the Revolving Facility is limited by the amount of eligible receivables and eligible inventory of the borrowers. The Revolving Credit Agreement contains mandatory prepayment requirements in certain circumstances upon the sale of certain collateral, subject to the ability to reborrow revolving advances. Termination of the Revolving Facility is subject to a prepayment premium if terminated more than 90 days prior to the third anniversary of the Revolving Facility.

Warrant Agreement

Pursuant to the Plan and Confirmation Order, on the Effective Date, the Company entered into a Warrant Agreement with American Stock Transfer & Trust Company, LLC, as warrant agent . Pursuant to the Warrant Agreement, the Company issued warrants to purchase an aggregate of 450,000 shares of common stock of the Company , subject to adjustment for, among other things, the matters described below (the Warrants). The Warrants will expire on the fifth anniversary of the Effective Date or, if earlier, in connection with the consummation of a change of control of the Company (the Expiration Date); provided that the Company may accelerate the Expiration Date in certain circumstances as set forth in the Warrant Agreement.

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Debt Commitment Letter

On August 2, 2010, the Company entered into the Debt Commitment Letter with Citi under which Citi has agreed, at a subsequent time, to use its best efforts to arrange a syndicate of lenders that will provide the Compoany with the New Term Loan Facility, and to act as lead arranger, bookrunner, administrative agent and collateral agent for the New Term Loan Facility, on the terms and subject to the conditions set forth in the Debt Commitment Letter. Consummation of the debt financing is subject to various conditions set forth in the Debt Commitment Letter, including the absence of certain material adverse effects with respect to the company and its subsidiaries, taken as a whole.

The New Term Loan Facility will mature on the fifth anniversary of the closing date of the New Term Loan Facility. The New Term Loan Facility will require Aventine to maintain a specified minimum liquidity and a specified maximum debt to capitalization ratio. Additionally, the New Term Loan Facility will contain other customary affirmative and negative covenants concerning the conduct of the Company s business operations. The New Term Loan Facility will also contain customary events of default. Upon the occurrence of an event of default, the Company s obligations under the New Term Loan Facility may be accelerated and all indebtedness thereunder would become immediately due and payable.

In connection with the New Term Loan Facility, the Company intends to redeem the entire outstanding principal amount of the Notes at a redemption price of 105% of the principal amount, plus accrued and unpaid interest. However, we are under no obligation to enter into any such debt financing and cannot assure you that we will enter into any such financing transaction on terms acceptable to us, if at all.

Critical Accounting Estimates

As required by GAAP, in connection with emergence from Chapter 11 reorganization proceedings, we adopted the fresh-start accounting provisions of ASC 852 effective February 28, 2010. Under ASC 852, the reorganization value represents the fair value of the entity before considering liabilities and approximates the amount a willing buyer would pay for our assets immediately after restructuring. The reorganization value is allocated to the respective assets. Liabilities, other than deferred taxes and severance benefits, are stated at present values of amounts expected to be paid.

Fair values of assets and liabilities represent our best estimates based on our appraisals and valuations which incorporated industry data and trends and relevant market rates and transactions available to us at the time. The estimate of reorganization equity value was determined by Company management with assistance from an independent financial advisor, who developed the reorganization equity value using a combination of the following three measurement methodologies: 1) comparable public company analysis, 2) discounted cash flow analysis, and 3) precedent transactions analysis. This amount was determined based, in part, on economic, competitive, and general business conditions prevailing at the time. These estimates and assumptions are inherently subject to significant uncertainties and contingencies beyond our reasonable control.

The significant assumptions related to adjusting our assets and liabilities to fair value in connection with fresh start accounting include the following:

Cash, Accounts Receivable, Prepaid Assets and Other Current Assets, Accrued Liabilities, and Other Current Liabilities - We evaluated the fair value of financial instruments represented in current assets and current liabilities, including cash, accounts receivable, prepaid assets and other current assets, accrued liabilities, and other current liabilities. Based upon our evaluations, we concluded that the carrying value approximates fair value of these financial instruments due to their short maturities or variable-rate nature of the respective balances.

