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Aventine Reports 4th Quarter and Full Year Results

- Net loss and the fully diluted loss per share for Q4'08, both of which were negatively affected by significant declines in ethanol prices and special charges, totaled \$36.9 million and \$0.86 per share, respectively
- Physical corn purchases in Q4'08 averaged \$4.43 per bushel while gains on short forward corn positions totaled \$6.6 million.
- Construction was suspended on our capital expansion projects at Mt. Vernon, Indiana and Aurora, Nebraska in Q4'08
- Total cash on hand and availability under our secured revolving credit facility at the end of Q4'08 declined to \$23.3 million, from \$119.2 million at the end of Q3'08, and declined further to \$7.3 million at March 12, 2009
- We amended our secured revolving credit facility subsequent to year-end

PEKIN, IL, (March 16, 2009) – Aventine Renewable Energy Holdings, Inc. (NYSE: AVR), a producer and marketer of clean renewable energy, today released results for its fourth quarter and full-year ended December 31, 2008. The net loss for the quarter was \$36.9 million, or \$0.86 per diluted share, as compared to net income of \$3.3 million, or \$0.08 per diluted share, in the fourth quarter of 2007.

Included in the Q4'08 results was a pre-tax cash charge of \$9.9 million for demobilization expenses related to the suspension of our expansion projects, and pre-tax non-cash charges of \$4.3 million related to a loss on an investment in a marketing alliance partner, \$1.6 million related to the impairment of plant development costs and \$6.7 million for the establishment of tax related valuation allowances. Q4'08 was also negatively impacted by falling ethanol prices. The economic impact of selling gallons held in inventory at the end of Q3'08 with a \$2.08 per gallon value as prices decreased significantly during Q4'08 was a negative impact to gross margins of approximately \$23.1 million. Conversely, increasing prices throughout Q4'07 positively impacted gross margins by \$6.9 million during that period.

Gallons of ethanol sold in the fourth quarter of 2008 increased to 277.9 million gallons, a record, as compared to 176.2 million gallons in the fourth quarter of 2007. Gallons produced in Q4'08 increased to 48.1 million gallons from 45.6 million gallons in Q4'07. We expect ethanol shipments in 2009 to decline sharply as we rationalize our ethanol supply sourcing in light of the current ethanol economic environment.

Commodity spread, defined as gross ethanol selling price per gallon less net corn cost per gallon, declined to \$0.63 per gallon in Q4'08 from \$1.17 per gallon in Q4'07. The average sales price per gallon of ethanol decreased in Q4'08 to \$1.81 per gallon from the \$1.94 average received in Q4'07. Corn costs during Q4'08, excluding gains on our corn derivative positions, averaged \$4.43 per bushel, significantly higher than our Q4'07 cost of \$3.66 per bushel. The CBOT average daily closing price for Q4'08 was \$3.84 per bushel. Conversion cost in Q4'08 was \$0.67 per gallon as compared to \$0.66 per gallon in Q4'07.

Results for Q4'08 were positively impacted by realized and unrealized net gains on derivative positions and lower SG&A costs. Gains on derivative positions in Q4'08 totaled \$11.0 million versus losses on derivative positions of \$5.1 million in Q4'07.

For the year, the net loss was \$47.1 million, or \$1.12 per diluted share, as compared to net income of \$33.8 million, or \$0.80 per diluted share for 2007. In addition to the fourth quarter charges described above, the 2008 results were also negatively impacted by \$31.6 million of losses related to the sale of auction rate securities and the establishment of tax-related valuation allowances totaling \$16.1 million.

Marketing Alliance

For the past few years, our marketing business has been an important component of our business. Using the gallons we sourced from third parties, we were able to distribute significantly more ethanol than we produced from our own equity production. However with severely declining margins and general liquidity stress due to frozen credit markets, this model no longer works for our Alliance partners or Aventine. As such, in Q4'08 we began negotiating termination agreements with most of our Marketing Alliance partners and have begun to rationalize our distribution network to primarily focus on sales of our equity production.

