

GREEN PLAINS RENEWABLE ENERGY, INC.  
Form S-4/A  
September 02, 2008

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As filed with the Securities and Exchange Commission on September 2, 2008

Registration No. 333-151900

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Amendment No. 3 to**

**FORM S-4/A  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**GREEN PLAINS RENEWABLE ENERGY, INC.**

(Exact name of registrant as specified in its charter)

**Iowa**  
(State or other jurisdiction of  
incorporation or organization)

**2860**  
(Primary Standard Industrial  
Classification Code Number)

**84-1652107**  
(I.R.S. Employer  
Identification No.)

**9420 Underwood Ave., Suite 100  
Omaha, Nebraska 68114  
(402) 884-8700**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Wayne B. Hoovestol  
Chief Executive Officer  
Green Plains Renewable Energy, Inc.  
9420 Underwood Ave., Suite 100  
Omaha, Nebraska 68114  
(402) 884-8700**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

**Copies to:**

**Michelle S. Mapes, Esq.**  
Husch Blackwell Sanders LLP  
1620 Dodge Street, Suite 2100  
Omaha, Nebraska 68102  
(402) 964-5000

**David T. Quinby, Esq.**  
Stoel Rives LLP  
33 South 6th Street, Suite 2100  
Minneapolis, MN 55402  
(612) 373-8800

**Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective and upon completion of the mergers described herein.**

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If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

**CALCULATION OF REGISTRATION FEE**

<b>Title of each Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Offering Price Per Share</b>	<b>Proposed Maximum Aggregate Offering Price(2)</b>	<b>Amount of Registration Fee</b>
Common Stock, \$0.001 par value per share	11,139,000	N/A	\$68,282,070	\$2,683.49(3)

- (1) Represents the maximum number of shares of common stock of Green Plains Renewable Energy, Inc. ("GPRE"), par value \$0.001, issuable upon the completion of (i) the proposed merger of Green Plains Merger Sub, Inc., a wholly-owned subsidiary of GPRE, with and into VBV LLC; (ii) the proposed merger of IN Merger Sub, LLC, a wholly owned subsidiary of GPRE, with and into Indiana Bio-Energy, LLC ("IBE"); and (iii) the proposed merger of TN Merger Sub, LLC, a wholly owned subsidiary of GPRE, with and into Ethanol Grain Processors, LLC ("EGP"), each as described in this registration statement.
- (2) Estimated solely for purposes of calculation of the registration fee in accordance with Rules 457(c) and (f) of the Securities Act of 1933, as amended, based upon the product of: (A) 11,139,000 shares, which is the maximum number of shares of GPRE common stock, which are being registered, that will be received by the unit holders of VBV, IBE and EGP in the mergers, multiplied by (B) \$6.13, the average of the high and low sale prices for shares of GPRE common stock as reported on The NASDAQ Capital Market on June 19, 2008.
- (3) This amount has previously been paid.

**\_\_\_\_\_**

**The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

**\_\_\_\_\_**

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**PROXY STATEMENT/PROSPECTUS**

**To the Shareholders of Green Plains Renewable Energy, Inc. , 2008**

Dear Shareholder:

Your company, Green Plains Renewable Energy, Inc. ("GPRE"), is holding a special meeting of shareholders in order to seek approval of certain matters in connection with an Agreement and Plan of Merger among us, VBV LLC ("VBV"), and certain other parties. Pursuant to the merger agreement, we will acquire VBV (the "VBV Merger"), Indiana Bio-Energy, LLC ("IBE"), an entity in which VBV holds a majority interest (the "IBE Merger"), and Ethanol Grain Processors, LLC ("EGP" and together with IBE, the "VBV Subsidiaries"), another entity in which VBV holds a majority interest (the "EGP Merger"). We will acquire all of the interests in IBE and EGP, other than the interests held by VBV.

In total, current equity holders of VBV, IBE and EGP will receive 10,871,472 shares and we will assume options exercisable for 267,528 shares, as consideration in the mergers.

Stoel Rives LLP has provided a legal opinion that, for U.S. federal income tax purposes, the VBV Merger will qualify as a "reorganization" and GPRE, its subsidiaries, VBV, and (depending on their individual circumstances) VBV Members generally will not recognize gain or loss as a result of the mergers. The EGP Merger and the IBE Merger, however, will be taxable to the holders of units in EGP and IBE (other than VBV) for U.S. federal income tax purposes.

The exchange ratios for the exchange of VBV, IBE and EGP units into GPRE common stock are fixed and will not change, regardless of changes in the market price of our common stock. On May 7, 2008, the date that the merger agreement was signed, the value of the common stock to be received in the mergers (including shares subject to options) was \$98,023,200. As of August 29, 2008, this value was \$72,292,110.

At the same time as the mergers, certain members of VBV will purchase an aggregate of 6,000,000 shares of our common stock at a price of \$10.00 per share, for a total investment of \$60,000,000 (the "Stock Purchase"). The Stock Purchase will be an unregistered, privately placed sale of our common stock. After completion of the mergers and the Stock Purchase, the VBV members and the minority unit holders of IBE and EGP will collectively own approximately 68.3% of our issued and outstanding stock. This will constitute a change in control of GPRE and will have a significant dilutive effect on our current shareholders.

In addition, we, our chief executive officer and the VBV Members will enter into a Shareholders' Agreement which, among other things, will provide that for so long as the VBV Members collectively maintain ownership of at least 35% of our outstanding common stock, they will, collectively, have the right to designate five nominees for election to our Board of Directors.

Our shareholders will receive no consideration in connection with the proposed mergers.

A special meeting of our shareholders will be held on October 10, 2008, to approve certain matters with respect to the mergers, as specified in the attached Notice of Special Meeting. Our Board of Directors recommends a vote "FOR" each of the proposals set forth on the Notice. As of the date of this proxy statement/prospectus, shareholders holding approximately 29% of our common stock have agreed to vote for these proposals. Approval of the mergers will require the affirmative vote of a majority of the votes cast at the meeting.

Your vote is very important, regardless of the number of shares you own. Please take the time to vote your proxy (in writing, over the Internet or by telephone) by following the instructions on your proxy card or, if your shares are held in the name of a bank or broker, please instruct your bank or broker on how to vote. The accompanying materials provide details on the special meeting, the mergers and the issuances of GPRE common stock.

We realize that this is a lengthy document, so we have provided a Summary of the proxy statement/prospectus starting on page 8. **We encourage you to read and carefully consider this proxy statement/prospectus in its entirety. For a discussion of specific risks that should be considered before casting your vote, see "Risk Factors" beginning on page 21.**

Wayne B. Hoovestol  
Chief Executive Officer  
Green Plains Renewable Energy, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction or the GPRE common stock to be issued in the Mergers and Stock Purchase or determined whether the registration statement is accurate or adequate. Any representation to the contrary is a criminal offense.**

This proxy statement/prospectus is dated \_\_\_\_\_, 2008 and is first being mailed to  
GPRE shareholders on or about \_\_\_\_\_, 2008.

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**GREEN PLAINS RENEWABLE ENERGY, INC.**  
**9420 Underwood Ave., Suite 100**  
**Omaha, Nebraska 68114**  
**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**  
**October 10, 2008**

A special meeting of shareholders of Green Plains Renewable Energy, Inc. ("GPRE") will be held at 9420 Underwood Ave., Suite 100, Omaha Nebraska, 68114, on October 10, 2008 at 10:00 a.m., central time. At the special meeting, the shareholders of GPRE will be asked to consider and vote on:

- (1) a proposal to approve the Mergers;
- (2) a proposal to approve the issuance of an aggregate of 17,139,000 shares of GPRE common stock (including shares subject to options assumed) pursuant to the Mergers and the Stock Purchase;
- (3) a proposal to approve the amended and restated articles of incorporation of GPRE as follows: (i) amend Article II to increase the number of shares authorized for issuance by GPRE; and (ii) amend Article III so that it is consistent with the terms of GPRE's Bylaws, which must be amended as a condition to closing the VBV Merger, with respect to (A) imposing a supermajority shareholder vote if two-thirds of the directors do not approve certain transactions prior to GPRE's next significant transaction, and (B) altering the number of GPRE's directors and the method by which board vacancies are filled; and
- (4) a proposal to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve any of proposals 1, 2 or 3.

GPRE has fixed the close of business on August 12, 2008, as the record date for determination of shareholders entitled to notice of and to vote at the special meeting and any adjournment thereof. The accompanying proxy statement/prospectus explains the proposals to be voted on and provides specific information on the special meeting.

GPRE's Board of Directors recommends that you vote "FOR" each of the above proposals.

Whether or not you expect to attend the special meeting, your vote is very important. Please promptly complete, date, sign and return the enclosed proxy card or vote via the Internet or by telephone. If your shares are held in the name of a bank or broker, please follow the instructions furnished by them.

By Order of the Board of Directors,

Dan E. Christensen, Secretary

, 2008

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**GREEN PLAINS RENEWABLE ENERGY, INC.**

**PROXY STATEMENT/PROSPECTUS**

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The following appendices also constitute part of this proxy statement/prospectus:	
Appendix A	Agreement and Plan of Merger between Green Plains Renewable Energy, Inc., Green Plains Merger Sub, Inc. and VBV LLC
Appendix B	Agreement and Plan of Merger among Green Plains Renewable Energy, Inc., IN Merger Sub, LLC and Indiana Bio-Energy, LLC
Appendix C	Agreement and Plan of Merger among Green Plains Renewable Energy, Inc., TN Merger Sub, LLC and Ethanol Grain Processors, LLC

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Appendix D	Stock Purchase Agreement between Green Plains Renewable Energy, Inc., Bioverda International Holdings Limited and Bioverda US Holdings LLC
Appendix E	Lock-up and Voting Agreements
Appendix F	Shareholders' Agreement
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Appendix H	Form of Amended and Restated Bylaws of Green Plains Renewable Energy, Inc.
Appendix I	Form of Amended and Restated Articles of Incorporation of Green Plains Renewable Energy, Inc.

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## QUESTIONS AND ANSWERS

*The following are some questions that the GPRE shareholders and VBV, IBE and EGP members may have regarding the Mergers and the other related matters and brief answers to those questions. We urge you to read carefully the entire proxy statement/prospectus, including the documents attached to this proxy statement/prospectus, because the information in this section does not provide all the information that might be important to you.*

### General Questions and Answers

**Q: What are the "Mergers" described in this proxy statement/prospectus?**

A:

On May 7, 2008, GPRE entered into an Agreement and Plan of Merger among it, Green Plains Merger Sub, Inc., a wholly-owned subsidiary of GPRE ("GP Merger Sub"), VBV LLC ("VBV") and certain other parties for limited purposes (the "VBV Merger Agreement"). Also on May 7, 2008, GPRE entered into an Agreement and Plan of Merger among it, TN Merger Sub, LLC, its wholly-owned subsidiary ("TN Merger Sub"), and Ethanol Grains Processors, LLC ("EGP"), a majority-owned subsidiary of VBV (the "EGP Merger Agreement"); and an Agreement and Plan of Merger among it, IN Merger Sub, LLC, its wholly-owned subsidiary ("IN Merger Sub"), and Indiana Bio-Energy, LLC ("IBE"), a majority-owned subsidiary of VBV (the "IBE Merger Agreement"). A copy of the VBV, EGP and IBE merger agreements are attached to this proxy statement/prospectus as Appendices A, B and C.

Throughout this proxy statement/prospectus, we refer to the merger between GPRE and VBV as the "VBV Merger" and refer to the mergers between GPRE's merger subsidiaries and IBE and EGP, respectively, as the "IBE Merger" and the "EGP Merger". The VBV Merger, IBE Merger and the EGP Merger are referred to collectively as the "Mergers."

**Q: Why am I receiving this proxy statement/prospectus**

A:

*If you are a GPRE shareholder* You are receiving this proxy statement/prospectus because GPRE will be holding a special meeting of its shareholders to obtain this shareholder approval and will be soliciting your vote. This proxy statement/prospectus contains important information about the Mergers, the transactions related to the Mergers, and the special meeting, and you should read it carefully. The enclosed proxy allows you to vote your shares of GPRE without attending the special meeting. *Your vote is important. We encourage you to vote as soon as possible.*

*If you are a VBV, EGP or IBE member* This proxy statement/prospectus is being provided to you as part of an information statement in connection with the special meetings of the members of VBV, EGP and IBE, respectively, at which you will be asked to approve and adopt the applicable merger agreement and the transactions contemplated therein, including the merger of each of VBV, EGP, and IBE with a direct, wholly-owned subsidiary of GPRE formed for the purpose of effecting each merger, as described more fully below. GPRE is required to deliver this proxy statement/prospectus to you because GPRE is offering shares of its common stock to you in exchange for your units in VBV, EGP, or IBE, as the case may be.

**Q: What will happen in the Mergers?**

A:

The following transactions will occur concurrently at the closing of the Mergers:

(i) GP Merger Sub will merge with and into VBV, and the holders of VBV common units will be entitled to receive 7,498.369315 shares of GPRE common stock for each common unit they hold at the effective time of the VBV Merger;

(ii) TN Merger Sub will merge with and into EGP, and the holders of EGP units (other than VBV) will be entitled to receive 0.151658305 shares of GPRE common stock for each

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unit of EGP they hold at the effective time of the EGP Merger and all EGP units will be automatically cancelled when the EGP Merger becomes effective;

(iii)

IN Merger Sub will merge with and into IBE, and the holders of IBE units (other than VBV) will be entitled to receive 731.9974690 shares of GPRE common stock for each unit of IBE they hold at the effective time of the IBE Merger and all IBE units will be automatically cancelled when the IBE Merger becomes effective; and

(iv)

Options to purchase IBE and EGP units will be assumed by GPRE and converted into options to purchase an aggregate of 267,528 shares of GPRE common stock.

### **Q: What is the Stock Purchase?**

A:

Concurrently with the Mergers, under the terms of a separate stock purchase agreement with GPRE dated May 7, 2008 (the "Stock Purchase Agreement"), two wholly-owned subsidiaries of NTR, plc, Bioverda International Holdings Limited ("Bioverda International") and Bioverda US Holdings LLC ("Bioverda US," together with Bioverda International, the "Bioverda entities") will purchase an aggregate of 6,000,000 shares of GPRE common stock at a purchase price of \$10.00 per share, for a total investment of \$60,000,000 (the "Stock Purchase").

### **Q: How many shares of GPRE common stock will be issued in connection with the Mergers and the Stock Purchase?**

A:

GPRE will issue a total of 10,871,472 shares of common stock to the unit holders of VBV, EGP and IBE and assume options to purchase EGP and IBE units that will convert into the right to purchase 267,528 shares of GPRE common stock as consideration in the Mergers and issue 6,000,000 shares of common stock to the Bioverda entities in the Stock Purchase. Accordingly, we estimate that immediately after the completion of the Mergers and the Stock Purchase, the former VBV, EGP and IBE unit holders will own approximately 68.3% of the outstanding shares of GPRE common stock. This will constitute a change in control of GPRE and will have a significant dilutive effect on our current shareholders.

### **Q: Why are GPRE and VBV proposing the Mergers?**

A:

GPRE and VBV are proposing the Mergers because they believe the resulting combined enterprise will be a stronger, more competitive company capable of achieving greater financial strength, operational efficiencies, earning power, access to capital, and growth than either company would be capable of separately. GPRE and VBV believe that the Mergers may result in a number of benefits, including:

providing the opportunity for GPRE's shareholders and the VBV, EGP and IBE members to participate in the potential growth of the combined enterprise after the Mergers;

increasing the size and scale of the combined enterprise's operations and positioning it to become one of the lowest-cost producers of ethanol;

enhancing the geographical diversity of the combined enterprise's operations, thereby decreasing its exposure to fluctuations in any one feedstock market, increasing its access to potential customers and allowing it to distribute its products more efficiently;

creating synergies by combining its ethanol production facilities with IBE and EGP while eliminating duplicative functions; and

improving access to debt and equity capital, and positioning it to participate in the potential consolidation and vertical integration of the ethanol industry.



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For a more complete description of the factors considered by the board of each company, please refer to the sections of this proxy statement/prospectus entitled "The Merger GPRE's Reasons For the Merger" and " Recommendation of the GPRE Board of Directors" and "The Merger VBV's and VBV Subsidiaries' Reasons For the Mergers" and "Recommendation of the VBV Managers and VBV Subsidiary Boards of Directors" on pages 63-64.

### **Q: Has the GPRE Board of Directors Approved the Mergers?**

A:

After careful consideration, the GPRE board unanimously determined that the Mergers are advisable and in the best interests of GPRE and its shareholders.

### **Q: What is necessary to complete the Mergers?**

A:

In order to complete the Mergers,

- (1) GPRE's shareholders must approve the Mergers, the issuance of the shares of GPRE common stock in the Mergers and the Stock Purchase, and GPRE's amended and restated articles of incorporation;
- (2) the members of VBV, EGP and IBE must approve and adopt the VBV Merger Agreement, the EGP Merger Agreement and the IBE Merger Agreement, respectively, and approve the transactions contemplated by those Merger Agreements, including the Mergers; and
- (3) all other conditions to the Mergers must be satisfied or waived, including receipt of certain consents on regulatory approvals. See pages 90-91, 93 and 94 for a discussion of these conditions.

### **Q: When are the Mergers expected to be completed?**

A:

GPRE and VBV expect to complete the Mergers as soon as possible. If the shareholders of GPRE approve the Mergers, the issuance of the GPRE common stock in the Mergers and the Stock Purchase, and the amended and restated articles of incorporation, and the unit holders of VBV, EGP and IBE approve and adopt the Merger Agreements and approve the Mergers and the other transactions contemplated by the Merger Agreements, and all closing conditions in the Merger Agreements are satisfied or waived, GPRE and VBV anticipate that the Mergers will be completed in the 2008 calendar year. The Mergers will become effective upon the filings of certain merger documents with the applicable Secretaries of State.

### **Q: What risks should I consider in deciding whether to vote for the proposals presented at the special meeting?**

A:

You should carefully review and consider the risks set forth in the section entitled "Risk Factors" beginning on page 21.

### **Q: Who will be the directors of GPRE following the Mergers?**

A:

Following the Mergers, GPRE will be governed by a nine-member board of directors. The Bioverda entities will together have the right, as long as they collectively own at least 32.5% of the outstanding GPRE common stock, to designate four individuals to be nominated for election as directors. The Bioverda entities' initial designees are expected to be Jim Anderson, Jim Barry, James Crowley and Michael Walsh. Similarly, as long as Wilon Holdings S.A., a current member of VBV ("Wilon"), owns at least 2.5% of the outstanding GPRE common stock, it will have the right to designate one individual to be nominated for election as a director. Wilon's initial designee is expected to be Alain Treuer. Each of the parties to the Shareholders' Agreement will vote his or

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its shares of GPRE common stock in favor of the nominees of the Bioverda entities and Wilon. It is anticipated that current GPRE directors Gordon Glade, Wayne Hoovestol, Gary Parker and Brian Peterson will continue to serve on the GPRE board after the Mergers. Thereafter, except for the Bioverda entities' and Wilon's designees, the directors will be nominated for election by the shareholders in accordance with GPRE's bylaws and nominating committee procedures.

### **Q: Who will be the executive officers of GPRE following the Mergers?**

A:

Following the Mergers, the executive management team of the combined organization is expected to be composed of the members of GPRE's management team prior to the Mergers, except that Todd Becker (the current chief executive officer of VBV) will be appointed to serve as president and chief operating officer of GPRE. It is expected that Wayne Hoovestol will resign from his position as chief executive officer of GPRE not later than 12 months following the Mergers and, subject to the discretion of the board of directors, Mr. Becker will be appointed to succeed Mr. Hoovestol as chief executive officer.

### **Q: What are the interests of GPRE executive officers and directors in the Mergers?**

A:

The GPRE executive officers and directors have certain interests in the Mergers that are different from the GPRE shareholders, including management and board positions following the Mergers. See the section entitled "The Mergers Interests of GPRE's Directors and Executive Officers" for additional discussion of these interests.

### **Q: Have the Mergers and the other transactions contemplated in the respective Merger Agreements been approved by VBV, EGP and IBE?**

A:

The boards of each of VBV, EGP and IBE have unanimously approved and adopted the respective Merger Agreements and the Mergers and the other transactions contemplated by the respective Merger Agreements. Each of VBV, EGP, and IBE intend to hold special meetings of its members to consider and approve the applicable merger agreement, merger, and other transactions contemplated therein. The Bioverda entities and Wilon have approved the Stock Purchase.

### **Q: Do the GPRE shareholders have appraisal rights?**

A:

GPRE shareholders do not have appraisal rights with respect to the Mergers, the proposals they are being asked to approve, or any other matter discussed in this proxy statement/prospectus.

### **Q: Do the VBV, IBE or EGP members have appraisal rights?**

A:

None of the members of VBV, IBE or EGP have appraisal rights with respect to the Mergers or the other transactions contemplated by the Merger Agreements.

### **Q: What are the tax consequences of the Mergers?**

A:

Subject to the discussion under "The Mergers Material U.S. Federal Income Tax Consequences of the Mergers," in this proxy statement/prospectus, the VBV Merger has been structured as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Stoel Rives LLP has provided a legal opinion that the VBV Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code; the Internal Revenue Service ("IRS") has not provided a ruling on the matter. Assuming the VBV Merger so qualifies, for U.S. federal income tax purposes none of GPRE, VBV, GP Merger Sub, or VBV Members who are U.S. persons (as defined in "The Mergers Material U.S. Federal Income Tax Consequences of the Mergers") will recognize gain or loss as a result of the VBV Merger. Depending on their individual circumstances, VBV Members who are non-U.S. persons (as defined

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in "The Mergers Material U.S. Federal Income Tax Consequences of the Mergers") generally will not recognize gain or loss in connection with the VBV Merger and generally will not be subject to a 10% withholding tax on their receipt of GPRE common stock in exchange for VBV units pursuant to the VBV Merger. The EGP Merger and the IBE Merger will be taxable to the holders of units in EGP and IBE (other than VBV) for U.S. federal income tax purposes, although none of GPRE, any of GPRE's subsidiaries, or VBV will recognize gain or loss as a result of the EGP Merger and the IBE Merger. See the section entitled "The Mergers Material U.S. Federal Income Tax Consequences of the Mergers" beginning on page 75 of this proxy statement/prospectus for a discussion of material U.S. federal income tax consequences of the Mergers.

### Questions and Answers about the Special Meeting of GPRE Shareholders

**Q: When and where will the special meeting of GPRE shareholders be held?**

A: The special meeting will take place at 9420 Underwood Ave., Suite 100, Omaha, Nebraska, 68114, on October 10, 2008 at 10:00 a.m. central time.

**Q: Who may attend and vote at the special meeting?**

A: Only GPRE's shareholders of record as of the close of business on August 12, 2008, the record date, may attend and vote at the special meeting. As of the record date, GPRE had 7,821,528 shares of common stock issued and outstanding and entitled to vote. Shareholders are entitled to one vote for each share of common stock held.

**Q: What will be voted on at the special meeting?**

A: The shareholders of GPRE will be asked to vote on the following proposals:

1. To approve the Mergers;
2. To approve the issuance of an aggregate of 17,139,000 shares of GPRE common stock in the Mergers (including shares subject to options assumed) and the Stock Purchase;
3. To approve the amended and restated articles of incorporation of GPRE as follows: (i) amend Article II to increase the number of shares authorized for issuance by GPRE; and (ii) amend Article III so that it is consistent with the terms of GPRE's Bylaws, which must be amended as a condition to closing the VBV Merger, with respect to (A) imposing a supermajority shareholder vote if two-thirds of the directors do not approve certain transactions prior to GPRE's next significant transaction, and (B) altering the number of GPRE's directors and the method by which board vacancies are filled; and
4. To adjourn the special meeting, if necessary, to solicit additional proxies if there are insufficient votes to approve proposals 1, 2 or 3.

**Q: How does GPRE's board of directors recommend that shareholders vote on the proposals to be presented at the special meeting?**

A: After careful consideration, GPRE's board of directors unanimously determined that the Mergers are advisable, fair to and in the best interests of GPRE and its shareholders and approved the Merger Agreements and the transactions contemplated by the Merger Agreements, including the Mergers and the Stock Purchase. **Accordingly, GPRE's board of directors unanimously recommends that you vote "FOR" each of the proposals to be presented at the special meeting.**





**Q: How can I vote?**

A:

If you are a shareholder of record as of the record date, you may:

cast your vote in person by attending the special meeting of GPRE shareholders;

cast your vote on the Internet website specified on your enclosed proxy card;

cast your vote by telephone by calling the number specified on your enclosed proxy card; or

complete, sign and date the enclosed proxy card and return it to GPRE in the postage-paid envelope provided with this proxy statement/prospectus.

If you vote your proxy over the Internet or by telephone, you must do so before 11:59 p.m., eastern time, on October 9, 2008. If you hold your shares of GPRE common stock in the name of a bank or broker, please follow the voting instructions provided by your bank or broker to ensure that your shares are represented at the special meeting. Please note that most banks and brokers permit their beneficial owners to vote by telephone or by Internet. *If you hold shares in street name, see the next question and answer.*

**Q: If my shares are held in street name by my broker, how do I vote?**

A:

If your shares are held by a bank or nominee (that is, in "street name"), you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your bank or broker.

***Important Note:** You may not vote shares held in street name by returning a proxy card directly to GPRE or by voting in person at the special meeting unless you provide a "legal proxy," which you must obtain from your bank or broker.*

**Q: How will my proxy be exercised with respect to the proposals to be presented?**

A:

Each valid proxy received before the meeting will be voted in accordance with the indication made on the proxy card. If you sign and return your proxy card without indicating how to vote on any particular proposal, the GPRE common stock represented by your proxy will be voted in favor of that proposal.

**Q: Can I revoke my proxy or change my vote even after returning a proxy card?**

A:

Yes. You can revoke your proxy or change your vote before your proxy is voted at the special meeting. You can do this in one of four ways:

you can submit a signed notice of revocation to GPRE;

you can grant a new, valid proxy bearing a later date than your original proxy;

you can cast a new proxy vote over the Internet or by telephone;

if you are a holder of record, you can attend the special meeting of GPRE shareholders and vote in person, which will automatically cancel any proxy you have previously given, or you may revoke your proxy in person, however, your attendance alone will not be sufficient to revoke any proxy that you have previously given.

The notice of revocation or the valid, later dated proxy must be received before the date of the Special Meeting. If your shares are held in street name by your broker, you should contact your broker to change your vote.

**Q: What constitutes a quorum at the Special Meeting?**

A: The presence, in person or by proxy, at the special meeting of holders of a majority of the outstanding shares entitled to vote constitutes a quorum. Based on 7,821,528 shares outstanding as of the record date, 3,910,764 shares will constitute a quorum.

**Q: What GPRE shareholder approvals are needed to complete the Mergers?**

A: The affirmative vote of a majority of the shares cast at the special meeting at which a quorum is present is needed to approve each of the proposals. Abstentions and broker non-votes will have no impact on these votes.

**Q: Are any shareholders already committed to vote in favor of these proposals?**

A: Yes. The executive officers and directors of GPRE, in their capacities as shareholders of GPRE, have each agreed to vote their respective shares of GPRE common stock in favor of the adoption and approval of each of the proposals to be presented at the special meeting. Collectively, these individuals currently beneficially own approximately 29% of the total voting power of GPRE's issued and outstanding common stock. See the section entitled "The Lock-up and Voting Agreements" beginning on page 95 of this proxy statement/prospectus.

**Q: What do I need to do now?**

A: Carefully read and consider the information contained in and incorporated by reference into this proxy statement/prospectus, including its appendices, and vote the proxy card you receive by returning the completed, signed and dated proxy card in the postage-paid envelope, or vote by internet or telephone, as instructed on the proxy card. We encourage you to vote the proxy card you receive as soon as possible, even if you plan to attend special meeting of GPRE shareholders, to ensure that your shares are represented at the special meeting and voted as directed.

**Q: Who should I contact if I have any questions about the Mergers, the Stock Purchase, the special meeting or proxy materials?**

A: If you have any questions about the Mergers, the Stock Purchase, the special meeting of GPRE's shareholders or you need assistance in submitting your proxy or voting your shares, please contact Scott Poor at GPRE at (402) 884-8700.

## SUMMARY

*This summary only provides an overview. This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. It is not a complete presentation of the relevant facts, and it is qualified by the other information in this proxy statement/prospectus. We encourage you to carefully read this entire proxy statement/prospectus because the information in this section does not provide all the important information in connection with the Mergers and the related matters on which the GPRE shareholders and the VBV and VBV Subsidiary unit holders are being asked to vote. You should carefully read this entire document and the other documents we refer to for a more complete understanding of the Mergers and the Stock Purchase. This summary and the balance of this proxy statement/prospectus contain forward-looking statements about events that are not certain to occur, and you should not place undue reliance on those statements. Please carefully read "Cautionary Information Regarding Forward-Looking Statements" on pages 45-46 of this proxy statement/prospectus. This proxy statement/prospectus contains trademarks, trade names, service marks, and service names of GPRE, VBV, and other companies.*

References to "we," "us," "our," or "GPRE" in this proxy statement/prospectus refer to Green Plains Renewable Energy, Inc. and its subsidiaries. References to "VBV," "EGP" and "IBE" refer to VBV LLC, Ethanol Grain Processors, LLC and Indiana Bio-Energy, LLC, respectively. References to the "Company" or "Companies" refer to GPRE, VBV and their respective subsidiaries.

### *The Companies*

#### *Green Plains Renewable Energy, Inc.*

GPRE, an Iowa corporation formed in June 2004, is based in Omaha, Nebraska and seeks to implement its strategy of becoming a vertically-integrated, low-cost ethanol producer. GPRE has an ethanol plant in Shenandoah, Iowa, with an expected annual operating capacity of 55 million gallons. A second ethanol plant in Superior, Iowa, became operational in July, 2008 with an expected annual operating capacity of 55 million gallons. GPRE has grain storage capacity of approximately 19 million bushels and provides complementary agronomy, seed, feed, fertilizer and petroleum services at various sites in Iowa. Its principal executive offices are located at 105 N. 31st Avenue, Suite 103, Omaha, Nebraska 68131 and its telephone number is (402) 884-8700.

#### *Green Plains Merger Sub, Inc., TN Merger Sub, LLC and IN Merger Sub, LLC*

Each of these entities is a wholly-owned subsidiary of GPRE that was recently formed solely for the purpose of effecting the Mergers. They do not conduct any business and have no material assets. Their principal executive offices have the same address and telephone number as GPRE.

#### *VBV LLC*

VBV, a Delaware limited liability company with corporate offices located in Chicago, Illinois, was formed in 2006 for the purpose of developing and operating ethanol and other biofuels production plants. VBV owns a majority interest in two companies that have ethanol plants under construction: IBE, located in Bluffton, Indiana, and EGP, located near Obion, Tennessee. VBV is actively engaged in the operational aspects of IBE and EGP, including with respect to input, hedging and infrastructure and related matters. In addition to managing certain operational aspects of IBE and EGP, VBV also markets ethanol in different geographic locations and is in the process of building a fee-based ethanol marketing business to provide this service to other ethanol plants in the industry. VBV may engage in other industry-related business activities as determined by its board and management in the future. The Bioverda entities and Wilon, each of which are described below, collectively own 100% of the issued and outstanding common units of VBV and are from time to time referred to collectively as the "VBV Members." VBV has elected to be treated as a C corporation for federal income tax purposes.

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### *Ethanol Grain Processors, LLC*

EGP is a Tennessee limited liability company formed in October 2004 and based in Rives, Tennessee. EGP is in the process of constructing a dry-mill corn based ethanol plant near Obion, Tennessee, with an expected production capacity of 110 million gallons per year. The EGP plant is expected to be operational beginning in the fourth quarter of 2008. The principal executive offices of EGP are located at 1918 McDonald Road, Rives, Tennessee 38253. VBV owns approximately 62% of the issued and outstanding units of EGP.

### *Indiana Bio-Energy, LLC*

IBE is an Indiana limited liability company formed in October 2004 and based in Bluffton, Indiana. IBE is in the process of constructing a dry-mill corn based ethanol plant with an expected production capacity of 110 million gallons per year. The IBE plant is expected to be operational beginning in fourth quarter of 2008. The principal executive offices of IBE are located at 969 North Main Street, Bluffton, Indiana 46714. VBV owns approximately 78% of the issued and outstanding units of IBE.

### *The Bioverda Entities and NTR plc*

Bioverda International Holdings Limited is a company organized under the laws of Ireland and Bioverda US Holdings LLC is a Delaware limited liability company, and each is a wholly-owned subsidiary of NTR plc, a public limited company registered in Ireland. Collectively, the Bioverda entities currently own 90% of the issued and outstanding common units of VBV.

NTR, plc ("NTR") is a leading international developer and operator of renewable energy and sustainable waste management projects. The company has market capitalization in excess of \$2.1 billion. NTR is based in Dublin, Ireland, with its U.S. offices located in Chicago, Illinois, and with operations in Ireland, the United Kingdom and the U.S. NTR's U.S. businesses include Greenstar North, headquartered in Houston, Texas; Sterling Energy Systems, Inc., headquartered in Phoenix, Arizona; and Wind Capital Group, headquartered in St. Louis, Missouri.

The principal executive offices of NTR and Bioverda International are located at Burton Court, Burton Hall Drive, Sandyford, Dublin 18, Ireland. The principal executive offices of Bioverda US are located at One South Dearborn Street, Suite 800, Chicago, Illinois 60603.

### *Wilson Holdings, S.A.*

Wilson Holdings, S.A., a company organized under the laws of Panama, is controlled by Alain Treuer, a Switzerland-based entrepreneur and venture capitalist. Mr. Treuer has helped develop successful businesses in diverse sectors such as telecom, renewable energy, consumer goods, Internet security and biotechnology. Wilson currently owns 10% of the issued and outstanding common units of VBV.

The principal executive offices of Wilson are located at 53<sup>rd</sup> E Street, Urbanizacion Marbella, MGM Tower 16<sup>th</sup> Floor, Panama, Republic of Panama.

### ***The Mergers and the Merger Agreements (See pages 54 to 81 and pages 82 to 94)***

The Merger Agreements are attached as Appendices A, B and C to this proxy statement/prospectus. We encourage you to read each of the Merger Agreements as they are the principal documents governing the Mergers.

### *General Structure*

At the closing of the Mergers, GP Merger Sub will merge with and into VBV, with VBV as the surviving entity. IN Merger Sub will merge with and into IBE, with IBE as the surviving entity. TN

Merger Sub will merge with and into EGP, with EGP as the surviving entity. The closing of each of the Mergers will occur concurrently.

Each outstanding common unit of VBV will be converted in the VBV Merger into the right to receive 7,498.369315 shares of GPRE common stock. Each outstanding common unit of IBE (other than units held by VBV) will be converted in the IBE Merger into the right to receive 731.997469 shares of GPRE common stock. Each outstanding unit of EGP (other than units held by VBV) will be converted in the EGP Merger into the right to receive 0.1515658305 shares of GPRE common stock.

At and as of the effective time, all units in IBE and EGP will automatically be cancelled and will cease to be outstanding and each holder of an IBE and EGP unit will cease to have any rights with respect thereto, except the right to receive the IBE Merger Consideration or the EGP Merger Consideration, as appropriate, and certain dividends or other distributions in accordance with the IBE and EGP Merger Agreements.

GPRE will issue an aggregate of 10,871,472 shares of common stock in the Mergers and assume options to purchase EGP and IBE units that will convert into the right to purchase 267,528 shares of GPRE common stock upon the same terms and subject to the same conditions as the original agreement governing such option.

*Conditions to Completion of the Mergers*

Completion of the Mergers is subject to various customary closing conditions, including receipt of all necessary third party consents and regulatory approvals, the accuracy of representations and warranties made in the Merger Agreements, compliance with covenants in the Merger Agreements, approval of the GPRE shareholders and the members of VBV, IBE and EGP and certain other specified conditions. In addition, the provisions of GPRE's bylaws respecting certain supermajority approvals, the number of directors and the method by which board vacancies are filled must be amended, and GPRE's articles of incorporation must be restated to increase the number of shares authorized and to make them consistent with the revised bylaws, in order to consummate the VBV Merger. Certain conditions in the VBV Merger may be waived by either GPRE or VBV. Circumstances in which either GPRE or VBV may waive such conditions, for example, would include if in the business judgment of the respective board of directors, the failure to fulfill such a condition is determined at such time to not have a material adverse effect on the overall benefits of the mergers, or the risks of failure to meet such condition are outweighed by the overall benefits of the mergers, as determined by such board at such time. Neither GPRE nor VBV would waive a condition that, in the view of either company, would require either of them to resolicit shareholder or member approval.

*Termination of the Merger Agreements; Termination Fee*

Each of the Merger Agreements contains provisions addressing circumstances under which the parties may terminate a Merger Agreement. In addition, the VBV Merger Agreement provides, that in certain circumstances, one party must pay to the other party a termination fee of \$6,000,000.

*No Solicitation*

The VBV Merger Agreement contains certain provisions which prohibit the solicitation of a takeover proposal from a third party of VBV or GPRE, except in certain circumstances, and governs the conduct of the parties in the event that an unsolicited takeover proposal is presented by a third party.

*Other Transaction Agreements*

In connection with the Mergers, GPRE, the Bioverda entities, Wilon and Wayne Hoovestol will enter into a Shareholders' Agreement that provides for certain registration rights and certain governance matters of GPRE following the Mergers. In addition, the Bioverda entities and certain shareholders of GPRE have entered into Lock-Up and Voting Agreements whereby they have agreed to vote for the Mergers and to not sell their shares of GPRE common stock for a specified time period. Wilon has also entered into a Lock-up Agreement under which it has agreed not to sell its shares of GPRE common stock for a specified time period. GPRE and the Bioverda entities have also entered into a Stock Purchase Agreement whereby the Bioverda entities will purchase an aggregate of 6,000,000 shares of GPRE common stock at a purchase price of \$10.00 per share concurrently with the closing of the Mergers.

The following graphic displays the relationships among the various parties to the Mergers and the Stock Purchase and their approximate ownership interests, both before the Mergers and Stock Purchase and after consummation of the Mergers and the Stock Purchase. Whole lines indicate approximate ownership percentages of the GPRE and VBV subsidiaries, both pre- and post-Mergers, and dashed lines indicate the approximate ownership percentages of the equity owners of GPRE and VBV, both pre- and post-Mergers. "Insiders" refers to GPRE officers and directors.

**Pre-Merger and Stock Purchase**



**Post-Merger and Stock Purchase**

***Opinion of Financial Advisor (See pages 65-72)***

GPRE engaged Duff & Phelps, LLC ("Duff & Phelps") to render an opinion to GPRE's board of directors as to the fairness, from a financial point of view, to GPRE, of the Collective Consideration (defined herein as the 10,871,472 shares of GPRE common stock and options to purchase 267,528 shares of GPRE common stock issued in conjunction with the proposed merger transactions and 6,000,000 shares of GPRE common stock issued in conjunction with the Stock Purchase) to be paid by GPRE pursuant to the proposed Mergers and the Stock Purchase (the proposed Mergers and Stock Purchase are collectively referred to herein as the "Proposed Transaction"). GPRE selected Duff & Phelps because Duff & Phelps is a leading independent financial advisory firm, offering a broad range of valuation, investment banking services and consulting services, including fairness and solvency opinions, mergers and acquisitions advisory, mergers and acquisitions due diligence services, financial reporting and tax valuation, fixed asset and real estate consulting, ESOP and ERISA advisory services, legal business solutions, and dispute consulting. Duff & Phelps is regularly engaged in the valuation of businesses and securities and the preparation of fairness opinions in connection with mergers, acquisitions and other strategic transactions. Duff & Phelps delivered a written opinion to the GPRE board of directors that, subject to the limitations, exceptions, assumptions and qualifications set forth therein, as of May 7, 2008, the proposed consideration to be paid by GPRE pursuant to the Proposed Transaction was fair to GPRE from a financial point of view. A copy of the opinion is attached as Appendix G hereto and is available for inspection and copying at the principal executive offices of GPRE. The opinion obtained by the board does not address the fairness to GPRE shareholders because no part of the Collective Consideration is being received by GPRE shareholders, and because GPRE will remain intact following the Proposed Transaction.

***Material U.S. Federal Income Tax Consequences of the Mergers (See pages 75-81)***

Subject to the discussion under "The Mergers Material U.S. Federal Income Tax Consequences of the Mergers" in this proxy statement/prospectus, the VBV Merger has been structured as a reorganization within the meaning of Section 368(a) of the Code. Stoel Rives LLP has provided a legal opinion that the VBV Merger will qualify as a reorganization within the meaning of Section 368(a) of

the Code; the IRS has not provided a ruling on the matter. Assuming the VBV Merger so qualifies, for U.S. federal income tax purposes none of GPRE, VBV, GP Merger Sub, or VBV Members who are U.S. persons (as defined in "The Mergers Material U.S. Federal Income Tax Consequences of the Mergers") will recognize gain or loss as a result of the VBV Merger. Depending on their individual circumstances, VBV Members who are non-U.S. persons (as defined in "The Mergers Material U.S. Federal Income Tax Consequences of the Mergers") generally will not recognize gain or loss in connection with the VBV Merger and generally will not be subject to a 10% withholding tax on their receipt of GPRE common stock in exchange for VBV units pursuant to the VBV Merger. The EGP Merger and the IBE Merger will be taxable to the holders of units in EGP and IBE (other than VBV) for U.S. federal income tax purposes, although none of GPRE, any of GPRE's subsidiaries, or VBV will recognize gain or loss as a result of the EGP Merger and the IBE Merger.

***Accounting Treatment of the Mergers (See page 72)***

The Mergers are being accounted for as reverse mergers. GPRE will account for the Mergers under the purchase method of accounting for business combinations, with GPRE being the acquired company and VBV being the acquiring company.

***Management After the Mergers (See page 56)***

Following the Mergers, GPRE will be governed by a nine-member board of directors. The Bioverda entities will together have the right, as long as they collectively own at least 32.5% of the outstanding GPRE common stock, to designate four individuals to be nominated for election as directors. The Bioverda entities' initial designees are expected to be Jim Anderson, Jim Barry, James Crowley and Michael Walsh. Similarly, as long as Wilon owns at least 2.5% of the outstanding GPRE common stock, it will have the right to designate one individual to be nominated for election as a director. Wilon's initial designee is expected to be Alain Treuer. Each of the parties to the Shareholders' Agreement will vote his or its shares of GPRE common stock in favor of the nominees of the Bioverda entities and Wilon. It is anticipated that current GPRE directors Gordon Glade, Wayne Hoovestol, Gary Parker and Brian Peterson will continue to serve on the GPRE board after the Mergers. Thereafter, except for the Bioverda entities' and Wilon's designees, the directors will be nominated for election by the shareholders in accordance with GPRE's bylaws and nominating committee procedures.

Following the Mergers, the executive management team of the combined organization is expected to be composed of the members of GPRE's management team prior to the Mergers, except that Todd Becker (the current chief executive officer of VBV) will be appointed to serve as president and chief operating officer of GPRE. It is expected that Wayne Hoovestol will resign from his position as chief executive officer of GPRE not later than 12 months following the Mergers and, subject to the discretion of the board of directors, Mr. Becker will be appointed to succeed Mr. Hoovestol as chief executive officer. Employees of both companies will be integrated into a combined workforce. GPRE's corporate headquarters will remain in Omaha, Nebraska.

At the effective time of the VBV Merger, the officers and managers of VBV will each resign and following the VBV Merger, the then-current officers and directors of GPRE will serve as the officers and managers of VBV.

At the effective time of the IBE and EGP Mergers, the directors of IBE and EGP will resign and following the IBE and EGP Mergers, the then-current managers of IN Merger Sub and TN Merger Sub, will serve as the managers of IBE and EGP, respectively.

***Risks Associated with GPRE, VBV and the Mergers (See pages 21-44)***

The Mergers pose a number of risks to each Company and their respective shareholders or members. In addition, both GPRE and VBV are subject to various risks associated with their businesses and the ethanol industry generally. These risks are discussed in detail under the caption "Risk Factors" beginning on page 21. You are encouraged to read and carefully consider all of these risks.

***The GPRE Special Meeting (See pages 47-52)***

The GPRE special meeting will be held on October 10, 2008, at 10:00 a.m., central time, at 9420 Underwood Ave., Suite 100 Omaha, Nebraska, 68114. The purpose of the GPRE special meeting is to vote on the Mergers, the issuance of an aggregate of 17,139,000 shares of common stock in the Mergers and the Stock Purchase and adoption of the amended and restated articles of incorporation of GPRE, all of which requires the affirmative vote of a majority of the shares cast at a special meeting at which a quorum is present. The record date for determining shareholders entitled to vote at the special meeting is August 12, 2008. Directors and executive officers of GPRE currently hold approximately 29% of the outstanding shares of common stock have agreed to vote in favor of the Mergers.

***Recommendation of GPRE's Board of Directors (See page 64)***

After careful consideration, the board of directors of GPRE has unanimously determined that the Mergers and transactions contemplated by the Merger Agreements, including the Stock Purchase are advisable and that the issuance of shares of GPRE common stock pursuant to the Mergers and the Stock Purchase is fair to and in the best interests of GPRE shareholders. Therefore, the GPRE board of directors recommends that its shareholders vote "FOR" approval of the proposals to be presented at the GPRE special meeting.

***VBV and VBV Subsidiary Approvals (see pages 52-53)***

Each of VBV, EGP and IBE will hold separate special meetings of their respective members to obtain the necessary approvals of the Merger Agreements and the Mergers.

***Recommendation of the VBV Managers and VBV Subsidiary Boards of Directors (See pages 64)***

After careful consideration, the board of managers of VBV and the boards of directors of each of EGP and IBE have unanimously approved the respective Merger Agreements and the Mergers, and have determined that the Mergers are advisable, fair to, and in the best interests of, VBV, EGP and IBE and their respective members.

***Ownership of GPRE Common Stock by GPRE's Directors and Executive Officers (See pages 73-74)***

Upon the issuance of GPRE common stock in the Mergers and the Stock Purchase, based on beneficial ownership computations as of August 12, 2008, the current directors and executive officers of GPRE will collectively beneficially own approximately 9.4% of the outstanding stock of GPRE. Alain Treuer, who is expected to become a director of GPRE as of the closing of the Mergers, will beneficially own between 3.0% and 7.6% of the outstanding stock of GPRE.

***Interests of GPRE's Directors and Executive Officers (See pages 74-75)***

Some GPRE directors and executive officers have interests in the Mergers that are different from or are in addition to the interests of the GPRE shareholders. These interests include the potential for positions as GPRE directors or executive officers following completion of the Mergers and vesting of equity awards upon specified circumstances under an employment agreement, and Mr. Hoovestol's rights under the Shareholders' Agreement.

*Interests of VBV's, IBE's and EGP's Managers and Executive Officers (See page 75)*

Upon completion of the Mergers and the issuance of GPRE common stock in the Mergers, the current managers and officers of VBV will collectively beneficially own approximately 3.0% of the outstanding stock of GPRE. Mr. Becker, the current chief executive officer of VBV who will become the president and chief operating officer of GPRE upon completion of the Mergers, has entered into an employment agreement with GPRE. Additionally, it is expected that certain of the managers and officers of VBV will serve as directors or officers of GPRE following the Mergers, and all current and former managers and officers of VBV will be entitled to certain protections from liability arising from their respective roles as officers and managers of VBV prior to the effective time of the Mergers.

*NASDAQ Listing*

GPRE's common stock is currently listed on the NASDAQ Capital Market and the American Stock Exchange. The Merger Agreements require that the shares of common stock to be issued in the Mergers and the Stock Purchase be listed on the NASDAQ Global Market. GPRE has filed a listing application for listing its common stock on the NASDAQ Global Market, which if approved, will take effect the first trading day following consummation of the Mergers. Approval is a condition to the completion of the Mergers. At such time, GPRE intends to delist its common stock from the American Stock Exchange.

*Regulatory Approvals (See pages 72)*

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") and related rules, certain transactions, including the Mergers, may not be completed until notifications have been given and information furnished to the Antitrust Division of the Department of Justice ("Antitrust Division") and the Federal Trade Commission ("FTC") and the specified waiting period requirements have been satisfied. On June 26, 2008, GPRE and VBV filed Notification and Report Forms with the Antitrust Division and the FTC. On July 22, 2008, the Premerger Notification Office of the FTC granted early termination of all applicable waiting periods under the HSR Act in connection with the Mergers.

*Restrictions on the Ability to Sell GPRE Common Stock*

All shares of GPRE common stock received by VBV or VBV Subsidiary members in the Mergers should be freely transferable, except that if a VBV or VBV Subsidiary member is deemed to be an "affiliate" of GPRE under the Securities Act at the time of the special member meetings, the VBV or VBV Subsidiary member may resell those shares only in transactions permitted by Rule 144 and Rule 145 under the Securities Act or as otherwise permitted under the Securities Act.

Of the 10,871,472 shares of GPRE common stock to be issued in the Mergers, 3,373,103 shares will be freely transferable and may be resold without restriction in the public market immediately after the closing, and 7,498,369 shares of GPRE common stock to be issued to certain "affiliates" in the Mergers may be resold 90 days after the Mergers, subject to compliance with Rule 144. The Bioverda entities and Wilon have agreed not to sell their shares of GPRE stock for a certain period of time after the closing of the Mergers. GPRE expects to register the 267,528 shares of GPRE common stock issuable upon exercise of certain EGP and IBE options being assumed by GPRE in the Mergers on a registration statement on Form S-8 after the closing of the Mergers. In addition, GPRE has granted the Bioverda entities, Wilon, and Wayne Hoovestol certain rights to require that GPRE register all shares of GPRE common stock held by them for public resale, beginning 18 months after the Closing.

*Comparison of Rights of Common Shareholders of GPRE and Members of VBV and the VBV Subsidiaries (See pages 107-119)*

VBV and VBV Subsidiary members' rights are currently governed by the organizational documents and applicable state laws of the respective entities. Upon completion of the Mergers, the members will become shareholders of GPRE and their rights as such will be governed by Iowa law and the amended and restated articles of incorporation and amended and restated bylaws of GPRE, which are attached as Appendices H and I hereto.

*Description of Common Stock*

GPRE's authorized capital stock currently consists of 25,000,000 shares of common stock, \$.001 par value per share. GPRE has no other authorized classes of common or preferred equity securities. As of August 12, 2008, GPRE had 7,821,528 shares of common stock outstanding.

The holders of common stock of GPRE are entitled to equal dividends and distributions per share with respect to the common stock when, as and if declared by the board of directors from funds legally available therefor. No holder of any shares of common stock has a pre-emptive right to subscribe for any securities of GPRE, nor are any shares of common stock subject to redemption or convertible into other securities of GPRE. Upon liquidation, dissolution or winding up of GPRE, and after payment of creditors, the assets will be divided pro-rata on a share-for-share basis among the holders of the shares of common stock. All shares of common stock now outstanding are fully paid, validly issued and non-assessable. Each share of common stock is entitled to one vote with respect to the election of any director or any other matter upon which shareholders are required or permitted to vote. Holders of GPRE's common stock do not have cumulative voting rights.

*GPRE Selected Consolidated Financial Information*

The selected historical financial information of GPRE set forth in the table below is derived from GPRE's historical consolidated financial statements. The information as of November 30, 2007, 2006, 2005 and 2004, and for the fiscal periods then ended, is derived from the consolidated financial statements which have been audited by L.L. Bradford & Company, LLC, an independent registered public accounting firm. The information as of May 31, 2008 and 2007, and for the six-month fiscal periods then ended, is derived from our unaudited consolidated financial statements. The selected historical financial information should be read in conjunction with the consolidated financial statements of GPRE, and the notes thereto, included elsewhere herein, and "GPRE Management's Discussion and Analysis of Financial Condition and Results of Operations." Historical results are not necessarily indicative of results to be expected for any future period. Amounts in the table below are presented in thousands, except per share amounts.

	Six Months Ended May 31,		Year Ended November 30,			
	2008	2007	2007	2006	2005	2004(1)
	(Unaudited)	(Unaudited)				
<b>Statement of Operations Data:</b>						
Revenues	\$ 115,395	\$	\$ 24,202	\$	\$	\$
Cost of goods sold	84,186		23,043			
Operating expenses	9,345	4,401	8,943	2,151	730	50
Operating income (loss)	21,864	(4,401)	(7,784)	(2,151)	(730)	(50)
Other income (expense)	(2,034)	1,166	351	3,395	332	
Net income (loss)	14,559	(2,909)	(7,138)	918	(398)	(50)
Earnings (loss) per common share:						
Basic	1.96	(0.48)	(1.18)	0.19	(0.42)	(0.08)
Diluted	1.96	(0.48)	(1.18)	0.19	(0.42)	(0.08)

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	As of May 31,		As of November 30,			
	2008	2007	2007	2006	2005	2004
	(Unaudited)	(Unaudited)				
<b>Balance Sheet Data:</b>						
Cash and equivalents	\$ 7,337	\$ 19,300	\$ 11,914	\$ 43,088	\$ 5,795	\$ 626
Current assets	99,105	22,942	25,179	44,196	33,860	629
Total assets	300,297	125,916	180,273	96,004	34,649	629
Current liabilities	65,966	18,266	24,325	9,777	172	6
Long-term debt	111,290	21,823	63,855	330		
Total liabilities	185,635	40,089	88,180	10,107	172	6
Shareholders' equity	114,662	85,827	92,092	85,896	34,479	623

(1) Statement of operations data for the year ended November 30, 2004 does not include a full fiscal year, but rather consists of the period from June 29, 2004 (date of inception) to November 30, 2004.