Restricted Cash, and Other Long-Term Liabilities - We evaluated the fair value of restricted cash and other long-term liabilities. The restricted cash balances are held in interest-bearing accounts and we therefore concluded that the carrying value approximates fair value. The other long-term liabilities principally represent company obligations related to pension and retiree medical costs. Such liabilities are calculated using various assumptions including an assumed discount rate which we believe is reasonable, and we therefore concluded that carrying value of such long-term liabilities approximates fair value.

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Inventories Inventories consist primarily of agricultural and energy-related commodities including corn, ethanol, and coal. The fair value of these commodities was determined through reference to prices that were publicly available at the time, as adjusted for physical location.

Property, plant and equipment Property, plant and equipment was valued at fair value of approximately $208.8 million as of February 28, 2010. The Company determined fair value with the assistance of an independent valuation firm. In establishing fair value for the vast majority of the Company s property, plant and equipment, the cost approach was utilized. The cost approach considers the amount required to replace an asset by constructing or purchasing a new asset with similar utility, then adjusts the value in consideration of all forms of depreciation as of the appraisal date as described below:

- Physical depreciation the loss in value or usefulness attributable solely to use of the asset and physical causes such as wear and tear and exposure to the elements.

- Functional obsolescence a loss in value is due to factors inherent in the asset itself and due to changes in technology, design or process resulting in inadequacy, overcapacity, lack of functional utility or excess operating costs.

- Economic obsolescence loss in value by unfavorable external conditions such as economics of the industry or geographic area, or change in ordinances.

The cost approach relies on management s assumptions regarding current material and labor costs required to rebuild and repurchase significant components of our property, plant and equipment along with assumptions regarding the age and estimated useful lives of our property, plant and equipment.

Other Assets Other assets include a long-term deposit for utilities against which the Company may apply certain future natural gas transportation charges. The fair value of this deposit was determined based upon a discounted cash flow model for which the significant inputs include the Company s estimated purchase timing and amount of natural gas, and the discount rate estimated to be 13%. If the Company had applied a discount rate of 1% higher or lower, the fair value of the asset would have decreased or increased by $168 thousand or $177 thousand, respectively.

Accounts Payable Accounts payable include an estimated liability associated with an off-market coal purchase contract which continues throughout 2010. The fair value of this contract was determined through reference to coal prices that were publicly available at the time, as adjusted for physical location. This liability will be amortized to income as the related coal purchases affect the cost of production. For other accounts payable items, we evaluated such liabilities to determine fair value and concluded that the carrying value approximates fair value of these financial instruments due to their short maturities or variable-rate nature of the respective balances.

Long-Term Debt Long-term debt was valued at fair value with the assistance of an independent valuation firm based on an analysis of market interest rates for guideline companies with similar debt and terms, interest rates for companies recently emerged from bankruptcy, and interest rates based on a synthetic debt rating. Based on this analysis, we determined that a range of market interest rate for our $105 million of senior secured notes would be from 11.5% to 14.5%. Based on the stated rate of our Notes of 13% combined with the option to pay a portion of the interest in kind, we deemed the fair value to be the face value of the notes of $105 million. If the interest rate was 1% higher or lower, the fair value of the debt would have increased or decreased by $1.2 million respectively.

Environmental Matters

We are subject to extensive federal, state and local environmental, health and safety laws, regulations and permit conditions (and interpretations thereof), including, among other things, those relating to the discharge of hazardous and other waste materials into the air, water and ground, the generation, storage, handling, use, transportation and/or disposal of hazardous materials, and the health and safety of our employees. Compliance with these laws, regulations, and permits require us to incur significant capital and other costs, including costs to obtain and maintain expensive pollution control equipment. They may also require us to make operational changes to limit actual or potential impacts to the environment. A violation of these laws, regulations or permit conditions can result in substantial administrative and civil fines and penalties, criminal sanctions, imposition of clean-up and site restoration costs and liens, suspension or revocation of necessary permits, licenses and authorizations and/or the issuance of orders enjoining or limiting our current or future operations. In addition, environmental laws and regulations (and interpretations thereof) change over time, and any such changes, more vigorous enforcement policies or the discovery of currently unknown conditions may require substantial additional environmental expenditures.

