1. Prepetition Secured Indebtedness

(i) The First Lien Credit Agreement

Intermediate and Renewables (as successor-in-interest to THL-Hawkeye Acquisition LLC) are party to the First Lien Credit Agreement, together with the First Lien Agent and the holders of First Lien Credit Agreement Claims (the "***First Lien Lenders***").

The First Lien Credit Agreement provides for (i) a revolving credit facility in the maximum aggregate amount of $50 million, and (ii) a term loan facility in the amount of $500 million. Obligations arising under the First Lien Credit Agreement are the direct obligation of Renewables, and are guaranteed by Intermediate. As of the anticipated Commencement Date, the Debtors expect that there will be approximately $592.8 million outstanding under the First Lien Credit Agreement, consisting of (i) revolving credit loans in the aggregate outstanding principal amount of $50 million, (ii) a term loan in the aggregate principal amount of approximately $483.5 million, (iii) all accrued and unpaid interest thereon, (iv) obligations under any outstanding letters of credit issued under the First Lien Credit Agreement, and (v) termination obligations under certain outstanding interest rate swaps.

(ii) The Second Lien Credit Agreement

In addition, Renewables (as successor-in-interest to THL-Hawkeye Acquisition LLC) and Intermediate are party to the Second Lien Credit Agreement (and, together with the First Lien Credit Agreement, the "***Credit Agreements***"), together with the Second Lien Agent, and the holders of Second Lien Credit Agreement Claims (the "***Second Lien Lenders***" and, together with the First Lien Lenders, the "***Prepetition Lenders***"). The Second Lien Credit Agreement provides for a term loan facility in the maximum aggregate amount of $150 million. Obligations arising under the Second Lien Credit Agreement are the direct obligation of Renewables and are guaranteed by Intermediate. As of the anticipated Commencement Date, the Debtors expect that there will be approximately $167.3 million outstanding under the Second Lien Credit Agreement, consisting of (i) a term loan in the aggregate principal amount of $150 million, and (ii) all accrued and unpaid interest thereon.

(iii) Intercreditor Agreement

In connection with the Credit Agreements, the Debtors granted liens and executed security agreements in favor of the Prepetition Lenders in substantially all of the Debtors' assets, including, but not limited to, the following: (i) accounts, (ii) chattel paper, (iii) documents, (iv) equipment, (v) general intangibles, (vi) instruments, (vii) inventory, (viii) investment property, (ix) letter-of-credit rights, (x) commercial tort Claims, (xi) books and records, and (xii) proceeds and products of the foregoing.

The relative priorities of liens held by the First Lien Lenders and Second Lien Lenders are subject to that certain Intercreditor Agreement, dated as of June 30, 2006 , between Renewables (as successor-in-interest to THL-Hawkeye Acquisition LLC), Intermediate, the First Lien Agent (in its capacity as first lien collateral agent) and the Second Lien Agent (in its capacity as second lien collateral agent) (the "***Prepetition Intercreditor Agreement***"). In accordance with the terms of the Prepetition Intercreditor Agreement, the Second Lien Lenders

have agreed, among other things, that liens on any collateral securing obligations under the First Lien Credit Agreement will be senior in all respects and prior to any lien on the collateral securing obligations under the Second Lien Credit Agreement.

2. Other Indebtedness

As of October 31, 2009, the Debtors' books and records reflected accounts payable due and owing in the approximate amount of $2.7 million, plus an additional estimated $6.5 million for other vendors (such as utilities) who have not provided invoices to the Debtors for services and products already provided. Total trade debt is approximately $9.2 million. In addition, the Debtors are obligated for approximately $0.3 million for leases and other ordinary course financing arrangements. The Debtors consider good relations with their trade and other business vendors to be essential to the continued operation of their businesses during the pendency of their Chapter 11 Cases. Accordingly, the Debtors intend to request an order of the Bankruptcy Court authorizing payments to certain of the Debtors' critical vendors as they become due in the ordinary course of business, including any amounts that may relate to claims arising prior to the Commencement Date.

3. Equity

As of the date hereof, the outstanding equity of Intermediate consisted of privately-held membership interests (the sole holder of which is HEH). As of the date hereof, the outstanding equity of Renewables consisted of privately-held membership interests (the sole holder of which is Intermediate). Intermediate is privately owned by HEH, a holding company formed soon after the June 30, 2006 sale of a majority interest in Intermediate to certain affiliates of Thomas H. Lee Partners, L.P., a Massachusetts-based private equity firm.

C. Events Leading to the Commencement of the Chapter 11 Cases

1. Decreased Results of Operations / Commodity Price Fluctuations

The Debtors' operating results during 2007 and 2008 were significantly impacted by various factors including, most significantly, unprecedented volatility in the price of various commodities including the Plants' primary inputs of corn, natural gas and denaturant, as well as the Plants' sole outputs, ethanol, wet distiller's grains and dry distiller's grains. This volatility resulted in ethanol industry EBITDA margins, which were as high as $1.00 per gallon of ethanol produced in 2006, falling precipitously to less than 10 cents per gallon and on some occasions to negative EBITDA margins.

The price of corn rose precipitously in mid 2008, from $4.00 per bushel to nearly $8.00 per bushel, driven by drought conditions in the major corn producing state of Iowa and the unprecedented rise in crude oil futures which approached $150 per barrel for the first time. When oil prices finally came down in the Fall of 2008, margins for the ethanol industry evaporated leading to bankruptcies of several of the Debtors' largest competitors, including Verasun, Aventine and Pacific Ethanol. Renewables fared better than some of its competitors during the period due to its risk management strategy, however, margins deteriorated to the point where it was clear that Renewables could no longer support the amount of debt it had on its balance sheet with the margins the industry was experiencing.

2. Default Under the First Lien Credit Agreement and Second Lien Credit Agreement

The above-described commodity price fluctuations and resulting margin losses collectively resulted in the substantial deterioration of the Debtors' financial condition such that, by the last fiscal quarter of 2008, Renewables and Intermediate appeared likely to suffer financial covenant defaults under the Credit Agreements. On January 20, 2009, Renewables sent the First Lien Agent and Second Lien Agent, a notice of potential default regarding Renewables' likely failure to comply with its year end 2008 financial covenants in each of the respective Credit Agreements.

As a result of decreased cash on hand and diminished cash flows, Renewables did not make any interest payments in 2009, as required under the First Lien Credit Agreement or the interest payments due on February 27, 2009, as required under the Second Lien Credit Agreement. From the earliest payment default forward, and continuing as of the date of this Disclosure Statement, the Debtors and their representatives have pursued discussions with an ad hoc steering committee for the First Lien Lenders (the "***First Lien Steering Committee***") and their legal and financial advisors regarding a possible negotiated restructuring of the Debtors' capital structure. On January 30, 2009 Renewables also failed to make required payments under its interest rate swap agreements, which resulted in termination of the swap agreements by the counterparties.

3. Discussions and Negotiations with First Lien Lender and Second Lien Lender Advisors

On February 4, 2009, the Debtors entered into a forbearance agreement with Credit Suisse and the Required Lenders under the First Lien Credit Agreement pursuant to which the respective parties agreed to forbear from exercising certain rights during the term of the forbearance agreement. As the discussions regarding a restructuring continued, these forbearance agreements were extended a number of times, with the term of the latest extension dated as of July 23, 2009, expiring at midnight on August 5, 2009. On May 29, 2009, Renewables sent its lenders a compliance certificate for the period 1Q-2009 which showed that Renewables was out of compliance with its Interest Coverage Ratio and Total Leverage Ratio (in each case as defined in the Credit Agreements) for the then-current period.

On March 26, 2009, Renewables received a notice from the Second Lien Agent informing Renewables that an Event of Default had occurred under Article VII(c) of the Second Lien Credit Agreement and declaring due and payable in full all outstanding loans, accrued interest, unpaid fees and other liabilities pursuant to the Second Lien Credit Agreement and any other Loan Document (as defined in the Second Lien Credit Agreement).

Over the course of the last eleven (11) months, the Debtors have negotiated in good faith with both the First Lien Steering Committee and an *ad hoc* steering committee formed by certain of the Second Lien Lenders (the "***Second Lien Steering Committee***"). These negotiations culminated in the Plan, Disclosure Statement, and related documentation, each of which is supported by the First Lien Steering Committee on the terms set forth in the RSA. By commencing the Chapter 11 Cases and implementing the proposed restructuring, the Debtors

will achieve not just a balance sheet restructuring, but also a restructuring of Renewables's key business relationships with certain of its affiliates that provide important sales and marketing services to Renewables. At the same time the Debtors were negotiating definitive documentation with the First Lien Steering Committee, the Debtors and the First Lien Steering Committee continued to engage in restructuring negotiations with the Second Lien Steering Committee and invited the members of the Second Lien Steering Committee to sign the RSA and support the Plan on the terms set forth therein. The Second Lien Steering Committee members declined to sign the RSA. After repeated attempts, by both the Debtors and the First Lien Steering Committee, to reach consensus with the Second Lien Steering Committee failed, the Debtors eventually determined that the restructuring should not be further delayed. Given the expiration of the Debtors' forbearance period with the First Lien Agent, the enterprise valuation prepared by the Debtors' financial advisor, Blackstone, and the willingness of holders of more than two-thirds in principal amount of First Lien Claims to enter into the RSA, the Debtors concluded that proceeding with the restructuring contemplated under the RSA is in the best interests of the estates and their creditors.

4. Restructuring Support Agreement

On November 24, 2009, the Debtors and certain of the First Lien Lenders (the "***Consenting Lenders***") entered into the RSA, the form of which is attached hereto as Exhibit F. Pursuant to the RSA, the Consenting Lenders agreed to support the Plan and the Debtors agreed to implement the restructuring transactions described in the RSA through the solicitation of votes for the Plan and the filing of the Chapter 11 Cases.

D. Anticipated Events During the Chapter 11 Cases

The following is a brief description of certain anticipated events during the process of the Chapter 11 Cases:

1. Administration

The Debtors intend to continue to operate their business in the ordinary course throughout the Chapter 11 Cases as they had prior to the commencement date of the Chapter 11 Cases. On the Commencement Date, the Debtors intend to seek to have their Chapter 11 Cases assigned to the same bankruptcy judge and jointly administered.

2. Commencement of the Chapter 11 Cases

If the Debtors receive the requisite acceptances in response to the solicitation, the Debtors intend to promptly commence the Chapter 11 Cases. From and after the Commencement Date, the Debtors will continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

To expedite their emergence from chapter 11, the Debtors intend to seek, among other things, the relief detailed below from the Bankruptcy Court on the Commencement Date. If granted, this relief will facilitate the administration of the Chapter 11 Cases. There can be no assurance, however, that the Bankruptcy Court will grant the requested relief. Bankruptcy courts

customarily provide various other forms of administrative and other relief in the early stages of chapter 11 cases. The Debtors intend to seek all necessary and appropriate relief from the Bankruptcy Court in order to facilitate their reorganization goals, including the matters described below. All votes to accept the Plan shall be deemed to constitute consents to relief to be sought by the Debtors upon commencement of the Chapter 11 Cases as identified below.

(i) Joint Administration

The Debtors will seek authority to consolidate all filings under a single case name, in a single docket, for convenience and administrative purposes and to reduce costs for parties making filings with the Bankruptcy Court.

(ii) Schedules and Statements of Financial Affairs

Section 521 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 1007 direct that, unless otherwise ordered by the court, the Debtors must prepare and file schedules of claims, executory contracts and unexpired leases, and related information (the "***Schedules***") and statements of financial affairs (the "***Statements***") within fifteen (15) days from the commencement of the Chapter 11 Cases. The purpose of this requirement is to provide the Debtors' creditors, equity security holders, and other interested parties with sufficient information to make informed decisions with respect to the Debtors' reorganization. In appropriate circumstances, however, a Bankruptcy Court may modify or dispense with the requirement to file the Schedules and Statements pursuant to section 521 of the Bankruptcy Code. The Debtors intend to request that the Bankruptcy Court extend the deadline for filing the Schedules and Statements for an additional sixty (60) days or defer such filing pending confirmation of the Plan.

(iii) Approval of Prepetition Solicitation and Scheduling of Confirmation Hearing

The Debtors anticipate that as soon as practicable after commencing their Chapter 11 Cases, they will seek an order of the Bankruptcy Court scheduling the Confirmation Hearing to consider (i) approval of the prepetition solicitation procedures, (ii) the adequacy of the Disclosure Statement and the solicitation of votes in connection therewith, and (iii) confirmation of the Plan. The Debtors anticipate that notice of these hearings will be published in the Wall Street Journal and will be mailed to all known holders of Claims and equity interests at least twenty-five (25) days before the date by which objections must be filed with the Bankruptcy Court. See Section XI, "CONFIRMATION OF THE PLAN."

(iv) Cash Management System

Because the Debtors expect the entire Chapter 11 Cases to last for less than four (4) months, and because of the administrative hardship that any operating changes will impose on the Debtors, the Debtors intend to seek Bankruptcy Court authority to continue using their existing cash management system, bank accounts, and business forms. Absent the Bankruptcy Court's authorization of the continued use of the cash management system, the Debtors' cash flow could be severely impacted, to the detriment of the Debtors' estates and creditors.

(v) Investment and Deposit Policies

Section 345 of the Bankruptcy Code establishes certain guidelines for the deposit and investment of funds of the Debtors' estates. Upon an appropriate showing, such guidelines may be waived by the Bankruptcy Court, and the Debtors may be authorized to continue to deposit and invest their funds pursuant to an existing investment policy. The Debtors believe that strict adherence to the requirements of section 345 would cause significant disruption to their cash management system, to the detriment of the Debtors' business and creditors. The Debtors also believe that their existing investment policies provide for the secure and efficient investment and management of the Debtors' funds, and that the disruption that would result from compliance with section 345 is not warranted, particularly in light of the anticipated short duration of the Debtors' Chapter 11 Cases. Accordingly, the Debtors intend to seek a waiver of the requirements of section 345 so as to permit them to continue their existing deposit and investment policies.