**VBV Selected Consolidated Financial Information**

The selected historical financial information of VBV set forth in the table below is derived from VBV's historical consolidated financial statements. The information as of March 31, 2008 and 2007 is derived from the consolidated financial statements which have been audited by KPMG LLP, an independent registered public accounting firm. The information as of June 30, 2008 and 2007, and for the three-month fiscal periods then ended, is derived from VBV's unaudited consolidated financial statements. The selected historical financial information should be read in conjunction with the consolidated financial statements of VBV, and the notes thereto, included elsewhere herein, and "VBV Management's Discussion and Analysis of Financial Condition and Results of Operations." Historical results are not necessarily indicative of results to be expected for any future period. Amounts in the table below are presented in thousands.

	Three Months Ended June 30,		Year ended March 31, 2008	September 28, 2006 (Inception) to March 31, 2007
	2008	2007		
	(Unaudited)	(Unaudited)		
<b>Statement of Operations Data:</b>				
Revenues	\$ 259	\$	\$	\$
Cost of goods sold	165			
Operating expenses	1,461	376	5,423	1,421
Operating loss	(1,367)	(376)	(5,423)	(1,421)
Other income (expense)	5	939	1,423	1,351
Minority interest in net loss	(190)	180	480	28
Net income (loss)	(1,172)	383	(3,520)	(42)

	As of June 30,		As of March 31,	
	2008	2007	2008	2007
	(Unaudited)	(Unaudited)		
<b>Balance Sheet Data:</b>				
Cash and equivalents	\$ 1,639	\$ 53,586	\$ 538	\$ 87,466
Current assets	7,824	55,582	5,285	89,070
Total assets	290,221	192,129	254,176	175,454
Current liabilities	32,376	17,306	26,856	2,085
Long-term debt	110,499	25,633	80,711	25,743
Minority interest	38,432	39,282	38,622	39,102
Total liabilities	181,307	82,223	146,190	66,931
Members' capital	108,914	109,906	107,986	108,523

**Comparative Per Share Data**

The following table shows (1) the basic and diluted earnings (loss) per common share and book value per common share data for GPRE and for VBV on a historical basis, (2) the basic and diluted earnings (loss) per common share and book value per share for GPRE on a pro forma basis and (3) the equivalent pro forma earnings (loss) per common share and book value per common share attributable to the shares of GPRE common stock issuable for VBV.

The following information should be read in conjunction with (i) the historical consolidated financial statements and related notes of GPRE and VBV included elsewhere in this proxy statement/prospectus and (ii) the unaudited pro forma combined financial statements and the accompanying notes in the section "Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 100. The pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of the results of operations that would have resulted if the Mergers had been completed as of the assumed dates or of the results that will be achieved in the future.

We calculate historical book value per share as of March 31, 2008 by dividing each company's shareholders' equity by the number of common shares or units outstanding, as applicable, for GPRE and VBV at February 29, 2008 and March 31, 2008 respectively. We calculate historical book value per share as of June 30, 2008 by dividing each company's shareholders' equity by the number of common shares or units outstanding, as applicable for GPRE and VBV at May 31, 2008 and June 30, 2008, respectively. We calculate pro forma book value per common share as of March 31, 2008 and June 30, 2008 by dividing each company's pro forma shareholders' equity by the pro forma number of shares of GPRE common stock that would have been outstanding had the Mergers been completed as of March 31, 2008 and June 30, 2008, respectively.

We calculate the VBV equivalent pro forma per unit data by multiplying the pro forma per share amounts by the exchange ratio of 7,498.369315 shares of GPRE for each unit of VBV. The VBV exchange ratio of 7,498.369315 does not include the impact of 3,640,631 shares (including options) to

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be issued to members of IBE and EGP, other than VBV, since their interests are accounted for as minority interests in VBV's consolidated financial statements.

	Historical		Pro Forma	
	GPRE	VBV	GPRE/VBV Combined	VBV Equivalent
<b>Basic and diluted earnings (loss) per share</b>				
Year ended March 31, 2008	\$ 0.32	\$ (3,520.11)	\$ (0.01)	\$ (59.30)
Three months ended June 30, 2008	\$ 0.61	\$ (1,171.90)	\$ 0.17	\$ 1,250.11
<b>Book value per share</b>				
As of March 31, 2008	\$ 14.09	\$ 107,986.43	\$ 11.57	\$ 86,763.79
As of June 30, 2008	\$ 14.66	\$ 108,914.54	\$ 11.56	\$ 86,715.75
<b>Cash dividends per share</b>				
Year ended March 31, 2008	\$	\$	\$	\$
Three months ended June 30, 2008	\$	\$	\$	\$

**GPRE Market Price and Dividend Information**

GPRE's common stock trades under the symbol "GPRE" on the NASDAQ Capital Market and the American Stock Exchange. GPRE's shares first began to trade on March 15, 2006. The closing price of GPRE's common stock on August 29, 2008 was \$6.49. The closing price of GPRE's common stock on May 6, 2008, the day before the Mergers were announced, was \$9.07.

The following table sets forth, for the periods indicated, the high and low bid information of GPRE's common stock as reported by NASDAQ. Note that the over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, markdown or commission, and that the quotations may not necessarily represent actual transactions in the common stock.

	High	Low
<b>Fiscal Year Ended November 30, 2008</b>		
Third quarter*	\$ 9.50	\$ 5.51
Second quarter (ended May 31, 2008)	10.64	6.69
First quarter (ended February 29, 2008)	15.84	8.22
<b>Fiscal Year Ended November 30, 2007</b>		
Fourth quarter	\$ 17.60	\$ 8.53
Third quarter (ended August 31, 2007)	20.07	15.00
Second quarter (ended May 31, 2007)	23.18	19.64
First quarter (ended February 28, 2007)	26.12	19.61
<b>Fiscal Year Ended November 30, 2006</b>		
Fourth quarter	\$ 28.25	\$ 16.63
Third quarter (ended August 31, 2006)	39.84	25.60
Second quarter** (ended May 31, 2006)	63.50	21.60

\* Through August 29, 2008.

\*\* GPRE shares first began to trade on March 15, 2006.





*Holders of Record*

As of August 12, 2008, as reported to GPRE by its transfer agent, there were 1,862 holders of record of GPRE's common stock, not including beneficial holders whose shares are held in names other than their own.

*Dividend Policy*

To date, GPRE has not paid dividends on its common stock. The payment of dividends on the common stock in the future, if any, is at the discretion of the board of directors and will depend upon earnings, capital requirements, financial condition and other factors the board views as relevant. The payment of dividends is also limited by covenants in our loan agreements. The board does not intend to declare any dividends in the foreseeable future.

GPRE and its subsidiaries have entered into loan agreements and related agreements with lenders who have loaned GPRE funds to build its two plants, purchase grain assets and to provide funding for working capital purposes. The loan agreements contain covenants that limit to varying degrees dividends or other distributions that our principal subsidiaries may make to us.

***VBV Market Price and Dividend Information***

*VBV LLC*

There is no public trading market for VBV's units. As of August 12, 2008, there were a total of 1,000 common units issued and outstanding held by three members. VBV has not declared or paid any cash dividends on its common units and does not anticipate doing so in the immediate future. VBV currently intends to retain future earnings, if any, to operate its business.

*Ethanol Grain Processors, LLC*

There is no public trading market for EGP's units. As of August 12, 2008, there were a total of 39,944,116 units issued and outstanding and held by 152 members, plus outstanding options to acquire 180,884 units held by two optionees. EGP has not declared or paid any cash dividends on its units and does not anticipate doing so in the immediate future. EGP currently intends to retain future earnings, if any, to operate its business.

*Indiana Bio-Energy, LLC*

There is no public trading market for IBE's units. As of August 12, 2008, there were a total of 6,563 units issued and outstanding and held by 82 members, plus outstanding options to acquire 328 units held by two optionees. IBE has not declared or paid any cash dividends on its units and does not anticipate doing so in the immediate future. IBE currently intends to retain future earnings, if any, to operate its business.

## RISK FACTORS

GPRE and VBV operate in an evolving industry that presents numerous risks. Many of these risks are beyond their control and are driven by factors that often cannot be predicted. You should consider the following risk factors as well as the other information herein in evaluating the Mergers and whether to vote for the proposals to be presented at the special meetings. If any of the risks described below or in the documents incorporated by reference into this proxy statement/prospectus actually occur, the respective business, financial results, financial conditions of GPRE, VBV, IBE or EGP and the stock price of GPRE could be materially adversely affected. These risk factors should be considered in conjunction with the other information included in this proxy statement/prospectus.

### Risks Relating to the Mergers

*Failure to complete the Mergers could negatively impact GPRE's stock price, the value of units in VBV or either of the VBV Subsidiaries, and the future business and financial results of GPRE, VBV and the VBV Subsidiaries.*

Completion of the Mergers is conditioned upon, among other things, receiving the necessary shareholder and member approvals, and the satisfaction or waiver of other customary closing conditions, which are described in the section of this proxy statement/prospectus entitled "The Merger Agreements" beginning on page 82, which may not be satisfied or waived. The Merger Agreements also contain certain termination rights held by GPRE and VBV. If for any reason GPRE and VBV are unable to complete the Mergers, the Companies would be subject to a number of risks, including the following:

GPRE may be required, under certain circumstances, to pay VBV a termination fee of \$6 million;

VBV may be required, under certain circumstances, to pay GPRE a termination fee of \$6 million;

the Companies would not realize the benefits of the proposed Mergers, including any synergies from combining the Companies;

the diversion of the Companies' respective management team's time and attention away from day-to-day operations could have an adverse effect on the financial condition and operating results of the Companies;

the Companies could lose otherwise attractive business opportunities due to restrictions contained in the Merger Agreements;

the businesses of the Companies may be harmed to the extent that customers, suppliers and others believe that the Companies cannot effectively compete in the marketplace without the Mergers, or otherwise remain uncertain about the Companies;

the Companies would continue to be exposed to the general competitive pressures and risks discussed elsewhere in this proxy statement/prospectus, which pressures and risks may be increased if the Mergers are not completed; and

the trading price of GPRE common stock and/or the value of interests in VBV or either VBV Subsidiary may decline to the extent that the current market prices reflect a market assumption that the Mergers will be completed.

The occurrence of any of these events, individually or in combination, could have a material adverse effect on the business, financial condition and results of operations of GPRE, VBV and the VBV Subsidiaries or the trading price of GPRE common stock or value of interests in VBV or the VBV Subsidiaries.

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*Upon completion of the Mergers, a majority of the GPRE board of directors will consist of designees appointed by VBV's members. As a result, GPRE's strategic direction and goals after the Mergers may change significantly.*

After the Mergers are completed, so long as the Bioverda entities hold 32.5% of GPRE's outstanding stock, they will be entitled to nominate four of our nine directors, and so long as Wilon holds 2.5% of GPRE's outstanding stock, it will be entitled to nominate one of our nine directors. This change in the composition of our board may cause the strategic direction and goals of GPRE to change, as compared to the strategic direction and goals of GPRE before the Mergers. Any such change in direction and goals may not be consistent with the GPRE board's past decisions.

*The Mergers may be difficult to integrate, divert the attention of key personnel, disrupt the Companies' businesses, and adversely affect the Companies' financial results.*

The failure of the combined Company to meet the challenges involved in integrating the operations of GPRE, VBV and the VBV Subsidiaries successfully or otherwise to realize any of the anticipated benefits of the Mergers could seriously harm the results of operations of the combined Company. Realizing the benefits of the Mergers will depend in part on the integration of operations and personnel. The integration of companies is a complex and time-consuming process that, without proper planning and implementation, could significantly disrupt the businesses of the Companies. The challenges involved in integration include the following:

difficulties in integrating the operations, technologies, products, existing contracts, accounting processes and personnel of VBV and the VBV Subsidiaries and realizing the anticipated synergies of the combined businesses;

developing the infrastructure needed to integrate VBV's and the VBV Subsidiaries' operations;

diversion of financial and management resources from existing operations;

potential loss of key employees, customers and strategic alliances from either GPRE's current business or the businesses of VBV or either VBV Subsidiary;

unknown environmental hazards on the VBV Subsidiaries' properties;

assumption of unanticipated problems or latent liabilities associated with VBV or the VBV Subsidiaries; and

inability to generate sufficient revenues to offset acquisition and development costs.

The combined Company may not successfully integrate the operations of GPRE, VBV and the VBV Subsidiaries in a timely manner, or at all, and the combined Company may not realize the anticipated benefits or synergies of the Mergers to the extent, or in the timeframe, anticipated. The anticipated benefits and synergies are based on projections and assumptions, not actual experience, and assume a successful integration.

*In order to be successful, the combined Company must retain and motivate key employees and failure to do so could seriously harm the combined Company.*

In order to be successful, the combined Company must retain and motivate its executives and other key employees. Employees of the Companies may experience uncertainty about their future roles with the combined Company until or after strategies for the combined Company are announced or executed. These circumstances may adversely affect the combined Company's ability to retain key personnel. The combined Company also must continue to motivate employees and keep them focused on the strategies and goals of the combined Company, which may be particularly difficult due to the potential distractions of the Mergers.

*If the combined Company is unable to manage growth profitably, its business and financial results could suffer.*

The combined Company's future financial results will depend in part on its ability to profitably manage its core businesses, including any growth that the combined Company may be able to achieve. The combined Company 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 the combined Company is unable to manage its businesses profitably, including any growth that the combined Company may be able to achieve, its business and financial results could suffer.

*The exchange ratios are fixed and will not be adjusted in the event of any change in GPRE's stock price. Accordingly, because the market price of GPRE common stock may fluctuate, at the time of the GPRE special meeting of shareholders, GPRE shareholders cannot be sure of the market value of the consideration that GPRE will pay in the Mergers, and at the time of the special member meetings of VBV and the VBV Subsidiaries, members of VBV and the VBV Subsidiaries cannot be sure of the market value of the consideration they will receive in the Mergers.*

The exchange ratios were agreed upon in the Merger Agreements, and will not be adjusted due to any increases or decreases in the price of GPRE common stock, or the value of VBV, IBE or EGP units. In addition, no party has a right to terminate the Merger Agreements based solely upon changes in the market price of GPRE's common stock, the value of VBV units or the values of the VBV Subsidiary units, and the Merger Agreements contain no other provisions that would limit the impact of increases or decreases in the market price of such securities. As a result, any changes in the value of GPRE's common stock will have a corresponding effect on the value of the consideration that GPRE pays to the members of VBV and the VBV Subsidiaries in the Mergers.

Because the Mergers will be consummated after the GPRE special meeting, at the time of the GPRE special meeting the actual market value of the GPRE common stock that the members of VBV and the VBV Subsidiaries will receive upon completion of the Mergers will be unknown and GPRE may pay more for VBV and the VBV Subsidiaries' interests than the value calculated on the date of the GPRE special meeting. Similarly, because the date that the Mergers are completed will be later than the date of the VBV, IBE and EGP special meetings, at the time of such special meetings the actual market value of the GPRE common stock the members of VBV and the VBV Subsidiaries will receive upon completion of the Mergers or the market value of GPRE common stock at any time after the completion of the Mergers will be unknown.

*The receipt of GPRE common stock in exchange for VBV units pursuant to the VBV Merger may be taxable to VBV Members for U.S. federal income tax purposes and subject to a 10% withholding tax.*

The VBV Merger has been structured as a reorganization within the meaning of Section 368(a) of the Code. Stoel Rives LLP has provided a legal opinion that the VBV Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code; the IRS has not provided a ruling on the matter. The opinion furnished by Stoel Rives LLP will not bind the IRS or prevent the IRS from adopting a contrary position. If the VBV Merger does not qualify as a reorganization within the meaning of Section 368(a) of the Code, a VBV Member's receipt of GPRE common stock in exchange for VBV units generally will be taxable for U.S. federal income tax purposes and, if the VBV Member is a non-U.S. person (as defined in "The Mergers Material U.S. Federal Income Tax Consequences of the Mergers") may be subject to a 10% withholding tax.

GPRE believes that, at the time of the VBV Merger, VBV will be a U.S. real property holding corporation ("USRPHC") and, accordingly, that VBV units will constitute U.S. real property interests ("USRPIs"). In addition, GPRE believes that, at the time of the VBV Merger, GPRE will be a

USRPHC. If GPRE is a USRPHC at the time of the VBV Merger, GPRE common stock will be treated as a USRPI with respect to a VBV Member unless the VBV Member holds (including pursuant to the applicable constructive ownership rules) no more than 5% of the GPRE common stock immediately after the VBV Merger. Receipt of GPRE common stock in exchange for VBV units by a VBV Member that is a non-U.S. person (as defined in "The Mergers Material U.S. Federal Income Tax Consequences of the Mergers") generally would be taxable for U.S. federal income tax purposes and subject to a 10% withholding tax if the VBV Member's VBV units constituted a USRPI immediately before the VBV Merger, but the VBV Member's GPRE common stock did not constitute a USRPI immediately after the VBV Merger (either because GPRE was not a USRPHC or because the VBV Member held, including pursuant to the applicable constructive ownership rules, no more than 5% of the GPRE common stock immediately after the VBV Merger).

For more information, see "The Mergers Material U.S. Federal Income Tax Consequences of the Mergers."

*The market price of GPRE's common stock may be affected after the Mergers by factors different from those affecting the shares of GPRE, or units of VBV and the VBV Subsidiaries currently, and may decline as a result of the Mergers.*

Upon completion of the Mergers, holders of VBV and VBV Subsidiary units will become holders of GPRE common stock. An investment in GPRE common stock has different risks than an investment in units of VBV, IBE or EGP.

*The issuance of shares of GPRE common stock to VBV, IBE and EGP members in the Mergers, in addition to the GPRE common stock issued to the Bioverda entities under the Stock Purchase Agreement, will substantially reduce the percentage ownership interest of current GPRE shareholders and result in a change in control of GPRE.*

If the Mergers and the Stock Purchase are completed, GPRE shareholders before the Mergers will own, in the aggregate, approximately 31.7% of the shares of GPRE common stock outstanding immediately after the Mergers and the Stock Purchase. The issuance of shares of GPRE common stock to VBV, IBE and EGP members in the Mergers and the issuance of GPRE common stock in the Stock Purchase will cause a significant reduction in the relative percentage interest of current GPRE shareholders in earnings, voting, liquidation value and book and market value of GPRE. In addition, current GPRE shareholders will lose voting control of the Company.

*Charges to earnings resulting from the application of the purchase method of accounting may adversely affect the market value of GPRE's common stock following the Mergers.*

In accordance with U.S. GAAP, the combined Company will account for the Mergers using the purchase method of accounting, which will result in charges to GPRE's earnings that could adversely affect the market value of the common stock of GPRE following completion of the Mergers. Future depreciation, amortization and potential impairment charges resulting from the Mergers could have a material impact on the combined Company's results of operations and adversely affect the market value of GPRE's common stock.

*The VBV Merger Agreement limits the ability of GPRE and VBV to pursue alternatives to the VBV Merger, and in certain instances requires payment of a termination fee, which could deter a third party from proposing an alternative transaction to the VBV Merger.*

The VBV Merger Agreement contains terms and conditions that make it more difficult for each of VBV and GPRE to enter into an alternative transaction to the VBV Merger. These "no shop" provisions impose restrictions on VBV and GPRE that, subject to certain exceptions, limit VBV's and

GPRE's ability to discuss, facilitate or commit to competing third party proposals to acquire all or a significant part of VBV or GPRE, as applicable. See the section entitled "The Merger Agreements VBV Merger Agreement No Solicitation" beginning on page 86.

Moreover, under specified circumstances described in the section entitled "The Merger Agreements VBV Merger Agreement Fees and Expenses" beginning on page 91, VBV could be required to pay GPRE a termination fee of \$6 million, or GPRE could be required to pay VBV a termination fee of \$6 million, in connection with the termination of the VBV Merger Agreement. These respective termination fees could deter a third party from proposing an alternative to the VBV Merger.

*The pro forma financial statements contained in this proxy statement/prospectus are presented for illustrative purposes only and may not be an indication of the combined Company's financial condition or results of operations following the Mergers.*

The pro forma financial statements have been derived from the historical financial statements of GPRE and VBV and certain adjustments and assumptions have been made regarding the combined Company after giving effect to the Mergers. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make. Moreover, the pro forma financial statements do not reflect all costs that are expected to be incurred by the combined Company in connection with the Mergers. For example, the impact of any incremental costs incurred in integrating the Companies is not reflected in the pro forma financial statements. As a result, the actual financial condition and results of operations of the combined Company following the Mergers may not be consistent with, or evident from, these pro forma financial statements.

The assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined Company's financial condition or results of operations following the Mergers. Any potential decline in the financial condition or results of operations may cause significant variations in the stock price of the combined Company. See the section entitled "Unaudited Condensed Combined Pro Forma Financial Statements" beginning on page 100.

## Risks Affecting the Businesses of the Companies

### *Risks Related to the Companies*

*The Companies have limited operating histories in the ethanol industry.*

GPRE was formed in June of 2004 and its first ethanol plant, located in Shenandoah, Iowa, began operations in August 2007. GPRE's second ethanol plant, located in Superior, Iowa, is currently commissioning. Both of the VBV plants remain pre-operational and neither VBV Subsidiary has commenced any operations. None of the Companies has any other history of operations as ethanol producers. The Companies' new and proposed operations are subject to all the risks inherent in the establishment of new business enterprises. There is no assurance that the VBV Subsidiaries will be successful in their efforts to complete their respective plants and operate them. Even if the Companies successfully meet these objectives, there is no assurance that they will be able to market the ethanol and distillers grains produced or operate the plants profitably.

*The Companies have a history of operating losses and may never achieve profitable operations.*

At June 30, 2008, VBV, IBE and EGP, respectively, had significant accumulated deficits. VBV, IBE and EGP expect to continue to incur significant losses until they complete construction and commence operations at their ethanol plants. Even if the Companies successfully meet all of their objectives and the VBV Subsidiaries begin operations at their ethanol plants, no assurance can be given that the Companies will be able to operate profitably.

*The business success of the combined Company is dependent on its ability to attract and retain key personnel.*

The combined Company's ability to operate its business and implement its strategies effectively depends, in part, on the efforts of its executive officers and other key personnel. The Companies' executive officers have developed expertise in ethanol and related industries, and they have or will be hiring qualified managers and key personnel to operate their plants. However, they have limited experience in managing a vertically-integrated ethanol company. The Companies are evaluating and continuing to recruit for the areas of expertise that they need to fill in order to facilitate the management of this larger, more complex combined Company. There is no assurance that they will be successful in attracting or retaining such individuals because of the limited number of individuals with expertise in this area and a competitive market with many new plants under development. The inability to retain or recruit of any of the Companies' executive officers, managers or other key personnel would negatively impact the combined Company.

The management team of Green Plains Grain Company, LLC ("GP Grain") has significant industry experience and would be difficult to replace. These individuals possess sales, marketing, financial, risk management and administrative skills that are critical to the operation of its business. In addition, the market for employees with the required technical expertise to succeed in GP Grain's business is highly competitive and it may be unable to attract and retain qualified personnel to replace key employees should the need arise. The loss of the services of any of GP Grain's key employees or the failure to attract or retain other qualified personnel could impair its ability to operate and make it difficult to execute its internal growth strategies, thereby adversely affecting its business.

*If any of the Companies' cash flow from operations is insufficient to service its respective indebtedness, then the value of GPRE's stock could be significantly reduced and its business may fail.*

GPRE's and its subsidiaries', and VBV and the VBV Subsidiaries' ability to repay their respective current and anticipated future indebtedness will depend on their financial and operating performance and on the successful implementation of their respective business strategies. The Companies' financial and operational performance will depend on numerous factors including prevailing economic conditions, volatile commodity prices and financial, business and other factors beyond the Companies' control. If any of the Companies cannot pay its debt service, it may be forced to reduce or delay capital



expenditures, sell assets, restructure its indebtedness or seek additional capital. If any of the Companies is unable to restructure its indebtedness or raise funds through sales of assets, equity or otherwise, the Company's ability to operate could be harmed and the value of GPRE's stock could be significantly reduced.

*The Companies' lenders hold security interests in their assets, including their property and plants, which means that GPRE's shareholders would be subordinate to them in the event of a liquidation of the Companies' assets.*

If the Companies fail to make debt service payments or if they otherwise default under their loan agreements, the Companies' lenders will have the right to repossess the secured assets. Such action would end the Companies' ability to continue operations and your rights as a shareholder upon a liquidation of the Companies' business would be inferior to the rights of the Companies' lenders. In the event of GPRE's insolvency, liquidation, dissolution or other winding up of its affairs, all of its indebtedness must be paid in full before any payment is made to the holders of its common stock. In such event, there is no assurance that there would be any remaining funds after the payment of all of the Company's indebtedness for any distribution to shareholders.

*The Companies are subject to restrictive covenants in their respective loan agreements that may hinder their ability to operate and reduce the Company's profitability.*

The Companies' loan agreements contain a number of restrictive covenants that limit the Companies' ability to, among other things:

incur additional indebtedness;

make capital expenditures in excess of prescribed thresholds;

pay dividends to shareholders;

make various investments;

create liens on the Companies' assets;

acquire other companies or operations;

utilize the proceeds of asset sales; or

merge or consolidate or dispose of all or substantially all of the Companies' assets.

The Companies are also required to maintain specified financial ratios, including minimum cash flow coverage, minimum working capital and minimum net worth. The Companies' respective loan agreements require them to utilize a portion of any excess cash flow generated by operations to prepay their respective term debt. A breach of any of these covenants or requirements could result in a default under the Companies' respective loan agreements. If any of the Companies default, and if such default is not cured or waived, the Companies' lenders could, among other remedies, accelerate their debt and declare that such debt is immediately due and payable. If this occurs, the Companies may not be able to repay such debt or borrow sufficient funds to refinance. Even if new financing is available, it may not be on terms that are acceptable. Such an occurrence could cause GPRE to cease start-up operations of the Superior plant, or cease operations at its Shenandoah plant, or cause a VBV Subsidiary to cease construction of its plant. No assurance can be given that the Companies' future operating results will be sufficient to achieve compliance with such covenants and requirements, or in the event of a default, to remedy such default.

*In addition to the proceeds from the Stock Purchase, GPRE will require significant additional capital to implement its growth strategy, which may not be available to GPRE on satisfactory terms, or at all, and may subject GPRE's shareholders to substantial additional dilution.*

GPRE will need to raise additional capital to execute its growth plan in future periods, make capital improvements and respond to competitive pressures. If additional financing is not available or is



not available on acceptable terms, GPRE may be unable to successfully implement its business plan, fund working capital, take advantage of business opportunities or respond to competitive pressures. Without additional financing, GPRE may need to modify or discontinue its growth plans and its capital expenditures, and reduce operating, marketing, general and administrative costs related to its continuing operations. GPRE also could be required to sell assets.

In addition, if GPRE raises additional funds through the issuance of equity or convertible or exchangeable securities, the percentage ownership of GPRE's existing shareholders will be reduced. Further, these newly-issued securities may have rights, preferences and privileges senior to those of existing shareholders. If GPRE raises additional capital by incurring indebtedness, this could constrict its liquidity, result in substantial cash outflows, adversely affect its financial health and ability to obtain financing in the future, encumber its assets or subject it to restrictive covenants that could limit its ability to operate.

*Casualty losses may occur for which the Companies have not secured adequate insurance.*

The Companies have acquired insurance that they believe to be adequate to prevent loss from foreseeable risks. However, events occur for which no insurance is available or for which insurance is not available on terms that are acceptable to the Companies. Loss from such an event, such as, but not limited to, earthquake, tornados, war, riot, terrorism or other risks, may not be insured and such a loss may have a material adverse effect on the Companies' operations, cash flows and financial performance.

*The Companies' focus on ethanol could result in the devaluation of GPRE's common stock if revenues from the Companies' primary products decrease. The VBV Subsidiaries' businesses will not be diversified because they will be primarily dependent upon one product. As a consequence, they may not be able to adapt to changing market conditions or endure any decline in the ethanol industry.*

The Companies' success is primarily linked to the profitability of producing and selling ethanol and distillers grains. The Companies' lack of business diversification means that they may not be able to adapt to changing market conditions or to handle any significant decline in the ethanol industry, which would have an adverse effect on the Companies' operations, cash flows and financial performance. Because the Companies have limited alternative revenue sources and significant capital invested in ethanol production, shareholders could lose some or all of their investment if the Companies are unable to produce and sell ethanol and distillers grains profitably or if the markets for those products decline.

*Disruption or difficulties with the Companies' information technology could impair their ability to operate.*

The Companies' business depends on the effective and efficient use of information technology. A disruption or failure of these systems could cause system interruptions, delays in production and a loss of critical data that could severely affect their ability to conduct normal business operations.

*GPRE is subject to financial reporting and other requirements, for which its accounting, internal audit and other management systems and resources may not be adequately prepared. Any failure to maintain effective internal controls could have a material adverse effect on GPRE's business, results of operations and financial condition.*

GPRE is subject to reporting and other obligations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. Section 404 requires annual management assessment of the effectiveness of a company's internal controls over financial reporting and a report by its independent registered public accounting firm addressing the effectiveness of GPRE's internal controls over financial reporting. These reporting and other obligations place significant demands on GPRE's management, administrative, operational, internal audit and accounting resources. If GPRE is unable to meet these demands in a timely and

effective fashion, its ability to comply with its financial reporting requirements and other rules that apply to it could be impaired.

In connection with the audit of GPRE's consolidated financial statements for the year ended November 30, 2007, GPRE identified a material weakness in its internal controls over financial reporting relating to month-end cutoffs of ethanol and distillers grains sales. A "material weakness" is a deficiency, or a combination of control deficiencies, that results in a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected. GPRE believes that it has remediated this weakness, although GPRE's independent auditors have not verified the remedial measures. We cannot assure you that it will have no future deficiencies or weaknesses in its internal controls over financial reporting.

Any failure to remediate any material weaknesses that GPRE may identify or to implement new or improved controls, or difficulties encountered in their implementation, could cause GPRE to fail to meet its reporting obligations. Inferior internal controls could also cause investors to lose confidence in GPRE's reported financial information, which could have a negative effect on the trading price of GPRE's common stock.

### ***Risks Affecting the Business of GP Grain***

*Though GP Grain's business compliments the Companies' businesses, it does engage in business which differs from the other GPRE and VBV subsidiaries. Therefore, in addition to facing the general business risks faced by the Companies discussed above, GP Grain's business is subject to the following risks.*

*The operation of new ethanol plants in GP Grain's trade territory could substantially reduce the volume of corn that it buys and merchandises, which would adversely affect the operating income of its grain division.*

GP Grain's largest single source of operating income is from buying corn and soybeans from producers and share-crop landlords, drying and storing these grain products, and merchandising them to various purchasers. Three ethanol plants are currently operating within or near GP Grain's trade territory at Albert City, Ashton, and Emmetsburg. Three additional ethanol plants are under construction or starting up within or near GP Grain's trade territory at Hartley, and Superior, Iowa (which is GPRE's ethanol plant) and at Welcome, Minnesota. In addition, another ethanol operator has announced its intention to construct an ethanol plant at Fairmont, Minnesota. If all of these ethanol plants are eventually constructed and operated at full capacity, GP Grain believes they would buy approximately 206 million bushels of corn each year. This compares to approximately 18 million bushels of corn GP Grain merchandized during its 2007 fiscal year.

The significant capital costs of an ethanol plant and the high costs of temporarily shutting down an ethanol plant provide strong incentives for these plants to be continuously operated, even during periods of high corn prices relative to the price of ethanol. As a result, the operators of ethanol plants often are willing to buy the corn necessary to maintain production at prices that may exceed the prices being paid by other corn end-users. In contrast, GP Grain is limited in the price that it can pay for corn by the prices at which it can sell the corn to various buyers. This disparity in corn pricing may result in GP Grain being unable to profitably buy corn during certain periods, which would reduce the annual volume of corn and its operating profits. GP Grain may also be forced to pay higher prices for corn in order to fulfill contractual grain delivery obligations, resulting in a loss on the purchase and resale of corn or a reduction in the profit margin on such corn.

It is impossible to predict the impact of the operation of these ethanol plants within or near GP Grain's trade territory on GP Grain's profitability since there is no comparable historical experience.

*The markets for GP Grain's products are highly competitive.*

Competitive pressures in all of GP Grain's businesses could affect the price of and customer demand for its products, thereby negatively impacting its profit margins and resulting in a loss of market share. In addition to the special risks from the ethanol industry discussed above, GP Grain's grain business also competes with other grain merchandisers, grain processors and end-users for the

purchase of grain, as well as with other grain merchandisers, private elevator operators and cooperatives for the sale of grain. Many of GP Grain's competitors are significantly larger and compete in more diverse markets. The failure of GP Grain to effectively compete in its markets would reduce its profitability.

*GP Grain's pension plan is subject to changes in laws and assumptions which could have a significant impact on the necessary cash flows needed to fund this plan, and introduce volatility into the annual expense of this plan.*

GP Grain could be impacted by a rise in the cost of pension and other post-retirement benefits. It may be required to make cash contributions to the extent necessary to comply with minimum funding requirements under applicable law, which may change in the future. These cash flows are dependent on various assumptions used to calculate such amounts, including discount rates, long-term return on plan assets, salary increases, health care cost trend rates and other factors. These cash flows are also dependent on the future investment experience of the plan. Changes to any of these assumptions, or variance between assumed and actual investment experience, could have a significant impact on these estimates and the required annual pension contributions.

*GP Grain's business may be adversely affected by conditions beyond its control, including weather conditions, political developments, disruptions in transportation, and international petroleum risks.*

Many of GP Grain's business activities are dependent on weather conditions. Weather risks may result in: (i) a reduction in the sales of fertilizer and pesticides caused by too much rain during application periods, (ii) a reduction in grain harvests caused by too little or too much rain during the growing season, (iii) a reduction in grain harvests caused by too much rain or an early freeze during the harvest season, and (iv) damage to corn stored on an open pile caused by too much rain and warm weather before the corn is dried, shipped, consumed or moved into a storage structure.

National and international political developments subject GP Grain's business to a variety of security risks, including bio-terrorism, and other terrorist threats to data security and physical loss to its facilities. In order to protect itself against these risks and stay current with new government legislation and regulatory actions, GP Grain may need to incur significant costs. No level of regulatory compliance can guarantee that security threats will never occur.

If there were a disruption in available transportation due to natural disaster, strike or other factors, GP Grain may be unable to get raw materials inventory to its facilities, product to its customers, or ship grain to market. This could disrupt GP Grain's operations and cause it to be unable to meet its customers' needs or fulfill its contractual grain delivery obligations.

The international nature of petroleum production, import restrictions, embargoes and refining capacity limitations could severely impact the availability of petroleum products causing severe economic hardship on the performance of GP Grain's Petroleum Division.

*Many of GP Grain's business lines are affected by the supply and demand of commodities, and are sensitive to factors outside of its control. Adverse price movements could adversely affect its profitability and results of operations.*

GP Grain buys, sells and holds inventories of various commodities, some of which are readily traded on commodity futures exchanges. Weather, economic, political, environmental and technological conditions and developments, both local and worldwide, as well as other factors beyond GP Grain's control, can affect the supply and demand of these commodities and expose it to liquidity pressures due to rapidly rising or falling market prices. Changes in the supply and demand of these commodities can also affect the value of inventories held by GP Grain, as well as the price of raw materials. Increased costs of inventory and prices of raw materials could decrease profit margins and adversely affect profitability.

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While GP Grain hedges the majority of its grain inventory positions with derivative instruments to manage risk associated with commodity price changes, including purchase and sale contracts, it is unable to hedge 100% of the price risk of each transaction due to timing, unavailability of hedge contracts counterparties, and third party credit risk. Furthermore, there is a risk that the derivatives GP Grain employs will not be effective in offsetting the changes associated with the risks it is trying to manage. This can happen when the derivative and the hedged item are not perfectly matched. GP Grain's grain derivatives, for example, do not hedge the basis pricing component of its grain inventory and contracts. (Basis is defined as the difference between the cash price of a commodity in a GP Grain facility and the nearest in time exchange-traded futures price.) Differences can reflect time periods, locations or product forms. Although the basis component is smaller and generally less volatile than the futures component of grain market price, significant unfavorable basis movement on a grain position as large as GP Grain's can significantly impact its profitability. In addition, GP Grain does not hedge non-grain commodities.

Since GP Grain buys and sells commodity derivatives on registered and non-registered exchanges, its derivatives are subject to margin calls. If there is a significant movement in the derivatives market, GP Grain could incur a significant amount of liabilities, which would impact its liquidity and its interest expense. There is no assurance that the efforts GP Grain takes to mitigate the impact of the volatility of the prices of commodities will be successful, and any sudden change in the price of these commodities could have an adverse affect on its liquidity and profitability.

*Many of GP Grain's business segments operate in highly regulated industries. Changes in government regulations or trade association policies could adversely affect its results of operations.*

Many of GP Grain's business segments are subject to government regulation and regulation by certain private sector associations, compliance with which can impose significant costs on its business. Failure to comply with such regulations can result in additional costs, fines or criminal action.

*Grain production and trade flows are affected by government actions.*

Production levels, markets and prices of the grains GP Grain merchandises are affected by federal government programs, which include acreage control and price support programs of the United States Department of Agriculture ("USDA"). In addition, grain sold by GP Grain must conform to official grade standards imposed by the USDA. Other examples of government policies that can have an impact on GP Grain's business include tariffs, duties, subsidies, import and export restrictions and outright embargos. Changes in government policies and producer supports may impact the amount and type of grains planted, which in turn, may impact GP Grain's ability to buy grain in its market region. Because a portion of GP Grain's grain sales are to exporters, the imposition of export restrictions could limit its sales opportunities.

*GP Grain handles potentially hazardous materials in its businesses. If environmental requirements become more stringent or if GP Grain experiences unanticipated environmental hazards, it could be subject to significant costs and liabilities.*

A significant part of GP Grain's business is regulated by environmental laws and regulations, including those governing the labeling, use, storage, discharge and disposal of hazardous materials. Because GP Grain uses and handles hazardous substances in its businesses, changes in environmental requirements or an unanticipated significant adverse environmental event could have a material adverse effect on its business. There is no assurance that GP Grain has been, or will at all times be, in compliance with all environmental requirements, or that it will not incur material costs or liabilities in connection with these requirements. Private parties, including current and former employees, could bring personal injury or other claims against GP Grain due to the presence of, or exposure to, hazardous substances used, stored or disposed of by GP Grain, or contained in its products. GP Grain is also exposed to residual risk because some of the facilities and land which it has acquired may have environmental liabilities arising from their prior use. In addition, changes to environmental regulations

may require GP Grain to modify its existing plant and processing facilities and could significantly increase the cost of those operations.

*GP Grain relies on a limited number of suppliers for its products, and the loss of one or several of these suppliers could increase its costs and have a material adverse effect on its business.*

GP Grain relies on a limited number of suppliers for its products. If it is unable to obtain these raw materials and products from its current vendors, or if there were significant increases in its suppliers' prices, it could disrupt operations, thereby significantly increasing its costs and reducing profit margins.

***Risks Related to GPRE's Common Stock***

*GPRE has been capitalized with substantial debt leverage, resulting in substantial debt service requirements that could reduce the value of GPRE's stock.*

The Companies' capital structure will be highly leveraged and its debt service requirements could have important consequences which could reduce the value of GPRE's common stock, including:

limiting the Companies' ability to borrow additional amounts for operating capital and other purposes or creating a situation in which such ability to borrow may be available on terms that are not favorable to GPRE;

reducing funds available for operations and distributions because a substantial portion of the Companies' cash flow will be used to pay interest and principal on the Companies' debt;

making the Company vulnerable to increases in prevailing interest rates;

placing the Company at a competitive disadvantage because it may be substantially more leveraged than some of its competitors;

subjecting all, or substantially all of the Companies' assets to liens, which means that there will be few, if any, assets available for shareholders in the event of a liquidation; and

limiting the Companies' ability to adjust to changing market conditions, which could increase their vulnerability to a downturn in our business or general economic conditions.

*Sales of a substantial number of shares of GPRE's common stock after completion of the Mergers could cause the price of GPRE's common stock to decline.*

There will be 3,373,103 shares of GPRE common stock issued in the Mergers which will be freely transferable and may be resold without restriction immediately after the Closing, and 7,498,369 shares of GPRE common stock to be issued to certain "affiliates" in the Mergers may be resold in the public market, subject to compliance with Rule 144. In addition, GPRE has granted the Bioverda entities, Wilon and Wayne Hoovestol certain rights to demand registration of their shares for public resale, beginning 18 months after the Closing.

Sales of a substantial number of these shares in the public market, or the perception that these sales could occur, could cause the market price of GPRE's common stock to decline and could impair the ability of GPRE shareholders to sell their shares of GPRE common stock in the amounts and at such times and prices as they may desire. In addition, the sale of these shares could impair GPRE's ability to raise capital through the sale of additional equity securities.

*GPRE's stock price is volatile and its stock is thinly traded.*

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The trading price of GPRE's common stock is subject to significant fluctuations in response to many factors, including changes in:

its business, operations and prospects;

its quarterly operating results;

market assessments of its business, operations and prospects;



federal, state and local laws, governmental regulation and other legal developments affecting the biofuels industry;

market prices for ethanol, distillers grains or feedstocks such as corn or natural gas; and

conditions in the biofuels industry generally.

In addition, the volume of trading in GPRE's stock is relatively low. For this reason, GPRE has few institutional shareholders and does not receive a significant amount of analyst coverage. Consequently, any investment made in GPRE's stock may be relatively illiquid for an indefinite period.

*GPRE's common stock may be diluted in value and may be subject to further dilution in value.*

As of August 12, 2008, GPRE had outstanding warrants exercisable for 320,014 shares of common stock at an exercise price of \$60 per share and stock options exercisable for 509,000 shares of common stock at exercise prices of between \$8.84 and \$30 per share. GPRE will also be issuing 267,528 options and 16,871,472 shares of common stock as part of the Mergers and the Stock Purchase. If for any reason GPRE is required in the future to raise additional equity capital, if warrants are exercised or if options are granted or additional shares are issued to the Companies' employees, officers or directors, GPRE's current shareholders, the VBV and VBV Subsidiary members may suffer further dilution to their investment. There is no assurance that further dilution will not occur in the future.

#### ***Risks Related to Construction of the IBE and EGP Plants***

*IBE and EGP are each dependent on their respective design builders and technology providers for expertise in the commencement of operations at the IBE and EGP plants, respectively, and any loss of these relationships, or failure to perform by these builders and providers, could hinder the VBV Subsidiaries' ability to operate profitably and significantly decrease the value of an investment in GPRE.*

IBE and EGP are highly dependent upon Fagen, Inc. ("Fagen") and ICM, Inc. ("ICM"), and their respective employees, who have experience in the construction, start-up and operation of ethanol plants, to design, build and start-up the IBE and EGP plants. Any loss of these relationships, particularly during the construction and start-up period for the IBE or EGP plants, may have a material adverse impact on the Companies' operations, cash flows and financial performance. There are general risks and potential delays associated with each project, including, but not limited to, fire, weather, permitting issues, and delays in the provision of materials or labor to the construction site. Although neither IBE nor EGP are aware of any parts needed to construct their plants that may be backordered, certain parts for ethanol plants have become backordered from time to time and the Companies may not be able to get delivery of necessary parts in a timely manner. Any significant delay in the planned completion date for any of these plants may have a material adverse effect on the Companies' operations, cash flows and financial performance.

Although ethanol development continues across the country, there has been a significant decline in the number of new projects over the last year. Consequently, the Companies could be exposed to risk if market conditions place their design builders and technology providers under substantial economic pressure. If IBE's or EGP's respective design builders and technology providers were to face financial difficulties, due to market conditions or any other reason, the Companies' ability to perform will be impeded, and such circumstances might have a material adverse effect on the Companies' operations, cash flows and financial performance.

*Fagen will continue to employ subcontractors for key parts of the VBV Subsidiary plants.*

The failure on the part of major subcontractors to perform in a satisfactory manner can present risk that either of the IBE or EGP plants will not be constructed as planned. Failure on the part of Fagen to compensate subcontractors can also present risk of claims or liens on plant assets. These claims could result in a loss of the value of GPRE common stock.

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*IBE or EGP may not be able to manage their respective start-up periods effectively.*

IBE and EGP are each approaching construction completion and operations start-up at their respective plants under construction. Although the Companies have limited financial resources, they will need to implement operational, financial and management systems for both plants. IBE and EGP are planning to hire employees needed to operate their respective plants and will also need to train, motivate and manage those employees. Although IBE and EGP each believes that they can effectively manage the start-up and properly staff and train employees for its operations, there is no assurance that this will occur, and any failure by IBE or EGP in either of these areas could have a material adverse effect on its financial condition, cash flows, results of operations and its ability to execute its business plan.

*IBE and EGP will depend on ICM for ongoing support services.*

The VBV Subsidiaries are highly dependent upon ICM for ongoing support services at their plants. The process technology implemented at their plants is licensed. If the plants are built but do not operate to the level anticipated by the VBV Subsidiaries in their business plans, the VBV Subsidiaries will need to rely on ICM to adequately address such deficiencies. There is no assurance that they will be able to address such deficiencies in an acceptable manner. Failure to do so could have a material adverse effect on the Companies' operations, cash flows and financial performance.

*Construction delays could result in a delay in the commencement of operations and generation of revenue, if any, from IBE's and EGP's plants.*

Both IBE's plant and EGP's plant are expected to begin operations in the fourth quarter of 2008. However, any of these dates could be later under the contract each has with Fagen. Construction projects often involve delays in obtaining permits, construction delays due to weather conditions, or other events that delay the construction schedule. If it takes longer to obtain necessary permits or construct the plants than the VBV Subsidiary's anticipate, it would delay each VBV Subsidiary's ability to generate revenues at that location and make it difficult for it to meet its debt service obligations. This could reduce the value of GPRE common stock and could negatively affect its ability to execute its plan of operation.

*If there are defects in the IBE or EGP plants' construction, it may negatively affect GPRE's ability to operate those plants.*

There is no assurance that defects in materials and/or workmanship in either the IBE or EGP plants will not occur. Under the terms of the design-build contracts, Fagen has warranted that the material and equipment furnished to build the plants would be new, of good quality, and free from material defects in material or workmanship at the time of delivery. Though the design-build contracts require Fagen to correct all defects in material or workmanship for a period of one year after substantial completion of the plants, material defects in material or workmanship may still occur. Such defects could cause the Companies to delay the commencement of operations of any such plant or, if such defects are discovered after operations have commenced, to halt or discontinue such plant's operations. Any such event may have a material adverse effect on GPRE's operations, cash flows and financial performance.

*Any material variations to the actual cost versus VBV Subsidiaries' cost estimates relating to the construction and operation of their plants could materially and adversely affect GPRE's ability to operate the plants profitably.*

Fagen is constructing the IBE and EGP plants for fixed prices. There is no assurance that there will not be design changes or cost overruns associated with the construction of either of the plants. Any significant increase in the estimated construction cost of the plants may have a material adverse effect on GPRE's operations, cash flows and financial performance.

***Risks Related to Ethanol Production***

*The ability of the subsidiaries of the Companies which produce or plan to produce ethanol (the "Producing Subsidiaries") to operate at a profit is largely dependent on prices of corn, natural gas, ethanol and distillers grains.*

The Producing Subsidiaries' operations and financial condition are significantly affected by the cost and supply of grain and natural gas and by the selling price for ethanol and distillers grains. Prices and supplies are subject to and determined by market forces over which the Producing Subsidiaries have no control. The Producing Subsidiaries are heavily dependent on the price and supply of corn. There is no assurance of consistent and continued availability of feedstock. There is significant price pressure on local corn markets caused by nearby ethanol plants, livestock industries and other value-added enterprises. Additionally, the local corn supplies could be adversely affected by rising prices for alternative crops, increasing input costs, changes in government policies, shifts in global markets or damaging growing conditions such as plant disease, weather or drought.

As a result of price volatility for these commodities, the Producing Subsidiaries' operating results may fluctuate substantially. Based on recent forward prices of corn and ethanol, the Producing Subsidiaries may be operating their plants at low to possibly negative operating margins. Increases in corn prices or decreases in prices of ethanol or distillers grains prices may result in it being unprofitable to operate the Producing Subsidiaries' plants. No assurance can be given that any of the Producing Subsidiaries will be able to purchase corn at prices anywhere near the historic averages of corn in the states in which the Producing Subsidiaries' plants are located; that any of the Producing Subsidiaries will be able to purchase natural gas at, or near, its current price; that any of the Producing Subsidiaries will be able to sell ethanol at, or near, current prices; or that any of the Producing Subsidiaries will be able to sell its distillers grains at, or near, current prices. Commodities prices have been extremely volatile in the past and are expected to be extremely volatile in the future, due to factors beyond the Producing Subsidiaries' control, such as weather, domestic and global demand, shortages, export prices and various governmental policies in the U.S. and around the world.

GPRE has been and anticipates continuing after the Merger to purchase the corn for its subsidiaries from farmers in the areas surrounding the plants and in the cash market, and hedging corn through futures contracts or with options to reduce short-term exposure to price fluctuations. The Producing Subsidiaries may contract with third parties to manage their hedging activities and corn purchasing. The Producing Subsidiaries' purchasing and hedging activities may or may not lower their respective price of corn, and in a period of declining corn prices, these advance purchase and hedging strategies may result in the Producing Subsidiaries paying a higher price for corn than their competitors. Further, hedging for protection against the adverse changes in the price of corn may be unsuccessful, and could result in substantial losses. Generally, higher corn prices will produce lower profit margins.

Substantial increases in the price of corn have caused some ethanol plants to temporarily cease production or operate at a loss. The price of corn has fluctuated significantly in the past and may fluctuate significantly in the future. Increased ethanol production from new or expanded ethanol production facilities may increase the demand for corn and increase the price of corn or decrease the availability of corn in areas where we intend to source corn for their plants. The Producing Subsidiaries may have to source corn from greater distances from their plants at a higher delivered cost. If a period of high corn prices were to be sustained for some time, such pricing may have a material adverse effect on the Companies' operations, cash flows and financial performance.

The Producing Subsidiaries' revenues will also be dependent on the market prices for ethanol and distillers grains. These prices can be volatile as a result of a number of factors. These factors include the overall supply and demand of ethanol, the price of gasoline, the level of government support, and the availability and price of competing products. For instance, the price of ethanol tends to increase as

the price of gasoline increases, and the price of ethanol tends to decrease as the price of gasoline decreases. However, this relationship is continually changing based on market forces and may result in reduced competitiveness of ethanol in the marketplace. Any lowering of gasoline prices will likely also lead to lower prices for ethanol and adversely affect the Producing Subsidiaries' operating results.

*The VBV Subsidiaries have entered into corn purchase agreements that limit their ability to purchase corn on the open market.*

IBE has contracted with Cargill Incorporated, through its AgHorizons Business Unit ("Cargill"), for all of IBE's corn supplies. EGP has contracted with Obion Grain Co. ("Obion Grain") as EGP's exclusive supplier for corn obtained in Obion County, Tennessee and the seven contiguous counties in Tennessee and Kentucky. EGP has entered into an agreement with Central States Enterprises, Inc. for its remaining corn needs. Because of IBE's corn purchase agreement with Cargill and EGP's corn purchase agreements with Obion Grain and Central States, both IBE and EGP are unable to purchase all, or any in the case of IBE, of their corn supplies on the open market, which may place the VBV Subsidiaries at a greater risk to any price fluctuations that may arise and may have a material adverse effect on the VBV Subsidiaries' operations, cash flows and financial performance.

*The Producing Subsidiaries will not have marketing agreements with their equity owners to assure that the plants have a source for corn and to protect the Producing Subsidiaries from corn price fluctuations.*

Many producers of ethanol have corn delivery programs that require their members or shareholders to deliver specified quantities of corn to the producer at established, formula or market prices. These agreements may protect producers from supply and price fluctuations. The Producing Subsidiaries will not have corn delivery agreements and will be required to acquire substantial quantities of corn in the marketplace based on the then-prevailing market price. If the supplies of corn available to the Producing Subsidiaries are not adequate, they may not be able to procure adequate supplies of corn at reasonable prices. This could result in a utilization of less than the full capacity of the plants, reduced revenues, higher operating costs, and reduced income or losses.

*The Companies cannot provide any assurance that there will be sufficient demand for ethanol to support current ethanol prices.*

The Companies believe that ethanol production is expanding at this time. To support this expansion of the industry, domestic ethanol consumption must increase dramatically. Additionally, public opinion must be supportive of continued or increased mandates in order to maintain the preferred status of ethanol in public policy. The domestic market for ethanol is largely dictated by federal mandates for blending ethanol with gasoline. At the present rate of expansion, it is probable that ethanol production will exceed levels set by federal mandate. Additionally, it is possible that ethanol production will exceed domestic blending capacity.

Ethanol production from corn has not been without controversy. There have been questions of overall economic efficiency and sustainability, given the industrialized and energy-intensive nature of modern corn agriculture. Additionally, ethanol critics frequently cite the moral dilemma of redirecting corn supplies from international food markets to domestic fuel markets and further directly link the current global food price increases to the production of ethanol and other biofuels. These claims and others have led some politicians to call for a reduction in mandated ethanol use and other changes in the law supporting ethanol production. The controversy surrounding corn ethanol is dangerous to the industry because ethanol demand is largely dictated by federal mandate. If public opinion were to erode, it is possible that the federal mandates will lose political support and the ethanol industry will be left without a market.

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The governor of the state of Texas recently submitted a petition to the EPA requesting a waiver of 50 percent of the nationwide RFS mandate for the production of ethanol derived from grain, citing adverse economic impact due to higher corn prices in Texas. The administrator of the EPA can waive the RFS if the RFS would severely harm the economy or environment of a state, region or the United States or if there is an inadequate supply of renewable fuel. On August 7, 2008, the EPA denied the waiver request. If in the future the EPA grants any other waiver of the RFS with respect to ethanol derived from grain, it could have a material adverse effect on the Companies' operations and financial performance.