Liquidity

As a result of ethanol industry conditions that have negatively affected our business, we do not currently have sufficient liquidity to meet our anticipated working capital, debt service and other liquidity needs. In particular, we do not expect to have adequate liquidity to satisfy the \$15 million interest payment due on April 1, 2009 on our outstanding senior unsecured 10% fixed-rate notes or the \$24.4 million due to our EPC contractor, Kiewit Energy Company. In addition, we are currently in default under our outstanding 10% fixed-rate notes which permits the holders thereof to accelerate the \$300 million principal amount thereof upon 60 days notice. The default under our 10% fixed rate notes constitutes an event of default under our secured revolving credit facility, which has been waived by lenders under our secured revolving credit facility until April 15, 2009. As a result, our 2008 financial statements will include an explanatory paragraph by our independent registered public accounting firm describing the substantial doubt as to our ability to continue as a going concern.

As of March 12, 2009, \$22.2 million in letters of credit and \$16.5 million in revolving loans were outstanding under the amended secured revolving credit facility. After giving effect to the recent amendment to our secured revolving credit facility, we had \$0.7 million of cash and \$6.6 million of additional borrowing availability thereunder as of such date. All of our cash receipts are automatically applied to reduce amounts outstanding under our amended secured revolving credit facility and to cash collateralize our letters of credit. As we continue to reduce the number of gallons of ethanol we sell and hold in inventory, working capital available to support borrowings under our secured revolving credit facility will reduce proportionately.

The amendment to our secured revolving credit facility requires us to successfully complete an exchange offer of our outstanding senior unsecured 10% fixed-rate notes for a like principal amount of a new series of "pay-in-kind" notes. We expect the "pay in kind" notes to (i) require no cash interest prior to April 1, 2010, (ii) require an increase in the interest rate to 12% per annum and (iii) grant a second lien on substantially all of our assets which must be contractually subordinated to the obligations under our secured revolving credit facility. In addition, to encourage holders of our

senior unsecured 10% fixed-rate notes to participate in the exchange offer, we expect to need to offer the holders of our senior unsecured 10% fixed-rate notes 8.4 million shares of our common stock (representing approximately 19.9% of our currently outstanding shares of common stock). There can be no assurances, however, that the required percentage or any holders of the senior unsecured 10% fixed-rate notes will agree to an exchange on these terms or at all. Failure to have the holders of 80% of the existing senior unsecured 10% fixed-rate notes commit to participate in the exchange by March 31, 2009 or the failure to consummate the exchange for 90% of the existing senior unsecured 10% fixed-rate notes by April 15, 2009 would be an event of default under our secured revolving credit facility.

Even if we are successful with the senior unsecured 10% fixed-rate note exchange offer, we do not expect to have sufficient liquidity to meet anticipated working capital, debt service and other liquidity needs during the current year unless we experience a significant improvement in ethanol margins or obtain other sources of liquidity. Based on the current spread between corn and ethanol prices, the industry is operating at or near breakeven cash margins. We experienced negative gross margins during the second half of 2008 and expect negative gross margins to continue through the first quarter of 2009 due in part to our fixed price obligations to purchase corn and natural gas at above current market prices. The current spread between ethanol and corn prices cannot support the long-term viability of the U.S. ethanol industry in general or us in particular.

In addition, although we suspended construction at both Aurora West and Mt. Vernon during the fourth quarter, we continue to have construction payment obligations to Kiewit. On March 9, 2009, the Company received a notice from Kiewit cancelling the engineering, construction and procurement contracts for Aurora West and Mt. Vernon, referencing our failure to make a recent payment under the change order agreements dated December 31, 2008. As a result, all remaining payments due to it and its sub-contractors totaling \$24.4 million at February 28, 2009 are due and payable. We are currently engaged in discussions with Kiewit to negotiate a payment schedule that falls within the economic constraints with which we are currently operating. We cannot give you any assurance that we will reach an agreement with Kiewit that works within our existing liquidity constraints.