(vi) Payment of Prepetition Trade Claims

The Debtors consider certain vendors to be essential to the continued operation of their businesses during the pendency of their chapter 11 cases. Accordingly, the Debtors intend to request an order of the Bankruptcy Court authorizing payments to such vendors as they become due in the ordinary course of business, including any amounts that may relate to claims arising prior to the Petition Date, as long as the vendors who receive such payments continue to provide the Debtors with customary shipments and credit terms.

(vii) Payment of Prepetition Employee Wages and Benefits

The Debtors believe that any delay in paying prepetition compensation or benefits would destroy their relationships with employees and irreparably harm employee morale at a time when the dedication, confidence, and cooperation of the Debtors' employees is most critical. Accordingly, the Debtors will seek authority to pay compensation and benefits that had accrued but remained unpaid as of the Petition Date.

(viii) Retention of Professionals

The Debtors intend to seek Bankruptcy Court authority to retain and employ certain professionals to represent them and assist them in connection with the Chapter 11 Cases. Some of these professionals have been intimately involved with the negotiation and development of the Plan and include (i) Weil, Gotshal & Manges LLP and Richards, Layton & Finger, P.A., as counsel for the Debtors, (ii) The Blackstone Group, as financial advisor to the Debtors, and (iii) the Solicitation Agent, as claims, noticing, solicitation, and voting agent for the Debtors. The Debtors also may seek authority to retain certain professionals to assist with the operations of their business in the ordinary course. These so-called "ordinary course professionals" will not be involved in the administration of the Chapter 11 Cases.

The debtors have retained the Solicitation Agent to serve as agent in connection with the solicitation of votes to accept or reject the Plan. The Debtors will pay the Solicitation Agent reasonable and customary compensation for its services in connection with the solicitation, plus reimbursement for its reasonable out-of-pocket disbursements.

(ix) Utilities

The Debtors intend to seek orders to restrain utilities from discontinuing, altering, or refusing services and to establish appropriate procedures for the determination of requests by utilities for postpetition deposits.

(x) Cash Collateral Order

The Debtors intend to seek an order permitting the ongoing use of cash collateral subject to an approved budget and certain financial covenants. A substantially final form of the proposed cash collateral order is attached as Exhibit C to the RSA.

3. Anticipated Timetable for the Chapter 11 Cases

Assuming that the Bankruptcy Court approves the scheduling motion with respect to the confirmation hearing, the Debtors anticipate that the confirmation hearing will occur within approximately 80 days of the Commencement Date. If objections were to be raised, the anticipated timing for the confirmation hearing could be delayed, perhaps substantially.

4. Preference Actions

The Debtors do not believe there are any meaningful preference claims against prepetition vendors, lenders or other creditors. As such, the Debtors will not seek Court approval to avoid any transactions that relate to the prepetition period. In their business judgment, the Debtors believe that asserting preference actions against their vendors will be detrimental to their ongoing business and the value of their estates.

5. Anticipated Recoveries

The Debtors estimate that the recovery to the holders of Second Lien Credit Agreement Claims will be approximately 7.7% if Class 4A votes to accept the Plan. If Class 4A votes to reject the Plan, the Debtors estimate that the recovery will be approximately 4.1%. For purposes of estimating a recovery for these Claims, the Class B Units and the Class C Units were treated as options and valued using a Black-Scholes option pricing model. The principal assumptions under the model (among others) are that (i) the Class B Units and the Class C Units will expire in seven years and (ii) the enterprise value of the Reorganized Debtors is $186 million (see Section VI, above).

The estimated recovery of the Class 3A Claim holders will depend on the outcome of the vote of Class 4A. The estimated recovery to Class 3A Claim holders is approximately 33.1% if Class 4A votes to accept the Plan. If Class 4A votes to reject the Plan, then the recovery to the holders of Class 3A Claims will be approximately 34.1%.

VIII. GOVERNANCE

A. Current Board of Managers, Management and Executive Compensation

Each of Intermediate and Renewables is managed by a board of managers which currently consists, in each case, of the following three individuals: Bruce Rastetter, J.D. Schlieman and Robin Sampson. Each of these individuals provides executive level services to Renewables pursuant to an existing services agreement between Renewables and HEH, and, accordingly, receives no compensation as a manager of Intermediate or Renewables. HEH provides comprehensive additional management services and personnel pursuant to the terms of the existing services agreement and on and after the Effective Date, HEH would continue to provide comprehensive management services and personnel pursuant to the terms of the Amended Management Agreement.

B. Board of Managers of Reorganized Renewables

The board of managers of Reorganized Renewables shall be composed of a total of five members, all of whom shall be selected by the First Lien Agent at the direction of the Required Lenders. The members of the board of Reorganized Renewables will be identified no later than at the confirmation hearing.

C. Officers of Reorganized Renewables

The officers of Reorganized Renewables immediately prior to the Effective Date will serve as the initial officers of Reorganized Renewables on and after the Effective Date and in accordance with any employment and severance agreements with Reorganized Renewables and applicable non-bankruptcy law. On the Effective Date, the officers of Renewables will continue in their positions as officers of Reorganized Renewables. After the Effective Date, the officers of Reorganized Renewables will be determined from time to time by the Board of Managers of Reorganized Renewables.

D. Continued Legal Existence

Prior to the close of business on the Effective Date, without any requirement of further action by the equity holders or board of managers of the Debtors, Intermediate shall either liquidate or merge with and into Reorganized Renewables, with Reorganized Renewables being the surviving entity, at the option of the First Lien Agent with the consent of the Required Lenders.

Renewables will, as Reorganized Renewables, continue to exist after the Effective Date as a separate limited liability company with all the powers of a limited liability company under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution, or otherwise) under applicable state law.

E. Obligations of Any Successor Entity

The Plan may result in substantially all of the respective assets, properties, rights, liabilities, duties, and obligations of certain of the Debtors vesting in Reorganized Renewables. In each such case, Reorganized Renewables will perform the obligations of the Debtors pursuant to the Plan, including among other things, payment or other satisfaction of the Allowed Claims against the Debtors, except as provided in any contract, instrument, or other agreement or document effecting a disposition to Reorganized Renewables which may provide that another entity will perform such obligations.

IX. OTHER ASPECTS OF THE PLAN

A. Distributions

1. Timing and Conditions of Distributions

(i) Distribution Record Date

At the close of business on the Confirmation Date, the transfer ledgers for holders of the First Lien Credit Agreement Claims and Second Lien Credit Agreement Claims shall be closed, and there shall be no further changes in the record holders of such debt. Reorganized Renewables and the Disbursing Agent, if any, shall have no obligation to recognize any transfer of any such debt occurring after the Confirmation Date and shall be entitled instead to recognize and deal for all purposes under the Plan with only those record holders listed on the transfer ledgers as of the close of business on the Confirmation Date.

(ii) Date of Distributions

Except as otherwise provided in the Plan, distributions and deliveries under the Plan with respect to Allowed Claims shall be made before the close of business on the Effective Date or as soon thereafter as is practicable. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

(iii) Disbursing Agent

On account of the First Lien Credit Agreement Claims and Second Lien Credit Agreement Claims, all distributions under the Plan shall be made by Reorganized Renewables as Disbursing Agent or such other entity designated by Reorganized Renewables as a Disbursing Agent on the Effective Date. If the Disbursing Agent is an independent third party designated by Reorganized Renewables to serve in such capacity, such Disbursing Agent shall receive, without further Bankruptcy Court approval, reasonable compensation for distribution services rendered pursuant to the Plan and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services from Reorganized Renewables on terms acceptable to Reorganized Renewables. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy

Court. If otherwise so ordered, all costs and expenses of procuring any such bond shall be paid by Reorganized Renewables.

(iv) Powers of Disbursing Agent

The Disbursing Agent shall be empowered to (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan, (ii) make all distributions contemplated thereby, and (iii) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court or pursuant to the Plan.

(v) Delivery of Distributions

Except as otherwise provided in the Plan, subject to Bankruptcy Rule 9010, Reorganized Renewables shall make distributions to holders of Allowed Claims at the address for each holder indicated on the Debtors' records as of the date of any such distribution; provided, however, that the manner of such distributions shall be determined at the discretion of Reorganized Renewables; and, provided further, that the address for each holder of an Allowed Claim shall be deemed to be the address set forth in any proof of claim filed by that holder. In the event that any distribution to any holder is returned as undeliverable, the First Lien Agent shall use reasonable efforts to assist Reorganized Renewables to determine the current address of such holder, but no distribution to such holder shall be made unless and until Reorganized Renewables has determined the then-current address of such holder, at which time such distribution shall be made to such holder without interest; provided that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one (1) year from the Effective Date. After such date, all unclaimed property or interest in property shall revert to Reorganized Renewables, and the Claim of any other holder to such property or interest in property shall be discharged and forever barred.

(vi) Manner of Payment Under the Plan

At the sole option of Reorganized Renewables, any Cash payment to be made under the Plan may be made by a check, wire transfer, or such other commercially reasonable manner as the payor shall determine in its sole discretion, or as otherwise required or provided in applicable agreements.

(vii) Allocations of Principal Between Principal and Interest

To the extent that any Allowed Claim entitled to a distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall be allocated to the principal amount (as determined for federal income tax purposes) of the Claim first, and then to accrued but unpaid interest.

(viii) Distributions After the Effective Date

Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date but which later become Allowed Claims shall be deemed to have been made on the Effective Date.

(ix) Setoffs

The Debtors and Reorganized Renewables may, but shall not be required to, set off against any Claim (for purposes of determining the Allowed amount of such Claim on which distribution shall be made), any claims of any nature whatsoever that the Debtors or Reorganized Renewables may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or Reorganized Renewables of any such claim the Debtors or Reorganized Renewables may have against the holder of such Claim. Nothing in the Plan shall be deemed to expand rights to setoff under applicable non-bankruptcy law. Notwithstanding the foregoing, Reorganized Renewables shall be deemed to waive and shall have no right of setoff or recoupment against the holders of the First Lien Credit Agreement Claims.

2. *Procedures for Treating Disputed Claims Under the Plan*

(i) Objections to Claims

The Debtors or Reorganized Renewables shall be entitled to object to Claims. Any objections to Claims shall be served and filed on or before the later of (i) one hundred twenty (120) days after the Effective Date or (ii) such date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clause (i) above.

(ii) Payments and Distributions with Respect to Disputed Claims

Notwithstanding any other provision of the Plan, if any portion of a Claim is a Disputed Claim, no payment or distribution provided under the Plan shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

(iii) Estimation of Claims

The Debtors or Reorganized Renewables may at any time request that the Bankruptcy Court estimate any contingent, unliquidated, or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code or other applicable law regardless of whether the Debtors previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated, or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, Reorganized Renewables may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation, and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

(iv) Distributions Relating to Disputed Claims

At such time as a Disputed Claim becomes an Allowed Claim, the Disbursing Agent shall distribute to the holder of such Claim, such holder's pro rata portion of the property distributable with respect to the Class in which such Claim belongs. To the extent that all or a portion of a Disputed Claim is disallowed, the holder of such Claim shall not receive any distribution on account of the portion of such Claim that is disallowed and any property withheld pending the resolution of such Claim shall be reallocated pro rata to the holders of Allowed Claims in the same class.

(v) Disallowed Claims

All Claims held by Persons or entities against whom or which any Debtor or Reorganized Renewables has commenced a proceeding asserting a cause of action under sections 542, 543, 544, 545, 547, 548, 549, and/or 550 of the Bankruptcy Code shall be deemed not Allowed Claims pursuant to section 502(d) of the Bankruptcy Code and holders of such Claims shall not be entitled to vote to accept or reject the Plan. Claims that are deemed disallowed pursuant to this section shall continue to be disallowed for all purposes until the avoidance action against such party has been settled or resolved by Final Order and any sums due to the Debtors or Reorganized Renewables from such party have been paid.

EXCEPT AS OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A BANKRUPTCY COURT ORDER ON OR BEFORE THE LATER OF (1) THE CONFIRMATION HEARING AND (2) 45 DAYS AFTER THE APPLICABLE CLAIMS BAR DATE.

B. Treatment of Executory Contracts and Unexpired Leases

1. Contracts and Leases Not Expressly Rejected are Assumed

Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture or other agreement or document entered in connection with the Plan, as of the Effective Date, all executory contracts and unexpired leases to which any of the Debtors are parties are hereby assumed except for an executory contract or unexpired lease that (i) previously has been assumed or rejected pursuant to a Final Order, (ii) previously expired or terminated by its own terms, (iii) is specifically designated as a contract or lease to be rejected on the Schedule of Rejected Contracts to be included in the Plan Supplement, which schedule shall be in form and substance acceptable to the First Lien Agent with the consent of the Required Lenders, or (iv) is the subject of a separate motion to assume or reject such executory contract or unexpired lease filed by the Debtors under section 365 of the Bankruptcy Code prior to the Confirmation Date.

2. Cure of Defaults

Except to the extent that different treatment has been agreed to by the non-debtor party or parties to any executory contract or unexpired lease to be assumed pursuant to Section 8.1 of the Plan, within thirty (30) days after the Confirmation Date, the Debtors shall, pursuant to the provisions of sections 1123(a)(5)(G) and 1123(b)(2) of the Bankruptcy Code and consistent with the requirements of section 365 of the Bankruptcy Code, file and serve a pleading with the Bankruptcy Court listing the cure amounts of all executory contracts or unexpired leases to be assumed. The parties to such executory contracts or unexpired leases to be assumed by the Debtors shall have fifteen (15) days from service to object to the cure amounts listed by the Debtors. If there are any objections filed, the Bankruptcy Court shall hold a hearing. The Debtors shall retain their right to reject any of their executory contracts or unexpired leases, including contracts or leases that are subject to a dispute concerning amounts necessary to cure any defaults.