Beyond the federal mandates, there are limited markets for ethanol. Discretionary blending is an important secondary market. However, consumer acceptance of E85 fuels and flexible-fuel technology vehicles is needed before there will be any significant growth in market share. International markets offer possible opportunities. Ethanol has foreseeable applications as an aviation or locomotive fuel. Limited markets also exist for use of ethanol as an antiseptic, antidote or base compound for further chemical processing. All these additional markets are undeveloped.

At present, the Companies cannot provide any assurance that there will be any material or significant increase in the demand for ethanol beyond the increases in mandated gasoline blending. Increased production in the coming years is likely to lead to lower ethanol prices. Additionally, the increased production of ethanol could have other adverse effects as well. For example, the increased production could lead to increased supplies of by-products from the production of ethanol, such as distillers grains. Those increased supplies could lead to lower prices for those by-products. Also, the increased production of ethanol could result in a further increase in the demand for corn. This could result in higher prices for corn creating lower profits. There can be no assurance as to the price of ethanol, corn, or distillers grains in the future. Adverse changes affecting these prices may have a material adverse effect on the Companies' operations, cash flows and financial performance.

*The Companies expect to compete with existing and future ethanol plants and oil companies, which may result in a material adverse effect on the Companies' operations, cash flows and financial performance.*

GPRE operates in a very competitive environment. GPRE competes, and the Companies will compete, with large, multi-product, multi-national companies that have much greater resources than the Companies currently have or will have in the future. The Companies may face competition for capital, labor, management, corn and other resources. There is clearly a consolidation trend in the ethanol industry. As a result, firms are growing in size and scope. Larger firms offer efficiencies and economies of scale, resulting in lower costs of production. Absent significant growth and diversification, the Companies might not be able to operate profitably in a more competitive environment. No assurance can be given that the Companies will be able to compete successfully or that such competition will not have a material adverse effect on the Companies' operations, cash flows and financial performance.

At present, the ethanol industry is primarily comprised of firms that engage exclusively in ethanol production. Oil companies, petrochemical refiners and gasoline retailers are not engaged in ethanol production to a large extent. These companies, however, form the primary distribution networks for marketing ethanol through blended gasoline. If these companies seek to engage in direct ethanol production, there will be less of a need to buy ethanol from independent ethanol producers. Such a structural change in the market could result in a material adverse effect on the Companies' operations, cash flows and financial performance.

*GPRE sells a majority of its products to third-party brokers, which may reduce its ability to compete.*

GPRE sells all of its ethanol and the majority of its distillers grains to third-party brokers, who are its customers for purposes of revenue recognition, pursuant to contracts with these brokers. These third-party brokers are responsible for subsequent sales, marketing, and shipping of the ethanol and

distillers grains. None of the Companies currently have a sales force or distribution channel to market ethanol. Although GPRE is exploring alternative marketing strategies, GPRE is currently dependent on third-party brokers. GPRE has contracted to sell all ethanol produced at both the Shenandoah and Superior plants with Renewable Products Marketing Group, LLC ("RPMG"), though GPRE has provided notice of termination of this contract, effective September 30, 2008, with respect to Shenandoah. If RPMG breaches the contract or does not have the ability (for financial or other reasons) to purchase all of the ethanol GPRE produces, GPRE will not have any readily available means to market its ethanol.

The VBV Subsidiaries will also be dependent on third-party brokers once the IBE and EGP plants are operational. The Producing Subsidiaries' lack of an independent marketing program and reliance on third parties to market ethanol may place them at a competitive disadvantage. GPRE's or either VBV Subsidiary's failure to sell all of its ethanol and distillers grains may have a material adverse effect on the Companies' operations, cash flows and financial performance.

Similarly, GPRE is heavily dependent on third-party brokers to purchase its by-product distillers grains. GPRE's inability to independently market distillers gains may have a material adverse effect on its operations, cash flows and financial performance.

*VBV intends to market the distillers grains produced at the IBE and EGP plants itself, without the use of a third-party marketer, which could lead to decreased or little profit on such sales.*

VBV intends to market the distillers grains for both IBE and EGP. VBV has no experience marketing distillers grains and does not have the same types of resources as distillers grains marketers. VBV's lack of experience and resources may have a material adverse effect on VBV's and the VBV Subsidiaries' operations, cash flows and financial performance.

*Markets for distillers grains depend on its continued use as animal feed*

The primary use of distillers grains is animal fodder or feed additive. In recent months, Escherichia coli (E. coli) outbreaks in beef cattle have been attributed to use of distillers grains as a cattle feed. At present, there is no conclusive causal relationship between E. coli and distillers grains. However, this continued controversy could have an adverse impact on distillers grains markets. Any connection, whether based on scientific evidence or popular opinion, between distillers grains and E. coli could have a material adverse effect on the Companies' operations, cash flows and financial performance.

*The price of distillers grains is affected by the price of other commodity products, such as soybeans and corn, and decreases in the price of these commodities could decrease the price of distillers grains, which will decrease the amount of revenue the Companies may generate.*

Distillers grains compete with other protein-based animal feed products. The price of distillers grains may decrease when the prices of competing feed products decrease. The prices of competing animal feed products are based in part on the prices of the commodities from which these products are derived. Downward pressure on commodity prices, such as soybeans and corn, will generally cause the price of competing animal feed products to decline, resulting in downward pressure on the price of distillers grains. Decreases in the price of distillers grains will result in the Companies generating less revenue.

*Engaging in hedging activities to minimize the potential volatility of commodity gas prices could result in substantial costs and expenses and additional liquidity and counterparty risk.*

In an attempt to minimize the effects of the volatility of corn and natural gas costs on operating profits, GPRE has taken hedging positions in the corn and natural gas futures markets and the

Companies will likely take additional hedging positions in these commodities in the future. Hedging means protecting the price at which companies buy and sell commodity inputs and outputs in the future. It is a way to attempt to reduce the risk caused by price fluctuation. For the Companies, the effectiveness of such hedging activities is dependent upon, among other things, the Companies' ability to forecast future corn and natural gas usage requirements, and ethanol and distillers grains production levels. Customers and hedging counterparties may default on contractual obligations to purchase or sell commodities to the Companies, particularly following periods of substantial price change which the hedging transactions were intended to protect against. Additionally, substantial price changes may cause margin calls to secure the Companies' performance under exchange-traded futures contracts. Margin calls involve transferring cash to brokers with little advanced notice. As a result, the Companies may not have sufficient liquidity to meet a margin call and may be forced to liquidate the futures contract. Although the Companies will attempt to link hedging activities to sales plans and pricing activities, such hedging activities can themselves result in additional costs and risks because commodity price movements are highly volatile and are influenced by many factors that are beyond the Companies' control.

*The Producing Subsidiaries' ability to successfully operate is dependent on the availability of energy and water at anticipated prices.*

The Producing Subsidiaries' plants will require a significant and uninterrupted supply of electricity, natural gas and water to operate. There is no assurance that the Producing Subsidiaries will be able to secure an adequate supply of energy or water to support current and expected plant operations. If there is an interruption in the supply of energy or water for any reason, such as supply, delivery or mechanical problems, the Companies may be required to halt production. If production is halted for an extended period of time, it may have a material adverse effect on the Producing Subsidiaries' operations, cash flows and financial performance.

GPRE, EGP and IBE have each entered into an agreement with U.S. Energy Services, Inc. to negotiate and purchase natural gas and secure related natural gas pipeline capacity for their respective plants from third-party providers. There can be no assurance given that any of the Producing Subsidiaries or U.S. Energy Services will be able to obtain a sufficient supply of natural gas for their respective plants or that GPRE will be able to procure alternative sources of natural gas on acceptable terms. Higher natural gas prices may have a material adverse effect on the Producing Subsidiaries' operations, cash flows and financial performance.

The Producing Subsidiaries will also need to purchase significant amounts of electricity to operate the plants. Currently, GPRE's plants do not have an onsite electric generation capability to support plant operations. All electricity must be purchased from third-party electric utilities. GPRE has negotiated an agreement with MidAmerican Energy to supply electricity to the plant in Shenandoah for a period of five years. No assurance can be given that GPRE will be able to negotiate contract extensions at favorable rates after the five year period is over. GPRE has entered into an agreement with the Iowa Lakes Electric Cooperative and the Corn Belt Cooperative to supply electricity to the Superior plant. EGP is currently negotiating a multi-year agreement for electricity with Gibson Electric for the construction of the necessary infrastructure and provision of electricity. IBE has entered into a five-year electricity supply agreement with Bluffton Utilities. Electricity prices have historically fluctuated significantly. Sustained increases in the price of electricity in the future would increase the costs of production at the plants. As a result, these issues may have a material adverse effect on the Producing Subsidiaries' operations, cash flows and financial performance.

Sufficient availability and quality of water are important requirements to produce ethanol. GPRE anticipates that water requirements at each of its plants will be approximately 400 to 800 gallons per minute, depending on the quality of the water at the plants. GPRE believes the City of Shenandoah has sufficient capacities of water to meet GPRE's needs and GPRE has a contract with the city to

supply water to the plant at a price that GPRE believes is favorable to its operations. However, no assurance can be given that a prolonged drought could not diminish the water supplies in the areas of the Shenandoah plant, or that GPRE would continue to have sufficient water supplies in the future. GPRE anticipates obtaining its water supply for the Superior ethanol plant from two wells on the site. The IBE and EGP plants will require approximately 900 to 1,200 gallons of water per minute. The VBV Subsidiaries intend to use onsite wells, supplemented by city services as necessary, for their water needs. If a drought were to occur, the Producing Subsidiaries may have to purchase water from other sources, such as the local rural water company, which would cost more. If any of the Producing Subsidiaries ever had to do this, it may have a material adverse effect on its operations, cash flows and financial performance and could even cause one or more of the Producing Subsidiaries to cease production for periods of time.

*Risk of foreign competition from producers who can produce ethanol at less expensive prices than it can be produced from corn in the United States.*

There is an increased risk of foreign competition in the ethanol industry. At present, there is a \$0.54 per gallon tariff on foreign ethanol. However, this tariff might not be sufficient to deter overseas producers from importing ethanol into the domestic market, resulting in depressed ethanol prices. It is also important to note that the tariff on foreign ethanol is the subject of ongoing controversy and disagreement amongst lawmakers. Many lawmakers attribute growth in the ethanol industry to increases in food prices. They see foreign competition in ethanol production as a means of controlling food prices. Additionally, the tariff on ethanol has sparked international criticism because it diverts corn from export and prevents Latin American agricultural development.

Foreign competitors are likely to have lower input, energy and labor costs. International feedstocks might be less costly and more sustainable than corn. Additionally, the bulk of the domestic ethanol market is located on the coasts. It is possible that it could be cheaper to import foreign ethanol via tanker than transport the Companies' ethanol to coastal markets via rail or truck. The primary source of foreign competition is Brazil, which is the world's second largest producer after the U.S. Brazil produces ethanol from sugarcane, which as a feedstock costs about 30% to 40% less than corn. Additionally, in comparison to the U.S., the Brazilian ethanol industry is more mature and more fully developed. Much of the industrial infrastructure that the U.S. is lacking is already in place in Brazil.

Ethanol produced or processed in certain countries in Central America and the Caribbean region is eligible for tariff reduction or elimination upon importation to the United States under a program known as the Caribbean Basin Initiative. Large ethanol producers, such as Cargill, have expressed interest in building dehydration plants in participating Caribbean Basin countries, such as El Salvador, which would convert ethanol into fuel-grade ethanol for shipment to the United States. Ethanol imported from Caribbean Basin countries may be a less expensive alternative to domestically produced ethanol. Competition from ethanol imported from Caribbean Basin countries may affect the Company's ability to sell its ethanol profitably, which may have a material adverse effect on the Companies' operations, cash flows and financial performance.

If significant additional foreign ethanol production capacity is created, such facilities could create excess supplies of ethanol on world markets which may result in lower prices of ethanol throughout the world, including the U.S. GPRE believes that an increased supply of ethanol in world markets may be mitigated to some extent by increased ethanol demand, due in part to higher oil prices. Such foreign competition is a risk to the Companies' businesses. Further, if the tariff on foreign ethanol is ever lifted, overturned, expired, repealed or reduced, our ability to profitably compete with low-cost international producers is questionable. Any penetration of ethanol imports into the domestic market may have a material adverse effect on the Companies' operations, cash flows and financial performance.



*Replacement technologies are under development that might result in product or process system obsolescence.*

Ethanol is primarily an additive and oxygenate for blended gasoline. Although use is currently mandated, there is always the possibility that a preferred alternative product will emerge and eclipse the current market. Critics of ethanol blends argue that ethanol decreases fuel economy, causes corrosion of ferrous components and damages fuel pumps. Any alternative oxygenate product would likely be a form of alcohol (like ethanol) or ether (like MTBE). Prior to federal restrictions and ethanol mandates, MTBE was the dominant oxygenate. It is possible that other ether products could enter the market and prove to be environmentally or economically superior to ethanol. More likely, it is possible that alternative biofuel alcohols such as methanol and butanol could evolve into ethanol replacement products. Such development an ethanol replacement product may have a material adverse effect on our operations, cash flows and financial performance.

Even if ethanol remains the dominant additive and oxygenate, technological innovation could have a profound impact on the corn ethanol system. The development of cellulosic ethanol obtained from other sources of biomass such as switchgrass or fast growing poplar trees could ultimately displace corn ethanol production. Federal policies suggest a long-term political preference for cellulosic processes using alternative feed stocks such as switchgrass, silage, wood chips or other forms biomass. Cellulosic ethanol has a smaller carbon footprint because the feedstock does not require energy-intensive fertilizers and industrial production processes. Additionally, cellulosic ethanol is favored because it is unlikely that foodstuff is being diverted from the market. Several cellulosic ethanol plants are under development. At present, it is unlikely that cellulose is an economically-viable alternative to corn. However, if research and development programs persist, there is the risk that cellulosic ethanol could displace corn ethanol at some point in the future. Although there may be opportunities to incorporate cellulosic processes into the Producing Subsidiaries' existing corn ethanol plants, it must be acknowledged that innovation in cellulose might have an adverse impact on the Companies' enterprises. The Producing Subsidiaries' plants are designed as single-feedstock facilities. At present, there is limited supply of alternative feed stocks near the Producing Subsidiaries' facilities. There is limited ability to adapt the plants to a different feedstock or process system without substantial reinvestment and retooling.

GPRE's ethanol plants use ICM and Delta T process technologies in Shenandoah and Superior, respectively. The IBE and EGP plants will use ICM process technologies. These process technologies are industry standards. However, they use significant amounts of energy. There is the possibility that new process technologies will emerge that require less energy. The development of such process technologies would result in lower production costs. The Producing Subsidiaries' process technologies may become outdated and obsolete, placing the Companies at a competitive disadvantage against competitors in the industry. The development of replacement technologies may have a material adverse effect on the Companies' operations, cash flows and financial performance.

*Consumer perceptions of ethanol may have a negative impact on the acceptability of ethanol in the market, reducing the Companies' revenues.*

Many consumers have been exposed to the belief that ethanol production uses more energy than the ethanol produced can deliver. Others believe that ethanol damages vehicle engines. Many recent media reports state that ethanol use has caused the prices of food to increase and may even be the cause of world hunger. Some people expect that ethanol, particularly if use is mandated, will result in higher fuel and food prices. These and similar perceptions could negatively impact the acceptability and price of ethanol in the marketplace, reducing market volumes and prices, and resulting in greater competition, lower revenues for the Companies.

***Risks Related to Conflicts of Interest***

*The Companies have conflicts of interest with their design builders, technology providers, third-party marketers and other suppliers that could result in loss of capital and reduced financial performance.*

GPRE and the VBV Subsidiaries are and will continue to be advised by one or more employees or associates of their design builders and technology providers. The Producing Subsidiaries' design builders and technology providers are expected to continue to be involved in substantially all material aspects of their respective plant construction and operations for some time. Some of GPRE's design builder and technology providers have an ownership interest in GPRE. In addition, Fagen has an ownership interest in both IBE and EGP. Consequently, the terms and conditions of GPRE's, IBE's and EGP's agreements and understandings with them may not have been negotiated at arm's length. Therefore, there is no assurance that GPRE's, IBE's or EGP's arrangements with such parties are as favorable to them as could have been if obtained from unaffiliated third parties. In addition, because of the extensive role that they are expected to have in the construction and operation of the plants, it may be difficult or impossible for GPRE or either VBV Subsidiary to enforce claims that it may have against them, if a claim were to arise. If this were to occur, it may have a material adverse impact on the Companies' operations, cash flows and financial performance.

The Producing Subsidiaries' design builders and technology providers and their affiliates may also have conflicts of interest because employees or agents of the Producing Subsidiaries' design builders and technology providers are involved as owners, creditors and in other capacities with other ethanol plants in the United States. The Producing Subsidiaries cannot require design builders and technology providers to devote their full time or attention to their activities.

Aventine Renewable Energy, Inc., the ethanol marketer for all of the ethanol to be produced at the VBV Subsidiaries' plants, has an ownership interest in IBE and has appointed a director to the IBE board of directors. Cargill will be the supplier of all the corn to be used at the IBE plant, and its affiliate, Cargill Biofuels Investments, LLC, also has an ownership interest in IBE. Jackson Briner Joint Venture, LLC is providing certain construction related construction services to IBE and has an ownership interest in IBE. The Patterson Group, LLC, which provides EGP certain consulting services, is controlled by James K. Patterson, a director and unit holder of EGP. Obion Grain has an ownership interest in EGP and will have a subordinate lien on EGP's real property if EGP defaults under its corn purchase agreement with Obion Grain. In addition, Obion Grain is controlled by Dyersburg Elevator Company, James Baxter Sanders, Michael D. Miller and William H. Latimer, whom all have ownership interests in EGP, and the latter two of whom also serve as directors of the EGP board.

Though the Companies will attempt to address actual or potential material conflicts of interest as they arise or become known, none of the Companies have established any formal procedures to address or resolve conflicts of interest. There is no assurance that any conflict of interest will not have adverse consequences to the Companies' operations, cash flows and financial performance.

*The Companies' board members and officers have other business interests that may receive a greater share of their time and attention than they will devote to their respective Companies.*

The Companies' respective board members and officers have other business interests and responsibilities that may be given priority over the time and attention that they are willing to devote to their respective Companies. This could result in errors of management and governance that could adversely affect the Companies' operations, cash flows and financial performance.

*The Companies' consultants and contractors may have financial and other interests that conflict with their interests, and they may place their interests ahead of the Companies' interests.*

Entities and individuals engaged as consultants and contractors of the Companies will have financial interests that may conflict with the Companies' interests. Each of a Company's consultants and contractors is likely to be a creditor of that Company, which could affect their advice and commitment of time and resources to it. In addition, the consultants and contractors may have commitments to and financial interests in other ethanol plants located in the same geographic and market area as the Producing Subsidiaries' plants. As a result, they may have a conflict of interest as they allocate personnel, materials and other resources to the plants and others.

***Risks Related to Regulation and Governmental Action***

*The loss of favorable tax benefits and other incentives for ethanol production and use could adversely affect the market for ethanol.*

The American Jobs Creation Act of 2004 created the volumetric ethanol excise tax credit ("VEETC"). Referred to as the blender's credit, VEETC provides companies with a tax credit to blend ethanol with gasoline totaling 51 cents per gallon of pure ethanol, or approximately 5.1 cents per gallon for E10 and 43 cents per gallon on E85. VEETC expires on December 31, 2010. The Food, Conservation and Energy Act of 2008 (the "2008 Farm Bill") reduced the VEETC to 45 cents per gallon of pure ethanol beginning January 1, 2009. In addition, recent federal legislation increased support for cellulosic ethanol as an alternative to corn-derived ethanol and the amended Renewable Fuel Standard mandates an increasing level of production of biofuels which are not derived from corn. The elimination or further reduction of VEETC or other federal tax incentives to the ethanol industry would have a material adverse impact on our business by making it more costly or difficult for the Companies to produce and sell ethanol.

*The Producing Subsidiaries' inability to obtain required regulatory permits and/or approvals will impede their ability and may prohibit completely their ability to successfully operate their plants.*

The Producing Subsidiaries are subject to extensive air, water and other environmental regulation. The Producing Subsidiaries have had to obtain a number of environmental permits to construct and operate their plants. Ethanol production involves the emission of various airborne pollutants, including particulate (PM10), carbon dioxide (CO<sup>2</sup>), oxides of nitrogen (NO<sub>x</sub>) and volatile organic compounds. GPRE believes it has obtained the permits necessary for operation of the Shenandoah and Superior plants. IBE and EGP each believe that it has obtained the permits necessary for the construction of their respective plants. However, EGP and IBE still need to apply for and obtain certain other permits before they can commence operations at the IBE and EGP plants, respectively. EGP and IBE each anticipates that it will be able to obtain these permits before the times that they will be needed. However, if for any reason any of these permits are not granted, construction costs for the IBE and EGP plants may increase. In addition, the governing state agencies could impose conditions or other restrictions in the permits that are detrimental to the Companies or which increase their costs above those assumed in any such project. Any such event could have a material adverse effect on the Companies' operations, cash flows and financial performance.

*A change in environmental and safety regulations or violations thereof could impede GPRE's and the VBV Subsidiaries' ability to successfully operate the plants.*

Currently the Environmental Protection Agency ("EPA") rules and regulations do not require the Producing Subsidiaries to obtain separate EPA approval in connection with construction and operation of the plants. Additionally, environmental laws and regulations, both at the federal and state level, are subject to change and changes can be made retroactively. It is possible that more stringent federal or

state environmental rules or regulations could be adopted, which could increase the Producing Subsidiaries' operating costs and expenses. Consequently, even if the Producing Subsidiaries have the proper permits at the present time, they may be required to invest or spend considerable resources to comply with future environmental regulations. Furthermore, ongoing plant operations are governed by the Occupational Safety and Health Administration ("OSHA"). OSHA regulations may change such that the costs of operations at the plants may increase. If any of these events were to occur, they may have a material adverse impact on the Companies' operations, cash flows and financial performance.

The Producing Subsidiaries' plants will emit carbon dioxide as a by-product of the ethanol production process. The United States Supreme Court recently classified carbon dioxide as an air pollutant under the Clean Air Act in a case seeking to require the EPA to regulate carbon dioxide in vehicle emissions. Similar lawsuits have been filed seeking to require the Environmental Protection Agency ("EPA") to regulate carbon dioxide emissions from stationary sources such as the Producing Subsidiaries' ethanol plants under the Clean Air Act. The Producing Subsidiaries' plants will produce a significant amount of carbon dioxide that will be vented into the atmosphere. While there are currently no regulations applicable to the Producing Subsidiaries concerning carbon dioxide, if Iowa, Indiana or Tennessee, or the federal government, or any appropriate agency, decides to regulate carbon dioxide emissions by plants such as the Producing Subsidiaries', the Producing Subsidiaries may have to apply for additional permits or they may be required to install carbon dioxide mitigation equipment or take other steps unknown to the Companies at this time in order to comply with such law or regulation. Compliance with future regulation of carbon dioxide, if it occurs, could be costly and may prevent the Producing Subsidiaries from operating its plants profitably, which may have a material adverse impact on the Companies' operations, cash flows and financial performance.

GPRE does not have current, and in some instances any, environmental reports for GPRE's real property. There is a risk that there are unidentified costs associated with environmental liabilities at the various facilities. These liabilities, if unaddressed, could significantly devalue the facilities if they are to be sold in the future.

*The loss of favorable government usage mandates affecting ethanol production could adversely affect the market for ethanol.*

Federal law requires the use of oxygenated gasoline. If these mandates are repealed, the market for domestic ethanol would be diminished significantly. Additionally, flexible-fuel vehicles receive preferential treatment in meeting CAFE standards. High blend ethanol fuels such as E85 result in lower fuel efficiencies. Absent the CAFE preferences, it is unlikely that flexible-fuel vehicles could meet standards. Any change in these CAFE preferences could reduce growth of E85 markets and result in lower ethanol prices.

There has been an increase in the number of claims against the use of ethanol as an alternative energy source. Many of such claims attempt to draw a link between recently increasing global food prices and the use of corn to produce ethanol. Others claim that the production of ethanol requires too much energy. Such claims have led some, including members of Congress, to urge the modification of current government policies which affect the production and sale of ethanol in the United States, such as the VEETC, the Renewable Fuels Standard and the Energy Independence and Security Act of 2007 (the "2007 Act"). Similarly, several states which currently have laws which affect the production and sale of ethanol, such as mandated usage of ethanol, have proposed to modify or eliminate such mandates. To the extent that such state or federal laws were modified, the demand for ethanol may be reduced, which could negatively and materially affect the Companies' ability to operate profitably.

### CAUTIONARY INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

The SEC encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This proxy statement/prospectus contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements included in this registration statement or made by management of GPRE or VBV, other than statements of historical fact regarding GPRE or VBV or any of their subsidiaries, are forward-looking statements within the meaning of Section 27A of the Securities Act and 21E of the Exchange Act.

Forward-looking statements include, among others, statements, goals, plans, objectives, intentions, expectations, financial condition, results of operations, future performance and business of GPRE and VBV and their subsidiaries, including, without limitation, (i) statements relating to the benefits of the merger, including future financial and operating results, cost savings, enhanced revenues and the accretion/dilution to reported earnings that may be realized from the merger, (ii) statements regarding certain of GPRE's goals and expectations with respect to shareholder value, revenue, expenses and the growth rate in such items, as well as other measures of economic performance, including statements relating to estimates of GPRE capitalization, and (iii) statements preceded by, followed by or that include the words "may", "could", "should", "would", "believe", "anticipate", "estimate", "expect", "intend", "plan", "projects", "outlook" or similar expressions. These statements are based upon the current beliefs and expectations of GPRE and/or VBV's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These forward-looking statements involve certain risks and uncertainties that are subject to change based on various factors (many of which are beyond GPRE's or VBV's control).

All forward-looking statements reflect present expectations of future events. As more fully discussed under "Risk Factors" above, the following factors, among others, could cause actual results to differ materially from that expressed in such forward-looking statements:

that the Mergers may not ultimately close for any of a number of reasons, such as GPRE not obtaining shareholder approval or the VBV Subsidiaries not obtaining member approval;

that GPRE will forego business opportunities while the Mergers are pending;

that prior to the closing of the Mergers, the businesses of GPRE, VBV or the VBV Subsidiaries may suffer due to uncertainty;

that, in the event the Mergers are completed, the combination of GPRE, VBV, and the VBV Subsidiaries may not result in a stronger company;

that the costs related to the Mergers will exceed the forecasted benefits;

the risk that the businesses of GPRE, VBV, and/or the VBV Subsidiaries, in connection with the Mergers, will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected;

the risk that expected revenue synergies and cost savings from the merger may not be fully realized or realized within the expected time frame;

the risk that revenues following the merger may be lower than expected;

operating costs, revenue loss and business disruption following the Mergers, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected;

the inability to obtain governmental approvals of the Mergers on the proposed terms and schedule;



the risk that the strength of the United States economy in general and the ethanol industry specifically may be different than expected results;

GPRE and VBV have limited operating histories in the ethanol industry;

the VBV Subsidiary plants are still in their construction phases, may never become operational and when they become operational may never meet their anticipated capacities;

potential litigation;

technological changes;

the effect of corporate restructurings, acquisitions and/or dispositions, including, without limitation, the Mergers and GPRE's merger with Great Lakes Cooperative which was consummated on April 3, 2008, and the actual restructuring and other expenses related thereto, and the failure to achieve the expected revenue growth and/or expense savings from such corporate restructurings, acquisitions and/or dispositions;

unanticipated regulatory or judicial proceedings or rulings;

the impact of changes in accounting principles;

the impact on the Companies' businesses, as well as on the risks set forth above, of various domestic or international military or terrorist activities or conflicts;

the impact of changes in state and federal energy, environmental, agricultural or trade policies, and

the Companies' success at managing the risks involved in the foregoing.

You are cautioned not to place undue reliance on the forward-looking statements. The foregoing list of factors is not exclusive. Neither GPRE nor VBV undertakes any obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this proxy statement/prospectus.

**THE SPECIAL MEETING OF GPRE SHAREHOLDERS**

***Date, Time and Place***

This proxy statement/prospectus is being furnished to holders of GPRE common stock, in connection with the solicitation, by and on behalf of the Board of Directors of GPRE, of proxies to be used at the special meeting of shareholders to be held at 10:00 a.m., central time, on October 10, 2008 at 9420 Underwood Ave., Suite 100, Omaha Nebraska, 68114 and any adjournment or postponement thereof. This proxy statement/prospectus, the notice of special meeting of shareholders, and the accompanying proxy card are being first mailed to shareholders on or about \_\_\_\_\_, 2008.

GPRE's principal executive offices are located at 9420 Underwood Ave., Suite 100, Omaha, Nebraska 68114.

***Matters to be Voted On***

At the special meeting, the GPRE shareholders will be asked to consider and vote on:

- (1) a proposal to approve the Mergers;
- (2) a proposal to approve the issuance of an aggregate of 17,139,000 shares of GPRE common stock (including shares subject to options assumed) pursuant to the Mergers and the Stock Purchase;
- (3) a proposal to approve the amended and restated articles of incorporation of GPRE as follows: (i) amend Article II to increase the number of shares authorized for issuance by GPRE; and (ii) amend Article III so that it is consistent with the terms of GPRE's Bylaws, which must be amended as a condition to closing the VBV Merger, with respect to (A) imposing a supermajority shareholder vote if two-thirds of the directors do not approve certain transactions prior to GPRE's next significant transaction, and (B) altering the number of GPRE's directors and the method by which board vacancies are filled; and
- (4) a proposal to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve any of proposals 1, 2 or 3.

The Board of Directors recommends a vote **FOR** each of these proposals.

At the date hereof, management has no knowledge of any business that will be presented at the special meeting other than the matters discussed herein. If any other matter is properly presented at the special meeting, the persons named on the enclosed proxy card will vote in accordance with their best judgment on such matters.

***Record Date, Outstanding Shares and Quorum***

GPRE has fixed the close of business on August 12, 2008 as the record date for the determination of shareholders entitled to notice of and to vote at the special meeting and any adjournment or postponement thereof. There were 7,821,528 shares of common stock issued and outstanding at the close of business on the record date. Holders of record of the common stock on the record date are entitled to cast one vote per share, exercisable in person or by properly executed proxy, with respect to each proposal to be considered at the special meeting.

The presence, in person or by properly executed proxy, at the special meeting of the holders of a majority of the issued and outstanding shares of common stock entitled to vote shall constitute a quorum. Because the proxy card states how the shares will be voted in the absence of instructions by the shareholder, executed proxies bearing no instructions by the shareholder will be counted as present for quorum purposes. Broker non-votes and abstentions will count for purposes of a quorum. If a



quorum is not present, the GPRE shareholders entitled to vote at the special meeting, present in person or by proxy, will have the power to adjourn the meeting until a quorum is present.

***Proxy Voting and Revocability of Proxies***

Shares of common stock represented by the proxies received pursuant to this solicitation and not timely revoked will be voted at the special meeting in accordance with the instructions indicated in properly executed proxies. If no instructions are indicated, such shares will be voted as recommended by the Board. If any other matters are properly presented to the special meeting for action, the person(s) named in the enclosed form(s) of proxy and acting thereunder will have discretion to vote on such matters in accordance with their best judgment.

You can revoke your proxy or change your vote before your proxy is voted at the special meeting. You can do this in one of four ways:

you can submit a signed notice of revocation to GPRE;

you can grant a new, valid proxy bearing a later date than your original proxy;

you can cast a new proxy vote over the Internet or by telephone;

if you are a holder of record, you can attend the special meeting of GPRE shareholders and vote in person, which will automatically cancel any proxy you have previously given, or you may revoke your proxy in person, however, your attendance alone will not be sufficient to revoke any proxy that you have previously given.

If your shares are held in street name by your broker, you should contact your broker to change your vote. Any written notice revoking a proxy should be sent to: Green Plains Renewable Energy, Inc., Attention: Dan E. Christensen, Secretary, 9420 Underwood Ave., Suite 100, Omaha, Nebraska 68114.

Shareholders whose shares of common stock are registered directly with GPRE's transfer agent, Action Stock Transfer, may vote via the Internet or telephone. Shareholders should refer to the enclosed proxy card for instructions on voting via the Internet or telephone. The Internet and telephone voting facilities for shareholders of record will close at 11:59 p.m., eastern time, on October 9, 2008. Shareholders whose shares are registered in the name of either a broker or bank should refer to the information forwarded by either the broker or bank to determine if Internet or telephone voting is available to them. You must provide the record holder of your shares instructions on how to vote.

***Expenses and Methods of Solicitation***

GPRE will bear the expense of soliciting proxies. In addition to the use of the mails, proxies may be solicited personally, or by telephone or other means of communications, by directors, officers and employees of GPRE and its subsidiaries, who will not receive additional compensation therefor. GPRE will reimburse banks, brokerage firms and nominees for their reasonable expenses in forwarding proxy solicitation materials to beneficial owners of shares held of record by such banks, brokerage firms and nominees.

***Vote Required***

The affirmative vote of a majority of the votes cast at the special meeting by the holders of the common stock, assuming a quorum is present, is required to approve proposals 1, 2, 3 and 4. Since only votes cast count for this purpose, broker non-votes and abstentions will not affect the outcome of the voting on any of these proposals.

*Shares owned by GPRE Directors and Executive Officers*

On the record date, directors and executive officers of GPRE owned and were entitled to vote 2,311,142 shares of GPRE common stock, representing approximately 29% of the outstanding shares on that date. These directors and executive officers have agreed to vote for the proposals presented in this proxy statement/prospectus. See the section "Lock-Up and Voting Agreements" on page 95.

**Proposal No. 1 Proposal to Approve the Mergers**

Under the Iowa Business Corporation Act, GPRE is required to obtain shareholder approval of each of the VBV Merger, the IBE Merger and the EGP Merger. Accordingly, GPRE is asking its shareholders to approve the Mergers.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSAL NO. 1**

**Proposal No. 2 Proposal for the Issuance of GPRE Common Stock**

Under the applicable NASDAQ Stock Market rules, a company is required to obtain shareholder approval upon a change of control and prior to issuance of common stock if the common stock issued in the aggregate has voting power equal to or in excess of 20% of the voting power outstanding before such issuance of common stock. If the Mergers are completed, GPRE will issue approximately 11,139,000 shares of common stock (including shares subject to options assumed) in the Mergers, or approximately 142% of the voting power outstanding, and 6,000,000 shares of common stock in the Stock Purchase, or approximately 77% of the voting power outstanding. Because of this and the director and management changes to take place as discussed above, these transactions would be considered a change of control under the NASDAQ Stock Market rules.

Accordingly, GPRE is asking its shareholders to approve the issuance of an aggregate of 17,139,000 shares of GPRE common stock (including shares subject to options assumed) in the Mergers and the Stock Purchase.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSAL NO. 2.**

**Proposal No. 3 Proposal to Amend and Restate GPRE's Articles of Incorporation**

***Introduction:***

As discussed elsewhere in this proxy statement/prospectus, two of the conditions to closing the Mergers are amending and restating GPRE's articles of incorporation, in substantially the form attached to this proxy statement/prospectus as Appendix I (the "Amended Articles") and the adoption of amended and restated bylaws for GPRE, in the form substantially attached to this proxy statement/prospectus as Appendix H (the "Amended Bylaws").

Accordingly, GPRE is seeking shareholder approval to amend its articles of incorporation to provide that (i) Article II of the articles be amended to increase the number of shares of stock authorized for issuance from 25,000,000 to 50,000,000, and (ii) Article III of the articles be amended and restated so that its terms are consistent with the Amended Bylaws which are to be adopted by the Board as part of consummation of the Mergers.

***Changes to Article II:***

Because GPRE presently has 7,821,528 shares of stock issued and outstanding, and the Mergers and Stock Purchase in the aggregate would require the issuance of 17,139,000 shares of stock (including shares subject to options assumed), Article II of GPRE's articles of incorporation must be amended to increase the number of authorized shares. In order to effect the Mergers and the Stock Purchase, Article II of GPRE's articles of incorporation must be amended to provide the following:

**"ARTICLE II SHARES**

The number of shares of stock authorized is 50,000,000 COMMON STOCK PAR VALUE \$.001."

***Changes to Article III:***

Under applicable Iowa law and the terms of Section 8.06 of GPRE's existing bylaws GPRE's board is empowered to amend its bylaws without shareholder approval, however, under applicable Iowa law, the bylaws may not be inconsistent with GPRE's articles of incorporation. Article III of GPRE's current articles of incorporation would not be consistent with the following provisions of the Amended Bylaws, which must be adopted by GPRE's board as a condition to closing the Mergers:

Section 3.01(f), which provides that until GPRE issues an aggregate of 6,000,000 shares of common stock (including shares issuable upon conversion of securities convertible or exercisable into, or exchangeable for, common stock, but excluding shares issued as a stock dividend or otherwise to effect a split of the common stock) to non-affiliates of GPRE after closing of the Mergers and Stock Purchase, if two-thirds of the directors do not approve a change in the number of directors, that such change must be approved by 80% of the shareholders of the shares outstanding and entitled to vote on such matter;

Section 3.02(a), which provides that subject to Section 3.01(f) of the bylaws, two-thirds of the directors may change the number of directors on the board, and also provides that vacancies may be filled as provided in the bylaws;

Section 3.05(a), which provides that a vacancy on the board resulting from an increase in the number of directors may be filled by either the shareholders or the board; and

Section 3.05(b), which provides that vacancies on the board occurring due to the resignation, removal or death of a director may be filled by a vote of not less than two-thirds of the directors, provided that (i) if required by applicable law or exchange on which GPRE's common stock is listed, any such vacancy may be filled by the independent directors, and also provided that (ii) the executive committee of the board must designate the nominee to fill vacancies

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occurring due to the resignation, removal or death of a director who was either designated for nomination by the Bioverda entities or Wilon, pursuant to the Shareholders' Agreement between GPRE, the Bioverda entities, Wilon, and Wayne Hoovestol, effective the closing date of the Mergers, and provided further that (iii) the nominating committee of the board must designate a nominee to fill vacancies occurring due to the resignation, removal or death of a director who is not either a Bioverda Nominee or a Wilon Nominee.

To make Article III of GPRE's articles of incorporation consistent with the terms of the Amended Bylaws, Article III must be amended to provide the following:

### "ARTICLE III DIRECTORS

The number of directors constituting the entire board of directors shall be as set forth in the Bylaws. Directors shall serve staggered terms and shall be divided into three groups (Groups I, II, and III), as nearly equal in numbers as the then total number of directors constituting the entire Board of Directors permits, with the term of office of one Group expiring each year. The initial term of Group I shall expire at the first annual stockholders' meeting of the corporation in 2005. At that time, a director, or directors, shall be elected to serve in Group I, and to hold office for a three-year term expiring at the third succeeding annual meeting. The initial term of Group II shall expire at the second annual stockholders' meeting of the corporation in 2006. At that time, a director, or directors, shall be elected to serve in Group II, and to hold office for a three-year term expiring at the third succeeding annual meeting. The initial term of Group III shall expire at the third annual stockholders' meeting of the corporation in 2007. At that time, a new director, or directors, shall be elected to serve in Group III, for a three-year term expiring at the third succeeding annual meeting. At each annual stockholders' meeting held thereafter, directors shall be chosen for a term of three years to serve in the Group that has expired at that meeting to succeed those whose terms expire. Any vacancies in the Board of Directors for any reason shall be filled by the shareholders, and any directors so chosen shall hold office until the next election of the Group for which such directors shall have been chosen and until their successors shall be elected and qualified. Subject to the foregoing, at each annual meeting of stockholders the successors to the Group of directors whose term shall then expire shall be elected to hold office for a term expiring at the third succeeding annual meeting.

Notwithstanding any other provisions in the Articles of Incorporation or the Bylaws (and notwithstanding the fact that some lesser percentage may be specified by law, in the Articles of Incorporation or in the Bylaws), any director or the entire board of directors of the Corporation may be removed at any time, for cause only by the affirmative vote of the holders of 80% or more of the outstanding shares of capital stock of the corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the stockholders called for that purpose."

#### *Approval:*

GPRE is asking shareholders to approve the Amended Articles, which contain the changes discussed above.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSAL NO. 3.**

**Proposal No. 4 Adjournment of the Special Meeting**

If GPRE fails to receive a sufficient number of votes to approve any of proposals 1, 2 or 3, GPRE may propose to adjourn the meeting for the purpose of soliciting additional proxies to approve such proposal. GPRE does not intend to propose to adjourn the special meeting if there are sufficient votes to approve all proposals.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSAL NO. 4.**

**APPROVAL OF THE MERGER AND SUBSIDIARY MERGERS BY VBV AND ITS SUBSIDIARIES**

None of VBV, EGP and IBE will solicit proxies or written consents in connection with the approvals described below.

***Approval of the VBV Members***

VBV's board of managers intends to call a special meeting of the members of VBV to consider and vote on a proposal to approve and adopt the VBV Merger Agreement and approve the VBV Merger.

Under VBV's operating agreement, the affirmative vote of the members representing a majority in percentage interest of VBV's issued and outstanding common units is required to approve the VBV Merger Agreement and the VBV Merger, provided that such approval must include the affirmative vote of both Bioverda International and Bioverda US. As of August 12, 2008, there were 1,000 common units of VBV issued and outstanding, of which Bioverda US and Bioverda International own 900, or 90% of the issued and outstanding common units of VBV. As described further under the section entitled "The Lock-up and Voting Agreements," Bioverda International and Bioverda US have each agreed to vote their respective common units in favor of the VBV Merger Agreement and the VBV Merger. The VBV Merger cannot be completed unless the IBE members and EGP members approve their respective mergers.

***Approval of the EGP Members***

EGP's board of directors intends to call a special meeting of the members of EGP to consider and vote on a proposal to approve and adopt the EGP Merger Agreement and approve the EGP Merger. Under EGP's operating agreement, the proposal to adopt and approve the EGP Merger Agreement and the EGP Merger will be approved if EGP receives the affirmative vote of the members holding more than fifty percent (50%) of the units then held by all members.

As of August 12, 2008, there were 39,944,116 units issued and outstanding. VBV owns 24,764,000 units, or approximately 62% of the total issued and outstanding units. The remaining 15,180,116 units are held by 151 other members of EGP. Accordingly, VBV's vote in favor of the proposal will be sufficient to approve the EGP Merger Agreement and the EGP Merger under EGP's operating agreement and Tennessee law. VBV intends to vote in favor of the proposal to adopt and approve the EGP Merger Agreement and the EGP Merger at the EGP special meeting.

***Approval of the IBE Members***

IBE's board of directors intends to call a special meeting of the members of IBE to consider and vote on a proposal to approve and adopt the IBE Merger Agreement and approve the IBE Merger. Under IBE's operating agreement, the proposal to adopt and approve the IBE Merger Agreement and the IBE Merger will be approved if IBE receives the affirmative vote of the members holding at least seventy-five percent (75%) of the units of IBE then issued and outstanding.

As of August 12, 2008, there were 6,563 units issued and outstanding. VBV owns 5,113 units, or approximately 78% of the issued and outstanding units. The remaining 1,450 units are held by 81 other

members of IBE. Accordingly, VBV's vote in favor of the proposal will be sufficient to approve the IBE Merger Agreement and the IBE Merger, under IBE's operating agreement and Indiana law. VBV intends to vote in favor of the approval and adoption of the IBE Merger Agreement and the IBE Merger at the IBE special meeting.

***Impact of Affirmative Vote on EGP and IBE Members***

At and as of the effective time, by virtue of the EGP Merger and without any action on the part of the EGP Members, each unit in EGP will be converted into the right to receive 0.151658305 fully paid and nonassessable shares of GPRE common stock (the "EGP Merger Consideration").

At and as of the effective time, by virtue of the IBE Merger and without any action on the part of the IBE members, each unit in IBE will be converted into the right to receive 731.9974690 fully paid and nonassessable shares of GPRE common stock (the "IBE Merger Consideration").

The exchange ratios for the EGP and IBE units into GPRE common stock are fixed and will not change, regardless of changes in the market price of the GPRE common stock.

At and as of the effective time, all units in IBE and EGP will automatically be canceled and will cease to be outstanding, and each holder of an IBE or EGP unit will cease to have any rights with respect thereto, except the right to receive the IBE Merger Consideration or EGP Merger Consideration, as appropriate, and certain dividends or other distributions in accordance with the IBE and EGP Merger Agreements. Except to the extent that IBE or EGP received notice of a transfer or pledge of an IBE or EGP Unit and the transfer or pledge complies with the requirements of the respective operating agreement of IBE or EGP, GPRE shall be entitled to treat the person in whose name any units issued by IBE or EGP stand on the books of IBE or EGP as the owner of that unit, and shall not be bound to recognize any equitable or other claim to, or interest in, that unit on the part of any other person.

## THE MERGERS

*This section of the proxy statement/prospectus describes material aspects of the Mergers. While GPRE and VBV believe that the description covers the material terms of the Mergers and the related transactions, this summary may not contain all of the information that is important to you. For a more complete understanding of the Mergers and related transactions, you should carefully read this entire proxy statement/prospectus, the attached appendices and the other documents to which this proxy statement/prospectus refers.*

### **General Description of the Mergers**

The Mergers described herein contemplate three separate merger transactions, all of which are contingent upon the others' consummation and will happen concurrently at the effective time. At the effective time, each of VBV and its majority-owned subsidiaries, EGP and IBE, will merge with wholly-owned subsidiaries of GPRE formed specifically for the purpose of effecting the Mergers. Upon completion of the Mergers, the separate corporate existence of the three GPRE merger subsidiaries will cease and each of VBV, EGP and IBE will continue as the surviving entity in the respective mergers and will become indirect wholly-owned subsidiaries of GPRE.

The current holders of VBV, IBE and EGP units are expected to receive a total of 10,871,472 shares of GPRE common stock as consideration for the Mergers. GPRE will also assume and convert outstanding options to purchase units of IBE and EGP into the right to purchase 267,528 shares of GPRE common stock.

The VBV Merger has been structured as a reorganization within the meaning of Section 368(a) of the Code. Stoel Rives LLP has provided a legal opinion that the VBV Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code; the IRS has not provided a ruling on the matter. Assuming the VBV Merger so qualifies, for U.S. federal income tax purposes none of GPRE, VBV, GP Merger Sub, or VBV Members who are U.S. persons (as defined in "The Mergers Material U.S. Federal Income Tax Consequences of the Mergers") will recognize gain or loss as a result of the VBV Merger. Depending on their individual circumstances, VBV Members who are non-U.S. persons (as defined in "The Mergers Material U.S. Federal Income Tax Consequences of the Mergers") generally will not recognize gain or loss in connection with the VBV Merger and generally will not be subject to a 10% withholding tax on their receipt of GPRE common stock in exchange for VBV units pursuant to the VBV Merger. The EGP Merger and the IBE Merger will be taxable to the holders of units in EGP and IBE (other than VBV) for U.S. federal income tax purposes, although none of GPRE, any of its subsidiaries, or VBV will recognize gain or loss as a result of the EGP Merger and the IBE Merger. See the section entitled "The Mergers Material U.S. Federal Income Tax Consequences of the Mergers" beginning on page 75 of this proxy statement/prospectus for a discussion of material U.S. federal income tax consequences of the Mergers.

### **Structure and Effects of the Mergers**

At the closing of the Mergers (the "effective time"), (i) GPRE's wholly-owned subsidiary, GP Merger Sub, will merge with and into VBV, with VBV as the surviving entity and a wholly-owned subsidiary of GPRE; (ii) GPRE's wholly-owned subsidiary, IN Merger Sub, will merge with and into IBE, with IBE as the surviving entity and a subsidiary of GPRE; and (iii) GPRE's wholly-owned subsidiary, TN Merger Sub, will merge with and into EGP, with EGP as the surviving entity and a subsidiary of GPRE. The closing of the EGP and IBE Mergers will take place on the closing date of the VBV Merger.

The completion of the Mergers will occur no later than the second business day after the conditions set forth in the VBV Merger Agreement are satisfied or waived, or at such time, date and location as the parties agree in writing. It is anticipated that the effective time will occur as soon as practicable following the special meeting of GPRE shareholders. GPRE and VBV are working to complete the Mergers as soon as possible.

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Upon completion of the VBV Merger, each outstanding common unit of VBV will be converted, pursuant to the terms set forth in the VBV Merger Agreement, into the right to receive 7,498.369315 shares of GPRE common stock. As of the effective time, each such unit will be automatically cancelled and each holder of such unit will cease to have any rights with respect thereto except the right to receive the merger consideration.

Upon completion of the IBE Merger, each outstanding unit in IBE (other than units held by VBV) will be converted into the right to receive 731.997469 shares of GPRE common stock. As of the effective time, each such unit will be automatically cancelled and each holder of such unit will cease to have any rights with respect thereto except the right to receive the merger consideration.

Upon completion of the EGP Merger, each outstanding unit in EGP (other than units held by VBV) shall be converted into the right to receive 0.151658305 shares of GPRE common stock. As of the effective time, each such unit shall be automatically canceled and each holder of a unit will cease to have any rights with respect thereto except the right to receive the merger consideration.

The exchange ratios for the VBV, IBE and EGP units into GPRE common stock are fixed and will not change, regardless of changes in the market price of the GPRE common stock.

### *Options Converted*

Each outstanding option to purchase an IBE unit ("IBE Options"), whether vested or unvested, will be converted into and become the right to acquire shares of GPRE common stock. GPRE shall assume each IBE Option in accordance with its terms and conditions. From and after the effective time, each IBE Option assumed by GPRE may be exercised solely for shares of GPRE common stock. The number of shares of GPRE common stock subject to each IBE Option and the exercise price will be adjusted to take into account the IBE Merger and the merger consideration, and any restriction on the exercise of an IBE Option will continue in full force and effect and the term, exercisability, vesting schedule and other provisions will remain the same.

Each outstanding option to purchase units of EGP ("EGP Options"), whether vested or unvested, will be converted into and become the right to acquire shares of GPRE common stock. GPRE shall assume each EGP Option in accordance with its terms and conditions. From and after the effective time, each EGP Option may be exercised solely for shares of GPRE common stock. The number of shares of GPRE common stock subject to each EGP Option and the exercise price will be adjusted to take into account the EGP Merger and the merger consideration and any restriction on the exercise of an EGP Option will continue in full force and effect and the term, exercisability, vesting schedule and other provisions will remain the same.

### *Exchange Procedure*

Following the effective time of the Mergers, GPRE will deliver to each holder of a VBV, IBE or EGP unit (except to the extent IBE or EGP received notice of a transfer or pledge in accordance with its operating agreement), a certificate representing that number of whole shares of GPRE common stock that such holder has the right to receive and the VBV, IBE and EGP units will be cancelled. After the effective time of the Mergers, outstanding VBV, IBE and EGP units will be deemed to represent only the right to receive the merger consideration.

Except to the extent that IBE or EGP received notice of a transfer or pledge of an IBE or EGP Unit and the transfer or pledge complies with the requirements of the respective operating agreement of IBE or EGP, GPRE shall be entitled to treat the person in whose name any units issued by IBE or EGP stand on the books of IBE or EGP as the owner of that unit, and shall not be bound to recognize any equitable or other claim to, or interest in, that unit on the part of any other person.



***Ownership of GPRE after the Mergers and the Stock Purchase***

Based on the number of shares of GPRE common stock outstanding on the record date and assuming no exercise of certain put and call agreements between the Bioverda entities and Wilon, we anticipate that the Bioverda entities will own approximately 51.6%, Wilon will own approximately 3% and the other members of the VBV subsidiaries will collectively own approximately 13.7% of the outstanding shares of GPRE common stock following the Mergers and the Stock Purchase. See "Voting Securities of VBV and its Subsidiaries and Principal Holders Thereof VBV LLC" for a description of the put and call agreements.

***Other Transaction Agreements***

*The Shareholders' Agreement.* At closing, GPRE, the Bioverda entities, Wilon, and Wayne Hoovestol will enter into a Shareholders' Agreement that provides for certain registration rights and certain governance matters of GPRE following the Mergers. See pages 96-97 for a description of the Shareholders' Agreement.

*The Lock-Up and Voting Agreements.* The Bioverda entities and certain shareholders of GPRE have agreed to vote for the Mergers and not sell their shares of GPRE common stock for a specified time period after the closing. Wilon has also agreed not to sell its shares of GPRE common stock for a specified time period after the closing. See pages 95 for a description of the Lock-Up and Voting Agreements.

*The Stock Purchase Agreement.* GPRE and the Bioverda entities have entered into a Stock Purchase Agreement whereby the Bioverda entities will purchase an aggregate of \$60,000,000 of GPRE common stock on the closing date of the Mergers. Under a put and call agreement between the Bioverda entities and Wilon, dated April 1, 2008, Wilon may acquire from Bioverda US up to 17.4%, or 1,044,000 shares, of the GPRE common stock purchased by the Bioverda entities in the Stock Purchase. See pages 98-99 for a description of the Stock Purchase Agreement and "Voting Securities of VBV and its Subsidiaries and Principal Holders Thereof VBV LLC" for a description of the put and call agreement.

***Management of GPRE After the Mergers***

Following the Mergers, GPRE will be governed by a nine-member board of directors. The Bioverda entities will together have the right, as long as they collectively own at least 32.5% of the outstanding GPRE common stock, to designate four individuals to be nominated for election as directors. The Bioverda entities' initial designees are expected to be Jim Anderson, Jim Barry, James Crowley and Michael Walsh. Similarly, as long as Wilon owns at least 2.5% of the outstanding GPRE common stock, it will have the right to designate one individual to be nominated for election as a director. Wilon's initial designee is expected to be Alain Treuer. Each of the parties to the Shareholders' Agreement will vote his or its shares of GPRE common stock in favor of the nominees of the Bioverda entities and Wilon. It is anticipated that current GPRE directors Gordon Glade, Wayne Hoovestol, Gary Parker and Brian Peterson will continue to serve on the GPRE board after the Mergers. Thereafter, except for the Bioverda entities' and Wilon's designees, the directors will be nominated for election by the shareholders in accordance with GPRE's bylaws and nominating committee procedures.