We are also subject to potential liability for the investigation and cleanup of environmental contamination at each of the properties that we own or operate and at off-site locations where we arranged for the disposal of hazardous wastes. For instance, soil and groundwater contamination has been identified in the past at our Illinois campus. If any of these sites are subject to investigation and/or remediation requirements, we may incur strict and/or joint and several liability under the Comprehensive Environmental Response, Compensation and Liability Act or other environmental laws which impose strict liability for all or part of the costs of such investigation, remediation, or removal costs and for damages to natural resources whether the contamination resulted from the conduct of other or from consequences of our own actions that were or were not in compliance with all applicable laws at the time those actions were taken. We may also be subject to related claims by private parties alleging property damage or personal injury due to exposure to hazardous or other materials at or from such properties or other impacts of our operations. While costs to address contamination or related third-party claims could be significant, based upon currently available information, we are not aware of any material liability relating to contamination or such third party claims. We have not accrued any amounts for environmental matters as of March 31, 2010. The ultimate costs of any liabilities that may be identified or the discovery of additional contaminants could adversely impact our results of operation or financial condition.

In addition, the hazards and risks associated with producing and transporting our products (such as fires, natural disasters, explosions, abnormal pressures and spills) may result in releases of hazardous substances and other waste materials, and may result in claims from governmental authorities or third parties relating to actual or alleged personal injury, property damage, or damages to natural resources. We maintain insurance coverage against some, but not all, potential losses associated with our operations. Our coverage includes, but is not limited to, physical damage to assets, employer s liability, comprehensive general liability, automobile liability and workers compensation. We do not carry environmental insurance. We believe that our insurance is adequate for our industry, but losses could occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. The occurrence of events which result in significant personal injury or damage to our property, natural resources or third parties that is not covered by insurance could have a material adverse impact on our results of operations and financial condition.

Our air emissions are subject to the federal Clean Air Act, as amended, and similar state laws which generally require us to obtain and maintain air emission permits for our ongoing operations, as well as pre-approval for any expansion or construction of existing facilities or new facilities or modification of certain projects or facilities. Obtaining and maintaining those permits requires us to incur costs, and any future more stringent standards may result in increased costs and may limit or interfere with our operations. In addition, the permits ultimately issued may impose conditions which are more costly to implement than we had anticipated. These costs could have a material adverse effect on our financial condition and results of operations. Because other ethanol manufacturers in the U.S. are and will continue to be subject to similar laws and restrictions, we do not currently believe that our costs to comply with current or future environmental laws and regulations will adversely affect our competitive position among domestic producers. However, because ethanol is produced and traded internationally, these costs could adversely affect us in our efforts to compete with foreign producers not subject to such stringent requirements. Our failure to comply with air emissions laws and regulations could subject us to monetary penalties, injunctions, conditions or restrictions on operations and, potentially, criminal enforcement actions.

Federal and state environmental authorities have been investigating alleged excess VOC emissions and other air emissions from many U.S. ethanol plants, including our Illinois facilities. The investigation relating to our Illinois wet mill facility is still pending, and we could be required to install additional air pollution control equipment or take other measures to control air pollutant emissions at that facility. If authorities require us to install controls, we would anticipate that costs would be higher than the approximately $3.4 million we incurred in connection with a similar matter at our Nebraska facility due to the larger size of the Illinois wet mill facility. In addition, if the authorities determine our emissions were in violation of applicable law, we would likely be required to pay fines that could be material.

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We have made, and expect to continue making, significant capital expenditures on an ongoing basis to comply with increasingly stringent environmental laws, regulations and permits, including compliance with the NESHAP for industrial, commercial and institutional boilers and process heaters. This NESHAP was issued in 2004 but subsequently vacated in 2007. The vacated version of the rule required us to implement maximum achievable control technology at our Illinois wet mill facility to reduce hazardous air pollutant emissions from our boilers. The EPA is currently rewriting the NESHAP, which is expected to be more stringent than the vacated version. In the absence of a final NESHAP for industrial, commercial and institutional boilers and process heaters, we are working with state authorities to determine what technology will be required at our Illinois wet mill facility and when such technology must be installed. We currently cannot estimate the amount that will be needed to comply with any future federal or state technology requirement regarding air emissions from our boilers.