3. Rejection Claims

In the event that the rejection of an executory contract or unexpired lease by any of the Debtors pursuant to the Plan results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not heretofore evidenced by a timely filed proof of claim, shall be forever barred and shall not be enforceable against the Debtors or Reorganized Renewables, or their respective properties or interests in property as agents, successors, or assigns, unless a proof of claim is filed with the Bankruptcy Court and served on counsel for the Debtors and Reorganized Renewables on or before the date that is thirty (30) days after the Confirmation Date or such later rejection date that occurs as a result of a dispute concerning amounts necessary to cure any defaults. Rejection Claims will be treated as General Unsecured Claims under the Plan.

4. Assignment

On and after the Effective Date, pursuant to sections 105(a), 363, and 365 of the Bankruptcy Code, the Debtors and Reorganized Renewables may transfer and assign any of their executory contracts or unexpired leases that have not been rejected without any further act, authority, or notice, subject to the consent of the First Lien Agent and the Required Lenders. Any executory contract or unexpired lease so transferred and assigned shall remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such executory contract or unexpired lease (including those of the type described in sections 365(b)(2) of the Bankruptcy Code) that prohibits, restricts, or conditions such transfer or assignment. Any provision that prohibits, restricts, or conditions the assignment or transfer of any such executory contract or unexpired lease or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or unexpired lease to terminate, modify, recapture, impose any penalty, condition renewal or extension, or modify any term or condition on any such transfer and assignment constitutes an unenforceable anti-assignment provision and is void and of no force or effect.

5. *Survival of the Debtors' Indemnification Obligations*

Any obligations of the Debtors pursuant to any separate indemnification agreements with the managers and officers serving on the Commencement Date or pursuant to their operating agreement or other organizational documents to indemnify managing members, members of the board of managers and officers serving on the Commencement Date with respect to actions, suits, and proceedings against such parties, shall not be discharged or impaired by confirmation of the Plan and such obligations shall be deemed and treated as executory contracts assumed by the Debtors hereunder and shall continue as obligations of Reorganized Renewables. The Debtors shall reject all such agreements that apply to managers no longer serving in their capacity as such as of the Commencement Date.

6. *Treatment of Certain Affiliate Agreements*

As of the date of this Disclosure Statement, all of Renewables' ethanol and distiller's grains marketing are performed by Gold pursuant to marketing agreements with Renewables. Similarly, Renewables' plants are operated by HEH employees through a management services agreement between HEH and Renewables. In anticipation of the restructuring of the Debtors pursuant to the Plan, these arms-length marketing and services agreements were modified based on negotiations between HEH and Gold, on the one hand, and the First Lien Steering Committee on behalf of Reorganized Renewables, on the other hand, in order to reduce the payments owed by Renewables to Gold and HEH under the respective agreements. The resulting new agreements (the Amended DG Marketing Agreement, the Amended Ethanol Marketing Agreement and the Amended Management Agreement) shall each be assumed as of the Effective Date. On the Effective Date, (i) any and all other agreements between the Debtors and the T.H. Lee Parties shall be terminated and (ii) the T.H. Lee Parties shall be deemed to have waived any accrued and unpaid management fees and/or other Claims against any of the Debtors.

7. *Survival of Other Employment Arrangements*

On and after the Effective Date, Reorganized Renewables may: (1) honor, in the ordinary course of business, any contracts, agreements, policies, programs, and plans, in each case to the extent disclosed in the Disclosure Statement or the first day pleadings, for, among other things, compensation, health care benefits, disability benefits, deferred compensation benefits, travel benefits, savings, severance benefits, retirement benefits, welfare benefits, workers' compensation insurance, and accidental death and dismemberment insurance for the managers, officers, and employees of any of the Debtors who served in such capacity at any time and (2) honor, in the ordinary course of business, Claims of employees employed as of the Effective Date for accrued vacation time arising prior to the Commencement Date; provided, however, that the Debtors' or Reorganized Renewables performance of any employment agreement will not entitle any person to any benefit or alleged entitlement under any policy, program, or plan that has expired or been terminated before the Effective Date, or restore, reinstate, or revive any such benefit or alleged entitlement under any such policy, program, or plan. Nothing in the Plan shall limit, diminish, or otherwise alter Reorganized Renewables's defenses, claims, causes of action, or other rights with respect to any such contracts, agreements, policies, programs, and plans. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of

the Bankruptcy Code, on and after the Effective Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

8. *Insurance Policies*

All insurance policies pursuant to which the Debtors have any obligations in effect as of the date of the Confirmation Order shall be deemed and treated as executory contracts pursuant to the Plan and shall be assumed by the respective Debtors and Reorganized Renewables and shall continue in full force and effect. All other insurance policies shall revest in Reorganized Renewables.

C. Effect of Confirmation

1. Vesting of Assets

On the Effective Date, pursuant to section 1141(b) and (c) of the Bankruptcy Code, all property of the Estates shall vest in Reorganized Renewables free and clear of all Claims, liens, encumbrances, charges, and other interests, except as provided in the Plan. Reorganized Renewables may operate their business and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code, except as provided in the Plan.

2. Discharge of Claims and Termination of Equity Interests

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in full and final satisfaction, settlement, release, and discharge, effective as of the Effective Date, of all Claims, Equity Interests, and causes of action of any nature whatsoever, including any interest accrued on Claims or Equity Interests from and after the Commencement Date, whether known or unknown, against, liabilities of, liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Equity Interests, including demands, liabilities, and causes of action that arose before the Effective Date, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a proof of claim or interest based upon such Claim, debt, right, or Equity Interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim or Equity Interest based upon such Claim, debt, right, or Equity Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the holder of such a Claim or Equity Interest has accepted the Plan. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring, except as otherwise expressly provided in the Plan.

3. Term of Injunctions or Stays

Unless otherwise provided in the Plan, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

*4. **Releases***

As of the Effective Date, each Released Party and any person seeking to exercise the rights of the Debtors' estates, including, without limitation, the Debtors and any successor to the Debtors or any estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code, shall be deemed to unconditionally, forever release, waive, and discharge each other Released Party, from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever in connection with or related in any way to the Debtors, the operation of the Debtors' businesses, the incurrence by the Debtors of any indebtedness, the Chapter 11 Cases, or the Plan, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date; provided, however, that the foregoing shall not operate as a waiver or release from any causes of action based solely on intentional fraud or criminal misconduct, in each case as determined by a final order entered by a court of competent jurisdiction; provided, further, that the foregoing shall not operate as a release, waiver or discharge of any unfulfilled express contractual obligations of Gold, Renewables or Reorganized Renewables arising prior to the Effective Date pursuant to any accepted purchase order for ethanol or distiller's grains.

The Releases were heavily negotiated by various constituencies and are an integral component of the Plan. The Releases are proper because, among other things, they are the product of arm's-length negotiations between and among various parties, including the Debtors, their affiliates, the First Lien Steering Committee and the T.H. Lee Parties and have been critical to obtaining the support of the Plan from the various constituencies.

The Debtors have proposed the Releases based on their sound business judgment and submit that the Releases are reasonable and in the best interests of the estates. Significantly, the Debtors do not believe that there are any valuable Claims or Causes of Action against the Released Parties. Further, the Debtors submit that even if Claims or Causes of Action were arguably available, any litigation costs associated therewith and the likelihood of recovery would militate against pursuing them. Accordingly, the Debtors submit that the Releases are well-considered and reasonable and represent a valid exercise of the Debtors' business judgment.

In addition, the Releases are fair, equitable and reasonable. The Releases were a condition to the various compromises and agreements necessary to achieve the substantial benefits provided under the Plan to the Debtors and their various creditor constituencies.

Further, each party in interest that grants a Release under the Plan will also obtain a release from each other Released Party.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the Releases, which include by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court's finding that the Releases are: (a) in exchange for the good and valuable consideration provided by each Released Party, a good faith settlement and compromise of the claims released by the Released Parties; (b) in the best interests of the Debtors and all holders of Claims; (c) fair, equitable and reasonable; (d) given and made after due notice and opportunity for hearing; and (e) a bar to any of the Released Parties and any person seeking to exercise the rights of the Debtors' estates, (including, without limitation, the Debtors and any successor to the Debtors or any estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code) from asserting any Claim released by the Released Parties against any of the other Released Parties.

5. *Exculpation*

Except as otherwise specifically provided in the Plan, the Plan Supplement or related documents, the Exculpated Parties shall neither have, nor incur any liability to any entity for any prepetition or postpetition act taken or omitted to be taken in connection with, or related to the Chapter 11 Cases or formulating, negotiating, preparing, disseminating, implementing, administering, confirming or effecting the consummation of the Plan, this Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; provided, however, that the foregoing "Exculpation" shall have no effect on the liability of any entity that results from any such act or omission that is determined in a Final Order to have constituted intentional fraud, gross negligence, or willful misconduct; provided, further, that each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant to, or in connection with, the Plan.

6. Injunction.

Except as otherwise expressly provided in the Plan, the Plan Supplement or related documents, or for obligations issued pursuant to the Plan, all entities who have held, hold, or may hold Claims or Interests that have been released pursuant to Section 11.4 of the Plan, discharged pursuant to Section 11.2 of the Plan, or are subject to exculpation pursuant to Section 11.5 of the Plan are permanently enjoined, from and after the Effective Date, from taking any of the following actions: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree or order against such entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such entities or the property or estate of such entities on account of or in connection with or with respect to any such Claims or Interests; (4) asserting any right of setoff, subrogation, or recoupment

of any kind against any obligation due from such entities or against the property or estate of such entities on account of or in connection with or with respect to any such Claims or Interests unless such holder has filed a motion requesting the right to perform such setoff on or before the Confirmation Date, and notwithstanding an indication in a proof of claim or Interest or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

D. Miscellaneous Provisions

The Plan also contains provisions relating, but not limited to, solicitation of the Plan, retention of jurisdiction of the Bankruptcy Court, payment of statutory fees, substantial consummation, compliance with tax requirements, severability, revocation and amendment of the Plan, governing law, and timing. For more information regarding these items, see the Plan attached hereto as Exhibit A.

X. CERTAIN RISK FACTORS TO BE CONSIDERED

HOLDERS OF ALLOWED FIRST LIEN CREDIT AGREEMENT CLAIMS AND SECOND LIEN CREDIT AGREEMENT CLAIMS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED BY REFERENCE HEREIN), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

A. Certain Bankruptcy Considerations

Although the Debtors believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the re-solicitation of votes.

The Plan provides for no possible distribution to Classes 3B, 3C, 4B, 5, 6, and 7. The Bankruptcy Code conclusively deems these Classes to have rejected the Plan. Notwithstanding the fact that these Classes are deemed to have rejected the Plan, the Bankruptcy Court may confirm the Plan if at least one impaired class votes to accept the Plan (with such acceptance being determined without including the vote of any "insider" in such class). Thus, for the Plan to be confirmed with respect to each Debtor, Class 3A or Class 4A must vote to accept the Plan. As to each impaired class that has not accepted the Plan, the Plan may be confirmed if the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and

is "fair and equitable" with respect to these classes. The Debtors believe that the Plan satisfies these requirements. For more information, see Section XI below.

If the Plan is not confirmed by the Bankruptcy Court, it is unclear whether the Debtors would be able to reorganize their business and what, if any, distributions Holders of Claims ultimately would receive with respect to their Claims. There also can be no assurance that the Debtors will be able to successfully develop, prosecute, confirm and consummate an alternative plan of reorganization that is acceptable to the Bankruptcy Court and the Debtors' creditors and other parties in interest. Additionally, it is possible that third parties may seek and obtain approval to terminate or shorten the exclusivity period during which only the Debtors may propose and confirm a plan of reorganization. Finally, the Debtors' emergence from bankruptcy is not assured. While the Debtors expect to emerge from bankruptcy in the future, there can be no assurance that the Debtors will successfully reorganize or when this reorganization will occur.

Although the Debtors believe that the Effective Date will occur soon after the confirmation date of the Plan, there can be no assurance as to such timing. In the event the conditions precedent described in Section 9.2 of the Plan have not been satisfied or waived (to the extent possible) by the Debtors or applicable party (as provided for in the Plan) as of the Effective Date, then the confirmation order will be vacated, no distributions under the Plan will be made, and the Debtors and all holders of Claims and equity interests will be restored to the *status quo ante* as of the day immediately preceding the confirmation date of the Plan as though such confirmation date had never occurred.

B. Risks to Recovery By Holders of First Lien Credit Agreement Claims and Second Lien Credit Agreement Claims

The ultimate recoveries under the Plan to holders of Allowed First and Second Lien Credit Agreement Claims are subject to a number of material risks, including, but not limited to, those specified below.

1. Variances from Projections

The projections for Reorganized Renewables included herein are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Factors that could cause actual results to differ materially include, but are not limited to, Reorganized Renewables' ability to operate its business consistent with the projections, comply with the covenants of its financing agreements, comply with the terms of its existing contracts and leases, and respond to adverse regulatory actions taken by the federal, state and local governments. In addition, unanticipated events and circumstances occurring subsequent to the preparation of the projections may affect the actual financial results of Reorganized Renewables. Although the Debtors believe that the projections are reasonably attainable, variations between the actual financial results and those projected will occur and these variances may be material.

2. Unforeseen Events

Future performance of Reorganized Renewables is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control. While no assurance can be provided, based on the current level of operations and

anticipated increases in revenues and cash flows described in the Projections, the Debtors believe that cash flow from operations and available cash will be adequate to fund the Plan and meet Reorganized Renewables' future liquidity needs.

3. Risks Related to the Reorganized Debtors' Business and Operations

Reorganized Renewables will have similar risk factors to other ethanol producers in the industry, including (but not limited to) the following:

(i) Reorganized Renewables' business will be highly dependent on commodity prices, which are subject to significant volatility and uncertainty, and the availability of supplies, so Reorganized Renewables' results could fluctuate substantially.