Following the Mergers, the executive management team of the combined organization is expected to be composed of the members of GPRE's management team prior to the Mergers, except that Todd Becker (the current chief executive officer of VBV) will be appointed to serve as president and chief operating officer of GPRE. It is expected that Wayne Hoovestol will resign from his position as chief executive officer not later than 12 months following the Mergers and, subject to the discretion of the board of directors, Mr. Becker will be appointed to succeed Mr. Hoovestol as chief executive officer.

Employees of both companies will be integrated into a combined workforce. GPRE's corporate headquarters will remain in Omaha, Nebraska.

***Background of the Mergers***

Since its inception, GPRE has sought to grow through industry consolidation, both vertically and horizontally. Its board has pursued this growth strategy to achieve scope and scale for GPRE while also pursuing geographic diversity and diversity through vertical integration. Consistent with this strategic direction, GPRE had numerous discussions throughout 2007 with companies in the industry that were contemplating constructing ethanol plants. The board determined however that a greenfield (new construction) strategy would take too long in an industry that was rapidly evolving and becoming increasingly competitive, and would require significant debt and equity financing which was becoming increasingly more difficult to obtain in the industry.

In mid-2007, GPRE engaged in numerous meetings and discussions with four other potential merger candidates which either had operational ethanol plants or plants under construction with financing in place. GPRE was unable to reach agreement with any of these other candidates primarily due to differences over valuation or strategic direction. GPRE therefore continued to explore strategic alternatives by engaging in dialogue with other industry participants to find suitable and compatible merger candidates.

GPRE and VBV first became acquainted through an introduction by Gordon Glade, a current director of GPRE, on November 8, 2007. At that time, ethanol company equity valuations had declined substantially. Most publicly-traded ethanol companies were trading below plant replacement values, and there was downward pressure on operating margins. GPRE representatives, Wayne Hoovestol, chief executive officer, and Jerry Peters, chief financial officer, participated in a telephone conference with VBV representatives Todd Becker and Ron Gillis, which was arranged by Mr. Glade. Mr. Glade had met Todd Becker, chief executive officer of VBV, several times previously at industry events and they had discussions regarding strategic views and insights on developing a highly effective and competitive renewable energy company. Mr. Becker's view of a vertical integration strategy used to effectively position ethanol production assets to be able to leverage both corn origination and ethanol distribution was discussed. Mr. Glade introduced VBV to GPRE, as he felt both companies shared a similar view of what is required of a leading ethanol company. In that first call, both companies laid out their strategies around building a business that is involved with all parts of the ethanol value chain. Both companies came to the conclusion that they shared similar views on creating a successful enterprise. Also discussed at that meeting was the fact that both companies had been talking to several potential partners and acquisition candidates but had not identified others that shared similar views. In addition, VBV and its members were committed to deploy more investment capital in the industry to help build a vertically-integrated business. At that time, capital investment into the industry had slowed, primarily as a result of the increasing number of ethanol projects and a slowing U.S. economy, and GPRE saw the opportunity to bring in a strategic investor that was committed to renewable energy and long term growth.

A second meeting between GPRE and VBV representatives was held on January 3, 2008 in Omaha, Nebraska. Messrs. Hoovestol, Glade and Peters represented GPRE. Messrs. Becker and Gillis, along with Theodore Brombach of XMS Capital Partners, which serves as a financial advisor to VBV, represented VBV. At the second meeting, there were further discussions about the business strategies of each company and broad parameters concerning the structure, valuation, additional investment in newly-issued shares and terms of a potential business combination. With regard to the business structure the companies agreed that maintaining a public company structure would be advantageous, as the combined company executed its strategy of growth through acquisitions. Also, the parties agreed to maintain the separate debt financing structure for each plant through preserving their operating subsidiaries. Finally, providing liquidity to the VBV Subsidiary members through their receipt of

GPRE's common stock as merger consideration and minimizing the tax burden on the different owner groups to the extent possible were also identified as an important objectives. Both companies continued discussions respecting the development of a vertically integrated platform that would reduce input and output commodity risk. With grain origination assets nearly in place through the pending acquisition of Great Lakes, GPRE believed it would be well positioned to manage input price risk and develop closer relationships with agricultural producers through grain handling and seed/chemical/fuel sales. Both parties concurred that these relationships are a crucial component in securing supply from the direct source of corn. VBV had begun developing an ethanol marketing and distribution platform that would provide marketing services to other independent plants in the industry. In addition, VBV was securing positions at fuel distribution terminals in order to help secure long term demand relationships for the ethanol produced in the plants. Finally, both companies strongly believed that a core competency of any commodity-based production company needs to be price and risk management. The parties realized that a merger of their operations could create a sustainable long-term growth strategy for the company. In addition, at that meeting a high level discussion concerning relative valuation was undertaken. Mr. Brombach laid out a basic framework for valuation based on each company's expected ethanol production capacity. The parties discussed adjustments for capital structure, cash and working capital balances and other items that may impact the value of either company. At that point, Mr. Peters proposed both companies share financial information to further develop the valuation specifics. Finally, Mr. Becker reiterated that VBV members were looking to deploy more investment capital in the industry and would like to purchase newly-issued equity in GPRE to provide a strong financial position when the combination was complete.

On January 4 and January 7, 2008, Messrs. Peters and Brombach held detailed discussions concerning valuation issues and methodology. The parties discussed recent ethanol company transactions in the marketplace, noting valuation methodologies and plant characteristics that resulted in premium or discounted valuations. Both parties identified items needed to develop a valuation model that would be used to determine an exchange ratio. This model would include operational plant capacity, a per-gallon valuation that would drive the model based on current transaction values and public comparables, the impact of plant expandability on valuation, plant valuation adjustment for timing of operations, a public company valuation premium, an investor list and capital availability premium, the effect of the then-pending acquisition of Great Lakes on valuation, the quality of management and ethanol trading capability, and the structure of a debt and working capital adjustment.

The parties spoke by telephone on January 16, 2008. Messrs. Hoovestol and Peters represented GPRE and Mr. Becker represented VBV. The discussion focused on the valuation of each company and potential merger terms. There was general agreement on the valuation framework, as the parties decided the valuation of ethanol production capacity would be approximately equivalent per gallon for both companies. Each company's outstanding debt along with required funding to complete plant construction would be considered. Cash, working capital, existing risk-management positions and other assets would be valued and included in the determination of the relative value of each company's equity. A follow-up discussion was held between Messrs. Peters and Becker by telephone on January 23, 2008. On that call, the parties discussed management structure, board composition, the location of the combined company, the due diligence process, and other similar process matters that would need to be addressed with regard to a potential transaction.

On January 24, 2008, Mr. Hoovestol met with Mr. Becker in Omaha, Nebraska to discuss management, board composition, valuation and the commodity positions of each company. It was decided that Mr. Becker would eventually become CEO of GPRE after a successful transition and integration period, and a goal of one year was set to complete such integration. Both parties felt this was important to employee retention and wanted to ensure all employees would understand that this was an agreed term which was supported by both Messrs. Becker and Hoovestol. It was also determined that current chief financial officer of GPRE, Jerry Peters, would remain in that position. The current chief financial officer of VBV, Ron Gillis, would be appointed Treasurer of the new

company. It was also determined that the goal was to retain as many of the current employees of both companies as possible. The board composition was also discussed, with Mr. Becker indicating that VBV members would want the ability to appoint a majority of the new board, while agreeing that certain issues would require a supermajority vote for approval. VBV also agreed that the VBV members it would appoint independent board members for their appointed positions. Initial valuation models began to be exchanged with the primary parameters agreed upon. The main point remaining was the adjustment for ongoing operations. It was decided that the favorable conversion of GPRE's corn purchases to income would be considered as a deduction from the VBV members' final share count once that number was agreed upon.

Representatives of NTR, the parent company of the two Bioverda entities, including Jim Barry, Chief Executive Officer, and Rory O'Connor, Corporate Finance and Treasury Manager, and Mr. Becker had a telephone conference on January 28, 2008 to review the possibility of a merger between GPRE and VBV. On that call, valuations were discussed as well as the terms of a possible investment of additional equity capital in GPRE.

On January 31, 2007, Mr. Peters and Mr. Becker had a telephone conference to discuss the preparation of a non-binding letter of intent ("LOI") among the parties. A draft of the LOI was provided by Mr. Becker to GPRE on February 1, 2008.

Mr. Barry and Mr. Becker met with representatives from GPRE (Messrs. Hoovestol, Glade and Peters and Brian Peterson, a director) in Chicago, Illinois on February 6, 2008. Alain Treuer, principal owner of Wilon, also participated in the meeting by telephone. The meeting allowed representatives of GPRE and VBV's members to become acquainted and discuss general business philosophy and objectives for a potential combination. It was determined at that meeting that all parties were in agreement to move forward with the potential transaction and that the draft LOI would be presented to the GPRE board of directors. At this meeting with the broader audience, the overall strategy to build a fully integrated ethanol business by combining both companies' assets and management teams was discussed. Each company again outlined its current business strategy and plan for growth to make sure that the strategies were fully aligned from a business perspective. Growth through acquisitions using stock and cash was discussed. It was also discussed that a strong balance sheet would be needed to execute on the combined company's growth strategy. The VBV members reiterated their commitment to invest further in the new company to provide that financial strength.

On February 8, 2008, the GPRE board of directors held a conference call to discuss the potential combination and the draft LOI that had been provided to the directors on February 3, 2008. All directors of GPRE, along with Mr. Peters, participated in the conference call. The board discussed strategic issues surrounding the potential merger, including valuation, control, management and alternatives. Management was directed to continue the negotiation of the LOI including terms of the registration rights, shareholders' and lock up agreements. On February 14, 2008, the GPRE board of directors received an update from GPRE management on the LOI negotiations and continued its discussion of a potential transaction with VBV.

Messrs. Becker, Hoovestol and Peters met in Omaha, Nebraska on February 18, 2008 to discuss terms of the LOI, along with management and control issues of the potential combination. At that time, discussion on the valuation issues, including the value of GPRE's open corn position, also progressed. It was agreed that the LOI would reflect a base valuation, subject to adjustment for the value of the open corn position. The base valuation was determined utilizing a consistent value per gallon for each company's expected ethanol production capacity. Adjustments were made for the forecasted debt after plant completion, total working capital, and other assets, including GPRE's expected investment in Great Lakes Cooperative. Under the base valuation, before adjustment for the value of GPRE's open corn position, GPRE's equity was valued at \$127.6 million and VBV's equity (including IBE and EGP) was valued at \$221.7 million. Utilizing the relative value of each company and the expected outstanding GPRE shares after the Great Lakes merger of approximately 7.8 million,

the total shares of GPRE common stock to be issued to VBV, IBE and EGP under the base valuation was determined to be 13,540,000. To value GPRE's open corn position, purchase contracts were summarized by month and weighted average purchase-contract price. It was agreed that each month's weighted average contract price would be compared to the current corn price, with appropriate basis adjustments, for the applicable time period for futures contracts on the Chicago Board of Trade. The value of these contracts along with the change in value of each company's brokerage accounts would be included in the determination of the adjustment at 60 percent to account for the expected impact of income taxes. It was agreed this expected adjustment for the value of GPRE's open corn position would be reflected in the final calculation of the relative value of each company and the shares would be adjusted accordingly.

At that meeting, it was re-confirmed that there would be a chief executive officer transition and the corporate headquarters would remain in Omaha. Mr. Hoovestol continued to indicate that control issues would need to be finalized. Mr Becker indicated that VBV members were open to looking at board and control issues and were willing to have certain major decisions be decided with a supermajority structure. The LOI also included a provision that VBV's members would invest between \$50 and \$60 million into GPRE in conjunction with the merger. The board composition was also finalized at nine members with five appointed by VBV members. In addition, it was outlined how the board composition would be structured with some supermajority voting rights. Shareholder agreement and registration rights were also broadly outlined.

On February 22, 2008, the GPRE board of directors held a conference call to vote on the LOI. All members of the GPRE board of directors, and Mr. Peters, participated in the conference call. Following the GPRE board's affirmative vote, GPRE and VBV executed the LOI.

Messrs. Becker, Gillis, Hoovestol and Peters met in Omaha, Nebraska on March 7, 2008 to discuss the status of due diligence among the companies and the process of securing approvals from the governing boards of IBE and EGP. Alternatives were identified on how these approvals would be secured through provisions in the respective operating agreements. It was determined that meetings would be scheduled with each of the local boards within the following two weeks in order to give them an overview of the merger transaction that was contemplated.

Messrs. Becker and Hoovestol had another meeting on March 17, 2008 in Omaha, Nebraska, where they discussed the structure of the management team of the combined companies, a timeline of events to execute a definitive agreement, and due diligence requirements and planning. It was determined that due diligence requests would be circulated by each company to the other.

On March 18, 2008, Duff & Phelps provided its proposal to perform financial advisory services to GPRE in connection with the proposed transaction. GPRE engaged Duff & Phelps shortly thereafter to render an opinion to GPRE as to the fairness, from a financial viewpoint, of the proposed transaction.

Messrs. Hoovestol, Peters, Becker and Gillis held a conference call on March 24, 2008 to discuss the status of drafting definitive merger agreements and due diligence, and coordination of activities necessary to obtain necessary approvals prior to execution of the merger agreements. In addition to the definitive merger agreement, the parties discussed the need to draft shareholder agreements, lockup agreements, proxies and other ancillary documents necessary to consummate the transaction.

On March 28, 2008, Messrs. Hoovestol, Peters and Becker met in Omaha, Nebraska to discuss management, headquarters location, and executive compensation. Subsequent to that meeting, numerous discussions were held among attorneys representing GPRE and VBV to further develop specific terms of the merger, including terms of the registration rights, shareholders' and lock-up agreements.

On April 1, 2008, Messrs. Hoovestol and Peters had a telephone conference with representatives from Duff & Phelps to discuss the completion of its fairness opinion. Management provided their

perspective of the merger, the combined company's strategy, and factual information related to each constituent company. Various documents related to the companies and the transactions were subsequently provided to Duff & Phelps in conjunction with its engagement.

Messrs. Becker and Brombach, and John Spence of XMS, had a telephone conference on April 3, 2008 to discuss the structure of share issuance, including registration rights, board composition and structure, shareholder agreements and the impact of GPRE's corn position on the overall transaction value to be realized by VBV.

Messrs. Becker, Brombach and Spence, along with Jim Nygaard of XMS, met in Chicago, Illinois on April 4, 2008 to discuss the plan to reach a definitive agreement, due diligence findings and the development of projected financials of the combined companies.

On April 10, 2008, Messrs. Becker, Barry, O'Connor and Treuer, along with Michael King of NTR, had a telephone conference where Mr. Becker provided the NTR and Wilon representatives an update on the negotiations with GPRE. This included an update on GPRE's corn position, shareholder agreement discussions, and a registration rights overview.

On April 10, 2008, Messrs. Becker, Hoovestol and Peters, David Quinby, outside legal counsel to VBV with Stoel Rives, and Michelle Mapes, outside legal counsel to GPRE with Husch Blackwell Sanders, had a telephone conference to discuss due diligence matters and open terms related to the proposed transaction, specifically including the break-up fee, the superior proposal provisions and the lock-up provisions.

On April 11, 2008, representatives of VBV met with the board of directors of IBE and the board of governors of EGP to provide a detailed overview of the transaction. At that meeting, a presentation was given detailing the rationale and structure of the merger between VBV and GPRE. Mr. Becker discussed with the minority members of IBE and EGP the options respecting the process to effectuate a transaction with GPRE, based on the current operating agreements. After more detailed discussions, both the IBE board of directors and EGP board of governors voted unanimously to proceed with negotiation of a transaction with GPRE utilizing a merger structure.

Messrs. Hoovestol and Peters and Ms. Mapes had a telephone conference on April 15, 2008 with representatives of Duff & Phelps to discuss valuation methodology, comparable transactions and items needed to complete the fairness opinion.

The GPRE board of directors met on the evening of April 15, 2008 to discuss terms of the proposed transaction, results of diligence completed to-date, and the timing of final consideration. In addition to the board, Mr. Peters, Ms. Mapes, Scott Poor, corporate counsel of GPRE, and Daniel Peterson of Husch Blackwell Sanders were present.

The GPRE board of directors met on April 16, 2008 to further discuss terms of the proposed transaction, results of diligence completed to-date, and the timing of final consideration. Duff & Phelps presented its preliminary analysis of valuation and transaction fairness to the board. In addition to the board, Messrs. Peters, Poor, along with Ms. Mapes and Mr. Peterson of Husch Blackwell Sanders, were present.

Messrs. Hoovestol, Peters, Becker and Gillis met with representatives of CoBank, ACB on April 21, 2008, and separately with representatives of AgStar Financial Services, ACA on April 24, 2008 to review the potential merger transaction and to discuss the requisite lender approvals involved.

On April 21 and 22, 2008, Mr. Becker was in Omaha, Nebraska meeting with representatives of GPRE to discuss merger agreement terms, final due diligence requirements, executive management structure, executive retention planning and office locations. With respect to the merger agreement terms, GPRE had been discussing the break-up fees, the superior proposal provisions and the lock-up provisions with its outside counsel, who had recommended to further negotiate those terms. The parties continued to discuss these provisions in particular, as GPRE desired to preserve the ability to proceed

without a lock-up in the event of a superior proposal. After further discussions, in exchange for certain concessions by VBV, GPRE was willing to accept a break-up fee of \$6 million in light of the size of the transaction and the relative positions of the parties. In addition, the final structure of the shareholder agreements, including registration rights were discussed.

On April 22, 2008, GPRE entered into a Confidentiality Agreement with Harris Group Inc. to evaluate using Harris to perform independent construction, engineering and permitting diligence on the IBE Plant. GPRE subsequently engaged Harris to provide this diligence work.

On April 23, 2008, GPRE entered into a Confidentiality Agreement with BKBM Engineers, Inc. to evaluate using BKBM to perform independent construction, engineering and permitting diligence on the EGP Plant. GPRE subsequently engaged BKBM to provide this diligence work

Messrs. Becker, Hoovestol and Peters had a telephone conference on April 28, 2008 to discuss registration rights, termination fees, management issues, board composition, due diligence items, and preparation of transaction announcement documents.

Messrs. Becker, Hoovestol, Peters, and Poor had a telephone conference on April 29, 2008 with representatives of Barretto Pacific, GPRE's investor relations consultant, and XMS to prepare the public announcement plan for the transaction.

Representatives of GPRE, accompanied by representatives from VBV, visited the IBE and EGP plant sites on April 30, 2008 and GPRE's Shenandoah and Superior plant sites on May 1, 2008.

On May 2, 2008, Messrs. Peters and Becker discussed finalization of the adjustment to the merger consideration to be issued based on the valuation of GPRE's open corn position. Mr. Peters provided an updated computation based on closing prices for corn on May 2, 2008. Based on this adjustment, the value of GPRE's equity, after adjustment for its open corn position was approximately \$155.1 million. The value of VBV's equity including IBE and EGP and the number of GPRE shares outstanding did not change. As a result, the GPRE share issuance was set at 11,139,000 for all of the equity of VBV, IBE and EGP. The total share issuance was then converted into exchange ratios based on the total membership units (including units subject to options) of VBV, IBE, and EGP. The board of managers of VBV held a special meeting by telephone conference and unanimously authorized VBV's officers to propose to VBV's members, and recommend approval of, the merger of IBE and EGP with newly created subsidiaries of GPRE.

Following approval by VBV's board of managers, and pursuant to their respective operating agreements, the board of directors of IBE and the board of governors of EGP each called special board meetings to consider the subsidiary mergers. The IBE board's special meeting was held on May 5, 2008. The EGP board's special meeting was held on May 5, 2008 by teleconference. On each call were Messrs. Brombach, Nygaard, Quinby, Becker and Gillis. Mr. Quinby provided a summary of the material terms the required documents that would need approval by each board. Mr. Nygaard proceeded to discuss the share conversion ratio, which gave them an indication of how many GPRE shares they would receive for each IBE or EGP unit. Mr. Becker then provided an overview of the process, final valuations, and the timeline for completion of the transaction. Mr. Becker then proceeded to call for a vote of each board to approve entering into a definitive merger agreement between each entity and GPRE. The IBE board and EGP board both voted unanimously to propose the IBE and EGP mergers to their respective members for approval.

On May 6, 2008, GPRE's board, along with Messrs. Peters and Poor and Ms. Mapes met in Omaha, Nebraska to consider the proposed VBV transaction, related documents and diligence reports from Harris, BKBM and Husch Blackwell Sanders. Representatives of Duff & Phelps presented their fairness opinion to the board. The GPRE board then met with Messrs. Barry and King of NTR, Mr. Treuer of Wilon, and Messrs. Becker and Gillis of VBV. The participants provided an overview of their respective company's operations and business strategies and shared perspectives concerning the potential combination of GPRE and VBV. Immediately following this session, the GPRE board of

directors unanimously approved and recommended for approval by the shareholders of GPRE, the Mergers and the transactions contemplated thereby and authorized the respective officers to finalize and execute the Merger Agreements. In a separate meeting, the VBV board voted to authorize its officers to finalize and execute the Merger Agreements.

After the closing of financial markets on May 7, 2008, GPRE and VBV finalized and executed the Merger Agreements, Stock Purchase Agreement and Lock-Up and Voting Agreements, and the parties issued a joint press release announcing the Mergers.

***GPRE's Reasons for the Mergers***

GPRE is proposing the Mergers because it believes the resulting combined organization will be a stronger, more competitive company capable of achieving greater financial strength, operational efficiencies, earning power, access to capital, and growth than either company would be capable of separately. The board of directors of GPRE believes the foregoing factors are critical to GPRE fulfilling its strategies. The GPRE board discussed why it believed the combined company would be stronger and more competitive, primarily because of its increased size and cash on hand from the investment. The board further recognized the efficiencies that are expected to be achieved by having more product to market and expertise on staff so that it would be able to market its own distillers grains and ethanol thereby eliminating the costs associated with the resale of these products by third parties. Furthermore, because of the shared strategic vision GPRE has with VBV, the GPRE board believes it can implement new technologies in an industry experiencing substantial technological advancement, which will allow for more operational efficiencies, again leading to greater profitability and lower costs of production. The ability to spread the costs of management over more plants and gallons also will assist GPRE in achieving lower costs of production. Finally, with the cash investment with the Mergers and the increased revenue by adding the VBV plants, the GPRE board believes it will have access to additional lenders thereby leading to better interest rates and terms. In summary, GPRE believes that the Mergers may result in a number of benefits, including:

providing the opportunity for GPRE's shareholders and the VBV, EGP and IBE members to participate in the potential growth of the combined enterprise after the mergers;

increasing the size and scale of the combined enterprise's operations and positioning it to become one of the lowest-cost producers of ethanol;

enhancing the geographical diversity of the combined enterprise's operations by operating ethanol plants in various corn growing regions in Iowa, Tennessee and Indiana, thereby decreasing its exposure to fluctuations in any one feedstock market, increasing its access to potential customers and allowing it to distribute its products more efficiently;

creating synergies, including consolidated ethanol marketing, corn procurement, risk management and accounting functions, by combining the ethanol production facilities of GPRE, IBE and EGP, while eliminating duplicative functions thereby resulting in modest accretion to earnings per share beginning in 2009, estimated at \$0.05 to \$0.15 per share; and

improving access to debt and equity capital, positioning it to participate in the potential consolidation and vertical integration of the ethanol industry.

After careful consideration, the GPRE board unanimously determined that the Mergers are advisable and in the best interests of GPRE and its shareholders.

***VBV's and VBV Subsidiaries' Reasons for the Mergers***

VBV's board of managers and the boards of directors of the VBV Subsidiaries believe that the terms of the respective Mergers are advisable and in the best interests of their respective members and have unanimously approved the respective Merger Agreements and the respective Mergers and



recommend that their respective members vote in favor of the adoption and approval of the respective Merger Agreements and the respective Mergers.

In reaching its conclusion, the VBV board of managers and the boards of directors of the VBV Subsidiaries consulted with their management, as well as with their legal, financial and other advisors, and considered a number of potential benefits of the respective Mergers that each believes will contribute to the success of the combined Company, including the factors listed below.

The combined Company will have substantially greater cash flow, liquidity, access to capital and financial flexibility than either company on a stand-alone basis, strengthening the combined Company's position to pursue organic growth and acquisition opportunities and to compete in the highly competitive ethanol industry while mitigating, to some extent, the risks inherent in a business substantially dependent on commodity prices.

The combined Company would be a larger enterprise with more geographic diversity and logistical strength than either company on a stand-alone basis, and resulting in operational synergies such as reduced operating expenses, centralized management and combined industry experience.

The enhanced geographical diversity of the combined Company's operations is expected to lessen the exposure to fluctuations in any one feedstock market, increase the access to potential customers relative to its competitors with geographically concentrated operations, and allow the combined Company to market and distribute its products more efficiently than some of its less-diversified competitors.

The proposed merger with GPRE is consistent with their strategic goals of growing their ethanol production capacity and diversifying its business along more segments of the ethanol industry value chain. With the GPRE Shenandoah facility already in operation at full capacity and the Superior facility nearing completion of the construction phase, the merger with GPRE will allow VBV to add production capacity faster and with less uncertainty than would construction of a plant at a newly selected site location. Additionally, GPRE's grain storage and grain merchandising subsidiaries facilitate VBV's goal of seeking vertical integration strategies within the ethanol value chain.

The Mergers provide liquidity to VBV's members and to the minority members of the VBV Subsidiaries through the exchange of their current equity interests into the publicly-traded common stock of GPRE.

On May 5 and May 6, 2008, respectively, the boards of directors of the VBV Subsidiaries and the board of managers of VBV determined by unanimous votes that the respective Mergers are advisable and in the best interests of their respective members and approved the respective Merger Agreements and the transactions contemplated by the respective Merger Agreements.

***Recommendation of GPRE Board of Directors***

The board of directors of GPRE recommends that the shareholders of GPRE vote for the Mergers, for the issuance of shares of GPRE common stock in the Mergers and the Stock Purchase, for the amended and restated articles of incorporation of GPRE, and for the proposal to adjourn the special meeting, if necessary.

***Recommendation of the VBV Managers and VBV Subsidiary Boards of Directors***

After careful consideration, the board of managers of VBV, and the boards of directors of each of IBE and EGP have unanimously approved the respective Merger Agreements, the Mergers and the other transactions contemplated thereby, and have determined that the respective Merger Agreements and the Mergers are advisable, fair to, and in the best interests of, VBV, IBE and EGP.

*Opinion of Financial Advisor*

GPRE engaged Duff & Phelps to render an opinion to GPRE's board of directors as to the fairness, from a financial point of view, to GPRE, of the Collective Consideration paid by GPRE in conjunction with the Proposed Transaction. Because no part of the Collective Consideration will be received by GPRE's stockholders and because GPRE is intended to remain the operating company after the Mergers, GPRE's board of directors did not seek an opinion as to the fairness of the Proposed Transactions to GPRE's stockholders. GPRE selected Duff & Phelps because Duff & Phelps is a leading independent financial advisory firm, offering a broad range of valuation, investment banking services and consulting services, including fairness and solvency opinions, mergers and acquisitions advisory, mergers and acquisitions due diligence services, financial reporting and tax valuation, fixed asset and real estate consulting, ESOP and ERISA advisory services, legal business solutions, and dispute consulting. Duff & Phelps is regularly engaged in the valuation of businesses and securities and the preparation of fairness opinions in connection with mergers, acquisitions and other strategic transactions.

On May 6, 2008, Duff & Phelps rendered its oral opinion to the GPRE board of directors, which was subsequently confirmed in a written opinion dated May 7, 2008, that, subject to the limitations, exceptions, assumptions and qualifications set forth therein, as of May 7, 2008, the proposed Collective Consideration to be paid by GPRE in the Proposed Transaction was fair, from a financial point of view, to GPRE.

The full text of the written opinion of Duff & Phelps, which sets forth, among other things, assumptions made, procedures followed, matters considered and qualifications and limitations of the review undertaken in rendering the opinion, is attached as Annex G to this proxy statement/prospectus. Shareholders are urged to read the opinion carefully and in its entirety.

The Duff & Phelps opinion is directed to the GPRE board of directors and addresses only the fairness to GPRE, from a financial point of view, of the Collective Consideration to be paid by GPRE in the Proposed Transaction. The Duff & Phelps opinion is not a recommendation as to how the board of directors, any shareholder or any other person or entity should vote or act with respect to any matters relating to the Proposed Transaction. Further, the Duff & Phelps opinion does not in any manner address GPRE's underlying business decision to engage in the Proposed Transaction or the relative merits of the Proposed Transaction as compared to any alternative business transaction or strategy. The decision as to whether to approve the Proposed Transaction or any related transaction may depend on an assessment of factors unrelated to the financial analysis on which the Duff & Phelps opinion is based.

Based upon the aggregate merger consideration of 10,871,472 shares of GPRE common stock and options to purchase 267,528 shares of GPRE's common stock and an assumed value of GPRE's common stock of approximately \$9.15 per share, which was the closing price of GPRE's common stock on May 1, 2008, Duff & Phelps noted that the aggregate merger consideration (excluding the shares issued by GPRE related to the Stock Purchase) implied a total equity value for VBV of approximately \$102 million.

The following is a summary of the material analyses performed by Duff & Phelps in connection with rendering its opinion. Duff & Phelps noted that the basis and methodology for the opinion have been designed specifically for this purpose and may not translate to any other purposes. While this summary describes the material information in Duff & Phelps' opinion, the material analyses performed and the material factors considered by Duff & Phelps, it does not purport to be a comprehensive description of all analyses and factors considered by Duff & Phelps. The opinion is based on the comprehensive consideration of the various analyses performed. This summary is qualified in its entirety by reference to the full text of the opinion.

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In arriving at its opinion, Duff & Phelps did not attribute any particular weight to any particular analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Several analytical methodologies were employed by Duff & Phelps in its analyses, and no one single method of analysis should be regarded as critical to the overall conclusion reached by Duff & Phelps. Each analytical technique has inherent strengths and weaknesses, and the nature of the available information may further affect the value of particular techniques. Accordingly, Duff & Phelps believes that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all analyses and factors in their entirety, could create a misleading or incomplete view of the evaluation process underlying its opinion. The conclusion reached by Duff & Phelps, therefore, is based on the application of Duff & Phelps' own experience and judgment to all analyses and factors considered by Duff & Phelps, taken as a whole.

In connection with preparing the opinion, Duff & Phelps made such reviews, analyses and inquiries as Duff & Phelps deemed necessary and appropriate under the circumstances, including, but not limited to, the following:

A review of the following documents:

Certain publicly available financial statements and other business and financial information of GPRE;

Certain internal financial statements and other financial and operating data concerning GPRE, and certain financial statements and other financial and operating data concerning VBV, including, among others, unaudited consolidated financial statements for VBV for the twelve-month period ended December 31, 2007 and unaudited consolidated income statements and balance sheets for VBV for the three-month period ended March 31, 2008 and the prior year period, which GPRE and VBV have respectively identified as being the most current financial statements available;

A draft of the VBV Merger Agreement dated May 6, 2008;

Drafts of the EGP Merger Agreement and the IBE Merger Agreement dated May 7, 2008;

A draft of the Stock Purchase Agreement dated May 7, 2008;

A draft of the Shareholders' Agreement;

A draft of the Lockup and Voting Agreement by and among GPRE and the affiliates of VBV dated May 7, 2008;  
and

A draft of the Amended and Restated Bylaws of GPRE dated May 6, 2008.

A discussion of the operations, financial conditions, future prospects and projected operations and performance of GPRE and VBV, respectively, and regarding the Proposed Transaction with the management of GPRE;

A review of the historical trading price and trading volume of GPRE's common stock and the publicly-traded securities of certain other companies that Duff & Phelps deemed relevant; and

A comparison of the financial performance of GPRE and VBV with those of certain other publicly-traded companies that Duff & Phelps deemed relevant;

A comparison of certain financial terms of the Proposed Transaction to financial terms, to the extent publicly available, of certain business combination transactions that Duff & Phelps deemed relevant; and



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An undertaking of such other analyses and consideration of such other factors as Duff & Phelps deemed appropriate.

In its review and analysis, and in arriving at its opinion, Duff & Phelps, with GPRE's consent:

Relied upon the accuracy, completeness, and fair presentation of all information, data and representations obtained from public sources or provided to it from private sources, including GPRE management and VBV management and did not independently verify such information;

Assumed that any estimates, evaluations, forecasts and projections furnished to Duff & Phelps were reasonably prepared and based upon the best currently available information and good faith judgment of the person furnishing the same;

Assumed that the final versions of all documents reviewed by Duff & Phelps in draft form conform in all material respects to the drafts reviewed;

Assumed that information supplied to Duff & Phelps and representations and warranties made in the merger agreement and other agreements related to the Proposed Transaction are substantially accurate;

Assumed that all of the conditions required to implement the Proposed Transaction will be satisfied and that the Proposed Transaction will be completed in accordance with the merger agreement and other agreements related to the Proposed Transaction without any material amendments thereto or any waivers of any terms or conditions thereof;

Assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Proposed Transaction will be obtained without any adverse effect on GPRE or VBV;

Assumed and relied upon the fact that the GPRE board of directors and GPRE have been advised by counsel as to all legal matters with respect to the Proposed Transaction;

Assumed all procedures required by law to be taken in connection with the Proposed Transaction have been or will be duly, validly and timely taken and that the Proposed Transaction will be consummated in a manner that complies in all respects with the applicable provisions of the Securities Act, the Exchange Act, and all other applicable statutes, rules and regulations;

Assumed, among other assumptions, that there would be no material change in regulations governing the production of ethanol, that there would be no material change in the amount of government subsidies to producers or blenders of ethanol, and that there would be no other industry-wide changes that would significantly alter the market, financial outlook, or legal operations for the ethanol industry; and

Assumed that there would be no material change from the construction schedules represented to Duff & Phelps by GPRE's management for the remaining plants to be constructed for GPRE and VBV.

Duff & Phelps did not make any independent evaluation, appraisal or physical inspection of GPRE's or VBV's solvency or of any specific assets or liabilities (contingent or otherwise). Duff & Phelps' opinion should not be construed as a valuation opinion, credit rating, or solvency opinion, an analysis of GPRE's or VBV's credit worthiness, as tax advice, or as accounting advice. Duff & Phelps has not been requested to, and did not, (i) initiate any discussions with, or solicit any indications of interest from, third parties with respect to the Proposed Transaction, the assets, businesses or operations of GPRE, or any alternatives to the Proposed Transaction, (ii) negotiate the terms of the Proposed Transaction, and therefore, Duff & Phelps has assumed that such terms are the most beneficial terms, from GPRE's perspective, that could, under the circumstances, be negotiated among



the parties to the Proposed Transaction, or (iii) advise GPRE's board of directors or any other party with respect to alternatives to the Proposed Transaction. In addition, Duff & Phelps is not expressing any opinion as to the market price or value of GPRE's common stock or VBV's units or the VBV Subsidiaries' units either before or after announcement of the Proposed Transaction. Duff & Phelps has not made, and assumes no responsibility to make, any representation, or render any opinion, as to any legal matter.

Duff & Phelps prepared its written opinion as of May 7, 2008. The opinion was necessarily based upon market, economic, financial and other conditions as they existed and could be evaluated as of such date, and Duff & Phelps disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion coming or brought to the attention of Duff & Phelps after the date of the Duff & Phelps opinion. Notwithstanding and without limiting the foregoing, in the event that there is any change in any fact or matter affecting the opinion after the date of the Duff & Phelps opinion and prior to the completion of the Proposed Transaction, Duff & Phelps reserves the right to change, modify or withdraw its opinion.

#### *Summary of Financial Analyses by Duff & Phelps*

The following is a summary of the material financial analyses used by Duff & Phelps in connection with providing its opinion to GPRE's board of directors. The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses used by Duff & Phelps, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Rather, the analyses listed in the tables and described below must be considered as a whole; considering any portion of such analyses and of the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Duff & Phelps' opinion.

#### *Discounted Cash Flow Analysis*

A discounted cash flow analysis is a traditional valuation methodology used to derive a valuation of an asset by calculating the "present value" of estimated future cash flows of the asset. "Present value" refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macro-economic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors.

Duff & Phelps performed a discounted cash flow analysis by adding (i) the present value of projected "free cash flows" for VBV for the fiscal years 2009 through 2013 to (ii) the present value of the "terminal value" for VBV as of 2013. "Free cash flow" is defined as cash that is available to either reinvest or to distribute to securityholders and "terminal value" refers to the value of all future cash flows from an asset at a particular point in time.

The projected earnings before interest, taxes, depreciation, and amortization ("EBITDA") and free cash flow (defined as net operating profit after pro forma taxes, plus depreciation and amortization expense, less increases in net working capital, less capital expenditures) that Duff & Phelps prepared and used in its analysis were based on certain information prepared and provided by senior management of VBV, discussions with the senior management of GPRE, and Duff & Phelps' supplemental and alternative analysis based on discussions with GPRE's management regarding the futures markets for ethanol, corn and natural gas and projected spread differentials for each respective facility being valued.

Note that these assessments and assumptions involve numerous and significant subjective determinations which may or may not prove to be correct or complete. No representation or warranty, express or implied, is made as to the accuracy or completeness of such assessments and assumptions

and none of these assessments and assumptions should be relied upon as a representation, warranty or guaranty, whether as to the past, present or future.

The projections are based on, among other things, certain assumptions regarding the prices of ethanol, corn and natural gas, upon which the results of VBV are and will be heavily dependent and which are subject to significant volatility and uncertainty. The assumptions regarding these commodity prices were used solely for purposes of preparing the projections, have not been updated to take into account any circumstances or events occurring after the date the projections were prepared and do not reflect the current expectation of VBV's management or GPRE's management as to the future course of such prices and should not be read as such.

The projected EBITDA and free cash flow figures utilized by Duff & Phelps in their analysis are presented below. EBITDA and free cash flow are not presentations made in accordance with generally accepted accounting principles in the United States of America. Duff & Phelps used EBITDA and free cash flow because Duff & Phelps believes they are measures that are generally accepted by the financial community in the valuation of securities.

Projections for VBV LLC Utilized in Fairness Analysis  
(\$ in millions)

	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>
<i>Fiscal Years Ended March 31,</i>					
EBITDA	\$ 4.1	\$ 44.6	\$ 59.7	\$ 51.2	\$ 53.1
Free Cash Flow	\$ (145.0)	\$ 36.5	\$ 46.1	\$ 39.1	\$ 40.4

Duff & Phelps calculated a terminal value for VBV by capitalizing the expected cash flows after the projection period by utilizing a range of capacity multiples from \$1.30 to \$1.50 per gallon of projected production capacity. Duff & Phelps discounted the projected free cash flows and the terminal value for VBV using discount rates ranging from 10% to 11%. The discount rate is an estimate of VBV's weighted average cost of capital, which incorporates a target capital structure and required equity rates of returns derived from the companies in the selected public company analysis and an estimate of the long term cost of debt for VBV based on the target capital structure. The discount rate reflects the relative risk associated with the projected free cash flow as well as the rates of return that security holders could expect to realize on alternative investment opportunities.

Enterprise value is defined as market value of equity plus the book value of debt and minority interests, less cash and cash equivalents. Adjusted enterprise value is defined as enterprise value plus the estimated remaining capital requirements to complete the buildout of all plants currently in construction ("Adjusted Enterprise Value"). The discounted cash flow analysis indicated a range of Adjusted Enterprise Value for VBV of \$244 million to \$282 million and an implied range of equity values for VBV of \$70 million to \$108 million. Duff & Phelps noted that the implied merger consideration (excluding the shares issued as part of the Stock Purchase) to be paid by GPRE based on the \$9.15 GPRE share price on May 1, 2008 is approximately \$102 million.

*Selected Public Companies' Analysis*

Duff & Phelps compared certain financial information of VBV to corresponding data from four publicly-traded companies, including Aventine Renewable Energy Holdings, Inc., Biofuel Energy Corp., Pacific Ethanol, Inc., and Verasun Energy, Corp. For purposes of its analysis, Duff & Phelps selected these companies for its selected public company analysis based on its experience with companies in the ethanol industry and the selected public companies' relative similarity in business mix to that of VBV. After initially identifying Panda Ethanol Inc. as part of its public company search, Duff & Phelps chose not to utilize it as part of its analysis due to differences in stage of business development and level of



trading activity. Duff & Phelps used publicly available historical financial data and Wall Street research estimates as reported by Reuters. This analysis produced multiples of selected valuation data which Duff & Phelps utilized to estimate the value of VBV and to compare to multiples for VBV derived from the aggregate merger consideration.

Duff & Phelps analyzed projected ethanol capacity and projected EBITDA for each of the publicly-traded companies. Duff & Phelps then analyzed the peer group's trading multiples of Adjusted Enterprise Value to their respective projected capacity and projected EBITDA.

**Selected Public Company Multiples as of May 1, 2008**

	<b>VALUATION MULTIPLES</b>				
	<b>Adj. EV / 2008 Capacity</b>	<b>Adj. EV / 2009 Capacity</b>	<b>Adj. EV / 2008 EBITDA</b>	<b>Adj. EV / 2009 EBITDA</b>	<b>Adj. EV / 2010 EBITDA</b>
<b>Peer Group</b>					
Low	\$ 1.26	\$ 1.35	6.1x	6.7x	4.3x
High	\$ 2.43	\$ 2.43	47.9x	12.3x	4.4x
Mean	\$ 1.65	\$ 1.77	24.0x	8.5x	4.4x
Median	\$ 1.45	\$ 1.66	21.0x	7.4x	4.4x

Source: Bloomberg, Capital IQ, Reuters, SEC filings

Duff & Phelps selected valuation multiples of various financial metrics for VBV based on the historical and projected financial performance of VBV as compared to the selected public companies in order to produce a range of Adjusted Enterprise Values for VBV. As part of its' selected public company analysis, Duff & Phelps selected a multiple range of \$1.35 \$1.60 per gallon of projected FY2009 name-plate capacity.

Duff & Phelps' assessment of the ranges of Adjusted Enterprise Values implied by its selection of valuation multiples indicated a range of Adjusted Enterprise Values for VBV of \$280 million to \$330 million and range of equity values for VBV of \$106 million and to \$156 million. Duff & Phelps noted that the implied merger consideration (excluding the shares issued as part of the Stock Purchase) to be paid by GPRE based on the \$9.15 GPRE share price on May 1, 2008 is approximately \$102 million.

None of the public companies utilized in the foregoing analysis are, of course, identical to VBV. Accordingly, a complete valuation analysis cannot be limited to a quantitative review of the selected companies and involves complex considerations and judgments concerning differences in financial and operating characteristics of such companies, as well as other factors that could affect their value relative to that of VBV.

*Selected M&A Transactions' Analysis*

Duff & Phelps compared VBV to target companies involved in merger and acquisition transactions. Duff & Phelps searched for merger and acquisition transactions announced since January 1, 2005 in which the target company operated in the ethanol and/or biofuels industry. After selecting a preliminary set of merger and acquisition transactions and considering the recent changes in the ethanol industry and lack of meaningful valuation metrics for these transactions, Duff & Phelps selected the VeraSun Energy acquisition of US BioEnergy Corp. as the most relevant transaction.

No selected transaction used in Duff & Phelps' analysis is directly comparable to the merger of GPRE and VBV.

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Duff & Phelps' preliminary set of transactions consisted of the following transactions:

Acquirer	Target	Announcement Date
VeraSun Energy	US BioEnergy Corp.	11/29/07
VeraSun Energy	ASAlliances Biofuels LLC	7/22/07
The Carlyle Group	PQ Corporation	5/31/07
US BioEnergy	Millenium Ethanol	5/31/07
Airgas Inc.	Linde Group, Majority of U.S. Pkged Gas	3/29/07
Advanced Bioenergy	Heartland Grain Fuels	11/08/06
Citigroup Venture Capital	MacDermid Inc.	8/31/06
Croda International plc	Uniqema Nederland BV	6/29/06
Thomas H. Lee Partners	Hawkeye Renewables	5/11/06
Sun Capital Partners	Noveon Inc., Food & Industrial Specialties	3/16/06
Texas Petrochemicals	Huntsman Corp, US Butadiene & MTBE	2/24/06
Israel Chemicals, Ltd.	Astaris LLC	9/01/05
Crompton Corp	Great Lakes Chemical Corp.	3/09/05

Duff & Phelps noted that it did not derive a valuation estimate from the selected transaction analysis, but rather, the implied valuation multiple of Adjusted Enterprise Value to projected capacity (\$1.51 per gallon) for the Verasun/US BioEnergy transaction was considered to check the reasonableness of Duff & Phelps' selected multiples as part of the selected public company analysis (\$1.35 \$1.60 per gallon of projected FY2009 name-plate capacity) and the valuation multiples implied by the discounted cash flow analysis, (\$1.22 \$1.41 per gallon of projected FY2009 name-plate capacity) described above.

### *Contribution Analysis*

Duff & Phelps analyzed the expected contribution percentages of each of VBV and GPRE to the post-transaction combined equity value as implied by Duff & Phelps' estimated equity value range for VBV (including the Stock Purchase) as compared to GPRE's market capitalization. The analysis did not take into consideration any possible synergies that a combined GPRE and VBV entity may realize following the consummation of the Proposed Transaction. Duff & Phelps noted that the Proposed Transaction would result in pro forma ownership of the combined GPRE and VBV entity of approximately 31% for GPRE's common shareholders and 69% for VBV's and VBV Subsidiary members. The estimated equity value contribution percentages for VBV are shown below.

Duff & Phelps Concluded Equity Value for VBV (High): 73%;

Duff & Phelps Concluded Equity Value for VBV (Midpoint): 71%; and

Duff & Phelps Concluded Equity Value for VBV (Low): 67%.

### *Summary of Analyses*

Duff & Phelps considered the range of equity values resulting from the discounted cash flow analysis and the selected public company analysis (and the selected M&A transaction approach as a reasonableness check as previously described) and utilized its professional judgment and experience in valuing securities to select an overall concluded equity value range for VBV of \$86 million to \$136 million. Note, that in considering the overall fairness of the Proposed Transaction, Duff & Phelps also included the \$60 million cash proceeds to GPRE related to the Stock Purchase. After considering the \$60 million cash proceeds related to the Stock Purchase, the overall concluded equity value range for VBV was \$146 million to \$196 million. Duff & Phelps noted that the \$157 million aggregate consideration paid by GPRE in the Proposed Transaction, as implied by the 17,139,000 total shares and

options issued to the members of VBV and the VBV Subsidiaries (including the 10,871,472 shares and 267,528 options issued as part of the merger and 6,000,000 shares purchased by the Bioverda entities in the Stock Purchase) and the \$9.15 closing GPRE share price on May 1, 2008, was within Duff & Phelps' concluded overall range of equity value indications for VBV.

Duff & Phelps' opinion and financial analyses were only one of the many factors considered by GPRE's board of directors in its evaluation of the Proposed Transaction and should not be viewed as determinative of the views of GPRE's board of directors.

#### *Fees and Expenses*

The Duff & Phelps engagement letter with GPRE, dated March 27, 2008, provided that, for its services, Duff & Phelps is entitled to receive from GPRE a fee of \$150,000, which was due and payable as follows: \$50,000 non-refundable retainer payable upon execution of the engagement letter, \$50,000 payable upon Duff & Phelps informing GPRE that Duff & Phelps is prepared to deliver their opinion, and \$50,000 payable upon delivery of the opinion. The engagement letter also provided that Duff & Phelps would be paid additional fees at its standard hourly rates for any time incurred should Duff & Phelps be called upon to support its findings subsequent to the delivery of the opinion. In addition, GPRE agreed to reimburse Duff & Phelps for its reasonable out-of-pocket expenses and to indemnify Duff & Phelps and certain related persons against liabilities arising out of Duff & Phelps' service as a financial advisor to GPRE's board of directors.

Other than the preparation of the opinion in connection with the Proposed Transaction, during the two years preceding the date of such opinion, Duff & Phelps has not had any material relationship with any party to the Proposed Transaction for which compensation has been received or is intended to be received, nor is any such material relationship or related compensation mutually understood to be contemplated. Duff & Phelps may provide valuation and financial advisory services to GPRE or GPRE's board of directors (or any committee thereof) in the future.

#### *Accounting Treatment*

GPRE will account for the Mergers under the purchase method of accounting for business combinations with VBV being the acquirer and GPRE being acquired. Under the purchase method of accounting, the total estimated purchase price is allocated to the net tangible and intangible assets of the acquired entity based on their estimated fair values as of the completion of the transaction. A final determination of these fair values may include management's consideration of a valuation prepared by an independent valuation specialist.

#### *Regulatory Approvals*

Under the HSR Act and related rules, certain transactions, including the Mergers, may not be completed until notifications have been given and information furnished to the Antitrust Division of the Department of Justice and the Federal Trade Commission and the specified waiting period requirements have been satisfied. On June 26, 2008, GPRE and VBV filed Notification and Report Forms with the Antitrust Division of the Department of Justice and the Federal Trade Commission. On July 22, 2008, the Premerger Notification Office of the Federal Trade Commission granted early termination of all applicable waiting periods under the HSR Act in connection with the merger.

#### *Dissenters' Rights*

The shareholders of GPRE will not have dissenters' rights with respect to the Mergers or the other matters voted on by the GPRE shareholders.

***Resale of GPRE Common Stock***

All shares of GPRE common stock received by VBV and VBV Subsidiary members in the Mergers should be freely transferable, except that if a VBV or VBV Subsidiary member is deemed to be an "affiliate" of GPRE under the Securities Act at the time of the special member meeting, the VBV or VBV Subsidiary member may resell those shares only in transactions permitted by Rule 144 and Rule 145 under the Securities Act or as otherwise permitted under the Securities Act.

Of the 10,871,472 shares of GPRE common stock to be issued in the Mergers, 3,373,103 shares will be freely transferable and may be resold without restriction in the public market immediately after the Closing, and 7,498,369 shares of GPRE common stock to be issued to certain "affiliates" in the Mergers may be resold, 90 days after the Mergers, subject to compliance with Rule 144. The Bioverda entities and Wilon have agreed not to sell their shares of GPRE common stock for a certain period of time after the closing of the Mergers. GPRE expects to register the 267,528 shares of GPRE common stock issuable upon exercise of certain EGP and IBE options being assumed by GPRE in the subsidiary mergers on a registration statement on Form S-8 after the closing of the Mergers. In addition, GPRE has granted the Bioverda entities, Wilon, and Wayne Hoovestol certain rights to require that GPRE register their shares of GPRE common stock for public resale, beginning 18 months after the Closing.

***NASDAQ Listing of GPRE Common Stock***

GPRE's common stock is currently listed on the NASDAQ Capital Market and the American Stock Exchange. The Merger Agreements require that the shares of common stock to be issued in the Mergers and the Stock Purchase be listed on the NASDAQ Global Market. GPRE has filed a listing application for listing its common stock on the NASDAQ Global Market, which if approved, will take effect the first trading day following consummation of the Mergers. Approval of the listing is a condition to completion of the Mergers. At such time, GPRE intends to delist its common stock from the American Stock Exchange.

***Options to Acquire Units of IBE and EGP***

In connection with the Mergers, GPRE has agreed to convert each outstanding option to purchase units of IBE or EGP (the "Options"), whether vested or unvested, into the right to acquire shares of GPRE common stock. GPRE will assume each Option in accordance with its terms and conditions and, from and after the effective time of the Mergers, each Option may be exercised solely for shares of GPRE common stock. The number of shares of GPRE common stock subject to each Option and the exercise price thereof will be adjusted to reflect the exchange ratio for the merger consideration in the IBE or EGP merger, as applicable. Any restriction on the exercise of an Option shall continue in full force and effect and the term, exercisability, vesting schedule and other provisions of such Option shall remain the same. GPRE will reserve a total of 267,528 shares of GPRE common stock for issuance upon exercise of the assumed Options. As noted above, GPRE expects to register the 267,528 shares of GPRE issuable upon exercise of the Options on a Form S-8 registration statement after the closing of the Mergers.

***Ownership of GPRE Common Stock by GPRE's Directors and Executive Officers***

Upon issuance of GPRE common stock in the Mergers and the Stock Purchase, based on beneficial ownership computations as of August 12, 2008, the current directors and executive officers of GPRE will collectively beneficially own approximately 9.4% of the outstanding stock of GPRE. Alain Treuer, who is expected to become a director of GPRE as of the closing of the Mergers, will beneficially own between 3% and 7.6% of the outstanding common stock of GPRE.

As defined in the GPRE Equity Incentive Plan, a "Change in Control" is triggered by a merger where the majority of the voting shares immediately prior to the merger does not constitute a majority

of the shares immediately after the completion of the merger. The VBV Merger constitutes such a Change in Control, and thus triggers vesting of stock options exercisable for 30,000 shares of common stock, at an exercise price of \$19.96 per share, and 8,000 shares of restricted stock, all of which are held by Jerry Peters, GPRE's Chief Financial Officer.

*Interests of GPRE's Directors and Executive Officers*

In considering the recommendation of the board of directors of GPRE to vote in favor of the issuance of shares of GPRE common stock in the Mergers and the Stock Purchase, shareholders of GPRE should be aware that members of the GPRE board of directors and certain of GPRE's executive officers have interests that are different from or in addition to the interests of GPRE shareholders.

Except as noted above respecting Mr. Peters' options, and as described below, neither the Mergers, the transactions contemplated by the Mergers or the Stock Purchase will trigger any change of control or other severance payments by GPRE or accelerate the vesting of any equity awards.

