



CORPORATE GOVERNANCE GUIDELINES

1. Director Qualifications

1.1 *Criteria For Selecting Directors*

The Board of Directors (the "Board") of VeraSun Energy Corporation (the "Company") will have a majority of directors who meet the criteria for independence under New York Stock Exchange ("NYSE") rules. The Nominating and Corporate Governance Committee of the Board is responsible for reviewing annually with the Board the desired skills and characteristics of new Board members as well as the composition of the Board as a whole. Among other factors, this assessment will include an analysis of the independence of directors and may include a consideration, in the context of the needs of the Board, of the following characteristics of members:

- diversity
- skills
- integrity and moral responsibility
- capacity to evaluate strategy and reach sound conclusions
- availability of time to do justice to duties as a director and willingness to devote the time required.

Nominees for director positions will be selected by the Nominating and Corporate Governance Committee in accordance with the Company's articles of incorporation (the "Articles"), the Company's bylaws (the "Bylaws"), and the policies and principles of the committee's charter.

1.2 *Policy On Term Limits*

The Board does not believe it should establish a limit on the number of times that a director may stand for election to the Board.

1.3 *Retirement Policy; Resignation*

The Board does not believe there should be an established mandatory retirement age for Board members. However, age should be considered in conjunction with other criteria in determining a member's ability to continue to serve effectively.

If a Board member determines to resign or not to stand for reelection, the member shall notify the chairman of the Nominating and Corporate Governance Committee in writing, with a copy to the Company's General Counsel. The Company and the Board consider determinations to resign or not stand for reelection to be not finally decided until written notification is sent.

1.4 *Change In Job Responsibility*

When the Chief Executive Officer ("CEO") resigns or otherwise leaves that position, he or she shall tender a resignation from the Board. The Nominating and Corporate Governance Committee shall review the continued appropriateness of his or her Board membership in light of the change in job responsibility or status as CEO and the circumstances of the Company and shall recommend to the Board the acceptance or rejection of the tendered resignation.

1.5 *Service on Other Boards*

A director who accepts a position as a director or any equivalent position with another public company should promptly notify the Board of that circumstance. If the CEO or an active Chairman of the Board is offered a position as a director of another public company, he or she should discuss the offer with the Board and obtain Board approval before accepting the position.

2. *Director Independence Requirement*

For a director to be deemed "independent" within the meaning of the NYSE rules, the Board must affirmatively determine that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). The Board may determine in advance that specified relationships with the Company are categorically immaterial. The Board, however, may not treat as categorically immaterial any relationship required to be disclosed pursuant to Item 404 of SEC Regulation S-K.

A director shall provide prompt notice to the Board if his or her relationship to the Company changes in such a way that his or her independence may be adversely affected.

The Board will find that a director is not independent if:

- The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer of the Company.
- The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

- The director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time.
- The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee.
- The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

An "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home.

3. Director Responsibilities

3.1 General Responsibilities

The basic responsibility of a director is to exercise business judgment to act in what he or she reasonably believes to be the best interests of the Company and its shareholders. In discharging these obligations, directors are entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisers and auditors. The directors are also entitled to (i) have the Company purchase director and officer liability insurance on their behalf in reasonable amounts, (ii) the benefits of indemnification to the fullest extent permitted by law and by the Articles, Bylaws and any indemnification agreements, and (iii) exculpation as provided by state law and the Articles.

3.2 Responsibilities Relating To Board Meetings

Directors are expected to attend Board meetings and meetings of committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

Information that is important to the understanding of the business to be conducted at a meeting should generally be distributed in writing to the directors before the meeting. Directors should review these materials in advance of the meeting.

The Chairman of the Board will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda and to raise at any Board meeting subjects that are not on the agenda for that meeting.

3.3 *Responsibilities Relating to Annual Meetings of Shareholders*

Directors are encouraged to attend annual shareholder meetings and to be available to communicate with shareholders.

3.4 *Executive Sessions Of Independent Directors*

The independent directors will meet in executive session regularly and, in any event, at least semi-annually. The independent directors may choose one director annually to preside at all executive sessions, establish a procedure by which a presiding director will be selected or otherwise select a presiding director for any particular executive session.

4. Board Committees

The Board will have at all times an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The Board may, from time to time, establish or maintain additional committees as the Board deems necessary or appropriate.