Reorganized Renewables' will be substantially dependent on commodity prices, especially prices for corn, natural gas, ethanol, distiller's grains and unleaded gasoline. As a result of the volatility of the prices for these items, Reorganized Renewables' results may fluctuate substantially and Reorganized Renewables may experience periods of declining prices for its products and increasing costs for its raw materials, which could result in operating losses. Although Reorganized Renewables may attempt to offset a portion of the effects of fluctuations in prices by entering into forward contracts to supply ethanol or purchase corn, natural gas or other items or by engaging in transactions involving exchange-traded futures or over-the-counter derivative contracts, the amount and duration of these hedging and other risk mitigation activities may vary substantially over time and these activities also involve substantial risks. See "Reorganized Renewables may engage in hedging transactions and other risk mitigation strategies that could harm its results of operations" below at Section X.B.3.viii.

(ii) Reorganized Renewables' business will be highly sensitive to corn prices and Reorganized Renewables generally will not be able to pass on increases in corn prices to its customers.

Corn is the principal raw material used to produce ethanol and dry and wet distillers grains. As a result, changes in the price of corn can significantly affect Reorganized Renewables' business. Rising corn prices result in higher cost of ethanol and distillers grains. Because ethanol competes with non-corn-based fuels, Reorganized Renewables may be generally unable to pass along increased corn costs to its customers. At certain levels, corn prices may make ethanol uneconomical to use in fuel markets. Corn costs constituted approximately 70.1% of the Debtors' cost of goods sold before taking into account its co-product sales for the year ended December 31, 2008, compared to 66.1% for the year ended December 31, 2007. Over the ten-year period from 1999 through 2008, corn prices (based on the Chicago Board of Trade (the "***CBOT***") daily near month futures data) have ranged from a low of $1.75 per bushel on August 11, 2000 to a

high of $7.55 per bushel on June 27, 2008, with prices averaging $2.71 per bushel during this period.

The biofuels industry has experienced significantly higher corn prices commencing in the fourth quarter of 2006, which have remained in 2007 and 2008 at substantially higher levels than in 2006. In the year ended December 31, 2008, CBOT corn prices have ranged from a low of $2.94 per bushel to an all-time high of $7.55 per bushel, with prices averaging $5.28 per bushel during this period. At October 30, 2009, the CBOT price per bushel of corn for December delivery was $3.66. These significantly higher corn prices have had a detrimental effect on the Debtors' business, and if they continue they could have a material adverse effect on Reorganized Renewables' business, results of operations and financial position.

The price of corn is influenced by weather conditions and other factors affecting crop yields, farmer planting decisions and general economic, market and regulatory factors. These factors include government policies, tax credits, direct payments, tariffs and subsidies with respect to agriculture and international trade, and global and local demand and supply. The significance and relative effect of these factors on the price of corn is difficult to predict. Any event that tends to negatively affect the supply of corn, such as adverse weather or crop disease, could increase corn prices and potentially harm Reorganized Renewables' business. Increasing domestic ethanol capacity could boost the demand for corn and result in increased corn prices. In 2006, corn bought by ethanol plants represented approximately 18% of the total corn supply for that year according to results reported by the National Corn Growers Association, and this percentage has increased as additional ethanol capacity has come online, rising to an estimated 30% of the total corn supply by 2009/2010 according to the United States Department of Agriculture. In addition, the price Reorganized Renewables pays for corn at either of its facilities could increase if an additional ethanol production facility is built in the same general vicinity.

Reorganized Renewables may also have difficulty, from time to time, in physically sourcing corn on economical terms due to local corn supply shortages. Such a shortage could require Reorganized Renewables to suspend its operations until corn is available at economical terms, which could have a material adverse effect on its business, results of operations and financial position.

(iii) <u>The spread between ethanol and corn prices can vary significantly and may not return to recent high levels.</u>

Reorganized Renewables' gross margin will depend principally on the spread between ethanol and corn prices. During the period from April 2004 through December 2008, ethanol prices (based on average near month CBOT ethanol) have ranged from a low of $1.15 per gallon to a high of $4.23 per gallon, averaging $2.15 per gallon during this period. For the year ended December 31, 2008, ethanol prices averaged $2.22 per gallon, reaching a high of $2.94 per

gallon and a low of $1.40 per gallon (based on the daily near month closing prices from CBOT). In early 2006, the spread between ethanol and corn prices was at historically high levels, driven in large part by oil companies removing a competitive substitute product, MTBE, from the fuel stream and replacing it with ethanol in a relatively short time period. However, this spread has fluctuated widely during 2007 and 2008. Ethanol prices have even declined below the marginal cost of production for most producers numerous times since mid-2008. Fluctuations are likely to continue to occur. A sustained narrow or negative spread or any further reduction in the spread between ethanol and corn prices, whether as a result of sustained high or increased corn prices or sustained low or decreased ethanol prices, would adversely affect Reorganized Renewables' results of operations and financial position and could even cause Reorganized Renewbles to decrease or cease production.

(iv) The market for natural gas is subject to conditions that create uncertainty in the price and availability of the natural gas that is used in the ethanol manufacturing process.

Reorganized Renewables will rely upon third parties for its supply of natural gas, which is consumed as fuel in the manufacture of ethanol and drying of distiller's grains. The prices for and availability of natural gas are subject to volatile market conditions. These market conditions often are affected by factors beyond a producer's control, such as weather conditions (including hurricanes), domestic storage capacity, overall economic conditions and foreign and domestic governmental regulation and relations. Significant disruptions in the supply of natural gas could impair Reorganized Renewables' ability to manufacture ethanol for its customers. Furthermore, increases in natural gas prices or changes in its natural gas costs relative to natural gas costs paid by competitors may adversely affect Reorganized Renewables' results of operations and financial position. Natural gas costs represented approximately 9.4% of Reorganized Renewables' cost of goods sold for the year ended December 31, 2008, compared to 10.1% for the year ended December 31, 2007. The price fluctuations in natural gas prices over the nine-year period from 2000 through 2008, based on the New York Mercantile Exchange, or NYMEX, daily futures data, have ranged from a low of $1.83 per MMBTU on September 26, 2001 to a high of $15.38 per MMBTU on December 13, 2005, averaging $6.16 per MMBTU during this period. At October 30, 2009, the NYMEX price of natural gas for May delivery was $5.05 per MMBTU.

(v) Fluctuations in the selling price and production cost of gasoline may reduce Reorganized Renewables' profit margins.

Ethanol is marketed both as an important fuel component to reduce consumption of fossil fuels from gasoline and as an octane enhancer to improve the octane rating of gasoline with which it is blended. As a result, ethanol prices are influenced by the supply and demand for gasoline and Reorganized

Renewables' results of operations and financial position may be materially adversely affected if gasoline demand or prices decrease.

Historically, the price of a gallon of gasoline has been lower than the cost to produce a gallon of ethanol. In addition, from time to time Reorganized Renewables' will engage in sales contracts that provide for pricing on an indexed to gasoline basis, so that the price Reorganized Renewables receives for products sold under these arrangements is adjusted as gasoline prices change.

(vi) The price of distillers grains is affected by the price of other commodity products, such as corn and soybeans, and decreases in the price of these commodities could decrease the price of distillers grains.

Distillers grains compete with other protein-based animal feed products. The price of distillers grains may decrease when the price of competing feed products decrease. The prices of competing animal feed products are based in part on the prices of the commodities from which they are derived. Downward pressure on commodity prices, such as corn and soybeans, will generally cause the price of competing animal feed products to decline, resulting in downward pressure on the price of distillers grains. Because the price of distillers grains is not tied to production costs, decreases in the price of distillers grains will result in Reorganized Renewables generating less revenue and lower profit margins.

(vii) Reorganized Renewables' business will be subject to seasonal fluctuations.

Reorganized Renewables' operating results will be influenced by seasonal fluctuations in the price of its primary operating inputs, corn and natural gas, and the price of its primary product, ethanol. In recent years, the spot price of corn tended to rise during the spring planting season in May and June and tended to decrease during the fall harvest in October and November. The price of natural gas, however, tends to move opposite of corn and tends to be lower in the spring and summer and higher in the fall and winter. The price of unleaded gasoline tends to rise during the summer and decline in the fall. Given Reorganized Renewables' limited history and the growth of the industry, it is unclear how these seasonal fluctuations will affect its results over time.

(viii) Reorganized Renewables may engage in hedging transactions and other risk mitigation strategies that could harm its results of operations.

In an attempt to partially offset the effects of volatility of ethanol prices and corn and natural gas costs, Reorganized Renewables may enter into contracts to supply a portion of its ethanol production or purchase a portion of its respective corn or natural gas requirements on a forward basis and also engage in other hedging transactions involving exchange-traded futures or over-the-counter derivative contracts for corn, natural gas and unleaded gasoline from time to time.

The price of unleaded gasoline also affects the price received for ethanol under indexed contracts entered into by Reorganized Renewables. The financial statement impact of these activities is dependent upon, among other things, the prices involved and Reorganized Renewables' ability to sell sufficient products to use all of the corn and natural gas for which it has forward contracts. Hedging arrangements also will expose Reorganized Renewables to the risk of financial loss in situations where the other party to the hedging contract defaults on its contract or, in the case of exchange-traded contracts, where there is a change in the expected differential between the price of the commodity underlying the hedging agreement and the actual prices paid or received by Reorganized Renewables for the physical commodity bought or sold. Hedging activities can themselves result in losses when a position is purchased in a declining market or a position is sold in a rising market. A hedge position is often settled in the same time frame as the physical commodity is either purchased (corn and natural gas) or sold (ethanol). Hedging losses may be offset by a decreased cash price for corn and natural gas and an increased cash price for ethanol. Reorganized Renewables may also vary the amount of hedging or other risk mitigation strategies it undertakes, and may choose not to engage in hedging transactions at all. As a result, its results of operations and financial position may be adversely affected by increases in the price of corn or natural gas or decreases in the price of ethanol or unleaded gasoline.

(ix) Growth in the sale and distribution of ethanol is dependent on the changes to and expansion of related infrastructure which may not occur on a timely basis, if at all, and Reorganized Renewables' operations could be adversely affected by infrastructure disruptions.

Substantial development of infrastructure will be required by persons and entities outside of Reorganized Renewables' control for its operations, and the ethanol industry generally, to grow. Areas requiring expansion include, but are not limited to:

- additional rail capacity;
- additional storage facilities for ethanol;
- increases in truck fleets capable of transporting ethanol within localized markets;
- expansion of refining and blending facilities to handle ethanol;
- growth in service stations equipped to handle ethanol fuels; and
- growth in the fleet of flexible fuel vehicles capable of using E85 fuel.

Substantial investments required for these infrastructure changes and expansions may not be made or they may not be made on a timely basis. Any delay or failure by Reorganized Renewables in making the changes to or expansion of infrastructure could hurt the demand or prices for products, impede delivery of products, impose additional costs or otherwise have a material adverse effect on results of operations or financial position. Reorganized Renewables' business will be dependent on the continuing availability of infrastructure and any infrastructure disruptions could have a material adverse effect on its business.

(x) The Debtors have a limited operating history and the business of Reorganized Renewables may not be as successful as envisioned.

The Debtors began business in 2003, and the production facilities have been operational at current nameplate production capacity for fewer than four (4) years. Accordingly, the Debtors have a limited operating history from which you can evaluate the business and prospects of Reorganized Renewables. In addition, Reorganized Renewables' prospects must be considered in light of the risks and uncertainties encountered by a company with limited operating history in rapidly evolving markets, such as the ethanol market, where supply and demand may change significantly in a short amount of time.

Some of these risks relate to Reorganized Renewables' potential inability to:

- effectively manage business and operations;
- maintain key ethanol and distiller's grains marketing arrangements with its third-party marketer, Gold;
- recruit and retain key personnel and maintain the existing servicing arrangements with HEH; and
- successfully address the other risks described throughout this Disclosure Statement.

If Reorganized Renewables cannot successfully address these risks, its business, results of operations and financial position may suffer.

(xi) New plants under construction or decreases in the demand for ethanol may result in excess production capacity in the ethanol industry, which may cause the price of ethanol and/or distillers grains to decrease.

According to the Renewables Fuels Association ("***RFA***") and company estimates, domestic ethanol production capacity has increased from 1.8 billion gallons-per-year ("***BGY***") as of January 2001 to approximately 10.5 BGY as of January 2009. The ethanol industry in the U.S. now consists of more than 170 production facilities. Excess capacity in the ethanol industry would have an adverse effect on Reorganized Renewables' results of operations, cash flows and

financial position. In a manufacturing industry with excess capacity, producers have an incentive to manufacture additional products for so long as the price exceeds the marginal cost of production (i.e., the cost of producing only the next unit, without regard for interest, overhead or fixed costs). This incentive could result in the reduction of the market price of ethanol to a level that is inadequate to generate sufficient cash flow to cover costs.

Excess capacity may also result from decreases in the demand for ethanol, which could result from a number of factors, including, but not limited to, regulatory developments and reduced U.S. gasoline consumption. Reduced gasoline consumption could occur as a result of increased prices for gasoline or crude oil, which could cause businesses and consumers to reduce driving or acquire vehicles with more favorable gasoline mileage or acquire hybrid vehicles.

In addition, because ethanol production produces distillers grains as a co-product, increased ethanol production will also lead to increased supplies of distillers grains. An increase in the supply of distillers grains, without corresponding increases in demand, could lead to lower prices or an inability to sell distillers grains production. A decline in the price of distillers grains or the distillers grains market generally could have a material adverse effect on Reorganized Renewables' business, results of operations and financial condition.

(xii) Reorganized Renewbles may not be able to compete effectively in its industry.