*Governance Structure and Management Positions*

Following the Mergers, GPRE will be governed by a nine-member board of directors. The Bioverda entities will together have the right, as long as they collectively own at least 32.5% of the outstanding GPRE common stock, to designate four individuals to be nominated for election as directors. The Bioverda entities' initial designees are expected to be Jim Anderson, Jim Barry, James Crowley and Michael Walsh. Similarly, as long as Wilon owns at least 2.5% of the outstanding GPRE common stock, it will have the right to designate one individual to be nominated for election as a director. Wilon's initial designee is expected to be Alain Treuer. Each of the parties to the Shareholders' Agreement will vote his or its shares of GPRE common stock in favor of the nominees of the Bioverda entities and Wilon. It is anticipated that current GPRE directors Gordon Glade, Wayne Hoovestol, Gary Parker and Brian Peterson will continue to serve on the GPRE board after the Mergers. Thereafter, except for the Bioverda entities' and Wilon's designees, the directors will be nominated for election by the shareholders in accordance with GPRE's bylaws and nominating committee procedures.

Following the Mergers, the executive management team of the combined organization is expected to be composed of the members of GPRE's management team prior to the Mergers, except that Todd Becker (the current chief executive officer of VBV) will be appointed to serve as president and chief operating officer of GPRE. It is expected that Wayne Hoovestol will resign from his position as chief executive officer not later than 12 months following the Mergers and, subject to the discretion of the board of directors, Mr. Becker is expected to be appointed to succeed Mr. Hoovestol as chief executive officer.

Mr. Hoovestol is also a party to the Shareholders' Agreement. See the discussion of the Shareholders Agreement beginning on page 96.

*Employment Agreement with Jerry Peters*

Under the provisions of an Employment Agreement dated June 8, 2007 between GPRE and Jerry Peters, the equity awards granted thereunder (12,000 shares of restricted stock vesting 2,000 on the date of the agreement and 2,000 on each of the next five anniversaries and options to purchase 60,000 shares of GPRE common stock vesting 15,000 on the date of the agreement and 15,000 on each of the next three anniversaries) will fully vest upon consummation of the Mergers. The Mergers will constitute a change in control as defined in the Employment Agreement.

*Indemnification and Insurance*

The directors and executive officers will also have the right to continued indemnification and insurance coverage following completion of the Mergers for acts and omissions occurring before the Mergers.

***Interests of VBV's, IBE's and EGP's Managers and Executive Officers***

*Employment Agreement with Todd Becker*

GPRE has entered into an employment agreement with Todd Becker, as President and Chief Operating Officer, effective generally as of the closing of the Mergers and the Stock Purchase. See "Employment Arrangements" beginning on page 135 for a description of Mr. Becker's employment agreement.

*Interests of Certain VBV Managers*

Alain Treuer, a current manager of VBV, will beneficially own approximately 3% of the outstanding common stock of GPRE following the Mergers by virtue of his controlling ownership of Wilon. Under the Put and Call Agreement (GPRE), Mr. Treuer has the right to acquire additional shares of GPRE common stock from Bioverda US and, if fully exercised, would result in Mr. Treuer beneficially owning approximately 7.7% of the outstanding common stock of GPRE. Additionally, at the effective time of the Mergers, Mr. Treuer will be designated by Wilon as its nominee to GPRE's board of directors under the terms of the Shareholders' Agreement.

Michael Walsh, a current manager of VBV, will be designated by the Bioverda entities, at the effective time of the Mergers, as one of the four Bioverda nominees to GPRE's board of directors under the terms of the Shareholders' Agreement.

*Manager and Officer Indemnification and Insurance*

Under the terms of the VBV Merger Agreement, all rights of the current or former managers and officers of VBV and the VBV Subsidiaries to indemnification for acts or omissions occurring prior to the completion of the Mergers (as provided in their respective organizational documents in effect immediately prior to the effective time of the Mergers) shall survive the Mergers and be assumed by the surviving entities.

In addition, VBV has agreed to purchase a six year prepaid insurance policy providing substantially equivalent protections and benefits to the current and former managers and officers of VBV as does its current liability insurance.

***Material U.S. Federal Income Tax Consequences of the Mergers***

Following is a summary of material federal income tax consequences of the Mergers to GPRE; to the VBV Members; to VBV; to holders of units in the VBV Subsidiaries ("Subsidiary Units") other than VBV (the "Subsidiary Holders,"); and to Option holders (collectively with the VBV Members, VBV and the Subsidiary Holders, the "Holders"). This summary applies to GPRE and the Holders, other than Subsidiary Holders and Option holders who are not "U.S. persons," as defined below. As used in this summary, a "U.S. person" is: a U.S. citizen or resident alien as determined pursuant to the Code; a corporation (or other entity treated as a corporation for federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia; an estate, the income of which is subject to federal income taxation regardless of its source; and a trust if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in

effect under applicable Treasury regulations to be treated as a U.S. person. As used in this summary, a "non-U.S. person" is an individual, corporation, estate, or trust that is not a U.S. person.

This summary is based on the Code, the regulations that have been issued by the U.S. Department of Treasury pursuant to its authority under the Code (the "Treasury Regulations"), and judicial and administrative determinations and pronouncements, all as in effect as of the date of this summary. These authorities are subject to change at any time and any such changes could have retroactive effect so as to alter the conclusions described in this summary. Furthermore, all of these authorities are subject to differing interpretations. No advance ruling has been obtained or sought from the IRS regarding the federal income tax consequences of the Mergers. Stoel Rives LLP has provided a legal opinion that the VBV Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Neither the statements in this summary nor the opinion, however, are binding on the IRS or a court. As a result, there can be no assurance that the tax consequences described herein will not be challenged by the IRS or sustained by a court if so challenged.

This summary does not address aspects of taxation other than U.S. federal income taxation. It also does not address all aspects of U.S. federal income taxation that may apply to Holders who are subject to special rules under the Code, including, among others, persons who hold their units through entities that are partnerships or trusts for federal income tax purposes or other pass-through entities, tax-exempt organizations, financial institutions, broker-dealers, insurance companies, persons having a "functional currency" other than the U.S. Dollar, persons who received units as compensation or who hold their units as part of a straddle, wash sale, hedging, conversion or other integrated or risk reduction transaction, and certain U.S. expatriates. Finally, this summary does not address the state, local or foreign tax considerations applicable to the Mergers.

This discussion is not intended to be, and should not be construed as, tax advice to Holders. The tax consequences of the transactions to each Holder are based upon its particular circumstances, which may differ from those of other Holders. Accordingly, some or all of the following discussion may not apply to a Holder's particular situation. Each Holder is strongly urged to consult its own tax adviser with respect to the federal, state, local and foreign tax consequences of the Mergers to the Holder based upon the Holder's particular circumstances.

### ***VBV Merger***

#### *Reorganization Treatment Generally*

Stoel Rives LLP has delivered its opinion that, for U.S. federal income tax purposes, the VBV Merger will qualify as a reorganization under Section 368(a) of the Code. This opinion has been rendered on the basis of certain assumptions, including assumptions regarding the absence of certain changes in existing facts and completion of the VBV Merger in accordance with this proxy statement/prospectus and the VBV Merger Agreement. The opinion is based upon representations, including those contained in a representation letter of GPRE and Merger Sub and a representation letter of VBV, and on covenants. If any of those assumptions or representations is inaccurate, incomplete or untrue or if any of the covenants is breached, the conclusions contained in the opinion could be affected. The opinion is not binding on the IRS or the courts, and no rulings will be sought.

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The following is a summary of the opinion of Stoel Rives LLP as to the material U.S. federal income tax consequences of the exchange of VBV units for GPRE common stock pursuant to the VBV Merger, subject to limitations and qualifications contained in the opinion:

The VBV Merger will constitute a "reorganization" within the meaning of Section 368(a) of the Code;

None of VBV, GPRE, or GP Merger Sub will recognize gain or loss as a result of the VBV Merger for U.S. federal income tax purposes;

If a VBV Member is a U.S. person, then for U.S. federal income tax purposes, (i) no gain or loss will be recognized by the VBV Member solely as a result of the exchange of its VBV units solely for GPRE common stock pursuant to the VBV Merger, (ii) the aggregate tax basis of the shares of GPRE common stock received by the VBV Member in exchange for VBV units pursuant to the VBV Merger will be the same as the aggregate tax basis of the VBV units exchanged for the GPRE common stock pursuant to the VBV Merger, and (iii) the holding period of the shares of GPRE common stock received by the VBV Member in exchange for VBV units pursuant to the VBV Merger will include the holding period of the VBV units exchanged for the GPRE common stock pursuant to the VBV Merger; and

If (a) a VBV Member is a non-U.S. person, (b) GPRE is a "U.S. real property holding corporation" within the meaning of Section 897(c)(2) of the Code, and (c) a VBV Member holds (either directly or indirectly, after the application of the constructive ownership rules of Section 318 of the Code as modified by Section 897(c)(6)(C) of the Code) more than 5% of the outstanding shares of GPRE common stock immediately after the VBV Merger, then for U.S. federal income tax purposes, (i) no gain or loss will be recognized by the VBV Member solely as a result of the exchange of its VBV units solely for GPRE common stock pursuant to the VBV Merger, (ii) the aggregate tax basis of the shares of GPRE common stock received by the VBV Member in exchange for VBV units pursuant to the VBV Merger will be the same as the aggregate tax basis of the VBV units exchanged for the GPRE common stock pursuant to the VBV Merger, and (iii) the holding period of the shares of GPRE common stock received by the VBV Member in exchange for VBV units pursuant to the VBV Merger will include the holding period of the VBV units exchanged for the GPRE common stock pursuant to the VBV Merger.

### *Treatment of VBV Members who are U.S. Persons*

If the VBV Merger qualifies as a reorganization under Section 368(a) of the Code and a VBV Member is a U.S. person, then the opinion with respect to U.S. persons described above would apply. GPRE will not deduct and withhold pursuant to the Foreign Investment in Real Property Tax Act ("FIRPTA") with respect to payments for a VBV Member's VBV units if the VBV Member furnishes to GPRE a properly completed certificate that states that the VBV Member is not a foreign person and otherwise complies with the applicable regulations.

### *Treatment of VBV Members who are Non-U.S. Persons*

Pursuant to FIRPTA, any gain recognized by a foreign person on the disposition of a U.S. real property interest ("USRPI") generally is subject to U.S. federal income tax. As an aid in collecting this tax, any person who acquires a USRPI from a foreign person generally must deduct and withhold 10% of the amount realized by the foreign person. For this purpose, "foreign person" generally includes nonresident alien individuals, foreign corporations, foreign partnerships, foreign trusts, foreign estates, and foreign governments.

Common stock issued by a U.S. corporation generally will be treated as a USRPI unless it is established that the corporation was not a U.S. real property holding corporation ("USRPHC") during



the relevant statutory period (generally, the five-year period ending on the date of disposition). A corporation generally is a USRPHC if the fair market value of its USRPIs is at least 50% of the aggregate fair market value of its USRPIs, its interests in real property located outside the U.S., and its other assets that are used or held for use in a trade or business. Pursuant to an exemption (the "5% ownership exemption"), if any class of stock of a corporation is regularly traded on an established securities market, stock of that class is treated as a USRPI only with respect to a foreign person owning more than 5% of the stock of that class. For purposes of determining whether a foreign person owns more than 5% of the stock of any class, certain constructive ownership rules apply, including a rule treating the ownership of certain options to acquire stock as the ownership of stock.

GPRE believes that, at the time of the VBV Merger, VBV will be a USRPHC and therefore VBV units will constitute USRPIs. In addition, GPRE believes that, at the time of the VBV Merger, GPRE will be a USRPHC. Because GPRE's common stock is regularly traded on an established securities market, if GPRE is a USRPHC at the time of the VBV Merger, GPRE common stock will be treated as a USRPI with respect to all VBV Members that hold (including pursuant to the applicable constructive ownership rules) more than 5% of the GPRE common stock immediately after the VBV Merger.

Special rules apply to the disposition of USRPIs in certain exchanges that otherwise qualify for nonrecognition treatment for U.S. federal income tax purposes ("nonrecognition transactions"). Pursuant to these rules, if (i) the VBV Merger qualifies as a reorganization pursuant to Section 368(a) of the Code, (ii) a VBV Member is a non-U.S. person, (iii) the VBV Member's VBV units constitute a USRPI immediately before the VBV Merger, and (iv) the VBV Member's GPRE common stock constitutes a USRPI immediately after the VBV Merger, then the VBV Member's exchange of its VBV units for GPRE common stock pursuant to the VBV Merger generally will not be taxable for U.S. federal income tax purposes and the VBV Member generally will not be subject to a 10% withholding tax on the GPRE common stock received pursuant to the VBV Merger if certain conditions are met. These conditions are:

the VBV Member files a U.S. federal income tax return for its taxable year in which the VBV Merger occurs and provides certain information and certifications with the return, as described in applicable Treasury Regulations;

the VBV Member would be subject to U.S. federal income tax on the disposition of the GPRE stock immediately following the VBV Merger, without reduction or exemption under an applicable tax treaty; and

as described in applicable regulations, the VBV Member notifies GPRE that the VBV Member is not required to recognize any gain or loss with respect to the transfer because it is a nonrecognition transaction and GPRE timely provides a copy of the notice to the Internal Revenue Service.

If (i) a VBV Member is a non-U.S. person, (ii) the VBV Member's VBV units constitute a USRPI immediately before the VBV Merger, and (iii) the VBV Member's GPRE common stock does not constitute a USRPI immediately after the VBV Merger (either because GPRE is not a USRPHC or because the 5% ownership exemption applies), the VBV Member's exchange of its VBV units for GPRE common stock generally will be taxable for U.S. federal income tax purposes and the VBV Member generally will be subject to a 10% withholding tax on the GPRE common stock received in exchange for its VBV units pursuant to the VBV Merger.

*The IBE Merger and the EGP Merger*

*Amount of Gain or Loss Recognized on the IBE Merger and the EGP Merger by GPRE and VBV*

Stoel Rives LLP has delivered its opinion that, for U.S. federal income tax purposes, none of GPRE, any of its subsidiaries, or VBV will recognize gain or loss as a result of the EGP Merger and IBE Merger.

*Amount of Gain or Loss Recognized on the IBE Merger and the EGP Merger by Subsidiary Holders*

Each Subsidiary Holder's exchange of Subsidiary Units for GPRE common stock pursuant to the subsidiary mergers will be taxable for federal income tax purposes. Each Subsidiary Holder will recognize gain from the applicable subsidiary merger in an amount equal to the excess of (i) its "amount realized" for federal income tax purposes, which equals the sum of the amount of cash consideration received (including any amounts of cash withheld), the fair market value of the GPRE common stock and any other property received, and its share of the applicable VBV Subsidiary's pre-subsubsidiary merger liabilities attributable to its interest in the VBV Subsidiary, over (ii) its adjusted tax basis in its interest in the VBV Subsidiary (including the basis attributable to its share of pre-subsubsidiary merger liabilities of the VBV Subsidiary).

Each Subsidiary Holder's entire interest in the applicable VBV Subsidiary will terminate as a result of the subsidiary merger. Accordingly, each Subsidiary Holder will be allocated its share of the VBV Subsidiary's income, gain, loss and deduction for the final period during which it is a Subsidiary Holder. The income and gain of the VBV Subsidiary for such period could include items of capital gain and items of ordinary income. For purposes of calculating the gain or loss that a Subsidiary Holder will recognize as a result of the subsidiary merger, any income or gain of the VBV Subsidiary allocated to the Subsidiary Holder with respect to the final period during which it is a Subsidiary Holder will increase its adjusted tax basis in its interest in the VBV Subsidiary, and any loss or deduction of the VBV Subsidiary allocated to the Subsidiary Holder with respect to that period will reduce its adjusted tax basis in its interest in the VBV Subsidiary.

*Character of Gain or Loss Recognized on the IBE and the EGP Merger by Subsidiary Holders*

Except as described in the following paragraph, any gain or loss that a Subsidiary Holder recognizes as a result of a subsidiary merger, computed as described above, generally will be capital gain or loss. Capital gain or loss generally will be treated as long-term capital gain or loss to the extent that the Subsidiary Holder has held its interest in the VBV Subsidiary for more than one year.

Notwithstanding this general rule, however, it is possible that a Subsidiary Holder could recognize ordinary income or loss as a result of a subsidiary merger pursuant to the special rules of Code Section 751. Pursuant to Code Section 751, a Subsidiary Holder generally will recognize ordinary income (or loss) to the extent of the amount of ordinary income (or loss) that would have been allocated to the Subsidiary Holder if the VBV Subsidiary had sold all of its inventory and unrealized receivables immediately before the subsidiary merger. In addition, a portion of the gain resulting from the subsidiary merger recognized by a Subsidiary Holder who is an individual or a taxable trust or estate may be characterized as unrecaptured Section 1250 gain, subject to an increased capital gain tax rate of 25%. Treasury Regulations provide rules for determining the amount of unrecaptured Section 1250 gain for a partner selling a partnership interest with a long-term holding period. GPRE believes that neither IBE nor EGP owns material assets that constitute inventory or unrealized receivables pursuant to Code Section 751 or that have unrecaptured Section 1250 gain associated with them.

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### *Basis in Subsidiary Holders' Subsidiary Units*

In general, each Subsidiary Holder's basis in its Subsidiary Units at the time of the subsidiary merger will be determined according to the rules described below. If a Subsidiary Holder acquired its Subsidiary Units by contribution of property and/or money to a VBV Subsidiary, its initial tax basis in its Subsidiary Units equaled the sum of:

the amount of money contributed and the increase in its share of VBV Subsidiary's liabilities in connection with the acquisition of its Subsidiary Units; and

its adjusted tax basis in any other property contributed, less the amount of any money distributed to it at that time, the amount of any of its liabilities assumed by the VBV Subsidiary, and the amount of liabilities encumbering contributed property that the VBV Subsidiary took subject to in connection with the Subsidiary Holder's acquisition of its Subsidiary Units.

Other rules, including the "disguised sale rules," also may affect initial basis. Each Subsidiary Holder is urged to consult its own tax adviser regarding the calculation of its initial basis in its Subsidiary Units.

Each Subsidiary Holder's initial tax basis in its Subsidiary Units generally is increased by:

its allocable share of the VBV Subsidiary's taxable and tax-exempt income during the period it held its Subsidiary Units; and

increases in its allocable share of the Subsidiary's liabilities.

Each Subsidiary Holder's basis in its Subsidiary Units generally is decreased, but not below zero, by:

its share of distributions made by the VBV Subsidiary during the period it held its Subsidiary Units;

decreases in its allocable share of the VBV Subsidiary's liabilities;

its share of the VBV Subsidiary's losses during the period it held its Subsidiary Units; and

its share of the VBV Subsidiary's nondeductible expenditures during the period it held its Subsidiary Units that are not properly chargeable to capital account.

The VBV Subsidiaries generally do not have all of the information necessary to compute a Subsidiary Holder's adjusted tax basis in its Subsidiary Units, and thus each Subsidiary Holder, together with its own tax adviser, will be responsible for computing that amount and the amount of gain, if any, that it would recognize as a result of the applicable subsidiary merger.

### *Amount of Gain or Loss Recognized on the IBE Merger and the EGP Merger by Optionholders*

In the subsidiary mergers, options to purchase IBE units and EGP units will be converted into options to purchase GPRE common stock (the "GPRE Options"). The Options will be treated as partnership options for U.S. federal income tax purposes.

A partnership option with an exercise price below the value of the partnership interest subject to the option on the date of grant may be a deferral of compensation subject to unfavorable tax consequences pursuant to Section 409A of the Code. These consequences include recognition of gross income when the option becomes exercisable, without regard to whether the option actually is exercised, an additional tax equal to 20 percent of the amount includible in gross income, and an interest charge.

Because the Options were granted in connection with performance of services, and the GPRE Options also will be in connection with performance of services, conversion of the Options into GPRE



Options should not be taxable to the holders of Options for U.S. federal income tax purposes, although to the extent that the Options or the GPRE Options constitute a deferral of compensation pursuant to Section 409A of the Code, they may be taxable pursuant to Section 409A. Options that were granted at a discount generally will constitute a deferral of compensation pursuant to Section 409A of the Code, and the GPRE Options into which those Options will be converted also will constitute a deferral of compensation pursuant to Section 409A of the Code. In the case of Options that were not granted at a discount, and thus do not constitute a deferral of compensation pursuant to Section 409A of the Code, the GPRE Options into which they will be converted, however, will nonetheless constitute a deferral of compensation pursuant to Section 409A of the Code if the conversion of Options into GPRE Options is treated for purposes of Section 409A of the Code as the grant of new options. Under applicable IRS guidance, it is unclear whether conversion of a Option into a GPRE Option pursuant to the subsidiary mergers should be treated for purposes of Section 409A of the Code as the grant of a new option.

#### *Backup Withholding*

Backup withholding at the applicable rate may apply with respect to GPRE common stock transferred to a Subsidiary Holder or GPRE options transferred to a holder of Options pursuant to a subsidiary merger, unless the Subsidiary Holder or holder of Options, as applicable (i) is a corporation or comes within specified other exempt categories and, when required, demonstrates this fact, or (ii) provides a properly completed IRS Form W-9 (or successor or substitute form) showing its correct taxpayer identification number, certifying that it has not lost the exemption from backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. A Subsidiary Holder or holder of Options that does not provide its correct taxpayer identification number may be subject to penalties imposed by the IRS. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the Subsidiary Holder's or Option holder's U.S. federal income tax liability, provided it furnishes specified required information to the IRS.

#### *FIRPTA Withholding*

A transferee of a USRPI is not required to deduct and withhold pursuant to FIRPTA if, before or at the time of the transfer, the transferor furnishes to the transferee a certification that states that the transferor is not a foreign person and otherwise complies with the applicable regulations (a "certificate of non-foreign status"). Accordingly, GPRE will not deduct and withhold pursuant to FIRPTA with respect to payments for a Subsidiary Holder's Subsidiary Units or conversions of a Option holder's Options if the Subsidiary Holder or holder of Options, as applicable, furnishes to GPRE a properly completed certificate of non-foreign status.

**To ensure compliance with Treasury Department Circular 230, the Holders, GPRE, and the VBV Subsidiaries are hereby notified that: (i) the discussions of federal tax issues in this summary are not intended or written to be relied upon, and cannot be relied upon, by the Holders, GPRE, or the VBV Subsidiaries for the purpose of avoiding penalties that may be imposed on the Holders, GPRE, or the VBV Subsidiaries under the Code; (ii) these discussions are being used in connection with the promotion or marketing (within the meaning of Circular 230) of the transactions or matters addressed herein; and (iii) each of the Holders, GPRE, and the VBV Subsidiaries should seek advice based on their particular circumstances from an independent tax advisor.**

## THE MERGER AGREEMENTS

*The following summary describes certain material provisions of the VBV Merger Agreement, the IBE Merger Agreement and the EGP Merger Agreement. The full text of each of the Merger Agreements is attached as Appendix A, B and C to this proxy statement/prospectus and is incorporated herein by reference. This summary may not contain all of the information that is important to you, and you are encouraged to read carefully each entire merger agreement. The following description is subject to, and is qualified in its entirety by reference to, the applicable Merger Agreement.*

The representations and warranties described below and included in each of the Merger Agreements were made by the applicable parties to the other. These representations and warranties were made as of specific dates and may be subject to important qualifications, limitations and supplemental information in disclosure schedules agreed to by the parties in connection with negotiating the terms of the Merger Agreements. In addition, the representations and warranties may have been included in the Merger Agreements for the purpose of allocating risk among the parties rather than to establish matters as facts. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since they are modified in important part by the underlying disclosure schedules. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Merger Agreements.

### ***VBV Merger Agreement***

#### *Structure of the VBV Merger*

At closing, GPRE's wholly-owned subsidiary, GP Merger Sub, will merge with and into VBV. Upon completion of the VBV Merger, VBV will be the surviving entity and become a wholly-owned subsidiary of GPRE.

#### *Effective Time of the VBV Merger*

The completion of the VBV Merger will occur no later than the second business day after the conditions set forth in the VBV Merger Agreement are satisfied or waived, or at such time, date and location as the parties agree in writing. It is anticipated that the effective time will occur as soon as practicable following the special meetings of GPRE, VBV, EGP and IBE. GPRE and VBV are working to complete the Mergers as soon as possible. The VBV Merger becomes effective upon filing of the Certificate of Merger with the Secretary of State of Delaware.

#### *Officers and Directors*

Following the Mergers, GPRE will be governed by a nine-member board of directors. The Bioverda entities will together have the right, as long as they collectively own at least 32.5% of the outstanding GPRE common stock, to designate four individuals to be nominated for election as directors. The Bioverda entities' initial designees are expected to be Jim Anderson, Jim Barry, James Crowley and Michael Walsh. Similarly, as long as Wilon owns at least 2.5% of the outstanding GPRE common stock, it will have the right to designate one individual to be nominated for election as a director. Wilon's initial designee is expected to be Alain Treuer. Each of the parties to the Shareholders' Agreement will vote his or its shares of GPRE common stock in favor of the nominees of the Bioverda entities and Wilon. It is anticipated that current GPRE directors Gordon Glade, Wayne Hoovestol, Gary Parker and Brian Peterson will continue to serve on the GPRE board after the Mergers. Thereafter, except for the Bioverda entities' and Wilon's designees, the directors will be nominated for election by the shareholders in accordance with GPRE's bylaws and nominating committee procedures.

The executive management team of the combined organization is expected to be composed of members of GPRE's management prior to the Mergers. For a period of up to twelve months after the

closing date, Wayne Hoovestol will serve as chief executive officer of GPRE, subject to the discretion of GPRE's board of directors. As of the effective time, Todd Becker is expected to be appointed to serve as president and chief operating officer of GPRE, provided that Mr. Hoovestol shall resign, and Mr. Becker shall be appointed, as chief executive officer, not later than the first anniversary of the closing date, subject to the GPRE board's discretion. At the effective time, the then-current officers of GPRE will become the managers and officers of VBV. It is anticipated that substantially all employees of VBV, EGP and IBE will be retained by those entities immediately after the Mergers.

#### *Conversion of VBV Units*

Under the terms of the VBV Merger Agreement, GP Merger Sub will merge with and into VBV with VBV surviving the merger as a wholly-owned subsidiary of GPRE. Upon completion of the VBV Merger, each outstanding VBV common unit will be converted into the right to receive 7,498.369315 shares of GPRE common stock. This exchange ratio is fixed and will not change, regardless of changes in the market price of GPRE common stock.

#### *Exchange Procedures*

Following the effective time of the VBV Merger, GPRE will deliver to each holder of a VBV common unit a certificate representing that number of whole shares of GPRE common stock that such holder has the right to receive and the VBV common unit will be cancelled and thereafter deemed to represent only the right to receive the merger consideration.

#### *Representations and Warranties*

VBV made a number of representations and warranties to GPRE in the VBV Merger Agreement regarding aspects of its and the VBV Subsidiaries' businesses, financial condition and structure, as well as other facts pertinent to the Merger, including representations and warranties relating to the following subject matters:

organization, qualification to do business, good standing and requisite power of VBV and the VBV Subsidiaries;

VBV's capital structure and the absence of restrictions or encumbrances with respect thereto;

authority to enter into the VBV Merger Agreement and consummate the transactions under the VBV Merger Agreement, and the enforceability of the VBV Merger Agreement;

information with respect to the VBV Subsidiaries;

the vote of members required to complete the VBV Merger;

governmental and regulatory approvals and other consents required to complete the VBV Merger;

the effect of entering into and carrying out the obligations of the VBV Merger Agreement on material contracts;

absence of any conflict with any applicable legal requirements resulting from the execution of the VBV Merger Agreement or the completion of the merger;

the inapplicability of appraisal rights and of state takeover statutes to the VBV Merger;

financial statements;

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the absence of certain changes and events, including any material adverse effect on VBV or the VBV Subsidiaries, since March 31, 2008;

the absence of certain undisclosed liabilities and obligations;

taxes;



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good and valid title to or valid leasehold interests in all personal properties and assets free and clear of all liens;

good and valid title to all real property, whether owned or leased;

validity of and compliance with real property leases;

condition of real property;

intellectual property;

condition of assets and inventory;

compliance with applicable legal requirements;

litigation;

product warranties and liability;

employee benefit plans and labor relations;

environmental matters;

agreements, contracts and commitments;

insurance;

transactions between VBV, the VBV Subsidiaries and their affiliates;

approval by its board of managers;

payment, if any, required to be made to brokers and agents on account of the VBV Merger;

certain SEC filing matters; and

the full disclosure by VBV of all material facts necessary to make the statements in the VBV Merger Agreement not misleading.

GPRE and GP Merger Sub each made a number of representations and warranties to VBV in the VBV Merger Agreement, including representations and warranties relating to the following subject matters:

corporate organization, qualification to do business, good standing and corporate power of GPRE and GP Merger Sub;

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corporate authorization to enter into the VBV Merger Agreement and consummate the transactions under the VBV Merger Agreement, and the enforceability of the VBV Merger Agreement;

GPRE subsidiaries;

absence of any conflict with any applicable legal requirements resulting from the execution of the VBV Merger Agreement and the completion of the VBV Merger;

the effect of entering into and carrying out the obligations of the VBV Merger Agreement on material contracts;

governmental and regulatory approvals required to complete the VBV Merger;

GPRE's capital structure;

GPRE's SEC filings and financial statements;

the absence of certain changes and events, including any material adverse effect on GPRE since November 30, 2007;

opinion of a financial advisor;

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the absence of certain undisclosed liabilities and obligations;

taxes;

good and valid title to or valid leasehold interests in all personal properties and assets free and clear of all liens;

good and valid title to all real property, whether owned or leased;

validity of and compliance with real property leases;

condition of real property;

intellectual property;

condition of assets and inventory;

compliance with applicable legal requirements;

litigation;

product warranties and liability;

employee benefit plans and labor relations;

environmental matters;

agreements, contracts and commitments;

insurance;

transactions between GPRE, the GPRE Subsidiaries and their respective affiliates;

payment, if any, required to be made to brokers and agents on account of the Mergers;

information with respect to GPRE's commodity position; and

the full disclosure by GPRE of all material facts necessary to make the statements in the VBV Merger Agreement not misleading.

*Conduct of Business Prior to Completion of the VBV Merger*

Under the VBV Merger Agreement, each of GPRE and VBV has agreed that, until the earlier of the completion of the VBV Merger or termination of the VBV Merger Agreement, or unless the other party consents in writing, it will carry on its business in the ordinary course, in

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substantially the same manner as previously conducted and in compliance with all applicable legal requirements, pay its debts and taxes when due and pay or perform other material obligations when due, keep available the services of key employees and preserve relationships with customers and suppliers.

Each of GPRE and VBV also agreed that, until the earlier of the completion of the VBV Merger or termination of the VBV Merger Agreement, or unless the other party consents in writing, it will not, subject to specified exceptions, do any of the following:

declare, set aside, or pay any dividends on or make any other distributions (whether in cash, stock, property or otherwise) in respect of any limited liability company interest or capital stock, split, combine or reclassify the same or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for any limited liability company interest or capital stock, or purchase, redeem or otherwise acquire, directly or indirectly, any limited liability company interest or capital stock, any other securities thereof or any rights, warrants or options or security that consists of a right to acquire the same;

issue, deliver, sell, grant, pledge or otherwise encumber any limited liability company interest or capital stock or any other equity interests;

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amend its organizational documents;

acquire or agree to acquire by merging or consolidating with, or by purchasing assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof; or otherwise acquire or agree to acquire any assets which are significant;

sell, transfer, lease, license, mortgage, pledge, encumber or otherwise dispose of any properties or assets or enter into or amend any material lease of real property;

incur any indebtedness for borrowed money or guarantee any such indebtedness of another person, issue or sell any debt interests or options, warrants, calls or other rights to acquire any debt interests, enter into any other agreement to maintain any financial statement condition, or enter into any arrangement having the economic effect of any of the foregoing, subject to certain exceptions;

except as allowed, make or agree to make any new capital expenditures outside the ordinary course of business;

pay, discharge or satisfy any claims, liabilities or obligations (whether absolute, accrued, contingent or otherwise), or litigation, other than the payment of certain amounts in the ordinary course of business, cancel any material indebtedness or waive certain rights or benefits;

adopt, or amend in any material respect, any employee benefit plan, agreement or arrangement, employment or consulting agreement or any other compensatory plan or policy with or for the benefit of any current or former director, officer, employee, agent or consultant;

make material increases in pay or benefits, except in the ordinary course;

transfer or license to any person or entity or otherwise extend, amend or modify in any material respect any rights to intellectual property;

modify, amend, waive or terminate any contract or agreement, including any joint venture agreement, or waive, release or assign any material rights or claims thereunder;

make or change any tax election or settle or compromise any material tax liability;

liquidate or dissolve or adopt a plan of complete or partial liquidation or dissolution;

except as required by GAAP or the SEC, make any change in accounting methods, principles or practices;

take certain actions with respect to the construction of plants; and

take certain actions with respect to open market positions, or agree, commit or resolve to do any of the foregoing.

### *No Solicitation*

The VBV Merger Agreement provides that each party will not, nor will it authorize or permit any of its subsidiaries or any of its or their respective managers, directors, officers, employees, or representatives, directly or indirectly through another person to:

solicit, initiate or encourage, or take any other action designed to, facilitate, any inquiries or the making of any takeover proposal, as described below; or

enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or otherwise cooperate in any way with, any takeover proposal.

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The VBV Merger Agreement provides that the term "takeover proposal" with respect to the applicable party means any inquiry, proposal or offer from any person relating to, or that could reasonably be expected to lead to:

any direct or indirect acquisition or purchase, in one transaction or a series of transactions, of assets (including equity securities of any subsidiary) or businesses that constitute 10% or more of the revenues, net income or assets of the applicable party and its subsidiaries, taken as a whole, 25% or more of the revenue, net income or assets of a VBV Subsidiary (solely with respect to a VBV takeover proposal) or 10% or more of any class of equity securities of the applicable party;

any tender offer or exchange offer that if consummated would result in any person beneficially owning 10% or more of any class of equity securities of the applicable party; or

any merger, consolidation, business combination, recapitalization, liquidation, dissolution, joint venture, or similar transaction involving the applicable party or any of its subsidiaries pursuant to which any person or the shareholders of any person would own 10% or more of any class of equity securities or of any resulting parent company

in each case other than the transactions contemplated by the VBV Merger Agreement.

The VBV Merger Agreement provides that, notwithstanding the restrictions described above, if at any time prior to the time the GPRE shareholders or VBV members have approved the Mergers, as applicable:

the party receives a bona fide written takeover proposal that the managers or board of directors reasonably determines (after consultation with outside counsel and a financial advisor) constitutes or is reasonably likely to lead to a superior proposal, as defined below; and

such takeover proposal was not solicited after the date of the VBV Merger Agreement and was made after the date of the VBV Merger Agreement and did not otherwise result from a breach by the applicable party of the no solicitation provisions described above.

The applicable party may:

furnish information with respect to itself and its subsidiaries to the person making such takeover proposal pursuant to a customary confidentiality agreement that is not less restrictive to such person than the confidentiality provisions of the confidentiality agreement between GPRE and VBV does not provide an exclusive right to negotiate and contains "standstill" terms; and

participate in discussions or negotiations with the person making such takeover proposal (and its representatives) regarding such takeover proposal, provided that notice is promptly given to the other party.

The VBV Merger Agreement provides that the term "superior proposal" means any bona fide offer made by a third party that if consummated would result in such person (or its shareholders) owning, directly or indirectly, more than 80% of the VBV common units, VBV Subsidiary units, or GPRE common stock then outstanding (or of the shares of the surviving entity in a merger or the direct or indirect parent of the surviving entity in a merger) or all or substantially all of the assets of VBV or GPRE or their subsidiaries, as applicable, which the VBV managers or GPRE board of directors reasonably determines (after consultation with a financial advisor) to be:

more favorable to the VBV members or VBV Subsidiary members or GPRE shareholders, as applicable from a financial point of view than the Merger (taking into account all of the terms and conditions of such proposal and the merger agreement (including any changes to the financial terms of the merger agreement proposed by the other party in response to such offer or otherwise)); and

reasonably capable of being completed on or before December 31, 2008, taking into account all financial, legal, regulatory and other aspects of such proposal.





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The VBV Merger Agreement provides further that neither the managers of VBV nor the board of directors of GPRE nor any committee thereof may

withdraw (or qualify or modify in a manner adverse to the other party), or publicly propose to withdraw (or qualify or modify in a manner adverse to the other party), their approval, adoption or recommendation of the merger agreement, the merger or the other transactions contemplated by the VBV Merger Agreement;

approve, adopt or recommend, or propose publicly to approve, adopt or recommend, any takeover proposal; or

approve, adopt or recommend, or publicly propose to approve, adopt or recommend, or allow itself or any of its subsidiaries to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement or other similar contract constituting or related to, or that is intended to or could reasonably be expected to lead to, any takeover proposal.

Notwithstanding the above, at any time prior to the time GPRE shareholders or VBV members have approved the Merger, the VBV managers or the GPRE board of directors, as applicable, may, in response to a takeover proposal that they reasonably determine (after consultation with outside counsel and a financial advisor) constitutes a superior proposal, as described above, and that was unsolicited and made after the date of the VBV Merger Agreement and that did not otherwise result from a breach of the no solicitation provisions of the VBV Merger Agreement, cause VBV or GPRE, as applicable, to make an adverse recommendation, as described above, provided that a party should not be entitled to exercise its right to make an adverse recommendation if it is in breach of these obligations and until after tenth business day following the other party's receipt of notice that the party intends to make an adverse recommendation and specifying the reasons therefore, including the terms of any superior proposal. If such notice is given within ten business days of the date of the VBV member meeting or GPRE shareholder meeting, the applicable party, subject to the requirements of applicable law, must postpone such meeting to a date and time to ensure that the other party has ten business days notice following receipt of the notice of a superior proposal.

In addition to the non-solicitation provisions described above, each party must promptly advise the other orally and in writing of any takeover proposal, the material terms and conditions of any such takeover proposal as promptly as reasonably practicable (and in any event within 48 hours) after the receipt of notice of a takeover proposal (including any changes thereto) and the identity of the person making any such takeover proposal. Each party must keep the other party fully informed in all material respects of the status and details (including any change to the terms thereof) of any takeover proposal and must provide to the other party as soon as practicable after receipt or delivery thereof copies of all correspondence and other written material sent or provided from any person that describes any of the terms or conditions of any takeover proposal.

The foregoing non-solicitation provisions do not prohibit either party from taking and disclosing to its members or shareholders a position contemplated by Rule 14e 2(a) under the Exchange Act or a statement required under Rule 14a-9 under the Exchange Act or making any disclosure that is required by applicable law, except that in no event may VBV, the VBV managers, GPRE or its board of directors or any committee thereof take, or agree or resolve to take, any action prohibited by the merger agreement's no solicitation provisions (provided, that any accurate disclosure of factual information to the VBV or VBV Subsidiary members or the GPRE shareholders that is required to be made under applicable federal securities laws will not be considered a prohibited action under the merger agreement's no solicitation provisions).

*Other Agreements*

*Reasonable Efforts.* Each party agreed to use all reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the merger and the transactions contemplated by the VBV Merger Agreement, including using all reasonable efforts to accomplish the following:

the taking of all reasonable acts necessary to cause the conditions precedent set forth in the VBV Merger Agreement to be satisfied;

the obtaining of all necessary actions, waivers, consents and approvals from governmental entities;

defending of any lawsuits challenging the VBV Merger; and

the obtaining of all necessary consents, approvals or waivers from third parties.

*Employee Benefits.* GPRE agreed that all employees who continue with GPRE or VBV shall be eligible to participate in ongoing benefit plans, subject to the ability of GPRE to terminate such plans. GPRE agreed to use reasonable efforts to enter into employment agreements with Mr. Hoovestol and Mr. Becker.

*Registration Statement and Approvals.* GPRE is required to use reasonable efforts to prepare and file and have declared effective this registration statement, mail this proxy statement/prospectus to the GPRE shareholders and hold a shareholder meeting as promptly as practicable. VBV is required to take such steps as necessary to seek and obtain the approval of the VBV and VBV Subsidiary members.

*Environmental Matters.* The parties have agreed to address certain environmental matters at the GPRE plants prior to closing. These include conducting certain environmental assessments and cost sharing agreements with respect to the assessments or additional work.

*Director and Officer Indemnification and Insurance*

GPRE has agreed that all rights to indemnification for acts or omissions occurring prior to the completion of the VBV Merger existing immediately prior to the VBV Merger in favor of the current or former managers or officers of VBV or the VBV Subsidiaries as provided in their organizational documents shall survive the Merger and be assumed by the surviving entity. VBV will purchase a six year prepaid insurance policy providing substantially equivalent benefits as the current liability insurance.

*Indemnification Obligations*

The VBV members agreed to jointly and severally indemnify GPRE against any actions brought by any of the members of the VBV Subsidiaries in connection with the Mergers, with the total liability limited to \$500,000. If at least 50% of such members vote at a duly held meeting in favor of their respective mergers, GPRE's rights to indemnification with respect to the VBV Subsidiaries will terminate.

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### *Conditions to Completion of the VBV Merger*

The respective obligations of GPRE and GP Merger Sub, on one hand, and VBV, on the other, to complete the VBV Merger and the transactions contemplated by the VBV Merger Agreement, including the VBV Merger, are subject to the satisfaction of the following conditions:

the VBV Merger Agreement must be approved and adopted, and the Mergers and other transactions contemplated by the VBV Merger Agreement must be approved, by the requisite vote of the members of VBV and the VBV Subsidiaries, as applicable, and the shareholders of GPRE;

the necessary authorizations, consents and approvals must be obtained. Such authorizations, consents and approvals are of the nature of lender approvals under material loan documents and all such lender consents are material. The lenders whose consents are deemed material are First National Bank of Omaha; Farm Credit Services of America with CoBank as its agent, Farm Credit Services of Mid-America with CoBank, as its agent; AgStar Financial Services, as agent for the City of Bluffton, Indiana; and the Tennessee Valley Authority;

no temporary restraining order, injunction or other order issued by any governmental entity shall be in effect preventing the consummation of the VBV Merger;

the registration statement, of which this proxy statement/prospectus is a part, must be declared effective by the SEC and may not be the subject of any stop order;

any shares of GPRE's common stock to be issued in connection with the Mergers (including with respect to the Stock Purchase) must be authorized for listing on the Nasdaq Global Market, subject to official notice of issuance;

the conditions to the Mergers of the VBV Subsidiaries must be satisfied; and

the GPRE articles of incorporation and bylaws must be amended and restated, as required.

In addition, the obligation of VBV to consummate and effect the VBV Merger is subject to the satisfaction or waiver of each of the following conditions:

the representations and warranties of GPRE and GP Merger Sub provided in the VBV Merger Agreement must be true and correct in all material respects at and as of the Closing Date, except for inaccuracies that could not reasonably be expected to have a material adverse effect;

GPRE and GP Merger Sub must have performed or complied in all material respects with all agreements and covenants required by the VBV Merger Agreement to be performed or complied with by either such party on or prior to the date the VBV Merger is to be completed;

GPRE must have received the resignations of the five GPRE directors as required by the VBV Merger Agreement. Other than the anticipated resignation of Mr. Hoovestol within 12 months following the mergers, no other officer departures are expected;

All conditions to completing the Stock Purchase shall be satisfied;

the requisite parties must have executed the Shareholders' Agreement;

GPRE must have provided certain real estate title policies; and

GPRE must have obtained acceptable directors' and officers' liability insurance.

The obligations of GPRE and GP Merger Sub to consummate and effect the VBV Merger are subject to the satisfaction or waiver of each of the following conditions:

the representations and warranties of VBV provided in the VBV Merger Agreement must be true and correct in all material respects at and as of the closing date, except for inaccuracies that could not reasonably be expected to have a material adverse effect;

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VBV must have performed or complied in all material respects with all agreements and covenants required by the VBV Merger Agreement to be performed or complied with by it at or prior to the date the VBV Merger is to be completed;

each of the Bioverda entities must have entered into the Shareholders' Agreement;

each of the VBV members must have entered into the Lock Up Agreement;

all conditions to the Stock Purchase must have been satisfied; and

GPRE must have received the resignations of the appropriate officers and managers of VBV and the VBV Subsidiaries.

### *Termination of the VBV Merger Agreement*

The VBV Merger Agreement may be terminated in accordance with its terms at any time prior to the completion of the VBV Merger, whether before or after the approval of shareholders of GPRE:

by mutual written consent duly authorized by the board of directors of GPRE and the board of managers of VBV;

by either VBV or GPRE if the VBV Merger shall not have been consummated by December 31, 2008, except that this right to terminate the VBV Merger Agreement shall not be available to any party whose action or failure to act has been a principal cause of or resulted in the failure of the VBV Merger to occur on or before such date and such action or failure to act constitutes a material breach of the VBV Merger Agreement;

by either VBV or GPRE if a governmental entity shall have issued an order, decree or ruling or taken any other action (including the failure to have taken an action), in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the VBV Merger, which order, decree, ruling or other action is final and nonappealable;

by either VBV or GPRE if the required approval of the members of VBV or shareholders of GPRE contemplated by the VBV Merger Agreement shall not have been obtained;

by GPRE, if VBV shall have breached any of its representations or warranties or failed to perform any covenant, which would give rise to a failure of a closing condition or cannot be cured within 30 calendar days, or in the event the VBV managers have withdrawn their recommendation or VBV has violated the non-solicitation provisions of the VBV Merger Agreement;

by VBV, if GPRE shall have breached any of its representations or warranties or failed to perform any covenant, which would give rise to a failure of a closing condition or cannot be cured within 30 calendar days, or in the event the GPRE board of directors has withdrawn their recommendation or GPRE has violated the non-solicitation provisions of the VBV Merger Agreement; or

if the cost estimated identified in the environmental assessments respecting certain GPRE properties exceeds \$5,000,000.

### *Fees and Expenses*

The VBV Merger Agreement provides that regardless of whether the VBV Merger is completed, except as set forth below, GPRE and VBV will each pay their own expenses incurred in connection with the VBV Merger, except that GPRE and VBV will share equally the filing fee under the HSR Act and certain environmental investigation costs.



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In addition, VBV must pay to GPRE a termination fee of \$6 million in each of the following circumstances:

the VBV Merger Agreement is terminated by GPRE in accordance with the terms and subject to the conditions described above in " No Solicitation"; or

prior to the closing date, a takeover proposal is made to VBV or directly to the VBV members generally or otherwise becomes publicly known or any person publicly announces an intention, whether or not conditional, to make a takeover proposal, the VBV Merger Agreement is terminated by either GPRE or VBV pursuant to their respective rights (but only if the approval of VBV members has not been obtained) and within 6 months after such termination, VBV enters into a definitive agreement to consummate, or consummates, the transactions contemplated by any takeover proposal.

GPRE must pay VBV a termination fee of \$6 million in each of the following circumstances:

the VBV Merger Agreement is terminated by VBV in accordance with the terms and subject to the conditions described above in " No Solicitation"; or

prior to GPRE shareholders approving the transactions contemplated by the VBV Merger Agreement, a takeover proposal is made to GPRE or directly to the GPRE shareholders generally or otherwise becomes publicly known or any person publicly announces an intention, whether or not conditional, to make a GPRE takeover proposal, the VBV Merger Agreement is terminated by either GPRE or VBV pursuant to their respective rights (but only if a vote to obtain GPRE shareholder approval or the GPRE shareholder meeting has not been held) and within six months after such termination, GPRE enters into a definitive agreement to consummate, or consummates, the transactions contemplated by any takeover proposal.

### *Amendment, Extension and Waiver*

The VBV Merger Agreement may be amended, at any time, by the parties, before or after approval of the GPRE shareholders, provided that after any such approval, no amendment can be made that requires further approval without such approval having been obtained. The VBV Merger Agreement may not be amended except by an instrument in writing signed on behalf of each of VBV and GPRE.

At any time prior to the closing either VBV or GPRE, may:

extend the time for the performance of any of the obligations or other acts of the other parties hereto;

waive any inaccuracies in the representations and warranties made to such party contained in the VBV Merger Agreement or in any document delivered pursuant thereto; and

waive compliance with any of the agreements or conditions for the benefit of such party contained in the VBV Merger Agreement.

Any agreement to any extension or waiver will be valid only if set forth in an instrument in writing signed on behalf of such party. Delay in exercising any right under the VBV Merger Agreement shall not constitute a waiver of such right.

### ***IBE Merger Agreement***

#### *Structure of the IBE Merger and Closing*

Concurrently with the VBV Merger, IN Merger Sub will merge with and into IBE. Upon completion of the IBE Merger, IBE will be the surviving entity and a wholly-owned subsidiary of GPRE.





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### *Officers and Directors*

The directors of IBE will resign effective as of the closing and the manager of IN Merger Sub shall become the manager of the surviving entity.

### *Conversion of IBE Units, Option Conversion*

Upon completion of the IBE Merger, each unit in IBE (other than units owned by VBV) shall be converted into the right to receive 731.997469 shares of GPRE common stock. As of the effective time, each such unit shall be automatically cancelled and each holder of such unit shall cease to have any rights with respect thereto except the right to receive the merger consideration. This exchange ratio is fixed and will not change, regardless of changes in the market price of GPRE's common stock.

Each outstanding IBE Option, whether vested or unvested, shall be converted into and become the right to acquire shares of GPRE common stock. GPRE shall assume each IBE Option in accordance with its terms and conditions. From and after the effective time, each IBE Option assumed by GPRE may be exercised solely for shares of GPRE common stock. The number of shares of GPRE common stock subject to each IBE Option and the exercise price shall be adjusted to take into account the IBE Merger and the IBE Merger consideration, and any restriction on the exercise of an IBE Option shall continue in full force and effect and the term, exercisability, vesting schedule and other provisions shall remain the same.

### *Exchange Procedure*

Promptly after the effective time of the IBE Merger, and following receipt by GPRE of the unit certificate(s) and appropriate submittals from each holder of an IBE unit, GPRE will deliver to each such IBE unit holder (except to the extent it received notice of a transfer or a pledge in accordance with its operating agreement) a certificate representing the number of whole shares of GPRE common stock to which such holder is entitled under the IBE Merger Agreement.

Except to the extent that IBE or EGP received notice of a transfer of an IBE or EGP Unit and the transfer or pledge complies with the requirements of the respective operating agreement of IBE or EGP, GPRE shall be entitled to treat the person in whose name any units issued by IBE or EGP stand on the books of IBE or EGP as the owner of that unit, and shall not be bound to recognize any equitable or other claim to, or interest in, that unit on the part of any other person.

### *Representations and Warranties*

Each party to the agreement made certain representations and warranties with respect to the authorization of the transaction and any obligations with respect to broker's fees. In addition, GPRE and IN Merger Sub also made representations about noncontravention of existing statutes, regulations or orders of governmental entities and organizational documents or agreements. The representations and warranties made by GPRE in the VBV Merger Agreement are incorporated into the IBE Merger Agreement.

### *Conditions to Closing*

The respective obligations of each party to complete the IBE Merger are subject to the completion of the VBV Merger and the vote or approval of the members of IBE holding at least 75% of the IBE Units.

### *Termination of IBE Merger Agreement*

The IBE Merger Agreement shall terminate if the VBV Merger Agreement is terminated. In the event of a termination, the IBE Merger Agreement shall become void and have no effect, without any liability or obligation on the part of any party.

*The EGP Merger Agreement*

*Structure of the EGP Merger and Closing*

At closing of the EGP Merger, TN Merger Sub will merge with and into EGP. EGP will be the surviving entity and a wholly-owned subsidiary of GPRE. The closing of the EGP Merger will take place concurrently with the VBV Merger.

*Officers and Directors*

The directors of EGP will resign effective as of the closing and the manager of TN Merger Sub shall become the manager of the surviving entity.

*Conversion of EGP Units, Option Conversion*

Upon completion of the EGP Merger, each unit in EGP (other than units owned strictly by VBV) shall be converted into the right to receive 0.151658305 shares of GPRE common stock. As of the effective time, each such unit shall be automatically canceled and each holder of a unit shall cease to have any rights with respect thereto except the right to receive the merger consideration. This exchange ratio is fixed and will not change, regardless of changes in the market price of GPRE's common stock.

Each outstanding EGP Option, whether vested or unvested, shall be converted into and become the right to acquire shares of GPRE common stock. GPRE shall assume each EGP Option in accordance with its terms and conditions. From and after the effective time, each EGP Option may be exercised solely for shares of GPRE common stock. The number of shares of GPRE common stock subject to each EGP Option and the exercise price shall be adjusted to take into account the EGP Merger and the EGP Merger consideration and any restriction on the exercise of an EGP Option shall continue in full force and effect and the term, exercisability, vesting schedule and other provisions shall remain the same.

*Exchange Procedures*

Promptly after the effective time of the EGP Merger, and following receipt by GPRE of the unit certificate(s) and appropriate submittals from each holder of an EGP unit (other than VBV), GPRE will deliver to each such EGP unit holder (except to the extent it received notice of a transfer or pledge in accordance with its operating agreement) a certificate representing that number of whole shares of GPRE common stock to which such holder is entitled under the EGP Merger Agreement.

Except to the extent that IBE or EGP received notice of a transfer or pledge of an IBE or EGP Unit and the transfer or pledge complies with the requirements of the respective operating agreement of IBE or EGP, GPRE shall be entitled to treat the person in whose name any units issued by IBE or EGP stand on the books of IBE or EGP as the owner of that unit, and shall not be bound to recognize any equitable or other claim to, or interest in, that unit on the part of any other person.

*Representations and Warranties*

Each party to the agreement made certain representations and warranties with respect to the authorization of the transaction and any obligations with respect to broker fees. In addition, GPRE and TN Merger Sub also made representations about noncontravention of existing statutes, regulations or orders of governmental entities and organizational documents or agreements. The representations and warranties of GPRE in the VBV Merger Agreement are incorporated into the EGP Merger Agreement.

*Conditions to Closing*

The respective obligations of each party to complete the EGP Merger is subject to the completion of the VBV Merger and the vote or approval of the members of EGP holding at least a majority of the EGP units.

