

MEMORANDUM

December 14, 2008

To: Official Committee of Unsecured Creditors (the “Committee”) of VeraSun Energy Corporation, et al. (the “Debtors”)
From: Akin Gump Strauss Hauer & Feld LLP (“Akin Gump”)
Re: VeraSun Energy Corporation, et al. – Summary of Janesville DIP Motion

Motion Pursuant to Bankruptcy Code Sections 105, 361, 362 and 364 and Bankruptcy Rules 2002, 4001 and 9014 for Interim and Final Orders (I) Authorizing Debtors to Obtain Post-Petition Financing to Fund the Janesville Facility, (II) Granting Adequate Protection to Pre-Petition Secured Lenders and (III) Scheduling Interim and Final Hearings [Docket No. 340] (the “Janesville DIP Motion”)

On December 11, 2008, the Debtors filed the Janesville DIP Motion on an emergency basis for entry of interim and final orders authorizing the Debtors to, among other things, enter into a debtor in possession financing facility (the “Janesville DIP Facility”) arranged by AgStar Financial Services, PCA (“AgStar”) to maintain insurance coverage and fund certain limited working capital requirements of VeraSun Janesville, LLC (the “Janesville Debtor”).

(i) Prepetition Secured Financing at US BioEnergy

The Janesville Debtor (which is one of the US BioEnergy Debtors) owns and operates an ethanol production facility in Janesville, Minnesota. Prior to the Petition Date,¹ the Janesville Debtor entered into a \$90 million construction loan (the “Prepetition Construction Loan”) arranged by AgStar that was secured by substantially all of the property, plant and equipment owned by the Janesville Debtor.

(ii) Key Terms of the Proposed Janesville DIP Facility

Postpetition Lender: AgStar Financial Services, PCA.

Guarantor: U.S. BioEnergy Corporation.

¹ All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Term Sheet governing the Janesville DIP Facility.

Postpetition Revolving Credit Facility: A revolving credit facility (the “Postpetition Loan”) to be made available to the Borrower in an amount not to exceed \$500,000 on an interim or final basis as the aggregate Postpetition Loan, pursuant to the terms of the Term Sheet, the Interim Order and the other Postpetition Financing Documents (the “Postpetition Commitment”). Advances under the Postpetition Loan are limited on a weekly basis to the amount for such week as set forth in the DIP Budget.

Closing Date: December 15, 2008.

Purpose: To maintain insurance coverage and fund certain limited working capital requirements of the Borrower, as itemized in the DIP Budget.

Maturity Date: The Postpetition Loan shall mature on January 15, 2009, or on such earlier date as provided in the Interim Order, the Final Order or the other Postpetition Financing Documents.

Security: The Borrower and the Guarantor shall grant to the Postpetition Lender a first priority perfected Security Interest in all of the real and personal property of the Borrower and the Guarantor, whether now owned or hereafter acquired (the “Collateral”); provided, however, that the liens and Security Interests granted to the Postpetition Lender shall not be extended to Avoidance Actions or the proceeds thereof.

During the term of the Postpetition Loan, the Borrower and the Guarantor shall not grant or permit any Security Interest in the Collateral to any other Person, other than certain permitted liens agreed to by the Postpetition Lender (the “Permitted Liens”).

The Borrower and the Guarantor shall execute and deliver to the Postpetition Lender all such mortgages, security agreements, control agreements, deeds of trust or other documents and instruments as may be reasonably required by the Postpetition Lender to evidence and secure the Postpetition Loan pursuant to the terms of the Term Sheet, the Interim Order and the Final Order (collectively, the “Postpetition Financing Documents”).

Interest Rate: LIBOR Rate plus 700 basis points.

Availability: Advances under the Postpetition Loan may be subject to availability of the Postpetition Loan and shall be limited as set forth in the Term Sheet, the Interim Order, the Final Order and other Postpetition Financing Documents.

Interest Payments: Payment of all accrued interest on the Postpetition Loan shall be paid by the Borrower on the first day of each month, beginning on December 15, 2008, and monthly thereafter, and on the Maturity Date, to the Postpetition Lender and to the Agent.

Conditions Precedent to Closing: The conditions precedent to closing are (i) entry of the Interim Order and (ii) execution and delivery of the Term Sheet.

Covenants: The Postpetition Financing Documents (which have not yet been drafted) shall contain affirmative and negative covenants of the Borrower acceptable to the Postpetition Lender.

Reports: So long as the Borrower's obligations under the Postpetition Loan remain unpaid, the Borrower shall provide the Postpetition Lender with various status reports, including but not limited to, a weekly report itemizing all expenditures during the preceding week.

Events of Default: The Events of Default are: (i) failure to comply with the terms and conditions set forth in the Term Sheet, the Interim Order, the Final Order, the Postpetition Financing Documents and the Prepetition Credit Agreement; (ii) failure to retain and employ James Bonsall of APS Services, LLC or another person and firm acceptable to the Postpetition Lender as the Borrower's chief restructuring officer; (iii) failure to deliver the weekly reports required in the Term Sheet; (iv) if any chapter 11 plan in the Borrower's chapter 11 case is confirmed and becomes effective and the plan does not provide that the Postpetition Obligations shall be paid in full in cash on or before the effective date of such plan; and (v) if any Debtor seeks an order dismissing the Borrower's chapter 11 case without the consent of the Postpetition Lender prior to the indefeasible payment in full in cash of all obligations and indebtedness owing to the Postpetition Lender.

Commitment and Administration Fees: Borrower shall pay to Postpetition Lender on the Closing Date a fee equal to one percent (1.0%) of the aggregate Postpetition Loan Commitment. In addition, Borrower shall pay to Postpetition Lender on the Closing Date an administration fee equal to one-half of one percent (0.5%) of the aggregate Postpetition Loan Commitment. The Postpetition Lender is authorized to advance from the Postpetition Loan an amount equal to such Administration Fee.

Expenses: The Borrower shall reimburse the Postpetition Lender for all reasonable costs and expenses, including legal fees, consultant fees, appraisal fees, financial advisor fees, and other similar fees, costs and expenses in connection with the negotiation, documentation, execution, syndication and delivery of the Postpetition Loan and the Borrower's Bankruptcy.