In the U.S., there is competition with other corn processors, ethanol producers and refiners, including Archer Daniels Midland Company, POET, LLC, Valero Renewable Fuels, and Cargill, Inc. A number of competitors are divisions of substantially larger enterprises and have substantially greater financial resources than does Reorganized Renewables. Smaller competitors also pose a threat. Farmer-owned cooperatives and independent firms consisting of groups of individual farmers and investors have been able to compete successfully in the ethanol industry. These smaller competitors operate smaller facilities that do not affect the local price of corn grown in the proximity of the facility as much as larger facilities do. In addition, many of these smaller competitors are farmer-owned and often require their farmer-owners to commit to selling them a certain amount of corn as a requirement of ownership. Most new ethanol plants under development across the country are individually-owned.

In addition to domestic competition, Reorganized Renewables will also face increasing competition from international suppliers. Currently there is a $0.54 per gallon tariff on foreign produced ethanol which is scheduled to expire December 31, 2010. If this tariff is not renewed, competition from international suppliers would increase. Ethanol imports equivalent up to 7% of total domestic production in any given year from various countries were exempted from this tariff under the Caribbean Basin Initiative to spur economic development in Central America and the Caribbean. Currently, international suppliers produce

ethanol primarily from sugar cane and have cost structures that may be substantially lower than Reorganized Renewables.

Any increase in domestic or foreign competition could cause Reorganized Renewables to reduce prices and take other steps to compete effectively, which could adversely affect its results of operations and financial position.

(xiii) Reorganized Renewables' competitive position, financial position and results of operations may be adversely affected by technological advances and efforts to anticipate and employ such technological advances may prove unsuccessful.

The development and implementation of new technologies may result in a significant reduction in the costs of ethanol production. For instance, any technological advances in the efficiency or cost to produce ethanol from inexpensive, cellulosic sources such as switch grass or wood chips could have an adverse effect on Reorganized Renewables' business, because its facilities are designed to produce ethanol from corn, which is, by comparison, a raw material with other high value uses. Reorganized Renewables will not be able to predict when new technologies may become available, the rate of acceptance of new technologies by competitors or the costs associated with new technologies. In addition, advances in the development of alternatives to ethanol could significantly reduce demand for or eliminate the need for ethanol.

Any advances in technology which require significant unanticipated capital expenditures to remain competitive or which reduce demand or prices for ethanol would have a material adverse effect on Reorganized Renewables' results of operations and financial position.

In addition, alternative fuels, additives and oxygenates are continually under development. Alternative fuel additives that can replace ethanol may be developed, which may decrease the demand for ethanol. It is also possible that technological advances in engine and exhaust system design and performance could reduce the use of oxygenates, which would lower the demand for ethanol, and Reorganized Renewables' business, results of operations and financial condition may be materially adversely affected.

(xiv) The U.S. ethanol industry is highly dependent upon federal and state legislation and regulation and any changes in legislation or regulation could materially and adversely affect Reorganized Renewables' results of operations and financial position.

The elimination or significant reduction in the Volumetric Ethanol Excise Tax Credit ("***VEETC***") could have a material adverse effect on Reorganized Renewables' results of operations and financial position. The cost of production of ethanol is made significantly more competitive with regular

gasoline by federal tax incentives. The federal excise tax incentive program currently allows gasoline distributors who blend ethanol with gasoline to receive a federal excise tax rate reduction for each blended gallon they sell. If the fuel is blended with 10% ethanol, the refiner/marketer pays $0.045 per gallon less tax, which equates to an incentive of $0.45 per gallon of ethanol. The $0.45 per gallon incentive for ethanol is scheduled to expire December 31, 2010. The VEETC could be eliminated or reduced at any time through an act of Congress and may not be renewed in 2010 or may be renewed on different terms. In addition, the VEETC, as well as other federal and state programs benefiting ethanol (such as tariffs), generally are subject to U.S. government obligations under international trade agreements, including those under the World Trade Organization Agreement on Subsidies and Countervailing Measures, and might be the subject of challenges thereunder, in whole or in part.

Ethanol can be imported into the U.S. duty-free from some countries, which may undermine the ethanol industry in the U.S. Imported ethanol is generally subject to a $0.54 per gallon tariff that was designed to offset the per-gallon ethanol incentive (currently $0.44) that is available under the federal excise tax incentive program for refineries that blend ethanol in their fuel. A special exemption from the tariff exists for ethanol imported from 24 countries in Central America and the Caribbean Islands, which is limited to a total of 7% of U.S. production per year. Imports from the exempted countries may increase as a result of new plants under development. Since production costs for ethanol in these countries are estimated to be significantly less than what they are in the U.S., the duty-free import of ethanol through the countries exempted from the tariff may negatively affect the demand for domestic ethanol and the price at which Reorganized Renewables can sell ethanol. Although the $0.54 per gallon tariff has been extended through December 31, 2010, bills were previously introduced in both the U.S. House of Representatives and U.S. Senate to repeal the tariff. We do not know the extent to which the volume of imports would increase or the effect on U.S. prices for ethanol if the tariff is not renewed beyond its current expiration. Any changes in the tariff or exemption from the tariff could have a material adverse effect on Reorganized Renewables' results of operations and its financial position. In addition, the North America Free Trade Agreement ("***NAFTA***"), which entered into force on January 1, 1994, allows Canada and Mexico to export ethanol to the United States duty-free or at a reduced rate. Canada is exempt from duty under the current NAFTA guidelines, while Mexico's duty rate is $0.10 per gallon.

The effect of the renewable fuel standard ("***RFS***") program in the Energy Independence and Security Act signed into law on December 19, 2007 (the "***2007 Act***") is uncertain. The mandated minimum level of use of renewable fuels in the RFS under the 2007 Act increased to 10.5 billion gallons per year in 2009 (from 5.4 billion gallons under the RFS enacted in 2005), further increasing to 36 billion gallons per year by 2022. The 2007 Act also requires the increased use of "advanced" biofuels, which are alternative biofuels produced without using corn starch such as cellulosic ethanol and biomass-based diesel, with 21 billion

gallons of the mandated 36 billion gallons of renewable fuel required to come from advanced biofuels by 2022. Under current law, required RFS volumes for both general and advanced renewable fuels in years to follow 2022 will be determined by a governmental administrator, in coordination with the U.S. Department of Energy and U.S. Department of Agriculture. Increased competition from other types of biofuels could have a material adverse effect on Reorganized Renewables' results of operations and our financial position. See "Reorganized Renewables' competitive position, financial position and results of operations may be adversely affected by technological advances and efforts to anticipate and employ such technological advances may prove unsuccessful."

The RFS program and the 2007 Act also include provisions allowing "credits" to be granted to fuel producers who blend in their fuel more than the required percentage of renewable fuels in a given year. These credits may be used in subsequent years to satisfy RFS production percentage and volume standards and may be traded to other parties. The accumulation of excess credits could further reduce the impact of the RFS mandate schedule and result in a lower ethanol price or could result in greater fluctuations in demand for ethanol from year to year, both of which could have a material adverse effect on Reorganized Renewables' results of operations and financial condition.

Waivers of the RFS minimum levels of renewable fuels included in gasoline could have a material adverse affect on Reorganized Renewables'results of operations. Under the RFS as passed as part of the Energy Policy Act of 2005, the U.S. Environmental Protection Agency ("***EPA***"), in consultation with the Secretary of Agriculture and the Secretary of Energy, may waive the renewable fuels mandate with respect to one or more states if the Administrator of the EPA determines upon the petition of one or more states that implementing the requirements would severely harm the economy or the environment of a state, a region or the U.S., or that there is inadequate supply to meet the requirement. In addition, the Energy Independence and Security Act of 2007 allows any other person subject to the requirements of the RFS or the EPA Administrator to file a petition for such a waiver. Any waiver of the RFS with respect to one or more states could adversely offset demand for ethanol and could have a material adverse effect on Reorganized Renewables' results of operations and financial condition.

(xv) Various studies have criticized the efficiency of ethanol, in general, and corn-based ethanol in particular, which could lead to the reduction or repeal of incentives and tariffs that promote the use and domestic production of ethanol or otherwise negatively impact public perception and acceptance of ethanol as an alternative fuel.

Although many trade groups, academics and governmental agencies have supported ethanol as a fuel additive that promotes a cleaner environment, others have criticized ethanol production as consuming considerably more energy and emitting more greenhouse gases than other biofuels and as

potentially causing indirect land use changes that could theoretically reduce carbon reducing forest land due to increased crop land used for fuel production. Other studies have suggested that corn-based ethanol is less efficient than ethanol produced from switchgrass or wheat grain and that it negatively impacts consumers by causing prices for higher dairy, meat and other foodstuffs from livestock that consume corn. If these views gain acceptance, support for existing measures promoting use and domestic production of corn-based ethanol could decline, leading to reduction or repeal of these measures. These views could also negatively impact public perception of the ethanol industry and acceptance of ethanol as an alternative fuel.

(xvi) Reorganized Renewables may be adversely affected by environmental, health and safety laws, regulations and liabilities.

Reorganized Renewables is subject to various federal, state and local environmental laws and regulations, including those relating to the discharge of materials into the air, water and ground, the generation, storage, handling, use, transportation and disposal of hazardous materials, and the health and safety of employees. In addition, some of these laws and regulations require our facilities to operate under permits that are subject to renewal or modification. These laws, regulations and permits can often require expensive pollution control equipment or operational changes to limit actual or potential impacts to the environment. A violation of these laws and regulations or permit conditions can result in substantial fines, natural resource damages, criminal sanctions, permit revocations and/or facility shutdowns. In addition, the Debtors have and Reorganized Renewables may have to make significant capital expenditures on an ongoing basis to comply with increasingly stringent environmental laws, regulations and permits.

Reorganized Renewables may be liable for the investigation and cleanup of environmental contamination at each of the properties it owns and at off-site locations where it arranges for the disposal of hazardous substances. If these substances have been or are disposed of or released at sites that undergo investigation and/or remediation by regulatory agencies, Reorganized Renewables may be responsible under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, or CERCLA, or other environmental laws for all or part of the costs of investigation and/or remediation, and for damages to natural resources. Reorganized Renewables may also be subject to related Claims by private parties alleging property damage and personal injury due to exposure to hazardous or other materials at or from those properties. Some of these matters may require Reorganized Renewables to expend significant amounts for investigation, cleanup or other costs.

In addition, new laws, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments could require additional significant expenditures. Continued government and public emphasis on environmental issues, including any effects

of pending climate change legislation being considered by Congress, can be expected to result in increased future investments for environmental controls at Reorganized Renewables' production facilities. Present and future environmental laws and regulations (and interpretations thereof) applicable to Reorganzied Renewables' operations, more vigorous enforcement policies, and discovery of currently unknown conditions may require substantial expenditures that could have a material adverse effect on Reorganized Renewables' results of operations and financial position.

The hazards and risks associated with producing and transporting Reorganized Renewables' products (such as fires, natural disasters, explosions, and abnormal pressures and blowouts) may also result in personal injury Claims or damage to property and third parties. As protection against operating hazards, Reorganized Renewables will maintain insurance coverage against some, but not all, potential losses. However, losses could be sustained for uninsurable or uninsured risks, or in amounts in excess of existing insurance coverage. Events that result in significant personal injury or damage to Reorganized Renewables' property or third parties or other losses that are not fully covered by insurance could have a material adverse effect on Reorganized Renewables' results of operations and financial position.

(xvii) Reorganized Renewables will be dependent on its production facilities, and any operational disruption may result in a reduction of sales volumes, which could cause substantial losses.

Reorganized Renewables' revenues will be derived from the sale of ethanol and the related co-products produced at its facilities. A major accident or damage by severe weather or other natural disasters may cause significant interruptions at such facilities. In addition, Reorganized Renewables' operations may be subject to labor disruptions and unscheduled downtime, or other operational hazards inherent in the ethanol industry, such as equipment failures, fires, explosions, abnormal pressures, blowouts, pipeline ruptures, transportation accidents and natural disasters. Some of these operational hazards may cause personal injury or loss of life, severe damage to or destruction of property and equipment or environmental damage, and may result in suspension of operations and the imposition of civil or criminal penalties. Reorganized Renewables' insurance may not be adequate to fully cover the potential operational hazards described above and such insurance may not be renewable on commercially reasonable terms or at all. Moreover, the operation of ethanol plants is subject to various uncertainties, including uncertainties relating to the effectiveness of process improvements designed to achieve increased production capacities. As a result, Reorganized Renewables' plants may not produce ethanol and distillers grains at the levels it expects and its business, results of operations and financial condition may be materially adversely affected.

(xviii) Disruptions to infrastructure, or in the supply of fuel, natural gas or water, could materially and adversely affect Reorganized Renewables' business.

Reorganzied Renewables' business will depend on the continuing availability of rail, road, port, storage and distribution infrastructure. Any disruptions in this infrastructure network, whether caused by labor difficulties, earthquakes, storms, other natural disasters, human error or malfeasance or other reasons, could have a material adverse effect on Reorganized Renewables' business. Reorganized Renewables will rely upon third parties to maintain the rail lines from its plants to the national rail network, and any failure on these third parties' part to maintain the lines could impede the delivery of products, impose additional costs and could have a material adverse effect on Reorganized Renewables' business, results of operations and financial condition.

Reorganized Renewables will also depend on the continuing availability of raw materials, including fuel and natural gas. The production of ethanol, from the planting of corn to the distribution of ethanol to refiners, is highly energy-intensive. Significant amounts of fuel and natural gas are required for the growing, fertilizing and harvesting of corn, as well as for the fermentation, distillation and transportation of ethanol and the drying of distillers grains. A serious disruption in supplies of fuel or natural gas, including as a result of delivery curtailments to industrial customers due to extremely cold weather, or significant increases in the prices of fuel or natural gas, could significantly reduce the availability of raw materials at Reorganized Renewables' plants, increase production costs and could have a material adverse effect on Reorganized Renewables' business, results of operations and financial condition.