*Termination of EGP Merger Agreement*

The EGP Merger Agreement shall terminate if the VBV Merger Agreement is terminated. In the event of a termination, the EGP Merger Agreement shall become void and have no effect, without any liability or obligation on the part of any party.

### THE LOCK-UP AND VOTING AGREEMENTS

In connection with the execution of the VBV Merger Agreement, certain affiliates of GPRE and VBV have entered into Lock-up and Voting Agreements setting forth, among other things, their respective obligations to vote in favor of the Mergers and the transactions related to the Mergers. The following summary is qualified in its entirety by reference to the provisions of the Lock-up and Voting Agreements, each of which are attached to this proxy statement/prospectus as Appendix E.

The current executive officers and directors of GPRE, Wayne B. Hoovestol, Jerry L. Peters, Robert D. Vavra, Dan E. Christensen, Brian D. Peterson, Gordon F. Glade, David A. Hart, R. Stephen Nicholson, Gary R. Parker and Michael A. Warren, in their capacities as shareholders of GPRE (the "named GPRE shareholders"), have entered into an agreement with VBV, referred to as the GPRE Lock-Up and Voting Agreement, pursuant to which each named GPRE shareholder agreed to vote his respective shares of GPRE common stock in favor of the adoption and approval of the VBV Merger Agreement and any actions required in furtherance thereof at the GPRE special meeting. Collectively, these individuals beneficially own approximately twenty-nine percent (29%) of the total voting power of GPRE's issued and outstanding common stock.

The Bioverda entities have entered into an agreement with GPRE, referred to as the VBV Lock-Up and Voting Agreement, pursuant to which they agree to vote their respective units of VBV, representing ninety percent (90%) of the total voting power of VBV common units, in favor of the adoption and approval of the VBV Merger Agreement and any actions required in furtherance thereof.

In addition, under the GPRE and VBV Lock-up and Voting Agreements, the named GPRE shareholders (with respect to GPRE) and the Bioverda entities (with respect to VBV) have each agreed to vote against:

Any action or agreement that would result in a breach in any respect of any covenant or any other obligation or agreement of such party under the VBV Merger Agreement; or

Any action involving such party which is intended or could reasonably be expected to impede, interfere with, delay, postpone or materially adversely affect the transactions contemplated by the VBV Merger Agreement.

For a period of 90 days following the completion of the Mergers, the named GPRE shareholders agree not to sell, transfer, pledge, assign or otherwise dispose of their shares of GPRE common stock to which the voting arrangements described above apply, and the Bioverda entities agree not to sell, transfer, pledge, assign or otherwise dispose of the shares of GPRE common stock they receive in connection with the Merger and the transactions contemplated thereby, in each case subject to certain exceptions. Wilon has also entered into just this portion of the Lock-Up and Voting Agreement.

The Lock-Up and Voting Agreements will generally terminate upon the earlier of 90 days after the date on which the VBV Merger is completed or the termination of the VBV Merger Agreement.

## THE SHAREHOLDERS' AGREEMENT

In connection with the execution of the VBV Merger Agreement, and as a condition to closing the Mergers, GPRE, Wayne B. Hoovestol, in his capacity as a GPRE shareholder, the Bioverda entities and Wilon have agreed to enter into a Shareholders' Agreement as of the effective time of the Mergers, that will govern certain rights and obligations of the parties as among themselves. The following summary is qualified in its entirety by reference to the provisions of the Shareholder's Agreement, which is attached to this proxy statement/prospectus as Appendix F. For the purposes of this summary, Mr. Hoovestol, the Bioverda entities and Wilon are referred to collectively as "holders," "sellers" or "selling holders," and any shares of GPRE common stock beneficially owned by them at any time during the term of the Shareholders' Agreement (which includes the 10 million shares issued to the Bioverda entities in the Stock Purchase) are referred to as the "registrable securities."

### *Registration Rights*

Under the Shareholders' Agreement, at any time after 18 months following the closing of the Mergers:

the holders of at least 30% of the registrable securities subject to the agreement may request that GPRE file a Form S-1 registration statement with respect to at least 20% of their registrable securities.

the holders of at least 20% of the registrable securities subject to the agreement may request that GPRE file a Form S-3 registration statement with respect to registrable securities having an anticipated aggregate offering price of at least \$5 million dollars.

In both cases, if GPRE believes in its good faith judgment that such registration statement would be materially detrimental to GPRE and its shareholders, GPRE shall have the right to defer taking action with respect to the filing such registration statement for a period of not more than 75 days after such request. GPRE may invoke this right two times in any 12-month period.

GPRE shall not be obligated to file a Form S-1 registration statement (i) during a period that is 30 days before and 90 days after the effective date of a GPRE-filed registration statement; (ii) after GPRE has effected two registration statement under the Shareholders' Agreement; or (iii) if the request for registration can be effected on a Form S-3 registration. Additionally, GPRE shall not be obligated to file a Form S-3 registration statement (i) during a period that is 30 days before and 90 days after the effective date of a GPRE filed registration statement; or (ii) if GPRE has effected two Form S-3 registrations within the 12 months preceding such request. In no event shall GPRE be obligated to effect more than four registrations under the Shareholders' Agreement.

In the event GPRE proposes to register any of its common stock, it shall be obligated to give notice to the holders of registrable securities under the Shareholders' Agreement to allow them to piggyback onto such registration, and include such holders' registrable securities in such registration. In any offering by GPRE involving an underwriting of GPRE shares, GPRE shall not be required to include any holders' registrable securities unless the holders agree to the terms agreed to by GPRE and then only in such amounts as the underwriters determine will not jeopardize the success of the offering by GPRE.

If the registration request by holders includes a request to distribute registrable securities by means of an underwriting, the holders must make such a request of GPRE. All holders proposing to distribute their securities through such underwriting shall be party to an underwriting agreement and if a limit is imposed on the number of shares to be underwritten, then all holders shall be allocated their proportionate share of such underwriting. If, as a result of an underwriter cutback, fewer than 50% of the registrable securities requested to be registered by the holders are included in such registration, then that registration shall not be counted toward the maximum number of registrations permitted under the Shareholders' Agreement.

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When required to effect a registration, GPRE is obligated to, among other things, (i) prepare and file with the SEC the applicable registration statement, amendments and supplements as necessary; (ii) take other usual and customary actions to provide information to the holders, and effect such registration; (iii) use its commercially reasonable efforts to cause the registrable securities to be listed on a national securities exchange or trading system, and (iv) pay all such expenses of such registration other than (a) selling expenses, underwriting discounts, selling commissions, and stock transfer taxes related to the selling holders' shares, and (b) fees of selling holders' legal counsel.

GPRE and the selling holders agree to indemnify the other, under certain circumstances, from any loss, damage or liability to which a party may become subject under federal and state securities laws in connection with their respective obligations under the Shareholders' Agreement. GPRE further agrees (i) to make and keep available adequate current public information, and (ii) that it shall not, for a period two years after the date of the Shareholders' Agreement, without the consent of the holders of the majority of registrable securities covered by the agreement, allow any holder or prospective holder to include such securities in any registration or allow any holder or prospective holder to initiate a demand for registration. The registration rights granted under the Shareholders' Agreement shall terminate upon the fifth anniversary of the date of the agreement.

### ***Voting and Board Provisions***

The Shareholders' Agreement also provides that the parties to the agreement will cause the GPRE board of directors, following the Mergers, to be comprised of not more than nine directors, unless such increase is approved by at least six of the directors then serving. Of the nine directors, the Bioverda entities will have the collective right to designate four individuals to be nominated by the board to stand for election (the "Bioverda Nominees") and Wilon will have the right to designate one individual to be nominated by the board to stand for election (the "Wilon Nominee"). The right of the Bioverda entities and Wilon to designate director nominees shall continue so long as they own shares representing not less than 32.5% and 2.5%, respectively, of the outstanding common stock of GPRE.

GPRE shall cause the Bioverda Nominees and Wilon Nominee to be nominated for election as directors of GPRE at each meeting of GPRE's shareholders where the election of directors is held. In addition, GPRE shall solicit proxies for the election of such Nominees and recommend that shareholders vote in favor of each Nominee. Additionally, each of Bioverda International, Bioverda US, Wilon and Wayne Hoovestol agree to vote in favor of all Nominees to the board of directors. If a vacancy on the board of directors of GPRE is created as a result of the resignation, removal or death of a Nominee, then any of the parties entitled to designate a Nominee shall be entitled to request a special meeting of the shareholders for the purpose of electing directors, and the GPRE shall be required to call such meeting.

The Shareholders' Agreement also provides that each committee of the GPRE board of directors shall, subject to applicable director independence rules, include at least two Bioverda Nominees or one Bioverda Nominee and one Wilon Nominee.

From the date of the Shareholders' Agreement until such time as GPRE has issued an aggregate of at least 6,000,000 shares of common stock to non-affiliates of GPRE, the Bioverda entities and Wilon agree to vote or cause to be voted, their shares of GPRE common stock in favor of four independent nominees proposed by GPRE in accordance with the GPRE nominating committee policy, in the same proportion as the shareholders of GPRE not affiliated with Bioverda and Wilon.

### ***Other Matters***

The Shareholders' Agreement also provides that GPRE will indemnify the directors nominated by the Bioverda entities and Wilon in a manner that is equivalent to what is currently provided by GPRE to its directors, and further provides that GPRE will compensate and reimburse those directors consistent with GPRE's compensation policies.

Additionally, the parties to the Shareholders' Agreement agree that, following the effective time of the mergers, the headquarters of GPRE will remain in Omaha, Nebraska until such time as determined otherwise by GPRE's board of directors.

## STOCK PURCHASE AGREEMENT

In connection with the VBV Merger Agreement, GPRE and the purchasers described below entered into a Stock Purchase Agreement dated May 7, 2008. The following summary of the Stock Purchase Agreement is qualified in its entirety by reference to the provisions of the Stock Purchase Agreement, which is attached as Appendix D hereto.

### *The Purchase of GPRE Shares*

Concurrently with the closing of the Mergers, Bioverda International and Bioverda US (together, the "purchasers") agree to purchase 5,400,000 and 600,000 shares, respectively, of GPRE common stock at a purchase price of \$10.00 per share, for a total purchase price of \$60,000,000.

### *Representations and Warranties of the Purchasers*

Each purchaser made certain representations and warranties to GPRE, including with respect to their authority to enter into the Stock Purchase Agreement, and certain investment representations with respect to the acquisition of the shares. GPRE made certain representations and warranties to the purchasers including the authorization of the transaction, noncontravention with outstanding statutes, regulations or orders of governmental entities or the conflict or breach of agreements and contracts and certain representations with respect to registration exemptions under the Securities Act of 1933. In addition, the representations and warranties of GPRE in the VBV Merger Agreement are incorporated by reference into the Stock Purchase Agreement.

### *Covenants Relating to Conduct of Business*

The covenants that GPRE made in the VBV Merger Agreement with respect to the conduct of its business are incorporated by reference into the Stock Purchase Agreement.

### *Other Agreements*

Each party agrees to use its reasonable best efforts to consummate the transactions contemplated by the Stock Purchase Agreement. The covenants of GPRE with respect to non-solicitation and corporate governance matters set forth in the VBV Merger Agreement are incorporated by reference into the Stock Purchase Agreement.

### *Closing*

The closing of the sale and purchase of the shares shall take place on the closing date of the Mergers if specified closing conditions are met.

### *Conditions to Obligations to Close*

Each party's obligation to close the purchase and sale of the shares is subject to completion of the Mergers. GPRE's obligations to close are also conditioned upon the representations and warranties of each individual purchaser being true and correct in all material respects as of the closing date and the execution of the Lock-Up and Voting Agreements.

The purchasers' obligations to close are subject to the satisfaction of the following conditions:

Representations and warranties of GPRE, except for inaccuracies that do not and could not reasonably be expected to result in a material adverse effect, shall be true and correct in all respects as of the closing date;

GPRE shall have performed and complied with all of its covenants under the Stock Purchase Agreement in all material respects;

No material adverse change, as defined in the Stock Purchase Agreement, shall have occurred between the date of GPRE's last filed periodic report pursuant to the Exchange Act and the closing date;

GPRE shall have obtained any and all necessary consents, permits and waivers; and

GPRE shall have executed and delivered the Shareholders' Agreement.

***Termination of the Agreement***

The Stock Purchase Agreement may be terminated at any time prior to the closing of the Mergers, whether before or after the approval of GPRE's shareholders, by (i) the mutual consent of GPRE and a majority of the purchasers; (ii) by a majority of the purchasers if the conditions to the obligation of the purchasers to close have not been met (as described above); and (iii) if the VBV Merger Agreement is terminated by VBV or GPRE under certain limited circumstances provided for in the VBV Merger Agreement.

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS  
AND RELATED NOTES THERETO**

The following unaudited pro forma condensed combined financial statements are based upon the combined historical financial position and results of operations of GPRE and VBV. The unaudited pro forma condensed combined financial statements give effect to the Mergers and the Stock Purchase and the other transactions contemplated thereby.

**Basis of Presentation**

GPRE will account for the Mergers under the purchase method of accounting for business combinations pursuant to Statement of Financial Accounting Standard ("SFAS") No. 141. Under the purchase method of accounting in a business combination effected through an exchange of equity interests, the entity that issues the equity interests is generally the acquiring entity. In some business combinations (commonly referred to as reverse acquisitions), however, the acquired entity issues the equity interests. SFAS No. 141 requires consideration of the facts and circumstances surrounding a business combination that generally involve the relative ownership and control of the entity by each of the parties subsequent to the merger. Based on a review of these factors, the Mergers will be accounted for as a reverse acquisition, i.e., GPRE will be considered the acquired company and VBV will be considered the acquiring company. As a result, GPRE's assets and liabilities will be incorporated into VBV's balance sheet based on the fair values of the net assets acquired which should equal the consideration paid for the acquisition. Further, the Company's operating results will not include GPRE's results prior to the date of closing. The Company's fiscal year end will change to VBV's fiscal year end of March 31 following the closing. SFAS No. 141 also requires an allocation of the acquisition consideration to individual assets and liabilities including tangible assets, financial assets, separately recognized intangible assets, and goodwill. Although VBV will be considered the acquiring entity, the Company intends to retain its name of Green Plains Renewable Energy, Inc.

The unaudited pro forma combined balance sheet of GPRE as of June 30, 2008 combines the balance sheets of GPRE as of May 31, 2008, and VBV as of June 30, 2008, after giving effect to the pro forma adjustments, and has been prepared as if the Mergers and the Stock Purchase had occurred on June 30, 2008. The adjustments included in the unaudited pro forma condensed combined financial statements represent GPRE's preliminary determination of the purchase price allocation based upon available information and there can be no assurance that the actual adjustments will not differ significantly from the pro forma adjustments reflected in the pro forma financial information. The unaudited pro forma combined statements of operations for the year ended March 31, 2008, combines the statements of operations for GPRE for the twelve months ended February 29, 2008, with VBV for the fiscal year ended March 31, 2008, after giving effect to the pro forma adjustments, and has been prepared as if the Mergers and the Stock Purchase had occurred as of the beginning of the period. The unaudited pro forma combined statements of operations for the fiscal quarter ended June 30, 2008, combines the statements of operations for GPRE for the three months ended May 31, 2008, with VBV for the three months ended June 30, 2008, after giving effect to the pro forma adjustments, and has been prepared as if the Mergers and the Stock Purchase had occurred as of the beginning of the fiscal year ended March 31, 2008.

The unaudited pro forma condensed combined financial information is provided for informational purposes only and is not necessarily indicative of the consolidated results of operations of GPRE had the Mergers and the Stock Purchase occurred on the dates indicated above, or that may be realized in the future. The unaudited pro forma condensed combined financial information should be read in conjunction with "GPRE Management's Discussion and Analysis of Financial Condition and Results of Operations" and "VBV Management's Discussion and Analysis of Financial Condition and Results of Operations", and with the historical financial statements of GPRE and the related notes thereto, as well as the historical financial statements of VBV and the related notes thereto, which are included in this proxy statement/prospectus.



**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET  
AS OF JUNE 30, 2008**

(in thousands)

	<u>GPRE</u>	<u>VBV</u>		<u>Pro Forma Adjustments</u>	<u>Pro Forma at June 30, 2008</u>
	<u>May 31, 2008</u>	<u>June 30, 2008</u>			
<b>Current assets</b>					
Cash and cash equivalents	\$ 7,337	\$ 1,639	\$ 60,000 d\$		68,976
Trade accounts receivable, net	10,713				10,713
Inventories	64,579	1,846			66,425
Derivative financial instruments	5,042				5,042
Corn purchase contracts			21,189 b		21,189
Other current assets	11,435	4,338			15,773
	<u>99,106</u>	<u>7,823</u>	<u>81,189</u>		<u>188,118</u>
Total current assets					
Property, plant and equipment, net	188,818	273,495	(60,153)b		402,160
Other assets	12,373	8,903	(4,954)b		16,322
	<u>300,297</u>	<u>290,221</u>	<u>16,082</u>		<u>606,600</u>
Total assets					
<b>Current liabilities</b>					
Current maturities of long-term debt	\$ 32,017	\$ 6,593	\$		38,610
Accounts payable and accrued liabilities	29,989	25,782			55,771
Other current liabilities	3,960				3,960
	<u>65,966</u>	<u>32,375</u>			<u>98,341</u>
Total current liabilities					
Long-term debt and other	112,217	110,499			222,716
Deferred income taxes	7,452		(7,452)b		
	<u>185,635</u>	<u>142,874</u>	<u>(7,452)</u>		<u>321,057</u>
Total liabilities					
Minority interests		38,432	(38,432)a		
<b>Stockholders' equity</b>					
Common stock; historically, 25,000,000 shares authorized, 7,819,528 shares issued and outstanding; and pro forma, 50,000,000 shares authorized, 24,691,000 shares issued and outstanding	8		3 a		25
			8 c		
			6 d		
Additional paid-in capital	106,763		38,429 a		290,252
			(28,575)b		
			113,641 c		
			59,994 d		
Retained earnings (accumulated deficit)	7,891		(7,891)b		(4,734)
			(4,734)c		
Members' capital		108,915	(108,915)c		
	<u>114,662</u>	<u>108,915</u>	<u>61,966</u>		<u>285,543</u>
Total stockholders' equity					

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	<u>GPRE</u>	<u>VBV</u>		
Total liabilities and stockholders' equity	\$ 300,297	\$ 290,221	\$ 16,082	\$ 606,600

## UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

FOR THE FISCAL YEAR ENDED MARCH 31, 2008

(in thousands, except per share amounts)

	GPRE	VBV		Pro Forma
	Twelve Months Ended February 29, 2008	Fiscal Year Ended March 31, 2008	Pro Forma Adjustments	Fiscal Year Ended March 31, 2008
Revenues	\$ 62,046	\$	\$	\$ 62,046
Cost of goods sold	45,143			45,143
Gross profit	16,903			16,903
Operating expenses	11,014	5,423	(573) <sup>e</sup> 166 <sup>f</sup>	16,030
Operating income (loss)	5,889	(5,423)	407	873
Other income (expense):				
Interest income	813	1,418		2,231
Interest expense, net of amounts capitalized	(2,107)	(3)		(2,110)
Net loss on derivative financial instruments	(1,349)			(1,349)
Other, net	29	8		37
Total other income (expense)	(2,614)	1,423		(1,191)
Income (loss) before income taxes	3,275	(4,000)	407	(318)
Minority interest		(480)	480 <sup>g</sup>	
Income tax provision (benefit)	1,258		(1,385) <sup>h</sup>	(127)
Net income (loss)	\$ 2,017	\$ (3,520)	\$ 1,312	\$ (191)
Earnings per share:				
Basic	\$ 0.32	\$ (3,520.11)	n/a	\$ (0.01)
Diluted	\$ 0.32	(3,520.11)	n/a	\$ (0.01)
Weighted average shares outstanding:				
Basic	6,383	1	n/a	24,121
Diluted	6,383	1	n/a	24,121

<b>GPRE</b>	<b>VBV</b>		<b>Pro Forma</b>
<hr/>	<hr/>		<hr/>
<hr/>	<hr/>	<hr/>	<hr/>

## UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

FOR THE FISCAL QUARTER ENDED JUNE 30, 2008

(in thousands, except per share amounts)

	GPRE	VBV		Pro Forma
	Fiscal Quarter Ended May 31, 2008	Fiscal Quarter Ended June 30, 2008	Pro Forma Adjustments	Fiscal Quarter Ended June 30, 2008
Revenues	\$ 77,551	\$ 259	\$	\$ 77,810
Cost of goods sold	62,086	165		62,251
Gross profit	15,465	94		15,559
Operating expenses	6,420	1,461	(434) <sup>e</sup> 42 <sup>f</sup>	7,489
Operating income (loss)	9,045	(1,367)	392	8,070
Other income (expense):				
Interest income	58	3		61
Interest expense, net of amounts capitalized	(1,291)			(1,291)
Other, net	18	2		20
Total other income (expense)	(1,215)	5		(1,210)
Income (loss) before income taxes	7,830	(1,362)	392	6,860
Minority interest		(190)	190 <sup>g</sup>	
Income tax provision (benefit)	3,204		(460) <sup>h</sup>	2,744
Net income (loss)	\$ 4,626	\$ (1,172)	\$ 662	\$ 4,116
Earnings per share:				
Basic	\$ 0.61	\$ (1,171.90)	n/a	\$ 0.17
Diluted	\$ 0.61	\$ (1,171.90)	n/a	\$ 0.17
Weighted average shares outstanding:				
Basic	7,611	1	n/a	24,691
Diluted	7,611	1	n/a	24,691



**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

**1. BASIS OF PRESENTATION**

The unaudited pro forma condensed combined financial statements do not give effect to any restructuring cost, potential cost savings, or other operating efficiencies that are expected to result from the Mergers and the Stock Purchase. Also, no effect is given for the subsequent investment of the proceeds from the Stock Purchase. GPRE intends to utilize the proceeds from the Stock Purchase for general corporate purposes and to finance future acquisitions. The unaudited pro forma combined financial statements are based on certain assumptions and do not purport to be indicative of the results which would have been achieved if the Mergers and the Stock Purchase had been consummated on the dates indicated or which may be achieved in the future.

GPRE will account for the Mergers under the purchase method of accounting for business combinations, with VBV considered to be the acquiring company. GPRE shareholders as a group will retain their shares of GPRE common stock outstanding, which totals 7,819,528 as of May 31, 2008. VBV members as a group will receive 10,871,472 shares of GPRE common stock as part of the Mergers (excluding shares subject to options assumed). In addition, contingent upon the closing of the Mergers, the Bioverda entities will purchase 6,000,000 shares of GPRE common stock to be issued in the Stock Purchase. Conversely, closing of the Mergers is also contingent upon completion of the Stock Purchase. Options to purchase 267,528 shares of GPRE common stock, issued to convert options to purchase IBE and EGP units, are assumed to be unexercised for the unaudited pro forma financial statements on the date the Mergers are consummated. The total shares issued to VBV, IBE and EGP members are fixed and are not subject to further adjustment.

**2. PRO FORMA ADJUSTMENTS**

- (a) Reflects the issuance of the 3,373,103 shares of GPRE common stock (excluding shares subject to options assumed) to members of IBE and EGP, other than VBV. The historical value of these minority interests of \$38,432,000 is eliminated as a result of the Mergers. Options to purchase 240,095 and 27,433 shares of GPRE common stock will be issued to convert options to purchase IBE and EGP units, respectively, under identical terms, after giving effect to the exchange ratios. The original and replacement options are fully vested and have equal value. The conversions of the options will represent modifications for purposes of SFAS 123(R) that are designed to equalize the fair value of an award before and after the Mergers. As a result no incremental compensation costs or purchase price consideration is recognized. In the future, if options are exercised, the proceeds will be recognized as additional paid-in capital in stockholders' equity.
  
- (b) Reflects adjustment to GPRE's stockholders' equity to equal the fair market value of the consideration paid of approximately \$78,196,000, including the elimination of GPRE's retained earnings of \$7,891,000, and a corresponding adjustment to the assets and liabilities. The fair market value of the consideration paid was determined by reference to the terms of the Stock Purchase which also approximated quoted market prices prior to the date the terms of the Mergers were finalized. The allocation of the purchase price is based on the estimated fair market value of the assets and liabilities involved. GPRE's fixed-price corn purchase contracts are valued at estimated market value based on quoted market prices for corn futures as of May 31, 2008. Amounts recorded for corn purchase contracts will be charged to earnings in the periods the contracts mature which are expected to be within twelve months of closing. Once established as part of the purchase-price allocation, changes in market prices for corn will not affect the earnings charges recorded in future periods. No adjustments for charges related to maturing corn contracts are reflected in the unaudited pro forma condensed combined statements of operations as the corn-purchase contracts would have had no material value for purposes of the purchase-price allocation as of the beginning of the fiscal year ended

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March 31, 2008 since the contract prices approximated market values existing at that date. If the transactions are completed GPRE will finalize the purchase price allocation later in the fiscal year. The following summarizes the consideration paid and the allocation to the identifiable assets and liabilities (in thousands):

GPRE shares outstanding	7,820
	<u>          </u>
Value at \$10 per share	\$ 78,196
	<u>          </u>
Corn purchase contracts	\$ 21,189
Other current assets	99,106
Property, plant and equipment	128,665
Other assets	7,419
Current liabilities	(65,966)
Long-term debt and other	(112,217)
	<u>          </u>
Net assets acquired	\$ 78,196
	<u>          </u>

The allocation of the purchase price to GPRE's net assets shown above does not include the Stock Purchase. However, inclusion of the additional cash and shares issued would not materially affect the pro forma condensed combined financial statements since the price per share is equal under the Stock Purchase and the Merger.

- (c) Reflects the issuance of 7,498,369 shares of GPRE common stock to members of VBV. The historical value of Members' capital is reclassified to Common stock, Additional paid-in capital and Retained earnings (accumulated deficit).
- (d) Reflects the receipt of cash for 6,000,000 shares of GPRE common stock at \$10 per share pursuant to the Stock Purchase.
- (e) Reflects \$573,000 and \$434,000 reductions in historical depreciation expense for the twelve-month period ended February 29, 2008 and the three-month period ended May 31, 2008, respectively, resulting from reductions in the recorded value of GPRE's property, plant and equipment. The reduction in GPRE's historical depreciation expense is determined by recomputing depreciation expense for each class of property and is based on the allocated values in the following table. The allocated values of the different classes of property are based on the estimated fair market value of the assets involved. The remaining useful lives of the depreciable assets acquired did not change. Historical depreciation expense was \$1,868,000 and \$1,363,000 for the twelve-month period ended February 29, 2008 and the three-month



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period ended May 31, 2008, respectively. The allocated values and pro forma depreciation expense adjustments by classes of property and equipment are as follows (in thousands):

	Allocated Value as of May 31, 2008	Asset Lives (Years)	Pro forma Depreciation Expense Adjustment	
			For the Twelve Months Ended February 29, 2008	For the Three Months Ended May 31, 2008
Construction-in-progress	\$ 62,723		\$	\$
Plant, buildings and improvements	54,876	10 40	507	342
Land and improvements	5,507	20*	26	15
Railroad track and equipment	907	35	7	4
Machinery and equipment	3,483	5 40		45
Other	1,169	3 7	33	28
<b>Property and equipment, net</b>	<b>\$ 128,665</b>		<b>\$ 573</b>	<b>\$ 434</b>

\*

Applies only to land improvements. Land is not subject to depreciation.

(f)

Reflects additional compensation expense recognized as a result of certain employment agreements with officers. An employment agreement with VBV's chief executive officer, which is effective with the closing of the merger, would result in the recognition of additional recurring compensation expense of \$166,000 per year based on increased base salary, expected bonuses and related tax and benefit costs. Incremental compensation expenses for these recurring amounts have been reflected in the unaudited pro forma statements of operations. In addition, non-recurring expenses of approximately \$2,558,000 will be incurred related to a change of control deemed to have occurred under an employment agreement with GPRE's chief financial officer, resulting in additional noncash compensation expense of approximately \$409,000, and one-time bonus, stock and stock option grants to VBV's chief executive officer of approximately \$2,149,000. The change of control provisions trigger an accelerated vesting of our chief financial officer's stock and stock options grants which, absent a change of control, are being recognized over the relevant service period. The one-time bonus to VBV's chief executive officer is \$200,000, and the value of the stock and stock option grants, which are fully vested at the grant date, are \$1,000,000 and \$949,000, respectively. Additional information on these employment matters is included in 'Executive Compensation' elsewhere in this registration statement. The non-recurring incremental expenses are not included in the pro forma statements of operations.

(g)

Reflects elimination of VBV's minority interests in net income.

(h)

Reflects income tax effects for the combined entity at an assumed 40 percent effective tax rate.

(i)

Pro forma basic weighted average shares outstanding were determined as follows (in thousands):

	Fiscal Year Ended March 31, 2008	Fiscal Year Ended June 30, 2008
VBV weighted average shares outstanding stated on a GPRE share-equivalent basis	7,498	7,498

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	Fiscal Year Ended March 31, 2008	Fiscal Year Ended June 30, 2008
	<u>          </u>	<u>          </u>
<i>(1 × 7,498.369315 exchange ratio)</i>		
GPRE shares issued to IBE and EGP members	3,373	3,373
GPRE shares issued pursuant to Stock Purchase	6,000	6,000
GPRE shares effectively issued to GPRE stockholders	7,250	7,820
	<u>          </u>	<u>          </u>
Pro forma basic weighted average shares outstanding	24,121	24,691
	<u>          </u>	<u>          </u>

All options to purchase shares of GPRE common stock were excluded from the calculation of diluted earnings per share for the fiscal year ended March 31, 2008 and the fiscal quarter ended June 30, 2008 because their impact would be antidilutive.

### COMPARISON OF THE RIGHTS OF EQUITY HOLDERS

This section describes material differences between the rights of holders of GPRE's common stock and the rights of holders of each of VBV's units, IBE's units and EGP's units. This summary is not intended to be a complete discussion of GPRE's Amended and Restated Articles of Incorporation and Bylaws or VBV's Second Amended and Restated Operating Agreement, IBE's Sixth Amended and Restated Operating Agreement and EGP's Amended and Restated Operating Agreement, and is qualified in its entirety by reference to the applicable document and applicable Iowa, Delaware, Indiana, and Tennessee law.

GPRE is organized as a corporation under the laws of Iowa whereas VBV is organized as a limited liability company under the laws of Delaware, IBE is organized as a limited liability company under the laws of Indiana and EGP is organized as a limited liability company under the laws of Tennessee. There are several differences between the laws of the four jurisdictions, which may affect the relative rights of a shareholder or member, as the case may be. Upon completion of the Mergers, holders of VBV, IBE and EGP units will become holders of GPRE's common stock and their rights as shareholders of GPRE will be governed by Iowa law and GPRE's (Second) Amended and Restated Articles of Incorporation (which will become effective following the consummation of the Mergers) and GPRE's Bylaws. The form of the (Second) Amended and Restated Articles of Incorporation, expected to be in effect following the closing of the Mergers, is attached as Appendix I hereto.

The following discussion summarizes material differences between the rights of GPRE's shareholders and VBV's, IBE's and EGP's members under Iowa, Delaware, Indiana, and Tennessee law, respectively, as well as the articles of incorporation and bylaws of GPRE and the respective articles of organization and operating agreements of VBV, IBE and EGP. Copies of the governing instruments are available without charge, to any person, including any beneficial owner to whom this document is delivered, by following the instructions listed under "Where You Can Find More Information."

Section	GPRE (Iowa)	VBV (Delaware)	IBE (Indiana)	EGP (Tennessee)
1. Capitalization	<p>GPRE's Authorized Capital Stock is 25,000,000 shares of common stock, par value \$0.001 per share.</p> <p>It is proposed to the GPRE shareholders in this Registration Statement (See Proposal No. 2) that the Articles be amended and thereby the Authorized Capital Stock be increased to 50,000,000 shares of common stock, par value \$0.001 per share.</p>	<p>The maximum number of common units that may be issued by VBV is 200,000,000.</p>	<p>Under its Sixth Amended and Restated Operating Agreement, IBE may not issue more than a total of 8,500 units without the consent of 75% of its outstanding membership interest.</p>	<p>The company is authorized to issue 250,000,000 units.</p>

2. Voting Rights

Each shareholder is entitled to one vote for each share of stock held by him or her.

The Iowa Business Corporation Act (the "IBCA") provides that unless the articles of incorporation provide otherwise, each outstanding share, regardless of class, is entitled to one vote on each matter voted on at a shareholders' meeting.

VBV is managed by a board of managers, and all decisions as to management are taken by the board.

Other than in the case of (1) a merger, consolidation or other reorganization, (2) the sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of VBV's assets or (3) to increase the number of common units, VBV members have no voting rights to approve or disapprove any matter.

The members have voting rights as defined by their membership interest.

IBE's membership interests are quantified by "units".

Each member may cast one vote for each unit held.

The Tennessee Revised Limited Liability Company Act (the "TRLLCA") provides that the voting rights of directors, managers, members and holders of financial rights may be per capita, or by number, unit, share, percentage, participation, economic interest or financial rights, or by one (1) or more classes or groups or on any other basis.

The EGP Operating Agreement provides that each member may cast one vote for each unit held. It also provides that each director has one vote on all matters subject to approval by the board; provided that, where a member has the power to appoint more than one director as described below, any one or more of such directors appointed by that member may exercise the voting power of the entire group.

3. Cumulative Voting

The GPRE Articles of Incorporation do not provide for cumulative voting.

Under the IBCA, the shareholders do not have a right to cumulate their votes unless the Articles of Incorporation so provide.

The VBV Operating Agreement is silent as to cumulative voting.

The IBE Operating Agreement does not provide for cumulative voting.

The EGP Operating Agreement does not provide for cumulative voting.

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4. Number of Directors	<p>The GPRE Articles of Incorporation provide that the board of directors be made up of no fewer than one (1) but no more than nine (9) directors.</p> <p>The GPRE board currently consists of nine directors.</p> <p>Prior to a Share Issuance Event as set forth in #8 below, pursuant to GPRE Bylaws the number of directors may not be changed without the approval of at least six of nine directors or affirmative vote of 80% of the shares outstanding and entitled to vote thereon.</p>	<p>The VBV board is made up of five (5) members.</p>	<p>The IBE board is made up of eleven (11) directors.</p>	<p>The EGP board is made up of eight (8) directors.</p>
5. Director Elections	<p>Directors serve staggered three- (3) year terms and are divided into three (3) groups (Groups I, II and III) with one (1) group elected each year.</p> <p>The IBCA allows for staggering the terms of directors by dividing the total number of directors into two (2) or three (3) groups, with each group containing one-half or one-third of the total, as near as may be.</p>	<p>Of the five- (5) member board, three (3) directors are appointed by NTR, one (1) by Wilon and one (1) is the then-serving CEO of the company.</p> <p>Under the Delaware Limited Liability Company Act (the "DLLCA"), a manager may be appointed pursuant to a limited liability company ("LLC") agreement or similar instrument under which the LLC is formed.</p>	<p>Seven (7) directors are appointed by the majority interest holder in the company, and four (4) directors are elected by the minority members. The directors elected by the minority members are elected for staggered terms of two (2) years.</p> <p>The IBFA reserves the appointment or election of directors up to the IBE Operating Agreement.</p>	<p>The EGP Operating Agreement provides that any member who, together with such member's affiliates, owns a majority of the outstanding units is entitled to appoint a majority of the directors.</p> <p>Additionally, subject to certain limitations, any member who holds at least 3,000,000 units but less than a majority of the units outstanding is entitled to appoint one (1) governor to the board for every whole block of 3,000,000 units held.</p> <p>In any event, at least one (1) seat on the board of directors must always be elected by majority vote of the members who do not possess any power to appoint a director.</p>

6. Power to Call a Special Meeting	<p>Special meetings of the shareholders may be called for any purpose or purposes at any time by the chairman of the board, the CEO, the president or the board of directors.</p> <p>The IBCA provides that GPRE, by virtue of having a class of voting stock that is listed on a national securities exchange, is required to hold a special meeting only upon the occurrence of either of the following:</p> <p>(1) On call of its board of directors or the person or persons authorized to call a special meeting by the Articles of Incorporation or Bylaws.</p> <p>(2) If the holders of at least 50 percent (50%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date and deliver to the corporation's secretary one (1) or more written demands for the meeting describing the purpose or purposes for which it is to be held.</p>	<p>The VBV Operating Agreement is silent as to member meetings.</p> <p>Absent an emergency, any two (2) managers may call a meeting of the board by providing notice to the other managers of the time and place of the meeting on or before the second business day before the meeting.</p>	<p>Special meetings may be called by the directors or by written notice by members holding a combined 30 percent (30%) of the membership interests.</p>	<p>Special meetings of the members may be called at any time by the president, the board or the secretary upon the request of the members holding 10 percent (10%) or more of the units then held by all members.</p> <p>Special meetings of the board shall be held upon the call of the president or three (3) or more directors.</p>
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7. Shareholder or Member Action Without a Meeting	<p>The IBCA permits any action required to be taken at a meeting of shareholders to be taken without a meeting if a written consent is signed by the holders of 90 percent (90%) of the outstanding shares entitled to vote.</p> <p>The GPRE Bylaws require actions by written consent to be unanimous.</p>	<p>The VBV Operating Agreement is silent on this topic.</p> <p>Action may be taken by the managers if a majority of the total managers approve the action in writing, provided that the action is approved by at least one (1) manager appointed by each member with a Significant Percentage Interest (as such term is defined in the VBV Operating Agreement).</p>	<p>Any action that would otherwise require a meeting of the unit holders may be taken without a meeting if one (1) or more written consents, setting forth the action so taken, are signed by the holders of a majority of the units entitled to be cast on such an issue.</p>	<p>Under the TRLLCA, any matter that under the TRLLCA or under the LLC documents is to be voted on, consented to or approved by members, managers or directors, as applicable, the members, managers or directors, as applicable, may take such action without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, shall be signed, in the case of the members or managers, by the members or managers, as applicable, having not fewer than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members or managers, as applicable, entitled to vote thereon were present and voted. In the case of an action by directors, the consent must be signed by all directors entitled to vote on the matter.</p>
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8. Powers of the Management Committee and the Board of Directors	<p>All corporate powers are exercised by, or under the authority of, the board of directors.</p> <p>However, certain substantial transactions ((1) mergers, consolidations; (2) sale or disposition of substantially all of the assets; (3) change in the number of directors from 9 directors; (4) issuance of new class or services of stock or repurchase or acquisition of GPRE stock; or (5) any circumvention of the foregoing), require the approval of either six of nine directors or the affirmative vote of 80% of the shares outstanding and entitled to vote thereon, until 6,000,000 additional shares of GPRE stock have been issued to parties not affiliated with GPRE ("Share Issuance Event").</p>	<p>The board of managers is responsible for governing all aspects of managing the business and affairs of the company. The board appoints individual officers of the company to perform such duties as are outlined in the organizational documents of the company.</p>	<p>The directors have the power to direct the management of business and the affairs of the company and have all the rights and powers that may be possessed by a manager under the IBFA.</p> <p>The directors must have consent of 75 percent (75%) of the membership interests to approve a merger or otherwise dispose of substantially all of the property of the company.</p>	<p>With limited exceptions, the EGP Operating Agreement provides that the powers and privileges of EGP shall be exercised by or under the authority and direction of the board and not the members.</p> <p>The EGP board cannot, without the approval of a majority in interest of the members, approve any sale, lease, exchange or other disposition of substantially all company assets, approve a merger, to materially change the business purpose of the company or voluntarily dissolve the company.</p> <p>The consent or approval of a majority in interest of the members is also required (i) to establish and authorize the terms of one or more additional classes or series of units and (ii) to approve any amendment to the EGP Operating Agreement.</p> <p>Under the TRLLCA all powers of a director-managed LLC such as EGP generally shall be exercised under the authority of, and the business and affairs of the LLC shall be managed under the direction of, its board of directors.</p>
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9. Removal of Management and Directors

Any director or the entire board of directors may be removed at any time, but only for cause and only by the affirmative vote of not less than  $\frac{2}{3}$  of the holders of the outstanding shares of capital stock of the corporation entitled to vote generally in the election of directors. This assumes that Proposal No. 2 is approved in this Registration Statement which provides for the amendment and restatement of the Articles of Incorporation to reduce this percentage from 75% to  $\frac{2}{3}$ .

The shareholders may remove one or more directors with or without cause unless the Articles of Incorporation provide that directors may only be removed for cause, which GPRE's Articles do so provide.

Notwithstanding the foregoing, directors appointed by Bioverda and Wilon, may be removed only with the approval of the party who designated such director under the Shareholders' Agreement.

The IBCA provides that a director may be removed by the shareholders only at a meeting called for the purpose of removing the director and after notice stating that the purpose, or one of the purposes, of the meeting is removal of the director. A director shall not be removed pursuant to written consents unless written consents are obtained from the holders of all the outstanding shares of the corporation entitled to vote on the removal of the director.

An officer may be removed at any time with or without cause by any of the following:

- (1) The board of directors.
- (2) The officer who appointed such officer, unless the Bylaws or the board of directors provide otherwise.
- (3) Any other officer if authorized by the Bylaws or the board of directors.

No manager may be removed from the board unless such removal is requested by the member(s) who appointed such manager. Each member who appoints a manager may remove such a manager at any time and for any reason.

Pursuant to the IBE Operating Agreement, any director appointed by the majority unit holders serves at the pleasure of the member appointing him or her and may be removed for any reason by written notice to the board of directors. Any director appointed by the minority unit holders may be removed by a majority vote of the minority unit holders.

The IBFA provides that the Operating Agreement may set forth the manner in which any director may be removed.

Under the EGP Operating Agreement, an appointed director serves indefinitely at the pleasure of the member who appointed him or her (so long as such member continues to hold the necessary units to maintain the appointment right).

An appointed director may be removed for any reason by the member who appointed him or her upon written notice to an officer of the board, which notice may designate or appoint a successor.

A director elected by majority vote of those members who do not have the right to appoint any directors (of which there must always be at least one under the EGP Operating Agreement) may be removed either (i) for cause by the affirmative vote of two-thirds of the remaining elected directors (excluding appointed directors) or (ii) for any reason, by vote of a majority of those members present at any meeting at which a quorum is present (excluding members who have the right to appoint one or more directors, who are not entitled to vote concerning elected directors).

Officers elected or appointed by the board of directors may be removed, with or without cause, at any time by resolution of the board.



10. Board Vacancies

Under the GPRE Bylaws, any vacancy on the board other than by reason of increase in the number of directors, may be filled by the election of the shareholders. Any vacancy from an increase in the number of directors may be filled by a majority of the entire board or the shareholders. Any vacancy due to the resignation, removal or death of a director may be filled by not less than  $\frac{2}{3}$  of the directors then serving as members of the board of directors, despite lacking a quorum, or by election of the shareholders; provided however, that the executive committee shall designate the nominee for any Bioverda or Wilon director and that the nominating committee shall designate the nominee for all other directors.

Under the VBV Operating Agreement, replacement managers are appointed by the member(s) who appointed the manager being replaced.

Under the IBE Operating Agreement, an appointed director shall be replaced with another director appointed by a majority member. Any elected director shall be replaced through an election by the unit holders.

Other than appointed directors, any vacancy occurring on the board may be filled by vote of the majority of the remaining directors subject to election by the members, though less than a quorum. A vacant appointed director's seat is filled through a new appointment by the member entitled to appoint that director.

11. Indemnification of Directors, Managers and Officers

Each director and officer is indemnified to the fullest extent allowable under the IBCA.

Under the IBCA, a corporation may indemnify against liability incurred in the proceeding an individual who is a party to a proceeding because the individual is a director if the individual (1) acted in good faith and (2) reasonably believed: (a) in the case of conduct in the individual's official capacity, that the individual's conduct was in the best interests of the corporation; or (b) in all other cases, that the individual's conduct was at least not opposed to the best interests of the corporation.

Each manager is indemnified by VBV for any losses or claims in which the indemnitee may be involved, or threaten to be involved, by reason of his or her status as a manager.

Under the DLLCA, subject to such standards and restrictions, if any, as are set forth in its LLC agreement, an LLC may, and shall have the power to, indemnify and hold harmless from and against any and all claims and demands whatsoever any member, manager or other person.

To the maximum extent permitted under the IBFA and other applicable law, no member, director or officer is personally liable for any debt, obligation or liability of IBE merely by reason of being a member, director, officer or all of the foregoing.

The IBFA allows for indemnification of a member or manager for judgments, settlements, penalties, fines or expenses incurred in a proceeding to which a person is a party because the person is or was a member or manager.

With certain limitations outlined in the EGP Operating Agreement, to the extent permitted under the TRLLCA, no director, officer or manager shall be personally liable to EGP for monetary damages for a breach of fiduciary duty by such person.

In general, subject to certain exceptions involving a finding of improper personal benefits or liability to the LLC in a derivative proceeding, under the TRLLCA an LLC may indemnify against liability incurred in any proceeding an individual is made a party to because the individual is or was a responsible person if the individual (1) acted in good faith (2) reasonably believed: (a) in the case of conduct in the individual's official capacity with the LLC, that the individual's conduct was in the LLC's best interests; (b) in all other cases, that the individual's conduct was at least not opposed to the LLC's best interests; and (3) in the case of any criminal proceeding, the individual had no reasonable cause to believe the individual's conduct was unlawful.

<p>12. Amendments to the Operating Agreement, the Bylaws and the Certificate of Incorporation</p>	<p>The IBCA allows a corporation to amend its Articles of Incorporation at any time to add or change a provision that is required or permitted in the Articles of Incorporation as of the effective date of the amendment, or to delete a provision that is not required to be contained in the Articles of Incorporation.</p>	<p>The VBV Operating Agreement may only be amended with unanimous approval of the members.</p>	<p>The IBE Operating Agreement may be amended with approval of the majority of the membership interests entitled to vote on the matter in certain situations, including the sections on the authority of directors, tag-along rights, compelled sales and dissolution.</p>	<p>Amendments to the EGP Operating Agreement may be proposed by a <math>\frac{2}{3}</math> vote of the board or at the request of a member holding 20 percent (20%) or more of the units held by all members. A proposed amendment shall be adopted only upon approval by a majority in interest of the members.</p>
	<p>Under GPRE's Bylaws, the board of directors is expressly authorized to amend the Bylaws.</p>		<p>In addition, the IBE Operating Agreement may not be amended without the consent of each member adversely effected if such an amendment would modify the authority of the IBE directors or the limited liability or economic interest of a member.</p>	<p>The EGP Operating Agreement provides that amendments to EGP's Articles of Organization may be approved by a <math>\frac{2}{3}</math> vote of the board of directors.</p>
	<p>The Bylaws may also be amended, altered, changed, rescinded or repealed, in whole or in part, at any special meeting of the shareholders by the affirmative vote of two-thirds of the shareholders.</p>			
	<p>Notwithstanding the foregoing, Section 3.01(f) of the Bylaws may not be amended without at least <math>\frac{2}{3}</math> of the directors then serving in office approving or an affirmative vote of 80% of shares outstanding and entitled to vote thereon, or after a Share Issuance Event, the majority of the shares outstanding and entitled to vote thereon.</p>			
<p>13. Appraisal and Dissenters' Rights</p>	<p>In certain situations, the IBCA provides for appraisal rights for mergers, statutory share exchanges and dispositions of all or substantially all of the property of a corporation if the shareholders of a corporation.</p>	<p>Both the VBV Operating Agreement and DLLCA are silent as to appraisal/dissenters' rights.</p>	<p>Pursuant to the IBE Operating Agreement each member has waived his or her dissenters' rights to the fullest extent permitted by law.</p>	<p>Under the EGP Operating Agreement, each member has expressly waived his or her dissenters' rights to the maximum extent allowed under the TRLLCA.</p>
	<p>However, such rights are not available for the holders of shares listed on the major U.S. stock exchanges or in other situations relating to the total number of shareholders and the company's market value.</p>		<p>The IBFA does not provide for appraisal or dissenters' rights.</p>	<p>The TRLLCA allows for Operating Agreements to include contractual appraisal rights, but does not require them. The EGP Operating Agreement does not provide for appraisal rights.</p>

14. Dividends and Distributions

The IBCA permits a corporation to declare and pay dividends, unless, after paying them, the corporation would not be able to pay its debts or the corporation's total assets would be less than the sum of its total liabilities plus the amount that would be needed to satisfy the preferential rights superior to those receiving the distribution on dissolution.

Members have no right to demand or receive distributions of any amount except as determined by the board.

Under the DLLCA, an LLC shall not make a distribution to a member to the extent that at the time of the distribution, after giving effect to the distribution, all liabilities of the LLC, other than liabilities to members on account of their LLC interests and liabilities for which the recourse of creditors is limited to specified property of the LLC, exceed the fair value of the assets of the LLC, except that the fair value of property that is subject to a liability for which the recourse of creditors is limited shall be included in the assets of the LLC only to the extent that the fair value of that property exceeds that liability. For purposes of this subsection, the term "distribution" shall not include amounts constituting reasonable compensation for present or past services, or reasonable payments made in the ordinary course of business pursuant to a bona fide retirement plan or other benefits program.

Directors have discretion to distribute Net Cash Flow (as defined in the IBE Operating Agreement) to the extent such distribution is permitted under the IBFA.

The IBFA provides that a distribution may not be made if, after giving effect to the distribution, the LLC would not be able to pay its debts as the debts become due in the usual course of business or the LLC's total assets would be less than the sum of its total liabilities plus, unless the Operating Agreement permits otherwise, the amount that would be needed if the affairs of the LLC were to be wound up at the time of the distribution to satisfy any preferential rights that are superior to the rights of members receiving the distribution.

Except in the case of a dissolution event, the EGP Operating Agreement calls for distributions of Net Cash Flow (as defined) to unit holders ratably and in proportion to the units held by each member.

Upon dissolution, after satisfaction of all debts and liabilities of EGP, distributions are to be made to unit holders in accordance with the positive balance in their capital accounts.

Under the TRLLCA, no distribution may be made by an LLC if, after giving effect to the distribution the LLC would not be able to pay its debts as they become due in the ordinary course of business, or the LLC's total assets would be less than the sum of its total liabilities, other than liabilities for which the recourse of creditors is limited to specified property, plus the amount that would be needed if the LLC were to be dissolved, wound up and terminated at the time of the distribution to satisfy the preferential rights upon dissolution, winding up and termination of members and holders of financial rights, whose preferential rights are superior to those receiving the distribution; provided, however, that the value of property that is subject to a liability for which the recourse of creditors is limited shall be included in the total assets of the LLC only to the extent that the value of the property exceeds such liability.

15. Right to Transfer Shares or Units	<p>There are no restrictions on the transfer of GPRE stock, which is publicly traded on the NASDAQ Capital Market under the ticker symbol "GPRE."</p>	<p>With certain exceptions, as defined in the VBV Operating Agreement, a member may not transfer his or her units.</p> <p>In addition, most transfers by members are subject to a right of first offer by the other members, Tag-Along Rights and Drag-Along Rights (as those terms are defined in the VBV Operating Agreement).</p>	<p>With certain exceptions and as outlined in the IBE Operating Agreement, unless approved by the directors, a minority unit holder may not transfer his or her units.</p> <p>The restrictions on transfer contained in the IBE Operating Agreement do not apply to VBV, any of its affiliates or any subsequent holder of a majority of the outstanding units that otherwise complies with the provisions of the IBE Operating Agreement.</p> <p>Any member proposing to transfer more than 50 percent (50%) of the units of the company in a single transaction must provide the other members with tag-along rights and may force the other members to participate through the IBE Operating Agreement's drag-along provision.</p>	<p>Subject to certain conditions applicable to permitted transfers, the EGP Operating Agreement allows transfers of membership interests in VBV, its affiliates or any other majority interest holder without board approval and provides that no other transfers shall be valid without the approval of the board.</p> <p>In the event one or more holders of a majority of the outstanding units proposes to sell more than 50 percent (50%) of the units in a single transaction, the other unit holders are provided rights to participate in the transaction under the EGP Operating Agreement.</p> <p>In addition, one or more holders of a majority of the outstanding units which propose to sell more than 50 percent (50%) of the units in an arms length transaction can compel all minority unit holders to participate in the transaction on substantially equivalent terms under certain circumstances outlined in the EGP Operating Agreement.</p>
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16. Quorum

Under the GPRE Bylaws, the presence at any meeting, in person or by proxy, of the shareholders entitled to cast a majority of the votes shall constitute a quorum.

The VBV Operating Agreement is silent as to quorum of members. A quorum for the purposes of a board meeting consists of a majority of the managers then in office.

The presence, in person or by proxy, of members representing an aggregate of more than 50 percent (50%) of the membership interests is required for the transaction of business at a meeting of the members.

The EGP Operating Agreement provides that, at any special or annual meeting of the members, a majority in interest of the members, in person or by proxy, constitutes a quorum.

A quorum for purposes of any regular or special meeting of the board consists of a majority of the voting power of the directors then in office, provided that the quorum must include not less than one-half the voting power of directors elected by the members who do not have the power to appoint directors, and the presence of a quorum does not negate any provision of the EGP Operating Agreement calling for approval by a greater proportion (e.g.,  $\frac{2}{3}$ ) of the directors.

17. Preemptive Rights

Subject to certain limitations, members who hold 500,000 units or more (excluding holdings by their affiliates) have a pre-emptive right, to the extent set forth in the EGP Operating Agreement, to make additional capital contributions to purchase units before EGP may accept additional capital contributions from, or enter into contribution allowance agreements with, other persons.