Because our obligations to Kiewit are past due, the liens securing these obligations violate the terms of our 10% fixed rate notes and constitute a default thereunder. Unless such default is cured through payment, the release of the liens, a negotiated resolution or otherwise, the holders of our 10% fixed rate notes may accelerate the \$300 million principal amount thereof upon 60 days notice. In addition, the default under our 10% fixed rate notes constitutes an event of default under our secured revolving credit facility, which is our only current source of liquidity. We have obtained a waiver from the lenders under our secured revolving credit facility until April 15, 2009. Any foreclosure on such liens by Kiewit would constitute an event of default under our amended secured revolving credit facility that is not covered by the waiver.

We remain contractually obligated to complete the suspended plants at Aurora and Mt. Vernon as well as an additional plant at Mt. Vernon capable of producing 110 million gallons of ethanol annually and may incur significant penalties because of our failure to complete these facilities as previously scheduled.

Although we are actively pursuing a number of liquidity alternatives, including seeking additional debt and equity financing and a potential sale of all or part of the company, there can be no assurance we will be successful. If we cannot obtain sufficient liquidity in the very near-term, we may need to seek to restructure under Chapter 11 of the U.S. Bankruptcy Code.

About Aventine

Aventine is a producer, marketer and end-to-end distributor of ethanol to many leading energy companies in the United States. In addition to ethanol, Aventine also produces distillers grains, corn gluten feed, corn germ and brewers' yeast. Our internet address is www.aventinere.com.

Forward Looking Statements

Certain information included in this press release may be deemed to be "forward looking statements" within the meaning of section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included in this press release, are forward looking statements. Any forward looking statements are not guarantees of Aventine's future performance and are subject to risks and uncertainties that could cause actual results, developments and business decisions to differ materially from those contemplated by such forward looking statements. Aventine disclaims any duty to update any forward looking statements. Some of the factors that may cause Aventine's actual results, developments and business decisions to differ materially from those contemplated by such forward looking statements include the following:

- Changes in or elimination of laws, tariffs, trade or other controls or enforcement practices such as:
 - National, state or local energy policy;
 - Federal ethanol and biodiesel tax incentives;
 - Regulation currently proposed and/or under consideration which may increase the existing renewable fuel standard and other legislation mandating the usage of ethanol or biodiesel;
 - State and federal regulation restricting or banning the use of Methyl Tertiary Butyl Ether;
 - Environmental laws and regulations applicable to Aventine's operations and the enforcement thereof;
- Changes in weather and general economic conditions;
- Overcapacity within the ethanol, biodiesel and petroleum refining industries;
- Total United States consumption of gasoline;
- Availability and costs of products and raw materials, particularly corn, coal and natural gas;
- Labor relations;
- Fluctuations in petroleum prices;
- The impact on margins from a change in the relationship between prices received from the sale of co-products and the price paid for corn;
- Aventine's or its employees' failure to comply with applicable laws and regulations;
- Aventine's ability to generate free cash flow to invest in its business and service any indebtedness;
- Limitations and restrictions contained in the instruments and agreements governing Aventine's indebtedness;
- Aventine's ability to raise additional capital and secure additional financing, and our ability to service such debt, if obtained;
- Aventine's ability to retain key employees;
- Liability resulting from actual or potential future litigation;
- Competition;
- Plant shutdowns or disruptions at our plants or plants whose products we market;
- Availability of rail cars and barges;

- Potential decreases in marketing alliance volumes resulting from the acquisition of marketing alliance partners by our competitors, the reduction of production capacity or abandonment of announced projects by marketing alliance partners for economic reasons, the creation of similar marketing alliances by our competitors and other failures to renew marketing alliance contracts;
- Our ability to complete our ethanol plant expansion projects in a timely manner and at the expected cost;
- Our ability to receive and/or renew permits to construct and/or commence operations of our proposed capacity additions in a timely manner, or at all; and
- Fluctuations in earnings resulting from increases or decreases in the value of ethanol or biodiesel inventory