Reorganized Renewables' ethanol plants also require a significant and uninterrupted supply of water of suitable quality to operate. If there is an interruption in the supply of water for any reason, one or more plants may be required to halt production. If production is halted at one or more of these plants for an extended period of time, it could have a material adverse effect on Reorganized Renewables' business, results of operations and financial condition.

(xix) Reorganized Renewables' operating results may suffer if the marketing and sales efforts of Gold are not effective.

All of Reorganized Renewables' ethanol and distiller's grains will be marketed indirectly through the Amended DG Marketing Agreement and Amended Ethanol Marketing Agreement with Gold. If Gold were to terminate either or both of these marketing agreements, it is uncertain whether Reorganized Renewables would be able to find a comparable third-party marketer or obtain personnel qualified to handle any attempted internal marketing efforts by Reorganized Renewables. The inability to effectively market ethanol or distiller's grains, either directly or indirectly, could have a material adverse effect on Reorganized Renewables' business, results of operations and financial condition.

(xx) Reorganized Renewables will be dependent upon its officers and key personnel, including third-party personnel under a services agreement, for management and direction, and the loss of any of these persons could adversely affect Reorganized Renewables' operations and results.

Reorganized Renewables will be dependent upon its officers and key personnel, including third-party personnel under the Amended Management Agreement, for the execution of its business plan. The loss of any of these officers or key personnel could have a material adverse effect upon Reorganized Renewables' results of operations and financial position. Reorganized Renewables does not have employment agreements with certain of its officers or other key personnel. The loss of any of these officers could delay or prevent the achievement of Reorganized Renewables' business objectives.

(xxi) Competition for qualified personnel in the ethanol industry is intense and Reorganized Renewables may not be able to hire and retain qualified personnel to operate its ethanol plants.

Reorganized Renewables' success will depend, in part, on its ability to retain the services of competent personnel by maintaining management services from HEH pursuant to the Amended Management Agreement. Absent the Amended Management Agreement and the competent team of personnel supplied by HEH, Reorganized Renewables would be required to hire, for each of its plants, qualified managers, engineers, operations and other personnel, which could be challenging in a rural community. Competition for both managers and plant employees in the ethanol industry is intense, and Reorganized Renewables may not be able to attract and retain qualified personnel. If the Amended Management Agreement is terminated for whatever reason and Reorganized Renewables is otherwise unable to hire and retain productive and competent personnel, the amount of ethanol it produces may decrease and it may not be able to efficiently operate its ethanol plants and execute its business strategy.

(xxii) Reorganized Renewbles will not own or control some of the assets on which it will depend to operate its business.

Reorganized Renewables will depend on HEH and its subsidiary, Gold, for various services at the ethanol plants including management services, corn procurement, the marketing and sale of ethanol and distillers grains produced at the facilities and risk management. As a result, Reorganized Renewbles results of operations and financial position may be adversely affected if either HEH or Gold does not perform these services in an efficient manner.

(xxiii) If Reorganized Renewables is unable to manage growth profitably, its business and financial results could suffer.

Reorganized Renewables' future financial results will depend in part on its ability to profitably manage its core business, including any growth that

it may be able to achieve. Since their formation, the Debtors have engaged in the identification of, and competition for, growth and expansion opportunities. In order to follow through on those initiatives, Reorganized Renewables will need to maintain existing customers and attract new customers, recruit, train, retain and effectively manage employees, as well as expand operations, customer support and financial control systems. If Reorganized Renewables is unable to manage its business profitably, including any growth that it may be able to achieve, its business and financial results could suffer.

C. Reorganized Renewables May Fail to Meet All Conditions Precedent to the Restructuring Transactions

The restructuring transactions including the entry into and consummation of the Plan are subject to the conditions precedent set forth in Section IV.B of this Disclosure Statement. There is no guaranty that Reorganized Renewables will be able to satisfy such conditions.

XI. CONFIRMATION OF THE PLAN

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a Plan. On, or as promptly as practicable after the Commencement Date, the Debtors will request that the Bankruptcy Code schedule the confirmation hearing. Notice of the confirmation hearing will be provided to all known creditors, equity holders or their representatives. The confirmation hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the confirmation hearing or any subsequent adjourned confirmation hearing.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a Plan. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or interests held or asserted by the objector against the particular Debtor or Debtors, the basis for the objection and the specific grounds therefor, and must be filed with the Bankruptcy Court, with a copy to Chambers, together with proof of service thereof, and served on (i) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Michael F. Walsh, Esq.) and Richards, Layton & Finger, P.A. One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: Mark D. Collins), attorneys for the Debtors, (ii) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Wilmington, Delaware 19801, (iii) Akin Gump Strauss Hauer & Feld LLP, 1333 New Hampshire Avenue, N.W., Washington D.C. 20036 (Attn: Scott L. Alberino), attorneys for the First Lien Agent, and (iv) such other parties as the Bankruptcy Court may order.

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. **UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

B. General Requirements of Section 1129

At the confirmation hearing, the Bankruptcy Court will determine whether the confirmation requirements specified in section 1129 of the Bankruptcy Code have been satisfied.

C. Best Interests Test

The Bankruptcy Code requires that each holder of an Impaired Claim or Equity Interest either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

The Debtors' costs of liquidation under chapter 7 would include the fees payable to a trustee in bankruptcy, as well as those fees that might be payable to attorneys and other professionals that such a trustee might engage. Other liquidation costs include the expenses incurred during the Chapter 11 Cases allowed in the chapter 7 cases, such as compensation for attorneys, financial advisors, appraisers, accountants and other professionals for the Debtors. In addition, Claims would arise by reason of the breach or rejection of obligations incurred and leases and executory contracts assumed or entered into by the Debtors during the pendency of the Chapter 11 Cases.

The foregoing types of Claims, costs, expenses, fees and such other Claims that may arise in a liquidation case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay pre-chapter 11 priority and unsecured Claims. Consequently, the Debtors believe that confirmation of the Plan will provide a substantially greater return to holders of Claims receiving distributions under the Plan than would a liquidation under chapter 7.

The Debtors' liquidation analysis is an estimate of the proceeds that may be generated as a result of a hypothetical chapter 7 liquidation of the Debtors. The analysis is based on a number of significant assumptions which are described below. The liquidation analysis does not purport to be a valuation of the Debtors' assets and is not necessarily indicative of the values that may be realized in an actual liquidation.

D. Liquidation Analysis

As noted above, the Debtors believe that under the Plan all holders of Impaired Claims and Equity Interests will receive property with a value not less than the value such holder would receive in a liquidation of the Debtors under chapter 7 of the Bankruptcy Code. The Debtors' belief is based primarily on (i) consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to holders of Impaired Claims and Equity Interests, including (a) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a chapter 7 trustee and professional advisors to the trustee, (b) the erosion in value of assets in chapter 7 cases in the context of the rapid liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail, (c) the adverse effects on the Debtors' business as a result of the likely departure of key employees and the probable loss of customers, (d) the substantial increases in Claims, such as estimated contingent Claims, which would be satisfied on a priority basis or on parity with the holders of Impaired Claims and Equity

Interests of the Chapter 11 Cases, (e) the reduction of value associated with a chapter 7 trustee's operation of the Debtors' business, and (f) the substantial delay in distributions to the holders of Impaired Claims and Equity Interests that would likely ensue in a chapter 7 liquidation and (ii) the liquidation analysis prepared by the Debtors, which is attached hereto as Exhibit E.

The Debtors believe that any liquidation analysis is speculative, as such an analysis necessarily is premised on assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which would be beyond the control of the Debtors. Thus, there can be no assurance as to values that would actually be realized in a chapter 7 liquidation, nor can there be any assurance that a Bankruptcy Court would accept the Debtors' conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

For example, the liquidation analysis necessarily contains an estimate of the amount of Claims which will ultimately become Allowed Claims. This estimate is based solely on the Debtors' review of its books and records and the Debtors' estimates as to additional Claims that may be filed in the Chapter 11 Cases or that would arise in the event of a conversion of the cases from chapter 11 to chapter 7. No order or finding has been entered by the Bankruptcy Court or any other court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the liquidation analysis. In preparing the liquidation analysis, the Debtors have projected an amount of Allowed Claims that is at the lower end of a range of reasonableness such that, for purposes of the liquidation analysis, the largest possible liquidation dividend to holders of Allowed Claims can be assessed. The estimate of the amount of Allowed Claims set forth in the liquidation analysis should not be relied on for any other purpose, including any determination of the value of any distribution to be made on account of Allowed Claims under the Plan.

To the extent that confirmation of the Plan requires the establishment of amounts for the chapter 7 liquidation value of the Debtors, funds available to pay Claims, and the reorganization value of the Debtors, the Bankruptcy Court will determine those amounts at the confirmation hearing. Accordingly, the attached liquidation analysis is provided solely to disclose to holders the effects of a hypothetical chapter 7 liquidation of the Debtors, subject to the assumptions set forth therein.

E. Feasibility

The Bankruptcy Code requires that a debtor demonstrate that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization. For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their obligations under the Plan. As part of this analysis, the Debtors have prepared the Projections described in Section VI above. Based on such Projections, the Debtors believe that they will be able to make all payments required pursuant to the Plan and, therefore, that confirmation of the Plan is not likely to be followed by liquidation or the need for further reorganization.

F. Acceptance by Impaired Class

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each Class of Claims or Equity Interests that is Impaired under the Plan, accept the Plan. A Class that is not "impaired" under the Plan is deemed to have accepted the Plan and, therefore, solicitation of acceptances with respect to the Class is not required. A Class is "Impaired" unless the Plan: (a) leaves unaltered the legal, equitable and contractual rights to which the Claim or the Equity Interest entitles the Holder of the Claim or Equity Interest; or (b) cures any default, reinstates the original terms of such obligation, compensates the Holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable or contractual rights to which such Claim or Equity Interest entitles the Holder of such Claim or Equity Interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a Class of Impaired Claims as acceptance by Holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of allowed Claims in that Class, counting only those Claims that actually voted to accept or to reject the Plan. Thus, a Class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number actually voting cast their ballots in favor of acceptance. For a Class of Impaired Equity Interests to accept a plan, section 1126(d) of the Bankruptcy Code requires acceptance by Equity Interest Holders that hold at least two-thirds in amount of the allowed Equity Interests of such Class, counting only those Equity Interests that actually voted to accept or reject the Plan. Thus, a Class of Equity Interests will have voted to accept the Plan only if two-thirds in amount actually voting cast their ballots in favor of acceptance.

G. Section 1129(b) – Non-Consensual Confirmation

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all Impaired Classes have not accepted it, provided that the Plan has been accepted by at least one Impaired Class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an Impaired Class rejection or deemed rejection of the Plan, the Plan will be confirmed, at the plan proponent's request, in a procedure commonly know as "cramdown," so long as the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each Class of Claims or Equity Interests that is Impaired under, and has not accepted, the Plan.

1. No Unfair Discrimination

This test applies to classes of Claims or Equity Interests that are of equal priority and are receiving different treatment under the plan of reorganization. The test does not require that the treatment be the same or equivalent, but that such treatment is "fair."

2. Fair and Equitable Test

This test applies to classes of different priority and status (e.g., secured versus unsecured) and includes the general requirement that no class of Claims receive more than 100% of the allowed amount of the Claims in such class. As to the dissenting class, the test sets different standards, depending on the type of Claims or equity interests in such class:

- *Secured Creditors*. Each holder of an Impaired Secured Claim either (i) retains its liens on the property, to the extent of the allowed amount of its secured claim and receives deferred cash payments having a value, as of the Effective Date, of at least the allowed amount of such Claim, or (ii) has the right to credit bid the amount of its claim if its property is sold and retains its liens on the proceeds of the sale (or if sold, on the proceeds thereof) or (iii) receives the "indubitable equivalent" of its allowed Secured Claim.

- *Unsecured Creditors*. Either (i) each holder of an Impaired unsecured Claim receives or retains under the plan or reorganization property of a value equal to the amount of its Allowed Claim or (ii) the holders of Claims and Equity Interests that are junior to the Claims of the dissenting class will not receive any property under the plan of reorganization.

- *Equity Interests*. Either (i) each Equity Interest holder will receive or retain under the plan of reorganization property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock and (b) the value of the stock, or (ii) the holders of equity interests that are junior to the Equity Interests of the dissenting class will not receive any property under the plan of reorganization.

If any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the "cramdown" provision of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors will request confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code.

The Debtors submit that if the Debtors "cramdown" the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured such that it does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. The Debtors believe that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the foregoing requirements for nonconsensual confirmation of the Plan.

XII. Alternatives to Confirmation and Consummation of the Plan

A. Liquidation Under Chapter 7

If no chapter 11 plan can be confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effect that a chapter 7 liquidation would have on the recoveries of holders of Claims is set forth in Section XI.D of this Disclosure Statement. The Debtors believe that liquidation under chapter 7 would result in smaller distributions being made to creditors than those provided for in the Plan because (a) the likelihood that other assets of the Debtors would have to be sold or otherwise disposed of in a less orderly fashion, (b) additional

administrative expenses attendant to the appointment of a trustee and the trustee's employment of attorneys and other professionals, and (c) additional expenses and Claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of executory contracts in connection with a cessation of the Debtors' operations. In a chapter 7 liquidation, the Debtors believe that there would be no distribution to holders of Allowed Claims in Class 3B, Class 3C, Class 4A, Class 4B or Classes 5 through 7 and the distribution to holders of Allowed Claims in Class 3A would be materially less.

B. Alternative Plan

If the Plan is not confirmed, the Debtors, or any other party in interest (if the Debtors' exclusive period in which to file a Plan has expired) could attempt to formulate a different plan of reorganization. Such a plan might involve either a reorganization and continuation of the Debtors' business or an orderly liquidation of the Debtors' assets under chapter 11. The Debtors have concluded that the Plan enables creditors and equity holders to realize the most value under the circumstances. In a liquidation under chapter 11, the Debtors would still incur the expenses associated with closing or transferring to new operators numerous facilities. The process would be carried out in a more orderly fashion over a greater period of time. Further, if a trustee were not appointed, because such appointment is not required in a chapter 11 case, the expenses for professional fees would most likely be lower than those incurred in a chapter 7 case. Although preferable to a chapter 7 liquidation, the Debtors believe that liquidation under chapter 11 is a much less attractive alternative to creditors and equity holders than the Plan because of the greater return provided by the Plan.

