

MEMORANDUM

February 19, 2009

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

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**Motion of Debtors for Order Under Bankruptcy Code Sections 105(a) and 363 and Fed. R. Bankr. P. 2002, 6004, 6006 and 9014 authorizing Debtors to Sell (I) Real Property Located in Adams County, Nebraska and (II) Certain Personal Property Located Thereon Free and Clear of All Liens, Claims, and Encumbrances (the “Motion”)**

By the Motion, the Debtors seek authorization to sell (i) real property located in Adams County, Nebraska (the “Real Property”) and (ii) certain personal property located thereon (the “Personal Property”) and, together with the Real Property, the “Property”) free and clear of all liens, claims, and encumbrances for an aggregate purchase price of \$1,024,000. Specifically, the Debtors seek authority to sell (a) approximately 240 acres of the Real Property, as well as certain Personal Property located thereon, to Bradley C. Augustin and Mary L. Breetzke-Augustin (collectively, the “Augustins”) and Broad Meadow, Inc.<sup>1</sup> (“Broad Meadow”) pursuant to a Real Estate Purchase Agreement dated October 6, 2008, for an aggregate purchase price of \$768,000, and (b) approximately 80 acres of the Real Property, as well as certain Personal Property located thereon, to Bruce A. Mack and Sandra J. Mack (collectively, the “Macks”) and, together with the Augustins and Broad Meadow, the “Buyers”) pursuant to a Real Estate Purchase Agreement dated October 6, 2008, for an aggregate purchase price of \$256,000.

According to the Motion, the Real Property consists of approximately 320 acres of farm land located in rural Adams County, Nebraska, which the Debtors purchased as a potential site to develop an ethanol production facility. The Personal Property consists of agricultural equipment, including pivots, power units, pumps, and wells, located on and used in conjunction with the Real Property. Prior to the Petition Date, the Debtors determined that the development of the Real Property into an ethanol production facility was not in the Debtors’ economic interests. Accordingly, the Debtors entered into negotiations with the Buyers for the sale of the Property.

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<sup>1</sup> The Debtors leased certain of the Real Property to Broad Meadow, a farming operation owned by the Augustins.

The Debtors assert that the private sales contemplated in the Motion are likely to yield more value for the Debtors' estates than an auction because (i) the market of potential purchasers of the Property is small, and (ii) it is unlikely that any increased purchase price that might result from an auction would exceed the cost of conducting such an auction. To ensure that the Debtors receive the best possible price for the Property, the Debtors have continued to market the Property by placing an advertisement for the sale of the Property in certain local newspapers and serving a copy of the Motion on owners of farmland neighboring the Property. The Debtors state that if they receive a competing bid from another party in advance of the hearing on the Motion, they will consider such proposal, in consultation with the Committee. In addition, the Debtors reserve their right to conduct an auction if, in consultation with the Committee, the Debtors determine that an auction would help maximize the value of the Property for the Debtors and their creditors.