We currently generate revenue from the sale of carbon dioxide, a greenhouse gas, which is a co-product of the ethanol production process at each of our Illinois and Nebraska facilities. National greenhouse gas legislation is in the early states of development in the U.S., and we are currently unable to determine the impact of potential greenhouse gas reduction requirements. Mandatory greenhouse gas emissions reductions may impose increased costs on our business and could adversely impact our operations, including our ability to continue generating revenue from carbon dioxide sales.

On February 3, 2010 the EPA announced final revisions to the National RFS program (commonly known as the RFS program or RFS-2). This Rule makes changes to the RFS program as required by the EISA. The revised statutory requirements establish new specific annual volume standards for cellulosic biofuel, biomass-based diesel, advanced biofuel, and total renewable fuel that must be used in transportation fuel. The revised statutory requirements also include new definitions and criteria for both renewable fuels and the feedstock used to produce them, including new greenhouse gas emission thresholds as determined by lifecycle analysis. The regulatory requirements for RFS-2 will apply to domestic and foreign producers and importers of renewable fuel used in the U.S.

This final action is intended to lay the foundation for achieving significant reductions of greenhouse gas emissions from the use and creation of renewable fuels, reductions of imported petroleum and further development and expansion of our nation s renewable fuels sector.

On May 10, 2010, the EPA published a Direct Final Rule to amend certain of the RFS program regulations to correct some technical errors and areas within the final RFS-2 regulations that could benefit from clarification or modification. As part of this Direct Final Rule, the EPA revised the RFS-2 to require that construction of grandfathered renewable fuel production facility for which construction commenced prior to December 19, 2007, be completed by December 19, 2010, rather than 36 months from the date of commencement of construction. The Direct Final Rule is effective as of July 1, 2010, except for sections upon which the EPA received adverse comment or request for a hearing. We are unaware of adverse comment or request for a hearing on the construction deadlines described above.

RFS-2 sets the 2010 RFS volume standard at 12.95 billion gallons (bg). Further, for the first time, the EPA is setting volume standards for specific categories of renewable fuels including cellulosic, biomass-based diesel, and total advanced renewable fuels. For 2010, the cellulosic standard is set at 6.5 million gallons (mg); and the biomass based diesel standard is set at 1.15 bg (combining the 2009 and 2010 standards as proposed).

In order to qualify for these new volume categories, fuels must demonstrate that they meet certain minimum greenhouse gas reduction standards, based on a lifecycle assessment, in comparison to the petroleum fuels they displace. Generally, ethanol plants either must meet the 20% reduction test or are grandfathered under special provisions. For plants under construction on which construction commenced prior to December 19, 2007 (including our Mt. Vernon and Aurora West plants under construction) the plants must be completed within 36 months in order to meet the requirements to be grandfathered or comply with the greenhouse gas reduction standards which require the use of Advanced Technologies defined by the regulations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various market risks, including changes in commodity prices. Market risk is the potential loss arising from adverse changes in market rates and prices. In the ordinary course of business, we enter into various types of transactions involving financial instruments to manage and reduce the impact of changes in

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commodity prices, including price risk on anticipated purchases of corn, natural gas and the sale of ethanol. We do not enter into derivatives or other financial instruments for trading or speculative purposes.

Commodity Price Risks

We are subject to market risk with respect to the price and availability of corn, the principal raw material we use to produce ethanol and ethanol by-products. In general, rising corn prices result in lower profit margins and, therefore, represent unfavorable market conditions. This is especially true when market conditions do not allow us to pass along increased corn costs to our customers. The availability and price of corn is subject to wide fluctuations due to unpredictable factors such as weather conditions, farmer planting decisions, governmental policies with respect to agriculture and international trade and global demand and supply. Our weighted average gross corn cost for the three months ended June 30, 2010 and 2009 was $3.53 and $4.10 per bushel, respectively. For the six months ended June 30, 2010 and 2009, our weighted average gross corn cost was $3.60 and $4.17 per bushel, respectively.