Aventine Renewable Energy Holdings, Inc. and Subsidiaries
Consolidated Statements of Operations (Unaudited)

<i>(In thousands except per share amounts)</i>	Three months ended		Year ended	
	12/31/08	12/31/07	12/31/08	12/31/07
Net sales	\$537,242	\$379,357	\$2,248,301	\$1,571,607
Cost of goods sold	578,754	359,674	2,239,340	1,497,807
Gross profit (loss)	(41,512)	19,683	8,961	73,800
Gross profit (loss) %	(7.7)%	5.2%	0.4%	4.7%
Selling, general and administrative expenses	7,639	8,606	35,410	36,367
Demobilization costs associated with expansion projects	9,874	-	9,874	-
Impairment of plant development costs	1,557	-	1,557	-
Other income	(137)	(266)	(2,936)	(1,113)
Operating income (loss)	(60,445)	11,343	(34,944)	38,546
Other income (expense):				
Loss on sale of auction rate securities	-	-	(31,601)	-
Interest income	41	3,321	3,040	12,432
Interest expense	(1,326)	(3,524)	(5,077)	(16,240)
Gain (loss) on hedging transactions	10,996	(5,133)	17,110	(78)
Loss on marketing alliance investment	(4,326)	-	(4,326)	-
Minority interest	-	8	1,230	(1,338)
Income (loss) before income taxes	(55,060)	6,015	(54,568)	33,322
Income tax expense (benefit)	(18,191)	2,758	(7,472)	(477)
Net income (loss)	\$ (36,869)	\$ 3,257	\$ (47,096)	\$ 33,799
 <i>Per share data:</i>				
Income (loss) per common share – basic:	\$(0.86)	\$0.08	\$(1.12)	\$0.81
Basic weighted average number of common shares	42,764	41,871	42,136	41,886
Income (loss) per common share – diluted:	\$(0.86)	\$0.08	\$(1.12)	\$0.80
Diluted weighted average number of common and common equivalent shares	42,764	41,944	42,136	42,351
 Gallons by source:				
Gallons produced	48,058	45,589	188,764	191,999
Gallons purchased from alliance partners	124,862	100,549	505,254	395,001
Gallons purchased from non-affiliated producers	106,425	39,017	249,028	111,451
Inventory increase	(1,435)	(8,932)	(7,060)	(8,280)
Total gallons sold	277,910	176,223	935,986	690,171

Aventine Renewable Energy Holdings, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

<i>(In thousands)</i>	December 31, 2008 (Unaudited)	December 31, 2007
<u>Assets</u>		
Cash and cash equivalents	\$ 23,339	\$ 17,171
Short-term investments	-	211,500
Accounts receivable, net	55,888	73,058
Inventories	85,421	81,488
Income taxes receivable	15,135	11,962
Other current assets	10,198	12,816
Property, plant and equipment, net	107,168	111,867
Construction in process	493,969	226,410
Net deferred tax assets	-	1,196
Available for sale securities	673	-
Other assets	7,668	14,717
Total assets	\$799,459	\$762,185
<u>Liabilities and Stockholders' Equity</u>		
Accounts payable and other accrued expenses	\$124,320	\$ 97,118
Accrued interest	7,500	7,500
Current portion of long-term debt	300,000	-
Secured revolving credit facility	52,200	-
Long-term debt	-	300,000
Minority interest	-	9,832
Deferred tax liabilities	2,444	-
Other long-term liabilities	4,199	3,864
Total liabilities	490,663	418,314
Stockholders' equity	308,796	343,871
Total liabilities and stockholders' equity	\$799,459	\$762,185

Aventine Renewable Energy Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)