XIII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and to certain holders of Claims. The following summary does not address the U.S. federal income tax consequences to holders whose Claims are not impaired (*e.g.*, Other Priority Claims and Other Secured Claims). In addition, the following summary does not address the federal income tax consequences to General Unsecured Claims and holders of equity interests in the Debtors as they are deemed to reject the Plan.

The following summary is based on the Internal Revenue Code of 1986, as amended (the "***Tax Code***"), Treasury Regulations promulgated thereunder, judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service (the "***IRS***"), all as in effect on the date hereof. Changes in such rules or new interpretations thereof may have retroactive effect and could significantly affect the federal income tax consequences described below.

The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtors have not requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt. In addition, this summary generally does not address foreign, state or local tax consequences of the Plan, nor does it address the federal income tax consequences of the Plan to special classes of taxpayers (such as foreign taxpayers, broker-

dealers, banks, mutual funds, insurance companies, other financial institutions, small business investment companies, regulated investment companies, tax-exempt organizations (including, without limitation, certain pension funds), persons holding an equity interest as part of an integrated constructive sale or straddle, and investors in pass-through entities).

Accordingly, the following summary of certain federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a holder of a Claim.

IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, holders of Claims and equity interests in the Debtors are hereby notified that: (a) any discussion of federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by holders of Claims and equity interests in the Debtors for the purpose of avoiding penalties that may be imposed on them under the Tax Code; (b) such discussion is written in connection with the promotion or marketing by the Debtors of the transactions or matters addressed herein; and (c) holders of Claims and equity interests in the Debtors should seek advice based on their particular circumstances from an independent tax advisor.

A. Consequences to the Debtors

Prior to the Effective Date each of the Debtors is treated as a "disregarded entity" for U.S. federal income tax purposes. Accordingly, the U.S. federal income tax consequences of the Plan will generally not be borne by the Debtors and instead will be borne by HEH and its owners. Neither the liquidation of Intermediate nor the merger of Intermediate into Renewables should have any federal income tax consequences.

B. Consequences to Holders of Certain Claims

Pursuant to the Plan, starting on the Effective Date the following transactions will occur in the following order:

(i) Intermediate will either liquidate or merge into Renewables. This liquidation or merger is not expected to have any U.S. federal tax consequences; and

(ii) The New Membership Interests and, subsequently, the New Secured Term Loans will be issued to the holders of First Lien Credit Agreement Claims in full satisfaction of their Claims (and in proportion to the relative values of their Claims). The Class C Units and, if they are issued, the Class B Units, will be immediately transferred by the holders of First Lien Credit Agreement Claims to the holders of Second Lien Credit Agreement Claims. Because of the transitory nature of the possession of these Units by the holders of the First Lien Credit Agreement Claims, the Debotrs intend to take the position that, for federal income tax purposes, the Class B Units (if they are issued) and Class C Units will be deemed to be issued directly by Reorganized Renewables to the holders of Second Lien

Agreement Credit Claims rather than to the holders of the First Lien Credit Agreement Claims. Because, prior to the issuance of the New Membership Interests, Reorganized Renewables is treated as a disregarded entity for federal income tax purposes, the issuance of the New Membership Interests should be treated for federal income tax purposes as a transfer of undivided interests in all of the underlying assets of Renewables, immediately followed by the part contribution/part sale of such undivided interests to Reorganized Renewables in exchange for New Membership Interests and New Secured Term Loans.

Pursuant to the Plan, all parties (including Reorganized Renewables, the holders of equity interests in the Debtors and the holders of the New Membership Interests) will be required to report for all federal income tax purposes in a manner consistent with the characterization of the transactions described above.

1. Consequences to Holders of First Lien Credit Agreement Claims

Each holder of a First Lien Credit Agreement Claim generally should recognize gain or loss in connection with its receipt for federal income tax purposes of an undivided interest in the underlying assets of Renewables in an amount equal to the difference between (x) the fair market value of the interest received in satisfaction of its Claim (other than any Claim for accrued but unpaid interest) and (y) the holder's adjusted tax basis in its Claim (other than any basis attributable to accrued but unpaid interest). For a discussion of the tax consequences of any Claim for accrued but unpaid interest, see Section XIII.B.3 below ("Distributions in Discharge of Accrued but Unpaid Interest").

The deemed contribution for federal income tax purposes of the undivided interest in the assets of Renewables to Reorganized Renewables will be treated in part as a tax-free contribution under section 721 of the Tax Code to the extent New Membership Interests are received, and will be treated in part as a taxable exchange in which gain or loss will be recognized to the extent New Secured Term Loans are received. It is intended that Reorganized Renewables will issue New Membership Interests for assets that constitute United States Real Property Interests under section 897 of the Code and that therefore these assets would be considered to be acquired as part of the tax-free section 721 contribution. A holder of a First Lien Credit Agreement Claim should recognize short-term gain in the taxable exchange in an amount equal to the excess, if any, of (i) the issue price (as determined for federal income tax purposes, as discussed below) of the portion of the New Secured Term Loan received by the holder, which, as discussed in Section XIII.B.4 below, would be equal to either the fair market value or the stated principal amount (which may exceed fair market value) of such portion of the loan, over (ii) the fair market value of such holder's undivided interest in the assets of Renewables deemed exchanged therefor. If the issue price of the New Secured Term Loan is equal to its fair market value, a holder of a First Lien Credit Agreement Claim generally should have no gain in respect of the receipt of the New Secured Term Loan, as the holder should have received a fair market value tax basis in the interest deemed exchanged therefor.

As soon as possible after the Effective Date, but in no event later than thirty (30) days thereafter or upon such other date as ordered by the Bankruptcy Court, the board of

Reorganized Renewables will determine the value of the underlying assets of Renewables as of the Effective Date and the portions of such value which are allocable, respectively, to the various classes of New Membership Interests and the New Secured Term Loans. Such allocation will take into account the relative fair market values of the New Membership Interests and the New Secured Term Loans. The board of Reorganized Renewables will apprise, in writing, all parties of such valuation and allocation. Pursuant to the Plan, all parties (including Reorganized Renewables, the holders of equity interests in the Debtors and the holders of New Membership Interests) will be required to report consistently with the valuation and allocation for all federal income tax purposes.

Where gain or loss is recognized by a holder of a First Lien Credit Agreement Claim in respect of its Claim, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including, among others, the tax status of the holder, whether the Claim constitutes a capital asset in the hands of the holder and how long it has been held, whether the Claim was acquired at a market discount, and whether and to what extent the holder previously had claimed a bad debt deduction. Where gain is recognized by a holder of a First Lien Credit Agreement Claim in respect of the contribution of assets to Reorganized Renewables, the character of such gain may be treated as short-term capital gain depending in part on the holder's personal circumstances. Holders of First Lien Credit Agreement Claims are urged to consult their tax advisors regarding the character of any gain recognized on the contribution to Reorganized Renewables.

A holder's initial tax basis in the New Membership Interests received should equal the fair market value of the New Membership Interests (as such value should be equal to the fair market value tax basis of the holder's undivided interest in the underlying assets of Reorganized Renewables treated as contributed therefor), increased for the portion of Reorganized Renewables' liabilities that is allocated to the holder. A holder's tax basis in its portion of the New Secured Term Loans received should equal the issue price of such loans. A holder's holding period for any New Membership Interests and New Secured Term Loans generally should begin the day following the Effective Date.

2. Consequences to Holders of Second Lien Credit Agreement Claims

(i) Receipt of Class C Units

Each holder of a Second Lien Credit Agreement Claim generally should recognize gain or loss in connection with its receipt for federal income tax purposes of an undivided interest in the underlying assets of Renewables in an amount equal to the difference between (x) the fair market value of the interest received in satisfaction of its Claim (other than any Claim for accrued but unpaid interest) and (y) the holder's adjusted tax basis in its Claim (other than any basis attributable to accrued but unpaid interest). For a discussion of the tax consequences of any Claim for accrued but unpaid interest, see Section XIII.B.3 below ("Distributions in Discharge of Accrued but Unpaid Interest").

The deemed contribution for federal income tax purposes of the undivided interest in the assets of Renewables to Reorganized Renewables will be treated as a tax-free contribution under section 721 of the Tax Code.

As soon as possible after the Effective Date, but in no event later than thirty (30) days thereafter or upon such other date as ordered by the Bankruptcy Court, the board of Reorganized Renewables will determine the value of the underlying assets of Renewables as of the Effective Date and the portions of such value which are allocable, respectively, to the various classes of New Membership Interests and the New Secured Term Loans. Such allocation will take into account the relative fair market values of the New Membership Interests and the New Secured Term Loans. The board of Reorganized Renewables will apprise, in writing, all parties of such valuation and allocation. Pursuant to the Plan, all parties (including Reorganized Renewables, the holders of equity interests in the Debtors and the holders of New Membership Interests) will be required to report consistently with the valuation and allocation for all federal income tax purposes.

A holder's initial tax basis in the New Membership Interests received should equal the fair market value of the New Membership Interests (as such value should be equal to the fair market value tax basis of the holder's undivided interest in the underlying assets of Reorganized Renewables treated as contributed therefor), increased for the portion of Reorganized Renewables' liabilities that is allocated to the holder. A holder's holding period for any New Membership Interests generally should begin the day following the Effective Date.

(ii) Receipt of Class B Units

The federal income tax consequences of the receipt of Class B Units are unclear. If the Class B Units are considered to be received as consideration for the Second Lien Credit Agreement Claims, the tax consequences of the receipt of the Class B Units will be the same as those described with respect to the receipt of Class C Units, above. However, because the holders of Second Lien Credit Agreement Claims will only receive the Class B Units if Class 4A votes to accept the Plan, the issuance and receipt of the Class B Units may be characterized as a fee paid for the performance of services (i.e., voting to accept the Plan). While fee income is generally taxable at ordinary income rates, the Debtors intend to take the position that the Class B Units are "profits interests" within the meaning of Revenue Procedure 93-27 and, thus, that holders of Second Lien Credit Agreement Claims would not have to recognize income upon receipt of the Class B Units. Holders of Second Lien Credit Agreement Claims are urged to consult their tax advisors regarding the federal income tax consequences of the receipt of Class B Units.

3. *Distributions in Discharge of Accrued but Unpaid Interest*

Pursuant to the Plan, distributions to any holder of Allowed Claims will be allocated first to the principal amount of such Claims, as determined for federal income tax purposes, and thereafter, to the portion of such Claim, if any, representing accrued but unpaid interest or original issue discount ("***OID***"). However, there is no assurance that the IRS would respect such allocation for federal income tax purposes.

In general, to the extent that any consideration received pursuant to the Plan by a holder of an Allowed Claim is received in satisfaction of accrued interest or OID during its holding period, such amount will be taxable to the holder as interest income (if not previously included in the holder's gross income). Conversely, a holder generally recognizes a deductible

loss to the extent any accrued interest claimed or amortized OID was previously included in its gross income and is not paid in full. However, the IRS has privately ruled that a holder of a security of a corporate issuer, in an otherwise tax-free exchange, could not claim a current deduction with respect to any unpaid OID. Accordingly it is also unclear whether, by analogy, a holder of a Claim of a non-corporate issuer would be required to recognize a capital loss, rather than an ordinary loss, with respect to previously included OID that is not paid in full.

Each holder of a Claim is urged to consult its tax advisor regarding the allocation of consideration and the deductibility of accrued but unpaid interest for federal income tax purposes.

4. *Ownership and Disposition of New Secured Term Loans*

The application of the OID provisions of the Tax Code, and the federal income tax treatment of stated interest, with respect to the New Secured Term Loans depends, in part, upon whether the respective "issue prices" of the New Secured Term Loans are equal to their stated principal amount. Pursuant to applicable Treasury Regulations, the respective "issue prices" of the New Secured Term Loans depend, in part, upon whether they are traded on an "established market" during the sixty-day period ending thirty days after the Effective Date (the "***Testing Period***"). If the New Secured Term Loans are not traded on an "established market" during the Testing Period, the "issue price" of such non-traded instrument will depend on whether section 1274(b)(3) of the Tax Code, as discussed below, applies to its issuance.

For this purpose, an "established market" includes, among other things, (i) a system of general circulation (including a computer listing disseminated to subscribing brokers, dealers, or traders) that provides a reasonable basis to determine fair market value by disseminating either recent price quotations or actual prices of recent sales transactions, and (ii) the ready availability of price quotations from dealers, brokers or traders. If the New Secured Term Loans are traded on an established market during the Testing Period, the "issue price" will be equal to the fair market value of the New Secured Term Loans.

Pursuant to section 1274(b)(3) of the Tax Code and applicable Treasury Regulations, if the New Secured Term Loans are not traded on an established market during the Testing Period, the "issue price" of such non-traded instrument will still be equal to its fair market value if the fair market value of such instrument has been established in a "recent sales transaction" within the meaning of such provisions. Neither the Tax Code nor the Treasury Regulations expound on the meaning of a recent sales transaction. Because, as stated above, (i) the holders of First Lien Credit Agreement Claims should be treated as having first received undivided interests in the underlying assets of Renewables in a taxable transaction in which the determination of gain or loss will be based on the fair market value of such interests, and (ii) the fair market value of such interests will be required to be allocated among the New Secured Term Loans and the New Membership Interests for purposes of determining gain or loss and tax basis upon the transfer of such interests to Reorganized Renewables, the Debtors anticipate that they would take the position that the New Secured Term Loans have an established fair market value by reason of recent sales transactions involving the undivided interests exchanged therefor. The determination whether to take such position on Reorganized Renewables' tax return would be made by the management and board of Reorganized Renewables. There is no assurance that the

IRS would not take a contrary position. Pursuant to the applicable Treasury Regulations, a holder of the New Secured Term Loans will be required to report consistently with the issuer's determination unless the holder explicitly discloses such inconsistent position on the holder's federal income tax return for the taxable year that includes the Effective Date.