We have firm-price purchase commitments with some of our corn suppliers under which we agree to buy corn at a price set in advance of the actual delivery of that corn to us. At June 30, 2010, we had commitments to purchase approximately 4.7 million bushels of corn through January 2011 at an average price of $3.49 per bushel from these corn suppliers. Under these arrangements, we assume the risk of a price decrease in the market price of corn between the time this price is fixed and the time the corn is delivered. We have elected to account for these transactions as normal purchases under ASC 815, and accordingly, have not marked these transactions to market.

In order to reduce our market exposure to price decreases, we have in the past, at the time we enter into a firm-price purchase commitment, entered into commodity futures contracts to sell a certain amount of corn at the then-current price for delivery to the counterparty at a later date. When we have these types of commodity futures contracts, we account for them under ASC 815, *Accounting for Derivative Instruments and Hedging Activities*. Such futures contracts are not designated as hedges and, therefore, are marked to market each period, with corresponding gains and losses recorded in other non-operating income. The fair value of these derivative assets, if any, is recognized in other current assets in the Condensed Consolidated Balance Sheet, net of any cash received from the brokers.

We have also, in the past, entered into commodity futures contracts in connection with the purchase of corn to reduce our risk of future price increases. We accounted for these transactions under ASC 815. These futures contracts were not designated as hedges and, therefore, were marked to market each period, with corresponding gains and losses recorded in other non-operating income. The fair value of these derivative contracts would be recognized in other current assets in the Condensed Consolidated Balance Sheet, net of any cash received from the brokers.

We sometimes enter into firm-price purchase commitments with some of our natural gas suppliers under which we agree to buy natural gas at a price set in advance of the actual delivery of that natural gas to us. Under these arrangements, we assume the risk of a price decrease in the market price of natural gas between the time this price is fixed and the time the natural gas is delivered. At June 30, 2010, we did not have any commitments to purchase natural gas in advance at prices other than at market. We account for these transactions as normal purchases under ASC 815, and accordingly, do not mark these transactions to market.

We are also subject to market risk with respect to ethanol pricing. Our ethanol sales are priced using contracts that can either be fixed, based upon the price of wholesale gasoline plus or minus a fixed amount, or based upon a market price at the time of shipment. We sometimes fix the price at which we sell ethanol using fixed price physical delivery contracts. At June 30, 2010, we had no outstanding contracts to sell ethanol at fixed prices. These normal sale transactions would not be marked to market.

We may also sell forward ethanol using contracts where the price is determined at a point in the future based upon an index plus or minus a fixed amount. At June 30, 2010, we had no contracts for the sale of ethanol using wholesale gasoline as an index plus a fixed spread. Under these arrangements, we assume the risk of a price decrease in the market price of gasoline. In order to reduce our market exposure to price decreases, at the time we enter into a firm sales commitment, we may also enter into commodity forward contracts to sell a like amount of

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gasoline at the then-current price for delivery to the counterparty at a later date. We account for these transactions under ASC 815. These forward contracts are not designated as hedges and, therefore, are marked to market each period, with corresponding gains and losses recorded in other non-operating income. The fair value of these derivative liabilities is recognized in other current liabilities in the Condensed Consolidated Balance Sheet, net of any cash paid to brokers. We did not have any of this type of derivative positions at June 30, 2010.

Material Limitations

The disclosures with respect to the above noted risks do not take into account the underlying commitments or anticipated transactions. If the underlying items were included in the analysis, the gains or losses on the futures contracts may be offset. Actual results will be determined by a number of factors that are not generally under our control and could vary significantly from those factors disclosed.

We are exposed to credit losses in the event of nonperformance by counterparties on the above instruments, as well as credit or performance risk with respect to our hedged commitments. Although nonperformance is possible, we do not anticipate nonperformance by any of these parties.