Committee members will be appointed by the Board and may be recommended for appointment by the Nominating and Corporate Governance Committee with consideration of the desires of individual directors. Each member of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee shall meet the standards established by the NYSE for independence, as and when required by those standards, and the composition of each committee, as a whole, shall meet the requirements of the NYSE. Additionally, no member of the Audit Committee may simultaneously serve on the audit committee of more than three public company boards of directors unless the Board affirmatively determines that such simultaneous service will not impair the ability of that member to effectively serve on the Audit Committee.

The Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee shall each have its own charter. The Chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chair of each committee, in consultation with the appropriate members of the committee and management, will develop each committee meeting's agenda.

The Board and each committee has the power to hire independent legal, financial or other advisers as it deems necessary, without consulting or obtaining the approval of any officer of the Company.

5. Director Access to Officers, Employees and Others

5.1 Access To Officers And Employees

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged directly by the director or through the CEO. A director will use judgment to ensure that any contact is not disruptive to the operations of the Company and will, to the extent appropriate, copy the CEO and Chairman of the Board on any written communications between a director and an officer or employee of the Company.

5.2 Board Communication

The Board believes that communications by the Company should be made through management personnel. Nonetheless, individual Board members may, from time to time, meet or otherwise communicate with parties outside the Company, such as government officials or members of the media. Generally, Board members would do this with the knowledge of management and, absent unusual circumstances or except as otherwise contemplated by the committee charters, only at the request of management.

6. Director Compensation

The form and amount of director compensation will be determined by the Board pursuant to general principles established upon the recommendation of the Compensation Committee in accordance with the policies and principles in its charter and consistent with rules promulgated by the NYSE, including without limitation those relating to director independence and to compensation of Audit Committee members.

The Compensation Committee shall review director compensation and the general compensation principles biennially, as required by its charter, and recommend any changes in the form and amount of director compensation or the principles to the Board when the committee determines a change is advisable. The Board is aware that questions as to director independence may be raised if, for example, (i) director fees and perquisites exceed what is customary, (ii) the Company makes substantial charitable contributions to organizations with which a director is affiliated, or (iii) the Company enters into consulting contracts with, or provides other indirect forms of compensation to, a director or an organization with which the director is affiliated.

7. Director Orientation and Continuing Education

All new directors are expected to participate in an orientation program designed by the Company, which should generally be conducted in one or more sessions within six months of the annual meeting at which new directors are elected or the date on which new Board members are otherwise elected, as applicable. This orientation program will be designed to acquaint the new directors with the Company's business and industries. The program will typically include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its

principal officers, and its internal and independent auditors. In addition, the orientation program may include visits to Company headquarters. All other directors are also invited to attend the Orientation Program.

The Company recognizes that it is essential for the effective operation of the Board that Board members be informed and have continuing access to information concerning the Company, its markets and the business, economic, technical, accounting, legal and other relevant developments that affect the Company or the environment in which it operates. To that end, the Company will periodically make available to its directors continuing educational opportunities designed to assist them in performing their Board and committee functions.

8. CEO Evaluation and Management Succession

8.1 *Annual Evaluation*

The Compensation Committee will conduct, and the Nominating and Corporate Governance Committee will oversee, an annual review of the CEO's performance, as set forth in their respective charters. The Board will review any reports of these committees to assess the performance of the CEO in both the long- and short-term.

8.2 *CEO and Senior Executive Succession*

The Nominating and Corporate Governance Committee shall make periodic reports to the Board on the status of professional development and succession planning for the Company's senior executives, including policies and principles regarding succession in the event of an emergency or the retirement of the CEO. The entire Board will work with the Nominating and Corporate Governance Committee to identify and evaluate potential successors to the CEO and other members of senior management. When requested by the Board or the Nominating and Corporate Governance Committee, the CEO will make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

9. Annual Performance Evaluation

In accordance with their respective charters, each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee will conduct a self-evaluation annually. In connection with these evaluations, the Nominating and Corporate Governance Committee will meet annually with the Chairs of the Company's Audit Committee and Compensation Committee to evaluate the performance of these committees. The Nominating and Corporate Governance Committee will discuss the results of the evaluations and reviews, including its own self-evaluation, with the full Board following the end of each year

The Board of Directors will also conduct an annual evaluation to determine whether it and its committees are functioning effectively. The Nominating and Corporate Governance Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. This will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to the

Company and specifically focus on areas in which the Board or management believes that the Board could improve.

10. Review of Guidelines

The Nominating and Corporate Governance Committee will review these Guidelines at least annually. The committee will recommend amendments to these Guidelines to the Board as it deems appropriate.