If the New Secured Term Loans are not traded on an established market during the Testing Period and section 1274(b)(3) of the Tax Code does not apply, the "issue price" of the New Secured Term Loans will be its stated principal amount.

Each holder of a First Lien Credit Agreement Claim is urged to consult its tax advisor regarding the determination of the "issue price" of the New Secured Term Loans.

(i) Interest and OID on the New Secured Term Loans

Based on the most recently proposed terms of the New Secured Term Loans, all of the stated interest on the New Secured Term Loans should generally be treated as OID under the Tax Code.

If the issue price of the New Secured Term Loans is less than its stated principal amount, the excess of the note's stated principal amount over its issue price should generally be treated as OID under the Tax Code. Each holder will be required to include in its gross income, as interest for federal income tax purposes, the portion of the OID (inclusive of all stated interest) that accrues while the holder held the note (including the day the note is acquired but excluding the day it is disposed of), regardless of such holder's normal method of accounting. Any OID will accrue over the term of the New Secured Term Loans based on the constant interest method (with the amount of OID attributable to each accrual period allocated ratably to each day in such period). Accordingly, a holder may be required to recognize income prior to the receipt of cash payments attributable to such income.

(ii) Application of AHYDO Provisions of the Tax Code

Any OID on the New Secured Term Loans generally would be amortizable by Reorganized Renewables utilizing the constant interest method, and deductible as interest, unless the New Secured Term Loans are treated as applicable high yield discount obligations ("***AHYDOs***") within the meaning of section 163(e)(5) of the Tax Code. Although section 163(e)(5) of the Tax Code by its terms applies only to corporate issuers, the Treasury Regulations under the partnership provisions of the Tax Code state that the AHYDO rules also apply to debt instruments issued by partnerships to the extent that the partnership has corporate partners. The determination of whether the AHYDO rules will apply is complex, and since the terms of the New Secured Term Loans have not been finalized, it is not yet possible to determine whether the AHYDO rules will apply to the New Secured Term Loans. If the AHYDO rules were to apply to the New Secured Term Loans, the interest deduction otherwise allowable to a direct or indirect corporate member of Reorganized Renewables with respect to amortizing OID would, at a minimum, be deferred until such OID is actually paid in cash, and may be disallowed in part. The portion of any interest deduction that will be disallowed is that portion that is equal to the fraction, the numerator of which is equal to the "disqualified yield" (*i.e.*, the excess of the yield to maturity of the New Secured Term Loans over the sum of the applicable federal rate for

the calendar month in which the Effective Date occurs plus six percentage points) and the denominator of which is equal to the total yield to maturity of the New Secured Term Loans. The income of a corporate holder of the New Secured Term Loans with respect to the disqualified yield, if any, should be treated as a dividend for purposes of the dividends-received-deduction to the extent the corporate member has sufficient earnings and profits such that a similar distribution in respect of stock would have been treated as a dividend for federal income tax purposes. Presumably, a corporate holder's entitlement to a dividends-received-deduction is subject to the normal holding period and taxable income requirements and other limitations applicable to dividends-received-deductions.

(iii) Sale, Exchange or Redemption of New Secured Term Loans

Unless a non-recognition provision applies, a holder generally will recognize gain or loss upon the sale, exchange or redemption of the New Secured Term Loans equal to the difference, if any, between the holder's adjusted tax basis and the amount realized on the sale, exchange or redemption. For this purpose, a holder's adjusted tax basis generally will equal the holder's initial tax basis, increased by the amount of any OID accrued (determined without adjustments) up through the date of the sale, exchange, or redemption, and decreased by the amount of any cash payments (other than qualified stated interest). Any gain or loss generally will be capital gain or loss.

5. *Ownership and Disposition of New Membership Interests*

Under current Treasury Regulations, a domestic entity that has two or more members and that is not organized as a corporation under U.S. federal or state law will generally be classified as a partnership for federal income tax purposes, unless it elects to be treated as a corporation. Pursuant to the Plan and the Amended Organizational Documents, no election may be made for Reorganized Renewables to be classified as a corporation for federal income tax purposes that is effective on or prior to the Effective Date. Thus, subject to the discussion of "publicly traded partnerships" below, and subject to the discussion regarding a possible election to be treated as a corporation after the Effective Date, Reorganized Renewables will be treated as a partnership for U.S. federal income tax purposes.

Under the "publicly traded partnership" provisions of the Tax Code, an entity that would otherwise be treated as a partnership whose interests are considered to be publicly traded and does not meet a qualifying income test will be taxable as a corporation. The LLC Agreement will prohibit the transfer of New Membership Interests in Reorganized Renewables if such transfer would jeopardize the status of Reorganized Renewables as a partnership for federal income tax purposes (prior to an actual conversion for federal income tax purposes to corporate status). Any purported transfer in violation of such provisions will be null and void and would not be recognized by Reorganized Renewables. The LLC Agreement will provide that, upon the decision of the board of Reorganized Renewables, Reorganized Renewables will (i) make an election to be treated as a corporation for United States federal and applicable state and local income tax purposes or (ii) convert into a corporation by filing a certificate of conversion with the requisite Secretary of State, in each case to be effective after the Effective Date. After the Effective Date, each owner would be required to cooperate fully with any such election or conversion, including through the execution of any necessary or appropriate forms.

Furthermore, the LLC Agreement will provide that at any time after any such election or conversion, each owner that holds equity interests in Reorganized Renewables through a corporation will have the right to merge such corporation with and into Reorganized Renewables (or its successor), provided, in each case, that at the time of such merger such corporation has no material asset other than equity interests in Reorganized Renewables and has no liabilities. This discussion does not address any tax consequences resulting from any such an election, conversion or merger, and each holder of a First Lien Credit Agreement Claim is urged to consult its own tax advisor regarding such tax consequences.

This discussion of the federal income tax consequences of the Plan assumes that Reorganized Renewables will be treated as a partnership for federal income tax purposes.

As a partnership, Reorganized Renewables itself will not be subject to federal income tax. Instead, Reorganized Renewables will file an annual partnership information return with the IRS which will report the results of Reorganized Renewables's operations. Each Reorganized Renewables member will be required to report on its federal income tax return, and will be subject to tax in respect of, its distributive share of each item of Reorganized Renewables's income, gain, loss, deduction and credit for each taxable year of Reorganized Renewables ending with or within the member's taxable year. Each item generally will have the same character as if the member had realized the item directly. Members will be required to report these items regardless of the extent to which, or whether, they receive cash distributions from Reorganized Renewables for such taxable year, and thus may incur income tax liabilities in excess of any distributions from Reorganized Renewables. For purposes of calculating Reorganized Renewables's items of income, gain, loss and deduction, upon the implementation of the Plan, Reorganized Renewables should have a new cost tax basis and holding period in the underlying assets of Renewables.

A member is allowed to deduct its allocable share of Reorganized Renewables losses (if any) only to the extent of such member's adjusted tax basis (discussed below) in its membership interest at the end of the taxable year in which the losses occur. In addition, various other limitations in the Tax Code may significantly limit a member's ability to deduct its allocable share of deductions and losses of Reorganized Renewables against other income.

Reorganized Renewables will provide each member with the necessary information to report its allocable share of Reorganized Renewables's tax items for federal income tax purposes. However, no assurance can be given that Reorganized Renewables will be able to provide such information prior to the initial due date of the members' federal income tax return and the members may therefore be required to apply to the IRS for an extension of time to file their tax returns.

Under the LLC Agreement, the board of Reorganized Renewables will decide how items will be reported on Reorganized Renewables's federal income tax returns, and all members will be required under the Tax Code to treat the items consistently on their own returns, unless they file a statement with the IRS disclosing the inconsistency. In the event that the income tax returns of Reorganized Renewables are audited by the IRS, the tax treatment of Reorganized Renewables income and deductions generally will be determined at the Reorganized Renewables level in a single proceeding, rather than in individual audits of the

members. The LLC Agreement will generally provide that the members will elect one member to be the "Tax Matters Partner" for Reorganized Renewables, as such term is defined in section 6231(a)(7) of the Tax Code. The Tax Matters Partner will have considerable authority under the Tax Code and the Amended Organizational Documents to make decisions affecting the tax treatment and procedural rights of all members.

A member generally will not recognize gain or loss on the receipt of a distribution of cash or property from Reorganized Renewables (provided that the member is not treated as exchanging such member's share of Reorganized Renewables's "unrealized receivables" and/or certain "inventory items" (as those terms are defined in the Tax Code, and together "ordinary income items") for other partnership property). A member, however, will recognize gain on the receipt of a distribution of money and, in some cases, marketable securities, from Reorganized Renewables (including any constructive distribution of money resulting from a reduction of the member's share of the indebtedness of Reorganized Renewables) to the extent such cash distribution or the fair market value of such marketable securities distributed exceeds such member's adjusted tax basis in its membership interest. Such distribution would be treated as gain from the sale or exchange of a membership interest.

A member will recognize gain on the complete liquidation of its membership interest only to the extent the amount of money received exceeds its adjusted tax basis in its interest. Distributions of certain marketable securities are treated as distributions of money for purposes of determining gain. Any gain recognized by a member on the receipt of a distribution from the Partnership generally will be capital gain, but may be taxable as ordinary income, either in whole or in part, under certain circumstances. No loss can be recognized on a distribution in liquidation of a membership interest, unless the member receives no property other than money and ordinary income items.

A member's adjusted tax basis in its membership interest generally will be equal to such member's initial tax basis (see Section XIII.B.1, above), increased by the sum of (i) any additional capital contribution such member makes to Reorganized Renewables, (ii) the member's allocable share of the income of Reorganized Renewables, and (iii) increases in the member's allocable share of the indebtedness of Reorganized Renewables, and reduced, but not below zero, by the sum of (iv) the member's allocable share of the losses of Reorganized Renewables, and (v) the amount of money or the adjusted tax basis of property distributed to such member, including constructive distributions of money resulting from reductions in such member's allocable share of the indebtedness of Reorganized Renewables.

A sale of all or part of a member's interest will result in the recognition of gain or loss in an amount equal to the difference between the amount of the sales proceeds or distribution (including any constructive distribution) and such member's adjusted tax basis for the portion of the interest disposed of. Any gain or loss recognized with respect to such a sale generally will be treated as capital gain or loss, and will be long-term capital gain or loss if the interest has been held for more than one year, except to the extent that the proceeds of the sale are attributable to a member's allocable share of certain ordinary income items of Reorganized Renewables and such proceeds exceed the member's adjusted tax basis attributable to such ordinary income items. A member's ability to deduct any loss recognized on the sale of its

membership interest will depend on the member's own circumstances and may be restricted under the Tax Code.

Because Reorganized Renewables will be classified as a partnership for federal income tax purposes and will be engaged in a trade or business, ownership of an interest in Reorganized Renewables by employee benefit plans, other tax-exempt organizations, non-resident aliens, foreign corporations, other foreign persons, regulated investment companies and mutual funds raises issues unique to those investors and may have substantially adverse tax consequences to them.

Employee benefit plans and most other organizations exempt from federal income tax, including individual retirement accounts and other retirement plans, are subject to federal income tax on unrelated business taxable income. Virtually all of Reorganized Renewables' income allocated to a member that is a tax-exempt organization will be unrelated business taxable income and will be taxable to them.

Non-resident aliens and foreign corporations, trusts or estates that own an interest in Reorganized Renewables will be considered to be engaged in business in the United States because of the ownership of an interest in Reorganized Renewables. As a consequence they will be required to file federal income tax returns to report their share of Reorganized Renewables' income, gain, loss or deduction and pay federal income tax at regular rates on their share of Reorganized Renewables' net income or gain.

In addition, because a foreign corporation that owns an interest in Reorganized Renewables will be treated as engaged in a U.S. trade or business, that corporation may be subject to the U.S. branch profits tax at a rate of 30%, in addition to regular federal income tax, on its share of the Partnership's income and gain, as adjusted for changes in the foreign corporation's "U.S. net equity," that is effectively connected with the conduct of a U.S. trade or business. This tax may be reduced or eliminated by an income tax treaty between the United States and the country in which the foreign corporate interest holder is a "qualified resident."

Each holder of a First Lien Credit Agreement Claim is urged to consult its tax advisor regarding the tax consequences of owning and disposing of membership interests in Reorganized Renewables.

C. Information Reporting and Withholding

All distributions to holders of Claims under the Plan are subject to any applicable tax withholding, including employment tax withholding. Under federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable withholding rate (currently 28%). Backup withholding generally applies if the holder (a) fails to furnish its social security number or other taxpayer identification number ("***TIN***"), (b) furnishes an incorrect TIN, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is a United States person that is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in

an overpayment of tax and the appropriate information is supplied to the IRS. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

In addition, from an information reporting perspective, Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

The foregoing summary has been provided for informational purposes only. All holders of Claims receiving a distribution under the Plan are urged to consult their tax advisors concerning the federal, state, local and foreign tax consequences applicable under the Plan.

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XIV.

Conclusion

The Debtors believe the Plan is in the best interests of the Debtors' estates and urge the holders of Impaired Claims in Classes 3A and 4A to vote to accept the Plan and to evidence such acceptance by returning their Ballots.

Dated: November 24, 2009
Wilmington, Delaware

Respectfully submitted,
HAWKEYE RENEWABLES, LLC
HAWKEYE INTERMEDIATE, LLC

By: /s/ Bruce Rastetter
Name: Bruce Rastetter
Title: Chief Executive Officer