Item 4T. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision of and with the participation of management, including our Chief Executive Officer, Thomas Manuel, and our Chief Financial Officer, John Castle, the Company carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based upon that evaluation, Messrs. Manuel and Castle have concluded that, as of the end of the period covered by this report, the Company s disclosure controls and procedures have been properly designed and are effective to provide reasonable assurance that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. These disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed in such reports is accumulated and communicated to our management, including Messrs. Manuel and Castle, as appropriate to allow timely decisions regarding the required disclosure. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goal under all potential future conditions, regardless of how remote.

Changes in Internal Control over Financial Reporting

Based upon evaluation by our management, which was conducted with the participation of Messrs. Manuel and Castle, there has been no change in our internal control over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On November 6, 2008, the Company commenced an action against JPMorgan in the Tenth Judicial Circuit in Tazewell County, Illinois. The Company s complaint relates to losses incurred of approximately $31.6 million as a result of investments in Student Loan Auction Rate Securities purchased through JPMorgan. At this time, we cannot be certain as to the outcome of this litigation.

We are from time to time involved in various legal proceedings, including legal proceedings relating to the extensive environmental laws and regulations that apply to our facilities and operations. We are not involved in any

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legal proceedings that we believe could have a material adverse effect upon our business, operating results or financial condition.

Item 1A. Risk Factors

None

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We withheld the following shares of common stock from employee stock distributions to satisfy tax withholding obligations related to restricted stock which vested during the second quarter of 2010. These shares may be deemed to be issuer purchases of shares that are required to be disclosed pursuant to this item.

Period	Total Number of Shares Purchased (1)	Average price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number (or Approximate Dollar Value) of Shares That May Be Purchased Under the Plan or Programs
April 1-30, 2010				(1)
May 1-31, 2010	7,791	$ 45.60	7,791	(1)
June 1-30, 2010				(1)
Total	7,791		7.791	

(1) Shares were withheld from employees to satisfy certain tax withholding obligations due in connection with grants of stock under our 2010 Equity Incentive Plan. The 2010 Equity Incentive Plan provides for the withholding of shares to satisfy tax obligations.

Item 3. Defaults Upon Senior Securities

None

Item 4. Removed and Reserved

None

Item 5. **Other Information**

None

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Item 6. **Exhibits**

(a) Exhibits

10.1	Employment Agreement, dated May 5, 2010, between Aventine Renewable Energy Holdings, Inc. and John Castle*
10.2	Reserved
10.3	Form of Stock Option Agreement between Aventine Renewable Energy Holdings, Inc. and John Castle*
10.4	Form of Restricted Stock Award Agreement between Aventine Renewable Energy Holdings, Inc. and John Castle*
10.5	Reserved
10.6	Letter of Intent, dated June 10, 2010, among Aventine Renewable Energy Holdings, Inc., New CIE Energy Opco, LLC Whitebox Credit Arbitrage Fund, L.P. and Whitebox Credit Arbitrage Fund, LTD.*
10.7	Short Form Contract, dated April 23, 2010, between Fagen, Inc. and Aventine Renewable Energy Aurora West, L.L.C.
10.8	Short Form Contract, dated May 4, 2010, between Fagen, Inc. and Aventine Renewable Energy Mt. Vernon, L.L.C.
10.9	Construction Agreement, dated May 14, 2010, between Aventine Renewable Energy Aurora West, L.L.C. and Fagen, Inc.
10.10	Construction Agreement, dated May 17, 2010, between Aventine Renewable Energy Mt. Vernon, L.L.C. and Fagen, Inc.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes- Oxley Act of 2002.*
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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* Filed herewith

Furnished herewith

Filed herewith. Portions of the exhibit have been omitted and filed seperately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

AVENTINE RENEWABLE ENERGY HOLDINGS, INC.

Dated: August 4, 2010	By:	/s/ William J. Brennan
	Name:	William J. Brennan
	Title:	Chief Accounting and Compliance Officer (duly authorized officer and principal accounting officer)