**MANAGEMENT OF THE COMBINED ORGANIZATION AFTER THE MERGERS**

The Merger Agreements contain provisions affecting the composition of the GPRE board of directors. As a result, upon completion of the Mergers, five members of the current board of directors of GPRE will resign and four will continue serving GPRE as directors. Four of the remaining five directors will be designated by the Bioverda entities and one will be designated by Wilon and will be appointed to fill the vacancies created by the resignation of existing GPRE directors. They will be placed in the appropriate director class and are expected to be nominated for election by the shareholders at such time as their class is up for election. Certain information regarding GPRE's board of directors and executive officers following completion of the Mergers is as follows:

Name	Age	Position
Wayne B. Hoovestol	50	Chief Executive Officer and Director
Todd Becker	42	President and Chief Operating Officer
Jerry L. Peters	50	Chief Financial Officer
Dan E. Christensen	61	Executive Vice President, Treasurer, Secretary
Brian D. Peterson	44	Executive Vice President and Director
Gordon F. Glade	37	Director
Gary R. Parker	58	Director
Jim Anderson(1)	60	Director
Jim Barry(1)	41	Director
James Crowley(1)	61	Director
Michael Walsh(1)	51	Director
Alain Treuer(2)	35	Director

(1)  
Bioverda designee

(2)  
Wilon designee

***Business Experience of Directors and Executive Officers***

The following is a brief description of the business experience and background of the above-named persons who will serve as officers and directors of GPRE upon consummation of the Merger.

WAYNE B. HOOVESTOL was appointed to the position of Chief Executive Officer in February 2007. Mr. Hoovestol has served as a Director since March 2006 and was appointed as Chief Operating Officer in January 2007. He began operating Hoovestol Inc., a trucking company, in 1978 and he later formed an additional trucking company known as Major Transport. Mr. Hoovestol recently sold Major Transport so he could devote a substantial majority of his time to the leadership and strategic oversight of our operations. Mr. Hoovestol became involved with ethanol as an investor in 1995, and has served on the boards of two other ethanol companies. He continues to serve on the board of Tall Corn Ethanol in Coon Rapids, Iowa.

JERRY L. PETERS joined GPRE as Chief Financial Officer in June 2007. Prior to joining GPRE, Mr. Peters served as Senior Vice President Chief Accounting Officer for ONEOK Partners, L.P. from May 2006 to April 2007, as its Chief Financial Officer from July 1994 to May 2006, and in various senior management roles prior to that. ONEOK Partners (formerly Northern Border Partners L.P.), is a publicly-traded partnership engaged in gathering, processing, storage, and transportation of natural gas and natural gas liquids. Prior to joining ONEOK Partners in 1985, Mr. Peters was employed by KPMG LLP as a certified public accountant. At the time he joined GPRE, Mr. Peters agreed to also serve on the advisory boards of two companies controlled by Mr. Hoovestol, for which Mr. Peters is compensated \$1,500 per month for each board, for an indefinite term.

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DAN E. CHRISTENSEN is a co-founder of GPRE and has served as Executive Vice President in charge of construction since January 2007. He has held the positions of Treasurer, Secretary and Director since GPRE's inception in June 2004, and also served as Chief Operating Officer prior to January 2007. Since 1981, Mr. Christensen has served as Chief Executive Officer of Commercial Mortgage and Investment, LLC, which provides mortgage banking services for real estate projects nationwide, including real estate development projects for his own account. Mr. Christensen spends approximately half of his available business time working for GPRE.

BRIAN D. PETERSON has served as Executive Vice President in charge of site development and as a Director of GPRE since 2005. For more than the past five years, Mr. Peterson has also been employed principally by his farming entities. The grain farming entity includes in excess of 13,000 acres in Iowa and Arkansas. Mr. Peterson also owns and operates a cattle feedlot with a capacity of 13,000 head in northwest Iowa. Additionally, Mr. Peterson is a board member of Natural Innovative Renewable Energy, LLC, which is a 60 million gallon biodiesel plant in the development stage and is involved in various other renewable fuels investments.

GORDON F. GLADE, who has served as a Director since December 2007, also serves on the GPRE Board's Nominating Committee. For more than the past five years, Mr. Glade has served as President and CEO of AXIS Capital, Inc., a commercial equipment leasing company. In addition, Mr. Glade is President of Central Bio-Energy LLC, an ethanol production company under development, and a current investor in several other ethanol companies. Mr. Glade also serves as Vice President and a director of the Edgar Reynolds Foundation and as a director of the Brunswick State Bank.

GARY R. PARKER, who has served as a Director since November 2007, also serves on the Board's Compensation Committee. Mr. Parker is the President, CEO and owner of GP&W Inc., d/b/a Center Oil Company, of St. Louis, Missouri, which he founded in 1986 to market gasoline and other petroleum products. Mr. Parker is also the founder of Center Ethanol Company LLC, which owns a 54 million gallon ethanol plant with rail and barge access on the Mississippi River, located in Sauget, Illinois. Mr. Parker also serves on the board of Reliance Bancshares Inc., a public company that trades over-the-counter.

JIM ANDERSON joined United Malt Holdings ("UMH"), a producer of malt for use in the brewing and distilling industries, as a member of the Board and CEO in September of 2006. Prior to UMH, he served as COO/EVP of CT Malt, a joint venture between ConAgra Foods and Tiger Brands of South Africa. He held this position beginning in April of 2003. Mr. Anderson has over 26 years experience in the agricultural processing and trading business. He began his career at the Pillsbury Company in 1980 as an operations manager and in 1985 began work with the firm of Ferruzzi USA based in New Orleans. In 1995, he joined ConAgra Foods as Senior Vice President of the ConAgra Grain Companies in charge of asset operations and world trading. He became President in 2000. Mr. Anderson holds a BA-Finance from the University of Wisconsin-Platteville.

JIM BARRY is Chief Executive of NTR plc, a leading international environmental and energy company. He was appointed Chief Executive in June 2000 having served as Assistant Chief Executive and General Manager, Development. Prior to joining NTR plc in 1998, Mr. Barry worked with Bain and Company, a global consulting firm, and in the investment banking division of Morgan Stanley. In his capacity of Chief Executive, Mr. Barry is Chairman of NTR subsidiaries Wind Capital Group (a North American wind farm developer), Greenstar (an international recycling operator), Stirling Energy Systems (an international solar thermal generation company) and National Toll Roads Limited. He was also Chairman of NTR subsidiary, Airtricity, (an international wind farm developer from its formation in 1999 to its sale in early 2008). Mr. Barry has a Bachelor of Commerce degree from University College, Cork and a Masters in Business Administration from the Harvard Business School.

JAMES CROWLEY has been the Chairman and Managing Partner of Old Strategic, LLC since July 2006. From 1993 until July 2006, Mr. Crowley was the Chairman and Managing Partner of

Strategic Research Institute, which he co-founded in 1993. He served as President of Global Investment and Merchant Banking at Prudential Securities from 1986 to 1990 and served as Senior Advisor to the firm in 1991 and 1992. His previous experience also includes eight years in investment banking at Smith Barney Harris Upham & Co. He currently serves on the board and is audit committee chair of Core Molding Technologies, is on the board of Calder Capital Equity Partners and has served on a number of educational and not for profit boards. He graduated from Villanova University with a BS/BA and earned an MBA from the Wharton Graduate School of Business at the University of Pennsylvania.

MICHAEL WALSH was appointed Group Finance Director of NTR Plc in February 2003. Prior to joining NTR Plc, he was Group Finance Director and Company Secretary of Musgrave Group Plc for ten years. Mr. Walsh has a Bachelor of Commerce degree from University College Cork and is a Chartered Accountant who has worked with PricewaterhouseCoopers in both Dublin and London. In addition to his role at NTR Plc, Mr. Walsh is also a non-executive director of Boundary Capital Plc and Ecofin UCITS Fund Plc.

ALAIN TREUER is Chairman and Chief Executive Officer of Tellac Reuert Partners (TRP) SA, a global Investment and Financial Consulting firm. He was appointed Chief Executive in 2004 and become Chairman in 2005. Mr. Treuer has also controlled Wilon Holdings S.A. since 2006. Prior to joining TRP SA, Mr. Treuer was Chairman of TIGC, a global telecommunications company founded by Mr. Treuer in 1992 and sold in 2001. Mr. Treuer received a Bachelor of Economics degree from the University of St. Gallen in Switzerland and earned a Masters in Business Administration from the Graduate School of Business at Columbia University in New York.

TODD BECKER joined VBV in May 2007 as Chief Executive Officer. Mr. Becker came from Global Ethanol where he was Executive Vice President of Sales and Trading. He had responsibility for setting up the commercial operations of the company. This included ethanol, corn, natural gas and distillers grains risk management and marketing. Prior to that, he spent ten years with ConAgra Foods in various management positions including Vice President of International Marketing for ConAgra Trade Group and President of ConAgra Grain Canada. He has over 20 years of related experience in various commodity processing businesses, risk management and supply chain management. In addition, he has extensive international trading experience in agricultural markets. Mr. Becker has a Masters of Science in Finance from the Kelley School of Business at Indiana University.

Under the Shareholders' Agreement, for so long the Bioverda entities and their Affiliates, as defined in the Shareholders' Agreement, and any fund that is managed by, maintained by or has a relationship with one of the aforementioned parties beneficially owns at least 32.5% of the outstanding GPRE common stock, the Bioverda entities shall have the right to designate the Bioverda Nominees. Additionally, for so long as Wilon and its Affiliates, as defined in the Shareholders' Agreement, beneficially own at least 2.5% of GPRE's outstanding common stock, Wilon shall have the right to designate the Wilon Nominee. GPRE shall cause all the Nominees to be nominated for election as directors of GPRE at each meeting of GPRE's shareholders where an election of directors is held. In addition, GPRE must solicit proxies for the election of such Nominees and recommend that shareholders vote in favor of each nominee. The Bioverda entities, Wilon and Wayne Hoovestol have all agreed to vote in favor of all nominees to the Board of Directors. If a vacancy on the board of directors of GPRE is created as a result of the resignation, removal or death of a Nominee, then any party entitled to designate a Nominee will be entitled to request a special meeting of the shareholders for the purpose of electing directors, and GPRE will be required to call such a meeting.

The above described nomination process requires five current members of GPRE's board to resign prior to the closing of the Merger. It is currently anticipated that Gordon Glade, Wayne Hoovestol, Gary Parker and Brian Peterson will remain as GPRE board members following the Mergers.

The GPRE executive officers are appointed by the board and serve at the discretion of the board. However, under the VBV Merger Agreement, GPRE has agreed that Mr. Becker will become the

president and chief operating officer of GPRE upon consummation of the Mergers, and it is expected that he will assume the office of chief executive officer after one year.

GPRE has adopted a Code of Ethics that applies to its principal executive officer, principal financial officer, principal accounting officer and other senior financial officers. The Code of Ethics is posted on the GPRE website, which is located at [www.gpreinc.com](http://www.gpreinc.com).

#### ***Board Committees***

The Board has standing Audit, Compensation and Nominating Committees.

#### ***Audit Committee***

The Audit Committee is currently comprised of four directors, all of whom meet the applicable independence standards of the Nasdaq Stock Market, the American Stock Exchange and the SEC ("Independent Directors"). None of the Audit Committee members may be current or former employees or officers of GPRE. Additionally, pursuant to GPRE's Audit Committee Charter, the Independent Directors must be "free of any relationship that, in the opinion of the Board of Directors, would interfere with their exercise of independent judgment as a committee member." Presently, the Audit Committee is comprised of Independent Directors David A. Hart, R. Stephen Nicholson, Robert D. Vavra and Michael A. Warren, with Mr. Vavra serving as Chairman, Mr. Vavra serving as the financial expert, as designated by the Board, and Mr. Nicholson serving as Secretary. After consummation of the Mergers, it is anticipated that the Audit Committee will then consist of Independent Directors Jim Crowley (chair), Gordon Glade, and Jim Anderson. Mr. Crowley has been determined to be an audit committee financial expert as defined in Rule 407(d)(5) of Regulation S-K.

#### ***Compensation Committee***

The Compensation Committee is comprised of three Independent Directors, none of whom may be current or former employees or officers of GPRE. Additionally, pursuant to GPRE's Compensation Committee Charter, the Independent Directors must be "free of any relationship that in the opinion of the Board of Directors would interfere with their exercise of the independent judgment as a committee member."

Presently, the Compensation Committee is comprised of Independent Directors David A. Hart, R. Stephen Nicholson and Gary R. Parker. Gary R. Parker was appointed to the Board on November 16, 2007, and was appointed to the Compensation Committee on December 20, 2007. Directors David A. Hart and R. Stephen Nicholson have served on the Compensation Committee since its inception. David A. Hart serves as Chairman and R. Stephen Nicholson serves as Secretary. Upon consummation of the Mergers, it is anticipated that the Compensation Committee will consist of Independent Directors Gary R. Parker, Jim Anderson and Alain Treuer.

#### ***Compensation Committee Interlocks and Insider Participation***

None of GPRE's officers or employees participated in deliberations regarding GPRE executive officer compensation in fiscal 2007. No members of the GPRE Compensation Committee have ever served as officers or employees of GPRE, and no officers or other employees have ever served on GPRE's Compensation Committee. During fiscal 2007, no executive officers of GPRE served: (i) on a compensation committee of another entity which had an executive officer serving on GPRE's Compensation Committee; (ii) as a director of another entity which had an executive officer serving on GPRE's Compensation Committee; or (iii) as a member of a compensation committee of another entity which had an executive officer who served as a Director of GPRE.

*Nominating Committee*

GPRE's Nominating Committee is comprised of three Independent Directors, none of whom are current or former employees or officers of GPRE. Additionally, pursuant to GPRE's Nominating Committee Charter, the Independent Directors must be "free of any relationship that, in the opinion of the Board of Directors, would interfere with their exercise of independent judgment as a committee member."

Presently, the Nominating Committee is comprised of Independent Directors David A. Hart, R. Stephen Nicholson and Gordon Glade. Gordon F. Glade was appointed to the Board of Directors and Nominating Committee on December 20, 2007. Directors David A. Hart and R. Stephen Nicholson have served on the Nominating Committee since inception. David A. Hart serves as Chairman. R. Stephen Nicholson serves as Secretary. Upon consummation of the Mergers, it is anticipated that the Nominating Committee will consist of Independent Directors Gordon F. Glade, Gary Parker and Jim Barry.

*Board Meetings, Directors' Attendance, Independence, and Security Holder Communications*

GPRE's Board held 21 meetings during fiscal 2007, which were conducted via teleconference or in person. No incumbent Director attended fewer than seventy-five percent (75%) of the Board meetings and the committee meetings held on which an incumbent Director served during this period. GPRE's policy is to encourage, but not require, Board members to attend annual shareholder meetings.

GPRE believes that the following persons, who were serving as Directors prior to the closing of the Mergers are independent as defined by Rule 4200(a) of the Nasdaq Stock Market: Gordon F. Glade, David A. Hart, R. Stephen Nicholson, Robert D. Vavra, Gary R. Parker and Michael A. Warren. Following the closing of the Mergers, the following persons will be considered independent directors as defined by Rule 4200(a) of the Nasdaq Stock Market: Gordon Glade, Gary Parker, Jim Anderson, Jim Barry, James Crowley, Michael Walsh and Alain Treuer.

Shareholders who would like to send communications to the Board may do so by submitting such communications to: Green Plains Renewable Energy, Inc., Attention: David A. Hart, 105 North 31<sup>st</sup> Avenue, Suite 103, Omaha, Nebraska 68131. The Board suggests, but does not require, that such submissions include the name and contact information of the stockholder making the submission and a description of the matter that is the subject of the communication. Mr. Hart will then furnish such information to the Board for review.

*Performance Graph*

In accordance with applicable SEC rules, the following table shows a line-graph presentation comparing cumulative GPRE stockholder return on an indexed basis with a broad equity market index and either a nationally-recognized industry standard or an index of peer companies selected by GPRE. GPRE has selected the Nasdaq Composite Index (IXIC) and the Nasdaq Clean Edge U. S. Index (CLEN) for comparison. The graph assumes that the value of the investment in GPRE's common stock and each index was \$100 at November 30, 2005, the approximate date upon which GPRE closed its first public offering (at an initial public offering price of \$10.00 per share), and that all dividends were reinvested.

**COMPARISON OF 2 YEAR CUMULATIVE TOTAL RETURN\***  
**among Green Plains Renewable Energy, The NASDAQ Composite Index**  
**and The NASDAQ Clean Edge U.S. Index**

\*

\$100 invested on 11/30/05 in stock or index including reinvestment of dividends. Fiscal year ending November 30.

The Company's initial public offering that closed in November 2005 was priced as \$10 per share. We first became subject to filing reports under Section 12 the Exchange Act in December 2005, and there was no trading market for our securities until March 2006 when our common stock began trading on the NASDAQ Capital Market. As a result, the performance graph uses a November 2005 price of \$10 per share for our common stock even though no market for our common stock existed on that date.

The information contained in the performance graph will not be deemed to be "soliciting material" or to be "filed" with the SEC, nor will such information be incorporated by reference into any future filing of the Securities Act, or the Exchange Act, except to the extent that GPRE specifically incorporates it by reference into any such filing.

***Securities Authorized for Issuance under Equity Compensation Plans***

The GPRE 2007 Equity Incentive Plan ("Equity Incentive Plan") provides for the granting of stock-based compensation. The maximum number of shares of common stock that may be granted to any employee during any year is 50,000. GPRE has reserved a total of 1.0 million shares of common stock for issuance under the Equity Incentive Plan. Grants under the Equity Incentive Plan have included stock awards, options to purchase shares of common stock, and stock in lieu of cash

compensation for certain officers. The following table sets forth information about outstanding awards and available shares as of February 29, 2008.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	490,500	26.36	509,500
Equity compensation plans not approved by security holders	0	N/A	0
<b>Total</b>	<b>490,500</b>	<b>26.36</b>	<b>509,500</b>

#### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

##### *Related Transactions of GPRE*

All material related party transactions are required to be approved in advance by the Audit Committee of the Board of Directors.

##### *Fagen, Inc.*

Ron Fagen of Fagen, Inc. purchased 100,000 shares in GPRE's public offering through Hawkeye Companies, LLC. GPRE entered into a lump-sum design build contract and a construction agreement with Fagen, Inc. effective January 13, 2006. Under the construction agreement, Fagen, Inc. provided all work, material, equipment, tools and labor in connection with the engineering, design, procurement, construction startup, performances tests, and training for the operation and maintenance of GPRE's Shenandoah plant. Amounts paid or owed to Fagen, Inc. as consideration for services performed totaled approximately \$55.9 million.

##### *Agra Industries, Inc.*

Agra Industries, Inc. purchased 33,334 shares in GPRE's second public offering. In August 2006, GPRE's wholly-owned subsidiary, Superior Ethanol, L.L.C., entered into a construction agreement with Agra Industries, Inc. under which Agra Industries will provide all work, material, equipment, tools and labor in connection with the engineering, design, procurement, construction startup, performances tests, training for the operation and maintenance of GPRE's Superior plant. Amounts paid or owed to Agra Industries as consideration for services performed totaled approximately \$79.6 million.

##### *Superior Ethanol, L.L.C.*

In February 2006, GPRE acquired all of the outstanding ownership interest in Superior Ethanol, which had options to acquire approximately 135 acres of property in Dickinson County, Iowa and had completed a feasibility study relating to the construction of an ethanol plant on this site. Superior Ethanol had \$210,291 in cash at closing. In consideration for the acquisition of Superior Ethanol, GPRE issued 100,000 shares of its restricted common stock to Brian D. Peterson, a Director of GPRE. Prior to the acquisition, substantially all of Superior Ethanol was owned by Mr. Peterson. In May 2006, GPRE acquired approximately 68 acres in Dickinson County, Iowa from Mr. Peterson for stock. GPRE issued 10,900 shares at the then-current market value based on the market price of \$43.90 for a total consideration of \$478,510. GPRE constructed an ethanol production plant at this Dickinson County site, which began its operations in July 2008.

***Private Placement of Common Stock***

In November 2007, GPRE completed a private placement of 1.2 million shares of its common stock to nine accredited investors at a purchase price of \$8.10 per share, resulting in net proceeds of approximately \$9.7 million. GPRE has used and expect to continue using proceeds from this offering for working capital and other general corporate purposes. The parents of GPRE's Chief Executive Officer were among those accredited investors acquiring shares of GPRE common stock as part of this private placement. Additionally, two of the accredited investors were entities owned and/or controlled by persons who became members of GPRE's Board of Directors subsequent to the closing of the private placement.

***Great Lakes Cooperative***

In August 2007, GPRE entered into an agreement and plan of merger with Great Lakes Cooperative ("Great Lakes"). Great Lakes is a full-service cooperative with \$145.9 million in fiscal 2007 revenues that specializes in grain, agronomy, feed and petroleum products in northwestern Iowa and southwestern Minnesota. Great Lakes has grain storage capacity of approximately 14.7 million bushels, much of which will be used to support our Superior ethanol plant operations. The goal of incorporating Great Lakes into GPRE's ethanol operations is to increase efficiencies and reduce commodity price and supply risks. The merger transaction, which was approved by Great Lakes voting members in February 2008, closed on April 3, 2008. Pursuant to the merger agreement, all outstanding Great Lakes common and preferred stock was exchanged for an aggregate of 550,352 shares of GPRE common stock and approximately \$12.5 million in cash.

Upon closing the merger with Great Lakes, a wholly-owned subsidiary GPRE created, GP Grain, assumed Great Lakes' assets and liabilities, with the exception of certain investments in regional cooperatives that were excluded from the merger. To facilitate the merger and finance working capital requirements, GPRE and GP Grain have executed loan agreements with a group of lenders worth approximately \$56.8 million.

GPRE entered into various fixed-priced corn purchase and sale contracts with Great Lakes subsequent to the execution of the original merger agreement. As of April 3, 2008 (the date the merger transaction closed), GPRE had contracted and paid Great Lakes for 5.1 million bushels at a total cost of \$18.3 million, and had contracted to purchase an additional 8.9 million bushels of corn from Great Lakes through February 2009 at a total cost of \$42.3 million.

***AXIS Capital Inc.***

On April 3, 2008, GP Grain executed two separate equipment financing agreements with AXIS Capital Inc. totaling \$1.75 million (individually and collectively, the "AXIS Equipment Financing Agreements"). These AXIS Equipment Financing Agreements provide financing for designated vehicles, implements and machinery acquired as a result of the Great Lakes merger. The President and Chief Executive Officer of AXIS Capital Inc., Gordon F. Glade, is a member of GPRE's Board of Directors.

***Center Oil Company***

Beginning in February 2008, GPRE entered into fixed-price ethanol purchase and sales agreements with Center Oil Company. The sales agreements were executed to hedge prices for approximately 10.6 million gallons of our expected ethanol production from May 2008 to December 2008. GPRE has entered into offsetting purchase agreements with Center Oil Company totaling 4.2 million gallons rather than delivering the ethanol. As a result, GPRE has incurred approximately \$1.5 million in net settlements due Center Oil Company. The President and Chief Executive Officer of Center Oil Company is Gary R. Parker, a member of GPRE's Board of Directors.



*Related Transactions of VBV and its Subsidiaries*

*Indiana Bio-Energy*

IBE entered into an ethanol marketing agreement with Aventine Renewable Energy, Inc. with respect to all of the ethanol produced at the IBE plant. Aventine owns units in IBE and also has appointed a director to serve on IBE's board.

Cargill has agreed to supply all of the corn to be used at the IBE plant under a corn supply agreement with IBE. Cargill's affiliate, Cargill Biofuels Investments, LLC, owns units in IBE.

IBE entered into a lump sum design-build contract and a construction contract with Fagen with respect to the IBE plant. Fagen's affiliate, Fagen Energy, Inc., owns units of IBE.

Jackson Briner Joint Venture, LLC, has been engaged by IBE to provide certain construction related construction services to IBE. Jackson Briner is owned in part by Jim Jackson, a director and unit holder of IBE.

IBE issued options to purchase IBE units to each of Troy Flowers and Stephen Hogan, in their capacities as employees of Midwest Bio-Management LLC, pursuant to a management agreement between IBE and Midwest Bio-Management. Messrs. Flowers and Hogan are each unitholders of IBE and serve on IBE's board of directors.

From time to time IBE engages Dale & Huffman for the provision of legal services. Certain principals of Dale & Huffman are also unit holders of IBE.

*Ethanol Grain Processors, LLC*

EGP entered into a lump sum design-build contract and a construction contract with Fagen with respect to the EGP plant. Fagen's affiliate, Fagen Energy, Inc., owns units in EGP.

EGP entered into an agreement with Harold Coffey Construction Company, Inc. for Phase 1 (grading and drainage) and Phase 2 (rail spur track) for the EGP plant site work. Harold Coffey Construction Company and its principals own units in EGP.

The Patterson Group, LLC, has been engaged to provide certain consulting services to EGP. The Patterson Group is controlled by James K. Patterson, a director and unit holder of EGP. EGP has also issued Mr. Patterson options to purchase units in EGP.

Obion Grain Co. and EGP have entered into an exclusive corn purchase agreement for corn produced in Obion County and the seven counties surrounding the EGP plant. Obion owns unit in EGP and will have a subordinate lien on EGP's real property if EGP defaults under its corn purchase agreement with Obion. In addition, Obion is controlled by Dyersburg Elevator Company, James Baxter Sanders, Michael D. Miller and William H. Latimer, whom all have ownership interests in EGP, and the latter two of whom also serve as directors of EGP.

## GPRE PRINCIPAL SHAREHOLDERS

*Holdings of Management and Principal Shareholders*

The following table sets forth certain information with respect to the beneficial ownership of GPRE common stock as of August 12, 2008 for: (i) each person or group (as that term is used in Section 13(d)(3) of the Exchange Act) who is known by GPRE to beneficially own more than five percent of its common stock, (ii) each of GPRE's Directors, including persons who will become directors after the Mergers, (iii) each of GPRE's named executive officers, and (iv) all Directors and executive officers, ten in number, as a group. On August 12, 2008, GPRE had 7,821,528 shares of common stock outstanding. After giving effect to the Mergers and the Stock Purchase, GPRE is expected to have 24,960,528 shares of common stock outstanding. Each share is entitled to one vote. Except as noted below, the persons listed below possess sole voting and investment power over their respective shares.

Name and Address of Beneficial Owner(1)	Shares Beneficially Owned(2)	Percentage of Outstanding Shares prior to Mergers and Stock Purchase	Percentage of Outstanding Shares after Mergers and Stock Purchase
Wayne B. Hoovestol(3)	973,126	12.3%	3.9%
Gary Parker(4)	524,000	6.7%	2.1%
Brian D. Peterson(5)	243,100	3.2%	1.0%
Gordon F. Glade(6)	212,880	2.9%	*
Dan E. Christensen(7)	106,276	1.5%	*
R. Stephen Nicholson(8)	102,000	1.4%	*
David A. Hart(9)	44,960	*	*
Robert D. Vavra(10)	43,800	*	*
Michael A. Warren(11)	27,000	*	*
Jerry L. Peters(12)	34,000	*	*
Jim Anderson(13)	500	*	*
Jim Barry(13)			
James Crowley(13)			
Michael Walsh(13)			
Alain Treuer(13)			3.0%
Executive Officers and Directors as a Group (10 persons)	2,311,642	28.8%	12.3%

\*  
Less than 1%

(1) Except where otherwise indicated, the address of the beneficial owner is deemed to be the same address as GPRE.

(2) Beneficial ownership is determined in accordance with SEC rules and generally includes holding voting and investment power with respect to the securities. Shares of common stock subject to options or warrants currently exercisable, or exercisable within 60 days, are deemed outstanding for computing the percentage of the total number of shares beneficially owned by the designated person, but are not deemed outstanding for computing the percentage for any other person.

(3) Includes 851,592 shares, exercisable options for 50,000 equivalent shares, and exercisable warrants for 41,534 equivalent shares owned directly by Mr. Hoovestol. Also includes 30,000 shares owned by Mr. Hoovestol's wife.

(4) Includes 30,000 shares owned directly by Mr. Parker and 494,000 shares owned by an entity of which Mr. Parker has 100% ownership.

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- (5) Includes 178,100 shares and exercisable options for 50,000 equivalent shares. Also includes 15,000 shares that Mr. Peterson owns jointly with his child.
- (6) Includes 3,000 shares owned directly by Mr. Glade, and 209,880 shares owned by an entity of which Mr. Glade is President and has approximately 13% ownership.
- (7) Includes 56,276 shares and exercisable options for 50,000 equivalent shares.
- (8) Includes 77,000 shares and exercisable options for 25,000 equivalent shares.
- (9) Includes 19,800 shares, exercisable options for 25,000 equivalent shares, and exercisable warrants for 160 equivalent shares.
- (10) Includes 18,800 shares and exercisable options for 25,000 equivalent shares.
- (11) Includes 2,000 shares and exercisable options for 25,000 equivalent shares.
- (12) Includes 4,000 shares and exercisable options for 30,000 equivalent shares.
- (13) These individuals are expected to be the Bioverda and Wilon designees to the GPRE board of directors. As a result of the Mergers and Stock Purchase, Wilon will become a direct shareholder of GPRE with 749,837 shares or 3% of outstanding shares. Voting and investment power with respect to the shares of GPRE common stock owned by Wilon is controlled by Alain Treuer. Mr. Treuer disclaims beneficial ownership of the shares of GPRE owned by Wilon, except to the extent of his pecuniary interest therein. This amount may increase to up to 7.6% as a result of certain put and call arrangements with the Bioverda entities. See the section "Voting Securities of VBV and its Subsidiaries and Principal Holders Thereof" beginning on page 175.

### Changes in Control

The Mergers may constitute a change in control of GPRE. Upon consummation of the Mergers, the Bioverda entities and Wilon will collectively hold approximately 54.6% of the outstanding GPRE common stock. In addition, the Shareholders' Agreement will give the Bioverda entities and Wilon, collectively, the right to designate a majority of the nominees to the GPRE board of directors.

## EXECUTIVE COMPENSATION

### *Compensation Discussion and Analysis*

#### *Executive Compensation Philosophy*

GPRE has an executive compensation program that seeks two principle objectives. First, the program is intended to be competitive so GPRE can attract, motivate and retain talented executive officers and other key employees. Second, the program is intended to create an alignment of interests between GPRE's executive officers, other key employees and shareholders such that a significant portion of each executive officers' or other key employees' compensation varies with GPRE's performance.

The Compensation Committee has structured GPRE's executive compensation policy based upon the following goals:

To attract and retain quality talent.

To use incentive compensation to reinforce strategic performance objectives.

To align the interest of the executives with the interests of GPRE's shareholders, such that risks and rewards of strategic decisions are shared.

To ensure that all compensation is tax deductible for GPRE, except for the compensation that qualifies for incentive stock option tax treatment.

Compensation for executive officers and other key employees consists of three components: base compensation, performance/bonus award, and/or long-term incentive compensation.

#### *Base Compensation*

The Compensation Committee decides on the overall compensation package, of which the base salary is a significant component, for GPRE's executive officers and certain other key personnel. Within ranges, individual salaries vary based upon the individual's level of responsibility, work experience, performance, impact on the business, tenure and potential for advancement within GPRE. Individual salaries for newly-hired executive officers and other key employees are determined at the time of hire taking into account the above factors, other than tenure. To attract quality talent with the expertise to perform required duties, base salary is established that is consistent for personnel in a similar position in the local market. These salaries may be adjusted to consider the overall compensation package, which may include bonuses, incentive pay and other forms of compensation, such as benefits and retirement packages. When evaluating potential salary adjustments for executive officers and other key personnel, the Compensation Committee solicits and considers input provided by the Chief Executive Officer relating to the performance and/or contribution to GPRE's overall performance by those employees. To retain quality talent, the Compensation Committee may recommend base salary adjustments that are commensurate with increasing job responsibilities and to reflect competitive market data for executive officers of industry-sector firms of similar size and performance.

Wayne B. Hoovestol, GPRE's Chief Executive Officer, receives a base salary of \$200,000. Jerry L. Peters, GPRE's Chief Financial Officer, receives a base salary of \$190,000, which was increased to \$220,000, effective June 1, 2008. Dan E. Christensen, GPRE's Executive Vice President in Charge of Construction, receives a base salary of \$125,000. All of GPRE's executive officers are eligible to receive additional compensation in the form of bonuses, and/or stock awards and stock options in accordance with the Equity Incentive Plan.

*Performance/Bonus Award*

The Equity Incentive Plan was developed to reward executive officers and other key employees for meeting or exceeding certain internal objectives, and was approved by GPRE's shareholders in April 2007. Bonuses are one form of incentive compensation used by GPRE to reinforce performance-based objectives and retain key personnel.

No specific performance-based objectives were established for executive officers and other key employees during fiscal 2007. Rather, employee performances were considered on a subjective level. The Compensation Committee will develop specific performance-based objectives as the Company progresses further out of the development stage. If quarterly objectives are established and met, bonuses may be paid for that quarter. If quarterly objectives are established and not met, it is anticipated that no related bonuses will be paid. However, due to the volatility of the underlying prices of the various commodities that are components in the ethanol business, including the prices of corn, natural gas, and ethanol, over which GPRE has no control, such quarterly and annual bonuses may also be based on such things as overall individual or plant performance. GPRE does not anticipate that executive officers or other key employees will be allowed to make up a missed annual bonus based on subsequent performance.

*Long-Term Incentive Compensation*

Due to the intense competition that currently exists in the ethanol business, and which is anticipated to continue to exist in the foreseeable future, it is difficult to hire and maintain competent, experienced personnel. To help attract and retain qualified personnel, the Equity Incentive Plan reserved for issuance 1,000,000 shares of common stock for use as grants of shares and/or options for purchase over a number of years.

The grants of shares and/or options to GPRE executive officers and certain other key employees encourage equity ownership and closely align management's interests with the interests of shareholders, such that risks and rewards of strategic decisions are shared. Additionally, because shares and/or options will be subject to forfeiture in certain cases if the employee leaves GPRE, such shares and/or options are anticipated to provide an incentive to remain with GPRE long-term.

Based on Compensation Committee assessments and recommendations, GPRE's long-term incentive compensation program includes the following characteristics to assist in aligning management's interests with the interests of shareholders:

Emphasizes "at risk" pay such as bonuses, options and long-term incentives.

Emphasizes long-term compensation such as options and/or restricted stock.

Rewards financial results and promotion of GPRE objectives rather than individual performance against individual objectives.

At least annually, in an effort to align the interests of management and shareholders with the goal of sharing the risks and rewards of strategic decisions that are made, the Compensation Committee will review the advisability of granting shares and/or options to members of management who have demonstrated an impact on product, staffing, technology, pricing, and investment or policy matters. The aggregate number of shares and/or options granted to management will be based on the employee's position and the value of each individual's contributions to GPRE, as well as competitive norms. Until the Compensation Committee develops specific performance-based objectives, individuals' contributions will be assessed on a subjective basis.

Pursuant to the Equity Incentive Plan, GPRE Directors, executive officers and certain other key employees received grants of a specified number of shares and/or options for purchase over a number of years. In May 2007, GPRE directors each received a grant of 2,000 shares of GPRE common stock

and a cumulative grant of stock options exercisable for 325,000 shares of GPRE common stock. The stock options awarded to directors, which vested immediately and are fully exercisable, expire on the five-year anniversary of the date of grant and have an exercise price of \$30 per share. The closing price of the common stock as of the date of grant was \$20.28 per share. In April 2008, GPRE directors each received an annual grant of 2,000 shares of GPRE common stock.

GPRE's chief financial officer and certain other key employees have also received stock grants and stock options, primarily at time of employment, at closing market prices on the date of grant. Stock options granted to employees vest over a period of three to five years. Awards were based on the following factors: the employee's position, individual performance (in the case of post-employment awards) and/or expected contribution to GPRE's overall performance. While past awards were made on a subjective basis due to the Company's development stage, we anticipate that the Compensation Committee will develop more objective measures of performance in the future. Determinations are made by the Compensation Committee in consultation with GPRE's Chief Executive Officer and outside consultants.

*Employment and Severance Agreement*

GPRE has not entered into employment agreements with any of its current executives except Jerry L. Peters, Chief Financial Officer. All other GPRE employees are employed at-will and can be terminated without cause. All GPRE employees have signed Confidentiality Agreements to keep certain information confidential.

***Compensation Tables***

The following table provides certain compensation information for fiscal 2007, 2006 and 2005 as to GPRE's Chief Executive Officer, Chief Financial Officer, anyone who served as GPRE's Chief Executive Officer or Chief Financial Officer during its fiscal 2007, and its two other individuals who were serving as executive officers at the end of GPRE's fiscal 2007. The listed individuals are collectively referred to in this proxy statement/prospectus as the "Named Executive Officers" of GPRE.

## Summary Compensation Table

Name and principal position(1)	Year	Salary (\$)	Bonus (\$)(2)	Stock awards (\$)(3)	Option awards (\$)(3)	All other comp. (\$)(4)	Total (\$)
Wayne B. Hoovestol(5) Chief Executive Officer and Director	2007	184,986		40,560	378,864	27,100	631,510
	2006					24,600	
	2005						
Barry A. Ellsworth(6) President, Chief Executive Officer and Director	2007	104,158		40,560	378,864	25,771	549,353
	2006	123,333				28,614	127,947
	2005						
Jerry L. Peters(2)(7) Chief Financial Officer	2007	95,731	38,000	59,880	215,736		409,347
	2006						
	2005						
Brian L. Larson(8) Chief Financial Officer	2007	72,822		24,950		1,675	99,447
	2006	22,500				450	22,950
	2005						
Dan E. Christensen(9) Executive V.P., Treasurer, Secretary and Director	2007	114,561	162,300	40,560	378,864	31,606	727,891
	2006					58,950	
	2005						
Brian D. Peterson(10) Executive Vice President and Director	2007			40,560	378,864	35,315	454,739
	2006					24,600	
	2005						

(1) The columns to this table entitled "Non-equity incentive plan compensation" and "Change in pension value and nonqualified compensation earnings" have been omitted because no compensation is reportable thereunder.

(2) Under his employment agreement, Mr. Peters is eligible to receive bonus compensation in an amount up to 30 to 50 percent of his annual salary, based on objectives to be determined by GPRE. No other current executive officers have employment agreements.

(3) The amounts in the "Stock awards" and "Option awards" columns reflect the dollar amounts recognized for financial statement reporting purposes during the fiscal year presented, in accordance with SFAS No. 123R, for stock awards and option awards granted pursuant to the Equity Incentive Plan. The amounts shown reflect GPRE's accounting for these awards and do not correspond to the actual value that will be recognized by the executive officer. The assumptions used in the calculation of these amounts are included the footnotes to GPRE's audited consolidated financial statements included in GPRE's 2007 Annual Report. Stock options awarded to GPRE Directors in fiscal 2007, which expire on the five-year anniversary of the date of grant, have an exercise price of \$30 per share.

(4) All other compensation generally consists of director's fees, compensation for other services as a Director and matching contributions from participation in GPRE's retirement program. For Mr. Ellsworth, fiscal 2007 other compensation also includes \$7,938 for consulting services following his resignation, and fiscal 2006 other compensation includes \$3,947 for reimbursement of insurance benefits (prior to the Company's establishment of a benefits program on October 1, 2006).

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- (5) Mr. Hoovestol was named as an executive officer of GPRE on January 18, 2007. Through April 2008, half of his salary was being paid in cash and half in common stock pursuant to the Equity Incentive Plan.
- (6) On July 30, 2007, Mr. Ellsworth resigned his positions as a GPRE Director and executive officer.
- (7) Mr. Peters was named as an executive officer of GPRE on June 8, 2007.
- (8) Mr. Larson resigned as an executive officer of GPRE effective June 8, 2007. Prior to becoming an executive officer of GPRE in September 2006, Mr. Larson provided services on a consulting basis for which he received \$62,447, including reimbursed travel and other expenses.
- (9) Through April 2008, half of Mr. Christensen's salary was being paid in cash and half in common stock pursuant to the Equity Incentive Plan. Bonus payouts included \$43,850 in cash and \$118,450 in stock.
- (10) In consideration for the fiscal 2006 acquisition of Superior Ethanol, GPRE issued 100,000 shares of its common stock to Mr. Peterson, a GPRE Director. Mr. Peterson serves as GPRE's Executive Vice President in charge of site development, for which he is not compensated, and continues to serve as a Director (see Director Compensation table below).

### *Employment Arrangements*

On January 1, 2006, GPRE commenced payment of annual salary of \$120,000 to Barry A. Ellsworth, President and Chief Executive Officer. Additionally, GPRE had agreed to reimburse Mr. Ellsworth for his health insurance premiums prior to implementation of a GPRE-sponsored health insurance program. His salary was increased to \$200,000 per year on October 1, 2006. On February 27, 2007, Mr. Ellsworth resigned his positions as President and Chief Executive Officer and was named as Executive Vice President of Compliance and Development. On July 30, 2007, Mr. Ellsworth resigned his positions as a Director and an employee of GPRE.

On January 18, 2007, Wayne B. Hoovestol was named as GPRE's Chief Operating Officer at an annual salary of \$125,000. On February 27, 2007, upon Mr. Ellsworth's resignation as President and Chief Executive Officer, Mr. Hoovestol was appointed to the position of Chief Executive Officer. Effective April 1, 2007, Mr. Hoovestol's annual salary was increased to \$200,000 per year. Half of his salary was being paid in cash and half in common stock through April, 2008. Currently, GPRE has not entered into a written employment agreement with Mr. Hoovestol.

On January 18, 2007, Dan E. Christensen resigned as GPRE's Chief Operating Officer and was appointed to the position of Executive Vice President in Charge of Construction, with oversight of GPRE's construction activities in Iowa. GPRE is paying Mr. Christensen an annual salary of \$125,000 per year for said services. Half of his salary is being paid in cash and half in common stock. GPRE has not entered into a written employment agreement with Mr. Christensen.

On September 29, 2006, GPRE entered into an employment agreement with Brian L. Larson as Chief Financial Officer. Prior to becoming an officer of GPRE, Mr. Larson provided services on a consulting basis for which he received \$62,447, including reimbursed travel and other expenses. The employment agreement with Mr. Larson provided that he receive a beginning base salary of \$135,000 per year and performance-based bonuses, a signing bonus of 1,250 shares of GPRE's common stock, and other benefits. On April 10, 2007, Brian L. Larson gave written notice of his resignation as Chief Financial Officer and employee of GPRE, effective June 8, 2007.

Effective June 8, 2007, GPRE entered into an employment agreement with Jerry L. Peters to serve as Chief Financial Officer. The terms of the employment agreement provide that Mr. Peters will receive (i) a minimum annual salary of \$190,000, with an increase to \$220,000 when GPRE's Superior



plant becomes fully operational, (ii) stock options exercisable for 60,000 shares of common stock that vest in four equal annual installments beginning on June 8, 2007, (iii) 12,000 shares of stock that vest in six equal annual installments beginning on June 8, 2007, (iv) bonus compensation in an amount up to 30 to 50 percent of annual salary, based on objectives to be determined by GPRE, and (v) other benefits that are generally available to GPRE's employees. The employment agreement is for a five-year term, but is subject to early termination upon the occurrence of specified events. Mr. Peters' annual salary was increased to \$220,000 effective June 1, 2008. The compensation provided to Jerry L. Peters in items (ii) and (iii) above become fully vested upon a Change in Control, as defined in the Equity Incentive Plan to be triggered by a merger where the majority of voting shares immediately prior to the merger does not constitute a majority of the voting shares immediately after the completion of the merger. The VBV Merger constitutes such a Change in Control, and thus triggers the vesting of such compensation. Accordingly, stock options exercisable for 30,000 shares of common stock, at an exercise price of \$19.96 per share, and 8,000 shares of restricted stock held by Mr. Peters will fully vest upon such Change in Control.

Generally effective as of the closing of the Mergers, GPRE has entered into an employment agreement with Todd Becker to serve as President and Chief Operating Officer. It is expected that on or about the first anniversary of the Mergers, the Board will appoint Mr. Becker as Chief Executive Officer. The terms of the employment agreement provide that Mr. Becker will receive the following: (i) a minimum annual salary of \$400,000; (ii) a one-time bonus of \$200,000 payable within 10 business days after the closing of the Mergers; (iii) an annual bonus of up to 50% of annual base salary based on objectives to be set by GPRE; (iv) awards under a long-term incentive plan to be adopted by GPRE providing long-term incentive benefits of a type and at a level that is competitive of long-term incentive plan benefits provided to chief executive officers of public companies of comparable size in similar industries; (v) 100,000 shares of GPRE common stock to be issued on the date of closing of the Mergers, less the number of shares needed to cover income and employment taxes on such issuance; (vi) on the closing date of the Mergers, a fully-exercisable option to acquire 150,000 shares at an exercise price equal to the greater of \$10 per share or the closing price of GPRE's common stock on such date. If the closing price of GPRE's common stock on the closing date of the Mergers is greater than \$10, GPRE will pay Mr. Becker, within 10 days following such closing date, either an amount equal to the excess of such closing price over \$10 multiplied by 150,000, or a number of shares of GPRE's common stock of equal value. Any shares acquired by Mr. Becker pursuant to exercise of the option may not be transferred, except to family members or to a trust for the benefit of Mr. Becker or his family members, for a period of three years after the closing of the Mergers, subject to certain exceptions. Those exceptions include (i) a Change in Control generally as defined in GPRE's 2007 Equity Compensation Plan and clarified in Mr. Becker's employment agreement, and (ii) the termination of Mr. Becker's employment without Cause or for Good Reason (as those terms are defined in the employment agreement), or due to Mr. Becker's death or disability. Upon execution of Mr. Becker's employment agreement, Mr. Becker became entitled (i) to relocation assistance to facilitate his move to Omaha, Nebraska, half of which shall be paid by each of GPRE and VBV until closing, after which all relocation costs shall be paid by GPRE, and (ii) to be paid the cost of acquiring his two existing residences at their appraised values and any additional amount by which Mr. Becker's costs of acquiring and improving his two existing residences exceed their appraised values. Mr. Becker's employment is "at-will" and may be terminated at any time by GPRE or Mr. Becker.

The Compensation Committee of the GPRE Board at its discretion may increase or decrease the compensation of the above-named executive officers in the future. The Compensation Committee often seeks feedback from GPRE's Chief Executive Officer and/or outside consultants in making compensation decisions. GPRE had a Simple IRA Plan for its employees under which GPRE matched up to 2% of an employee's contributions to the program. This Simple IRA Plan was terminated as of January 1, 2008 and was replaced with a 401(k) retirement plan that also has a company matching

component to it. GPRE also reimburses its officers and Directors for out-of-pocket expenses incurred in connection with their service to GPRE.

*Grants of Plan-Based Awards*

GPRE's Equity Incentive Plan is intended to promote GPRE's interests by providing eligible persons in our service with the opportunity to acquire a proprietary or economic interest, or otherwise increase their proprietary or economic interest, in GPRE as an incentive for them to remain in such service and render superior performance during such service. Accordingly, any unvested stock options and stock awards granted during fiscal 2007 vest based on the passage of time rather than according to any performance-based conditions. The following table sets forth information related to grants of stock options and grants of stock awards pursuant to the terms of the Equity Incentive Plan to the Named Executive Officers during fiscal 2007. Please refer to the description above regarding the employment agreements with Messrs. Peters, Larson and Becker regarding the material terms of their respective employment agreements.

**Grants of Plan-Based Awards**

<b>Name(1)(2)</b>	<b>Grant date</b>	<b>All other stock awards: number of shares of stock or units (#)</b>	<b>All other option awards: number of securities underlying options (#)</b>	<b>Exercise or base price of option awards (\$ /sh)</b>	<b>Grant date fair value of stock and option awards (\$)</b>
Jerry L. Peters(3)	6/08/07	12,000	60,000	19.96	814,818
Brian L. Larson	6/08/07	1,250		19.96	24,950

(1) The columns to this table entitled "Estimated future payouts under non-equity incentive plan awards" and "Estimated future payouts under equity incentive plan awards" have been omitted because no compensation is reportable thereunder.

(2) On May 22, 2007, in their capacity as directors, Messrs. Hoovestol, Ellsworth, Christensen and Peterson, who also served as Executive Officers during fiscal 2007, each were granted 2,000 stock awards and option awards underlying 50,000 shares of common stock at an exercise price of \$30.00, with a grant date fair value of stock and option awards of \$419,424 per person (see Director Compensation table below). Stock options granted to GPRE's directors in fiscal 2007 vested immediately.

(3) Stock options granted to Mr. Peters vest 25% immediately and another 25% per year beginning on the first anniversary of the date of grant, resulting in a three-year vesting term.

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The following table sets forth information related to outstanding equity awards for the Named Executive Officers at the end of fiscal 2007.

### Outstanding Equity Awards at Fiscal Year-End

Name(1)(2)	Option awards				Stock awards	
	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)
Jerry L. Peters(3)	15,000	45,000	19.96	6/08/15	10,000	100,000
Brian L. Larson						

(1) The columns to this table related to "Equity incentive plan awards" have been omitted because no compensation is reportable thereunder.

(2) On May 22, 2007, in their capacity as Directors, Messrs. Hoovestol, Ellsworth, Christensen and Peterson, who also served as Executive Officers during fiscal 2007, each were granted 2,000 stock awards and option awards underlying 50,000 shares of common stock at an exercise price of \$30.00, with such options expiring on the fifth anniversary of the grant date (see Director Compensation table below). Stock options granted to GPRE's directors in fiscal 2007 vested immediately and are fully exercisable.

(3) Stock options granted to Mr. Peters vest 25% immediately and another 25% per year beginning on the first anniversary of the date of grant, resulting in a three-year vesting term. Stock awards granted to Mr. Peters vest 16.67% immediately and another 16.67% per year beginning on the first anniversary of the date of grant, resulting in a five-year vesting term.

The following table sets forth information related to option exercises and stock vested during fiscal 2007.

### Option Exercises and Stock Vested

Name(1)	Option awards		Stock awards	
	Number of shares acquired on exercise (#)(2)	Value realized on exercise (\$)(2)	Number of shares acquired on vesting (#)	Value realized on vesting (\$)
Jerry L. Peters(3)			2,000	39,920
Brian L. Larson			1,250	24,950

(1) On May 22, 2007, in their capacity as directors, Messrs. Hoovestol, Ellsworth, Christensen and Peterson, who also served as Executive Officers during fiscal 2007, each were granted 2,000 fully-vested stock awards with a value of \$40,560 (see Director Compensation table).

(2) No stock options were exercised during fiscal 2007.

(3)

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Stock awards granted to Mr. Peters vest 16.67% immediately and another 16.67% per year beginning on the first anniversary of the date of grant, resulting in a five-year vesting term.

***Director Compensation***

Compensation totaling \$259,277, excluding the reported value of fiscal 2007 stock awards and option awards, was paid to GPRE's directors for service on the Board during fiscal 2007. GPRE, upon

the recommendation of the Compensation Committee, compensates its directors in nominal amounts for attendance at Board meetings and committee meetings, for serving as a committee chairman and performing secretary duties, and for time spent working for and on our behalf. Each director is to be paid \$2,000 per month for serving on the Board, including committees. A Board committee chairman receives \$2,500 annually, with the exception of the Audit Committee chairman, who receives \$5,000, and the Audit Committee Secretary, who receives \$1,250 annually for these positions. If a Board member spends an entire day working for and on behalf of GPRE, said board member will be eligible to receive \$600 for that day's work or \$300 for a half day's work. In September 2007, the Board adopted a policy to pay non-employee directors who serve on GPRE's risk management committee a fee of \$500 weekly for services rendered. The following table provides a summary of director compensation for fiscal 2007.

#### Director Compensation

Name	Fees earned or paid in cash (\$)	Stock awards \$(2)	Option awards \$(2)	All other comp. \$(3)	Total \$(1)
Robert D. Vavra(a)	35,447	40,560	189,432	600	266,039
Wayne B. Hoovestol(4)	26,500	40,560	378,864	600	446,524
Dan E. Christensen(4)	24,000	40,560	378,864	6,000	449,424
Brian D. Peterson	27,215	40,560	378,864	8,100	454,739
Gordon F. Glade(c)(e)					
David A. Hart(a)(b)(c)	29,715	40,560	189,432	6,300	266,007
R. Stephen Nicholson(a)(b)(c)	29,000	40,560	189,432	600	259,592
Michael A. Warren(a)	24,000	40,560	189,432	600	254,592
Gary R. Parker(b)(f)					
Barry A. Ellsworth(4)	16,000	40,560	378,864		435,424
Herschel C. Patton II(d)	24,000	40,560	189,432	600	254,592
Totals	235,877	365,040	2,462,616	23,400	3,086,933

(a) Member of Audit Committee.

(b) Member of Compensation Committee.

(c) Member of Nominating Committee.

(d) Mr. Patton, who served as a member of the Compensation and Nominating Committees throughout fiscal 2007, resigned as a Director effective December 1, 2007. Although he resigned as a director effective December 1, 2007, the Compensation Committee elected to pay Mr. Patton his regular monthly Board fees until April 2008, along with any stock awards and/or option awards paid to other directors for service through April 2008.

(e) Mr. Glade became a member of the Nominating Committee on December 20, 2007.

(f) Mr. Parker became a member of the Compensation Committee on December 20, 2007.

(1) The columns to this table entitled "Non-equity incentive plan compensation" and "Change in pension value and nonqualified compensation earnings" have been omitted because no compensation is reportable thereunder.

(2)

The amounts in the "Stock awards" and "Option awards" columns reflect the dollar amounts recognized for financial statement reporting purposes during fiscal 2007, in accordance with SFAS No. 123R, for stock awards and option awards granted pursuant to the Equity Incentive Plan. The

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amounts shown reflect GPRE's accounting for these awards and do not correspond to the actual value that will be recognized by the director. The assumptions used in the calculation of these amounts are included the footnotes to GPRE's audited consolidated financial statements included in its 2007 Annual Report. All outstanding options held by directors were fully vested at the end of fiscal 2007. Stock options awarded to directors in fiscal 2007, which expire on the five-year anniversary of the date of grant, have an exercise price of \$30 per share.

- (3) All other compensation consists of amounts paid to Board members for performing work for and on behalf of GPRE, as described above.
- (4) See "Executive Compensation Table" for amounts earned by Messrs. Hoovestol, Christensen and Ellsworth in their capacity as GPRE executive officers.

