

MEMORANDUM

December 22, 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 Recently Filed Pleading

Debtors’ Motion for Order Authorizing and Directing Interest Payments to be Remitted Only to Certain Prepetition Secured Noteholders (the “Motion”)

By the Motion, the Debtors seek entry of an order authorizing and directing (i) the Debtors to make and (ii) each of Wells Fargo Bank, N.A. and the Depository Trust Company to process, adequate protection interest payments only on account of that portion of the 2012 Senior Secured Notes (as defined below) that has not been “rolled up” into the VSE DIP Financing (defined below).

Prior to the Debtors’ bankruptcy filing, VeraSun Energy Corporation (“VeraSun”) and Wells Fargo Bank, N.A. (the “Indenture Trustee”) entered into an indenture dated as of December 21, 2005 (the “Indenture”), pursuant to which VeraSun issued \$210 million of 9 7/8% Senior Secured Notes due 2012 (the “2012 Senior Secured Notes”). Under the Indenture, VeraSun is required to make interest payments on the principal amount of the 2012 Senior Secured Notes semi-annually on June 15 and December 15 to each holder of record (a “Noteholder”).

According to the Motion, prior to the petition date, VeraSun’s general practice was to make such interest payments directly to the Indenture Trustee, which would then remit such payments to the Depository Trust Company (the “DTC”). The DTC, in turn, would distribute the interest payments to the Noteholders.

Subsequent to the Debtors’ bankruptcy filing, VeraSun and a subset of the Noteholders (collectively, the “Secured DIP Noteholders”) entered into the Priming Superpriority Debtor-In-Possession Credit Agreement (the “VSE DIP Credit Agreement”). On December 3, 2008, the Bankruptcy Court enter a final order (the “VSE DIP Order”), approving the VSE DIP Credit Agreement and authorizing \$196.6 million of debtor-in-possession financing provided thereunder (“VSE DIP Financing”). Pursuant to the VSE DIP Order, the Secured DIP Noteholders are entitled to receive interest payments on account of the VSE DIP Financing (collectively, the “DIP Interest Payments”). In addition, pursuant to the VSE DIP Order, as a form of adequate protection, the Noteholders are entitled to receive interest payments on account of the 2012 Senior Secured Notes (collectively, the “Adequate Protection Payments”). According

to the Motion, on December 11, 2008, the Secured DIP Noteholders received a DIP Interest Payment in the amount of approximately \$4.9 million.

The Debtors have recently realized that, because a significant portion of the VSE DIP Financing consists of “rolled up” debt owed under the 2012 Senior Secured Notes, certain Adequate Protection Payments will be duplicative of DIP Interest Payments. Specifically, any Adequate Protection Payments will be duplicative of DIP Interest Payments to the extent they are made to Noteholders who are participating the VSE DIP Financing. Accordingly, the relief requested in the Motion will preclude such Noteholders from receiving duplicative payments.