<i>(In thousands)</i>	Year ended December 31,	
	2008	2007
Operating Activities		
Net income (loss)	\$(47,096)	\$ 33,799
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Loss related to auction rate securities	31,601	-
Depreciation and amortization	15,465	13,265
Deferred income taxes	4,489	(6,664)
Stock based compensation expense	5,729	7,204
Loss on marketing alliance investment	4,326	-
Impairment of plant development costs	1,557	-
Loss on disposal of fixed asset	194	-
Minority interest	(1,230)	1,338
Other	(546)	177
Net changes in operating assets and liabilities, including \$9,874 in demobilization costs for expansion projects	21,112	(1,538)
Net cash provided by operating activities	35,601	47,581
Investing Activities		
Additions to property, plant and equipment	(265,878)	(235,211)
Purchases of short-term securities	-	(690,948)
Redemptions of short-term securities	179,899	578,373
Indemnification proceeds	3,046	-
Transaction costs for purchase of Nebraska Energy	(200)	-
Proceeds from the sale of fixed assets	-	5
Net used for investing activities	(83,133)	(347,781)
Financing Activities		
Proceeds from the issuance of senior unsecured notes	-	300,000
Net borrowings from secured revolving credit facility	52,200	-
Payment of debt issuance costs	-	(8,220)
Repurchase of common stock	-	(2,983)
Other	1,500	-
Proceeds from stock option exercises	-	510
Distributions to minority shareholders	-	(1,727)
Net cash provided by financing activities	53,700	287,580
Net increase (decrease) in cash and cash equivalents	6,168	(12,620)
Cash and cash equivalents at beginning of period	17,171	29,791
Cash and cash equivalents at end of period	\$23,339	\$17,171

Cost of Goods Sold Breakout (Unaudited)

<i>(In millions)</i>	Three months ended		Twelve months ended	
	12/31/08	12/31/07	12/31/08	12/31/07
Gross corn costs	\$ 81.3	\$ 63.9	\$358.4	\$270.4
Conversion costs	32.3	29.6	131.8	117.0
Depreciation	4.5	3.3	14.5	12.6
Freight/distribution costs	44.8	31.0	175.3	120.2
Inventory change				
Volume (1)	0.8	(12.6)	(9.1)	(12.2)
Price (2)	23.1	(6.9)	9.5	4.0
Other (3)	0.6	0.2	0.5	(0.5)
Total inventory change	24.5	(19.3)	0.9	(8.7)
Purchased ethanol and pass through taxes	391.4	251.2	1,558.4	986.3
Total cost of goods sold	\$578.8	\$359.7	\$2,239.3	\$1,497.8

- (1) Volume = change in volume x current period price
(2) Price = change in price x previous period volume
(3) Other is made up of changes in co-product inventory and adjustment entries related to the timing of product unloading and volume gains or losses

This press release contains, and our conference call will include, references to unaudited adjusted earnings before interest, taxes depreciation and amortization (EBITDA), along with certain operational statistics, which are non-GAAP financial measures. We have adjusted EBITDA to reflect the non-cash or non-recurring nature of some charges. The following table provides a reconciliation of net income to adjusted EBITDA. Management believes adjusted EBITDA is a meaningful measure of liquidity and the Company's ability to service debt because it provides a measure of cash available for such purposes. Additionally, management provides adjusted EBITDA measures so that investors will have the same financial information that management uses with the belief that it will assist investors in properly assessing the Company's performance on a year-over-year and quarter-over-quarter basis.

<i>(In thousands) (Unaudited)</i>	Three months ended		Twelve months ended	
	12/31/08	12/31/07	12/31/08	12/31/07
Net income (loss)	\$(36,869)	\$ 3,257	\$(47,096)	\$33,799
Depreciation	4,505	3,271	14,522	12,578
Loss related to auction rate securities	-	-	31,601	-
Impairment of plant development costs	1,557	-	1,557	-
Loss on marketing alliance investment	4,326	-	4,326	-
Non-cash stock-based compensation expense	1,219	1,946	5,729	7,204
Minority interest	-	(8)	(1,230)	1,338
Interest expense	1,326	3,524	5,077	16,240
Interest income	(41)	(3,321)	(3,040)	(12,432)
Income tax expense (benefit)	(18,191)	2,758	(7,472)	(477)
Adjusted earnings before interest, taxes, depreciation and amortization	\$(42,168)	\$11,427	\$ 3,974	\$58,250