### *Indemnity Agreements & Indemnification for Securities Act Liabilities*

GPRE has entered into Indemnity Agreements with each of its officers and directors. Those Indemnity Agreements generally obligate the Company to indemnify such persons for costs, such as attorney's fees, relating to claims or threats of claims or investigations against such persons. The Company is not obligated to so indemnify such persons for costs associated with claims brought by such persons (subject to certain exceptions), where a settlement is not consented to be the Company, where insurance coverage applies to such costs, or where such person is found to have acted unlawfully or a court determines that the indemnification would be unlawful. Iowa law authorizes, and GPRE's Bylaws provide for, indemnification of GPRE's directors and officers against claims, liabilities, amounts paid in settlement, and expenses in a variety of circumstances. Indemnification for liabilities may be permitted for GPRE's directors, officers and controlling persons pursuant to the foregoing or otherwise. However, GPRE has been advised that, in the opinion of the SEC, indemnification for certain liabilities is against public policy as expressed in the Exchange Act and is, therefore, unenforceable. GPRE carries an insurance policy covering officers and directors, as well as its potential liability under the Indemnity Agreements.

### **GPRE BUSINESS**

GPRE was formed in June 2004 to construct and operate dry mill, fuel grade ethanol production facilities. To add shareholder value, GPRE is seeking to expand its business operations beyond ethanol production to integrate strategic agribusiness and ethanol production services. GPRE's goal is to become a vertically-integrated, low-cost producer of ethanol.

GPRE maintains a website at [www.gpreinc.com](http://www.gpreinc.com) and makes available free of charge through the website its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments thereto, as soon as they are reasonably available after filed with the SEC.

Ethanol is a renewable, environmentally clean fuel source that is produced at numerous facilities in the United States, mostly in the Midwest. In the U.S., ethanol is produced primarily from corn and then blended with unleaded gasoline in varying percentages. The ethanol industry in the U.S. has grown significantly over the last few years as its use reduces harmful auto emissions, enhances octane ratings of the gasoline with which it is blended, offers consumers a cost-effective choice, and decreases the amount of crude oil the U.S. needs to import from foreign sources. Ethanol is most commonly retailed as E10, the 10 percent blend of ethanol for use in all American automobiles. Increasingly, ethanol is also available as E85, a higher percentage ethanol blend for use in flexible fuel vehicles.

To execute its business plan, GPRE has raised approximately \$95.0 million in equity capital since its formation in 2004. In addition, GPRE entered into two loan arrangements whereby participating lenders agreed to lend GPRE up to \$97.0 million for construction costs and working capital to build and operate two ethanol production facilities. Construction of GPRE's Shenandoah plant began in April 2006, and operations commenced at the plant in August 2007. Construction of GPRE's Superior plant began in August 2006, and operations commenced at the plant in July 2008. GPRE may decide to

expand production at its Shenandoah and/or Superior plants as these plants have been designed for ease of future expansion, build at other sites or acquire other companies involved in ethanol production.

Both of the above-mentioned ethanol production facilities have expected production capacity of 55 million gallon per year ("mmgy") per plant. The Shenandoah plant was built by Fagen and ICM was the process technology provider. Agra Industries built the Superior plant using Delta T as the technology provider. At capacity, each plant is expected to, on an annual basis, consume approximately 20 million bushels of corn and produce approximately 55 million gallons of fuel-grade, undenatured ethanol, and approximately 175,000 tons of by-product known as distillers grains. GPRE sells all of its ethanol and the majority of its distillers grains to third-party brokers pursuant to contracts with these brokers. These third-party brokers are responsible for subsequent sales, marketing, and shipping of the ethanol and distillers grains. GPRE has contracted with RPMG, an independent broker, to sell the ethanol produced at the facilities. On May 20, 2008, GPRE provided notice to RPMG that GPRE intends to terminate its ethanol marketing contract with respect to the Shenandoah plant, effective September 30, 2008. The majority of the distillers grains produced at the plants are marketed pursuant to a contract with CHS Inc., a Minnesota cooperative corporation. The plants will each produce approximately 160,000 tons of carbon dioxide annually. GPRE intends to scrub and vent the carbon dioxide produced at the plants because GPRE does not believe there is enough of a market for carbon dioxide to make it feasible to install the necessary capturing facilities.

### ***Description of Dry Mill Ethanol Production Process***

#### ***Primary Product Ethanol***

Ethanol is a chemical produced by the fermentation of sugars found in grains and other biomass. Ethanol can be produced from a number of different types of grains, such as corn, wheat and sorghum, as well as from agricultural waste products such as rice hulls, cheese whey, potato waste, brewery and beverage wastes and forestry and paper wastes. At present, the majority of ethanol in the U.S. is produced from corn because corn contains larger quantities of carbohydrates than other grains. Such carbohydrates convert into glucose more easily than most other kinds of biomass. Outside the U.S., sugarcane is the primary feedstock used in ethanol production.

GPRE's plants in Iowa use a dry mill process to produce ethanol and by-products. The corn is received by truck or rail, which is then weighed and unloaded in a receiving building. It is then transported to a scalper to remove rocks and debris before it is conveyed to storage bins. Thereafter, the corn is transported to a hammer mill where it is ground into a mash and conveyed into a slurry tank for enzymatic processing. GPRE adds water, heat and enzymes to break the ground grain into a fine slurry. The slurry is heated for sterilization and pumped to a liquefaction tank where additional enzymes are added. Next, the grain slurry is pumped into fermenters, where yeast is added, to begin a batch fermentation process. A distillation system divides the alcohol from the grain mash. Alcohol is then transported through a rectifier column, a side stripper and a molecular sieve system where it is dehydrated. The 200 proof alcohol is then pumped to a holding tank and then blended with two to five percent denaturant (usually gasoline) as it is pumped into storage tanks.

#### ***By-Products***

Corn mash from the distillation stripper is pumped into one of several decanter type centrifuges for dewatering. The water ("thin stillage") is pumped from the centrifuges and then to an evaporator where it is dried into a thick syrup. The solids (corn mash) that exit the centrifuge are conveyed to the dryer system. The corn mash is dried at varying degrees, resulting in the production of distillers grains. Syrup might be reapplied to the corn mash prior to drying, providing nutrients if the distillers grains are to be used as animal feed. Under certain circumstances, the syrup is independently marketed a by-product. Distillers grains, the principal by-product of the ethanol production process, are principally



used as high-protein, high-energy animal fodder and feed supplements marketed to the dairy, beef and poultry industries. Distillers grains have alternative uses as burning fuel, fertilizer and weed inhibitors.

Dry mill ethanol processing potentially creates three forms of distillers grains, depending on the number of times the solids are passed through the dryer system: Wet Distillers Grains ("WDG"), Modified Wet Distillers Grains ("MWDG") and Dried Distillers Grains ("DDG"). WDG is processed corn mash that contains approximately 65% to 70% moisture. WDG have a shelf life of approximately three days and can be sold only to dairies or feedlots within the immediate vicinity of an ethanol plant. MWDG, which have been dried further to approximately 50% to 55% moisture, have a slightly longer shelf life of approximately three weeks and are marketed to regional dairies and feedlots. DDG, which have been dried more extensively to approximately 10% to 12% moisture, have an almost indefinite shelf life and may be stored, sold and shipped to any market regardless of its proximity to an ethanol plant. DDG are primarily marketed to domestic and international beef and poultry industries.

Corn syrup is also a marketable by-product for use as an animal feed supplement. Corn syrup can also be used as a base for further refining and processing. In particular, corn oil can be extracted from the corn syrup for production of biodiesel and other biofuel products.

The following flow chart illustrates the dry mill ethanol production process:

#### *Thermal Oxidizer*

Ethanol plants such as GPRE's may produce odors in the production of ethanol and its primary by-product, distillers grains, which some people find unpleasant. GPRE employs thermal oxidizer emissions systems to reduce any unpleasant odors caused by the ethanol and distillers grains manufacturing process.



*Corn Feedstock Supply*

GPRE's plants use corn as feedstock in the dry mill process. GPRE anticipates that each of its plants will process approximately 20 million bushels of corn per year, or 54,700 bushels per day. Each bushel of corn produces approximately 2.8 gallons of ethanol and 16.7 pounds of DDG. The corn supply will be obtained primarily from local markets. Each of GPRE's ethanol facilities is located near abundant and historically low-cost corn supplies. GPRE believes this will enable it to purchase the majority, if not all, of its corn directly from local farmers, who will deliver the corn directly to GPRE's plants by truck. However, each of GPRE's plants is also situated on rail lines that GPRE can use to receive corn from other regions of the country if the local corn supplies are insufficient.

The price and availability of corn are subject to significant fluctuations depending upon a number of factors that affect commodity prices in general, including crop conditions, weather, governmental programs and foreign purchases. Because the market price of ethanol is not related to corn prices, ethanol producers are generally not able to compensate for increases in the cost of corn feedstock through adjustments in prices charged for their ethanol. GPRE therefore anticipates that its plants' profitability will be negatively impacted during periods of high corn prices.

GPRE acquired the Essex Elevator in September 2007 to receive and store corn in support of its Shenandoah ethanol production. Additionally, GPRE's merger with Great Lakes closed April 3, 2008 and augments the feedstock procurement at the Superior plant. GPRE believes the integration of elevators and grain businesses into GPRE's operations helps secure its supply of corn at lower prices.

GPRE anticipates developing relationships with local farmers, grain elevators and/or cooperatives to complement its grain origination programs. Most farmers in the areas where GPRE's plants are located have their own dry storage facilities, which GPRE anticipates will allow it to purchase much of the corn needed to supply the plants directly from farmers throughout the year. GPRE became licensed as an Iowa Grain Dealer in the fall of 2006, which allows it to contract to purchase Iowa grains and applied for a license as an Iowa Grain Dealer for GP Grain on March 26, 2008. GPRE purchases and sells futures contracts and options as a hedge against rising corn prices. GPRE also utilizes cash and forward fixed-price contracts with grain producers and elevators for the actual delivery of corn to its plants.

*Ethanol Markets*

Ethanol has important applications as a gasoline additive and alternative. Ethanol is a primary fuel that can be used in blended gasoline in quantities as high as 85% (E85) per gallon in flexible fuel vehicles. However, ethanol can also be used as a high quality octane enhancer and as an oxygenate capable of reducing air pollution and improving automobile performance. Historically, the ethanol industry has been heavily dependent on economic incentives. However, the need for such incentives may diminish as the acceptance of ethanol as a primary fuel and as a fuel additive continues to increase.

Ethanol has replaced methyl tert-butyl ether ("MTBE") as the most popular oxygenate used in domestic gasoline markets. In the U.S., ethanol is typically blended with gasoline at a rate of 10%. Most American automobiles can operate on 10% blends without difficulty. Late model cars can often run on significantly higher percentage blends. As a gasoline oxygenate, the national ethanol market generally tracks the national gasoline market. Ethanol use is concentrated in suburban or metropolitan areas where gasoline use is highest. Ethanol blenders are typically located near large urban markets. Ethanol blenders are generally engaged in the wholesale distribution of gasoline and other refined petroleum products. Flexible-fuel vehicles are becoming more common. We believe that use of high-blend E85 gasoline will continue to grow in the future. At present, E85 pumps are not widely dispersed and flexible-fuel models are limited. However, as consumer acceptance increase, we expect this to have a profound impact on national ethanol markets.

RPMG currently markets the ethanol it purchases from GPRE on a local, regional and national basis. Local markets are, of course, the easiest to service because of their close proximity. However, the majority of GPRE's ethanol is sold to regional and national markets. These markets are serviced by rail. Each of GPRE's plants is designed with unit-train load out capabilities and access to railroad mainlines. A spur of Burlington Northern Santa Fe ("BNSF") railroad rail lines runs adjacent to GPRE Shenandoah plant, which allows GPRE to move and store rail cars at the site. The Superior plant lies adjacent to the rail lines of the Union Pacific ("UP") railroad. At the Superior site, GPRE built a large set of loop tracks, which will enable GPRE to load unit trains of both ethanol and DDGS. These rail lines will allow GPRE to sell its products to various regional markets as well as markets throughout the U.S.

The Shenandoah and Superior ethanol plants are strategically located for distribution to the national ethanol market. As an ethanol producer west of the Mississippi, GPRE believes the Western markets will become its largest and best markets, because it will be less expensive to transport GPRE's products to these markets than to the Eastern markets. However, GPRE intends to market its ethanol to the best available market at any given time.

Regional pricing for ethanol tends to follow national pricing adjusted for the freight differential. RPMG enters into agreements to sell GPRE's ethanol in various local, regional and national markets depending on relative pricing, net of freight, in each market.

### ***Federal Ethanol Programs***

Ethanol was favorably affected by the 1990 amendments to the Clean Air Act. In particular, the Federal Oxygen Program, which became effective on November 1, 1992, and the Reformulated Gasoline Program, which became effective January 1, 1995, have had a profound impact on the industry. The Federal Oxygen Program requires the sale of oxygenated motor fuels during the winter months in certain major metropolitan areas to reduce carbon monoxide pollution. The Reformulated Gasoline Program requires the sale of reformulated gasoline in nine major urban areas to reduce pollutants, including those that contribute to ground level ozone.

The use of ethanol as an oxygenate has been aided by federal tax policy. The Energy Tax Act of 1978 exempted ethanol blended gasoline from the federal gas tax as a means of stimulating the development of a domestic ethanol industry and mitigating the country's dependence on foreign oil. The American Jobs Creation Act of 2004 created the VEETC, which was established to replace the partial tax exemption ethanol-blended fuel received from the federal excise tax on gasoline. Under VEETC, the tax incentive was shifted from a partial exemption from the federal excise tax to a tax credit based on the volume of ethanol blended with gasoline. Referred to as the "blender's credit," VEETC provides companies with a tax credit to blend ethanol with gasoline, totaling \$0.51 per gallon of pure ethanol, or approximately 5 cents per gallon for E10 and \$0.43 per gallon on E85. VEETC provides the tax incentive through December 31, 2010.

The Energy Policy Act of 2005 essentially eliminated the use of MTBE as an oxygenate. The bill mandated that at least 7.5 billion gallons of ethanol were to be used annually within the United States by the year 2012. It also gave "small ethanol producers" producing less than 60 million gallons of ethanol per year a 10 cent per gallon federal tax credit on the first 15 million gallons produced on an annual basis.

On December 19, 2007, the 2007 Act was enacted, which established new levels of renewable fuel mandates, including two different categories of renewable fuels: conventional biofuel and advanced biofuel. Corn-based ethanol is considered conventional biofuel which will be subject to the RFS of at least 9.0 billion gallons per year in 2008, increasing to at least 15.0 billion gallons per year by 2015. Advanced biofuel includes ethanol derived from cellulose, hemicellulose or other non-corn starch sources; biodiesel; and other fuels derived from non-corn starch sources. Advanced biofuel RFS levels

are set to reach at least 21.0 billion gallons per year, resulting in a total RFS from conventional and advanced biofuels of at least 36.0 billion gallons per year by 2022. In an April 25, 2008 letter to the EPA, Gov. Rick Perry of Texas has asked the EPA to halve the nationwide RFS mandate for the production of ethanol derived from grain, citing adverse economic impact due to higher corn prices in Texas. The EPA denied this waiver request in early August, 2008. The RFS mandate for 2008 is the equivalent of 9 billion gallons.

The Energy Policy Act of 2005 established the RFS program, and volume levels were increased in the 2007 Act. The 2005 energy law also included provisions enabling the EPA Administrator to grant a full or partial waiver if implementation of the RFS would severely harm the economy or environment of a state, region, or the entire country.

Beginning with the Energy Policy Act of 2005, energy independence has been a priority for federal lawmakers. Record petroleum prices, coupled with continued trouble in the Middle East, has led to policies, incentives and subsidies intended to reduce oil imports and create domestic capacity for producing alternatives to foreign oil.

To encourage growth in domestic production, federal policy has insulated the domestic ethanol industry from foreign competition, particularly from competition from Brazilian sugarcane ethanol. There is a \$0.54 duty on all imported ethanol. Legislative proposals have been introduced to eliminate the duty, citing as justification recent increases in food prices and the importance of Latin American agricultural development. However, as long as the duty remains in place, ethanol imports are not likely to depress domestic market prices.

Changes in CAFE standards have also benefited the ethanol industry by encouraging use of E85 fuel products. CAFE provides an effective 54% efficiency bonus to flexible-fuel vehicles running on E85. This variance encourages auto manufacturers to build more flexible-fuel models, particularly in trucks and sport utility vehicles that are otherwise unlikely to meet CAFE standards.

Recent Farm Bill policies also help promote ethanol. The Food, Conservation and Energy Act of 2008 (also known as the "Farm Bill"), provides loans, loan guarantees and grants for the research and development of ethanol and other biofuel industries.

#### ***Transportation and Delivery***

GPRE plants will have the facilities to receive grain by truck and rail and to load ethanol and distiller's grains onto trucks and rail cars. GPRE's Shenandoah plant lies adjacent to BNSF lines. In January 2006, GPRE entered into an Allowance Contract with BNSF to renovate and add additional track. Under the allowance agreement, GPRE paid \$3.5 million for track renovation and construction. The renovation and construction work was done by BNSF on approximately 20 miles of track on a BNSF spur line running from Red Oak, Iowa to Shenandoah, Iowa. GPRE is entitled to receive transportation cost reduction payments from BNSF to reimburse GPRE for this expenditure. GPRE will receive rebates for each car that is placed on the track, but only to the extent that its usage of the line exceeds certain annual volume thresholds.

The allowance agreement is for a term expiring in September 2015. GPRE is responsible for complying with all laws, regulations, ordinances, orders, covenants, restrictions, and decisions of any court of competent jurisdiction in connection with its use of the rail lines and the related renovation and construction work. GPRE's use of the lines is at its sole risk and expense, and GPRE is required to maintain, or cause to be maintained, the lines and all facilities and equipment, if any, in a safe and satisfactory condition, in compliance with all applicable laws and in a condition satisfactory to BNSF. For safety purposes, BNSF may require that GPRE, at its sole cost and expense, provide flagmen, lights, traffic control devices, automatic warning devices, or any such safety measures that BNSF deems appropriate in connection with GPRE's use of this property and GPRE is required to reimburse BNSF for the costs of such items. GPRE also agreed to release, indemnify, defend, and hold BNSF harmless

from and against all claims, liabilities, fines, penalties, costs, damages, and other expenses arising out of or related to GPRE's renovation, construction and use of the lines.

The Superior plant lies adjacent to UP rail lines. GPRE built an extensive loop track at the site to store railroad cars, providing the ability to receive feedstock and transport ethanol and distillers grains to markets throughout the county.

#### *Utilities*

The production of ethanol requires significant amounts of electricity and natural gas. Water supply and water quality are also important considerations.

#### *Natural Gas*

Ethanol plants produce process steam from their own boiler systems and dry the distillers grains by-product via a direct gas-fired dryer. Depending on certain production parameters, we believe our plants will each use approximately 5,500 to 6,000 deca-therms of natural gas per day. The price of natural gas is volatile; therefore we use hedging strategies to mitigate increases in gas prices. GPRE has hired U.S. Energy Services, Inc. to assist it in procuring and hedging natural gas.

MidAmerican Energy has constructed a natural gas pipeline to the Shenandoah plant. However, GPRE is not committed to purchase natural gas from MidAmerican. GPRE expects to purchase natural gas from the best possible source at any given time and simply pay a tariff fee to MidAmerican for transporting the gas through their pipeline.

At the Superior plant, GPRE has entered into a similar agreement with Northern Natural Gas Company ("NNG"), who built a 1.9-mile lateral pipeline connected to its interstate natural gas pipeline. GPRE has committed to a firm amount of capacity in the pipeline. GPRE will then be able to purchase natural gas from the best source possible at any given time, and then transport the gas from the point of origin to the plant. GPRE will pay a tariff to NNG for the use of their pipeline.

#### *Electricity*

The GPRE plants will each require approximately 30 million kilowatts hours of electricity per year. GPRE has entered into agreements with MidAmerican Energy concerning the purchase of electricity for the Shenandoah plant at rates that are fixed for five years. In Superior, GPRE has entered into agreements with Iowa Lakes Electrical Cooperative ("ILEC") and Cornbelt Cooperative ("CBC") to supply electricity to that plant. ILEC and CBC built a substation at the plant and a switch to provide electricity to the facility.

#### *Water*

Each of GPRE's plants will require a significant supply of water. The water requirements for each of GPRE's plants range from approximately 400 to 800 gallons per minute, or up to approximately 1.2 million gallons per day. Much of the water used in an ethanol plant is recycled back into the process. The plants require boiler makeup water and cooling tower water. Boiler makeup water is treated on-site to minimize all elements that would harm the boiler. Recycled water cannot be used for this process. Cooling tower water is deemed non-contact water (it does not come in contact with the mash) and, therefore, can be regenerated back into the cooling tower process. GPRE is using "grey water" at the Shenandoah plant for the cooling tower that the City of Shenandoah has agreed to provide GPRE for its cost of pumping the water from their treatment plant to GPRE's site. It is anticipated that this water will comprise about two thirds of the water that GPRE will use at the plant. GPRE also purchase the potable water that is needed for the distillation process itself (water that comes into contact with the mash) from the City of Shenandoah.

At the Superior site, two onsite wells are expected to provide an adequate supply of water to operate the plant. The Superior plant operates a filtration system to purify the non-contact cooling water and other non-process waste water, which is discharged approximately six miles northwest of the facility at the Des Moines River. The water use permit, discharge permit and other related environmental permits have been granted.

### **GPRE's Primary Competition**

According to Ethanol Producer magazine, there are currently 30 operational ethanol plants in Iowa, including one operational plant that has ceased production. An additional nine ethanol plants are under construction. The plants are concentrated, for the most part, in the northern and central regions of the state where a majority of the corn is produced. GPRE will face significant competition for corn supply from other plants.

GPRE will also be in direct competition with numerous other ethanol producers located throughout the United States, many of whom have much greater resources. According to information obtained from the Renewable Fuel Association, as of May 2008, there were 151 producing ethanol plants/companies within the United States, capable of producing 8.7 billion gallons of ethanol annually. As of that date, 51 new plants were under construction and seven of the currently operating plants were expanding their capacity. Once completed, the new plants under construction and in various stages of expansion will be able to produce an additional 4.9 billion gallons per year. As a result, GPRE believes that by the end of 2009, U.S. ethanol production capacity will be approximately 13.6 billion gallons on an annual basis. In addition, there are numerous other potential plants that may be constructed depending upon industry conditions and availability of capital. Therefore, GPRE expects that its plants will compete with many other ethanol producers and GPRE anticipates that such competition will be intense.

The development of additional ethanol plants will cause increased competition for the supply of corn feedstock. Increased demand for corn, particularly in areas near GPRE's plants, may cause higher prices for the corn GPRE consumes in its ethanol production. Although corn prices in areas near GPRE's plants have historically been lower than in other regions where ethanol is produced, additional competition in the immediate vicinity of GPRE's plants may cause local prices to increase to levels that reduce its ability to compete with other ethanol producers. The largest ethanol producers in the U.S. include Archer Daniels Midland, Aventine Renewable Energy Holdings, Inc., POET, and VeraSun Energy Corporation. In addition, there are several regional entities recently formed, or in the process of formation, of a similar size and with similar resources to GPRE's.

GPRE also faces competition from foreign producers of ethanol and such competition may increase significantly in the future. Large international companies with much greater resources than GPRE have developed, or are developing, increased foreign ethanol production capacities. In 2006, the U.S. surpassed Brazil in the production of ethanol and became the world's largest ethanol producer. Brazil is the world's second largest ethanol producer. Brazil makes ethanol primarily from sugarcane for significantly less than what it costs to make ethanol from corn. This is due primarily to the fact that sugarcane does not need to go through the extensive cooking process to convert the feedstock to sugar. Although the U.S. has placed a tariff on imported ethanol, Brazil still markets significant amounts of ethanol in the U.S.

### ***Competition from Alternative Feedstocks and Fuel Products***

Alternative fuels, gasoline oxygenates and ethanol production methods are continually under development by ethanol and oil companies. New products or methods of ethanol production developed could provide competitors with advantages and harm GPRE's business.

Ethanol production technologies continue to change. Advances and changes in the technology of ethanol production are expected to occur primarily in the area of ethanol made from cellulose obtained from other sources of biomass such as switchgrass or fast growing poplar trees. If significant advances were made in the area of cellulosic ethanol production, such advances could make the current ethanol production technology that GPRE uses at its plants less desirable or even obsolete. GPRE's plants are designed as single-feedstock facilities. There is limited ability to adapt the plants to a different feedstock or process system without substantial reinvestment and retooling. Additionally, GPRE's plants are strategically located in high-yield, low-cost corn production areas. At present, there is limited supply of alternative feed stocks near GPRE's facilities.

***Environmental Permits, Compliance Costs and Nuisance***

Environmental advocacy and natural resources defense groups across the nation are actively opposing certain ethanol plant projects due to concerns about air quality, water quality, and water or energy use. The permitting, regulatory, rule-making and legislative processes are highly susceptible to pressure from ethanol opponents. Additionally, active opposition often results in prolonged litigation. As the controversy surrounding ethanol plant development grows, the permitting process is anticipated to become more difficult.

GPRE will also be subject to ongoing oversight activities by other local, state and federal agencies, including the EPA. Environmental, regulatory and land use requirements are subject to change and revision. Existing and pending permits may require alteration or amendment to comply with changes in policy. Changes in policy, precedent, legislation or regulatory environment might result in additional costs and delays.

GPRE does not expect that compliance with current applicable federal, state and local environmental regulations will have a material impact on GPRE's capital expenditures, earnings or competitive position. However, changes or amendments to existing rules or regulations, or the adoption of new environmental rules or regulations, may result in additional capital expenditures or materially affect GPRE's operations.

GPRE may be subject to the regulations on emissions by the EPA. GPRE could also be subject to environmental or nuisance claims from adjacent property owners or residents in the area arising from odors or other air or water discharges from the plants. To minimize the risk of such claims, GPRE intends to employ a thermal oxidizer at each site.

***Ethanol Plant Properties***

GPRE currently owns approximately 108 acres of land and a 55 mmgy ethanol plant near Shenandoah, Iowa. GPRE owns approximately 264 acres of land on which it constructed the Superior plant. GPRE also owns options on other potential ethanol plant sites in Iowa and Minnesota; however, GPRE may choose to allow some or all options it currently owns to expire.

***Employees***

As of May 31, 2008, GPRE had 180 full-time, 16 part-time and/or seasonal employees. GPRE has hired management and operating personnel for the Superior plant. GPRE's merger with Great Lakes resulted in the addition of approximately 100 employees. GPRE ethanol plants and the GP Grain grain facilities are in rural areas with low unemployment. There is no assurance that GPRE will be successful in attracting and retaining qualified personnel at a reasonable cost.

GPRE has and intends to continue to enter into written confidentiality and assignment agreements with its officers and employees. Among other things, these agreements require such officers and employees to keep strictly confidential all proprietary information developed or used by GPRE in the course of its business.



*Merger and Acquisition Activities*

*Merger with Great Lakes Cooperative*

In August 2007, GPRE entered into an agreement and plan of merger with Great Lakes, a full-service cooperative with approximately \$146 million in fiscal 2007 revenues that specializes in grain, agronomy, feed and petroleum products in northwestern Iowa and southwestern Minnesota. Great Lakes has locations in Everly, Greenville, Gruver, Langdon, Milford, Spencer and Superior, Iowa. The Great Lakes merger accommodates GPRE's vertical-integration strategy. Great Lakes has grain storage capacity of approximately 14.7 million bushels, much of which will be used to support GPRE's Superior ethanol plant operations. GPRE believes that incorporating Great Lakes into GPRE's ethanol operations increases efficiencies and reduces commodity price and supply risks. The merger transaction, which was approved by Great Lakes voting members in February 2008, closed in early April 2008.

Upon closing the merger with Great Lakes on April 3, 2008, GP Grain assumed Great Lakes' assets and liabilities, with the exception of certain investments in regional cooperatives that were excluded from the merger. To facilitate the merger and finance working capital requirements, GPRE and GP Grain have executed loan agreements with a group of lenders totaling approximately \$56.8 million.

*Other Merger Activities*

GPRE intends to continue to actively exploring possible merger and acquisition opportunities, including those involving other ethanol producers and developers, other renewable fuels related technologies, and grain and fuel logistics facilities. GPRE believes that its vertical-integration model offers strategic advantages over participants operating in only one facet of the industry, such as production, and GPRE continues to seek opportunities to incorporate ethanol value chain firms into its operations.

**GPRE MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS**

***General***

The following discussion and analysis provides information which GPRE's management believes is relevant to an assessment and understanding of its consolidated financial condition and results of operations. This discussion should be read in conjunction with the consolidated financial statements and accompanying notes, and the risk factors, contained herein.

***Overview***

GPRE was formed to construct and operate dry mill, fuel grade ethanol plants. To add shareholder value, GPRE is seeking to expand its business operations beyond ethanol production to integrate strategic agribusiness and ethanol production services. GPRE's goal is become a vertically-integrated, low-cost producer of ethanol.

To execute GPRE's business plan, it raised approximately \$95.0 million in equity capital since its formation in 2004. In addition, GPRE entered into loan arrangements whereby participating lenders agreed to lend GPRE up to \$97.0 million for construction costs and working capital to build and operate two ethanol production facilities. Construction of GPRE's first ethanol plant, located in Shenandoah, Iowa, began in April 2006, and operations commenced at the plant in August 2007. Construction began in August 2006 on a second plant, similar to the Shenandoah facility, located in Superior, Iowa. The Superior plant began start-up operations, which includes grinding corn and initiation of fermentation, in early July 2008. GPRE may decide to expand production at its Shenandoah and/or Superior plants as these plants have been designed for ease of future expansion, build at other sites or acquire other companies involved in ethanol production.

Both of the above-mentioned ethanol production facilities have expected production capacity of 55 million gallons per year per plant. The Shenandoah plant was built by Fagen and ICM was used as the process technology provider. The Superior plant was built by Agra and Delta-T was used as the process technology provider. At capacity, each plant is expected to, on an annual basis, consume approximately 20 million bushels of corn and produce approximately 55 million gallons of fuel-grade, undenatured ethanol, and approximately 175,000 tons of by-product known as distillers grains. GPRE sells all of its ethanol and the majority of its distillers grains to third-party brokers pursuant to contracts with these brokers. These third-party brokers are responsible for subsequent sales, marketing, and shipping of the ethanol and distillers grains. GPRE has contracted with RPMG, an independent broker, to sell the ethanol produced at the facilities. On May 20, 2008, GPRE provided notice to RPMG that GPRE intends to terminate its ethanol marketing contract with respect to the Shenandoah plant, effective September 30, 2008. GPRE intends to self-market its ethanol produced at the Shenandoah plant thereafter. The majority of the distillers grains produced at the plants are marketed pursuant to a contract with CHS Inc. GPRE intends to scrub and vent the carbon dioxide produced at the plants because GPRE does not believe there is enough of a market for carbon dioxide to make it feasible to install the necessary capturing facilities.

GPRE's operations are highly dependent on commodity prices, especially prices for corn, ethanol, distillers grains and natural gas. As a result of price volatility for these commodities, GPRE's operating results may fluctuate substantially. The price and availability of corn are subject to significant fluctuations depending upon a number of factors that affect commodity prices in general, including crop conditions, weather, governmental programs and foreign purchases. GPRE may experience increasing costs for corn and natural gas and decreasing prices for ethanol and distillers grains which could significantly impact GPRE's operating results. Because the market price of ethanol is not directly related to corn prices, ethanol producers are generally not able to compensate for increases in the cost of corn feedstock through adjustments in prices charged for ethanol. Based on recent forward prices of corn and ethanol, it is possible that in the future GPRE may be operating its plants at low to negative

operating margins. Increases in corn prices or decreases in ethanol prices may result in it being unprofitable to operate GPRE's plants.

The price of corn has been increasing dramatically since the end of fiscal 2007. The average Chicago Board of Trade ("CBOT") near-month corn price during fiscal 2007 was \$3.68 per bushel. Since the end of fiscal 2007, the CBOT near-month corn price has risen to above \$7.00 per bushel. GPRE believes the increase in corn prices is primarily due to export demand, speculation, ethanol demand and current production concerns. Higher corn prices will negatively affect GPRE's costs of production. However, GPRE also believes that higher corn prices may, depending on the prices of alternative crops, encourage farmers to plant more acres of corn in the coming years and possibly divert land in the Conservation Reserve Program to corn production. GPRE believes an increase in land devoted to corn production could reduce the price of corn to some extent in the future. However, forecasted acres devoted to corn production in the U.S. in 2008 currently are predicted to be approximately 10% lower than in 2007 because of weather and market conditions.

Historically, ethanol prices have tended to track the wholesale price of gasoline. Ethanol prices can vary from state to state at any given time. For the past two years, the average U.S. ethanol price, based on the Oil Price Information Service ("Opis") Spot Ethanol Assessment, was \$2.27 per gallon. For the same time period, the average U.S. gasoline price, based on New York Mercantile Exchange ("NYMEX") reformulated blendstock for oxygen blending ("RBOB") contracts, was \$2.04 per gallon. During the first six months of fiscal 2008, the average U.S. ethanol price was \$2.37 per gallon. For the same time period, U.S. gasoline prices have averaged \$2.66 per gallon, or approximately \$0.29 per gallon above ethanol prices. GPRE believes this is due to constraints in the ethanol blending and distribution infrastructure that has resulted from significant increases in ethanol supply in recent years. GPRE also believes additional ethanol supply expected to come on-line in the near future may further reduce wholesale ethanol prices compared to gasoline.

Federal policy has a significant impact on ethanol market demand. Ethanol blenders benefit from incentives that encourage usage and a tariff on imported ethanol supports the domestic industry. Additionally, the RFS mandates increased level of usage of both corn-based and cellulosic ethanol. The RFS policies was challenged in a proceeding at the EPA by the State of Texas. The State of Texas sought a waiver of 50% of the RFS mandate because of the economic impact of high corn prices. The EPA denied this request in early August, 2008. Any adverse ruling in the future on any other RFS waiver request could have an adverse impact on short-term ethanol prices.

GPRE believes the ethanol industry will continue to expand due to these federal mandates and policies. However, GPRE expects the rate of industry expansion to slow significantly because of the amount of ethanol production added during the past two years or to be added by plants currently under construction. This additional supply, coupled with significantly higher corn costs and relatively low ethanol prices, has resulted in reduced availability of capital for ethanol plant construction or expansion.

GPRE believes that any reversal in federal policy could have a profound impact on the ethanol industry. In recent months, a political debate has developed related to the alleged adverse impact that increased ethanol production has had on food prices. The high-profile debate focuses on conflicting economic theories explaining increased commodity prices and consumer costs. Political candidates and elected officials have responded with proposals to reduce, limit or eliminate the RFS mandate, blender's credit and tariff on imported ethanol. While at present no policy change appears imminent, GPRE believes that the debates have created uncertainty and increased the ethanol industry's exposure to political risk.

GPRE expects federal policy changes to have a significant impact on ethanol market demand. Additionally, GPRE expects a significant increase in supply because of the amount of ethanol production added during the past two years or to be added by plants currently under construction. This

additional supply, coupled with significantly higher corn costs and relatively low ethanol prices, has resulted in reduced availability of capital for ethanol plant construction or expansion.

Companies involved in the production of ethanol are merging to increase efficiency and capture economies of scale. GPRE has adopted a vertical-integration strategy and business model. In recent years, many ethanol companies have focused primarily on ethanol refining and production. The overall ethanol value chain, however, consists of multiple steps involving agribusinesses, such as grain elevators, agronomy services, distributors of distillers grains, and downstream operations such as ethanol marketers and fuel blenders. By concurrently engaging in multiple steps in the ethanol value chain, GPRE believes it can increase efficiency and better manage commodity price and supply risks. Vertical integration has often been an effective strategy for reducing risk and increasing profits in other commodity-driven businesses. The September 2007 acquisition of Essex Elevator, Inc. and the April 2008 merger of Great Lakes into GPRE's operations are significant steps toward vertical integration. GPRE believes these additions complement its Shenandoah and Superior ethanol production operations. Also, these additions may allow GPRE to realize economies of scale and benefit from diversification. With the acquisition of Great Lakes in April 2008, GPRE's chief operating decision makers began to review its operations within two separate operating segments. These segments are (i) ethanol production, distribution and marketing (which GPRE collectively refers to as "Ethanol Operations") and (ii) grain warehousing and marketing, as well as supplier of seed, feed, fertilizer, chemicals and petroleum products (which GPRE collectively refers to as "Agribusiness").

#### *Shenandoah Plant*

Operations commenced at the Shenandoah plant in August 2007. Nearly all of the employees needed to operate the plant began working for GPRE by June 2007. Plant employees completed several weeks of safety and plant operational training prior to commencement of operations at the Shenandoah plant. The training activities included experience at a fully operational ethanol plant under the direction of ICM's training staff. ICM and Fagen assisted GPRE during initial plant operation to ensure that GPRE's employees are properly trained to safely and efficiently operate the Shenandoah plant. In September 2007, the Shenandoah plant completed the performance test of the Fagen contract by completing seven days of continuous operation at or exceeding certain identified performance criteria, including production at name-plate capacity levels. Total cost of constructing the Shenandoah plant, including costs of land and improvements and excluding amounts for working capital, approximated \$76.8 million.

#### *Superior Plant*

In the first quarter of fiscal 2008, GPRE hired most of the employees needed to manage and operate the Superior plant, which is expected to be 39 people. GPRE recently completed commissioning of equipment and testing process systems, as well as training staff involved in the direct operation of the plant. The Superior plant began start-up operations, which includes grinding corn and initiation of fermentation, in early July 2008.

The following table describes GPRE's projected cost of the Superior facility. However, the actual cost is subject to various contingencies, such as contractor change orders and the cost of debt financing.

Therefore, the following figures are intended to be estimates only and the actual cost of the facilities may vary from the descriptions given below depending on these contingencies:

<b>Estimated cost of facilities:</b>	
Plant construction	\$ 81,361,000
Site costs	4,720,000
Railroad costs	6,342,000
Fire protection / water supply costs	3,517,000
Rolling stock costs	350,000
Capitalized interest	1,200,000
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Total	\$ 97,490,000
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Amounts in the above table are only estimates. In addition, GPRE estimates that pre-production period and working capital costs may approximate up to an additional \$10 million. Actual expenditures could be higher or lower due to a variety of factors, including those described in Risk Factors in this proxy statement/prospectus. With the commencement of operations, cost figures should be finalized in the third quarter of fiscal 2008.

#### *Merger and Acquisition Activities*

In September 2007, GPRE purchased Essex Elevator, Inc. for \$0.3 million in cash and the assumption of approximately \$1.2 million in liabilities. The elevator is located approximately five miles to the northeast of the Shenandoah plant on the same rail line we use to transport products from our plant. GPRE believes that owning additional grain storage located near the Shenandoah plant allows it greater flexibility in the procurement of corn and expands our corn purchasing opportunities, which should reduce its commodity price and supply risks.

On April 3, 2008, GPRE closed on its merger with Great Lakes, a full-service cooperative with approximately \$146 million in fiscal 2007 revenues that specializes in grain, agronomy, feed and petroleum products in northwestern Iowa and southwestern Minnesota. Great Lakes has grain storage capacity of approximately 14.7 million bushels, much of which will be used to support our Superior ethanol plant operations. GPRE believes that incorporating Great Lakes into its ethanol operations increases efficiencies and reduces commodity price and supply risks.

GPRE intends to continue exploring exploring other possible opportunities, including opportunities of mergers and acquisitions involving other ethanol producers and developers, other renewable fuels-related technologies, and grain and fuel logistics facilities. GPRE believes that its vertical-integration model offers strategic advantages over participants operating in only one facet of the industry, such as production, and GPRE continues to seek opportunities to incorporate ethanol value chain firms into its operations. Given the current trend toward consolidation in the industry, GPRE believes that it can become a consolidator of ethanol value chain assets.

#### *Critical Accounting Policies and Estimates*

This disclosure is based upon GPRE's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of these financial statements requires that GPRE make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. GPRE bases its estimates on historical experience and other assumptions that GPRE believes are proper and reasonable under the circumstances. GPRE continually evaluates the appropriateness of estimates and assumptions used in the preparation of its consolidated financial statements. Actual results could differ materially from those estimates. The following key accounting policies are impacted significantly by judgments, assumptions and estimates used in the preparation of the consolidated financial statements.

*Revenue recognition*

GPRE recognizes revenue when all of the following criteria are satisfied: persuasive evidence of an arrangement exists; risk of loss and title transfer to the customer; the price is fixed and determinable; and collectability is reasonably assured.

GPRE sells all of its ethanol and the majority of its distillers grains to third-party brokers, who are GPRE's customers for purposes of revenue recognition, pursuant to contracts with these brokers. These third-party brokers are responsible for subsequent sales, marketing, and shipping of the ethanol and distillers grains. Accordingly, once the ethanol or distillers grains are loaded into rail cars and bills of lading are generated, the criteria for revenue recognition are considered to be satisfied and sales are recorded. As part of GPRE's contracts with these third-party brokers, shipping costs incurred by them reduce the sales price they pay GPRE. Under GPRE's contract with CHS, Inc., certain shipping costs for dried distillers grains are incurred directly by GPRE, which are reflected in cost of goods sold. For the small number of distillers grains products sold to local farmers, bills of lading are generated and signed by the driver for outgoing shipments, at which time sales are recorded.

Sales of agricultural commodities, fertilizers and other similar products are recognized when title to the product and risk of loss transfer to the customer, which is dependent on the agreed upon sales terms with the customer. These sales terms provide for passage of title either at the time shipment is made or at the time the commodity has been delivered to its destination and final weights, grades and settlement prices have been agreed upon with the customer. Shipping and handling costs are included as a component of cost of goods sold. Revenues from grain storage are recognized as services are rendered. Revenues related to grain merchandising are presented gross.

*Property and equipment*

Property and equipment are stated at cost less accumulated depreciation. Depreciation on GPRE's ethanol production facilities, grain storage facilities, railroad track, computer equipment and software, office furniture and equipment, vehicles, and other fixed assets has been provided on the straight-line method over the estimated useful lives of the assets, which currently range from 3-40 years.

Land and permanent land improvements are capitalized at cost. Non-permanent land improvements, construction in progress, and interest incurred during construction are capitalized and depreciated upon the commencement of operations of the property. The determination for permanent land improvements and non-permanent land improvements is based upon a review of the work performed and if the preparation activities would be destroyed by putting the property to a different use, the costs are not considered inextricably associated with the land and are depreciable. This determination will have an impact on future results because permanent land improvements are not depreciated whereas non-permanent improvements will be depreciated.

GPRE periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of fixed assets or whether the remaining balance of fixed assets should be evaluated for possible impairment. GPRE uses an estimate of the related undiscounted cash flows over the remaining life of the fixed assets in measuring their recoverability.

*Impairment of Long-lived Assets*

GPRE's long-lived assets consist of property and equipment, recoverable rail line costs and acquired intangible assets. GPRE reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Significant management

judgment is required in determining the fair value of our long-lived assets to measure impairment, including projections of future cash flows.

#### *Share-based Compensation*

GPRE accounts for share-based compensation transactions using a fair-value-based method, which requires GPRE to record noncash compensation costs related to payment for employee services by an equity award, such as stock options, in GPRE's consolidated financial statements over the requisite service period. GPRE's outstanding stock options are subject only to time-based vesting provisions and include exercise prices that are equal to the fair market value of GPRE's common stock at the time of grant. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model using assumptions pertaining to expected life, interest rate, volatility and dividend yield. Expected volatilities are based on historical volatility of GPRE's common stock. The expected life of options granted represents an estimate of the period of time that options are expected to be outstanding, which is shorter than the term of the option. In addition, GPRE is required to calculate estimated forfeiture rates on an ongoing basis that impact the amount of share-based compensation costs GPRE records. If the estimates GPRE uses to calculate the fair value for employee stock options differ from actual results, or actual forfeitures differ from estimated forfeitures, GPRE may be required to record gains or losses that could be material.

#### *Derivative Financial Instruments*

GPRE follows SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," in accounting for its risk management activities. Under SFAS No. 133, derivatives such as exchange-traded futures contracts are recognized on the balance sheet at fair value. Until operations commenced, all realized and unrealized gains and losses on derivative financial instruments were recorded in the statement of operations in other income. Upon the commencement of operations, all realized gains and losses on derivative financial instruments are considered a component of cost of goods sold. Unrealized gains and losses on derivative financial instruments found to be highly effective hedges for underlying commodity purchases and sales may be designated as cash flow hedges and recorded in other comprehensive income, net of tax. For ineffective hedges, unrealized gains and losses will be considered a component of cost of goods sold. Gains and losses on derivatives not recorded in other comprehensive income may have a material impact on operating results due to market volatility.

#### *Accounting for Income Taxes*

Income taxes are accounted for under the asset and liability method in accordance with SFAS No. 109, "Accounting for Income Taxes." Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in operations in the period that includes the enactment date. A valuation allowance is recorded if it is more likely than not that some portion or all of the deferred tax assets will not be realized. The realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. GPRE's management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. GPRE management's evaluation of the realizability of deferred tax assets must consider positive and negative evidence, and the weight given to the potential effects of such positive and negative evidence is based on the extent to which it can be objectively verified.

***Off-Balance Sheet Arrangements***

GPRE does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on GPRE's consolidated financial condition, results of operations or liquidity.

***Recent Accounting Pronouncements***

In March 2008, the Financial Accounting Standards Board issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities." The new standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. SFAS No. 161 achieves these improvements by requiring disclosure of the fair values of derivative instruments and their gains and losses in a tabular format. It also provides more information about an entity's liquidity by requiring disclosure of derivative features that are credit risk related. Finally, it requires cross-referencing within footnotes to enable financial statement users to locate important information about derivative instruments. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. GPRE is currently evaluating the impact that this statement will have on GPRE's consolidated financial statements.

***Results of Operations***

*Years Ended November 30, 2007, 2006 and 2005*

Total revenues during fiscal 2007 were \$24.2 million. GPRE had no revenues from operations from its inception in June 2004 until August 2007. Cost of goods sold during fiscal 2007 was \$23.0 million, resulting in a \$1.2 million gross profit. GPRE sold 11.0 million gallons of ethanol during fiscal 2007, entirely in the fourth quarter, at an average net price of \$1.64. GPRE's average corn cost was \$3.56 per bushel. In addition, GPRE recognized \$4.3 million from sales of distillers grains and \$1.8 million in revenues from grain merchandising and storage.

Operating expenses were \$8.9 million, \$2.2 million and \$0.7 million during fiscal 2007, 2006 and 2005, respectively. GPRE's operating expenses are primarily general and administrative expenses for employee salaries, incentives and benefits; stock-based compensation expenses; office expenses; board fees; and professional fees for accounting, legal, consulting, and investor relations activities; as well as depreciation and amortization costs. The increase in operating expenses during fiscal 2007 as compared to fiscal 2006 was partially due to an increase in employee salaries, incentives and benefits resulting from the increase in employees hired to operate the Shenandoah plant. At November 30, 2007, GPRE had 49 full-time, one part-time, and two temporary employees, including corporate personnel. Additionally, many of the new employees went through extensive training specifically related to ethanol plant operations during the period of time between their hire date and the commencement of plant operations. Depreciation and amortization costs during fiscal 2007 increased by \$1.0 million as compared to fiscal 2006 and 2005. Another reason for the large increase in operating expenses during fiscal 2007 relates to stock-based compensation expenses. GPRE recorded \$3.5 million in stock-based compensation expenses during fiscal 2007 with no such costs during fiscal 2006. A significant portion of these stock-based compensation expenses were board-related fees totaling \$2.8 million resulting from share and options grants to board members under the Equity Incentive Plan.

The increase in operating expenses during fiscal year 2006 as compared to fiscal 2005 was primarily due to a \$456,000 increase in employee salaries and benefits related to increasing from no employees in 2005 to eight at the end of fiscal 2006, and a \$886,000 increase in professional fees as GPRE utilized more consultants for accounting, legal and investor relations. During fiscal 2006, GPRE began paying board fees and increased site development activities to locate possible sites for other ethanol plants.



Prior to the commencement of the construction of GPRE's two plants, GPRE's expenses were primarily the result of its efforts to identify viable sites for ethanol plants. GPRE incurred feasibility costs, such as drilling test wells for water availability, plant layout, track design etc. GPRE has also incurred and paid consulting costs to help it develop other sites at which GPRE considered building additional plants.

Interest income, primarily on the funds raised in GPRE's various common stock offerings, was \$1.1 million, \$1.8 million and \$0.3 million during fiscal 2007, 2006 and 2005, respectively. Interest income declined in fiscal 2007 compared to fiscal 2006 as GPRE has used cash proceeds from its equity offerings to partially fund the construction of its plants. GPRE expects interest income to continue its decline as GPRE has used nearly all of the proceeds from its offerings to build the plants.

Interest expense was \$1.2 million during fiscal 2007, with no interest expense incurred during fiscal 2006 or 2005. Because of the availability of funds raised in GPRE's various common stock offerings, GPRE did not need to borrow funds to construct its ethanol plants or fund working capital until fiscal 2007.

Net gains on derivative financial instruments were \$1.2 million and \$1.6 million during fiscal 2007 and 2006, respectively, including net gains since commencement of plant operations included in cost of goods sold of \$0.9 million. GPRE utilizes derivatives, such as futures and options, to manage price risks for corn expected to be consumed in operations at both the Shenandoah and Superior plants. GPRE has also contracted for fixed-price, future physical delivery of corn with various producers. GPRE intends to continue, and may expand, the use of various derivatives and forward contracts to manage price and supply risks for corn inputs at its plants. The price of corn rose dramatically in the September 2006 to November 2006 period resulting in the profits on the futures. In September 2007, GPRE began reflecting gains and losses on derivatives associated with its operations in cost of goods sold.

GPRE's ethanol marketer has forward sold quantities of ethanol expected to be produced at its plants during the next 12 months. GPRE continually negotiates purchases of natural gas, denaturant, enzymes, and other needed chemicals to operate the plant, and anticipates that it will have sufficient quantities of these materials in place or under contract to meet the operational requirements at each of its plants. GPRE's risk management transactions to-date have not met the specific requirements for hedge accounting treatment under GAAP and as a result, changes in market values are recognized in GPRE's operations currently. GPRE intends to evaluate the possibility of qualification of future risk management transactions under hedge accounting treatment.

As a result of the operating expenses and other income discussed above, GPRE's loss before income taxes was \$7.4 million during fiscal 2007, as compared to pre-tax income of \$1.2 million during fiscal 2006 and pre-tax loss of \$0.4 million during fiscal 2005. GPRE's income tax benefit was \$0.3 million during fiscal 2007 compared to an income tax provision of \$0.3 million in fiscal 2006. GPRE did not record a full income tax benefit during fiscal 2007 due to loss carryforwards and the resulting uncertainty of realizing the benefit in future years.

*Three and Six Months Ended May 31, 2008 and 2007*

The financial operating results of GP Grain beginning April 3, 2008, have been included in the consolidated financial results of the Company for the three and six months ended May 31, 2008. With the acquisition of Great Lakes in April 2008, GPRE's chief operating decision makers began to review its operations within its two separate operating segments, Ethanol Operations and Agribusiness.

Unlike ethanol companies focusing only on ethanol production, with the addition of GP Grain's grain storage and other agribusiness services, GPRE has become more vertically-integrated ethanol value chain producer, reducing the risk associated with relying on a single-commodity revenue stream.

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The following are revenues, gross profit and operating income for our operating segments for the periods indicated (in thousands):

	Three Months Ended May 31,		Six Months Ended May 31,	
	2008	2007	2008	2007
<b>Revenues:</b>				
Ethanol	\$ 35,830	\$	\$ 69,142	\$
Agribusiness	41,721		46,253	
	\$ 77,551	\$	\$ 115,395	\$
<b>Gross profit:</b>				
Ethanol	\$ 10,741	\$	\$ 26,229	\$
Agribusiness	4,724		4,980	
	\$ 15,465	\$	\$ 31,209	\$
<b>Operating income (loss):</b>				
Ethanol	\$ 6,713	\$ (3,547)	\$ 19,276	\$ (4,401)
Agribusiness	2,332		2,588	
	\$ 9,045	\$ (3,547)	\$ 21,864	\$ (4,401)

### *Ethanol*

Total revenues within the Ethanol operating segment during the three and six months ended May 31, 2008 were \$77.6 million and \$115.4 million, respectively. GPRE had no revenues from Ethanol operations during the comparable periods of fiscal 2007. GPRE sold 27.3 million gallons of ethanol during the first six months of fiscal 2008 at an average net price of \$2.13. In addition, during this six-month period, GPRE recognized \$10.8 million from sales of distillers grains.

Cost of goods sold within the Ethanol operating segment during the three and six months ended May 31, 2008 were \$25.1 million and \$42.9 million, respectively. GPRE had no goods sold from Ethanol operations during the comparable periods of fiscal 2007. Cost of goods sold includes costs for direct labor, direct materials, certain plant overhead costs and net gains or losses on derivative financial instruments. Direct labor includes all compensation and related benefits of non-management personnel involved in the operation of GPRE's ethanol plants. Grain purchasing and receiving costs, other than labor costs for grain buyers and scale operators, are also included in cost of goods sold. Direct materials consist of the costs of corn feedstock, denaturant, and process chemicals. Corn feedstock costs include realized and unrealized gains and losses on related derivative financial instruments, inbound freight charges, inspection costs and internal transfer costs. Plant overhead costs primarily consist of plant utilities, sales commissions and outbound freight charges.

GPRE's revenues and cost of goods sold may not be comparable to those of other ethanol production entities since some entities directly incur costs of distribution as part of their cost of goods sold while GPRE sells its products at a price that is net of distribution costs and report net revenues received from its customers (third-party brokers).

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