	Three months ended		Twelve months ended	
	12/31/08	12/31/07	12/31/08	12/31/07
Gross ethanol revenue per gallon sold	\$1.81	\$1.94	\$2.22	\$2.08
Less: freight/distribution cost per gallon sold (1)	\$0.16	\$0.18	\$0.19	\$0.17
Net ethanol revenue per gallon sold	\$1.65	\$1.76	\$2.03	\$1.91
Corn cost per bushel	\$4.43	\$3.66	\$5.02	\$3.76
Yield (<i>gallons per bushel</i>) (2)	2.62	2.61	2.64	2.67
Bushels consumed (<i>in millions</i>)	18.4	17.4	71.4	71.9
Co-product return % (3)	30.2%	45.3%	35.9%	36.7%
Commodity spread per gallon	\$0.63	\$1.17	\$1.00	\$1.19
Less: conversion cost per gallon produced	\$0.67	\$0.66	\$0.70	\$0.61
Less: freight/distribution cost per gallon (1)	\$0.16	\$0.18	\$0.19	\$0.17
Commodity spread less conversion cost and freight (per gallon)	\$(0.20)	\$0.33	\$0.11	\$0.41
Inventory value per gallon	\$1.54	\$1.80	\$1.54	\$1.80
Inventory gallons (<i>in millions</i>) (4)	42.3	36.4	42.3	36.4
Total co-product revenue (<i>in millions</i>)	\$24.5	\$28.9	\$128.5	\$99.3
Corn costs – gross (<i>in millions</i>)	\$81.3	\$63.9	\$358.4	\$270.4
Less: Co-product revenue assigned to corn costs (<i>in millions</i>) (5)	\$20.3	\$16.0	\$89.6	\$67.6
Adjusted corn cost (<i>in millions</i>)	\$61.0	\$47.9	\$268.8	\$202.8
Conversion costs (<i>in millions</i>)	\$32.3	\$29.6	\$131.8	\$117.0
Less: co-product returns in excess of typical dry mill returns (<i>in millions</i>) (6)	\$4.2	\$12.9	\$38.9	\$31.7
Adjusted conversion costs (<i>in millions</i>)	\$28.1	\$16.7	\$92.9	\$85.3
Adjusted conversion costs per gallon	\$0.58	\$0.37	\$0.49	\$0.44

- (1) Calculated by taking total freight/distribution costs incurred and dividing by total ethanol gallons sold. Total freight/distribution costs as shown also include cost to ship co-products.
- (2) Yield equals gallons produced divided by bushels consumed
- (3) Co-product return percentage equals co-product quarterly revenue divided by quarterly gross corn cost
- (4) Inventory gallons reflect ethanol gallons on hand at period end, and may include adjustments for volume gains or losses.
- (5) Assumes 25% co-product returns as per current industry expectations for a dry mill.
- (6) Reflects excess of actual co-product revenue in excess of 25% current industry expectation for a dry mill

Outstanding Hedge Positions (Unaudited)

Period	Quantity	Weighted Average Price (\$)	Marked To Market	Value at December 31, 2008 <i>(in millions)</i>
<u>Fixed Price Forward Physical Corn Contracts</u>				
<i>(millions of bushels)</i>				
Q1'09	5.2	5.53	no	n/a
Q2'09	0.4	7.59	no	n/a
Q4'09	0.7	5.07	no	n/a
<u>Short CBOT Corn Futures Positions</u>				
<i>(millions of bushels)</i>				
Q1'09	4.2	5.24	yes	\$4.9
Q2'09	0.3	7.24	yes	\$1.0
Q3'09	0.1	4.46	yes	\$ -
Q4'09	0.4	4.69	yes	\$0.1